

UNIFORM ASSESSMENT STANDARDS

The New York State Board of Real Property Services has adopted the following Uniform Assessment Standards (Standards) to provide a set of principles to guide individual assessing units in assessment administration. The Board directed the Office of Real Property Services to develop these Standards by way of a collaborative process involving representatives of assessors (NYS Assessors Association) and county real property tax directors (NYS Association of County Directors of Real Property Tax Services). The Board notes that this first publication of Standards is a work in progress, and expects to adopt changes over time.

The intent of the Board in adopting these Standards is to provide a general blueprint for local governments assessing units to establish “equitable” and “transparent” assessments. By “equitable” we mean that all properties are uniformly assessed at full market value. By “transparent” we mean that the system is easy to understand by all taxpayers and that all relevant information is readily available to the public.

These standards are advisory in nature – the only requirements are those contained in State statute, board regulation or rule, and agency procedure or practice. The Board encourages all assessing units to utilize these standards for direction to assessing staff, elected and appointed officials, taxpayers and the general public. The Board also encourages all local governments – assessing unit or otherwise – to reference these standards in formulating policy.

I. VALUATION STANDARDS

1.1. STANDARD OF ASSESSMENT: All real property is assessed at its current full value.

Guidance: The real property tax is an *ad valorem* tax, meaning it is imposed against the value of property. Real Property Tax Law (RPTL) §305(2) only provides that all parcels within an assessing unit are assessed at a uniform percentage of current value (Level of Assessment, or LOA). When the Level of Assessment is not at 100% of full value, the administration of the property tax becomes less transparent. In particular, an LOA of other than 100% of full value is much more difficult for property taxpayers to determine whether they are being assessed equitably. It also becomes much more difficult for the assessor to manage the valuation process. This **full value standard** goes beyond the statutory requirements of §305(2), as well as § 701(8)(b), which allows fractional assessment within classes of special assessing units, i.e., New York City and Nassau County. In doing so, this standard provides the fundamental and prerequisite underpinning of a transparent and equitable assessment process.

Assistance: Compliance with §305 is discussed in **Valuation Standard 1.6**. Valuation approaches are discussed in **Valuation Standard 1.4**.

1.2. USE STANDARD FOR VALUATION: Improved property is assessed for its current use. Property that is put to no current use is assessed for its highest and best use.

Guidance: Generally, for purposes other than real property taxation, property is appraised at its highest and best use to determine its value. New York courts contrast eminent domain taking, where the owner had only one chance to be compensated for present value and potential future uses, from value for assessment purposes, where the value is determined annually. The one exception to "current use" valuation is vacant land that has no current use. In that situation, the standard is highest and best use. Agricultural land is distinguished from vacant land that has no current existing use. Agricultural land is valued according to its use for agricultural purposes, irrespective of whether farming is the highest and best use of such property. Thus, property is to be assessed based on its current use, not its highest and best use (although in a vast majority of cases they are one and the same), except in the case of vacant land which is idle and put to no use whatsoever. In that case, the value is based on its highest and best use.

Assistance: The current use standard is discussed in 10 Op. Counsel SBRPS No.45. Unimproved land is discussed in 8 Op. Counsel SBEA No.19.

1.3. DEFINITION OF VALUE: Value means market value – the price a willing buyer would pay a willing seller in an arm’s-length transaction.

Guidance: Calculation of the market value of a parcel is the foundation of a fair and transparent system of assessment administration. RPTL Article 3 requires an annual assessment roll that reflects market value as of the municipal valuation date, which may vary from the valuation date of the previous July 1 in RPTL §301. RPTL §305(2) requires that those values be entered at a uniform percentage. Individual assessments reflect market value as determined through application of the approaches to value discussed in **Valuation Standards** 1.4, 1.4.1, 1.4.2 and 1.4.3. The **Procedural Standards** assure that these value determinations are based upon adequate data.

Assistance: The Procedural Standards in this document contain standards and guidance for the collection and maintenance of valuation data. For example, in order to value property, all real property sale transfers are entered on the computerized software RPS V-4 or the equivalent. Each sale entry indicates whether the sale is a valid arms length sale or, alternatively, whether the sale is not considered for valuation purposes and/or ratio studies. The inventory for each sale should be located on the same file. The assessor should maintain reliable income and expense data, when available, along with well-supported income multipliers, overall rates and required rates of return on investment. A guide to compiling market value data and valuation techniques is contained in an ORPS publication entitled Guidelines for Effective Assessment Administration in New York State – A Self-Review Guide for Assessing Units, which is available on the ORPS website, www.orps.state.ny.us. (Most ORPS publications are available on this website). This publication may also be useful in complying with other Standards.

1.4. APPROACHES TO VALUE: There are three accepted approaches for determining market value: Comparable Sales, Income, and Cost.

Guidance: The application of appraisal techniques using the three approaches to value (i.e., cost approach, direct sales comparison approach, and income capitalization approach) may develop separate indications of value for the property. The results should be reconciled to determine market value. Consideration should be given to the relevance of the approach and the reliability of the value indication based on the quantity and quality of data available and analyzed within the approaches used. All three approaches to value, for which adequate, reliable data is available, should be considered. Therefore, where appropriate, the valuation process must collect, verify, analyze, and reconcile the information necessary to estimate: for the cost approach, the land value, reproduction cost of the improvements, the accrued depreciation; for the sales approach, the value by the sales of comparable properties; and for the income capitalization approach, the rentals, expenses, interest rates, capitalization rates, vacancy rates and terms and conditions of available leases.

Assistance: The ORPS website contains a document Valuation Standards that provides an overview of the valuation process.

1.4.1. THE COMPARABLE SALES APPROACH: The value of a parcel is determined by using recent sales of similar properties.

Guidance: The sales comparison approach develops a value for a subject parcel by comparing recent similar property sales (comparables) within the same market area to the subject parcel and adjusting the comparables for dissimilarities. Appropriate market areas may cross municipal boundaries. The sales are adjusted for their dissimilarities to the subject and an indicated value opinion for the subject property is developed. If the sale is superior in a specific attribute, a minus adjustment is indicated; if a sale is inferior in a specific attribute, a plus adjustment is indicated; if the sale and subject are comparable in a specific attribute, no adjustment is indicated. The sales approach is most commonly used for residential property and vacant land. It is the preferred approach for these properties. The sales approach should be used whenever sufficient sales are available.

Assistance: The collection and maintenance of sales data is discussed in **Standard 2.3**.

1.4.2. THE INCOME APPROACH: The value of a parcel is determined by capitalizing rental income potential.

Guidance: The income approach is the preferred approach for income-producing property. The income approach converts income into value by the application of a rate or a multiplier. The income approach measures the value of the real estate based on the net rental capacity of the real estate, not the value of the business being conducted.

Assistance: Sufficient market income information, such as recent income and expense statements or current market lease data, is essential to the income approach. When available, ORPS and County Real Property Tax Services agencies may provide local assessors with reliable income and expense data, along with well-supported income multipliers, overall rates and required rates of return on investment. In smaller communities, assessors from several assessing units should share this information in order to establish a larger data base of income and expense for different types of properties. The ORPS website contains a document, 2009 Investment Set Codes, (http://www.orps.state.ny.us/sas/valuation/investment_setcodes.htm) for use in the income approach. This document is updated annually, with the appropriate year in the file name. Some assessing units have adopted local laws requiring commercial property owners to provide income and expense data for their properties as a requirement for seeking administrative review of their assessments before the local boards of assessment review.

1.4.3. THE COST APPROACH: The value of a parcel is determined by using the depreciated current cost to reconstruct improvements, plus land value.

Guidance: The cost approach develops a value estimate by taking the cost of reproducing or replacing the improvements on a parcel, reducing that cost by any depreciation (physical, functional or economic), and adding the land value of the parcel. This is often referred to as RCNLD+L (Reproduction or Replacement Cost New Less Depreciation plus Land). The cost approach is particularly appropriate for proposed and new construction, special purpose properties (e.g., religious facilities, museums, schools) and properties with limited sales or income information. The cost approach sets the ceiling for assessments. It can be applicable to all improvements. However it is often difficult to estimate depreciation in older structures and in structures that do not represent the highest and best use of the land. The maximum value that can be placed on an improvement is its reconstruction cost less depreciation. (*Lee and LeForestier, Review and Reduction of Real Property Assessments in New York, third edition, §1.07 [Albany, 1988]*).

Assistance: The ORPS website includes a Valuation Reference Manual for use in applying the cost approach to residential, farm and commercial structures.

1.5. MASS APPRAISAL: Computer-Assisted Mass Appraisal is a necessary component for determining market value.

Guidance: Computer-assisted mass appraisal (CAMA) involves the valuing of a group of properties as of a particular date using common data, standardized methods and statistical testing. CAMA is a tool for generating initial value estimates for individual parcels, which can then be reviewed before preparing an assessment roll. The success of CAMA depends on the adequacy of the data used for modeling and effective review and adjustment of modeling output. CAMA modeling should be utilized where sufficient data is available.

Assistance: The IAAO has published Standard on Mass Appraisal of Real Property (January 2008). Reference can also be made with USPAP Advisory Opinion 32, Ad Valorem Property Tax Appraisal and Mass Appraisal Assignments.

1.6. UNIFORMITY: There is uniformity in value for all parcels on each year's assessment roll.

Guidance: RPTL §305(2) provides that all parcels within an assessing unit are assessed at a uniform percentage of current value. While a roll on average across all properties may be assessed at full market value, assessments may in fact not be uniform between property types or within property types. The uniformity standard requires that each individual property – within reasonable limits – be at the same percentage of full market value. Without such uniformity, there can be no property tax equity.

Assistance: There are published sources of assistance for maintaining uniformity: IAAO Standard on Ratio Studies – 2007; ORPS Level of Assessment Determination: An Owner's Manual for Maintaining Uniformity; **Performance Standard 2.2** regarding sales verification. These sources provide procedures on how to check and verify assessment uniformity, and thereby equity. Ratio studies are an integral component of maintaining uniformity, which use only “arms length” sales. Uniformity in part is measured by the Coefficient of Dispersion (COD) and the Price Related Differential (PRD), as well as other measures of reliability.

1.7. APPRAISAL: Regularly scheduled appraisal of all parcels – at least once every four years – is necessary to maintain assessment equity.

Guidance: An appraisal of each parcel at full market value is conducted at least once every four years. Such an appraisal includes a new determination of value based upon current data. Clearly, this requires adequate professional and financial resources, not only for the technical work but also for the essential public communication.

Assistance: The **Procedural Standards** provide structure for both reassessment projects and preparation of assessment rolls in non-reassessment years.

II. PROCEDURAL STANDARDS

2.1 ASSESSMENT DATA: Each parcel has an individual file of all its property data (inventory), which is maintained on a computerized record such as RPS or equivalent, and is updated by inspection at least every six years.

Guidance: Physical and economic change affect every parcel and every neighborhood differently – and thereby make property inventory less accurate over time. Fair and accurate assessments require that individual property data be accurate, regularly updated, and readily accessible and analyzable. This means that each locally assessed parcel has a complete and up-to-date inventory in electronic format, which may have to be supplemented with paper documents or photographs. To maintain up-to-date inventory, there is ongoing monitoring of (1) building permits, (2) sales, and (3) property income, expense and cost data – which come with inspection, data collection, analysis, and resulting updates of inventory. There is an

inspection of every parcel at least every six years; inspection from the public right of way is necessary if there is no physical entry. Inspection is the collection and verification of the data items contained in the ORPS Data Collection Manual (Assessors Manual – Data Collection and Maintenance of Property Inventories [formerly Assessors Manual, Vol. 6])

Assistance: The standards for maintaining inventory in New York are contained in Part 190 of the Rules of the State Board of Real Property Services. The ORPS data collection manual is available on its website (<http://www.orps.state.ny.us/assessor/manuals/assersmanual.cfm>). The IAAO standard is inspection at least once every four to six years (Standard on Mass Appraisal of Real Property, 3.3.4)

2.2 SALES VERIFICATION: Sold properties are inspected and the conditions of sale are verified.

Guidance: Properties that have sold are promptly inspected to update the accuracy of the data in the assessor's records, as well as to verify the terms of sale. Every sale is verified, preferably by contact with a party to the sale. The physical inventory at time of sale is verified, either prior to the next taxable status date or within ninety (90) days of receipt of the real property transfer form (RP-5217). Physical inspection is the preferred method of verification; however, the data mailer is an alternative method. A file of all real property sale transfers is created by entry on computerized software, RPS V-4 or the equivalent. Each sale is identified as either: a valid arms length sale, or a sale that is not considered for valuation purposes and/or ratio studies. The inventory for each sale is located on the same file. If the sale falls into a category on the RP-5217 of other than arms length, such as sales with excessive personal property or special terms of financing, the sale is excluded from sale ratio studies as well as valuation.

Assistance: The ORPS website contains information on the sales reporting process. The IAAO has prepared a sample sales verification form (Standard on Ratio Studies) that assessors can send to purchasers.

2.3 EXEMPTIONS: All real property is subject to taxation unless a specific exemption statute applies. Eligibility for exemption is determined annually by the Assessor.

Guidance: Under RPTL § 300, all property is subject to taxation unless an exemption is provided by statute. There are numerous statutes that provide various exemptions applicable to types of property or property owners. The assessing unit undertakes reasonable efforts to inform property owners of any filing deadlines or renewal requirements. Such efforts include the use of municipal websites, public media, and direct contact.

Assistance: Volume 4 of the Assessors Manual contains information on the various exemptions that are available.

2.4 PUBLIC INFORMATION: All property information not otherwise exempted from disclosure is available to the general public in a usable format.

Guidance: The assessing unit makes available all public information related to assessments. The only assessment data that is non-public is information that is specifically exempted from disclosure, such as personal information of individual property owners or information relating to litigation. Ideally, the public has internet or other ready access to all information on the property record cards of all parcels in the assessing unit as well as full value data for all parcels.

Assistance: If an assessing unit maintains a website this is an excellent means to provide public access to assessing information. There are a number of county or municipal websites that currently provide access to assessing information. See ORPS for a list. On challenging assessments, see ORPS publications, [Fair Assessments: A Guide for Property Owners](#), and [What to do if you Disagree with your Assessment](#). Also readily available on the ORPS website are forms and instructions for challenging assessments.

2.5 PUBLIC RELATIONS AND EDUCATION: Professional and effective public relations and education are integral components of effective assessment administration.

Guidance: Ongoing communication with the public is as much a part of the assessment function as property appraisal, exemption processing and tax roll preparation. The goal is to make the assessment process as transparent and understandable as possible to the general public. Local officials must be aware that assessment is a municipal function and should not publicly disparage real property tax officials. Use of public media, publications, public meetings, taxpayer letters, and regular office hours are all components of effective public relations. During a comprehensive reassessment, extensive public relations are especially important. In all interactions with the public, assessing staff should be professional and courteous.

Assistance: Public relations begin in the office, one taxpayer at a time. Each interaction with a taxpayer is an opportunity to help provide a basic understanding of the assessment function and the goal of fair property taxation. While quality customer service is the norm, it is also recognized that not every taxpayer will be satisfied. ORPS provides a variety of publications to help taxpayers understand and avail themselves of the assessment process and to assist in public relations

2.6 RESOURCES: There is adequate staffing and funding for complete, yet cost-effective, assessment administration.

Guidance: Adequate resources – in particular staffing – are essential for effective assessment administration. The real property tax is the largest source of revenue for local governments and provides over half the revenue for local schools. Given the magnitude of the property tax and the need to ensure that taxpayers receive equitable assessments for their properties, adequate staffing and resources are all the more important and reasonable.

The cost of effective assessment administration will vary across the state, primarily due to different labor costs, which is the bulk of assessment expense. Specific staff functions in an assessing unit include data collection, sales processing, property appraisal, trend analysis, exemption administration, public relations and many other duties. Some assessing units assign additional duties to assessing staff, while others have non-assessing staff perform some assessing duties, thus making comparisons and generalizations difficult.

One measure is the overall cost of property tax collection as a percentage of the tax collected; however, such measures count all expense, including billing, collection, grievance, refunds, and foreclosure. Another is parcels per assessing staff: the IAAO points to 2,500 parcels per assessing unit staff person. (IAAO, Property Appraisal and Assessment Administration, pp. 420-421.) The IAAO also points out that larger assessing units benefit from economies of scale and can handle more than 2,500 parcels per staff person. Given that more than half of the assessing units in New York have less than 2,500 parcels, it may be appropriate for smaller assessing units to consider sharing services or outsourcing, whether by contracting with the county, joining in a coordinated assessment program, or sharing an assessor. (Note that a single “parcel” can consist of many co-op or mobile home units, so the parcels per staff measure can only be a rule of thumb.)

The cost of maintaining and updating accurate property data, as well as periodic comprehensive appraisals, must also be taken into account.

Assistance: See the ORPS document, “Guidelines for Effective Assessment Administration in New York State – A Self-Review Guide for Assessing Units,” which is available on the ORPS website.

2.7 TRAINING: Assessing staff are well trained and up to date in all facets of assessment administration.

Guidance: Under RPTL Article 3, assessors are required to be certified by completion of a course of training. In addition, appointed assessors and sole elected assessors must take 24 hours of continuing education per year. Assessors attending training to comply with ORPS requirements may be eligible for reimbursement of necessary expenses.

Training – both initial and continuing education – is important for effective assessment administration. These programs cover the statutes, regulations, procedures and practices of assessment valuation and administration, and thereby equip individuals for the responsibilities of their positions and to ensure continued competence. All assessors and staff should take advantage of educational opportunities that become available. While not required, assessing staff other than assessors should attend a minimum of six hours of training annually.

The assessing unit appoints qualified individuals **to** assessor and assessing staff positions

Assistance: The Institute of Assessing Officers provides information on available training <http://www.nyassessor.com/Education.htm>. See also the ORPS website, www.orps.state.ny.us, and publications on training, or contact ORPS local or Albany staff.

2.8.1 ASSESSMENT REVIEW: Taxpayers have an opportunity to seek review of their assessments.

Guidance: Taxpayers have the right to seek review of their assessments. In order to provide a fair review, the assessing unit appoints qualified individuals to serve on the board of assessment review and insures that these individuals have completed required training. The only qualification for service on the board of assessment review, other than residency, is that the appointees have a “knowledge of property values in the local government or village” (§523[1][b]). The assessing unit should look for qualifications beyond this minimum. Experience in construction, finance and the law can assist board members in performing their duties. The assessing unit provides information for the taxpayer to be able to determine whether his or her assessment is equitable. Section 526(4) requires that the assessor attend the grievance proceedings.

Assistance: On challenging assessments, see ORPS publications, [Fair Assessments: A Guide for Property Owners](#), and [What to do if you Disagree with your Assessment](#). Also readily available on the ORPS website are forms and instructions for challenging assessments.

2.8.2 DEFENSE OF ASSESSMENTS: The assessing unit provides necessary support for defense of its assessments.

Guidance: The assessor must be heard by the Board of Assessment Review if the assessor requests to speak. If a taxpayer seeks Small Claims Assessment Review and the assessing unit assigns the responsibility to represent the assessing unit to the assessor, the assessing unit provides the support necessary for adequate representation. If a taxpayer seeks judicial review pursuant to Art 7, Title 1, a “tax certiorari” proceeding, the assessing unit can seek or accept the support of the county and school districts that levy taxes on its assessment roll in defending those assessments in these judicial proceedings. The assessing unit should retain counsel with expertise in this area.

Assistance: In the defense of assessments, the RPS analysis for sales and subject properties, as well as the single parcel and batch valuation programs, is available.

2.9 TECHNOLOGY: There is up-to-date technology, such as RPS.

Guidance: Modern professional assessing involves the collection, analysis and presentation of large volumes of property information. This requires the availability of a computer database, analytic and other technological tools for assessment administration. ORPS has developed and maintains assessment administration software – RPS – which is specifically designed to support all statutory components of the New York State system of real property tax administration. RPS is used by the vast majority of assessing units across the state. Assessing units pay RPS fees to defray a fraction of the total cost, and many County Real Property Services offices host countywide RPS installations and/or provide technical support. Most county RPS offices also provide GIS, tax bill support and other services. Where an assessing unit does not use RPS, the software is compatible with RPS, to enable the assessing unit to administer the real property tax. Internet access is essential for all assessing units to connect to the ORPS website and to communicate to taxpayers.

Assistance: ORPS provides extensive training and advice on RSP V-4, Computer-Assisted Mass Appraisal (CAMA), Geographic Information System (GIS), and other technology. See ORPS website or contact ORPS local or Albany ORPS.

2.9.1 TAX MAPS: Current and accurate tax maps are maintained.

Guidance: Perhaps the most essential of assessment tools is an adequate tax map reflecting the size, shape and geographic characteristics of each parcel of land in the assessing unit. The county Real Property Tax Services Agency is responsible for the creation and maintenance of tax maps (except in Westchester County, where tax map responsibility lies with the city or town). The tax mapping agency and local assessor work together to produce annually a set of tax maps for each assessing unit.

Assistance: The requirements for tax maps are contained in Part 189 of State Board rules. The roles of the assessor and the tax mapper are discussed in 10 Op. Counsel SBRPS No. 2. Also see 6 Op. Counsel SBEA No. 36 and 7 Op. Counsel SBEA No. 21.

2.9.2 PHOTOGRAPHY: Photography is an integral part of assessment administration.

Guidance: Street level photos of all improved properties are extremely helpful in administering the real property tax, both in terms of valuation and in assisting the public with assessments. Current photographs of all improved parcels should be maintained on RPS or equivalent.

Assistance: A photo program is available on NYS RPS V-4. Other tools are also available, such as aerial photography and oblique aerial photography. The assessor's office has a digital camera to download photos to NYS RPS V-4 or equivalent.

Assessing units may employ a set of digital image technology tools. These tools may be located at and implemented by the county real property tax agency to reduce costs. This tool set may include:

- High-resolution street-view images (suggested update at least every 6 years)
- Orthophoto images (suggested update every 2 years in rapid growth areas, or 6-10 years in slow growth areas).
- Low-level oblique images capable of being used for measurement verification (suggested update every 2 years in rapid growth areas or, 6-10 years in slow growth areas).

This alternative is to be used in conjunction with information obtained through the building permit process, and with assessor staff visits to observe changes in neighborhood condition, trends and property characteristics. A physical review is necessary when there has been a property sale, significant construction changes, or catastrophic damage. The IAAO Standard on Mass Appraisal of Real Property, 3.3.5 (January 2008) provides direction.