Winter 2010

AAP Journal

Assessors' Association of Pennsylvania

Issue 1 Volume 7
An affiliate of the County Commissioners Association Of Pennsylvania

CCAP County Commissioners Association of Pennsylvania
Serving Counties Since 1886

Foreclosure And The Economy: How It Affects The Neighborhood

We are all well aware of the downturn in our nation's economy. Tough times require us to do things like cutting back on non-essential items and completing our errands all in one trip. But have we given any thought to how it is affecting the communities we live in? How will it affect the future health of our neighborhoods and ultimately the value of our homes?

Many "experts" have purported this has been a perfect storm of events coming together at once. The bursting of the housing bubble is a national phenomenon; however, its effects are market-specific. As an instructor who teaches in many other states, I have had the opportunity to speak with assessors, appraisers, real estate agents and consumers from diverse communities and have found that some regions still have healthy real estate markets with increasing prices. But many other neighborhoods are negatively affected by the current economic conditions.

What brought on the economic conditions we are experiencing? Many point to greed of the financial institutions attempting to maximize their profits. Others say consumers spent more than they earned. What about the naturally occurring recession cycle that hits every decade or so? High taxes, salaries not keeping pace with cost of living increases, and higher unemployment are contributing factors. Don't forget to throw in easy credit. I've often stated in classes that if a borrower had a heartbeat, he could be approved for a loan somewhere. Fraud was often involved along with inflated appraisals. Oh yes, the perfect storm crashing down. As we clear away the dust and rebuild our finances, what are some of the issues facing the housing market and assessments?

The Center for Responsible Lending, a nonprofit research and policy organization, has completed multiple studies to determine exactly how the housing market has been affected. Their most recent study completed in May 2009 estimates that during this year alone, foreclosures will cause 69.5 million nearby homes to suffer price declines averaging $7,200 per home and resulting in a $502 billion total decline in property values in Pennsylvania, according to the Center for Responsible Lending *(responsiblelending.org)*.

Many people believe if they are paying their bills on time, they are unaffected by the issues in the housing market. This study shows that everyone is affected. According to Realty Trac, the third quarter of 2009 has the highest number of foreclosures on record, with over 930,000 homes receiving a foreclosure notice during these three months. Because of the significant recent rise in foreclosures, the drop in value to neighboring homes may increase substantially as even more homes become vacant. Another recent

. . . continued page four

IDEAS FOR YOU

Seal communications with a KISS

KISS is more than just a reuniting '70s rock band. It's also an acronym that can remind you of the most effective way to disseminate information to your staff: **K**eep **I**t **S**hort and **Si**mple. During the best of times, most people have short attention spans. And these days, workers' minds are overburdened with stress about the nation's economy. The longer it takes you to get to the point, the more likely they'll tune you out before the punch line. So if you really want them to grasp what you are saying, say it with fewer words.

Emergency evacuations take practice

Don't let financial concerns distract you from the need to focus on workplace safety. One place to start: planning ahead in case you have to evacuate during a fire or other emergency. Have one drill each year.

WHAT'S INSIDE

The President's Report, 2010 Conference Info, AAP People, A New Logo For AAP, CPE Classes And More!

AAP OFFICERS

Paulette Sebring, CPE
President
Monroe County Assessment Office
Administration Bldg. Room 102
1 Quaker Plaza
Stroudsburg, PA 18360
(570) 517-3137
psebring@co.monroe.pa.us

James Hercik, CPE
President-elect
Fayette County Court House
61 East Main Street
Uniontown, PA 15401-3514
(724) 430-1350
jahercik@fayettec.rba.com

Steve Howe, CPE
Vice President
Dauphin County Assessment Office
112 Market Street
PO Box 1295
Harrisburg, PA 17108-1295
(717) 780-6101
showe@dauphinc.org

Christopher Savage, CPE
Treasurer
Butler County Assessment Office
PO Box 1208
Butler, PA 16003
(724) 284-5320
csavage@co.butler.pa.us

Rebecca Reed, CPE
Secretary
Clarion County Assessment Office
421 Main Street, Suite 20
Clarion, PA 16214-1024
(814) 226-1118
rreed@co.clarion.pa.us

Randy Waggoner, CPE
Immediate Past President
Perry Co. Assessment Office
PO Box 37
New Bloomfield, PA 17068
(717) 582-2131
rwaggoner@perryco.org

AAP COMMITTEE CHAIRS

Michael Piper, CPE
AAP Journal Editor
Board Of Revision of Taxes
Philadelphia County
601 Walnut Street, Ste. 300
Philadelphia, PA 19106
(215) 686-9282
Michael.Piper@phila.gov

Jeff Laudenslager, CPE
Government Information
Chester County Assessment Office
PO Box 2748
West Chester, PA 19380
(610) 344-6107
jlaudenslager@chesco.org



President's Message

The New Year Is Upon Us!

Wow, 2010 is here already and the holidays are behind us for another year. I hope that everyone had a happy, joyous and safe holiday season. The season is behind us, the "slow time" that we tried to grab for ourselves between Thanksgiving and Christmas is over, and now it is time to start over in this brand new year and look ahead to what lies before us.

Our AAP Board meeting is scheduled to meet in State College in the middle of January. Along with that meeting, our conference planning committee is meeting to discuss the upcoming Annual Conference scheduled for Seven Springs. I hope that many of you who attended the Fall Conference in Lancaster completed the conference survey to help this committee plan a great Annual Conference in May. Your comments and interests are taken to heart and we discuss your likes, dislikes and what classes you would like to see happen at upcoming conferences.

If you were not able to attend the Fall Conference or were there but just forgot to complete your evaluation, your thoughts are still important to us. If you have ideas for needed classes that are already approved, or if you can come up with a new class, which would be beneficial to the majority of our members, or if you know someone who would like to teach, please contact Steve Howe, our conference committee chairman, or me with your ideas. We may not be able to honor all the requests that are submitted to us, but we do welcome your input to make our conferences a learning and informative experience for all of us.

Our consolidation bill was introduced again this year as Senate Bill 918 and hopefully we will see the word "law" replacing the word "bill." Maryann Nardone is still working diligently to complete her independent study of assessment practices in Pennsylvania. When her study is complete, our legislators will review what has been submitted and will have big decisions to consider and perhaps our jobs will change dramatically to reflect new laws that may come into place because of this study. I am sure that any changes that may go into effect will be an adjustment for us old-timers who have been around for a while. But, I am also sure that like all changes that have happened in assessment law over the years such as homestead exclusions and the numerous 319 updates, we will all adjust accordingly and do our jobs well.

The 2010 budgets have been set, the homestead exclusions are coming in and it is time to start working on the 2010 county and township tax bills. The workflow for this year is starting up and we all know we will be busy again. I am sure that this year, like all the others, will have problems but I can honestly say that I am thankful to have these problems and a job in today's economy.

At our Thanksgiving dinner, we always make a conscious effort to list the many things for which we are thankful. Of course, I listed my job, my family's health (I am cancer

free for two and a half years, my son for 11 years), the other adults listed their jobs and their health and all the little kids were thankful for their parents and for all the food at the table. Needless to say, we also mentioned that we were extremely grateful to all our troops serving in our military at home and around the world.

I would like for all of you to think really long and hard what you are thankful for in your lives and then kindly take an extra minute of your time to say a prayer for Corporal Ryan Hill, son of past President Tom Hill, who left for Iraq this month.

God Bless America!!!

Paulette Sebring

AAP Annual Conference May 5 – 7, 2010 Seven Springs Mountain Resort

In May 2010, AAP will once again be back at the Seven Springs Mountain Resort in Somerset County for our Annual Conference. Don't miss this excellent opportunity to earn your CPE recertification credits, network and learn from your fellow county assessors and vote on important association business.

Registration materials will be available in late February/early March 2010 on the AAP Web site, *www. paassessors.org*

Important Changes At AAP

As you may have noticed on the front cover of the Journal, AAP has a brand new logo. In July 2009, the AAP Board of Governors voted to authorize the AAP staff to work with a graphic artist to update the Association's logo to better reflect the organization's professional image. At the board's October 2009 meeting, the board voted to change the logo to the one you see on this newsletter.

In addition to the new logo, the AAP has also updated and reorganized the AAP Web site to make it look more professional, add additional information and make it easier to use. Please take a few minutes to check out the new Web site and visit the Members Only section. The AAP Web site is *www.paassessors.org* and rolled out on Friday, December 18.

2010 CPE Classes

Spring Classes

Holiday Inn Pittsburgh Airport – Moon Township

Introduction – March 22 - 26
Site/Market – March 30 - April 2
Cost – April 12 - 16
Income – April 20 - 23

Fall Classes

CCAP North Office – Harrisburg

Introduction – September 27 -October 1
Site/Market – October 5 - 8
Income Class – October 12 - 15
Cost – October 18 - 22

Douglas E. Hill
EXECUTIVE DIRECTOR
17 North Front Street
Harrisburg, PA 17101
Phone (717) 232-7554 x 3115
fax (717) 232-2162
dhill@pacounties.org

Terry Cochran
DEPUTY DIRECTOR
PO Box 60769
Harrisburg, PA 17106-0769
Phone (717) 526 1010 x 3334
fax (717) 526-1020
tcochran@pacounties.org

Lori Lawyer
ADMINISTRATIVE ASSISTANT
17 North Front Street
Harrisburg, PA 17101
Phone (717) 232-7554 x 3112
fax (717) 232-2162
llawyer@pacounties.org

Debra S. Tingley, APR
DIRECTOR OF PUBLICATIONS
PO Box 60769
Harrisburg, PA 17106-0769
Phone (717) 526-1010 x 3336
fax (717) 526-1020
dtingley@pacounties.org

The *AAP Journal* is published four times a year.

DEADLINE for the Spring issue is March 4, 2010

Article submissions are welcome. Send to:
Michael Piper, CPE
Journal Editor
Board of Revision Of Taxes
601 Walnut Street, Ste. 300
Philadelphia, PA 19106
Phone (215) 686-9282
fax (215) 686-4336
Michael.Piper@phila.gov

Publication Disclaimer

The information provided in this publication is not intended to take the place of professional advice. Readers are encouraged to consult with competent legal, financial, or other appropriate professionals. Statements of facts and opinions expressed in this publication, by authors other than Association staff and officers, are the sole responsibility of the authors and do not necessarily represent an opinion or philosophy of the officers, members and staff of the Assessors' Association of Pennsylvania (AAP). No endorsement of advertised products or services is implied by AAP unless those products or services are expressly endorsed, or are owned or managed by the Association programs, or our affiliates. This publication may not be reproduced, modified, distributed, or displayed in part or in whole, by any means, without advance written permission of AAP. Please direct your requests to Debra S. Tingley, APR. *Note:* As part of its copyright agreement, the AAP grants the author the right to place the final version of his/her manuscript on the author's home page, subject to AAP's standards, or in a public digital repository, provided there is a link to the AAP Web site.

announcement by the Mortgage Bankers Association shows one out of every seven mortgages is at least 30 days late. As unemployment is heading into double digits, experts estimate foreclosures will continue to rise. It is interesting to note that many of the foreclosures in 2007 and 2008 occurred from subprime mortgages with adjustable rates. While this is still a problem, many of the current foreclosures are from prime mortgages where the homeowner lost a job and can no longer pay the amount due.

Blight occurs as more properties become vacant for extended periods of time. Once consumers lose confidence in a neighborhood, the property values can decline significantly. Vacant dwellings are more susceptible to vandalism and crime. This compounds the problem for owners in this neighborhood who are current on their bills. They begin to watch the value of their home decline as the neighborhood becomes affected by blight. They may stop maintaining their home, causing further blight as occupied homes show disrepair.

Often a lender will sell a foreclosure at a below market price in order to recoup some delinquent mortgage money quickly. Lenders are non-typically motivated and often the sales price is not reflective of the market value. While this is true, once there are multiple sales in a neighborhood that have sold significantly below the typical price range, consumers may become concerned about the overall direction in properties values and may decide not to purchase homes in this area. Perception of a decline in value by the buyer becomes a reality.

An oversupply of homes will also bring down prices. It is simply a matter of supply and demand. In a buyer's market where there is an oversupply of homes, a seller must lower the price of their home to attract a buyer. A recent survey from the National Association of Realtors™ shows that 29 percent of recent buyers purchased a home that was in foreclosure or short sale. When buyers perceive they can save money, they will purchase the home. This has a negative effect on the homes that are not in foreclosure as these homes now must compete for buyers who are looking for below-market pricing.

The costs identified above are all indirect costs but municipalities are watching this downward spiral anxiously as direct costs are increasing. Vacant structures cost municipal governments money for many reasons, including code enforcement, maintenance and even garbage removal issues. Studies have been completed showing that vacant homes cause a higher rate of fire fighter injuries. This is often because the fire department is often not notified of a fire in a vacant structure until the home is fully engulfed. Additional "spillover" costs include increase in court costs, recordkeeping expenses and significant increases to police costs.

A study completed by The Homeownership Preservation Foundation found that the average cost to a municipality for one vacant, foreclosed home is an average of $5,358 to $7,020, according to the Homeownership Preservation Foundation in its publication *The Municipal Cost of Foreclosures (hpfonline.org)*. As the economy slows, these additional costs to local governments cannot be readily absorbed.

The National Association of Realtors™ tracks trends in the housing market nationwide. They have reported "improved affordability" in many areas of the country; which is a great euphemism for average sales prices reduced by an average of over 11 percent nationally this year.



Once again, we must remember that all real estate is local. Some areas have dropped significantly more. Pennsylvania fortunately is not a leader for this statistic.

In years past, most areas of our commonwealth have not enjoyed the substantial price appreciation that has occurred throughout many parts of the country; therefore we've also not seen much of the substantial depreciation. If you don't participate in the party, you don't have the hangover!

Property values are lower in many markets. This will equate to a direct increase in the number of owners filing an assessment appeal. Clark County Nevada is home to the Las Vegas metro area, the hardest hit region in the country in terms of the number of foreclosures. Currently, one out of every 20 homes in is in some stage of foreclosure. Yes, one in every twenty homes. According to an Associated Press article, the appeals have increased by 90 percent as homeowners watch their property values decrease every month. Homeowners state they are willing to pay their fair share, but no more than that. That concept may result in more owners – even in healthy markets – appealing their assessments as they hear nationally-based news reports scaring them into thinking the value of their home has decreased substantially.

There are multiple Web sites aimed at consumers to educate them on the appeals process. Many articles on these sites use nationally based statistics about values dropping. The National Taxpayers Union has estimated that fewer than one in fifty homeowners appeal their assessment even though sixty percent of the properties are overvalued, according to the National Taxpayers Union (*ntu.org*). Consumers can purchase a book on this group's Web site entitled *How to Fight Property Taxes*. It is obvious that the number of appeals will increase and local assessment offices need to stay current on the value-related factors that are specific to their local market.

Have values dropped in your county? Funding is tight and perhaps individual offices cannot hire an appraiser to complete market studies to determine trends. However it costs nothing to pick up the phone and speak with local real estate professionals in your market and determine what the trends are in your community. Share this information with your appeals board. Current factual information obtained by all participants in the assessment process can provide the most equitable outcome.

Michelle Czekalski Bradley is a certified general appraiser and AQB Certified USPAP Instructor and has over twenty years' experience in the profession. She teaches real estate appraisal continuing education courses on a variety of topics and can be reached at *mbradley@crehomes.com*.





E. John Fedor
Director of Assessment and Tax Claim
York County

Year in assessment field: Seven years

Marital status and family: Married with adult son and daughter

What irritates me most in the assessment business: That mobile homes are sold with a title not a deed.

Most people would be surprised to know: That I am the Exalted Hibernator of the York Slumbering Groundhog Lodge

Biggest challenge as an assessor: Dealing with assessment law and those who do not know it

First Job: Assistant manager for W. T. Grant (5 & 10¢ stores)

If I could not be an assessor, I would be: A gourmet chef

If I won millions in the lottery, I would: Share it with my family and those less fortunate and support the Elks' Lodge

Favorite vacation: Sandals at St. Lucia or touring Europe

Favorite food and drink: Linguine in Pesto Sauce, fresh ground pepper, Locatelli Romano cheese and a bottle of Oliver Winery's Red Zinfandel wine

Favorite movie: The Road to Wellville

Three people living or dead that I would invite to dinner: Lidia Bastianich, Jacques Pepin and Paul Dean . . . all famous chefs

The hardest lesson I ever learned as an assessor was the time: I had to get used to working only 40 hours a week

If I could live in the past for one day, I would change: Outcome of 9-11 from the real thing to just a movie

My best friend: Reginald Van Zandt (deceased)

MEMBERABILIA

Chapter Notes And Other News

North Central Chapter

Susan McCarty is the new assistant in the Snyder County Assessment Office and started work in late August. As of Jauuary, Jim Leone has resigned as the NCCAAP treasurer and from Clinton County.

South Central Chapter

The South Central Chapter of the AAP met in Gettysburg this past December and elected the following new officers:

President: Douglas Boswell, Dauphin County; President-elect: Anne Teal, Perry County; Vice President: Cary Wells, York County; Treasurer: Paul Kreiser, Dauphin County; Secretary: Tanya Kipp, Lebanon County.

The **South Central Chapte**r meets quarterly, March, June, September and December. The next meeting will be held March 26, 2010 beginning with a business meeting at 9 a.m.. and a seminar beginning immediately after the meeting (approximately 9:30 a.m.).Meetings are held at the Adams County Agricultural and Natural Resources Center, 670 Old Harrisburg Road, Gettysburg, PA 17325. AAP members are welcome to attend our meetings for continuing educational credits, please contact Barb Walter at (717) 337-9837, for more information.

In Cumberland County, Bob Hanks, Jr. and Lisa Mara were united in marriage on November 21, 2009. Congratulations and best wishes to the happy couple. In other Cumberland County news, congratulations to the county's newest CPEs, Doris Goodhart and Sara Dutrey.

Congratulations to Rich Rohrbaugh, Past AAP President (1998) and former South Central Chapter President, on his retirement from York County. Rich retired on December 18, 2009, after 26 years with the county. He and his wife Barbara hope to travel. Rich says that he will miss all the friends that he has made through his work with the county and the AAP; he also stated that the one thing that he will miss the most is Steve Howe's USPAP Classes. At the December meeting, Steve told Rich that he is invited to sit in on his class anytime – now Rich really has something to look forward to!!! Good luck Rich, we hope you enjoy your retirement.

South East Chapter

The South East Chapter is pleased to celebrate the recent marriages of two members. Mark Jackowski, Bucks County, got married this past September. Philadelphia County's Mary J. Shefsky, past president of the chapter, married Ronald C. Wagner CPE, a retired Philadelphia County evaluator this past May.

STEB News

Congratulations to Tom Fetterman, Field Supervisor, who retired September 18, 2009, after 29 years with the State Tax Equalization Board. Tom worked in numerous counties throughout the state performing audits for the agency. He was active instructor for the IAAO and the AAP and began his career in real estate valuation working for CLT. Best wishes Tom, we hope you enjoy your retirement and find time to get out on the golf course!

position only. NEW AD

INFOCON CORPORATION
Celebrating 33 Years 1976 - 2009
172 Gateway Road, P.O. Box 568
Ebensburg, Pennsylvania 15931-0568
Telephone: (814) 472-6066, Fax: (814) 472-5019
E-Mail - infocon@ic-access.com Web Site - www.infoconcorporation.com
Providing County, School and Municipal Governments.....
Consulting | On-Line Computer Services | Document Imaging Services
Tax Printing Service | Tax Collection Services | Microfilm Services
Tax Claim Services | Forms and Supplies | Digital Scanning Services

17 North Front Street
Harrisburg, PA 17101
(717) 232-7554
fax (717) 232-2162

An affiliate of the County Commissioners Association Of Pennsylvania

Our insight. Your appraisal.

Whether you are a tax collector, assessor, city treasurer or auditor, Tyler's insight means your empowerment. Our iasWorld, Munis® and Incode product suites do more than meet your needs. They anticipate them. Little wonder that Tyler continues to set the standard for seamless, scalable, appraisal and tax software. Or that Tyler CLT® appraisal services are ranked best in class. To learn more, visit us at tylertech.com or email us at info@tylertech.com.

Empowering people who serve the public™

tyler technologies