

**Lead Agency:** County Management

**Program Contact:** Leslie CECH

**Program Offer Type:** Existing Operating

**Related Programs:** 72023, 72024, 72028, 72029, 72030, 72033, 72035, 72037

**Program Characteristics:**

**Executive Summary**

The Residential Property Appraisal Program, within the Division of Assessment, Recording and Taxation (DART), is responsible for valuing and appraising all residential-use Real Property, residential converted to commercial use, generic commercial use and 5-5 unit multi family apartments. Residential Property represents 62% of the total taxable assessed value upon which taxes are calculated and levied for the benefit of all Multnomah County taxing districts.

**Program Description**

This program is responsible for maintaining Real Market Value and Maximum Assessed Value on 209,400 single family and two-four family properties; 35,400 condominiums; 4,900 manufactured homes; 1,800 floating properties; 2,800 farm/forest deferral properties; 2,200 5-20 multifamily unit properties; and 1,300 business accounts. Staff physically inspects and appraises 7,000 to 8,000 properties annually due to permits issued for new construction, remodeling or renovation. They also appraise 3,000 to 4,000 properties annually discovered through the sales confirmation process as having been significantly improved without apparent issuance of building or trade permits.

Under Measure 50, such appraisals add new value for taxing districts beyond the statutorily required 3% increase in the Maximum Assessed Value. Appraisals are also performed to defend values under appeal; and to verify that sales of property are valid market-based transactions that can be used to adjust automated valuation models, to appraise other property, and to generate the annual Ratio Report that measures the effectiveness of the program. This program primarily contributes to the fair and accurate appraisal of residential property as required by the Oregon Revised Statutes (ORS).

Maintaining accurate Real Market Values on all property directly affects the maximum bonding capacity and general obligation bond tax rates for all applicable taxing districts in the County. The program ensures that all residential property is valued in accordance with the law, which maximizes property tax revenues to fund programs for the County and other jurisdictions. Property taxes account for approximately 65% of the County's General Fund revenues.

Various computer and online tools are used to maximize appraisal effort. Focus is on discovery of new taxable property. Accurate values maximize the level of tax assessment allowed under Measure 5 and Measure 50 tax limitation measures.

**Performance Measures**

Measure Type	Primary Measure	Previous Year Actual (FY11-12)	Current Year Purchased (FY12-13)	Current Year Estimate (FY12-13)	Next Year Offer (FY13-14)
Output	Accounts Appraised	16,019	15,000	15,000	15,000
Outcome	New Taxable Exception Value in Millions of Dollars	322	400	400	400
Efficiency	Accounts Appraised per Appraiser	668	700	700	700
Outcome	% Neighborhoods with COD Compliance	89	98	98	98

**Performance Measure - Description**

Oregon law requires property appraisals to be at 100% of Market Value as of January 1 of each year within standards established by the Oregon Department of Revenue (DOR). One of the primary standards is a statistical measure called the Coefficient of Dispersion (COD). Failure to meet these standards can result in loss of CAFFA grant revenue and program control. The DOR annually reviews compliance through three required reports: The Assessor's Certified Ratio Study, the Assessor's Appraisal Plan and the CAFFA Grant application. The DOR's most recent review as of 2012 determined that this program complies with standards.

Estimates made regarding new taxable value from Measure 50 exceptions are speculative due to the difficulty in predicting market forces. With the real estate market still in flux, we are focused on physical reappraisal, targeted resource allocation and improved methodology to maximize assessments.

## Legal/Contractual Obligation

Oregon Revised Statutes (ORS) Chapters 92,205,294,305,306,307,308, 308A, 309, 310 and 321 and related Oregon Administrative Rules regulate virtually all aspects of the assessment and property tax calculation process. ORS 306.115 assigns statewide general supervision of the property tax system to the Oregon Department of Revenue (DOR). Through the County Assessment Function Funding Assistance (CAFFA) Grant process described in ORS 294.175, the DOR determines the acceptable level of staffing. The DOR has determined that DART staffing is at the minimally acceptable level to perform their functions. Any reduction to this program may jeopardize this grant revenue.

## Revenue/Expense Detail

	Proposed General Fund	Proposed Other Funds	Proposed General Fund	Proposed Other Funds
<b>Program Expenses</b>	2013	2013	2014	2014
Personnel	\$2,958,735	\$0	\$3,087,062	\$0
Contracts	\$10,500	\$0	\$10,500	\$0
Materials & Supplies	\$131,244	\$0	\$120,675	\$0
Internal Services	\$402,285	\$0	\$436,263	\$0
Total GF/non-GF:	<b>\$3,502,764</b>	<b>\$0</b>	<b>\$3,654,500</b>	<b>\$0</b>
Program Total:	<b>\$3,502,764</b>		<b>\$3,654,500</b>	
Program FTE	29.25	0.00	29.35	0.00
<b>Program Revenues</b>				
Intergovernmental	\$862,680	\$0	\$968,540	\$0
<b>Total Revenue:</b>	<b>\$862,680</b>	<b>\$0</b>	<b>\$968,540</b>	<b>\$0</b>

## Explanation of Revenues

Participation in the Oregon Department of Revenue County Assessment Function Funding Assistance (CAFFA) Grant, which supports Assessment & Taxation Programs, provides reimbursement of approximately 25% of Assessment & Taxation program expenditures, and can vary depending upon the overall state-wide CAFFA pool and the allocated percentage to each participating county. Total annual Multnomah County share of CAFFA is estimated at \$3,950,000 for FY14, with \$968,540 allocated to DART Residential Appraisal Program. Remaining Program support is from General Fund Revenues.

## Significant Program Changes

✔ Significantly Changed

**Last year this program was:** #72034, DART Residential Property Appraisal

Small apartments (5-20 units) formerly reported in commercial (72033) are now reported in this program.

One position reclassified from Data Analyst Sr. to Property Appraiser 2 and transferred from Administration(#72023) to Residential Appraisal(#72034)+1.00 FTE; Transferred a position from Commercial Appraisal (#72033) to Residential (#72034) +1.00 FTE; One Position reclassified from A&T Technician 1 to Property Appraiser 2 and transferred from Customer Service & County Clerk (#72024/#72025) to Residential Appraisal (#72034) +1.00 FTE; Three A&T Data Entry Operator positions transferred from Residential to Personal Property (-3.00 FTE); Allocation of Chief Appraiser position changed from 25% in FY13 to 35% in FY14 +.10 FTE. Net Change overall due to above reorganizations from FY13 to FY14 = +.10 FTE