

## Reappraisal for “Dummies”

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I assume most of you are familiar with the *Dummies* series of books. The *Dummies* started out dealing with all sorts of subjects in the computer area, for example there is *Windows for Dummies*, *Word for Dummies*, and the *Internet for Dummies*. Now they have *Wine for Dummies*, *Estate Planning for Dummies*, and on and on. The *Dummies* series deals with just about everything that’s popular.

I certainly buy a lot of these books because I think they deal, in a very cogent and an intelligent fashion sprinkled with a little humor, with subjects on which I quickly need to be brought up to speed. In the back of the book there’s almost always a series of listings: Pitfalls to Avoid, Things Not to Do, Things to Do, and so on.

I wanted to steal that idea to give you two listings relative to a reappraisal or reassessment program: *Things That You Ought Not To Do* and *Things That You Ought To Do*. In other words, if you are planning a reappraisal program, the things to avoid doing and the things to be doing whether the work’s to be done in-house or by a professional firm. These are not meant to be comprehensive lists, but are definitely items you really need to remember when planning your project.



### **Things Not To Do**

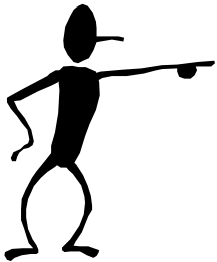
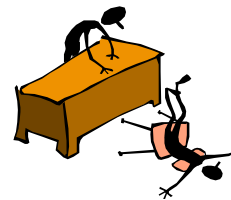
1. *Do not expect a reappraisal program, whether it’s in-house or out, to work miracles or to correct years of neglect of your database, divisions of property, transfers of property and other situations.*
2. *Don’t switch your focus from price to quality midway through the program because the two are not compatible.* Understand that if you talk about price, price, price at the beginning of the job that you ought to be talking about price, price, price at the end of the job. Remember, as the old saying goes, you get what you pay for.
3. *Don’t expect a low-priced job to be a high-quality job.* There is no free lunch in this world. However you will get what you pay for if you approach it in a reasonable and workmanlike manner. Therefore, you must either pay a reasonable amount of money for an in-house reappraisal program staff or you must be willing to pay a reasonable amount of money for a qualified outside professional to assist you.
4. *Do not expect your reappraisal to be either perfect or to run without difficulty.* A reappraisal program is much like a prize fight. No prize fighter ever got in the ring without expecting to get hit and a reappraisal program has some similarities. You are dealing with a phenomenal amount of data. The typical residential parcel contains an estimated 3,300 bits of data to be gathered; a commercial parcel property has over 6,000

bits of data. This volume *alone* will lead to problems; and the fact that we must work within budget and time constraints also increases the fact that we may have some errors.

5. *Don't be afraid of getting your hands dirty.* You will find wonderful things out “in the field.” Get out of the office and in to the field with your data gathering technicians and reviewers. Observe what they're doing. Understand what it is they think their jobs are. Be sure their ideas of their duties corresponds with your understanding of their jobs. If there are important differences, address them early in the program.
6. *Don't rely on people's memories.* A reappraisal is a vast undertaking but our memories are very selective. The mistake most people make is only verbalizing their policies. You must write those policies and procedures down in a book of Standard Operating Procedures (SOP). These policies and procedures are key to the operation's success. Writing them down, so you and all your staff, whether in-house or out, clearly know what it is you want done, how you propose getting it done, and the decisions that have been made affecting the process is the grease for that key.

A successful reappraisal must have a SOP book. In that book should be everything that happened in preparation for, during, and as a result of the reappraisal program: Who was assigned to the project? For how long? Who was taken off? What are the license numbers and car makes and models of the people assigned to field tasks? What decisions were made? What policies were instituted? When were the various phases completed? Who was responsible for special appraisals such as abatements, railroads and utilities? When and where were articles about the reappraisal published? Who wrote them?

7. *Do not stick your head in the sand and pretend that the massive value changes the reappraisal will bring about won't be noticed.* You can bet your boots they will be noticed—especially if the tax bill adds new tax levies to those new values.



### Things To Do

1. *First things first: clearly define your program's objectives.* What do you really want the program to do? What is your goal in this reappraisal program? Define it, write it down, and make sure you believe it before you communicate it to anybody else. Is your objective to lower the coefficient of dispersion in the older neighborhoods to .05? Then it needs to be clear in your mind and in the mind of whoever is running your reappraisal program.
2. *Have the proper tools in your office:*
  - a) A solid, computer assisted mass appraisal system (CAMA);
  - b) Adequate sales verification forms and a verification program;
  - c) Resource publications available containing valuation information about office buildings, apartments, hotels, and other classes of property that are typically in your jurisdiction, and . . .

d) have a solid understanding of your local laws, whatever they may be, so you are knowledgeable about what you are actually required to do.

3. *Timing.* Make sure you have the time to conduct the job correctly. I recognize that there are some jurisdictions with specific time-frames for reappraisals and you can do nothing more than try to advise your legislative authority as to the adequacy (or inadequacy) of that time-frame. But, for heaven's sake, know what it is! Think about beginning as early as legally possible. There is an old saying in our business that any day lost at the beginning of the project is equivalent to two days at the project's end. Now I don't know how that works mechanically, but I know it to be true.

4. *Understand your CAMA system.* Be sure it has an appropriate statistical package to analyze, measure and report all the results that you need in the format in which you need them. Most people overlook this important point. CAMA systems are no more than replacements for the appraisal clerks who used to sit at desks plugging numbers from pricing schedules into Marchant calculators.



Yes, the computer can do it faster and yes, the computer can provide you with greater analysis if you use a quality statistical program. But understand what that equation is doing. How much does it add per square foot? How much does it add per bathroom? What are the key pricing variables this CAMA system employs? If you will be using a CAMA system I strongly recommend you attend the IAAO's series of 300-level courses. They'll be a great boon to you.

5. *Gather the right data.* The assessment industry's principles have basically remained static since time began. Be sure the data you're gathering is relevant to the establishment of value within your jurisdiction. If you are concerned with price, then cut down on the amount of superfluous data that is gathered but not used.

Ohio is a prime example of irrelevant data gathering. We are supposed to gather the number of bedrooms in the house—but that information is not used in any pricing equation. So it is superfluous data, just as is room count if it is not part of your pricing equation.

6. *For heaven's sake, be involved in the program!* This is your program, no matter who's carrying it out, and you are ultimately responsible for the result. So know on a day-to-day basis what's happening. Use regular meetings to communicate with your mass appraisal contractor or the project's leader. They can't do what you want unless you clearly tell them what it is you want from the project. (Remember those goals I talked about earlier?)

7. *Talk to other assessors.* Most assessors are very bright and, in the main, extremely helpful to other assessors who are undergoing a reappraisal program. Share sales and information. Discuss the reappraisal opportunities and challenges they have faced and listen to their suggestions for running a successful program.



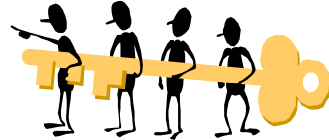
8. *Project in to the future.* Any good assessor is part economist and you should have within your office appropriate tools, techniques and knowledge to understand the result this reappraisal is most probably going to achieve.

9. *Hire a public relations professional.* If you have a choice between a

good job and good public relations on the job, I'd urge you to take the good public relations. Why? Because it is almost impossible to rebuild your image once it is tarnished or has been tromped into the ground. Your PR professional can help you minimize (or maybe even avoid) major damage by . . .

10. *Preparing your taxpayers for the change.* As the old saying goes, if you fail to plan, you plan to fail. I guarantee that if you live or work in an area of increasing values, taxpayers are going to feel the reappraisal shock at one time or another. And, unless you've prepared them, they are going to blame you.

11. *Work with your local citizens and taxpayers helping them clearly understand what is happening and why it is happening.* Your PR professional can work with your local press throughout the reappraisal, educating them as to the program's processes and likely results. The PR person can help you tell an on-going, honest, straightforward story about the reappraisal before the tax bills hit the mailboxes



If you don't have a PR person, then establish a one-on-one relationship with your local newspaper writers and radio announcers. Regularly give them information about the reappraisal's progress and inner workings. Invite them to your office. Show and explain to them the inner workings of your reappraisal program.

Be proactive within your community. Communicate frequently by volunteering to speak to groups like the Rotary, Lions, senior citizens, realtors and bank boards. Have a booth at your county fair.

Remember, the taxpayers' whose value drop dramatically may well be wondering about the correctness of those values on the taxes they've paid in the previous years. So follow the old Boy Scout "be prepared" motto.

12. *Communicate and educate other governmental officials.* The public assumes that anyone who works in your unit of government has full knowledge of exactly everything that is going on in every department. So it is important that you reach out to other elected and appointed officials to help them clearly understand the impact of a reappraisal program: what is going to happen to values and taxes, how you arrived at the values, and why you took the appraisal steps you did. Again, take the initiative. Call your school officials and township trustees and other elected officers to volunteer to speak at their next meeting.

13. *Utilize a tax abatement expert.* There are all kinds of programs in the United States utilizing a tax reduction, tax forgiveness or tax deferral process. You absolutely must understand how those programs work and the impact they make on values. Interview your expert, and have other individuals who know the ropes, interview him/her as well. Then let your expert go to work!

14. *If you are thinking about hiring a professional firm remember: all reappraisal companies look the same in your office.* They are all represented by relatively nice, well-spoken, reasonably intelligent people who are pleasant and dress well. The question is not whether the individual who represents the company is a good fellow or a nice woman, because sales people come and go. The question is: Is the person who is going to be responsible for your project's day-to-day operation capable? Can they do the work?



15. *If you're hiring a mass appraisal contractor get acquainted with the key people in each firm you're considering.* Know their capabilities. Know their knowledge level. Ask key questions:
- Are they professionally licensed?
  - Are they professionally designated? By what associations?
  - Have they gone through the rigors and the requirements of the IAAO's CAE program?
  - Are they active in the profession? Do they contribute? Are they the kind of people who can represent you to taxpayers and at legal proceedings because, after all, that's what this is all about.

A contractor represents you. Are you happy with the quality and quantity of knowledge these people have?

16. *Make sure the personnel proposed for, and assigned to, your project are qualified to do the job.* The mass appraisal industry has created many gypsies, individuals who travel from spot-to-spot sometimes working with appraisal companies and sometimes with local jurisdictions. Verify that the person you hire to run your reappraisal program has the appropriate knowledge of data gathering, statistical analysis, and of the property classes in your jurisdiction.

It is foolish to hire an individual (or firm) who's primary experience has been in residential data gathering and then assign them either to activities in the commercial and industrial area or to running a project. Look at the person's qualifications.

Be sure you're comfortable with the capabilities of the person who either will be, or is, assigned to your task. Remember those taxpayers you will face across the informal hearing and appeals tables. Ask yourself whether, based on qualifications alone, you can sustain the values he or she develops.

17. *Know which member of the company you should call when you have a problem.* If you can't talk directly to the top person, make sure you're comfortable with working through a bureaucracy.





18. *Be sure you are important to the company or to that individual.* Ask several other assessors how they were treated by your proposed contractor.

19. *Check references.* If you're thinking of hiring either a mass appraisal contractor (or an individual), talk with the jurisdictions where they've worked. What was the nature of their experience with this firm? Did they do a workmanlike job? Was it brought in on time? Would they rehire this firm? Did they help with related, but non-contracted tasks? How much did they charge for this extra work? Were they courteous to property owners and public employees? Did they understand the overall problem? Did they meet the goals set by the assessor? Were they pleasant to work with?

A reappraisal program will touch more people in your unit of government than any other action you will take during your career. It can be a positive event that can raise the level of respect within your jurisdiction for you and your professionalism, or it can be the cause for you to dust off your resume and begin searching IAAO's classified ads for job openings—preferably hundreds of miles from where you are now.

If you begin your program planning by using these lists, you will be well on your way to a successful revaluation or reassessment program.

