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BGR Evaluates the Assessor's Progress on Property Assessment Reform in New Orleans

Today, the Bureau of Governmental Research (BGR) releases [*Assessing the Assessor: Progress on Property Assessment Reform in New Orleans*](#). The report evaluates whether and to what extent New Orleans' property assessment system has improved under the single parish assessor since he replaced the seven-assessor system in 2011. This report follows up on BGR's 2009 report [*In All Fairness: Building a Model Assessment System in New Orleans*](#), which made recommendations, based on nationally recognized best practices, to help the single assessor create a high-functioning parishwide assessment office.

In *Assessing the Assessor*, BGR's core finding is that the single assessor has put in place some of the necessary building blocks for a high-functioning assessment office but still falls short in crucial areas.

The assessor's improvements include: creating an in-house data collection and maintenance program, linking the office's property data to the City's mapping technology, creating a standard appeal process, tightening some exemption administration practices, enhancing the office's website and sharing more information with the public. The assessor's progress in these areas is an accomplishment given the disjointed system and practices the office inherited from the seven-assessor system.

However, the single assessor has made insufficient progress in some fundamental areas. As explained in this report, the assessor does not openly share how the office uses its mass appraisal technology to value property. Mass appraisal is the standard method for property valuation, using data and models to value large groups of properties at once while still adhering to appraisal principles. For this report, BGR asked the assessor for a demonstration of the office's mass appraisal technology. The assessor denied BGR's request. This lack of transparency leaves the public with an incomplete understanding of one of the most fundamental tools for property valuations. It also calls into question whether the assessor is using the technology properly and consistently to value property throughout the parish.

The report also discusses the office's frequent practice to adjust the valuations of recently sold properties to match or come close to their sale price. This practice, called "sales chasing," was widely used under the seven-assessor system. While sales chasing may seem logical, a property's sale price should not be the only factor used by an assessor to determine its value. The practice undermines uniformity among property valuations because an assessor uses sale price to value sold properties and a different method to value unsold properties. The practice also runs counter to the proper use of mass appraisal technology and can create unfairness among taxpayers. Best practices strongly discourage assessors from sales chasing and the Louisiana Tax Commission, which oversees the state's assessors, prohibits the practice.

Sales chasing also makes it difficult to evaluate an assessor's true appraisal performance. For this report, BGR sought to conduct a commonly used study to evaluate the assessor's appraisal performance in the recent reassessment. The study, which evaluates the assessor's valuations against the sale prices for a sample of recently sold properties, can provide an effective measure of appraisal performance if an assessor uses the same method to value sold and unsold properties. BGR's analysis of roughly 1,500 single-family home sales in New Orleans found that the assessor's office had adjusted the valuations for nearly 900 of those properties to reflect 90% or 100% of sale price. The heavy reliance on sale price to value sold properties would have shown that the assessor achieved an unusually high degree of appraisal accuracy and uniformity. These findings, however, would not accurately represent the assessor's performance parishwide because the assessor values sold and unsold properties differently. Further, when the Louisiana Tax Commission prepares its upcoming oversight studies of the assessor's appraisal performance in the recent reassessment, there is a significant risk that the sales chasing identified by BGR could distort the commission's findings.

In addition to these concerns, the assessor did not demonstrate that the office self-checks the quality of its property valuations, a best practice that should occur at least annually. In response to BGR's public records request, the assessor did not produce full copies of any previously conducted study and further stated that the office does not keep copies of any studies conducted in prior years. The office's current practices raise concerns about quality assurance measures and public transparency.

BGR's report also shows that significant gaps remain in the area of tax exemption administration. Because exempt properties do not generate tax revenue, the assessor does not regularly revalue them. However, a regular revaluation of exempt properties would help the assessor accurately inform the public and policymakers about the true impact exemptions have on the local tax base. The assessor also does not require nonprofit property owners to reapply for the exemption annually, a practice that would help ensure their continued eligibility for the exemption and comply with State law.

Finally, the report flags the office's surplus revenue. The assessor's office receives a flat 2% fee on the total amount of property taxes billed in Orleans Parish each year. Over the years, this fee has allowed the office to build a fund balance of \$13.1 million, or 123% of the office's annual operating budget. The assessor has restricted \$8 million of those reserves for new office space, which he may acquire with the assistance of a special district created this spring by the State

Legislature. The assessor's substantial reserves call into question the size of the office's dedicated funding, particularly at a time when local taxing bodies are looking for additional revenue to address high-priority needs.

In short, while the assessor has made some progress toward implementing a model assessment system, the job of reforming property assessments in New Orleans is not done, said Amy Glovinsky, BGR president and CEO. "Weaknesses in the crucial areas of valuation practices and public transparency raise serious concerns about the uniformity and fairness of property valuations in New Orleans, as well as the sufficiency of the processes that produce the valuations. The assessor's office must also address persistent weaknesses in exemption administration," she said. "Fortunately, the path to a model assessment system remains clear and achievable, as this report's recommendations indicate."

The report points to a number of ways in which the assessor could continue to improve the Orleans Parish assessment system. These include abandoning the practice of valuing sold properties based on their sale price, fully utilizing the office's mass appraisal technology to value property, opening the valuation process to public review and conducting internal studies to monitor the accuracy of the office's property valuations. The report further recommends that the assessor strengthen the office's administrative practices by, among other things, revaluing exempt properties on a regular basis and requiring nonprofit property owners to reapply for the exemption annually.

The report also provides City and State policymakers with a number of recommendations to make certain property data more accessible to the assessor, increase the office's transparency, ensure the office's funding aligns with its needs and study how the assessor's annual reappraisals may affect property tax rates.

While BGR publishes this report at a time when public attention is focused on the millage rate adjustments that the City of New Orleans, the Orleans Parish School Board and other taxing bodies are considering, the report does not take a position on any "roll forward" decision.

The report and a [summary](#) are available on BGR's website, www.bgr.org.

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BGR is a private, nonprofit, independent research organization. Since its founding in 1932, it has been dedicated to informed public policy-making and the effective use of public resources in the Greater New Orleans area. For more information, call 525-4152 or visit BGR's website, www.bgr.org.