

A Public Report to the Town of Branford First Selectman:
Review of the Proposed Branford RFP for Residential
Revaluation Services

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PART I of II: GENERAL NOTES

- 1. *Public Notification of Dates.* Branford residents believe that this revaluation would not occur until state fiscal year 2010. The revaluation process outlined in this RFP would be completed for the October 2009 Grand List. Some substantial public education will be required to inform residents and homeowners of the present timeframe.

The Committee notes that, since the revaluation RFP was not let in mid-April as indicated in the proposed timeline, dates outlined in the proposal will need to be revised.

- 2. *Public Transparency.* The various forms, schedules, proposals, bids and other documents described in this revaluation process must be made accessible to the Branford public beginning with the issuance of this RFP. The Town of Branford is to be commended for developing a "Revaluation Website" for the last revaluation and making available to all residents the proposed valuations of each property. The Town did not, however, make accessible on the website or in print format other public records needed by homeowners to understand and properly evaluate the process and outcomes in which they were involved, resulting a series of Freedom of Information (FOI) requests.

The Committee unanimously recommends that the Town of Branford create and launch an online Revaluation Website no later than July 2008. The Committee also recommends that the various forms, schedules, proposals, bids and other documents described in this revaluation process be made accessible to the Branford public beginning with the issuance of this RFP, on the website and in print format.

- 3. Valuation Methodology Problems.

Software. We make the assumption that the Town of Branford is the owner of the most current and updated Vision Appraisal CAMA Software System, and that the claim cannot be made that any data stored upon this system is of a proprietary nature. We assume that the Town owns sufficiently current computers on which it can be run. Further, we assume that the Town of Branford has current employees capable of accessing any and all data included within this system. We do question whether the use of this particular software predisposes selection of Vision Appraisal as the contractor.

We also seek assurance that, if use of a different software package is proposed and accepted by the selected Bidder, the Town of Branford will continue to retain intellectual and property rights to all data and records entered and stored on it as part of this revaluation.

Use of Duplicative Multipliers. The Committee strongly recommends that the 2009 Town of Branford not employ duplicative multipliers (such as view and neighborhood) which together constitute double and triple taxation for various geographic sections of the Town. We believe that differences in sales prices and fair market value fully account for the variation in value known to exist in the Town.

Full Articulation of the Basis for Forms, Schedules, Classifications, Data Gathering Instructions. The Committee strongly recommends that all forms, schedules, classification typologies and definitions be posted to the Town of Branford Revaluation Website.

Backward Extension of Sales Data Comparative Groupings. The Committee provides data within on current trends in home sales and in home sale values. As the number of sales continues to decline, it will force the construction of comparative sales groups farther back in time when both prices and sales were more robust and at higher levels. The Committee urges caution here and makes recommendations for dealing with this critical issue.

4. *Applicability to the Other Revaluation RFP Proposals.* Time did not permit the Committee to engage in a full and detailed review of the remaining four (4) RPS provided by the First Selectman. However, we do not that much of language in the Residential Revaluation Review – which we did study intensively – pertains as well to the other RFPs.

Part II: PAGE-BY-PAGE RESIDENTIAL ANALYSIS AND RECOMMENDATIONS

INSTRUCTIONS TO PROPOSERS (Section II)

- Page 5. Proposer's Qualifications (Section II. G)
The Committee believes it essential that the Town of Branford be better assured as to the competency of potential contractors.

RECOMMENDATION. ADD the following provision: *Proposers shall provide documentation of any litigation related to prior revaluations they have completed related to CT municipalities, and include a detailed description of the types and magnitude of revaluation appeals related to prior re-valuations they have done for CT municipalities. Proposers shall also declare if they have had one or more performance bonds pulled back due to competency problems or other matters related to the unsatisfactory fulfillment of prior revaluation and or any other contractual requirements.*

SUMMARY OF PERTINENT DATES (Section III)

- Pages 6-9: Timeline (Section III)
QUESTIONS: What is the impact of the date shifts because the RFP was not let on April 16th? Will the adjusted timeline leave appropriate time for all activities to be accomplished and still provide appropriate valuation data for the 2009 Grand List?

PROPOSAL FORM (Section IV)

- Page 9 (Section IV)

RECOMMENDATION: ADD: "This Proposal shall become a public record upon being opened by the town on the bid opening date."

RECOMMENDATION: ADD to Section A (Proposal Format and Contents), Item 3 or Item 5, the requirement for the litigation and appeals summary noted above.

GENERAL CONDITIONS (Section VI)

- Page 17: Fair Market Value (Section VI. A. 9)
The proposal cites the statutory reference for Fair Market Value within the RFP as "defined in section 12-63 of the CT General Statutes...and "as defined by the uniform standards of professional appraisal practice: The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of specified date and the passing of title from seller to buyer under conditions whereby..."

RECOMMENDATION: The Committee notes that CT General Statutes Section 12-63 contains many subsections and recommends that the specific relevant section be noted in the RFP.

- P. 21: Minimal Qualifications (Section VI. D. 4a-c)
The Committee seeks assurance that no employee engaged by the selected contractor under this contract shall have been discharged from prior revaluation employment for cause, including malfeasance. For example, the Town of Branford will not want to employ a firm (or its subcontractors) whose work products have generated many appeals related to the performance of individual managers, reviewers, appraisers, measurers or listers). Current RFP language does not address this issue at all.

RECOMMENDATION: The RFP should indicate that indicate that no employee engaged under this contract and assigned to the Branford revaluation shall have been discharged from prior revaluation employment for cause or malfeasance.

- Page 21: Conflict of Interest (Section VI. E)
The Committee takes the position that no resident, Town employee, independent contractor or subcontractor should be employed under the Town of Branford Revaluation who has a conflict of interest. The RFP as now written provides only that "No resident or Town employee or independent contractor shall be employed by the Contractor without the prior written approval of the Assessor and the First Selectman." It does not explicitly address the issue of conflict of interest.

RECOMMENDATION: ADD: All individuals employed by the Contractor under this RFP shall be identified on the Town of Branford Revaluation Website, along with an indication of any whom for whom the conflict of interest prohibition has been waived by the Assessor and First Selectman.

SERVICE REQUIREMENTS (Section VII)

- Page 27. Scope of Reappraisal and Revaluation (Section VII. A)
In the last Town of Branford revaluation, the contractor claimed proprietary privilege and would not release to the Town or its homeowners forms, schedules and actual calculation parameters related to the appraisal and revaluation process.

RECOMMENDATION: ADD to Section VII, A an additional item (#6) as follows: All records and data related to this reappraisal and revaluation shall remain the property of the Town of Branford.

- Page 28. Town Data (Section VII. C)
The Committee notes that when the numbers of "real property by code" are added, the total is significantly different from the "Total Number of Accounts" listed at the bottom of the page.

RECOMMENDATION: This needs to corrected or explained in the RFP before it is issued.

- Page 29. Town Data (Section VII. C)
DATA NOTE: The Committee notes that the 2007 Town of Branford population, as reported by the CT Economic Resource Center (www.cerc.org) was 29,864. The RFP uses census data, which are now 8 years old and inaccurate.

- Page 30. Public Relations (Section VII. D)
The RFP suggests that the Town will create a "Web Site for Revaluation." In the last revaluation, the Town of Branford did create and post a Revaluation Website.

RECOMMENDATIONS: ADD: The Town of Branford will create and post on the Internet a Town of Branford Revaluation Website. The selected contractor will provide reasonable assistance and all information and public records requested for posting to the website.

- P. 31. Property Inventory Mailer (Section VII. F)

In the last appraisal and revaluation (2002/2004) property cards included factually incorrect information from the beginning to the end of the process. The proposed 2009 RFP process indicates that the 2009 inventory shall be "mailed via first class mail" to the owners of each property" and the "owner will be asked to...report any discrepancies to the Contractor."

RECOMMENDATION: ADD: Each property owner will be provided, by first class mail and in an electronic format (if preferred) a copy of the corrected inventory mailer that the contractor is required to provide to the Town.

- Page 31. General Provisions (Section VII. G.1.)

The Committee believes that full public transparency must be one of the hallmarks of this revaluation. Full public definition of all information parameters utilized in the reappraisal and revaluation were never made available and accessible to Branford homeowners, leading to revaluation results that generated citizen confusion, appeals and litigation.

RECOMMENDATION. ADD: "The Contractor shall fully define all information parameters for information that is being collected and analyzed. This public record shall be posted to the Town of Branford Revaluation Website."

- Page 31. Additional Supplies (Section VII. G. 2.)

This section requires that the Assessor approve all forms utilized in the revaluation. The Committee commends the Town for taking this step.

RECOMMENDATION: ADD: "All forms utilized as part of the 2009 Branford Revaluation shall be posted to the Branford Revaluation website, along with data definitions and sample data."

- Page 32. Records are Town Property (Section VII. G. 3)

RECOMMENDATION: ADD: "To the greatest extent possible, all records and computations left in the custody of the Assessor shall be in electronic format accessible for town and citizen purposes."

- Page 32. Field Sheets for Data Collection. Value Information (Section VII.G.5.a)

The field sheets from last year were often factually incorrect.

RECOMMENDATION: The Town of Branford should include language to ensure that the information provided on the Field Sheets for 2009 will include any corrected information provided by the home owner with which the town agreed (including any factual changes and valuations resulting from the 2004 appeals or litigation process).

- Page 33. Inspection (Section VII. G. 5.)

For many homes, there will be no change from the 2004 final inspection report and the 2009 report. For some homes, the 2004 inspections were factually inaccurate, but the data were presumably corrected in the Town's final records for each affected property.

RECOMMENDATION: The Town of Branford, thought this contract, shall provide homeowners with the final 2004 inspection report along with the 2009 Reappraisal and Revaluation report.

- Page 33. Sales Analysis (Section VII. G. 7) *****KEY SECTION*****

This provision allows for the Assessor to specify some "other reasonable period as deemed necessary" as an alternative to the sales analysis of "all residential sales which occurred from October 1, 2006 through October 1, 2009." The RFP does not specify what would trigger this alternative set of dates.

The Committee is deeply concerned about the parameters of this decision making process and the actual extension of comparative sales analysis pushed back further in time. Later in the RFP, it is specified that the Town may look back for up to five (5 years) to obtain a set of 30 comparative sales in each category of residential properties. Why? Because going back further will push the sales data back into a period of rapid appreciation data which will NOT match the current period of declining sales and home values.

DATA NOTE: Current news reports as recent as Monday, May 5th indicate that median sales prices of single family homes in CT fell for the 4th straight month and by the most since the mid-1990's (7%). These declines are expected to continue. In addition, the actual number of sales is declining as well, reducing the pool of comparable sales from which sales analyses can be conducted. Specifically, from 2007 to 2008, sales in New Haven County declined by 26.5%. This trend is expected to continue. In addition, as the Town of Branford relies ever more heavily on residential property as the bulk of its total Grand List, obtaining an equitable accurate valuation for all property is very critical.

Several Committee members felt strongly that the Town of Branford must engage in a public dialogue in which leadership articulates what revaluation protections will be in place to address the likelihood that home prices in Branford could drop another 10-15% before the bottom of the real estate decline is reached.

RECOMMENDATION: The Committee strongly recommends that if some other period of time for comparative sales analyses other than October 2006 through October 2009 is set by the Assessor, the alternative dates will be provided by the Assessor to the general public along with a rationale for their selection, prior to being implemented as part of the 2009 reappraisal and revaluation process.

- Page 34. Assessment Notices (Section VII. H)

All information transmitted to homeowners by mail, under this section, must also be available online, for all property revaluations in Branford. This will enable homeowners to view the valuations for other properties for comparative purposes. This was done for the 2004 revaluation but is not mentioned in this RFP.

RECOMMENDATION: ADD: All revaluation information and assessment notices transmitted to homeowners by mail shall be posted to the Town of Branford as soon as they are available.

- Page 34. Informal Public Hearings (Section VII. I)

The section provides that no later than November 16, 2009, the Contractor shall hold informal public hearings...so that owners and/or their legal representatives can discuss the manner and methods of arriving at value.

RECOMMENDATION: ADD: The schedule for all of these meetings shall be posted online and widely disseminated in advance of the meetings.

- Page 37. Information to the Assessor (Section VII. L)

This section currently reads "Property data, values, pricing schedules are to be entered into the most current Vision Appraisal CAMA Software System database by the Contractor. This information, and/or appraisals and records shall not be made public until after the informal public hearings, except to the extent

public access may be compulsory under the provisions of applicable law." The Committee finds the 2nd sentence to be completely unacceptable.

The Committee notes that this would be in exact opposition to what was done in the 2004 revaluation and that it completely disadvantages citizens and home owners from accessing information helpful in understanding and questioning their own proposed revaluations.

RECOMMENDATION: SUBSTITUTE for the 2nd sentence: "This information, along with appraisals and records shall be made public in advance of the informal public hearing and shall be posted to the Town of Branford Revaluation Website."

- P. 37. Building Cost Schedule. General (Section VII. M.1)

RECOMMENDATION: ADD: "All schedules prepared under this section of the Contract shall be available for public examination, and shall be posted to the Town of Branford Revaluation Website."

- Page 37. Types of Cost Schedules. Residential (Section VII. M.2.a)****KEY ISSUE*****

As was the case in 2004, this section provides that "Residential cost schedules shall include schedules for various classifications, types, models and story heights normally associated with residential building, and shall contain base prices for a minimum of six (6) house grades covering ground floor areas from 400 to 6,000 square feet. The schedules shall be flexible...."

The Committee expresses strong concern about the lack of transparency related to "various classifications" and the explicit use of the term "flexibility" within the context of "schedules for various classifications." Home owners have the right to know what is being included in these schedules and that the definitions are standardized across all usages. The forms to be used as part of these schedules, along with all definitions and instructions, must public records and in advance of reappraisal inspections. There is also nothing in this section which corrects the definitional and classification problems that occurred in the 2004 revaluation and of which the Town of Branford is fully aware.

Further, the use of the permissive language of "flexibility" ensures that significant differences will occur across revaluations. Because of this permissive flexibility, all schedules and their component parts must be made public in advance of the actual period of inspection and valuation. This would include definitions of the various classifications of homes, including use of the category "custom". Many problems with the 2004 revaluation could have been avoided if the definitions for these classifications were public, ahead of time.

RECOMMENDATION: ADD: "All residential cost schedules and classification types, along with definitions for each component part, shall be available for public examination and shall be posted to the Town of Branford Revaluation Website."

- P. 38. Schedules for Town (Section VII. M. 4)

RECOMMENDATION: MODIFY as FOLLOWS: "These schedules shall be in the form of a bound manual and a computerized file which will be formatted for Web Access and Power Point."

- Page 38. Real Property Appraisal Specifications. Appraisal of Land. Land Value Study (Section VII.N.1.a)
This section resets the precedent for including "view" as a parameter with no definitions as to how that shall be defined and recorded. The Committee expresses strong concern that "view" was one of the component classification issues that contributed to double and triple taxation for many shoreline homes last time as the result of duplicative multipliers.

RECOMMENDATION: MODIFY as FOLLOWS: "All factors affecting the final value of land shall be considered, such as: location, zoning, inland wetlands, topography, soil condition, size, shape, view, public utilities available, vacancy, etc. [NEW] and all factors shall be publicly reported on the Town of Branford Revaluation Website in advance of any reappraisal inspections."

- P. 39. Land Value Map (Section VII. N. 1d)

RECOMMENDATION: ADD: " All land value maps, classification categories and schedules presented to and accepted by the Town shall become public data, accessible to all residents in hard copy and via the Branford Revaluation Website."

- Page 39. Neighborhood Delineation (Section VII. N. 1e)
This section provides to the Contractor the authority and responsibility to "delineate 'neighborhood' units within the Town. Each neighborhood unit will, in the Contractor's opinion, exhibit homogeneous characteristics. Each neighborhood unit will be assigned a separate identification code which will be used for valuation..."

The Committee strongly objects to the designation and use of "neighborhood units" for the purpose of revaluation. In the 2004 reappraisal and revaluation, "neighborhood" was used as a multiplier factor and it contributed to a situation of double and triple taxation due to the use of duplicative multipliers. This situation was noted earlier in our review under the section that authorizes "view" as a land factor.

The Committee recognizes that clusters of homes by geography may provide a useful tool for organizing the capture and reporting of public planning information but challenges its inclusion as a revaluation factor. However, the Committee objects to designation of such neighborhood units by the Contractor rather than by the Town of Branford Assessor or other public body.

RECOMMENDATION. The Town of Branford will not employ neighborhood designations as a multiplicative factor in the 2009 reappraisal. Further, any designations made of neighborhoods, for any purpose related to the 2009 reappraisal and revaluation must be presented to the public, along with definitional parameters, on the Town of Branford Revaluation Website.

- Page 41. Appraisal of Residential Building and Structures. Review (Section VII. N. 2c)
This section indicates that "The properties shall be reviewed for classification, correct listing information, final value and to ensure that they are correlated to comparable properties." The Committee believes that every homeowner is entitled to know to which other homes/properties his/her home was compared.

RECOMMENDATION: ADD: "The basis for such property comparability correlations shall be included as a data point on the Field Card for each property."

- Page 42. Pricing and Valuation (Section VII. N. 2d(i))
The proposed RFP language states: "Pricing and valuation of all land and buildings must reflect the fair market value as of October 1, 2009 and shall be done in accordance with the previously approved manuals and schedules and these specifications."

RECOMMENDATION. MODIFY AS FOLLOWS: "Pricing and valuation of all land and buildings must reflect the fair market value as of October 1, 2009 and shall be done in accordance with [DELTE: the previously approved] manuals and schedules and these specifications [ADD: as approved by the Assessor]."

- Page 42. Final Valuation (Section VII. N. 2d(ii))

The RFP specifies that "...all of the factors affecting the value of the property, all of which shall be noted in the most current Vision Appraisal CAMA Software System database..."

COMMENT: This language suggests to the RFP Proposal Review Committee that the classification framework is already determined and included, along with definitions and instructions, in the CAMA software. Taken together, the looseness of this RFP language and this specific reference to existing VISION Appraisal software suggests strongly that the 2009 revaluation will simply repeat the 2004 revaluation framework, to which citizens objected through FOI, appeal and litigation.

RECOMMENDATION. There is a duty by the Town to make this classification framework, along with definitions and instructions, part of the public record, as it is based in existing Town of Branford software that any contractor would be required to utilize. Homeowners must be provided with this information in written hard copy as well as online formats before the inspection period begins.

- Page 42. Sales Analysis (Section VII. N.2e)

Current language: "The (sales) analyses shall be done on the aggregate of all residential properties and on each of the neighborhoods previously delineated."

This language provides further indication that the "neighborhood factor" assigned by the Contractor will be utilized in the sales analyses. In the 2004 revaluation, use of a neighborhood "multiplier" was challenged as was the lack of a public basis for delineating "neighborhoods."

RECOMMENDATION. The Town of Branford will not employ view or neighborhood designations as a multiplicative factors in the 2009 reappraisal. Further, any designations made of neighborhoods, for any purpose related to the 2009 reappraisal and revaluation will be presented to the public, along with definitional parameters, on the Town of Branford Revaluation Website.

- Page 42. Compliance Standards. Sales Ratio Standards (Section VII. N. 3a(i-v))

This entire section needs to be translated for the public by the Assessor as a separate document and posted to the Town of Branford Revaluation Website. Also, much of this is based on property classes (NOT DEFINED) with at least 15 sales (NOT DEFINED). We need to understand these definitions, and what happens for property classes for which less than 15 sales (over some specified timeframe) occurs.

RECOMMENDATION. The Town of Branford Assessor create a public document that explains to the general public exactly what is meant by the language employed in this section of the RFP defining "sales ratio standards." This Briefing Paper shall be posted to the Town of Branford Revaluation Website.

- Page 43. Comparative Standards. Sample Size (Section VII. N. 3b)

This section continues the problem noted earlier with regard to designation of the comparative sales data sample (p.33) because of the dramatic change in home sales and home values due to the current state and national economic situation. It allows a "look back" for slightly over five years if "there are not at least 30 valid sales available in the 12 month period so defined by any class of property... If there are not at least 30 valid sales in a class of property over the entire 39 month period, then valid sales from an additional two prior years shall be used."

With sales down and dropping, this section gives permission for the contractor to go back in time up to 5 years to secure a sample of 30 properties. Sales and values in 2003 and 2004 will not reflect the current market, and will exceed current market characteristics. It also overlooks the data that will be generated in the Section related to an examination of "unsold" properties.

RECOMMENDATION: The Committee strongly recommends that if some other period of time for comparative sales analyses other than October 2006 through October 2009 is set by the Assessor, the alternative dates will be provided by the Assessor to the general public along with a rationale for their selection, prior to being implemented as part of the 2009 reappraisal and revaluation process.

- Pages 43-44. Extension to Unsold Properties (Section VII. N. 3c)
This section provides the opportunity to understand how the current real estate market in any given period may be influencing house prices and fair market value.

QUESTION: By what methodology, will the appraisal company acquire information about properties that were listed and then taken off the market over the past and present period of real estate slowdowns and property value reductions? What happens when the number of unsold properties at a particular sales ratio classification (say \$400,000) is greater than the number of sold properties at that sales level? One could reasonably assume that the sales price of the few sales constitutes "outlier property purchases" (that is, purchases without regard to price), and is not, therefore, reflective of the current real estate market with regard to fair market value as determined under CGS12.63.