Massachusetts Department of Revenue Division of Local Services
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Guidelines for Development of a Minimum Reassessment Program

Bureau of Local Assessment
Revised July 2008

Please Review the Following Significant Changes:

Land Analysis and Valuation……...Page 12
State Owned Land……Pages 12-15

Retain these Guidelines until further notice

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These materials have been prepared by the Bureau of Local Assessment to assist assessors plan and carry out the reassessment program necessary to achieve full and fair cash value assessments, in accordance with the requirements of Massachusetts General Laws, Chapter 40, Section 56 and Chapter 58, Sections 1, 1A, and 3. An analysis of market trends along with assessment level and uniformity must be done annually whether for an interim year adjustment or for triennial certification.

I. INTERIM YEAR ADJUSTMENTS

In all cities and towns assessors must annually adjust valuations to reflect changes in the tax base due to new construction, alterations, demolitions, etc. If there has been a change in market conditions, adjustments must also be made to property values to reflect full and fair cash value as of January 1. The assessors may undertake and complete a valuation adjustment program without the prior review or approval of the Bureau of Local Assessment in the years between the required triennial recertification. This is called an interim year adjustment. A plan, which includes analysis and application of appropriate appraisal methods, must be used to develop any valuation adjustments (see section III). After completion of the program, the community's assessments should be equitable and consistent within and between all property classes, as evidenced by conformity with accepted mass appraisal measures of assessment level and uniformity.

Documentation to support valuation changes must be prepared and retained by the assessors. This documentation might include, for example, income, expense and capitalization rate analyses, sales ratio studies or any other data that support the type and extent of the valuation changes made by the assessors.

All assessors must report the results for their analyses (whether or not an adjustment was necessary) of all real property to the Bureau of Local Assessment on the form “Adjustment of Valuations Between Certification” (LA15). Valuations must conform to the assessment level and uniformity outlined in Section III-B of these guidelines. It must be received with the Form LA-4 “Assessment/Classification Report.” The completed form will be sufficient, although more detailed information may be requested.

II. TRIENNIAL CERTIFICATION PLAN COMPONENTS

To develop the reassessment program, current assessment levels, assessment uniformity and market trends should be analyzed. Also, an evaluation of data quality should be made and certification recommendations of the Bureau of Local Assessment should be reviewed.

After determining the nature of the reassessment program, the assessors must prepare a plan for its accomplishment and submit it to the Bureau, as explained in detail in Section VI.

A carefully prepared plan is a tool by which the assessors can define the specific tasks required, manage their limited human and financial resources and monitor

the progress of the program, thereby ensuring the timely and satisfactory implementation of new values. When developing a plan, the assessors should:

A. Current Capability

Evaluate the capability of the present assessment administration system. Analyze the level and uniformity of the current assessments.

B. Program Components

Determine the program components necessary to achieve full and uniform assessments and the management, analytic and appraisal tasks necessary to complete those components. These include:

1. Use of methods and techniques of appraisal and valuation, which are proper and legally defensible.
2. Choice of means to complete the project that are reasonable and appropriate:
   a. In-house personnel, sufficient in number and qualifications, or
   b. Professional appraisal assistance.
3. Appropriation of adequate funds.

C. Timetable

Establish a timetable that is realistic.

D. Review

Provide for public as well as State review, to permit verification that the plan has been implemented as proposed and that fair cash valuations have been achieved.

E. Implementation

Implement a valuation system with the capability of maintaining data, updating values, providing necessary reports and meeting the minimum standards for assessment administration.

III. ASSESSMENT ADMINISTRATION SYSTEM ANALYSIS

Essential components of professional, efficient and equitable assessment administration include the thorough and accurate collection and analysis of certain property descriptive data and market data that serve as the foundation for the development of value estimates.

A. Tax Maps

Every community requires adequate tax maps, which can include a geographic information system (GIS), in order to ensure that property assessments meet the legal standard of full and fair cash value.

Without tax maps, assessors may not have a readily accessible, complete parcel inventory or detailed land area information, such as front and

square footage, for each parcel. As a result, they may be unable to precisely analyze market influences on the value of land, such as, size, shape, frontage and depth, or develop a land valuation system based on accurate measures of market value, such as square footage, front footage, and site. Moreover, without accurate land information, existing appraisal systems cannot produce uniform assessments.

1. Assessors in communities that do not have adequate tax maps must include the development and implementation of a tax-mapping program as the initial component of their reassessment program.
2. Assessors in all communities must provide for the maintenance and updating of their tax maps as a component of their reassessment program.

B. Analysis of Assessment Level and Uniformity

There are two ways to analyze existing assessments through assessment/sales ratio studies: first, by looking at the assessment level and second, by looking at the uniformity of the assessments. Assessment level refers to the degree to which the overall ratio of assessed value to market value approximates the full value of the property class being analyzed. Assessment uniformity refers to the degree to which properties within and among classes are assessed at equal percentages of market value.

1. Monitoring Sales Activity

   The validity of any sales analysis depends in large part on the selection of arms-length sales. An arms-length sale is defined as one between two unrelated parties, each of whom is reasonably knowledgeable of market conditions and under no undue pressure to buy or sell. Therefore, the assessors should first obtain as much information as possible about the circumstances of each sale. This can be done by sending sales verification questionnaires to buyers and/or sellers to determine the type of transaction, financing arrangements and any special circumstances of the sales. Local real estate brokers are also valuable sources for such information. Whenever possible, all sold properties should be inspected. This will enable the assessors to verify existing data, monitor property renovations and to identify more readily market trends within the community.

2. Analyzing the Market

   Once the arms-length sales have been identified and verified, the assessors should undertake a statistical analysis to determine both the level and uniformity of existing assessments and to identify the source(s) of any existing inequities.

   a. Number of Sales to be used

The total number of arms-length sales in any residential class should be at least 2% of all parcels in that use class. If 2% is less than 10 sales, twenty-four months of sales for that class should be analyzed and submitted to the Department for review, time-adjusted as needed. The analysis of the various classes of property must use sales in the same time period for obtaining the required number of sales. All commercial and industrial sales should be similarly analyzed and submitted.

b. Date of Analysis

The effective date of the analysis is the January 1 prior to the fiscal year. For example, the assessment date for FY2009 is January 1, 2008, and the sales to be analyzed are those occurring in calendar year 2007 (January 1, 2007 through December 31, 2007).

Since the object of the valuation program is to estimate fair market value as of January 1 of a particular year, the ratio study used to evaluate that program should reflect market conditions as of that same January 1. In the event that two years of sales are needed, the previous year's sales can additionally be used or assessors may supplement their calendar year analysis with sales that occurred, both 6 months previous and 6 months after the calendar year. It should be noted that the calendar year sales with any supplemental sales must meet all statistical requirements and that the same time period be used for all classes requiring additional sales.

c. Adjusting for Date of Sale

The effective date of the ratio study submitted is January 1. Assessors may supplement their analysis by adjusting sales forward or backward to the assessment date by use of a time adjustment factor. The BLA certification advisor should be consulted regarding the development and use of such a factor. Written documentation is also required.

d. Conducting the Ratio Study

The community-wide median assessment/sales ratio (ASR) and coefficient of dispersion (COD) about the median should be calculated first for the residential class of properties having the largest number of parcels. Then the ASR and COD for all other property classes with sufficient numbers of sales should be calculated.

For certification purposes, the following chart describes the range in which the median ASR must fall and the maximum COD for all classes of property.

TYPE	CLASS USE CODES	MEDIAN SR (Range)	COD Maximum)
Single Family	101	90-110%	10.0%
Condominiums	102	90-110%	10.0%
Two Family	104	90-110%	12.0%
Three Family	105	90-110%	12.0%
Apartments	111-112	90-110%	15.0%
Vacant Land	130-132	90-110%	20.0%
Commercial	300s	90-110%	20.0%
Industrial	400s	90-110%	20.0%
Mixed Use	013-031	90-110%	20.0%

The difference in the median ASR of the residential class use code with the largest number of parcels and the median ASR of any other class should be 5% or less, but the median ASR may not go below 90% or above 110%.

If a sufficient number of sales exist for any property class, the assessors should stratify the sales into subgroups, for example, neighborhood (e.g. location), sales price quartile, style, grade, age, etc. The median ASR and COD need to be computed for each group. The difference between the median ASR of the subgroups should be plus or minus 5% of the property class median and the COD should be no higher than that indicated for the appropriate class in the preceding chart. These group statistics, if outside the parameters when compared with the overall median ASR and COD for each class of property, may indicate assessment inequities.

When market value indicators, other than vacant land sales, are used for the development of land values (i.e., residual or abstraction analyses), the median ASR should be in the range of 90% to 110% and within 5% of the ratio computed for the largest residential class. The COD may be up to 20%. The analysis should also be done by neighborhood and lot size. The difference between the median ASRs of the neighborhood, lot size and zoning (if applicable) should be within 5% of the median of the group as a whole.

For each condominium complex having 5 or more sales, the median ASR should be within 5% of that of the condominium class as a whole and the COD no higher than 10%.

For each property use class having 40 or more sales in the analysis period, the median ASR for each price quartile should be computed. Arraying the selling prices from low to high, and dividing them into four groups having approximately equal numbers of sold properties establishes the price quartiles. The median for each price quartile should fall within a range of 5% of the median for the entire class.

The date quarters are established by arraying sale dates from the beginning to the end of the year and dividing them into four three-month groups. If two years of sales were used, divide them into four six-month groups.

For each class of property having at least 20 but less than 40 sales, array the sales as directed for price analysis. However, analyze them in two rather than four groups.

C. Market Data Assembly

Depending on the valuation system and methods being used, the assessors must collect sufficient cost and market data such as the following:

- Current cost data (no more than 2 years old), such as updated cost schedules, or trending modifier from the applicable national cost services and local building costs where available.
- Current sales data, including conditions of sales, regional trends and financing.
- Current income, expense and vacancy data, which may be obtained from questionnaires or by interviews with lessees, lessors or agents. If sufficient data cannot be obtained locally then data should be obtained from similar neighboring municipalities or professional sources. This data must be sufficient to develop verifiable schedules.
- Data relative to the development of capitalization rates, financing terms, discount rates, recapture rates, yield requirements and local debt coverage ratios

The assessors may obtain information needed to determine the fair cash valuation of property by requesting that the owners and lessees of such property make a written return in accordance with General Laws Chapter 59, Section 38D (applicable to real property) and Chapter 59, Section 38F (applicable to personal property). The returns can be used to request sales information, income and expense data, property descriptive data such as age, condition and cost of personalty items as well as annual reports filed with regulatory agencies in the case of utilities and nursing homes, or any other information reasonably required to determine value.

D. Property Inventory Data

The collection and maintenance of current and accurate property inventory data is a critical element in the development of uniform, fair market values.

1. Maintaining Existing Data Base

The collection of property data can be the most costly part of the revaluation process. Unless such data is regularly maintained, a community will inevitably face the requirement of an expensive community-wide data recollection effort in order to provide uniform assessments and meet certification requirements.

There are a number of factors that must be considered in determining when a property inspection program is necessary to meet certification requirements. These include, for example, the quality of the original data collection effort, the conversion to a new valuation system that may require different data items, the frequency of property renovation and remodeling in the community (which is often related to the frequency of property sales), and the absence of a systematic program to reinspect properties other than those that have sold or for which building permits have been issued.

It is recommended that assessors plan a periodic, cyclical inspection program. Such a program enables the assessors to maintain accurate property data by continuously reinspecting all property to verify and update existing data. In a cyclical program, each property in the community is inspected at least once in a fixed period of time. The best time to begin such a program is immediately after a comprehensive, community-wide inspection ("full measure and list") has been completed.

The time period of a cyclical program is dependent on a number of factors, including:

- the time since the completion of the last community wide inspection program,
- the quality of existing data, as measured by a data quality study or evaluation,
- the nature of change in the community and its neighborhoods, and
- a change in valuation systems that may require additional or more specific data.

It is recommended that a periodic data inspection program provide for the inspection of each parcel at least once in every nine-year cycle. If six to nine years have passed since the last property inspection program, a shorter initial inspection cycle (three to six years, for example) may be called for.

2. Data Quality Analysis

   The following outline should be used as a guide for conducting a data quality study:

   a. Sampling method and sample size

      1) If the study is a formal data quality study, select a random, representative sample of 2 to 5% of the properties in each class being evaluated.

         The size of the sample is dependent on: size of the community, location mix (neighborhoods) in the community, complexity of the property mix, age and style of the properties, homogeneity of property, number of years since last data collection program and the nature of data maintenance programs used.

         The sampling process must be sufficient to ensure that a data quality conclusion can be made concerning each significant type, class, or neighborhood.

      2) If the study is an evaluation review of properties inspected as part of the regular data maintenance and verification activities (e.g. building permits, abatement reviews), the representativeness of the sample must be checked. Additional inspections may be needed if significant segments of the community were not included in the initial review.

         This type of review requires assessors to keep adequate records documenting the inspections that have been completed. These records may include color-coded property maps, daily work reports, dated property record cards, etc.

   b. Property inspections

      There are two principal methods for inspecting properties and recording the results:

      1) Using new, blank property record cards, measure and list each property selected for study as if for the first time.

      2) Using copies of existing property record cards in the field, conduct a data verification inspection, marking the copies distinctly where differences are identified. Copies of the property record cards should be kept in a separate location, documenting the data quality evaluation or study.

   c. Identification of discrepancies and their impact

      For each parcel selected and reviewed, the original value is compared with the value <u>that would have been in effect had accurate data been available.</u> The dollar difference and percent difference are then identified. The percent difference is calculated by dividing the dollar difference in value by the old, or original, value.

d. Coding

Each property reviewed should be coded as follows:

1) No discrepancies found.
2) Discrepancies would have been identified by a field review.
3) Discrepancies would only have been found by an exterior inspection.
4) Discrepancies would only have been found by an interior inspection.

e. Analysis

The mean and median of both value (dollar) and percentage differences should be computed for the entire sample, as well as for each of the four categories listed above. The assessors should also stratify the sample by such items as neighborhood, style, age, price quartiles, etc.

f. Corrective action (as necessary)

A median in excess of 10% in any category, class, or type of property may indicate a need for prompt appropriate corrective action. For example, discrepancies listed in the coding section (see previous section d.) might require:

- d. 2) a comprehensive field review.
- d. 3) a full exterior data verification inspection.
- d. 4) would likely require interior inspections.

Rates of 5 to 10% in a category may be corrected through a periodic, community-wide, data inspection program.

Results of a data quality study must be reviewed with the BLA certification advisor before certification planning proceeds.

IV. DEVELOPMENT OF MINIMUM PROGRAM COMPONENTS

A. Field Review

Regardless of the method employed to value property, the assessors must also review the new values for sold and unsold properties in the field to ensure valuation consistency and uniformity.

The following sets forth minimum field review activities:

1. A full field review of all data and the new valuations is to be conducted for any program that provides for the development and implementation of a new valuation system or a data conversion program (manual or automated). This is required regardless of whether (1) a new data collection is being undertaken or (2) existing property inventory data is being used.

When planning the implementation of a new valuation system, care must be taken to ensure that all data needed to run the system is either "converted" from the old system to the new, or collected through a property inspection or review process.

2. In all other types of reassessment programs, including an upgrade of a current appraisal system, a field review of a sufficient number of properties must be conducted to verify that the application of the valuation methodology employed has resulted in the uniform and consistent valuation of comparable sold and unsold properties. The extent of the valuation field review activities required will depend on many factors including, for example, the results of data quality studies, sales verification and analysis activities, the nature and extent of the valuation adjustments made, and the review appraiser's familiarity with the community's valuation system and property. The field review should include a review of the data and new valuations of all sales and a representative sample of unsold properties.
3. Assessors must keep comprehensive records documenting the review and its results. If systematic errors are identified, appropriate corrective measures should be taken. Therefore, the field review, whether full or partial, must be completed early enough in the valuation process to allow for corrections.

B. Valuation Methodologies

1. Residential Property
   a. Adjustment of Existing Valuation System

      Sales analyses and market data may be used to identify what adjustments need to be made to the existing valuation system for residential improvements and land.

      For example:

      1) If the source of dispersion appears to be specific neighborhoods, it may be necessary to adjust the existing land valuation schedule to accurately reflect current market value.
      2) If the source of dispersion appears to be a specific style or age of property, it may be necessary to adjust the existing valuation models, the base cost tables or depreciation schedules.

         This approach has the advantage of maintaining the integrity of the existing valuation system. The funds expended on the initial revaluation may, in a large part, be wasted if the system is not maintained and updated.

   b. Trending or Factoring

      In some cases, sales analyses could be used as a basis for adjusting the assessments on a group of properties by a uniform

percentage. This approach is effective when the underlying data is current and accurate and when separate trending factors are developed for comparable properties (such as by location, age, style, etc.) that appreciated or depreciated in value at the same rate.

A single factor may be applied to an entire residential property class only when the sales analysis indicates a uniform assessment level among stratified groups, i.e. the median ASRs for significant groups is within 5% of the class median and the overall COD is less than 10%.

Trending has the advantage of being relatively easy to perform, especially where the assessors have access to data processing services for analysis and value computation. However, where the values have been previously factored, the application of trending factors may magnify underlying inequities and, therefore, be considered an inappropriate appraisal technique.

2. Land Analysis and Valuation

   If there are insufficient vacant land sales to produce a meaningful land analysis, an analysis using the abstraction method should be conducted. When estimating land values by the abstraction method, the following contributory values must be considered:

   - primary improvement (dwelling)
   - accessory improvements (garage, pools, etc.) , and
   - site improvements (water and sewer).

   Neighborhoods for appraisal purposes must be delineated and analyzed by the indicated land value. Any unique combination of factors is to be considered a neighborhood unto itself and should be analyzed as such. All land factors and/or value adjustments must be supported by market evidence within the neighborhood in which they are being applied.

   When analyzing sales to determine rear/excess acre values, the indicated lot value, not necessarily the assessed prime lot value should be used. A parcel's size relative to use in the excess acreage analysis should be of sufficient acreage to render a meaningful analysis. If the land schedule calls for a rear acre value adjustment by neighborhood, there must be market evidence to support this adjustment.

   Land schedule must be supplied in Excel format.

3. State Owned Land

   The Commissioner of Revenue determines the fair cash value of certain tax-exempt state owned land (SOL) for reimbursement. Criteria for reimbursement generally depends upon three factors: taxable status at the time of state acquisition, land use, and the particular state agency owning or "holding" the land (see MGL Chapter 58 s. 13-17 and MGL Chapter 59 s. 5G).

Land valuation does not include any improvements to the properties (such as buildings) or personal property. All state owned lands are being used for public purposes and as such are exempt from local taxation.

a. Procedure

The Department of Capital Asset Management (DCAM) notifies the DOR of acquisitions, deletions and agency transfers.

Upon receipt of an acquisition assessors will be notified to supply the following documentation:

- property record card for last year taxed,
- recorded deed or order of taking,
- copy of commitment book entry for year prior to taking,
- assessor's map marked with the location of the site,
- accepted street list from town clerk, and
- dimensional and use regulation tables from zoning by-laws.

Notification of deletions will be sent to the boards of assessors indicating the amount of acreage that is being removed from reimbursement.

Should documentation be found, e.g. by the Bureau of Local Assessment, another state agency or local assessors, showing that land not previously reimbursed is eligible for reimbursement, it will be added to the Cherry Sheet payment in Lieu of Taxes Program (PILOT). Conversely, if it becomes evident that land was erroneously reimbursed in the past, it will be removed from the PILOT Program.

The procedure for valuation of state owned land follows generally accepted practices for the appraisal of vacant land to arrive at full and fair cash value estimates requires standardized procedures in order to achieve consistency in valuation application throughout the Commonwealth.

Land will be valued as vacant based on the requirements of local zoning laws of the municipality or predominant land use in the absence of zoning laws. If the land is zoned for governmental or institutional use (e.g. government buildings, schools etc.), the surrounding land use should be considered characteristic and applicable to the state owned land. Building restrictions such as those on protected watersheds, reservoirs, floodplains etc., should also be taken into consideration. Local zoning changes that are made only to state owned land to enhance reimbursement will not be considered valid. Assessors must notify BLA of any zoning changes affecting reimbursable state owned land.

The land should be valued by site. For the purposes of SOL, a site is defined as land held or controlled by a particular agency for a particular purpose, such as a state park or a wildlife sanctuary.

Sites generally have a name, are often made up of more than one parcel and may overlap municipal bounds.

Site acreage should be analyzed and segmented into one or more of the following categories:

1) Primary Front Lots – land on accepted municipal public ways and accepted state highways (roadways) with direct and complete access is eligible for the front lot value attribution. The roadway may be unpaved but must be maintained and passable year round. These front lots must have frontage, depth and area that meet local zoning requirements and be readily developable (i.e. not requiring any special permitting or site preparation). Prime lot attribution will not be considered for land lying within a 100-foot buffer zone of any wetland area. Irregularly shaped lots with minimal frontage, sometimes called "pork chop lots," will not be considered. Notwithstanding M.G.L. Ch. 40A § 3, any zoning within a community that prohibits building and any land that requires authorization under M.G.L. Ch. 91 for construction on both coastal and inland waterways will not be eligible for prime lot attribution.

2) Rear/Excess Land – land that does not qualify for front lot attribution, has limited or no access, but is potentially buildable. This category includes land on accepted municipal public ways and accepted state highways (roadways) that meet the minimum local zoning requirements, but are not readily developable due to minor topography issues or other negative influences.

3) Undevelopable/Wet Land – land that is unbuildable due to physical conditions such as wetness, extreme slope, governmental restrictions or land that is a water body (lake, pond, marsh etc.). Due to an ATB decision, the water body portions of DCR Water Supply Protection property (MGL Chapter 59 s. 5G) are not eligible for reimbursement. (Town of Boylston v Commissioner of Revenue, Metropolitan District Commission and Massachusetts Water Resources Authority, ATB Docket No. F183626, F22902 (2000).

Rear/excess land and wet land determinations should be based upon U.S. Geodetic Maps, local conservation commission maps, U.S. and state agency maps, holding agency reports and visual observations, etc.

b. Standardization of Local Land Schedules

The BLA reviews and certifies all communities' real and personal property values on a triennial basis to ensure that they are at full and fair market value. The resulting certified land schedule is used as a starting point for SOL valuation. Since the process occurs over a three-year period, equalizing or standardizing the values is

necessary so that all SOL values are at the same level at one point in time.

c. Municipal Maintenance of Property Record Cards

Assessors' property record cards (PRCs) must show the proper use class codes for reimbursable SOL, reflect the full and fair cash value as well as the reconciled segmentation using the Bureau's guidelines. While municipal land values may change annually due to the real estate market, SOL values for reimbursement remain fixed until the next SOL valuation every four years. SOL valuation, for reimbursement purposes, will only change between SOL valuations when there are additions or deletions to the SOL inventory. Assessors performing interim year adjustments should change the value of the SOL on the PRCs. The BLA SOL value may also be shown on the PRCs if the assessors so choose.

Adjustments for size and absorption rate must be made using standard tables developed and supplied by the Bureau. Specifically large acreage discounts must be applied to sites larger than 100 acres and excess primary lot adjustments must be applied to sites with road frontage allowing for 26 or more prime lots. For sites over 100 acres in a community that utilizes a land curve, the value at 100 acres using the curve must be supplied to the Bureau before the standard land discount table is applied.

4. Commercial and Industrial Property

Commercial and industrial properties should be reviewed in the context of the approaches to value used to determine the original base values. For certification purposes, a <u>second approach to value must be developed and applied to all properties bought and sold on investors' expectations.</u> Such properties would include, but not necessarily be limited to: multiple use properties that are predominately commercial; apartments over four units; hotels and motels; storage, warehouse and distribution facilities; discount and department stores; shopping centers and malls; supermarkets; small retail properties; office buildings; medical office buildings; research and development facilities; and properties within industrial parks.

The following are acceptable methods for valuing commercial and industrial properties:

a. <u>Cost</u> - The application of cost from a recognized cost manual, local building costs and/or a cost trending multiplier (from an applicable national cost service) may be considered for updating improvements, with proper allowances given for depreciation.

b. <u>Income</u> - All rent schedules, income and expense information and capitalization rates must reflect current market conditions. The necessary information can be obtained from a questionnaire or by

interviews with taxpayers or from third party sources. There are sample forms and cover letters located in Local Assessment section of the DOR website at www.mass.gov\dls under General Information.

c. Market - Recent commercial and industrial sales may be analyzed and units of value developed from comparable sales. Such unit values may then be applied to comparable non-sold properties. Sales from surrounding communities with comparable property bases and market influences may be used for analysis purposes

5. Farmland Valuation

The Farmland Valuation Advisory Commission (FVAC) adopts the range of recommended agricultural, horticultural and forest land use values for the various categories of land classified under Chapter 61 and 61A. These value ranges are to be used in conjunction with the assessors' appraisal knowledge, judgment and experience as to agricultural, horticultural and forest land values.

When a Board of Assessors determines local valuations for land classified as agricultural, horticultural or forest land under these chapters, they must consider only those indicia of value that such land has for agricultural, horticultural or forest uses. Any income, sales or other appraisal information considered by the assessors is limited to data specific to the crop or product being grown or produced.

If a Board of Assessors adopts values outside the range of values recommended by the FVAC, the determination must be supported by a comprehensive study of local factors influencing the agricultural, horticultural or forest use value, and include a detailed description of the selected valuation models and resulting use value estimates. The FVAC valuations must be considered in all local analyses.

Any sales of farmland, income data or other appraisal information being considered by the assessors should be limited to data specific to the crop or product being grown or produced. Any indicia of use value derived from sales must come from comparable sales of agricultural, horticultural or forest land to buyers who purchase the property to continue its current agricultural, horticultural or forest use. Assessors should ensure that sales used to support their valuations are comparable with respect to tillable land, pasture, meadow, woodland, mountainside and marsh, etc. In addition, they should identify and consider all other circumstances about the transactions that may have influenced the prices paid for the land, *e.g.*, sales during crop growing season, irrigation and personal or business motivations of the parties.

When analyzing these sales, they should be grouped into crop or product categories similar to those recognized by the FVAC. If the number of sales is inadequate, regional data from comparable communities should be considered.

Rental income is a reliable means for deriving an estimate of market value using the income capitalization approach. When income data is available, local farm rental rates per acre for various land classifications should be used. Care should be taken to ensure that only the productivity of the land is evaluated and not the other income sources such as retail sales. The rental income method requires fewer assumptions, less dependence on management performance, and rental patterns are relatively consistent within the farming community.

6. Multiple Regression Analysis

   To determine whether a certain Multiple Regression Analysis (MRA) model is the best predictor of a given group of sales, appropriate statistics and program outputs must be achieved in the modeling process. The following statistical standards should be represented in the overall model.

   a. The Coefficient of Determination (R^2) equals the percentage of the variation in sales prices explained by the MRA model. An R^2 percentage equal to or above 90% is desirable.

   b. Standard Error of the Estimate

      The Standard Error of the Estimate (SEE) provides an estimate of the variation (the amount of deviation between actual and estimated sale prices) that is likely to be observed when making estimates of value using a specific model. The SEE must be a positive number. A low number is a better indicator of predictability.

   c. Coefficient of Variation

      The Coefficient of Variation (COV) is the SEE expressed as a percentage. This statistic describes the standard of deviation of the regression as a percentage of the mean sales price. The COV is expected to be equal to or below 12%.

   d. Average Percentage Error

      The average percentage error is the average absolute difference between the actual and the predicted sales price. A low number is a better indicator of predictability.

7. Personal Property

   Personal property must be valued in accordance with an acceptable appraisal methodology. Trending may be used, provided recognized indices are employed and proper allowances are made for depreciation.

   a. Individuals, Partnerships, Business Corporations and other accounts

      1) An annual review of personal property accounts should be undertaken. This review should include:

a) Identifying the owners of personal property located in the community as of January 1

b) Reviewing Forms of List from business personal property. An analysis of residential second home personal property must be conducted at least once every 6 years by inspecting or reviewing the Forms of List of at least 2% of all second home personal property accounts. The minimum should not be less than 10 accounts.

c) Determining the taxable status of personal property accounts.

d) Verifying or completing a listing of the individual items of taxable personal property for each account based on –

(1) Discovery and data collection of new accounts

(2) Review returns of Form of List and previous listings

(3) Estimating based on similar accounts when access cannot be gained and no Form of List is returned

c) Valuing the property in accordance with an appropriate and uniform appraisal methodology. All cost and depreciation tables need to reflect the current valuation date and be applied to each account.

2) The assessors' record for each taxable account should include the following:

a) Owner's legal name
b) Business name
c) Business address in the community
d) Tax billing address
e) Complete list of each item that is assessable and taxable as personal property. Included for each item should be: the age, number, replacement cost new, the depreciation percent and the replacement cost new less depreciation (RCNLD) value. After itemization, the taxable value of each category of personal property should then be totaled (e.g., fixtures, furniture, machinery, inventory, etc.). Communities adopting the small personal property exemption must still perform this function prior to exempting the personal property account.

Non-taxable accounts should list owner’s legal name, business name, business address in the community, tax billing address, value and the reason the account is not assessable.

b. Utility Accounts

The Electric Utility Restructuring Act, Chapter 164 of the Acts of 1997, separated the generation of electricity from its transmission and distribution. Independent, non-utility producers in a deregulated environment now generating electricity and the plants’ valuation

must reflect market value. For information on the valuation of generating plants see IGR No. 98-403.

Transmission and distribution of electricity are still performed by regulated local electric utilities. As a result of Supreme Judicial Court decisions, assessors must provide relevant data to support an opinion of fair market value of utility property that is in excess of its net book cost, using the following outline as a guide.

1) Data Collection — Transmission and Distribution

As of the valuation date the assessors should collect the following data and information for each utility account:

a) Information on the physical plant located in the community and subject to taxation. This information may be obtained from the Form of List submitted by each utility company.

b) Information on the dollars invested in the physical plant in the community. This information may be obtained by requesting the utility company's historical (gross and net book) costs.

c) System-wide financial and statistical data. This data may be obtained by requesting a copy of the annual return filed by each utility company with the Accounting Division of the Massachusetts Department of Telecommunications and Energy. In addition, rate base information, such as the rate of return allowed on the book cost and the return on common stock equity should be obtained.

2) Valuation

a) Cost

(1) Historical

(a) Net book
(b) Gross book less an approved rate of depreciation.

(2) Reproduction cost new less depreciation, provided proper allowances are made for physical and functional depreciation and economic obsolescence.

(a) Trending, using a generally accepted manual or index
(b) Repricing.

b) Income

Income attributable to taxable personal property must be isolated from system-wide income data.

c) Market

(1) Stock and debt approach

(2) Comparable sales approach.

3) Documentation

For certification purposes, the assessors must submit an appraisal report documenting the appraisal method used to arrive at an opinion of fair market value.

The appraisal report must include:

a) A complete inventory listing the proposed values for each category of inventory, including the Form of List;

b) Depreciation estimates fully documented by type;

c) Relevant data supporting any opinion of value. This data must:

(1) Identify the existence of special circumstances that might indicate a fair market value in excess of net book. Special circumstances enumerated by the Court that might induce a buyer to pay more than net book and might indicate a fair market value in excess of net book include:

(a) The return actually being earned by the utility may exceed or be expected to exceed the rate of return approved by the regulatory agency in the allowed rate.

(b) The prospective buyer's allowed return on its investment may exceed the return available in the market for an investment having the same or greater risk.

(c) The applicable rules of law or regulatory agency policies may be changed so as to make the investment more attractive. For example, the regulatory agency may allow an increase in the rate of return allowed the utility or may abandon its existing carry-over rate base policy which provides that when a utility company sells an asset to another regulated utility company, the buyer's return is limited to the rate base value in the hands of the seller and not in any higher purchase price that the buyer might have paid. The prospect of any change must be a reasonable one.

(d) The potential for growth in a utility's business may warrant paying more than the utility's net book cost of particular property.

(e) A non-utility buyer, not subject to the governmental restrictions on its earnings, might purchase part of the property in the system.

(f) A municipality may be considering forming a municipal utility and might purchase the property.

(2) Show why, because of the special circumstances, a buyer would not be influenced by the net book cost of the property and would reasonably be expected to pay the value placed on the property by the assessors when by investing the same dollars elsewhere the buyer could obtain a better return on its investment.

d) The final total estimate of the full and fair cash value of the property.

C. Reassessment Program Documentation

The assessors must review and accept all proposed values prior to submitting the written documentation to support the mass appraisal process employed. Such documentation, for example, would include sales ratio studies, cost and depreciation schedules, land valuation schedules, income and expense analysis, valuation system override criteria, field review documentation and any other information that supports the adjustments made by the assessors. Standards for valuation and field review documentation are found in the Bureau of Local Assessment's Assessment Certification and Field Review Manual - Documentation Standard.

After a review and analysis of current sales, cost and income information, the assessors may determine that existing assessments in one or more classes reflect fair market value and no value or system adjustments are necessary to meet certification requirements. The Bureau must still conduct a certification field review to verify the consistent valuation of comparable sold and unsold properties at fair market value throughout the community.

If the assessors decide not to adjust existing assessments, they must provide, at the time of the Bureau's review, an appropriate analysis to support their determination. The type of analysis required will depend on the valuation methodology used in the last revaluation for each property type. For example, if the cost approach was used, this analysis would indicate that land values and building costs have not changed appreciably since the revaluation. If the income approach was employed, an analysis of current income, expenses and capitalization rates would be undertaken to ensure that there has been no significant change in any of those factors.

V. PUBLIC DISCLOSURE

It is important to build and maintain public trust and confidence in the assessment administration system. This can be accomplished by keeping taxpayers abreast of the legal requirements regarding assessments and of the assessors' responsibilities and actions in complying with those requirements.

In order to receive final certification, the assessors must undertake a public disclosure program for a minimum of five (5) business days after the Bureau's issuance of preliminary certification. However, the Bureau strongly recommends

undertaking public disclosure for a minimum of ten (10) business days to accommodate as many taxpayers as possible.

A. Basic Program

All communities are, at a minimum, required to undertake a basic public disclosure program consisting of:

1. Notice

The assessors must provide notice of a general reassessment program to all taxpayers by a comprehensive public information release **in a newspaper of general circulation in the community**. The public disclosure period begins after the newspaper notice has been published. The public disclosure notice **must** address the basis of the valuation changes, the program's overall effect on assessments, and the manner and time period in which taxpayers may ascertain the proposed new assessments prior to tax billing. It is expected that communities with a significant number of non-resident taxpayers will send impact notices.

2. Review

Prior to finalizing values and tax billing, the assessors must provide adequate opportunity, either during or after regular office hours, for taxpayers to make telephone or office inquiries regarding the proposed new values. Any changes to assessed values as a result of public disclosure should be made prior to submission of the LA10 and not through the abatement process.

B. Impact Notices

If the assessors conducted a full revaluation program, which includes data recollection and the development of a new valuation system, they must send impact notices to all taxpayers listing pertinent legal information, the proposed values and must hold informal hearings.

VI. REASSESSMENT PROGRAM PLAN

A. Preparation of Plan

After identifying the components of the reassessment program and the specific tasks necessary to complete those components, the assessors need to evaluate the resources, in-house personnel and professional assistance, required to carry out the program in a timeframe consistent with actual tax billing. They then should prepare a project plan.

1. Workplan

The Bureau's "Valuation Program Workplan" can be used as a basic framework for preparing the plan. It can be supplemented as necessary or desired.

Every plan should address:

a. The valuation methods being employed for each class of property: land, residential, commercial and industrial, as well as business, residential and utility personal property;

b. The in-house personnel and/or professional appraisal assistance required to complete the project and the specific project responsibilities of the project participants;

c. The work schedule and projected date of completion (see August 2006 Bulletin 2006-12B on Realistic Planning for Certification and Tax Rate Setting);

d. The timeframe for obtaining adequate funds. It is recommended that funds be appropriated two years in advance of the certification year.

2. Professional Services Contracts

The assessors may select from a wide range of data processing, appraisal, consulting or other professional services to revalue property, update an existing valuation system or otherwise assist them to develop an informed opinion of the full and fair cash value of properties in one or more classes. If the plan includes <u>any</u> professional assistance, an appropriate contract must be prepared.

Local officials are urged to review all requests for responses (RFR) and invitations for bid (IFB) and proposed contracts with municipal counsel, with particular emphasis on these guideline requirements and the <u>Uniform Procurement Act,</u> MGL Chapter 30B. The Inspector General's office provides guidance regarding procurement issues (617-727-9140).

B. Submission of Plan

The assessors are requested to submit to the Bureau their program plan for meeting certification requirements. The Bureau's review will focus on whether the overall plan is reasonable and likely to achieve certifiable values.

The plan must be written and should include, at a minimum, the information described in Section VI-A. If, as a result of local decisions or an on-site review of the plan or other technical assistance rendered by the Bureau, the plan is modified in <u>any substantial</u> way, a revised plan should be submitted. The Bureau will review and approve the plan and the assessors will be asked to keep the Bureau informed of their progress.

On an as needed basis, the Bureau may request a copy of an appropriate valuation contract.

All written plans should be submitted to either the BLA field advisor or to:

Bureau of Local Assessment
P.O. Box 9569
Boston, MA 02114-9569

Questions on program development may be addressed to the Bureau's Boston office, (617) 626-2300, or to the Division's regional offices in Springfield, (413) 784-1000, and in Worcester, (508) 792-7300. Information is also available on the DOR web site at www.mass.gov\dls

Massachusetts Department of Revenue *Division of Local Services*
Navjeet K. Bal, Commissioner *Robert G. Nunes, Deputy Commissioner & Director of Municipal Affairs*

ASSESSMENT CERTIFICATION AND FIELD REVIEW MANUAL

Documentation and Spreadsheet Specifications

Prepared by the Bureau of Local Assessment
Revised February 2009

BUREAU OF LOCAL ASSESSMENT

CERTIFICATION REVIEW DOCUMENTATION

Revised 02/2009

I. For your certification review the Bureau of Local Assessment requests that the information outlined in this publication be made available to your community advisor. Samples of suggested spreadsheet column headings are included in Section II. It is recommended that these data characteristics be included on the certification review spreadsheets. If you think any of them are not relevant or if any other characteristics should be included, you may delete or add to the list, however consult your BLA advisor prior to making these changes. Your advisor will schedule a meeting to assist you in planning for the review. At that time, you should discuss the specific spreadsheet content appropriate for your municipality.

A. ANALYSIS SPREADSHEETS

1. LAND VALUATION

This spreadsheet displays data on vacant land sales or alternate indicators of value as the supporting documentation of the proposed land pricing schedule. The use of alternate land valuation methods, such as residuals, abstractions, allocations etc., may be necessary if sufficient land sales do not exist. It should be sorted by the different land pricing stratifications, such as neighborhood, site index, lot size, front foot, secondary lots, etc. It should be noted that any unique combination of factors is to be considered a neighborhood unto itself and should be analyzed as such. Spreadsheets should contain sufficient data to document each one of the various land stratifications used. A general rule of thumb is that 10 to 20 sales or alternate indicators of value are needed in each stratification of the land schedule.
(See Section II - Land Valuation Analysis Spreadsheets)

2. IMPROVED PROPERTY VALUATION -- ASSESSMENT SALES RATIO STUDIES

Assessment sales ratio studies are an important part of the valuation process. They are used to determine the level of assessment and the uniformity produced by the valuation system. Depending on the nature of the community and the number of sales available for analysis, the type of ratio studies may vary. At a minimum, they should be conducted on the following property stratifications: (See Section II – Assessment Ratio Study Information)

a) state class code
b) building style
c) age groups
d) sales price quartile
e) neighborhood and/or site index
f) other influences, i.e. water view, traffic, etc.

The results of each study should include:

a) median
b) coefficient of dispersion
c) count

Assessors should refer to the relevant sections of the Division's *Guidelines for The Development of A Minimum Reassessment Program.*

3. ECONOMIC RENT, INCOME, EXPENSE, AND CAPITALIZATION RATE

The first of these spreadsheets is used to document the development of proposed rents, vacancy and expense adjustments. It should be sorted by the various uses, and should contain sufficient information to support the proposed economic rent, vacancy and expense adjustments for each property type. The second spreadsheet is development of market capitalization rates for each commercial, industrial, mixed-use and residential property use valued by the income approach. (See Section II – C&I Development (or Apartment) Development of Economic Rent, Income and Expense Analysis & Overall Market Capitalization Development)

B. REVIEW SPREADSHEETS

1. LAND

This spreadsheet is used to review the consistent application of the land valuation schedules and adjustments to them. (See, Section II – Land Review Spreadsheet)

2. RESIDENTIAL

This spreadsheet is used to review the final proposed values of the property use classes 101,104,105,106,109,130,131,132 and 111(if applicable). You and the advisor should decide beforehand how it is to be sorted, i.e., by parcel ID, street, style, neighborhood, etc.
(See Section II – Residential Review Spreadsheet)

3. COMMERCIAL, INDUSTRIAL, MIXED USE, APARTMENTS (111-112)

Two spreadsheets are used for this review. The first is for the review of the required two approaches to value. It should contain information on the correlation between the approaches, final one selected, the property sales, and the differences between the previous and the proposed values. The second spreadsheet presents the basic data used in the development of each valuation approach. (See Section II – Commercial, Industrial, Mixed Use and Apartment Review & Income Detail Spreadsheets)

4. CONDOMINIUM REVIEW

This spreadsheet is used to review the final proposed values of residential condominiums. You and the advisor should decide beforehand how it is to be sorted (by complex name, type of unit, size, common interest percentage, etc.). (See Section II – Residential Condominium Review Spreadsheet)

NOTE: On a spreadsheet, when a value percent difference is requested, subtract the prior value from the proposed value and divide the result by the prior value.

Example:	Proposed Value:	170,000	
	Prior Value:	150,000	
	Difference:	20,000	20,000 divided by 150,000 = .13 or 13%

C. NEIGHBORHOOD MAP

A neighborhood map must be prepared which clearly delineates different neighborhoods (or other location variable, such as site index, sub-neighborhoods or modifiers) used in the valuation program. If more than one land pricing is used in a neighborhood, these adjustments must be indicated on the map, with the various base land prices written in each of the neighborhoods or sub-neighborhoods.

D. LAND SCHEDULE

The assessor must provide the methodology of how the land pricing was developed and the analysis should be discussed in a brief narrative. A copy of the various land pricing schedules and land pricing instructions must be provided, indicating the categories used in that schedule (primary, secondary, front foot, excess, residual, wetland, etc.). The land schedule must be supplied in Excel format. (**See Form Land 1**). For the primary land segment, the values of the different land size increments must be shown for each different base land price. These increments should continue up to the **maximum size** covered by that schedule. For the other portions of the land pricing schedule, such as secondary, residual, etc., the unit prices must be shown. If any adjustments to the base schedules are used, an explanation of each adjustment and the ranges used should be listed.

E. BUILDING PRICING SCHEDULES

A copy of all cost or market based schedules must be made available. If the cost approach is used, then all cost pricing schedules, the depreciation schedules, and supporting documentation should be made available. Any factors used to adjust values from the base schedules must be separately documented. Documentation for the direct market, sales comparison approach, with multiple regression or feedback, is addressed in a later section.

F. INCOME APPROACH SCHEDULES

A copy of the schedule of economic rents, vacancy and expense adjustments, and capitalization rates must be supplied. It should also contain all explanations for the various economic rents, along with vacancy and expense adjustments for specific uses. Any factors used to adjust values from the base schedules should be separately documented. If a method to develop the capitalization rate other than market is used (which is documented in the income and expense analysis spreadsheet), then documentation for each rate and method used in the community should be included.

G. DIRECT MARKET APPROACH DOCUMENTATION

If the community is using any form of direct market valuation, such as regression analysis, feedback, or comparable selection and analysis, documentation should include:

1. a detailed description of the methods

2. identification of the software used in the statistical analysis and value generation process

3. statistics produced to evaluate the effectiveness and validity of the on-going and final modeling process

4. rationale for inclusion and/or exclusion of variables in the modeling process (emphasis should be placed on the variables traditionally used in the mass appraisal process)

5. methods used to "decompose" the model into land and building values

6. methods used to explain the model and modeling process to taxpayers

Multiple Regression Analysis Minimum Documentation

The following items are needed for the Bureau to properly evaluate the regression modeling process:

1. definition of neighborhoods and/or modeling regions
2. narrative overview of the modeling process
3. description of process data stratification and sub-model development
4. definitions of all data elements
5. definitions of data transformations
7. methods used in time adjusting sales
8. appropriate statistics and program outputs used in the modeling process:

    a) coefficient of determination (R2)
    b) standard error of the estimate
    c) coefficient of variation (COV)
    d) average percentage error
    e) F statistic
    g) residuals, or plotback report
    h) distribution analysis of variables & candidate variables

8. data editing methodology
9. sales screening methods, including documentation for sales reported on the sales reports (LA-3) but excluded from modeling process.

H. PERSONAL PROPERTY

Forms of List and data sheets with account detail must be made available for review by the advisor. Visit history should be apparent on the detail sheet. Documentation must include copies of the cost and depreciation tables, and review spreadsheets that include at a minimum business name, location, owners name, prior value and proposed value containing the % change in value. The detail sheet should include, at a minimum, business name, class, location, owner's name, prior value – including a detail of each taxable item [item description, status (new or existing), age, RCN, depreciation, depreciated value] and proposed value. A previous to current value report should be provided. A detailed analysis of the second home study must be provided if applicable.

I. EXEMPT PROPERTY

Documentation for review of this property class should be discussed with the certification advisor during the planning meeting.

Note: <u>USE OF ELECTRONIC DATA</u>

All data and documentation should be submitted electronically via email or provide a CD drive (or USB port on site). Please contact your certification advisor to determine the appropriate electronic and data formats.

SECTION II

Recommended Spreadsheet Headings

LAND VALUATION ANALYSIS SPREADSHEETS

VACANT LAND STUDY (Prior A-1a)

Map, block, lot
Street number
Street name
State use code
Zoning
Neighborhood identification
Date of Sale
Sale Price
Time Adjusted Sale Price (if indicated)
Total land area
Proposed assessed land value from the schedule
Ratio of proposed land assessment/sale price (or TASP)
Prior FY assessed land value
Value change % [(proposed assessed value - prior assessed value) ÷ prior assessed value]

"P" CODE VACANT LAND STUDY

Map, block, lot
Street number
Street name
State use code
Zoning
Neighborhood identification
Date of Sale
Sale Price
Time Adjusted Sale Price (if indicated)
Total land area
Proposed assessed land value from the schedule
Ratio of proposed **land assessment**/sale price (or TASP)
Prior FY assessed land value
Value change percent [(proposed assessed value - prior assessed value) ÷ prior assessed value]

*"P" code sale refers to a sale of improved parcel that was classified and valued as vacant land at time of sale; valued as improved parcel for as of January 1st.

LAND VALUATION ANALYSIS SPREADSHEETS

LAND RESIDUAL SPREADSHEET (Prior A-1a2 & A –1a3)

Map, block, lot
Street number
Street name
State Use Code
Zoning (if applied)
Neighborhood
Neighborhood location factor
Style
SFLA
Grade
Actual Year Built
Effective Year Built
Depreciation %
Sale Date
Sale Price
Time Adjusted Sale Price (if indicated)
Total Improved Building value: (RCNLD)* plus Outbuildings & Extra features
Total land area
Land Influence adjustments
Indicated Market value: (Sale Price (or TASP) – Total Improved Building Value)
Proposed land value from land schedule
Ratio of Proposed land value / Indicated land residual value (%)
Absolute dispersion
Prior FY assessed land value
Value change %: [(proposed land value – prior assessed land value) ÷ prior land value]

- ✓ Note: Indicated land residuals are to be at 100% assessment level. Improved building values must represent up to date cost tables as of the date of value - Jan. 1st.

- ✓ The statistical requirement for the **overall land residual** must be between 90 to 110 median ASR with COD LT or EQ to 20%. The median ASR must be within 5 points of the major class for the community.

Sub-stratification studies of residuals should also include the following:

1. Land Residual Analysis stratified by neighborhood (or site index).
2. Land Residual stratified by the following lot size
   i. 1st stratification with sale parcels at or below the standard lot size or zoning if applied.
   ii. 2nd stratification with sale parcels over the standard lot size or zoning if applied.
   iii. 3rd stratification with sale parcels over the standard lot size (or zoning) by neighborhood if excess varies by neighborhood.
3. The median ASR of the sub-studies <u>must be within 5 points</u> of the overall land residual for the community.

LAND SCHEDULE (EXCEL FORMAT) - FORM LAND 1

Form Land 1

Format for Land Schedule Submission

Submission is to be made in Excel Format

Neighborhoods	Square Foot Gradations								

Square Foot Gradations should be incremental and have a range extending up to the maxim square footage required for a primary lot within each neighborhood.

A. Gradation intervals should contain, at least, principle break points as applicable to the municipality. These could be 1000sf, 2000sf, 2500sf or other intervals as applicable to the zoning or custom.
B. If the size of the prime lot varies by zoning and zoning can vary within a neighborhood then the schedule should separate each neighborhood into the various allowable zones.
If a neighborhood has two separate zones then it should be broken down into two separate lines.
{For example: Neighborhood 3, Zone 10,000sf should be one line and Neighborhood 3, Zone 20,000sf should be another line}

LAND VALUATION ANALYSIS SPREADSHEETS

COMMERCIAL & INDUSTRIAL INCOME APPROACH RESIDUAL METHOD (Prior A-1b)

Map, block, lot
Street number
Street name
State (prime) use code
Commercial NBHD
Commercial Location Factor
GBA
Leased Area (Rentable area)
Potential Gross Income
Vacancy percent
Expenses percent
Net operating income (NOI)
Capitalization rate
Proposed Income value
Building value (RCNLD)
Indicated income land residual value (total income value - total building values)
Total land area
Land Influence adjustments
Proposed land value from land schedule
Ratio of proposed land value / indicated income land residual value (%)
Absolute Dispersion
Prior land value
Value change % [(proposed land value – prior value) ÷ prior value]

APARTMENT UNITS INCOME RESIDUAL METHOD (Prior A-1c)

Map, block, lot
Street number
Street name
State use code
Neighborhood
Neighborhood Location Factor
Number of units on parcel
Potential Gross Income
Vacancy percent
Expenses percent
Net operating income (NOI)
Capitalization rate
Proposed income value
Building value (RCNLD)
Indicated income residual land value (total income value - total building values)
Total land area
Land Influence Adjustments
Proposed land value
Proposed unit value (proposed land value ÷ number of units)
Ratio of proposed land value / land residual value (%)
Absolute Dispersion
Prior land value
Value change % [(proposed land value - prior land value) ÷ prior land value]

ASSESSMENT RATIO STUDY INFORMATION (prior A-2)

ASR studies should include the following fields:

Map, block, lot
Street number
Street name
State use code
Neighborhood identification or Site Index
Total land area
Style
Story height
Grade
Total square feet of living area
Actual year built
Effective year built
Condition
Depreciation (%)
Date of Sale
Sale Price
Time Adjusted Sale Price (if indicated)
Total land area
Proposed assessed value
Assessment Sale Ratio [proposed assessment/sale price (or TASP)]
Absolute Dispersion

Assessment ratio studies should be conducted by the following listed stratifications.

1. By State Use Code
2. Building style
3. Age group
4. Sales price quartile
5. Neighborhood/site index

For each stratification, a median, mean and COD should be calculated.

There may be other appropriate sorts, such as lot size along with neighborhood or by itself, building size along with style or by itself, age (either effective or actual, depending on which one is relevant) etc. If you feel that the listed ones are not relevant or that others may be needed, please discuss with your BLA advisor.

C&I DEVELOPMENT OF ECONOMIC RENT, INCOME AND EXPENSE ANALYSIS (Prior A-3a)

Map, block, lot
Street number
Street name
Commercial NBHD
State Use code
Tenant Use Code
Initial lease date
Lease term
Leased Area (Gross or rentable area)
Annual Rent
Actual square foot rent
Actual vacancy percent
Actual expenses
Actual expense percent
Other income
Indicated net operating income (NOI)
Comments

This spreadsheet should be sorted by state use code

OVERALL MARKET CAPITALIZATION RATE DEVELOPMENT SPREADSHEET

Map, block, lot
Street number
Street name
Commercial NBHD
Use Code at time of sale
Leased Area (Gross or rentable area)
Reported Annual Income
Gross Income/PSF
Reported vacancy percent
Reported expenses or percent
Expenses/PSF
Indicated net operating income (NOI)
Date of sale
Sale Price
Indicated Overall Cap Rate* (NOI / Sale Price)

APARTMENT DEVELOPMENT OF ECONOMIC RENT, INCOME AND EXPENSE ANALYSIS (Prior A-3b)

Map, block, lot
Street number
Street name
State use code
Bedroom count
Number of units*
Rent per unit*
Gross rent*
Actual vacancy percent
Actual expenses percent
Indicated Net Operating Income (NOI)
Comments

* This spreadsheet should be sorted by state class code (111, 112, 121, 125, ETC.) and unit type.

APARTMENT OVERALL MARKET CAPITALIZATION RATE DEVELOPMENT SPREADSHEET

Map, block, lot
Street number
Street name
Use code at Time of Sale
Number of units*
Reported Annual Income
Gross Income/Unit
Actual vacancy percent
Reported Actual Expenses or percent
Expenses per Unit
Indicated net operating income (NOI)
Date of sale
Sale Price
Overall cap rate* (NOI / Sale Price)

LAND REVIEW SPREADSHEET (Prior B-1)

Map, block, lot (combined in one field)
Street number
Street name
Neighborhood identification or Site Index
Zoning if applied
State use code
Total land area
Segment land type (e.g., primary, secondary, residual, front foot, etc.)
Land segment size
Base Unit value - primary base value per square foot or acre
Primary site influence adjustments – **Provide as many columns as needed to list factors separately**
Final unit value after adjustment
Land segment value
Total land value
Sale date
Sale price
Time Adjusted Sale Price (If indicated)
Sale code (non-arms length)
Assessment/sale ratio [proposed assessment/sale price (or TASP)]
Prior assessed land value
Value change % (proposed land value - prior land value) ÷ prior land value]

Note: All classes of property could, if desired, be included on one spreadsheet or each class could be presented separately. Please discuss with BLA Advisor.

RESIDENTIAL REVIEW SPREADSHEET (Prior B2)

Map, block, lot (combined in one field)
State use code
Neighborhood code
Street number
Street name
Style
Story height
Grade
Total square feet of living area
Actual year built
Effective year built
Condition
RCN
Depreciation:
- Physical - percent
- Functional - percent (document reason for adjustment)
- Economic - percent (document reason for adjustment)

Market adjustments -- type
RCNLD - replacement cost new less depreciation
Total land area
Land value
Total detached structure value
Sale date
Sale price
Time Adjusted Sale Price (If indicated)
Sale code (non-arms length)
Assessment/sale ratio [proposed assessment/sale price (or TASP)]
Total assessed value
Prior assessed value
Value change % [(proposed value - prior value) ÷ prior value]

COMMERCIAL, INDUSTRIAL, MIXED-USE AND APARTMENTS REVIEW SPREADSHEET

(Prior B-3a)

Map, block, lot
Street number
Street name
State use code
Total leasable area (units, GFLA, etc.)
RCNLD
Detached structure value
Land area
Total land value
Proposed value -- cost approach or market adjusted cost
Proposed value -- income approach value
Proposed value -- market approach value (if applicable)
Sale date
Sale price
Time Adjusted Sale Price (If indicated)
Sale code (non-arms length)
Assessment/sale ratio [proposed assessment/sale price (or TASP)]
Final proposed assessed value (by whatever approach used)
Final proposed value per square foot (land and building) or units or beds
Assessment/sale ratio
Value change % [(proposed value – prior value) ÷ prior value]
Correlation percent of the two (2) approaches to value

NOTE:

1. This is the first of two spreadsheets for this portion of the review process. They should be used for the property classes 013, 031, 111, 112, 121, etc., all 300s & 400s.

2. The two main approaches to value, if applicable, should be shown in this spreadsheet. If only one approach is used, or if all three are used, then that should also be reflected.

COMMERCIAL, INDUSTRIAL, MIXED-USE AND APARTMENTS INCOME DETAIL SPREADSHEET (Prior B-3b)

To be used for the property class codes 013-031, 112-121 etc., 300's and 400's and 111's (as applicable)

Map block lot
Street number
Street name
State use code
Neighborhood or Location Factor
Grade
Condition
Year built (actual or effective)
Gross building area
Leased Area (Gross or rentable area)
Number of units (apartment) or unit square feet*
Number of bedrooms*
Use*
Economic rent*
Gross rent*
Vacancy percent
Expenses percent
Net operating income (NOI)
Capitalization rate percent
RCNLD
Detached structure value
Land area
Total land value
Income Value
Final proposed assessed value

*broken down by each type as applicable

RESIDENTIAL CONDOMINIUM REVIEW SPREADSHEET (Prior B-4)

Map, block, lot
Unit #
Complex address or name
Condo style
Story height of unit
Floor number--basement, 1st floor, 2nd floor, townhouse
Percent common interest
Condition
Grade
Year built (actual or effective)
Market adjustment
Total square feet of living area
Total room number
Total bedroom number
Total bath number
Total half bath number
Extra fixtures
Basement finished area or basement recreational area
Complex amenities
Location adjustments
Proposed assessed value of unit
Assessed value per square foot
Date of sale
Sale Price
Time Adjusted Sale Price (if indicated)
Sale price per square foot
Sale code (non-arms length)
Assessment/sale ratio [proposed assessment/sale price (or TASP)]
Previous or old assessed value of unit
Value change percent [(proposed unit value - old unit value) ÷ old unit value]

PERSONAL PROPERTY

Previous to Current Value Report

Account Number
Business Name (or DBA)
Owners Name
Location
State class
    Machinery Total Value
    Furniture and Fixtures Total Value
    Inventory Total Value
Proposed Total Value
Prior Total Value
Value change % [(proposed value – prior value) ÷ prior value]

Second Home Study (Allocation Study)

Account Number
Parcel ID
Location
Personal Property Reported Value
Assessed Building Value
Allocation Ratio (Personal Property Reported Value/ Assessed Building Value)
Proposed Value

The results of the study should include:

a) mean (average) ratio
b) Median Ratio
c) standard deviation
d) count

Massachusetts Department of Revenue *Division of Local Services*
Navjeet K. Bal, Commissioner *Robert G. Nunes, Deputy Commissioner & Director of Municipal Affairs*

PROPERTY TYPE CLASSIFICATION CODES,
Non-arms Length Codes and Sales Report Spreadsheet Specifications

Prepared by the Bureau of Local Assessment
Revised June 2009

New and Revised Codes 262, 273 – 276, 280, 290, 602, 713 – 716, 720 & 815
(Changes are highlighted in yellow for ease of identification)

Deleted Codes 902 – 908

INTRODUCTION

These Guidelines are intended to assist the Board of Assessors in determining the proper classification of property according to its use.

The coding structure has three digit level of detail. The first digit indicates a major classification. The second digit is a major division and the third digit is a subdivision, both within the major classification of property.

If the guidelines do not include a three digit code for a specific property use, the assessor should use the code that most appropriately identifies the property's use. For example, the assessors would use codes 321-326 to classify a retail condominium, based on the use of the property.

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New and Revised Codes

262, 273 – 276, 290, 280,

602, 713 – 716, 720 & 815

Deleted Codes

902 - 908

MULTIPLE-USE PROPERTY

CODE 0

Real property used or held for use for more than one purpose, including parcels with multiple detached or attached buildings, are considered multiple-use property for classification purposes. Any necessary related land on a multiple-use property must be allocated among the classes of property within the building.

The first digit of multiple-use property is always a zero (0). The second and third digits are the major classification of the property represented. The digits following zero (0) are listed in the order of major importance.

Examples

Since the guidelines for coding multiple-use property are unique, several specific examples of how to identify such property with these codes are listed here. These are only examples and do not represent all possible multiple use codes.

013 Multiple-Use, primarily Residential

A building with a retail store on the first floor, apartments on the upper floors, and a major portion of the related land is reserved for tenant parking.

031 Multiple-Use, primarily Commercial

A building with retail use on the first floor, office space on the second and third floors, apartments on the fourth floor and a major portion of the related land is allocated for commercial use.

037 Multiple-Use, primarily Commercial with part of land designated under Chapter 61A use

A farm property with land and buildings predominantly used for commercial farming with part of land (at least 5 acres) designated horticulture/agricultural under Chapter 61A.

021 Multiple-Use, primarily Open Space

A single-family house with substantial acreage designated open space by the assessors.

RESIDENTIAL

CODE 1

M.G.L. Chapter 59 §2A: All real property used or held for human habitation containing one or more dwelling units including rooming houses with facilities assigned and used for living, sleeping, cooking and eating on a non-transient basis, and including a bed and breakfast home with no more than three rooms for rent. Such property includes accessory land, buildings or improvements incidental to such habitation and used exclusively by the residents of the property or their guests. Such property shall include: (i) land that is situated in a residential zone and has been subdivided into residential lots, and (ii) land used for the purpose of a manufactured housing community, as defined in Chapter 140, §32F. Such property shall not include a hotel or motel.

Incidental accessory land, buildings or improvements would include garages, sheds, in-ground swimming pools, tennis courts, etc. Non-incidental accessory land, classified and coded differently, would include mixed use properties, such as a variety store, machine shop, etc. on a residential parcel.

10 Residences

101 .....Single Family
102 .....Condominium
103 .....Mobile Home (includes land used for purpose of a mobile home park)
104 .....Two-Family
105 .....Three-Family
106 .....Accessory Land with Improvement - garage, etc.
107 .....(Intentionally left blank)
108 .....(Intentionally left blank)
109 .....Multiple Houses on one parcel (for example, a single and a two-family on one parcel)

11 Apartments

111 .....Four to Eight Units
112 .....More than Eight Units

12 Non-Transient Group Quarters

121..... Rooming and Boarding Houses
122..... Fraternity and Sorority Houses
123..... Residence Halls or Dormitories
124..... Rectories, Convents, Monasteries
125..... Other Congregate Housing which includes non-transient shared living arrangements

13 Vacant Land in a Residential Zone or Accessory to Residential Parcel

130..... Developable Land
131..... Potentially Developable Land
132..... Undevelopable Land

14 Other

140..... Child Care Facility (M.G.L. Chapters 59 §3F; 40A §9C) (see also Code 352)

OPEN SPACE

CODE 2

M.G.L. Chapter 59 §2A: Land which is not otherwise classified and which is not taxable under the provisions of Chapter 61, 61A or 61B, or taxable under a permanent conservation restriction, and which land is not held for the production of income but is maintained in an open or natural condition and which contributes significantly to the benefit and enjoyment of the public.

For land designated as Forest, Agricultural/Horticultural and Recreational under Chapters 61, 61A, 61B, see Codes 6, 7, 8.
Land placed under conservation restriction according to Chapter 184, §31 is to be classified according to its use as residential, commercial or industrial property.

20 Open Land in a Residential Area

201 .....Residential Open Land
202 .....Underwater Land or Marshes not under public ownership located in residential area (typically, privately owned ponds, lakes, salt marshes or other wetlands of non-commercial use)

21 Open Land in Rural Area

210 .....Non-Productive Agricultural Land (that part of an operating farm not classified as Chapter 61A Agricultural/Horticultural or Chapter 61 Forest Land)
211 .....Non-Productive Vacant Land

22 Open Land in a Commercial Area

220 .....Commercial Vacant Land (acreage without site improvements and not in commercial use)
221 .....Underwater Land or Marshes not under public ownership located in commercially zoned area

23 Open Land in an Industrial Area

230..... Industrial Vacant Land (acreage without site improvements and not in commercial or industrial use)
231..... Underwater Land or Marshes not under public ownership located in industrial area

Chapter 61, 61A, 61B Property Being Classified as Open Space

Forest, Agricultural/Horticultural and Recreational lands valued according to M.G.L. Chapters 61, 61A 61B and is being classified as open space. (Without an Open Space Classification they must be placed in Codes 6, 7 or, see page 8.)

26 Forest Land

261..... All land designated under Chapter 61
262..... Christmas Trees

27 Agricultural/Horticultural

All land that designated under Chapter 61A. (Land devoted to this use must be in excess of 5 acres and meet other requirements of the law and is being classified as open space.) Note Non-Productive land is being coded as 29.

Productive Land

270..... Cranberry Bog
271..... Tobacco, Sod
272..... Truck Crops - vegetables
273..... Field Crops - hay, wheat, tillable forage cropland etc.
274..... Orchards - pears, apples, grape vineyards etc.
275..... Christmas Trees
276..... Necessary related land-farm roads, ponds, land under farm buildings
277..... Productive Woodland - woodlots
278..... Pasture
279..... Nurseries

Non-Productive Land

290..... Wet land, scrub land, rock land

28 Recreational Land

All property designated under Chapter 61B. (If an area has more than one use according to the codes below, use the code which represents the primary use of the land and is being classified as open space.).

280 .....Productive woodland -woodlots
281 .....Hiking - trails or paths, Camping - areas with sites for overnight camping, Nature Study - areas specifically for nature study or observation
282 .....Boating - areas for recreational boating and supporting land facilities
283 .....Golfing - areas of land arranged as a golf course
284 .....Horseback Riding - trails or areas
285 .....Hunting - areas for the hunting of wildlife and Fishing Areas
286 .....Alpine Skiing - areas for “downhill” skiing and Nordic Skiing - areas for “cross-country” skiing
287 .....Swimming Areas and Picnicking Areas
288 .....Public Non-Commercial Flying - areas for gliding or hand-gliding
289 .....Target Shooting - areas for target shooting such as archery, skeet or approved fire-arms

COMMERCIAL

CODE 3

M.G.L. Chapter 59 §2A: All real property used or held for use for business purposes and not specifically included in another class, including but not limited to any commercial, business, retail, trade, service, recreational, agricultural, artistic, sporting, fraternal, governmental, educational, medical or religious enterprise for non-profit purposes.

30 Transient Group Quarters

300..... Hotels
301..... Motels
302..... Inns, Resorts or Tourist Homes
303..... (Intentionally left blank)
304..... Nursing Homes - includes property designed for minimal care with or without medical facilities
305..... Private Hospitals
306..... Care and Treatment Facilities - designed and used on a transient basis, including half-way houses or other types of facilities that service the needs of people

31 Storage Warehouses and Distribution Facilities

310..... Tanks Holding Fuel and Oil Products for Retail Distribution, either Above Ground or Underground (Underground tanks of service stations would be real estate; however, above ground tanks that rest on concrete saddles or steel frames that can be separated without damage are personal property.)
311..... Bottled Gas and Propane Gas Tanks
312..... Grain and Feed Elevators
313..... Lumber Yards
314..... Trucking Terminals
315..... Piers, Wharves, Docks and related facilities that are used for storage and transit of goods
316..... Other Storage, Warehouse and Distribution facilities (see also Industrial Code 401)
317..... Farm Buildings - barns, silo, utility shed, etc.
318..... Commercial Greenhouses

32 Retail Trade

321 .....Facilities providing building materials, hardware and farm equipment, heating, hardware, plumbing, lumber supplies and equipment
322 .....Discount Stores, Junior Department Stores, Department Stores
323 .....Shopping Centers/Malls
324 .....Supermarkets (in excess of 10,000 sq. ft.)
325 .....Small Retail and Services stores (under 10,000 sq. ft.)
326 .....Eating and Drinking Establishments - restaurants, diners, fast food establishments, bars, nightclubs

33 Retail Trade - Automotive, Marine Craft and Other Engine Propelled Vehicles, Sales and Service

330 .....Automotive Vehicles Sales and Service
331 .....Automotive Supplies Sales and Service
332 .....Auto Repair Facilities
333 .....Fuel Service Areas - providing only fuel products
334 .....Gasoline Service Stations - providing engine repair or maintenance services, and fuel products
335 .....Car Wash Facilities
336 .....Parking Garages
337 .....Parking Lots - a commercial open parking lot for motor vehicles
338 .....Other Motor Vehicles Sales and Services

34 Office Building

340 .....General Office Buildings
341 .....Bank Buildings
342 .....Medical Office Buildings

35 Public Service Properties (see Code 9 for Exempt Public Service Properties)

350..... Property Used for Postal Services
351..... Educational Properties
352..... Day Care Centers, Adult (see also Code 140)
353..... Fraternal Organizations
354..... Bus Transportation Facilities and Related Properties
355..... Funeral Homes
356..... Miscellaneous Public Services - professional membership organizations, business associations, etc.

36 Cultural and Entertainment Properties

360..... Museums
361..... Art Galleries
362..... Motion Picture Theaters
363..... Drive-In Movies
364..... Legitimate Theaters
365..... Stadiums
366..... Arenas and Field Houses
367..... Race Tracks
368..... Fairgrounds and Amusement Parks
369..... Other Cultural and Entertainment Properties

37 Indoor Recreational Facilities

370..... Bowling
371..... Ice Skating
372..... Roller Skating
373..... Swimming Pools
374..... Health Spas
375..... Tennis and/or Racquetball Clubs
376..... Gymnasiums and Athletic Clubs
377..... Archery, Billiards, other indoor facilities

38 Outdoor Recreational Properties (excluding those classified under General Laws 61B)

380 .....Golf Courses
381 .....Tennis Courts
382 .....Riding Stables
383 .....Beaches or Swimming Pools
384 .....Marinas - including marine terminals & associated areas primarily for recreational marine craft
385 .....Fish and Game Clubs
386 .....Camping Facilities - accommodations for tents, campers or travel trailers
387 .....Summer Camps - children's camps
388 .....Other Outdoor facilities - e.g., driving ranges, miniature golf, baseball batting ranges, etc.
389 .....Structures on land classified under Chapter 61B Recreational Land

39 Vacant Land - Accessory to Commercial parcel or not specifically included in another class

390 .....Developable Land
391 .....Potentially developable Land
392 .....Undevelopable Land
393 .....Agricultural/Horticultural Land not included in Chapter 61A

INDUSTRIAL

CODE 4

M.G.L. Chapter 59 §2A: All real property used or held for use for manufacturing, milling, converting, producing, processing, extracting or fabricating materials unserviceable in their natural state to create commercial products or materials; the mechanical, chemical or electronic transformation of property into new products and any use that is identical to or an integral part of such use, whether for profit or non-profit purposes; property used or held for uses for the storage, transmitting and generating of utilities.

40 Manufacturing and Processing

400..... Buildings for manufacturing operations
401..... Warehouses for storage of manufactured products
402..... Office Building - part of manufacturing operation
403..... Land - integral part of manufacturing operation
404..... Research and Development facilities

41 Mining and Quarrying

410..... Sand and Gravel
411..... Gypsum
412..... Rock
413..... Other

42 Utility Properties

420..... Tanks
421..... Liquid Natural Gas Tanks
423..... Electric Transmission Right-of-Way
424..... Electricity Regulating Substations
425..... Gas Production Plants
426..... Gas Pipeline Right-of Way
427..... Natural or Manufactured Gas Storage
428..... Gas Pressure Control Stations

43 Utility Properties - Communication

430 .....Telephone Exchange Stations
431 .....Telephone Relay Towers
432 .....Cable TV Transmitting Facilities
433 .....Radio, Television Transmission Facilities

44 Vacant Land - Accessory to Industrial Property

440 .....Developable Land
441 .....Potentially Developable Land
442 .....Undevelopable Land

45 Electric Generation Plants

450 .....Electric Generation Plants
451 .....Electric Generation Plants, Transition Value
452 .....Electric Generation Plants, Agreement Value

PERSONAL PROPERTY

CODE 5

M.G.L. Chapter 59 §2: All personal property...wherever situated, unless expressly exempt, shall be subject to taxation...

501..... Individuals, Partnerships, Associations and Trusts

All personal property is taxable and includes: stock in trade, machinery used in the conduct of the business, personal property used in connection with any cleaning or laundry processes, machinery used in the refrigeration of goods or in the air conditioning of premises, all furnishings and fixtures and owner non-domicile furnishings.

502..... Domestic Business Corporations or a Foreign Corporations, as defined in Chapter 63 §30

Taxable personal property includes only: underground conduits, wires and pipes wherever located; poles and wires on private ways and machinery used in the conduct of the business, except stock in trade or machinery directly used in connection with dry cleaning or laundering processes, refrigeration of goods, air conditioning of premises or in any purchasing, selling, accounting or administrative function.

503..... Domestic and Foreign Corporations Classified Manufacturing, as defined in Ch. 63, §38C & §42B

Taxable personal property includes only: underground conduits, wires and pipes wherever located, poles and wires on private ways.

504..... Public Utilities -- Transmission and Distribution

Taxable personal property includes underground conduits; wires and pipes wherever located; poles and wires on private ways and machinery used in manufacture.

505 .....Machinery, Poles, Wires and Underground Conduits, Wires and Pipes of all Telephone and Telegraph Companies, as determined by the Commissioner of Revenue.

508 ..... Cellular/Mobile Wireless Telecommunications Companies

506 .....Pipelines Of 25 Miles Or More In Length For Transmitting Natural Gas Or Petroleum**,** as determined by the Commissioner of Revenue.

550 .....Electric Generation Plants Personal Property

551 .....Electric Generation Plant P.P., Transition Value

552 .....Electric Generation P. P., Agreement Value

CHAPTER 61, 61A, 61B PROPERTY

Forest, Agricultural/Horticultural and Recreational lands valued according to M.G.L. Chapters 61, 61A 61B are not specifically included in any of the four major classifications. The commercial property tax rate, however, is the applicable rate for land under these chapters.

CODE 6

Forest Land

601..... All land designated under Chapter 61
602..... Christmas Trees

CODE 7

Agricultural/Horticultural

All land that has been designated under Chapter 61A. (Land devoted to this use must be in excess of 5 acres and meet other requirements of the law.)

71 Productive Land (Including Necessary and Related Land)

710..... Cranberry Bog
711..... Tobacco, Sod
712..... Truck Crops - vegetables
713..... Field Crops - hay, wheat, tillable forage cropland etc.
714..... Orchards - pears, apples, grape vineyards etc.
715..... Christmas Trees
716..... Necessary Related Land-farm roads, ponds, Land under farm buildings
717..... Productive Woodland - woodlots
718..... Pasture
719..... Nurseries

72 Non-Productive Land

720..... Wet land, scrub land, rock land

CODE 8

Recreational Land

All property that has been designated under Chapter 61B. (If an area has more than one use according to the codes below, use the code which represents the primary use of the land).

801 .....Hiking - trails or paths
802 .....Camping - areas with sites for overnight camping
803 .....Nature Study - areas specifically for nature study or observation
804 .....Boating - areas for recreational boating and supporting land facilities
805 .....Golfing - areas of land arranged as a golf course
806 .....Horseback Riding - trails or areas
807 .....Hunting - areas for the hunting of wildlife
808 .....Fishing Areas
809 .....Alpine Skiing - areas for “downhill” skiing
810 .....Nordic Skiing - areas for “cross-country” skiing
811 .....Swimming Areas
812 .....Picnicking Areas
813 .....Public Non-Commercial Flying - areas for gliding or hand-gliding
814 .....Target Shooting - areas for target shooting such as archery, skeet or approved fire-arms
815 .....Productive Woodland - woodlots

EXEMPT PROPERTY

CODE 9

All property which is totally exempt from taxation under various provisions of the law and owned by:

90 Public Service Properties

900..... United States Government
901..... (Intentionally left blank)

91 Commonwealth of Massachusetts – Reimbursable Land

910..... Department of Conservation and Recreation, Division of State Parks and Recreation
911..... Division of Fisheries and Wildlife, Environmental Law Enforcement
912..... Department of Corrections, Division of Youth Services
913..... Department of Public Health, Soldiers' Homes
914..... Department of Mental Health, Department of Mental Retardation
915..... Department of Conservation and Recreation, Division of Water Supply Protection
916..... Military Division – Campgrounds
917..... Education – Univ. of Mass, State Colleges, Community Colleges
918..... Department of Environmental Protection, Low-level Radioactive Waste Management Board
919..... Other

92 Commonwealth of Massachusetts – Non Reimbursable

920 .....Department of Conservation and Recreation, Division of Urban Parks and Recreation
921 .....Division of Fisheries and Wildlife, DFW Environmental Law Enforcement, Department of Environmental Protection
922 .....Department of Corrections, Division of Youth Services, Mass Military, State Police, Sheriffs' Departments
923 .....Department of Public Health, Soldiers' Homes, Department of Mental Health, Department of Mental Retardation
924 .....Mass Highway Dept
925 .....Department of Conservation and Recreation Division of Water Supply Protection (conservation restrictions and sewer easements), Urban Parks
926 .....Judiciary
927 .....Education – Univ. of Mass, State Colleges, Community Colleges
928 .....Division of Capital Asset Management, Bureau of State Office Buildings
929 .....Other

GASB 34 Codes

93 Municipal or County Codes

930 .....Vacant, Selectmen or City Council
931 .....Improved, Selectmen or City Council
932 .....Vacant, Conservation
933 .....Vacant, Education
934 .....Improved, Education
935 .....Improved, Municipal Public Safety
936 .....Vacant, Tax Title/ Treasurer
937 .....Improved, Tax Title/ Treasurer
938 .....Vacant, District
939 .....Improved, District

94 Educational Private

940..... Elementary Level
941..... Secondary Level
942..... College or University
943..... Other Educational
944..... Auxiliary Athletic
945..... Affiliated Housing
946..... Vacant
947..... Other

95 Charitable

950..... Vacant, Conservation Organizations
951..... Other
952..... Auxiliary Use (Storage, Barns, etc.)
953..... Cemeteries
954..... Function Halls, Community Centers, Fraternal Organizations
955..... Hospitals
956..... Libraries, Museums
957..... Charitable Services
958..... Recreation, Active Use
959..... Housing, Other

96 Religious Groups

960..... Church, Mosque, Synagogue, Temple, etc.
961..... Rectory or Parsonage, etc.
962..... Other

97 Authorities

970..... Housing Authority
971..... Utility Authority, Electric, Light, Sewer, Water
972..... Transportation Authority
973..... Vacant, Housing Authority
974..... Vacant, Utility Authority
975..... Vacant, Transportation Authority

98 Land Held by other Towns, Cities or Districts

980 .....Vacant, Selectmen or City Council, Other City or Town
981 .....Improved, Selectmen or City Council, Other City or Town
982 .....Vacant, Conservation, Other City or Town
985 .....Improved Municipal or Public Safety, Other City or Town
988 .....Vacant, Other District
989 .....Improved, Other District

99 Other

990 .....121A Corporations
991 .....Vacant, County or Regional
992 .....Improved, County or Regional, Deeds or Administration
993 .....Improved Count or Regional Correctional
994 .....Improved County or Regional Association Commission
995 .....Other, Open Space
996 .....Other, Non-Taxable Condominium Common Land
997 .....Other

PROPERTY SALES REPORT INSTRUCTIONS

The Property Sales Reports (LA-3) are used in conducting assessment/sales ratio studies. In order to conduct an accurate study, the following information needs to be completed on all sales over $1,000. The Board of Assessors should sign and date the first page of their submission.

See Property Sales Report Spreadsheet Specifications on page 13 for submission requirement standards.

NON-ARMS LENGTH CODES

An "arm's length" sale is a sale between a willing buyer and a willing seller with no unusual circumstances involved in the sale. Listed below are the codes for sales that are considered non-arm's length.

A. Sale between members of the same family

B. An intra-corporation sale, e.g. between a corporation and its stockholder, subsidiary, affiliate or another corporation whose stock is in the same ownership

C. Sale of commercial or industrial real property which includes machinery, equipment, inventories or "good will"

D. Sale of property substantially changed after the assessment date but before the sale, e.g., sale of a property on which a building was added after the assessment date, or sale of a property which was demolished partially destroyed, subject to fire, flood, or remodeled after the assessment date

E. Sale to / from federal, state, or local government

F. Transfer of convenience, e.g., correcting defects in a title, a transfer by a husband either through a third party or himself and his wife to create a tenancy by the entirety, etc.

G. Sale of only a portion of the assessed unit, e.g., a parcel sold from a larger tract and the assessment is for the larger tract, or a portion is in another municipality

H. Sale resulting from a court order, e.g., a divorce settlement, estate sale

I. Sale in proceedings of bankruptcy

J. Sale of an undivided interest

K. Sale to / from an educational, charitable, or religious organization

L. Repossession or sale of a foreclosed property

M. Sale of property, the value of which has been materially influenced by zoning changes not reflected in current assessments

N. Other, when a non-arm's length sale does not fall into any other category, this code is used, accompanied by a written explanation

*O. Sale of property with a substantial physical change after the sale. An example is a house which has been remodeled after the sale, before the assessment date

*P. Sale of property with a change in use after the sale

Q. Sale of property which includes both a trade of property and cash for the property conveyed

R. Sale of property which has been sold more than once in the same year. Only the last sale is used for analysis purposes.

S. Sale of a foreclosed property. May be arm's length in special circumstances (must be supported by detailed documentation)

T. Property sold to an abutter

U. Private sale not put on the market

V. Sale of multiple parcels

W. Sale affected by deed restriction, e.g., 40B housing

*Codes used for reporting sales for certification review analysis, when the sale prices are compared to the proposed values. The codes would also be used in the EQV program.

PROPERTY SALES REPORT

Spreadsheet Specifications

Data Layout Example

Community name
Date of submission

Columns

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
jur_ code	**sale_date**	**parcel_id**	**seller**	**buyer**	**st_ num**	**st_ alpha**	**st_name**	**prop_ type_ id**	**nal_ code**	**sale_ price**	**assessment _value**	**proposed _value**	**as_ ratio**	**outlier**	**time_trend**
001	05/03/2002	8-0-28	Smith John	Jones Paul	121		Woodland St	101		470,000	390,000	447,500	0.95		485,000
001	12/22/2002	12-0-160A	Harrison W.	Raycroft B.	83	A	Forest St	102		320,000	270,000	332,000	1.04		320,000
001	06/18/2002	3-0-66	Bartlett Co.	Miller William	175		Maple St	101	P	225,000	220,000	475,000	2.11		230,900

Row Headings should be on one line (wrapped if necessary) labeled exactly as above ***see note below***

	Column Heading	**Description**	**Format**
Column A	jur_code	DOR community ID number	Text column – Three digits
Column B	sale_date	Date of sale	Date column - mm/dd/yyyy
Column C	parcel_id	Community identification	No special format – up to 30 Characters*
Column D	seller	Grantor of the property	No special format – up to 40 Characters*
Column E	buyer	Grantee of the property	No special format – up to 40 Characters*
Column F	st_num	Street number of the property	Numeric – up to 10 digits
Column G	st_alpha	For any text character part of st_num	Text Column up to 5 Characters
Column H	st_name	Name of the street, road etc.	Maximum Length – 40 Characters
Column I	prop_type_id	State use code of property	Text column – 3 Characters ***
Column J	nal_code	Non-arms Length Code	Text column – up to 3 Characters ****
Column K	sale_price	Sale Price of the property	Numeric **
Column L	assessment_value	Prior Fiscal Year Assessment	Numeric **
Column M	proposed_value	Proposed current Fiscal Year Assessment.	Numeric **
Column N	as_ratio	Assessment Sales Ratio	Numeric with 2 place decimal
Column O	outlier	DOR use only, should be blank for all entries	
Column P	time_trend	(If applicable) Time-Adjusted Sales Price.	Numeric *****

* No entry can be blank.
** each entry needs at least a zero.
*** This should reflect the property's class code as of the proposed assessment date, not what it was at the time of the sale.
**** Should be left blank for all valid sales.
***** If using a time adjustment for any or all classes, entire column must be filled. (Use actual selling price for those sales not time adjusted.)
If a community is not using a time-adjustment, column can be left blank.

Note:

In the example above, the original sale of $225,000 is arms length since a vacant piece of land (class 130) sold and the prior FY assessed value reflects this ($220,000). However, the same sale, when compared to the current FY assessed value of a single family home ($475,000), becomes a non-arms length sale with the NAL code of "P". The usage class changes from a 130 to a 101.

Please retain this BOOKLET until further notice because it is updated only as needed.

For further information, contact your Bureau of Local Assessment advisor or send an email to BLADATA@DOR.STATE.MA.US.

Massachusetts Department of Revenue Division of Local Services
Navjeet K. Bal, Commissioner Robert G. Nunes, Deputy Commissioner & Director of Municipal Affairs

Informational Guideline Release

Bureau of Local Assessment
Informational Guideline Release (IGR) No. 10-401
September 2010

FISCAL YEAR 2011
GUIDELINES FOR ANNUAL ASSESSMENT AND ALLOCATION OF TAX LEVY

(G.L. c. 40, § 56; c. 58, § 1A; c. 59, §§ 2A, 5C and 5I)

This Informational Guideline Release (IGR) provides assessors and other local officials with information regarding the annual determination of property assessments, classification of property according to usage class, calculation of the minimum residential factor and allocation of the tax levy among the property classes for Fiscal Year 2011.

It addresses the requirements to be met and procedures to be followed by local officials in all communities before setting a FY11 tax rate, including standards for triennial certification and interim year valuation adjustments. **No changes have been made in these requirements or procedures since last year.**

The following forms referenced in the IGR will be included in the *FY11 Tax Rate Recap, Pro Forma Recap and Supporting Forms* materials (Recap Program Instructions) to be issued by the Bureau of Accounts: "LA-15 Interim Year Adjustment Report," LA-4 "Assessment/Classification Report," LA-5 "Classification Tax Allocation" and LA-7 "Minimum Residential Factor Computation." **Assessors must submit Form LA-4 electronically. The Division of Local Services (DLS) encourages assessors to use Gateway Online. The Excel Automated Tax Rate Recapitulation Program (Automated Recap Program) is also available. Please follow the signature protocol in the Recap Program Instructions. If Gateway Online is not used, then signed copies of documents must be submitted.**

Questions should be referred to the Bureau of Local Assessment.

Topical Index Key:

Classification and Taxation by Use

Distribution:

Assessors
Mayors/Selectmen
City/Town Councils

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Informational Guideline Release (IGR) No. 10-401
September 2010

FISCAL YEAR 2011
GUIDELINES FOR ANNUAL ASSESSMENT AND ALLOCATION OF TAX LEVY

(G.L. c. 40, § 56; c. 58, § 1A; c. 59, §§ 2A, 5C and 5I)

Property is assessed for local tax purposes at its full and fair cash value as of January 1 of each year. The Commissioner of Revenue must review and certify a community's assessments every three years, or other year as she may schedule, as meeting legal standards. Adjustments to assessments made in years between this certification to reflect changes in market conditions must also meet legal standards, although they are not certified by the Commissioner.

Once a community is certified as assessing property at full and fair cash value, local officials are required to determine for the fiscal year of certification, and the fiscal years that follow until the next scheduled certification, the percentages of the tax levy to be borne by each class of real property: residential, open space, commercial and industrial, and by personal property for that year. This decision is to be made after holding a public hearing.

These guidelines set forth requirements and procedures that provide the Commissioner with a framework within which she may fulfill her responsibility to review local assessments and to determine whether they reflect full and fair cash value as of January 1, 2010 for Fiscal Year 2011. In the performance of this responsibility, the Commissioner may require such information from and action by assessors and may modify these requirements and procedures, as appropriate, in order to recognize circumstances unique to each city and town in the Commonwealth.

These guidelines also establish the requirements and procedures that cities and towns not scheduled for certification of their assessments as of January 1, 2010 must follow for making valuation adjustments and allocating the tax levy in FY11.

GUIDELINES:

I. ESTABLISHMENT OF ASSESSMENTS

The Board of Assessors must determine the assessed value of all taxable real and personal property as of January 1, 2010, as required by G.L. c. 59, § 38. Annual assessments must generally comply with the minimum standards set forth in Bureau of Local Assessment guidelines *Development of a Minimum Reassessment Program* (July 2008).

BUREAU OF LOCAL ASSESSMENT **MARILYN H. BROWNE, CHIEF**

A. Triennial Certification

The Bureau of Local Assessment will review proposed FY11 assessments of cities and towns that (1) were certified as assessing property at full and fair cash value as of January 1, 2007 for FY08 and (2) are scheduled by the Commissioner for certification of values in FY11. G.L. c. 40, § 56.

Scheduled communities must take whatever steps are necessary to ensure the timely implementation of values that satisfy certification requirements or be subject to the exercise of the Commissioner's enforcement powers. G.L. c. 58, §§ 4-4C. Refer to Division of Local Services Bulletin 2006-12B, *Realistic Planning for Recertification and Tax Rate Setting* (August 2006) for key dates also applicable for FY11.

If a community's assessments do not satisfy minimum certification requirements, the Commissioner may require the city or town to meet those requirements in accordance with an approved program and timetable.

1. Revaluation Plan

All communities scheduled to meet FY11 certification requirements must submit a written plan for meeting those requirements to the Bureau of Local Assessment for review and approval.

2. Certification Review

The certification review will consist of: (a) preliminary field review, (b) procedural audit of valuation practices, (c) statistical analysis, (d) public disclosure program and (e) final certification and classification review.

As a general rule, the review will be conducted in the sequence and manner described below, with the preliminary field review and procedural audit being conducted throughout the revaluation as certain program components are completed.

a. Preliminary Field Review

The Bureau of Local Assessment advisor/appraiser will review with the Board of Assessors or designated staff member the following:

(1) The guidelines for documentation to support proposed assessments and valuation methods.

(2) The assessors' program plan in light of the recommendations from the previous certification review.

(3) The results of any data quality studies conducted.

(4) The advisor's findings on quality of data and adequacy of tax maps.

(5) The assessors' progress in researching market, cost, and income data for use in the reassessment program.

(6) The assessors' progress toward the timely completion of the proposed certification effort.

b. Procedural Audit Review

The Bureau of Local Assessment will conduct an on-site procedural audit review of the appraisal methods used to develop the proposed assessments and of a representative sample of proposed assessments in the major property classes. The purpose of this review is to determine if the assessors have developed and implemented an acceptable mass appraisal system using appropriate and reasonable valuation methods and to ensure the uniform and consistent application of that system.

The assessors must provide documentation to support the methodologies used to develop the proposed assessments. Specifically, the following appraisal documentation may be required during the review:

(1) Residential Property - Documentation would include, but not necessarily be limited to: sales analyses, pricing and depreciation schedules, valuation models with associated performance statistics, valuation system override criteria and field review records.

(2) Land - Documentation must include land sales and/or residuals used to develop the valuation schedules applied to all improved and vacant land parcels.

(3) Commercial and Industrial Property - Documentation must indicate a consideration of the three approaches to value: market, cost and income, and must provide the basis for the methodologies applied. The development and application of a second approach to value will be required for all properties that are purchased and sold based upon an investor's expectations. Those properties include, but are not necessarily limited to, the following: primarily commercial multiple use properties; apartments over four units; hotels and motels; storage, warehouse and distribution facilities; discount and department stores; shopping centers and malls; supermarkets; small retail properties; office buildings, medical office buildings; research and development facilities; and properties within industrial parks.

(4) Personal Property - Documentation must indicate the basis for the valuation methodology employed.

(a) Gas and Electric Transmission and Distribution Systems - Documentation must also address the impact of government regulation on the value of system property. Specifically, relevant data must be presented to support any opinion of value in excess of the net book cost. This supporting data must: (i) identify the existence of special circumstances that might indicate a fair market value in excess of net book cost and (ii) show why, because of the existence of these special circumstances, a buyer would not be influenced by the net book cost of the property and reasonably could be expected to pay the value placed on the property by the assessors when by investing the same dollars elsewhere, the buyer could obtain a better return on its investment. Montaup Electric v. Board of Assessors of Whitman, 390 Mass. 847 (1984).

(b) Electric Generation Plants - Documentation must meet the requirements set forth in Bureau of Local Assessment guidelines on the valuation of deregulated electric power generation facilities. Refer to IGR No. 98-403, *Valuation and Taxation of Electric Generating Property* (September 1998), as modified by Bulletin 2005-11B, *Electric Generating Assessment/Classification Report* (July 2005), which eliminated submission of Form LA-4W "Assessment/Classification Worksheet" (for electric generation plants).

(5) State Owned Land – Documentation must meet the requirements set forth in Bureau of Local Assessment guidelines *Development of a Minimum Reassessment Program* (July 2008) for exempt land owned by the state or held for watershed purposes for which reimbursement is received under G.L. c. 58, §§ 13-15 or c. 59, § 5G.

c. Statistical Analysis

The Bureau of Local Assessment will conduct a statistical analysis of arms-length residential sales. For the Bureau to conduct this analysis, the assessors must follow the signature protocol in the Tax Recap Instructions. If you use the Automated Recap Program you must submit a written cover letter requesting review and Forms LA-3 "Property Sales Reports" electronically.

A median assessment-sales ratio (ASR) and coefficient of dispersion (COD) about the median will be calculated for single-family residential properties by the Bureau. The Bureau will also calculate a separate median ASR and COD for two family, three family, condominium, apartment and vacant land residential properties if the tax base has a significant number of those types of properties.

In order for the Bureau to complete the preliminary certification review, the sales analysis must indicate the following for each type of property for which there is a sufficient sales sample as set forth in Bureau of Local Assessment guidelines *Development of a Minimum Reassessment Program* (July 2008)*:*

Type	Use Classes	Median ASR (Range)	COD (Maximum)
Single-family	101	90-110%	10%
Two-family	104	90-110%	12%
Three-family	105	90-110%	12%
Apartments	111-112	90-110%	15%
Condominiums	102	90-110%	10%
Vacant Land	130-132	90-110%	20%
Commercial	300s	90-110%	20%
Industrial	400s	90-110%	20%
Mixed Use	013-031	90-110%	20%

In addition, the difference in the median ASR of the residential property type with the largest number of parcels and that of any other type of residential property analyzed should be 5% or less.

d. Public Disclosure Program

Upon successful completion of the preliminary field review, the procedural audit review and the statistical analysis, the Bureau of Local Assessment will notify the assessors in writing that they may proceed with an appropriate public disclosure program for providing taxpayers with information on the proposed assessments.

e. Final Certification and Classification Review

After completion of the public disclosure program, the assessors will determine the final assessments and classifications as of January 1, 2010. See Section II-A below. The assessors must then request a final certification and classification review by submitting to the Bureau of Local Assessment:

(1) A list of properties with certain valuation changes resulting from the public disclosure program on Form LA-10 "Assessment Adjustment List " along with a copy of the public disclosure program notice, and

(2) The total valuation of each class of real property and of personal property on Form LA-4 "Assessment/Classification Report." See Section II-B below. The form must be submitted electronically using Gateway Online or the Automated Recap Program. The assessor must follow the signature protocol set forth in the Recap Program Instructions. If Gateway is not used, then a sign copy must be submitted.

The Bureau of Local Assessment will conduct a review to ensure that the final assessments and classifications are uniform and consistent with statutory requirements.

B. Interim Year Valuations

In cities and towns not scheduled for certification review, the assessors must adjust valuations to reflect changes in the tax base due to new construction, alterations, demolitions, etc. **If there has been a change in market conditions, assessors must also adjust their valuation schedules for FY11 so that all property valuations reflect full and fair cash value as of January 1, 2010.**

1. Valuation Adjustment Plan

The assessors may undertake or complete a valuation adjustment program without the prior review or approval of the Bureau of Local Assessment. Appropriate appraisal methods must be used to develop any valuation adjustments. After completion of the program, the community's FY11 assessments must be equitable and consistent within and between all property classes, as evidenced by conformity with accepted mass appraisal measures of assessment level and uniformity.

Documentation to support any valuation changes must be prepared and retained by the assessors. This documentation might include, for example, income, expense and capitalization rate analyses, sales ratio studies or any other data that support the type and extent of the valuation changes made by the assessors.

2. Valuation Adjustment Report

All assessors must report the results of their analyses to the Bureau of Local Assessment on form "LA-15 Interim Year Adjustment Report" whether or not any valuation adjustments were made. This form should be submitted as early as possible during the tax rate process, but no later than the time the Form LA-4 "Assessment/Classification Report" is submitted. See Section II-B below. The Bureau may request more detailed information as it deems necessary to evaluate assessment level and uniformity.

II. DETERMINATION OF USAGE CLASSIFICATION AND TOTAL VALUATION

A. Real Property Classification

The assessors must determine the usage classification of all real property as of January 1, 2010 in accordance with the definitions set forth in G.L. c. 59, § 2A(b):

Class One,	Residential
Class Two,	Open Space
Class Three,	Commercial
Class Four,	Industrial

1. The assessors must designate an individual property's usage class in accordance with the *Property Type Classification Codes* (June 2009) issued by the Bureau of Local Assessment.

2. Real property of utilities is subject to local property taxation and must be classified as Class Four, Industrial. Personal property of utilities is included in the total valuation of personal property.

   The valuation attributable to a payment in lieu of tax agreement or transition payment for a deregulated electric generating facility must be classified as real or personal property and further designated in accordance with the *Property Type Classification Codes* (June 2009).

3. Forest land as defined in G.L. c. 61, agricultural or horticultural land as defined in G.L. c. 61A and recreational land as defined in G.L. c. 61B must be valued at use value according to the provisions of those statutes. All forest, agricultural or horticultural, or recreational land use valuations must be included in the total valuation of the commercial class and taxed at the commercial rate, G.L. c. 61, § 3; c. 61A, § 4 and c. 61B, § 2, unless the community has accepted the applicable local option to classify and tax the land as open space. G.L. c. 61, § 2A; c. 61A, § 4A and c. 61B, § 2A.

4. Classification of property as Class Two, Open Space, is determined by the assessors as of January first of each year, and does not require application by the property owner. The open space class may include any land that is maintained in an open or natural condition and contributes significantly to the benefit and enjoyment of the public so long as it is not held for the production of income. However, land that qualifies as forest, agricultural or horticultural, or recreational land under G.L. c. 61, c. 61A and c. 61B is included even if it produces income, but only if the community has accepted the applicable local option to classify and tax the land as open space. G.L. c. 61, § 2A; c. 61A, § 4A and c. 61B, § 2A.

5. Where real property is used or held for more than one purpose and those uses result in different classifications, the assessors must allocate to each classification the percentage of the full and fair cash valuation of the property devoted to each use according to the guidelines in the *Property Type Classification Codes* (June 2009). G.L. c. 59, § 2A(b).

6. Real property that is exempt from taxation under G.L. c. 59, § 5 or otherwise, must also be classified according to the same guidelines. G.L. c. 59, § 2A(b).

B. Total Valuation

After assessments are determined as of January 1, 2010 to reflect changes in value, usage classification and/or tax base, the assessors must submit to the Bureau of Local Assessment:

1. The total valuation of each class of real property and of personal property on Form LA-4 "Assessment/Classification Report." The form must be submitted electronically using Gateway Online or the Automated Recap Program. The assessor must follow the signature protocol set forth in the Recap Program Instructions. If Gateway is not used, then a sign copy must be submitted.

   At the same time, the assessors may also submit a proposed Tax Rate Recapitulation Sheet and Form LA-5 "Classification Tax Allocation" to the Bureau of Accounts. If submitted at this time, the Form LA-5 and Tax Rate Recapitulation Sheet should indicate the tax levy percentages expected to be adopted by local officials. If not submitted at this time, the Form LA-5 and Tax Rate Recapitulation Sheet will be submitted to the Bureau of Accounts after the public hearing has been held and the levy percentages have been adopted. See Section V-A below.

2. Tax base growth on Forms LA-13 and 13A "Tax Base Growth Report." Refer to Bureau of Local Assessment IGR No. 10-402 *Fiscal Year 2011 Guidelines for Determining Annual Levy Limit Increase for Tax Base Growth* (September 2010) for further instructions.

III. DETERMINATION OF MINIMUM RESIDENTIAL FACTOR AND CERTIFICATION

A. Minimum Residential Factor

1. Based upon the total taxable valuation of each class of real property and of personal property as submitted by the assessors, the Commissioner will determine a minimum residential factor for each city and town certified as assessing property at full and fair cash valuation as scheduled by the Commissioner. G.L. c. 58, § 1A, G.L. c. 40, § 56.

a. The minimum residential factor will be 65 percent subject to the upward adjustment required to provide that the percentage of the total tax levy imposed on any class of real or on personal property will not exceed 150 percent of the full and fair cash valuation of its taxable property divided by the full and fair cash valuation of all taxable real and personal property in the city or town.

If adoption of that minimum residential factor would result in a residential levy percentage higher than in FY10, however, the factor will be 50 percent subject to the upward adjustment required to

provide that the residential levy percentage will not fall below the lowest residential levy percentage imposed since the community was first certified as assessing at full and fair cash value and the percentage of the total tax levy imposed on any class of real or on personal property will not exceed 175 percent of the full and fair cash valuation of its taxable real and personal property divided by the full and fair cash valuation of all taxable real and personal property in the city or town.

b. In no instance may the minimum residential factor determined by the Commissioner be greater than 100 percent, although a city or town may adopt a residential factor greater than that amount. See Section IV-B below.

2. The statutory formula explained above uses the percentage share of the tax levy that each class of real property and that personal property bears to the total to establish the limits within which a community may shift the tax burden from residential and open space property to commercial, industrial and personal property. By adopting a residential factor either at or above the minimum established by the Commissioner, a city or town is assured that the tax levies for each class of real and for personal property will fall within the limits prescribed by law.

B. <u>Annual Certification</u>

The Commissioner will then certify, in writing, to the Board of Assessors:

1. The total taxable value of each of the four classes of real property and of personal property as of January 1, 2010.

2. The minimum residential factor for FY11.

3. The determination that a majority of the assessors in a community <u>subject to FY11 triennial certification requirements</u> are qualified to classify property. G.L. c. 59, § 2A(c).

a. The Board of Assessors will be deemed qualified if a majority of the current board has attended a classification training session conducted by the Bureau of Local Assessment, or completed the computer based training (CBT) version of the classification training session and submits evidence of completion. If not so qualified, the member or members necessary to constitute a majority must complete a training session in order for the Board to be qualified.

b. The dates, times and locations of the training sessions to be conducted by the Bureau for FY11 will be provided to the Boards of Assessors. The CBT program can be downloaded from the Division of Local Service web site or is available on disk from the Bureau of Local Assessment.

IV. ALLOCATION OF LOCAL TAX LEVY

A. Public Hearing

After the assessors receive the Commissioner's certifications, the Board of Selectmen or Town Council of each town or the City Council of each city must conduct a public hearing on the issue of allocating the local property tax levy among the four classes of real property and of personal property for FY11. G.L. c. 40, § 56.

1. The public hearing called by the Selectmen or City Council must comply with the requirements of the Open Meeting Law, as supplemented by local by-law or ordinance.

2. Local officials must provide notice of the conduct of the hearing to taxpayers by a comprehensive public information release in a newspaper of general circulation in the community, as well as in any other appropriate news media. The release should provide the date, time and place of the public hearing, should provide information regarding the policy decisions available, and should indicate the manner by which interested taxpayers may present oral or written information on their views. In providing notice and conducting the public hearing, local officials should further the legislative intent to provide an open forum for the discussion of local property tax policy.

   The assessors should also provide notice of any reassessment or valuation adjustment program to taxpayers by having included in the release information on the basis of the valuation changes and the program's overall effect on assessments or by issuing a separate release prior to tax billing that provides that information.

3. At the public hearing, the assessors must provide all information and data relevant to making a decision on allocating the tax levy including the fiscal effect of the available alternatives.

   The statutory formula for determining the allocation of the tax levy among the four classes of real property: residential, open space, commercial and industrial, and personal property is set forth in G.L. c. 40, § 56. By adapting the allocation formula to the circumstances of their city or town, the assessors can provide the information required for the public hearing.

B. Adoption of Residential Factor

After holding the public hearing, the Board of Selectmen or Town Council in a town, or the City Council, together with the approval of the Mayor, in a city, must determine the percentages of the tax levy to be paid by each class of real property and by personal property for FY11. G.L. c. 40, § 56.

1. In determining those percentages, the Selectmen, Town Council or City Council, together with the Mayor's approval, must first adopt a residential factor. In a city, if the Mayor vetoes the City Council's factor, the City Council may override the veto with a vote equal to two-thirds of the members elected. The residential factor adopted must be an amount not less than the minimum residential factor calculated by the Commissioner. See Section III-A above.

2. The residential factor adopted by a community governs the percentage of the tax levy to be paid by residential property owners. If local officials choose a low residential factor, (for example, the statutory minimum) residential property owners will pay a proportionately lower share of the total levy. A residential factor of "1" will result in the taxation of all property at the same rate. The statute permits a city or town to adopt a residential factor greater than 100 percent, which would have the effect of decreasing the commercial, industrial, and personal property tax rates and increasing the rates for residential and open space property. G.L. c. 58, § 1A.

3. When determining the residential factor, local officials may select a percentage for Class Two, Open Space, that may not be less than 75 percent of its full and fair cash value percentage. The residential class alone absorbs any discount applied to the open space class.

4. The percentages to be paid by the remaining classes of real and by personal property owners can be calculated according to the provisions of G.L. c. 40, § 56, using the residential and open space factors.

C. Residential Exemption

1. At the option of the Board of Selectmen or Mayor, with the approval of the City Council, an exemption of not more than 20 percent of the average assessed value of all Class One, Residential, parcels may be applied to residential parcels that are the principal residence of the property taxpayer as used by the taxpayer for state income tax purposes as of January 1, 2010. G.L. c. 59, § 5C.

2. Principal residence is ordinarily the residence in which a property taxpayer lives. It is the taxpayer's domicile, that is, his fixed place of habitation, permanent home or legal residence. Therefore, Class One, Residential, parcels not eligible for the residential exemption would include accessory land incidental to a residential use, summer homes, or residential property not occupied by the owner, such as apartments.

3. The application of the residential exemption, in addition to any other exemptions allowable under G.L. c. 59, § 5, may not reduce the taxable value of the property to less than 10 percent of its full and fair cash value, except through the application of the hardship exemption found in G.L. c. 59, § 5, Cl. 18 and the exemption for paraplegic veterans and their surviving spouses provided under G.L. c. 58, § 8A.

D. Small Commercial Exemption

1. At the option of the Board of Selectmen or Mayor, with the approval of the City Council, an exemption of any percentage up to 10 may be applied to Class Three, Commercial, parcels that are (1) occupied as of January 1, 2010 by a business with an average annual employment of no more than ten during calendar year 2009, and (2) have a valuation of less than one million dollars. G.L. c. 59, § 5I.

2. Businesses certified by the Director of the Department of Workforce Development as having had an average annual employment of ten or fewer people at all locations during calendar year 2009 qualify for the exemption. If a sole proprietorship or partnership occupying the parcel on January 1, 2010 does not appear on the certified list, the assessors may determine whether it met the employment criterion for calendar year 2009. In all other cases, however, the assessors must rely exclusively on the Director’s certification in determining whether a business qualifies for the exemption.

   The Director will provide the assessors with a list of businesses that met the employment criterion for calendar year 2009 by July 1, 2010. G.L. c. 151A, § 64A. The list of eligible businesses is not a public record. It may be used by the assessors and their staff only to administer the small commercial exemption. If any of the assessors or their staff uses the list for other purposes or discloses any of the listed businesses to people outside the assessors' office, they may be fined one hundred dollars.

3. The commercial parcel does not have to be owned by the occupying business or any other eligible business. If a parcel has multiple commercial occupants or tenants, all occupants must be eligible businesses. If a parcel is multiple use, such as a residential and commercial property, all occupants of the commercial portion must be eligible businesses.

4. The parcel must have a valuation of less than one million dollars before the application of any small commercial exemption. The exemption applies to a specific parcel occupied by an eligible business, not to the eligible business itself. Therefore, if any particular eligible business occupies more than one parcel, each under one million dollars in value, each parcel would qualify for the exemption.

V. APPROVAL OF LOCAL TAX RATE

A. Submission of Final Reports

Once the public hearing has been held and the percentages of the tax levy to be paid by each class of real property and by personal property have been determined, the assessors must submit Form LA-5, "Classification Tax Allocation," and a copy of the notice of the public hearing, to the Bureau of Accounts.

B. Approval of Tax Rates

Upon the Commissioner's determination that the percentages meet statutory requirements and the public hearing has been held, the assessors will submit to the Bureau of Accounts the local tax rates for final approval using the total valuations, as certified by the Commissioner, and the percentages of the tax levy, as determined by local officials.

1. The Bureau of Accounts will approve the setting of a FY11 tax rate when all of the requirements explained above and all other requirements applicable to the setting of the tax rate have been met.

2. The form and content of tax bills for cities and towns using a classified tax system must conform to the requirements established by the Commissioner of Revenue

   a. Cities and towns using a quarterly tax payment system under G.L. c. 59, § 57C should refer to Bureau of Municipal Finance Law IGR No. 10-204, *Fiscal Year 2011 Tax Bills Quarterly Tax Payment System* (March 2010).

   b. Cities and towns using a semi-annual preliminary tax payment system under G.L. c. 59, § 57C should refer to Bureau of Municipal Finance Law IGR No. 10-203, *Fiscal Year 2011 Tax Bills Semi-annual Payment System Annual Preliminary Bills* (March 2010).

c. Cities and towns using a semi-annual payment system and opting to issue preliminary tax bills for FY11 under G.L. c. 59, § 23D should refer to Bureau of Municipal Finance Law IGR No. 10-202, *Fiscal Year 2011 Tax Bills Semi-annual Payment System Optional Preliminary Bills* (March 2010).

d. All other cities and towns using a semi-annual payment system should refer to Bureau of Municipal Finance Law IGR No. 10-201, *Fiscal Year 2011 Tax Bills Semi-annual Payment System* (March 2010).

ANNUAL ASSESSMENT AND LEVY ALLOCATION PROCESS: STEP BY STEP SUMMARY

NOTE:** Step applies only in a triennial certification year.

Assessors

1. Analyze current market and determine if adjustments to valuation schedules required.

** 2. Submit reassessment workplan, including any related professional services contracts if requested, to the Bureau of Local Assessment for review and approval.

** 3. Meet with certification advisor.

4. Vote to request authorization to issue semi-annual preliminary tax bills by August 15, if needed.

5. Establish full and fair cash values for all properties.

** 6. Request certification from Bureau of Local Assessment by submitting Forms LA-3 "Property Sales Reports" in Gateway Online or if using the Automated Tax Rate Recap Program, by submitting a written cover letter and Forms LA-3 "Property Sales Reports" electronically.

Bureau of Local Assessment

** 7. Conduct statistical analysis of sales and determine if minimum statistical certification requirements are met.

** 8. Conduct preliminary field review.

** 9. Notify assessors whether valuation system and proposed assessments are in compliance with minimum certification requirements and if so, authorize them to mail impact notices and hold informal hearings, or conduct another appropriate public disclosure program.

Assessors

** 10. Conduct appropriate public disclosure program.

11. Determine final valuations for all properties.

12. Classify all real property according to use.

13. Submit to the Bureau of Local Assessment the "LA-15 Interim Year Adjustment Report."

** 14. Submit to the Bureau of Local Assessment a list of properties with certain valuation changes resulting from public disclosure program on Form LA-10 "Assessment Adjustment List" along with copy of public disclosure notice.

15. Submit to the Bureau of Local Assessment the total valuations for each class of real property and for personal property on Form LA-4 "Assessment/ Classification Report" through the Gateway Online or Automated Recap Program. May also submit to the Bureau of Accounts a proposed Form LA-5 "Classification Tax Allocation" and “Tax Rate Recapitulation Sheet.”

16. Submit to the Bureau of Local Assessment tax base growth on Forms LA-13 and 13A "Tax Base Growth Report" through the Gateway Online or Automated Recap Program.

Bureau of Local Assessment

** 17. Review assessment changes and classifications.

** 18. Determine that proposed property assessments meet minimum certification requirements of full and fair cash value, real property has been classified according to use and a majority of the assessors are qualified to classify property.

19. Certify tax base growth and notify assessors.

Assessors

20. Determine the minimum residential factor using the Gateway Online or Automated Recap Program.

Selectmen or City Council

21. Call and hold public hearing on classification.

Assessors

22. Present data on impact of classification options.

23. Notify selectmen or mayor and city council of any excess levy capacity.

Selectmen or City Council with Approval of Mayor

24. Adopt residential factor.

25. Decide whether to grant open space discount.

26. Determine whether excess levy capacity is consistent with community fiscal affairs.

Selectmen or Mayor with Approval of City Council

27. Decide whether to grant residential exemption.

28. Decide whether to grant small commercial exemption.

Assessors

29. Submit tax rate recapitulation sheet to Bureau of Accounts if not done previously.

Bureau of Accounts

30. Certify tax rate(s).

Assessors

31. Prepare tax commitment and verify total value for each class reconciles with tax rate recapitulation sheet.

32. Issue commitment, with warrant to collect taxes, to the collector.

Massachusetts Department of Revenue *Division of Local Services*
Navjeet K. Bal, Commissioner *Robert G. Nunes, Deputy Commissioner & Director of Municipal Affairs*

PROPERTY TYPE CLASSIFICATION CODES,
Non-arms Length Codes and Sales Report Spreadsheet Specifications

Prepared by the Bureau of Local Assessment
Revised June 2009

New and Revised Codes 262, 273 – 276, 280, 290, 602, 713 – 716, 720 & 815
(Changes are highlighted in yellow for ease of identification)

Deleted Codes 902 – 908

INTRODUCTION

These Guidelines are intended to assist the Board of Assessors in determining the proper classification of property according to its use.

The coding structure has three digit level of detail. The first digit indicates a major classification. The second digit is a major division and the third digit is a subdivision, both within the major classification of property.

If the guidelines do not include a three digit code for a specific property use, the assessor should use the code that most appropriately identifies the property's use. For example, the assessors would use codes 321-326 to classify a retail condominium, based on the use of the property.

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Deleted Codes

902 - 908

MULTIPLE-USE PROPERTY

CODE 0

Real property used or held for use for more than one purpose, including parcels with multiple detached or attached buildings, are considered multiple-use property for classification purposes. Any necessary related land on a multiple-use property must be allocated among the classes of property within the building.

The first digit of multiple-use property is always a zero (0). The second and third digits are the major classification of the property represented. The digits following zero (0) are listed in the order of major importance.

Examples

Since the guidelines for coding multiple-use property are unique, several specific examples of how to identify such property with these codes are listed here. These are only examples and do not represent all possible multiple use codes.

013 Multiple-Use, primarily Residential

A building with a retail store on the first floor, apartments on the upper floors, and a major portion of the related land is reserved for tenant parking.

031 Multiple-Use, primarily Commercial

A building with retail use on the first floor, office space on the second and third floors, apartments on the fourth floor and a major portion of the related land is allocated for commercial use.

037 Multiple-Use, primarily Commercial with part of land designated under Chapter 61A use

A farm property with land and buildings predominantly used for commercial farming with part of land (at least 5 acres) designated horticulture/agricultural under Chapter 61A.

021 Multiple-Use, primarily Open Space

A single-family house with substantial acreage designated open space by the assessors.

RESIDENTIAL

CODE 1

M.G.L. Chapter 59 §2A: All real property used or held for human habitation containing one or more dwelling units including rooming houses with facilities assigned and used for living, sleeping, cooking and eating on a non-transient basis, and including a bed and breakfast home with no more than three rooms for rent. Such property includes accessory land, buildings or improvements incidental to such habitation and used exclusively by the residents of the property or their guests. Such property shall include: (i) land that is situated in a residential zone and has been subdivided into residential lots, and (ii) land used for the purpose of a manufactured housing community, as defined in Chapter 140, §32F. Such property shall not include a hotel or motel.

Incidental accessory land, buildings or improvements would include garages, sheds, in-ground swimming pools, tennis courts, etc. Non-incidental accessory land, classified and coded differently, would include mixed use properties, such as a variety store, machine shop, etc. on a residential parcel.

10 Residences

101 .....Single Family
102 .....Condominium
103 .....Mobile Home (includes land used for purpose of a mobile home park)
104 .....Two-Family
105 .....Three-Family
106 .....Accessory Land with Improvement - garage, etc.
107 .....(Intentionally left blank)
108 .....(Intentionally left blank)
109 .....Multiple Houses on one parcel (for example, a single and a two-family on one parcel)

11 Apartments

111 .....Four to Eight Units
112 .....More than Eight Units

12 Non-Transient Group Quarters

121..... Rooming and Boarding Houses
122..... Fraternity and Sorority Houses
123..... Residence Halls or Dormitories
124..... Rectories, Convents, Monasteries
125..... Other Congregate Housing which includes non-transient shared living arrangements

13 Vacant Land in a Residential Zone or Accessory to Residential Parcel

130..... Developable Land
131..... Potentially Developable Land
132..... Undevelopable Land

14 Other

140..... Child Care Facility (M.G.L. Chapters 59 §3F; 40A §9C) (see also Code 352)

OPEN SPACE

CODE 2

M.G.L. Chapter 59 §2A: Land which is not otherwise classified and which is not taxable under the provisions of Chapter 61, 61A or 61B, or taxable under a permanent conservation restriction, and which land is not held for the production of income but is maintained in an open or natural condition and which contributes significantly to the benefit and enjoyment of the public.

For land designated as Forest, Agricultural/Horticultural and Recreational under Chapters 61, 61A, 61B, see Codes 6, 7, 8.
Land placed under conservation restriction according to Chapter 184, §31 is to be classified according to its use as residential, commercial or industrial property.

20 Open Land in a Residential Area

201 .....Residential Open Land
202 .....Underwater Land or Marshes not under public ownership located in residential area (typically, privately owned ponds, lakes, salt marshes or other wetlands of non-commercial use)

21 Open Land in Rural Area

210 .....Non-Productive Agricultural Land (that part of an operating farm not classified as Chapter 61A Agricultural/Horticultural or Chapter 61 Forest Land)
211 .....Non-Productive Vacant Land

22 Open Land in a Commercial Area

220 .....Commercial Vacant Land (acreage without site improvements and not in commercial use)
221 .....Underwater Land or Marshes not under public ownership located in commercially zoned area

23 Open Land in an Industrial Area

230..... Industrial Vacant Land (acreage without site improvements and not in commercial or industrial use)
231..... Underwater Land or Marshes not under public ownership located in industrial area

Chapter 61, 61A, 61B Property Being Classified as Open Space

Forest, Agricultural/Horticultural and Recreational lands valued according to M.G.L. Chapters 61, 61A 61B and is being classified as open space. (Without an Open Space Classification they must be placed in Codes 6, 7 or, see page 8.)

26 Forest Land

261..... All land designated under Chapter 61
262..... Christmas Trees

27 Agricultural/Horticultural

All land that designated under Chapter 61A. (Land devoted to this use must be in excess of 5 acres and meet other requirements of the law and is being classified as open space.) Note Non-Productive land is being coded as 29.

Productive Land

270..... Cranberry Bog
271..... Tobacco, Sod
272..... Truck Crops - vegetables
273..... Field Crops - hay, wheat, tillable forage cropland etc.
274..... Orchards - pears, apples, grape vineyards etc.
275..... Christmas Trees
276..... Necessary related land-farm roads, ponds, land under farm buildings
277..... Productive Woodland - woodlots
278..... Pasture
279..... Nurseries

Non-Productive Land

290..... Wet land, scrub land, rock land

28 Recreational Land

All property designated under Chapter 61B. (If an area has more than one use according to the codes below, use the code which represents the primary use of the land and is being classified as open space.).

280 .....Productive woodland -woodlots
281 .....Hiking - trails or paths, Camping - areas with sites for overnight camping, Nature Study - areas specifically for nature study or observation
282 .....Boating - areas for recreational boating and supporting land facilities
283 .....Golfing - areas of land arranged as a golf course
284 .....Horseback Riding - trails or areas
285 .....Hunting - areas for the hunting of wildlife and Fishing Areas
286 .....Alpine Skiing - areas for “downhill” skiing and Nordic Skiing - areas for “cross-country” skiing
287 .....Swimming Areas and Picnicking Areas
288 .....Public Non-Commercial Flying - areas for gliding or hand-gliding
289 .....Target Shooting - areas for target shooting such as archery, skeet or approved fire-arms

COMMERCIAL

CODE 3

M.G.L. Chapter 59 §2A: All real property used or held for use for business purposes and not specifically included in another class, including but not limited to any commercial, business, retail, trade, service, recreational, agricultural, artistic, sporting, fraternal, governmental, educational, medical or religious enterprise for non-profit purposes.

30 Transient Group Quarters

300..... Hotels
301..... Motels
302..... Inns, Resorts or Tourist Homes
303..... (Intentionally left blank)
304..... Nursing Homes - includes property designed for minimal care with or without medical facilities
305..... Private Hospitals
306..... Care and Treatment Facilities - designed and used on a transient basis, including half-way houses or other types of facilities that service the needs of people

31 Storage Warehouses and Distribution Facilities

310..... Tanks Holding Fuel and Oil Products for Retail Distribution, either Above Ground or Underground (Underground tanks of service stations would be real estate; however, above ground tanks that rest on concrete saddles or steel frames that can be separated without damage are personal property.)
311..... Bottled Gas and Propane Gas Tanks
312..... Grain and Feed Elevators
313..... Lumber Yards
314..... Trucking Terminals
315..... Piers, Wharves, Docks and related facilities that are used for storage and transit of goods
316..... Other Storage, Warehouse and Distribution facilities (see also Industrial Code 401)
317..... Farm Buildings - barns, silo, utility shed, etc.
318..... Commercial Greenhouses

32 Retail Trade

321 .....Facilities providing building materials, hardware and farm equipment, heating, hardware, plumbing, lumber supplies and equipment
322 .....Discount Stores, Junior Department Stores, Department Stores
323 .....Shopping Centers/Malls
324 .....Supermarkets (in excess of 10,000 sq. ft.)
325 .....Small Retail and Services stores (under 10,000 sq. ft.)
326 .....Eating and Drinking Establishments - restaurants, diners, fast food establishments, bars, nightclubs

33 Retail Trade - Automotive, Marine Craft and Other Engine Propelled Vehicles, Sales and Service

330 .....Automotive Vehicles Sales and Service
331 .....Automotive Supplies Sales and Service
332 .....Auto Repair Facilities
333 .....Fuel Service Areas - providing only fuel products
334 .....Gasoline Service Stations - providing engine repair or maintenance services, and fuel products
335 .....Car Wash Facilities
336 .....Parking Garages
337 .....Parking Lots - a commercial open parking lot for motor vehicles
338 .....Other Motor Vehicles Sales and Services

34 Office Building

340 .....General Office Buildings
341 .....Bank Buildings
342 .....Medical Office Buildings

35 Public Service Properties (see Code 9 for Exempt Public Service Properties)

350..... Property Used for Postal Services
351..... Educational Properties
352..... Day Care Centers, Adult (see also Code 140)
353..... Fraternal Organizations
354..... Bus Transportation Facilities and Related Properties
355..... Funeral Homes
356..... Miscellaneous Public Services - professional membership organizations, business associations, etc.

36 Cultural and Entertainment Properties

360..... Museums
361..... Art Galleries
362..... Motion Picture Theaters
363..... Drive-In Movies
364..... Legitimate Theaters
365..... Stadiums
366..... Arenas and Field Houses
367..... Race Tracks
368..... Fairgrounds and Amusement Parks
369..... Other Cultural and Entertainment Properties

37 Indoor Recreational Facilities

370..... Bowling
371..... Ice Skating
372..... Roller Skating
373..... Swimming Pools
374..... Health Spas
375..... Tennis and/or Racquetball Clubs
376..... Gymnasiums and Athletic Clubs
377..... Archery, Billiards, other indoor facilities

38 Outdoor Recreational Properties (excluding those classified under General Laws 61B)

380 .....Golf Courses
381 .....Tennis Courts
382 .....Riding Stables
383 .....Beaches or Swimming Pools
384 .....Marinas - including marine terminals & associated areas primarily for recreational marine craft
385 .....Fish and Game Clubs
386 .....Camping Facilities - accommodations for tents, campers or travel trailers
387 .....Summer Camps - children's camps
388 .....Other Outdoor facilities - e.g., driving ranges, miniature golf, baseball batting ranges, etc.
389 .....Structures on land classified under Chapter 61B Recreational Land

39 Vacant Land - Accessory to Commercial parcel or not specifically included in another class

390 .....Developable Land
391 .....Potentially developable Land
392 .....Undevelopable Land
393 .....Agricultural/Horticultural Land not included in Chapter 61A

INDUSTRIAL

CODE 4

M.G.L. Chapter 59 §2A: All real property used or held for use for manufacturing, milling, converting, producing, processing, extracting or fabricating materials unserviceable in their natural state to create commercial products or materials; the mechanical, chemical or electronic transformation of property into new products and any use that is identical to or an integral part of such use, whether for profit or non-profit purposes; property used or held for uses for the storage, transmitting and generating of utilities.

40 Manufacturing and Processing

400..... Buildings for manufacturing operations
401..... Warehouses for storage of manufactured products
402..... Office Building - part of manufacturing operation
403..... Land - integral part of manufacturing operation
404..... Research and Development facilities

41 Mining and Quarrying

410..... Sand and Gravel
411..... Gypsum
412..... Rock
413..... Other

42 Utility Properties

420..... Tanks
421..... Liquid Natural Gas Tanks
423..... Electric Transmission Right-of-Way
424..... Electricity Regulating Substations
425..... Gas Production Plants
426..... Gas Pipeline Right-of Way
427..... Natural or Manufactured Gas Storage
428..... Gas Pressure Control Stations

43 Utility Properties - Communication

430 .....Telephone Exchange Stations
431 .....Telephone Relay Towers
432 .....Cable TV Transmitting Facilities
433 .....Radio, Television Transmission Facilities

44 Vacant Land - Accessory to Industrial Property

440 .....Developable Land
441 .....Potentially Developable Land
442 .....Undevelopable Land

45 Electric Generation Plants

450 .....Electric Generation Plants
451 .....Electric Generation Plants, Transition Value
452 .....Electric Generation Plants, Agreement Value

PERSONAL PROPERTY

CODE 5

M.G.L. Chapter 59 §2: All personal property...wherever situated, unless expressly exempt, shall be subject to taxation...

501..... Individuals, Partnerships, Associations and Trusts

All personal property is taxable and includes: stock in trade, machinery used in the conduct of the business, personal property used in connection with any cleaning or laundry processes, machinery used in the refrigeration of goods or in the air conditioning of premises, all furnishings and fixtures and owner non-domicile furnishings.

502..... Domestic Business Corporations or a Foreign Corporations, as defined in Chapter 63 §30

Taxable personal property includes only: underground conduits, wires and pipes wherever located; poles and wires on private ways and machinery used in the conduct of the business, except stock in trade or machinery directly used in connection with dry cleaning or laundering processes, refrigeration of goods, air conditioning of premises or in any purchasing, selling, accounting or administrative function.

503..... Domestic and Foreign Corporations Classified Manufacturing, as defined in Ch. 63, §38C & §42B

Taxable personal property includes only: underground conduits, wires and pipes wherever located, poles and wires on private ways.

504..... Public Utilities -- Transmission and Distribution

Taxable personal property includes underground conduits; wires and pipes wherever located; poles and wires on private ways and machinery used in manufacture.

505 .....Machinery, Poles, Wires and Underground Conduits, Wires and Pipes of all Telephone and Telegraph Companies, as determined by the Commissioner of Revenue.

508 ..... Cellular/Mobile Wireless Telecommunications Companies

506 .....Pipelines Of 25 Miles Or More In Length For Transmitting Natural Gas Or Petroleum**,** as determined by the Commissioner of Revenue.

550 .....Electric Generation Plants Personal Property

551 .....Electric Generation Plant P.P., Transition Value

552 .....Electric Generation P. P., Agreement Value

CHAPTER 61, 61A, 61B PROPERTY

Forest, Agricultural/Horticultural and Recreational lands valued according to M.G.L. Chapters 61, 61A 61B are not specifically included in any of the four major classifications. The commercial property tax rate, however, is the applicable rate for land under these chapters.

CODE 6

Forest Land

601..... All land designated under Chapter 61
602..... Christmas Trees

CODE 7

Agricultural/Horticultural

All land that has been designated under Chapter 61A. (Land devoted to this use must be in excess of 5 acres and meet other requirements of the law.)

71 Productive Land (Including Necessary and Related Land)

710..... Cranberry Bog
711..... Tobacco, Sod
712..... Truck Crops - vegetables
713..... Field Crops - hay, wheat, tillable forage cropland etc.
714..... Orchards - pears, apples, grape vineyards etc.
715..... Christmas Trees
716..... Necessary Related Land-farm roads, ponds, Land under farm buildings
717..... Productive Woodland - woodlots
718..... Pasture
719..... Nurseries

72 Non-Productive Land

720..... Wet land, scrub land, rock land

CODE 8

Recreational Land

All property that has been designated under Chapter 61B. (If an area has more than one use according to the codes below, use the code which represents the primary use of the land).

801 .....Hiking - trails or paths
802 .....Camping - areas with sites for overnight camping
803 .....Nature Study - areas specifically for nature study or observation
804 .....Boating - areas for recreational boating and supporting land facilities
805 .....Golfing - areas of land arranged as a golf course
806 .....Horseback Riding - trails or areas
807 .....Hunting - areas for the hunting of wildlife
808 .....Fishing Areas
809 .....Alpine Skiing - areas for “downhill” skiing
810 .....Nordic Skiing - areas for “cross-country” skiing
811 .....Swimming Areas
812 .....Picnicking Areas
813 .....Public Non-Commercial Flying - areas for gliding or hand-gliding
814 .....Target Shooting - areas for target shooting such as archery, skeet or approved fire-arms
815 .....Productive Woodland - woodlots

EXEMPT PROPERTY

CODE 9

All property which is totally exempt from taxation under various provisions of the law and owned by:

90 Public Service Properties

900..... United States Government
901..... (Intentionally left blank)

91 Commonwealth of Massachusetts – Reimbursable Land

910..... Department of Conservation and Recreation, Division of State Parks and Recreation
911..... Division of Fisheries and Wildlife, Environmental Law Enforcement
912..... Department of Corrections, Division of Youth Services
913..... Department of Public Health, Soldiers' Homes
914..... Department of Mental Health, Department of Mental Retardation
915..... Department of Conservation and Recreation, Division of Water Supply Protection
916..... Military Division – Campgrounds
917..... Education – Univ. of Mass, State Colleges, Community Colleges
918..... Department of Environmental Protection, Low-level Radioactive Waste Management Board
919..... Other

92 Commonwealth of Massachusetts – Non Reimbursable

920 .....Department of Conservation and Recreation, Division of Urban Parks and Recreation
921 .....Division of Fisheries and Wildlife, DFW Environmental Law Enforcement, Department of Environmental Protection
922 .....Department of Corrections, Division of Youth Services, Mass Military, State Police, Sheriffs' Departments
923 .....Department of Public Health, Soldiers' Homes, Department of Mental Health, Department of Mental Retardation
924 .....Mass Highway Dept
925 .....Department of Conservation and Recreation Division of Water Supply Protection (conservation restrictions and sewer easements), Urban Parks
926 .....Judiciary
927 .....Education – Univ. of Mass, State Colleges, Community Colleges
928 .....Division of Capital Asset Management, Bureau of State Office Buildings
929 .....Other

GASB 34 Codes

93 Municipal or County Codes

930 .....Vacant, Selectmen or City Council
931 .....Improved, Selectmen or City Council
932 .....Vacant, Conservation
933 .....Vacant, Education
934 .....Improved, Education
935 .....Improved, Municipal Public Safety
936 .....Vacant, Tax Title/ Treasurer
937 .....Improved, Tax Title/ Treasurer
938 .....Vacant, District
939 .....Improved, District

94 Educational Private

940..... Elementary Level
941..... Secondary Level
942..... College or University
943..... Other Educational
944..... Auxiliary Athletic
945..... Affiliated Housing
946..... Vacant
947..... Other

95 Charitable

950..... Vacant, Conservation Organizations
951..... Other
952..... Auxiliary Use (Storage, Barns, etc.)
953..... Cemeteries
954..... Function Halls, Community Centers, Fraternal Organizations
955..... Hospitals
956..... Libraries, Museums
957..... Charitable Services
958..... Recreation, Active Use
959..... Housing, Other

96 Religious Groups

960..... Church, Mosque, Synagogue, Temple, etc.
961..... Rectory or Parsonage, etc.
962..... Other

97 Authorities

970..... Housing Authority
971..... Utility Authority, Electric, Light, Sewer, Water
972..... Transportation Authority
973..... Vacant, Housing Authority
974..... Vacant, Utility Authority
975..... Vacant, Transportation Authority

98 Land Held by other Towns, Cities or Districts

980 .....Vacant, Selectmen or City Council, Other City or Town
981 .....Improved, Selectmen or City Council, Other City or Town
982 .....Vacant, Conservation, Other City or Town
985 .....Improved Municipal or Public Safety, Other City or Town
988 .....Vacant, Other District
989 .....Improved, Other District

99 Other

990 .....121A Corporations
991 .....Vacant, County or Regional
992 .....Improved, County or Regional, Deeds or Administration
993 .....Improved Count or Regional Correctional
994 .....Improved County or Regional Association Commission
995 .....Other, Open Space
996 .....Other, Non-Taxable Condominium Common Land
997 .....Other

PROPERTY SALES REPORT INSTRUCTIONS

The Property Sales Reports (LA-3) are used in conducting assessment/sales ratio studies. In order to conduct an accurate study, the following information needs to be completed on all sales over $1,000. The Board of Assessors should sign and date the first page of their submission.

See Property Sales Report Spreadsheet Specifications on page 13 for submission requirement standards.

NON-ARMS LENGTH CODES

An "arm's length" sale is a sale between a willing buyer and a willing seller with no unusual circumstances involved in the sale. Listed below are the codes for sales that are considered non-arm's length.

A. Sale between members of the same family

B. An intra-corporation sale, e.g. between a corporation and its stockholder, subsidiary, affiliate or another corporation whose stock is in the same ownership

C. Sale of commercial or industrial real property which includes machinery, equipment, inventories or "good will"

D. Sale of property substantially changed after the assessment date but before the sale, e.g., sale of a property on which a building was added after the assessment date, or sale of a property which was demolished partially destroyed, subject to fire, flood, or remodeled after the assessment date

E. Sale to / from federal, state, or local government

F. Transfer of convenience, e.g., correcting defects in a title, a transfer by a husband either through a third party or himself and his wife to create a tenancy by the entirety, etc.

G. Sale of only a portion of the assessed unit, e.g., a parcel sold from a larger tract and the assessment is for the larger tract, or a portion is in another municipality

H. Sale resulting from a court order, e.g., a divorce settlement, estate sale

I. Sale in proceedings of bankruptcy

J. Sale of an undivided interest

K. Sale to / from an educational, charitable, or religious organization

L. Repossession or sale of a foreclosed property

M. Sale of property, the value of which has been materially influenced by zoning changes not reflected in current assessments

N. Other, when a non-arm's length sale does not fall into any other category, this code is used, accompanied by a written explanation

*O. Sale of property with a substantial physical change after the sale. An example is a house which has been remodeled after the sale, before the assessment date

*P. Sale of property with a change in use after the sale

Q. Sale of property which includes both a trade of property and cash for the property conveyed

R. Sale of property which has been sold more than once in the same year. Only the last sale is used for analysis purposes.

S. Sale of a foreclosed property. May be arm's length in special circumstances (must be supported by detailed documentation)

T. Property sold to an abutter

U. Private sale not put on the market

V. Sale of multiple parcels

W. Sale affected by deed restriction, e.g., 40B housing

*Codes used for reporting sales for certification review analysis, when the sale prices are compared to the proposed values. The codes would also be used in the EQV program.

PROPERTY SALES REPORT

Spreadsheet Specifications

Data Layout Example

Community name
Date of submission

Columns

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
jur_ code	**sale_date**	**parcel_id**	**seller**	**buyer**	**st_ num**	**st_ alpha**	**st_name**	**prop_ type_ id**	**nal_ code**	**sale_ price**	**assessment _value**	**proposed _value**	**as_ ratio**	**outlier**	**time_trend**
001	05/03/2002	8-0-28	Smith John	Jones Paul	121		Woodland St	101		470,000	390,000	447,500	0.95		485,000
001	12/22/2002	12-0-160A	Harrison W.	Raycroft B.	83	A	Forest St	102		320,000	270,000	332,000	1.04		320,000
001	06/18/2002	3-0-66	Bartlett Co.	Miller William	175		Maple St	101	P	225,000	220,000	475,000	2.11		230,900

Row Headings should be on one line (wrapped if necessary) labeled exactly as above ***see note below***

	Column Heading	**Description**	**Format**
Column A	jur_code	DOR community ID number	Text column – Three digits
Column B	sale_date	Date of sale	Date column - mm/dd/yyyy
Column C	parcel_id	Community identification	No special format – up to 30 Characters*
Column D	seller	Grantor of the property	No special format – up to 40 Characters*
Column E	buyer	Grantee of the property	No special format – up to 40 Characters*
Column F	st_num	Street number of the property	Numeric – up to 10 digits
Column G	st_alpha	For any text character part of st_num	Text Column up to 5 Characters
Column H	st_name	Name of the street, road etc.	Maximum Length – 40 Characters
Column I	prop_type_id	State use code of property	Text column – 3 Characters ***
Column J	nal_code	Non-arms Length Code	Text column – up to 3 Characters ****
Column K	sale_price	Sale Price of the property	Numeric **
Column L	assessment_value	Prior Fiscal Year Assessment	Numeric **
Column M	proposed_value	Proposed current Fiscal Year Assessment.	Numeric **
Column N	as_ratio	Assessment Sales Ratio	Numeric with 2 place decimal
Column O	outlier	DOR use only, should be blank for all entries	
Column P	time_trend	(If applicable) Time-Adjusted Sales Price.	Numeric *****

* No entry can be blank.
** each entry needs at least a zero.
*** This should reflect the property's class code as of the proposed assessment date, not what it was at the time of the sale.
**** Should be left blank for all valid sales.
***** If using a time adjustment for any or all classes, entire column must be filled. (Use actual selling price for those sales not time adjusted.)
If a community is not using a time-adjustment, column can be left blank.

Note:

In the example above, the original sale of $225,000 is arms length since a vacant piece of land (class 130) sold and the prior FY assessed value reflects this ($220,000). However, the same sale, when compared to the current FY assessed value of a single family home ($475,000), becomes a non-arms length sale with the NAL code of "P". The usage class changes from a 130 to a 101.

Please retain this BOOKLET until further notice because it is updated only as needed.

For further information, contact your Bureau of Local Assessment advisor or send an email to BLADATA@DOR.STATE.MA.US.

Massachusetts Department of Revenue *Division of Local Services*
Navjeet K. Bal, Commissioner *Robert G. Nunes, Deputy Commissioner & Director of Municipal Affairs*

ASSESSMENT CERTIFICATION AND FIELD REVIEW MANUAL

Documentation and Spreadsheet Specifications

Prepared by the Bureau of Local Assessment
Revised February 2009

BUREAU OF LOCAL ASSESSMENT

CERTIFICATION REVIEW DOCUMENTATION

Revised 02/2009

I. For your certification review the Bureau of Local Assessment requests that the information outlined in this publication be made available to your community advisor. Samples of suggested spreadsheet column headings are included in Section II. It is recommended that these data characteristics be included on the certification review spreadsheets. If you think any of them are not relevant or if any other characteristics should be included, you may delete or add to the list, however consult your BLA advisor prior to making these changes. Your advisor will schedule a meeting to assist you in planning for the review. At that time, you should discuss the specific spreadsheet content appropriate for your municipality.

A. ANALYSIS SPREADSHEETS

1. LAND VALUATION

This spreadsheet displays data on vacant land sales or alternate indicators of value as the supporting documentation of the proposed land pricing schedule. The use of alternate land valuation methods, such as residuals, abstractions, allocations etc., may be necessary if sufficient land sales do not exist. It should be sorted by the different land pricing stratifications, such as neighborhood, site index, lot size, front foot, secondary lots, etc. It should be noted that any unique combination of factors is to be considered a neighborhood unto itself and should be analyzed as such. Spreadsheets should contain sufficient data to document each one of the various land stratifications used. A general rule of thumb is that 10 to 20 sales or alternate indicators of value are needed in each stratification of the land schedule.
(See Section II - Land Valuation Analysis Spreadsheets)

2. IMPROVED PROPERTY VALUATION -- ASSESSMENT SALES RATIO STUDIES

Assessment sales ratio studies are an important part of the valuation process. They are used to determine the level of assessment and the uniformity produced by the valuation system. Depending on the nature of the community and the number of sales available for analysis, the type of ratio studies may vary. At a minimum, they should be conducted on the following property stratifications: (See Section II – Assessment Ratio Study Information)

a) state class code
b) building style
c) age groups
d) sales price quartile
e) neighborhood and/or site index
f) other influences, i.e. water view, traffic, etc.

The results of each study should include:

a) median
b) coefficient of dispersion
c) count

Assessors should refer to the relevant sections of the Division's *Guidelines for The Development of A Minimum Reassessment Program.*

3. ECONOMIC RENT, INCOME, EXPENSE, AND CAPITALIZATION RATE

The first of these spreadsheets is used to document the development of proposed rents, vacancy and expense adjustments. It should be sorted by the various uses, and should contain sufficient information to support the proposed economic rent, vacancy and expense adjustments for each property type. The second spreadsheet is development of market capitalization rates for each commercial, industrial, mixed-use and residential property use valued by the income approach. (See Section II – C&I Development (or Apartment) Development of Economic Rent, Income and Expense Analysis & Overall Market Capitalization Development)

B. REVIEW SPREADSHEETS

1. LAND

This spreadsheet is used to review the consistent application of the land valuation schedules and adjustments to them. (See, Section II – Land Review Spreadsheet)

2. RESIDENTIAL

This spreadsheet is used to review the final proposed values of the property use classes 101,104,105,106,109,130,131,132 and 111(if applicable). You and the advisor should decide beforehand how it is to be sorted, i.e., by parcel ID, street, style, neighborhood, etc.
(See Section II – Residential Review Spreadsheet)

3. COMMERCIAL, INDUSTRIAL, MIXED USE, APARTMENTS (111-112)

Two spreadsheets are used for this review. The first is for the review of the required two approaches to value. It should contain information on the correlation between the approaches, final one selected, the property sales, and the differences between the previous and the proposed values. The second spreadsheet presents the basic data used in the development of each valuation approach. (See Section II – Commercial, Industrial, Mixed Use and Apartment Review & Income Detail Spreadsheets)

4. CONDOMINIUM REVIEW

This spreadsheet is used to review the final proposed values of residential condominiums. You and the advisor should decide beforehand how it is to be sorted (by complex name, type of unit, size, common interest percentage, etc.). (See Section II – Residential Condominium Review Spreadsheet)

NOTE: On a spreadsheet, when a value percent difference is requested, subtract the prior value from the proposed value and divide the result by the prior value.

Example:	Proposed Value:	170,000	
	Prior Value:	150,000	
	Difference:	20,000	20,000 divided by 150,000 = .13 or 13%

C. NEIGHBORHOOD MAP

A neighborhood map must be prepared which clearly delineates different neighborhoods (or other location variable, such as site index, sub-neighborhoods or modifiers) used in the valuation program. If more than one land pricing is used in a neighborhood, these adjustments must be indicated on the map, with the various base land prices written in each of the neighborhoods or sub-neighborhoods.

D. LAND SCHEDULE

The assessor must provide the methodology of how the land pricing was developed and the analysis should be discussed in a brief narrative. A copy of the various land pricing schedules and land pricing instructions must be provided, indicating the categories used in that schedule (primary, secondary, front foot, excess, residual, wetland, etc.). The land schedule must be supplied in Excel format. (**See Form Land 1**). For the primary land segment, the values of the different land size increments must be shown for each different base land price. These increments should continue up to the **maximum size** covered by that schedule. For the other portions of the land pricing schedule, such as secondary, residual, etc., the unit prices must be shown. If any adjustments to the base schedules are used, an explanation of each adjustment and the ranges used should be listed.

E. BUILDING PRICING SCHEDULES

A copy of all cost or market based schedules must be made available. If the cost approach is used, then all cost pricing schedules, the depreciation schedules, and supporting documentation should be made available. Any factors used to adjust values from the base schedules must be separately documented. Documentation for the direct market, sales comparison approach, with multiple regression or feedback, is addressed in a later section.

F. INCOME APPROACH SCHEDULES

A copy of the schedule of economic rents, vacancy and expense adjustments, and capitalization rates must be supplied. It should also contain all explanations for the various economic rents, along with vacancy and expense adjustments for specific uses. Any factors used to adjust values from the base schedules should be separately documented. If a method to develop the capitalization rate other than market is used (which is documented in the income and expense analysis spreadsheet), then documentation for each rate and method used in the community should be included.

G. DIRECT MARKET APPROACH DOCUMENTATION

If the community is using any form of direct market valuation, such as regression analysis, feedback, or comparable selection and analysis, documentation should include:

1. a detailed description of the methods

2. identification of the software used in the statistical analysis and value generation process

3. statistics produced to evaluate the effectiveness and validity of the on-going and final modeling process

4. rationale for inclusion and/or exclusion of variables in the modeling process (emphasis should be placed on the variables traditionally used in the mass appraisal process)

5. methods used to "decompose" the model into land and building values

6. methods used to explain the model and modeling process to taxpayers

Multiple Regression Analysis Minimum Documentation

The following items are needed for the Bureau to properly evaluate the regression modeling process:

1. definition of neighborhoods and/or modeling regions
2. narrative overview of the modeling process
3. description of process data stratification and sub-model development
4. definitions of all data elements
5. definitions of data transformations
7. methods used in time adjusting sales
8. appropriate statistics and program outputs used in the modeling process:

    a) coefficient of determination (R2)
    b) standard error of the estimate
    c) coefficient of variation (COV)
    d) average percentage error
    e) F statistic
    g) residuals, or plotback report
    h) distribution analysis of variables & candidate variables

8. data editing methodology
9. sales screening methods, including documentation for sales reported on the sales reports (LA-3) but excluded from modeling process.

H. PERSONAL PROPERTY

Forms of List and data sheets with account detail must be made available for review by the advisor. Visit history should be apparent on the detail sheet. Documentation must include copies of the cost and depreciation tables, and review spreadsheets that include at a minimum business name, location, owners name, prior value and proposed value containing the % change in value. The detail sheet should include, at a minimum, business name, class, location, owner's name, prior value – including a detail of each taxable item [item description, status (new or existing), age, RCN, depreciation, depreciated value] and proposed value. A previous to current value report should be provided. A detailed analysis of the second home study must be provided if applicable.

I. EXEMPT PROPERTY

Documentation for review of this property class should be discussed with the certification advisor during the planning meeting.

Note: <u>USE OF ELECTRONIC DATA</u>

All data and documentation should be submitted electronically via email or provide a CD drive (or USB port on site). Please contact your certification advisor to determine the appropriate electronic and data formats.

SECTION II

Recommended Spreadsheet Headings

LAND VALUATION ANALYSIS SPREADSHEETS

VACANT LAND STUDY (Prior A-1a)

Map, block, lot
Street number
Street name
State use code
Zoning
Neighborhood identification
Date of Sale
Sale Price
Time Adjusted Sale Price (if indicated)
Total land area
Proposed assessed land value from the schedule
Ratio of proposed land assessment/sale price (or TASP)
Prior FY assessed land value
Value change % [(proposed assessed value - prior assessed value) ÷ prior assessed value]

"P" CODE VACANT LAND STUDY

Map, block, lot
Street number
Street name
State use code
Zoning
Neighborhood identification
Date of Sale
Sale Price
Time Adjusted Sale Price (if indicated)
Total land area
Proposed assessed land value from the schedule
Ratio of proposed **land assessment**/sale price (or TASP)
Prior FY assessed land value
Value change percent [(proposed assessed value - prior assessed value) ÷ prior assessed value]

*"P" code sale refers to a sale of improved parcel that was classified and valued as vacant land at time of sale; valued as improved parcel for as of January 1st.

LAND VALUATION ANALYSIS SPREADSHEETS

LAND RESIDUAL SPREADSHEET (Prior A-1a2 & A –1a3)

Map, block, lot
Street number
Street name
State Use Code
Zoning (if applied)
Neighborhood
Neighborhood location factor
Style
SFLA
Grade
Actual Year Built
Effective Year Built
Depreciation %
Sale Date
Sale Price
Time Adjusted Sale Price (if indicated)
Total Improved Building value: (RCNLD)* plus Outbuildings & Extra features
Total land area
Land Influence adjustments
Indicated Market value: (Sale Price (or TASP) – Total Improved Building Value)
Proposed land value from land schedule
Ratio of Proposed land value / Indicated land residual value (%)
Absolute dispersion
Prior FY assessed land value
Value change %: [(proposed land value – prior assessed land value) ÷ prior land value]

- ✓ Note: Indicated land residuals are to be at 100% assessment level. Improved building values must represent up to date cost tables as of the date of value - Jan. 1st.

- ✓ The statistical requirement for the **overall land residual** must be between 90 to 110 median ASR with COD LT or EQ to 20%. The median ASR must be within 5 points of the major class for the community.

Sub-stratification studies of residuals should also include the following:

1. Land Residual Analysis stratified by neighborhood (or site index).
2. Land Residual stratified by the following lot size
   i. 1st stratification with sale parcels at or below the standard lot size or zoning if applied.
   ii. 2nd stratification with sale parcels over the standard lot size or zoning if applied.
   iii. 3rd stratification with sale parcels over the standard lot size (or zoning) by neighborhood if excess varies by neighborhood.
3. The median ASR of the sub-studies <u>must be within 5 points</u> of the overall land residual for the community.

LAND SCHEDULE (EXCEL FORMAT) - FORM LAND 1

Form Land 1

Format for Land Schedule Submission

Submission is to be made in Excel Format

Neighborhoods	Square Foot Gradations								

Square Foot Gradations should be incremental and have a range extending up to the maxim square footage required for a primary lot within each neighborhood.

A. Gradation intervals should contain, at least, principle break points as applicable to the municipality. These could be 1000sf, 2000sf, 2500sf or other intervals as applicable to the zoning or custom.
B. If the size of the prime lot varies by zoning and zoning can vary within a neighborhood then the schedule should separate each neighborhood into the various allowable zones.
If a neighborhood has two separate zones then it should be broken down into two separate lines.
{For example: Neighborhood 3, Zone 10,000sf should be one line and Neighborhood 3, Zone 20,000sf should be another line}

LAND VALUATION ANALYSIS SPREADSHEETS

COMMERCIAL & INDUSTRIAL INCOME APPROACH RESIDUAL METHOD (Prior A-1b)

Map, block, lot
Street number
Street name
State (prime) use code
Commercial NBHD
Commercial Location Factor
GBA
Leased Area (Rentable area)
Potential Gross Income
Vacancy percent
Expenses percent
Net operating income (NOI)
Capitalization rate
Proposed Income value
Building value (RCNLD)
Indicated income land residual value (total income value - total building values)
Total land area
Land Influence adjustments
Proposed land value from land schedule
Ratio of proposed land value / indicated income land residual value (%)
Absolute Dispersion
Prior land value
Value change % [(proposed land value – prior value) ÷ prior value]

APARTMENT UNITS INCOME RESIDUAL METHOD (Prior A-1c)

Map, block, lot
Street number
Street name
State use code
Neighborhood
Neighborhood Location Factor
Number of units on parcel
Potential Gross Income
Vacancy percent
Expenses percent
Net operating income (NOI)
Capitalization rate
Proposed income value
Building value (RCNLD)
Indicated income residual land value (total income value - total building values)
Total land area
Land Influence Adjustments
Proposed land value
Proposed unit value (proposed land value ÷ number of units)
Ratio of proposed land value / land residual value (%)
Absolute Dispersion
Prior land value
Value change % [(proposed land value - prior land value) ÷ prior land value]

ASSESSMENT RATIO STUDY INFORMATION (prior A-2)

ASR studies should include the following fields:

Map, block, lot
Street number
Street name
State use code
Neighborhood identification or Site Index
Total land area
Style
Story height
Grade
Total square feet of living area
Actual year built
Effective year built
Condition
Depreciation (%)
Date of Sale
Sale Price
Time Adjusted Sale Price (if indicated)
Total land area
Proposed assessed value
Assessment Sale Ratio [proposed assessment/sale price (or TASP)]
Absolute Dispersion

Assessment ratio studies should be conducted by the following listed stratifications.

1. By State Use Code
2. Building style
3. Age group
4. Sales price quartile
5. Neighborhood/site index

For each stratification, a median, mean and COD should be calculated.

There may be other appropriate sorts, such as lot size along with neighborhood or by itself, building size along with style or by itself, age (either effective or actual, depending on which one is relevant) etc. If you feel that the listed ones are not relevant or that others may be needed, please discuss with your BLA advisor.

C&I DEVELOPMENT OF ECONOMIC RENT, INCOME AND EXPENSE ANALYSIS (Prior A-3a)

Map, block, lot
Street number
Street name
Commercial NBHD
State Use code
Tenant Use Code
Initial lease date
Lease term
Leased Area (Gross or rentable area)
Annual Rent
Actual square foot rent
Actual vacancy percent
Actual expenses
Actual expense percent
Other income
Indicated net operating income (NOI)
Comments

This spreadsheet should be sorted by state use code

OVERALL MARKET CAPITALIZATION RATE DEVELOPMENT SPREADSHEET

Map, block, lot
Street number
Street name
Commercial NBHD
Use Code at time of sale
Leased Area (Gross or rentable area)
Reported Annual Income
Gross Income/PSF
Reported vacancy percent
Reported expenses or percent
Expenses/PSF
Indicated net operating income (NOI)
Date of sale
Sale Price
Indicated Overall Cap Rate* (NOI / Sale Price)

APARTMENT DEVELOPMENT OF ECONOMIC RENT, INCOME AND EXPENSE ANALYSIS (Prior A-3b)

Map, block, lot
Street number
Street name
State use code
Bedroom count
Number of units*
Rent per unit*
Gross rent*
Actual vacancy percent
Actual expenses percent
Indicated Net Operating Income (NOI)
Comments

* This spreadsheet should be sorted by state class code (111, 112, 121, 125, ETC.) and unit type.

APARTMENT OVERALL MARKET CAPITALIZATION RATE DEVELOPMENT SPREADSHEET

Map, block, lot
Street number
Street name
Use code at Time of Sale
Number of units*
Reported Annual Income
Gross Income/Unit
Actual vacancy percent
Reported Actual Expenses or percent
Expenses per Unit
Indicated net operating income (NOI)
Date of sale
Sale Price
Overall cap rate* (NOI / Sale Price)

LAND REVIEW SPREADSHEET (Prior B-1)

Map, block, lot (combined in one field)
Street number
Street name
Neighborhood identification or Site Index
Zoning if applied
State use code
Total land area
Segment land type (e.g., primary, secondary, residual, front foot, etc.)
Land segment size
Base Unit value - primary base value per square foot or acre
Primary site influence adjustments – **Provide as many columns as needed to list factors separately**
Final unit value after adjustment
Land segment value
Total land value
Sale date
Sale price
Time Adjusted Sale Price (If indicated)
Sale code (non-arms length)
Assessment/sale ratio [proposed assessment/sale price (or TASP)]
Prior assessed land value
Value change % (proposed land value - prior land value) ÷ prior land value]

Note: All classes of property could, if desired, be included on one spreadsheet or each class could be presented separately. Please discuss with BLA Advisor.

RESIDENTIAL REVIEW SPREADSHEET (Prior B2)

Map, block, lot (combined in one field)
State use code
Neighborhood code
Street number
Street name
Style
Story height
Grade
Total square feet of living area
Actual year built
Effective year built
Condition
RCN
Depreciation:
- Physical - percent
- Functional - percent (document reason for adjustment)
- Economic - percent (document reason for adjustment)

Market adjustments -- type
RCNLD - replacement cost new less depreciation
Total land area
Land value
Total detached structure value
Sale date
Sale price
Time Adjusted Sale Price (If indicated)
Sale code (non-arms length)
Assessment/sale ratio [proposed assessment/sale price (or TASP)]
Total assessed value
Prior assessed value
Value change % [(proposed value - prior value) ÷ prior value]

COMMERCIAL, INDUSTRIAL, MIXED-USE AND APARTMENTS REVIEW SPREADSHEET

(Prior B-3a)

Map, block, lot
Street number
Street name
State use code
Total leasable area (units, GFLA, etc.)
RCNLD
Detached structure value
Land area
Total land value
Proposed value -- cost approach or market adjusted cost
Proposed value -- income approach value
Proposed value -- market approach value (if applicable)
Sale date
Sale price
Time Adjusted Sale Price (If indicated)
Sale code (non-arms length)
Assessment/sale ratio [proposed assessment/sale price (or TASP)]
Final proposed assessed value (by whatever approach used)
Final proposed value per square foot (land and building) or units or beds
Assessment/sale ratio
Value change % [(proposed value – prior value) ÷ prior value]
Correlation percent of the two (2) approaches to value

NOTE:

1. This is the first of two spreadsheets for this portion of the review process. They should be used for the property classes 013, 031, 111, 112, 121, etc., all 300s & 400s.

2. The two main approaches to value, if applicable, should be shown in this spreadsheet. If only one approach is used, or if all three are used, then that should also be reflected.

COMMERCIAL, INDUSTRIAL, MIXED-USE AND APARTMENTS INCOME DETAIL SPREADSHEET (Prior B-3b)

To be used for the property class codes 013-031, 112-121 etc., 300's and 400's and 111's (as applicable)

Map block lot
Street number
Street name
State use code
Neighborhood or Location Factor
Grade
Condition
Year built (actual or effective)
Gross building area
Leased Area (Gross or rentable area)
Number of units (apartment) or unit square feet*
Number of bedrooms*
Use*
Economic rent*
Gross rent*
Vacancy percent
Expenses percent
Net operating income (NOI)
Capitalization rate percent
RCNLD
Detached structure value
Land area
Total land value
Income Value
Final proposed assessed value

*broken down by each type as applicable

RESIDENTIAL CONDOMINIUM REVIEW SPREADSHEET (Prior B-4)

Map, block, lot
Unit #
Complex address or name
Condo style
Story height of unit
Floor number--basement, 1st floor, 2nd floor, townhouse
Percent common interest
Condition
Grade
Year built (actual or effective)
Market adjustment
Total square feet of living area
Total room number
Total bedroom number
Total bath number
Total half bath number
Extra fixtures
Basement finished area or basement recreational area
Complex amenities
Location adjustments
Proposed assessed value of unit
Assessed value per square foot
Date of sale
Sale Price
Time Adjusted Sale Price (if indicated)
Sale price per square foot
Sale code (non-arms length)
Assessment/sale ratio [proposed assessment/sale price (or TASP)]
Previous or old assessed value of unit
Value change percent [(proposed unit value - old unit value) ÷ old unit value]

PERSONAL PROPERTY

Previous to Current Value Report

Account Number
Business Name (or DBA)
Owners Name
Location
State class
    Machinery Total Value
    Furniture and Fixtures Total Value
    Inventory Total Value
Proposed Total Value
Prior Total Value
Value change % [(proposed value – prior value) ÷ prior value]

Second Home Study (Allocation Study)

Account Number
Parcel ID
Location
Personal Property Reported Value
Assessed Building Value
Allocation Ratio (Personal Property Reported Value/ Assessed Building Value)
Proposed Value

The results of the study should include:

a) mean (average) ratio
b) Median Ratio
c) standard deviation
d) count