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**Property Appraisal Division**  
**Finance Department**  
*Anchorage: Performance Value Results*

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**Mission**

Provide a fair and equitable basis for taxation in the Municipality of Anchorage in conformance with State law and professional standards.

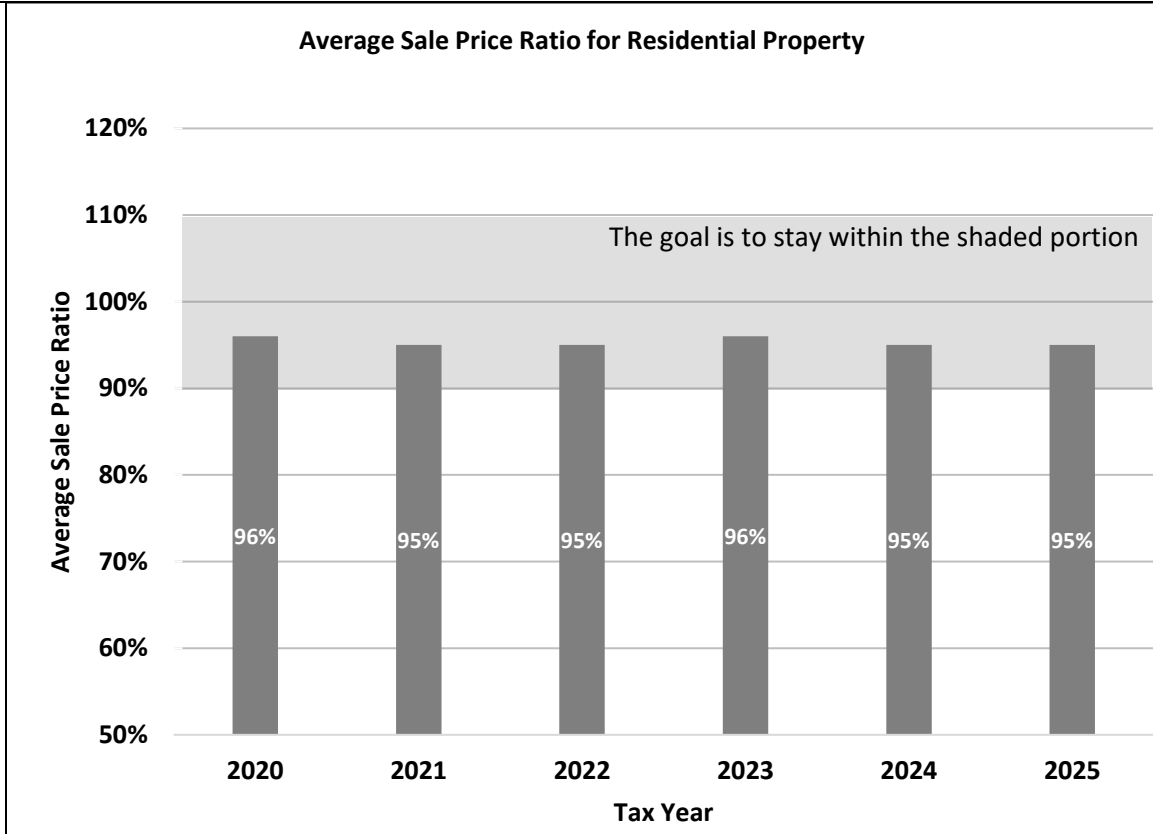
**Core Services**

- Valuation - Annually assess all real and personal property in the Municipality of Anchorage.
- Appeal Response - Timely process all property assessment appeals.
- Data Collection - Ensure that all real and personal property descriptions, ownership records and taxability status are accurate.
- Exemption Administration – Administer Property Tax exemption programs.

**Accomplishment Goals**

- Accurately and uniformly assess Real Property
- Maintain accurate property characteristics
- Completion of annual assessment appeals
- Annually review exemptions

### Measure #1: Ensure Property Assessed at Market Value.

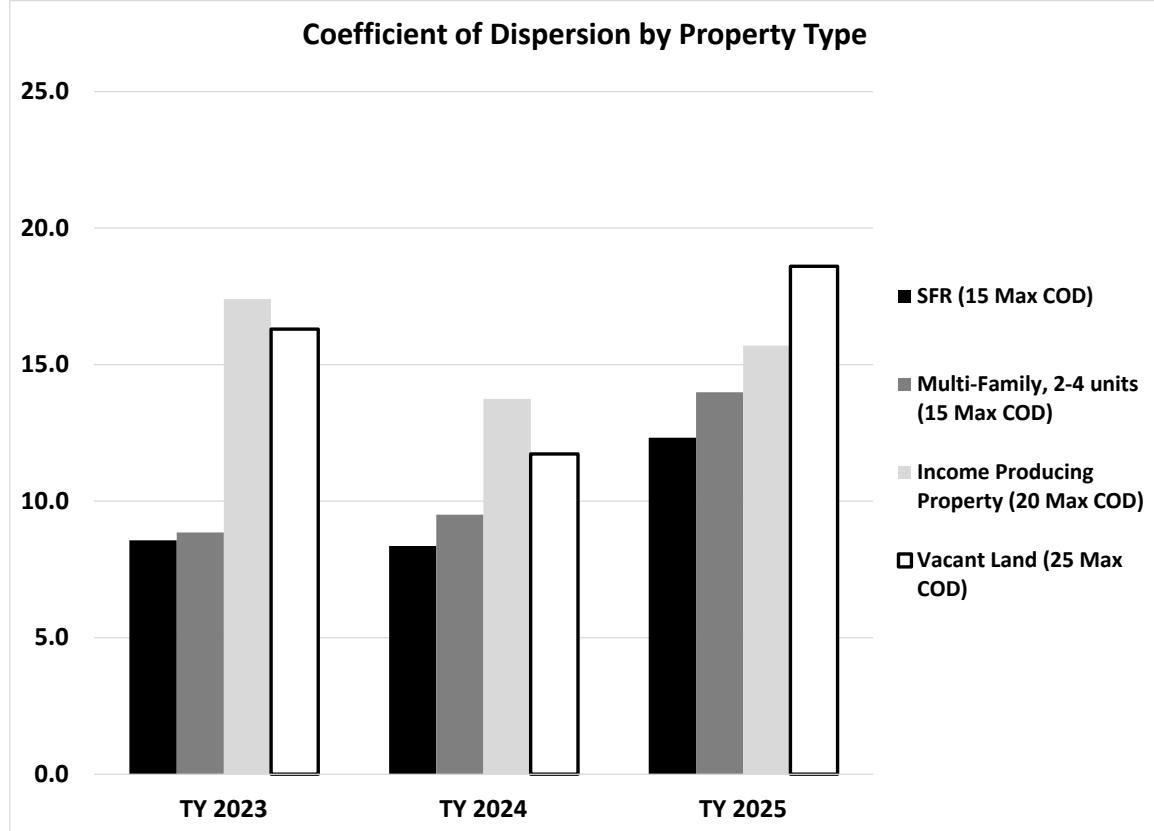


**Explanatory note:**

Under state statute and municipal code, the assessor is mandated to assess property at its market value. To help achieve and evaluate this mandate, the assessor uses sales that were disclosed to the Municipality. Alaska operates as a non-disclosure state, meaning that the buyers and sellers are not required to report the sale price; hence, the assessor is not privy to all sales that have occurred in the Municipality.

The chart above illustrates the average sale price ratio (ASPR) by tax year. The ASPR is computed by dividing a property's assessed value by its recent sale price, only considering those disclosed to the Municipality. For instance, an ASPR of 90% would signify that the property was assessed at \$0.90 when it sold for \$1.00. It's noteworthy that the International Association of Assessing Officers (IAAO) recommends this ratio to fall within the range of 90% and 110%.

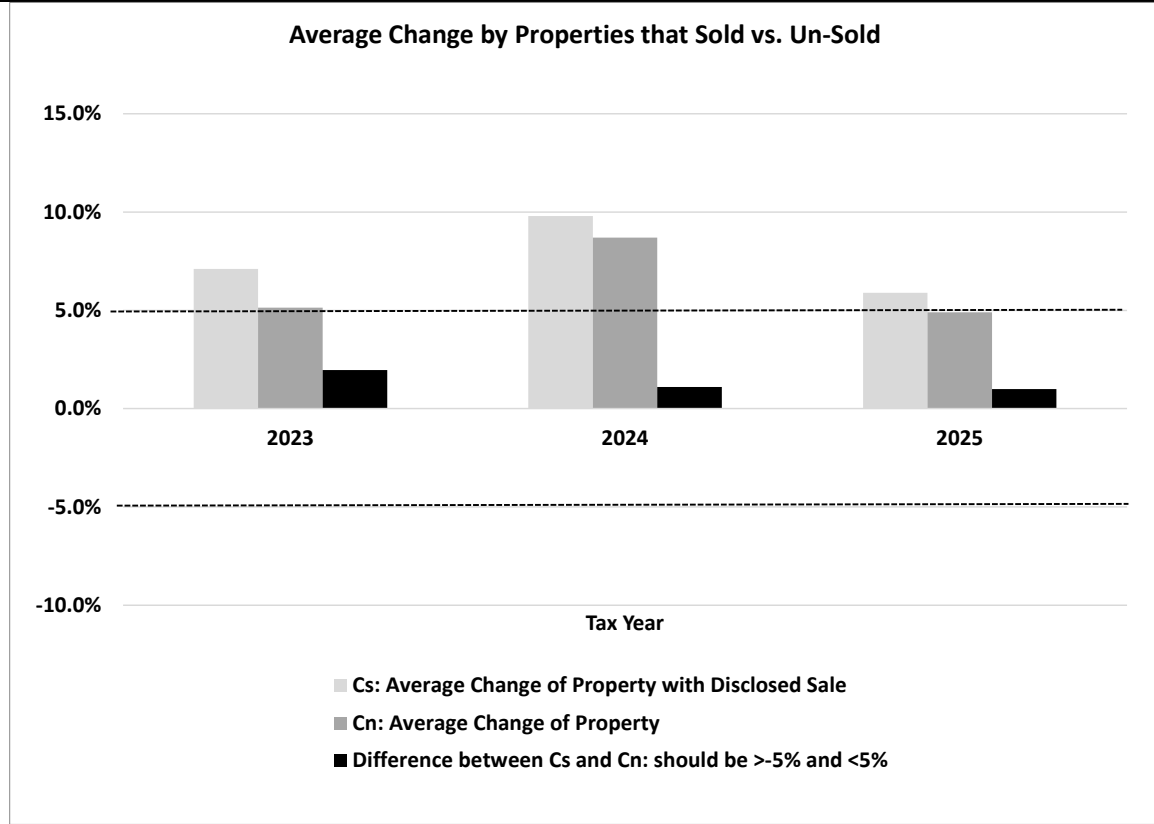
## Measure #2: Real Property Uniformly Assessed.



### Explanatory Note:

COD stands for "coefficient of dispersion" and measures how much the actual sale prices of homes are different from what we expect them to be. A lower COD means the prices are closer together, which is fair and accurate. A high COD can suggest problems like being unfair or not accurate. Experts recommend that the COD be below 15 for single-family homes, below 20 for income-producing properties like apartments or shops, and below 25 for vacant land.

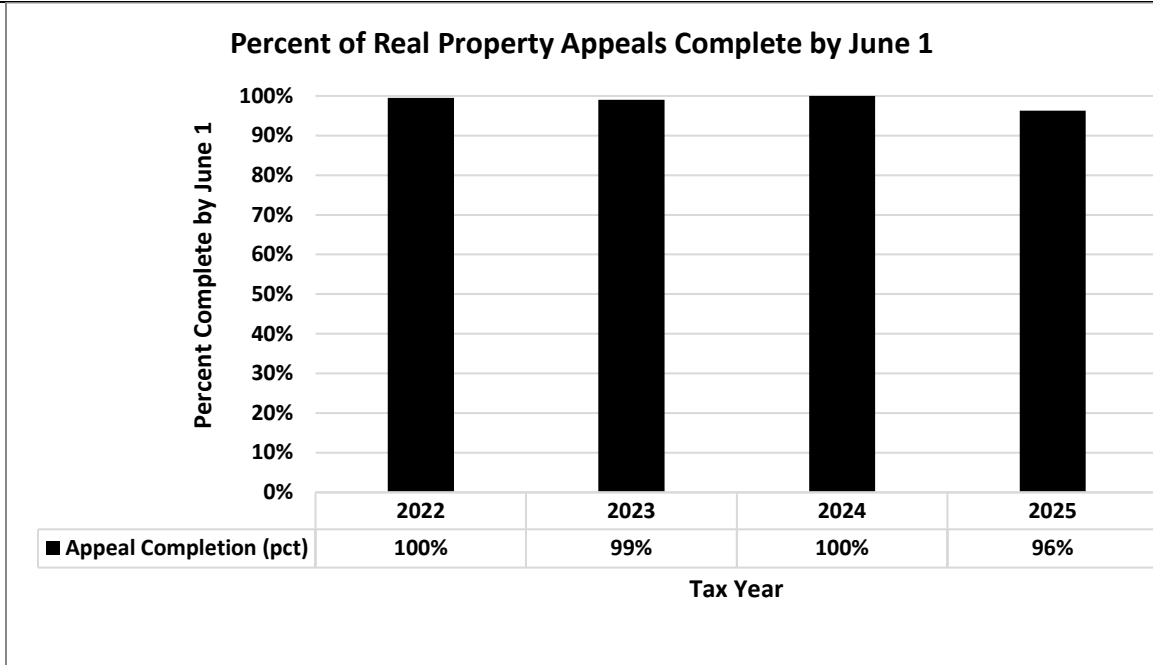
### Measure #3: Accuracy of Property Characteristics



#### Explanatory Note:

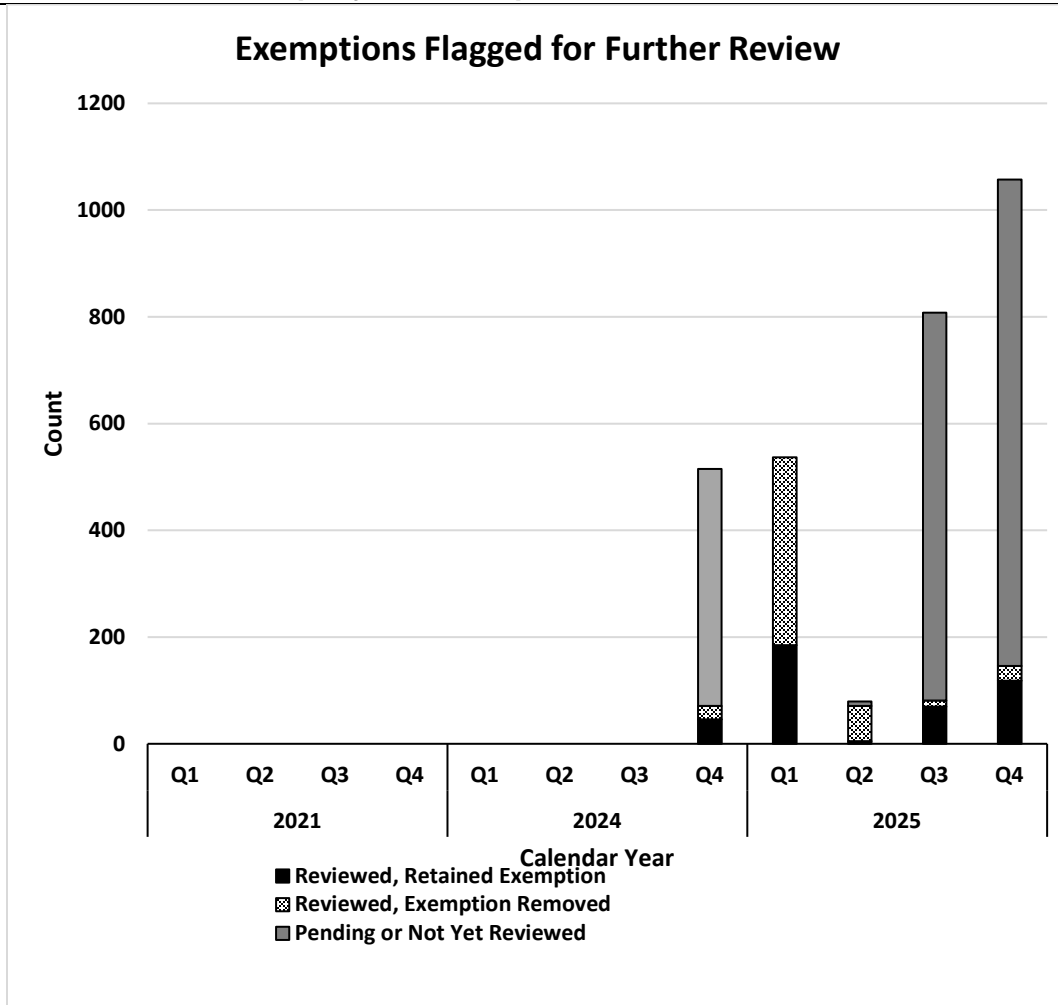
One way to measure the accuracy of property characteristics is to compare the average change of property in the Municipality (property without a disclosed sale) to the average change of property with a sale price recently disclosed to the Municipality. In the chart above, the first column,  $C_s$ , shows the average change in the assessed value from the prior year on sales that were recently disclosed to the Municipality. The second column,  $C_n$ , shows the average change of residential property. The third column shows the difference between the two. There should be little to no difference. A big difference might mean there's inaccurate property info, as appraisers may have to correct the property's profile on a recently disclosed sale, causing the property to change value differently from the bulk of the real estate. According to IAAO standards, the difference should be within plus or minus 5%.

#### Measure #4: Timely Completion of Assessment Appeals



Property Appraisal's goal is to be substantively complete with appeals of real property by June 1<sup>st</sup> of the tax year. It is expected that appeals will be partially completed in Q1.

### Measure #5: Ensure Property Tax Exemptions Meet Qualifications



Under the municipal code, the assessor is responsible for reviewing properties that are exempt from taxation each year. This ensures that these properties still qualify for their exemption. Property Appraisal systematically reviews all residential, senior, and disabled veteran exemptions by cross-referencing ownership records and Permanent Fund Dividend data.

The chart above shows the status of exemptions flagged for manual review as of February 1st of the tax year. Exemptions may be flagged for review for several reasons, including:

- Differences between mailing and physical addresses
- Properties listed for rent
- Missing or insufficient documentation
- Information provided by concerned citizens

Our goal is to resolve all flagged exemptions before tax bills are sent out for the current year. Typically, bills are sent out on June 1, as such, our goal is to have little to no pending exemptions in Q1 of the calendar year.

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**Property Appraisal Division**  
**Finance Department**  
*Performance Measure Methodology Sheet*

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**Measure #1: Ensure Property Assessed at Market Value.**

**Type:** Effectiveness

**Accomplishment Goal Supported:** Comply with state statute and municipal code

**Definition:** This measure reports the average sale price ratio of sales that were disclosed to the Municipality.

**Data Collection Method:** Two main variables were collected to derive the sale price ratio: assessed value and sale prices disclosed to the Municipality. Property Appraisal estimates the assessed value for all real property in the Municipality every tax year, which is stored in the computer-assisted mass appraisal system. Additionally, Property Appraisal tracks and evaluates sales to assist with setting values. Alaska operates as a non-disclosure state, meaning that the buyers and sellers are not required to report the sale price; hence, the assessor is not privy to all sales in the Municipality. Instead, Property Appraisal captures sales through three main methods. The first method involves sending letters to all buyers and sellers asking for them to disclose the sale price. Second, Property Appraisal reviews sales disclosed online. Finally, Property Appraisal receives taxpayer sales information, largely received during the appeal process.

**Frequency:** Annual

**Measured By:** The sale price ratio (SPR) is computed by dividing a property's assessed value by the disclosed sale price. The formula is as follows:

$$SPR = \frac{\text{Current Assessed Value}}{\text{Disclosed Sale Price}}$$

For instance, a sale price ratio of 90% would signify that the property was assessed at \$90,000 when it sold for \$100,000. Property Appraisal may time-adjust the disclosed sale price for market conditions if warranted. For example, if the property sold for \$300,000 one year ago and there is evidence that the market has appreciated 2% since then, Property Appraisal would time-adjust the sale price to \$306,000. Property Appraisal will then take the average of all the valid sale price ratios to derive the average sale price ratio. The formula is as follows:

$$\overline{SPR} = \frac{\sum SPR_i}{n}$$

Where:

$SPR_i$  = sale price ratio

$n$  = count of valid sales disclosed to the Municipality

**Reporting:** This information is reported to the State Assessor annually or as needed.

**Used By:** This information is closely used by Property Appraisal and the State Assessor to gauge the assessment level and is the basis for analyzing equity and uniformity. The State Assessor may also use this information to determine the full value of the Municipality, which is part of the education state funding process.

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*Performance Measure Methodology Sheet*

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**Measure #2: Real Property Uniformly Assessed.**

**Type:** Effectiveness

**Accomplishment Goal Supported:** Ensure that Property Appraisal has accurate and equitable assessments that are in alignment with IAAO standards.

**Definition:** This measure reports the coefficient of dispersion (COD) of the sales price ratio on sales that were disclosed to the Municipality.

**Data Collection Method:** Two main variables were collected to derive the chart: the average change of the assessed value of residential property and the average change of the assessed value of property with a recently disclosed sale to the Municipality. The data collection method is discussed in Measure #1 for the assessed value and recent sales.

**Frequency:** Annual

**Measured By:** The formula for the COD is as follows:

$$COD = \frac{AAD}{\widetilde{SPR}} * 100$$

Where:

*AAD = Average Absolute Deviation.* The AAD is first computed by finding the absolute difference between each sale price ratio (SPR) from the median SPR. Then the absolute differences are summed. The final step is to divide the summed absolute differences by the total sale count, n. The formula is as below:

$$AAD = \frac{\sum_{SPR=1}^n |SPR_i - \widetilde{SPR}|}{n}$$

$\widetilde{SPR}$  = median sale price ratio

**Reporting:** This information is reported to the State Assessor annually or as needed.

**Used By:** While the average and median sale price ratio can help Property Appraisal determine how assessed values compare to the market, it doesn't help with understanding the underlying uniformity of the data. The COD is the most used measure of uniformity in the assessment profession, and it is based on the average absolute deviation but expresses it as a percentage. Property Appraisal and the State Assessor use the COD to gauge how uniform the assessments are. Generally speaking, the lower the COD, the more uniform—and equitable—the assessed values are, and one of Property Appraisal's goals is to assess property equitably. Moreover, the IAAO has published standards on the max COD, which vary by property type. Property Appraisal closely compares their COD to IAAO's standards on COD with the goal to be at or below the IAAO's recommended max COD.



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<b>Measure #3: Accuracy of Property Characteristics</b>
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**Type:** Effectiveness

**Accomplishment Goal Supported:** Maximize the accuracy of property characteristics in the Municipality.

**Definition:** This measure compares the average change of property to the average change of property with a recent sale price disclosed to the Municipality.

**Data Collection Method:** Two main variables were collected to derive the chart: the average change of the assessed value of residential property and sale prices disclosed to the Municipality. The data collection method for sales and assessed values is discussed in Measure #1.

**Frequency:** Annual

**Measured By:** The formula for the average change of assessed value for property with a recently disclosed sale to the Municipality is:

$$\overline{C}_s = \frac{\sum_{AV=1}^n AV_t}{\sum_{AV=1}^n AV_{t-1}}$$

Where:

$\overline{C}_s$  = Average Change of Assessed Value with recent disclosed sale

$AV_t$  = Current Year's Assessed Value

$AV_{t-1}$  = Last Year's Assessed Value

$n$  = count of population with a recent sale disclosed to the Municipality

Similarly, the formula for the average change of assessed value with no recent sale disclosed to the Municipality is:

$$\overline{C}_n = \frac{\sum_{AV=1}^n AV_t}{\sum_{AV=1}^n AV_{t-1}}$$

Where:

$\overline{C}_n$  = Average Change of Assessed Value with **no** recently disclosed sale

$AV_t$  = Current Year's Assessed Value

$AV_{t-1}$  = Last Year's Assessed Value

$n$  = count of population with no recent sale disclosed to the Municipality

In short, the formulas above sum up the current year's assessed value and divide it by the sum of last year's total assessed value to get the average change. The difference between  $\overline{C}_s$  and  $\overline{C}_n$  is then taken, which is portrayed as the black bar in the chart.

**Reporting:** This information is reviewed by Property Appraisal.

**Used By:** Property Appraisal uses this information to help evaluate the quality and accuracy of the property characteristics, such as the quality of construction, total living area, etc. Additionally, adhering to the standards set by the International Association of Assessing Officers (IAAO) is a key objective for Property Appraisal. The IAAO recommends that the difference between  $C_s$  and  $C_n$  should ideally fall within plus or minus 5%. Significant disparities may suggest inaccuracies within the property data.

When Property Appraisal receives a sale price for a property, the appraiser meticulously reviews the property's existing profile and the provided sale information. For instance, if the property profile indicates 2.0 bathrooms but the sale listing or fee appraisal states 1.5 bathrooms, the appraiser adjusts the bathroom count accordingly for the current tax year. Consequently, this adjustment may lead to a reduction in the property's assessed value. If sales require substantial updating on their profile, the difference between  $C_s$  and  $C_n$  should increase; consequently, Property Appraisal should look to future data improvement efforts.

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<b>Measure #4: Timely Completion of Assessment Appeals</b>
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**Type:** Effectiveness

**Accomplishment Goal Supported:** Comply with state statute

**Definition:** This measure reports how many appeals were completed by June 1 of the tax year.

**Data Collection Method:** Appeals are logged and tracked in the computer-assisted mass appraisal (CAMA) system throughout the appeals process. The appeals are updated with pertinent information, such as the assigned appraiser, the hearing date, and whether the appeal is closed or still open.

**Frequency:** Annual

**Measured By:** the percent of appeals completed by June 1 is measured by the count of appeals closed on or before June of the year divided by the total appeals for the tax year.

**Reporting:** This information is reported annually or as needed.

**Used By:** This information is used by Property Appraisal as a goal in compliance with the state statute. AS 29.45.210 requires the assessor to certify the assessment roll by June 1. Appeals must be substantially complete in order to produce a final assessment roll.

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<b>Measure #5: Ensure Property Tax Exemptions Meet Qualifications</b>
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**Type:** Effectiveness

**Accomplishment Goal Supported:** Comply with municipal code

**Definition:** This measure reports the number of exemptions flagged for manual review in the current tax year by status: reviewed and retained exemption, reviewed and removed exemption, and currently under review.

**Data Collection Method:** Exemptions can be flagged as a result of the systematic review of exemptions, a call from a concerned taxpayer, a review of the existing file, or more. Exemptions that are flagged for manual review are entered into the computer-assisted mass appraisal (CAMA) system, where they can be tracked and monitored.

**Frequency:** Annual

**Measured By:** Each exemption marked for further review is tracked in the CAMA system, and staff updates pertinent information such as the review's outcome, whether the review is still pending, etc.

**Reporting:** This information is reported annually or as needed.

**Used By:** This information is used by Property Appraisal as a goal in compliance with the municipal code 12.05.045 B., which requires the assessor to annually review property exempt from taxation to determine whether such properties continue to qualify for an exemption. The goal is to have all flagged exemptions for further review completed prior to billing.

**Measure WC: Managing Workers' Compensation Claims**

Reducing job-related injuries is a priority for the Administration by ensuring safe work conditions and safe practices. By instilling safe work practices, we ensure not only the safety of our employees but reduce the potential for injuries and property damage to the public. The Municipality is self-insured and every injury poses a financial burden on the public and the injured worker's family. It just makes good sense to WORK SAFE.

Results are tracked by monitoring monthly reports issued by the Risk Management Division.

