

TOWN OF LUNENBURG SELECT BOARD

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FOR IMMEDIATE RELEASE

PRESS RELEASE-FEBRUARY 21, 2023 TAX ASSESSMENT INVESTIGATION

The goal of annual property valuations and assessments is to bring every property to within 90 to 110 percent of the fair market value with the ideal being 100% market valuation. The process requires an assessor to evaluate sales data and remove those sales that were not on the general market. For over 25 years, the Town worked with an outside vendor to provide valuation and assessment services and starting in FY21 (which began on July 1, 2020), the Board of Assessors hired an in-house principal assessor. From July 2020 to the present, the Town has had four personnel in the role.

The investigative team has concluded all initial interviews — this included meeting with all previous assessors and the previous vendor, some past and present members of the Board of Assessors, Human Resources, various personnel at MA Department of Revenue, and all staff who have worked in the assessor's office for the past 10 years.

All interviews were conducted independent of one another, in-person, remotely, or via telephone. These interviews revealed five key things. First, there is no indication that CJ Carroll, our current principal assessor, was advised by any member of the Board of Assessors or by previous assessor's to specifically look at lake values. Second, for at least the past ten years, there's been concern about the frequency of cyclical property inspections and the quality of data available. Cyclical inspections are required to be performed on every property every 10 years. Third, that valuations are a cumulative process that builds on data in the CAMA system and that our maps and data lack expected granularity — specifically that there are minimal property attributes that distinguish a property from a neighborhood (identified as an index). Fourth, the tax impact to property owners is unrelated to the identification of fair market value of property — and there are no mechanisms in the Commonwealth to gradually increase property values or taxes for property owners. And fifth, many of the residents elected to serve on the Board of Assessors and all staff hired to work in the Assessor's office indicated that prior to FY23, they believed that residential properties nearest lakes were undervalued, but could not be adjusted due to the lack of sales.

The four assessors we've hired have reported over 65 years of cumulative experience and anecdotally commented that lake values are difficult to establish, accurately, each year because the formulas to identify property values are based on market sales and because homes on lakes don't often become available on the market. Assessors commented that properties nearest a body of water tend to pass down through families or are sold to family members.

The assessment to sales ratio references the relationship between the Town's assessed value of a property and the assumed or actual market value. In 2021, on average, residents in index 2 had an assessed value that was 81% of their sale price. Residents in index 3 had an assessed value that was 88% of the sale price. In index 4, it was 78%. In index 5, it was 81%. In index 1, it was 48%. Every home in Town received at least a 15% increase in value for FY23, which then brought all residential properties in indexes 2 - 5 to within 94 - 97% of the fair market value.

Sales in index 1: A property was assessed at \$526k that sold for \$1.2 million; a property was assessed for \$407k and sold for \$887k; a property was assessed for \$381k and sold for \$780k; a property was assessed for \$543k and sold for \$1.29 million; a property was assessed for \$386k and sold for \$751k; a property was assessed for \$372k and sold for \$775k; a property was assessed for \$338k and sold for \$440k; a property was assessed for \$421k and sold for \$695k; a property was assessed for \$372k and sold for \$1.4 million. The average property in index 1 sold for more than double the assessed value, but no other residential property owner in any other index had an assessment to sales ratio that was below 59%.

It appears that 2021 saw more sales in index 1 than previous years, and the additional sales required the principal assessor to use the sales data and make property value adjustments to the neighborhood.

We are continuing to look into when properties were last inspected. It appears that a serious effort was taken about 8 years ago to identify values on Lake Shirley. However, several residents in Whalom and on Hickory Hills that submitted abatement applications haven't had their properties evaluated since 2006, 2007, or 2008. Why does this matter? There could have been more gradual increases to properties over time and/or more granularity added to the neighborhood maps that were used, and not adjusted, to identify fiscal year 2023 values.

On December 7, 2022, some of the attendees of the Board of Assessor's meeting recall CJ mentioning that property values on lakes would increase. One attendee remembers him noting that there would likely need to be additional public meetings in the new year to explain the increase. Prior to January 1, 2023 it does not appear as though any member of the Board of Assessors, any member of the Select Board, or Town Manager had any intimation of how dramatic property values would increase in index 1. The Board of Assessor's do not have operating procedures that require an impact notice to be provided to residents who see increases above a pre-determined threshold.

Last, we received confirmation and additional verification in the form of an affidavit and postal receipt that all Quarter 3 and Quarter 4 payments were mailed on December 30, 2022 and prior to the statutory deadline.

We will upload LA3 and LA4 reports to the Town website this week as well as excel documents that detail valuations across Town and impact by index. As a next step, we will conduct follow-up interviews and continue to work on procuring independent assessors to assist with our investigation — as they will provide vital feedback about the art of the valuation and assessment process and compliance with professional norms. The next investigative update will be provided on March 7, 2023.