

Methodological Summary

David:

My previous email focused on the methodology I initially employed to establish an assessment valuation consistent with criteria set forth by New York State Office of Real Property Tax Services publications (see: "How to Estimate the Market Value of Your Home"). The major criteria are identified as: sale price, sale date, property condition, year built, square feet, number of bedrooms, number of bathrooms, number of garages, location, and lot size.

For purposes of establishing fundamental comparability, I did not directly address the suitability of the three properties you used (Huffman, Ward, and Southwick) in your "State of New York - Real Property System Comparable Sales Report" (see [Exhibit 34](#)) to generate the \$71,000 assessment valuation you assigned to my property. I'd now like to add to my review of the aforementioned three properties the five additional properties (Rowe, Southwick, Forbes, Turner, and Munro) included in your supplemental Briggs Appraisal Service* report. Based on these five supplemental properties, you established an assessment valuation of \$75,000; but, it is important to make abundantly clear the \$71,000 assessment valuation you assigned to my property was derived solely from the three properties (Huffman, Ward, and Southwick) listed in your "State of New York - Real Property System Comparable Sales Report."

*By the way, Briggs Appraisal Service? His disclaimer notwithstanding, there is the potential for or certainly the appearance of a potential conflict of interest here! Why? Realistically (and regardless of whether this confluence of the assessor and appraiser functions is an accepted industry practice), the adjustment factors applied in an appraisal-style valuation approach are not readily verifiable for substantive credibility/consistency and will vary when conducted by two or more independent appraisers.

The Rowe property was included in my analysis of the sample set of seven comparable properties I provided to you in your office yesterday. At this point, it is important to discuss the remaining six of your selected properties (Ward, Forbes, Huffman, Munro, Southwick, and Turner) of which only two can reasonably be considered not to violate basic comparability standards consistent with criteria set forth by New York State Office of Real Property Tax Services publications.

The Ward residence is identified as a 240 classification (see: [Exhibit 34](#)). My residence is identified as a 210 classification. In your Briggs Appraisal Service report, you stated: "The comparable sales selected were primarily chosen for their: location, style of residence, age of residence, parcel acreage, and condition." The Ward property violates the style of residence classification.

The Forbes property (sales price \$104,500; see [Exhibit 35 Page 1](#)) was built in 1910. In constructing my sample set based on the age characteristic, I eliminated from consideration properties built subsequent to year 1900. Only one property in my sample set was built as late as 1900, and my property was built in 1832. Additionally, in your Briggs Appraisal Service report, you stated (see [Exhibit 36](#)): "The sale price range was \$50,000-\$100,000, occurring from January 1, 2012 to March 1, 2014." The Forbes property exceeds this price range as does the Huffman property which sold for \$135,000 as of October 10 2010 (see [Excel Workbook 2](#), Alpha

spreadsheet cell O55 and Exhibit 34). These are violations of the price range you specified in your Briggs Appraisal Service report.

The conditions of the Munro and Forbes properties are characterized as superior on the Briggs Appraisal Service report you provided to me. In your report, you stated: “The comparable sales selected were primarily chosen for their: location, style of residence, age of residence, parcel acreage, and condition.” My residence is classified as condition normal.

Accordingly, it is fair to state that exclusion of the Ward, Forbes, Huffman and Munro properties (from the set of properties I have retained for analysis) establishes a significantly higher fundamental standard of comparability among the remaining seven components of my data set than would the inclusion of these four properties. Charitably speaking, these violations are an indication of the sloppiness characterizing your work. I need not belabor the implications associated with a less charitable interpretation.

After all and by way of comparison, there are properties classified as condition poor or fair that would have recent sales prices significantly lower than the prices I have used in my sample set. Such lower prices would lower the valuation results I have generated; but, such an outcome would be methodologically unsupportable (since it would represent a violation of one of the basic conditions associated with establishing comparability among properties). Moreover and as my original seven data-set sample indicates, an objective and thorough review of the universe of local properties closely resembling mine reveals there are more than a sufficient number of such properties to construct a dataset that is internally sound from the standpoint of establishing basic comparability. Of course, to the extent that the objective and thorough review to which I refer above is not conducted, the need to introduce a variety of unverifiable/ arbitrary adjustment factors will be required to structure at least the superficial appearance of a somewhat homogeneous dataset sample.

The condition of the Southwick property is characterized as fair (on the Cortland County Office of Real Property Tax Services database) and normal on your Briggs Appraisal Service report. Your Briggs Appraisal Service report also identifies the Turner property as condition normal. My sample set only includes properties classified as condition normal.

Ignoring the ambiguity associated with the condition classification of the Southwick property, I judged that three of your selected eight properties meet basic comparability guidelines; accordingly, there is an important point I want to make by incorporating into my original set of seven properties the Southwick and Turner properties to arrive at an expanded sample set of nine properties (again, remember the Rowe property was included in my original seven data-point sample set). This treatment also was attached to my second email sent to you (Excel Workbook 2, Alpha spreadsheet, cells A48:A54, A57:A58).

I next performed the same procedure on the nine-property data set as was applied to my seven-property dataset described in my previous correspondence. Once again, I regressed the Sales - Land variable against the Square Footage variable. The resulting parameter estimate is 26.8661 (Excel Workbook 2, Sheet 2 spreadsheet, cell B18). Applying this parameter estimate to the square footage of my residence, $26.8661(1,719) = \$46,182.83$. Adding \$19,000 (your

preliminary land assessment figure) for my land, the result is \$65,182.87. No adjustment for differences in grade is required since the sample contains a sufficient mix of average and economy-grade data points. The Adjusted R-Square for this regression is .7578 (Excel Workbook 2, Sheet 2 spreadsheet cell B6). The Standard Error of Estimate is 15,233 (Excel Workbook 2, Sheet 2 spreadsheet cell B7). Once again, this goodness-of-fit measure (Adjusted R-Square) and Standard Error of Estimate results are comparable to results achieved for and described by my earlier ("Summary" correspondence) seven data-point and nine data-point regressions.

To conclude, the regression outcomes as well as the parameter values estimated lend further methodological support to my initial treatment.

Once the downward adjustments for factors I described at some length in my previous correspondence are applied to the \$65,182.83 figure, the case (I believe) for an assessment lower than our current assessment (\$61,505) has been strongly developed.

Sincerely,

Michael Polakoff