

# Carlisle Board of Assessors Board Meeting Minutes

Meeting date: Tuesday, January 24, 2023

Town Hall, Heald Conference Room

66 Westford St.

Carlisle, MA 01741

BOA members in attendance:

- Ken Mostello, Chair
- Dave Boardman
- Karen Yeyinmen

Others attending:

- Principal Assessor, Brian Macdonald
- Cecile Sandwen, Carlisle Mosquito
- Kate Reid, Carlisle Select Board
- Ryan McLane, Town Administrator
- Six members of the public, all deck house owners

Motioned for approval: Chair Mostello

Second: David Boardman

Roll call vote: Carries, 3-0

Date approved: February, 22 2023

Chair Mostello called the meeting to order at 8:05 am.

Mr. Mostello opened by briefly addressing the public. He informed them that during the previous board meeting on January 17, the Board along with Principal Assessor Brian Macdonald, had shared detailed information in a Q&A document and other handouts, as well as engaged in extensive Q&A with the public to address their concerns about FY23 deck house assessments.

At Mr. Mostello's request, Mr. Macdonald printed and distributed copies of the detailed Q&A handout and a June 2022 Mosquito article, "Carlisle's scarce real estate listings hampering sales" both of which had also been made available to the public at the January 17th meeting.

Mr. Mostello pointed out that the Board's agenda for today was quite full, but promised to make space for additional Q&A with residents at some point during the meeting.

Members of the board then introduced themselves for the benefit of the public, and proceeded with the agenda.

#### Status on Abatement application submissions.

Mr. Macdonald reported that 33 applications for abatement have been received so far. He noted that he is in the process of scheduling inspections on those properties with approx. 10-13 inspections scheduled so far. Mr. Macdonald noted that based on his many conversations with residents in recent weeks in which he has discussed both general assessment principles and details of the abatement application process, he expects that additional abatement applications will be filed prior to the February 1 filing deadline.

#### Approve minutes for prior meeting

Mr. Mostello noted that minutes from that 2.5 hour public session on January 17 were still being finalized and should be ready for approval at the next board meeting. He reminded those present that all meeting minutes are publicly available online once approved.

#### Status on Assistant Assessor Hire

Mr. Macdonald reported that thirty applications for the role had been received. He asserted that the number and quality of applications is considerably higher than in previous rounds of recruiting. He indicated that there are 5 or 6 stand out candidates that the Board will likely want to interview. Mr. Mostello indicated that he received the resume packages and candidate summary prepared by Assistant Town Administrator Aubrey Thomas, but hadn't had a chance to review them yet given significant time spent investigating concerns of deck house owners. Ms. Yeyinmen also confirmed receipt of the candidate information and agreed that based on her initial review there were 5 or 6 candidates she would suggest to move forward in the process. She added that changes made to the most recent job posting seem to have helped us attract a broad range of candidates, including two distinct profiles: on the one hand, those who bring specific experience in assessment and municipal domains, and on the other hand candidates who stand out for their analytic, communication, and customer skills. She suggested the board interview candidates from both kinds of profiles as a point of comparison. Mr. Macdonald agreed. Mr. Mostello suggested the board send to Ms. Thomas the names of candidates they wish to meet.

#### Managing Departmental Workload in the Short Term

Mr. Mostello reported that he and Town Administrator Ryan McLane have been in discussion about appropriate measures to acknowledge and mitigate the excessive workload being carried by Principal Assessor Brian Macdonald. He noted that this workload reflects “extraordinary hours” spent by Mr. Macdonald in an effort to close gaps left by COVID and sudden death of the previous assessor as well as a commitment to carry out the duties of both his own position and the yet to be filled assistant assessor position given difficulties the Board has faced in filling the latter position despite two rounds of outreach and interviews. This workload has been further exacerbated by significant time spent answering homeowners’ questions about FY23 assessments. Mr. Mostello circulated to the other board members a draft proposal that incorporated compensation and mitigation measures. He indicated that details of the proposal will be made public once finalized by the town administrator.

Mr. Mostello introduced a motion to move forward with the proposed measures and work with Mr. Ryan to finalize. The motion was seconded by Ms. Yeyinmen and carried 3-0.

#### Document signatures

Mr. Macdonald circulated documents among board members for signature.

#### Discussion of the January 17<sup>th</sup> Meeting & associated issues

Mr. Mostello mentioned for the public that the Board has closely reviewed the letter from Mark Levitan and other Deck House owners which outlines concerns with the FY23 assessment data and process. He offered assurance that the Board takes the matter seriously and has spent significant time investigating the concerns and engaging with the public as well as town officials and others familiar with the matter.

Mr. Mostello reiterated some key points discussed at the January 17<sup>th</sup> meeting which are also addressed in detail in the Q&A document made available at that meeting and today:

- Assessors operate in a narrow lane established by the DOR. Our assessment process and practices are heavily regulated. Under the law, we must assess properties at full and fair market value. Statistical methods are used to ensure our annual assessments are compliant. Our FY23 assessments have been certified by the DOR through this process.
- Assessors have more latitude in responding to abatement applications for individual properties. By law under this process the burden of proof is on the individual property owner. To receive an abatement, the property owner must show that their property was not assessed at full and fair market value. This can happen when data available to the assessors is out of data or otherwise contains errors.

Mr. Mostello mentioned that Mr. Boardman was able to obtain from Debbie Bentley, a Carlisle homeowner and architect, a copy of the spreadsheet she prepared showing what she felt were inconsistencies in Carlisle property data. Mr. Boardman noted that he had distributed a copy of this spreadsheet to the board and all members confirmed having reviewed it. One resident mentioned that she had also seen and studied that spreadsheet.

Mr. Mostello acknowledged that the spreadsheet highlighted some potential errors in Carlisle property data, which can be remedied through abatement. A resident queried, "Are you saying it was a surprise there was misclassification?" Mr. Mostello responded, "I'm not saying that at all." He asked other Board members if they had comments to share before he outlined findings from his analysis of the data.

Ms. Yeyinmen stated that she has been reviewing the materials shared by Mr. Mostello and Mr. Boardman, as well as revisiting regulations governing town assessments and researching deck house styles. A main concern is that there seems to remain some public misunderstanding of the relationship between individual home valuations and the mass appraisal process. Mr. Boardman said he had nothing further to add at this time.

Mr. Mostello described additional actions he has taken since the January 17 meeting to analyze the data in Ms. Bentley's spreadsheet and otherwise investigate concerns raised by residents. These actions included the following:

- I cross referenced Ms. Bentley's spreadsheet with 2021 sales data to see if any potential misclassifications were used in mass appraisal on Deck Houses.
- I reviewed the spreadsheet where the author identified differences with BOA data.
- I enlisted the assistance of Jim Marchant, our former BOA chair and a lifelong professional property appraiser to obtain an independent expert opinion.

Mr. Mostello shared key findings from these actions, covering the points detailed in the document "Developments Since Last Week's BOA Meeting with the Deck House Homeowners" Prepared by Ken Mostello and summarized below:

- Of the two types of errors that would impair Deck House mass appraisal as a result of misclassification between deck houses and contemporaries, only one potential instance of one type of error was found on the spreadsheet. Review of this case by an expert, independent assessor suggests this is not actually an error.
- Differences in style classification that are flagged on the spreadsheet as potential errors appear to reflect differences between an architect's notion of home style which is highly granular based on features, and an assessor's notion of home style which is grounded in market dynamics.
- Some style classifications on the spreadsheet that are not relevant to mass appraisal of deck houses (e.g. a colonial misclassified as a contemporary) are clearly wrong and should be corrected. Examples were given. The remedy for this in FY23 is abatement.
- According to Jim Marchant, there are some factors beyond style misclassification that could impact mass appraisal and should be considered in the future if they are not already. First, typical amounts spent on Carlisle home improvements just prior to selling, should be offset on assessment to normalize that investment. Second, since recent real estate market trends place a premium on condition at resale, having accurate and fair

condition grading is more important than in the past. As such home inspection as part of the abatement process is essential.

Mr. Mostello concluded that no data or other rationale has been provided to support the claim that FY23 mass appraisal on Deck Houses was significantly impaired. He acknowledged that condition grading could be a factor that leads to overstating the property value in some cases, but that can be remedied on a case-by-case basis as part of the abatement process on all home styles, which is standard procedure. Remediation in the near term must be the abatement process, and that makes sense because errors are likely to be individual and not across the board.

Mr. Macdonald reminded the public that to prepare assessments for FY23 (June 31, 2022-July 1, 2023), assessors use arms-length sales from calendar year 2021 to determine home values as of January 1, 2022. He mentioned that of the nine deck home sales that took place in Carlisle in calendar year 2021, two (one on E street and one on Heald Road) were excluded from the mass appraisal analysis due to home improvement permits filed at purchase. This is standard practice required by DOR. The sale on E street, additionally was not marketed on MLS and thus also fails a key "arms length" criteria defined by the DOR.

Ms. Yeyinmen mentioned she had initially understood the DOR regulated minimum sample for mass appraisal was defined at the sub-classification level (e.g. style). However, when she revisited the DOR assessor handbook it appeared that the minimum sample applied to the major classifications only (e.g. residential properties). Mr. Macdonald confirmed that the minimum sample applies to the major classification (e.g. residential properties).

A resident of Heald Road, Mr. Wilhelmsen, said he had reviewed the law and his interpretation is that the minimum sample size applies to the most detailed level of classification used by the town in the mass appraisal. Mr. MacDonald mentioned that he and Mr. Wilhelmsen had engaged in a series of mutually informative and civil exchanges in recent days and he welcomed continued conversation on this and related matters.

Mr. Mostello noted that when analyzing data by sub-class, he looks at the difference between the mean and the median. When these numbers are closer, it suggests values in the sub-class are closely clustered. When they differ by a lot, it suggests there are outliers that are disproportionately affecting the mean. With regard to the 7 deck house sales in 2021, the mean and the median were only 50K apart. This suggests a consistent market dynamic for the style with numbers traveling together.

A resident asked if other nearby towns classify deck houses as a separate style. He wondered why we are taking it down to this level of granularity. Mr. Boardman and Mr. Mostello commented that deck homes have been classified separately for as long as they can remember.

Mr. Macdonald responded that he had tried reclassifying deck house sales as contemporaries to see how it affected the numbers (which would bring the classification up a level of granularity). He found that 6 of the 7 arms-length deck house sales clustered at the bottom of the combined group when sorted. This indicates that the market views deck houses as a distinct style and values them accordingly.

Turning to the question of data quality, Mr. Mostello noted that the property database dates back to 1993. Property data that is not verified through inspection in a given year is carried forward. In years when an inspector visits a property if s/he is unable to enter the home, existing interior data is carried forward without adjustments to quality or betterments. Over time, this can result in a mismatch between the data and property. If a homeowner feels that their home value is lower than how we have valued it, s/he should file for abatement. We will inspect your home as part of that process and update the data.

Mr. Mostello concluded that the errors in the data may affect individual properties. He advised, if your home is not a Deck House and is classified as such, or if the condition of your home is not as listed, file for abatement. We will inspect your property and update the data accordingly. He continued, the question of whether a separate category for deck houses is warranted is forward looking. Deck houses have been classified separately for longer than we can remember.

One resident responded in anger with remarks including “You take me for an idiot”, “I don’t need a lecture”, and “you’re using the DOR as a smokescreen.” He asserted “we are not concerned about our taxes. We are concerned that a small proportion of taxpayers are footing the increase in taxes.” He added that town assessments are out of step with values reflected on Zillow and suggested that the Board was making “unjust appraisal of deck houses.”

Mr. Boardman and Ms. Yeyinmen advised the resident to refrain from making personal attacks.

Mr. MacDonald emphasized that property values on Zillow are not accurate and are not considered a reliable reference for assessment. Supporting this statement, he pointed out that valuations based on AVM models (e.g. Zillow) cannot be used as evidence to testify in court.

Residents shared a number of specific examples where information they obtained from public sources (e.g. Zillow, neighbors, observations) suggest that similar homes in the same neighborhood are being valued differently or out of alignment with the market (e.g. Zillow). One commented “it seems extreme for the increase to be so high for one style”.

Mr. Mostello commented that increases in deck house assessed values are a direct reflection of market trends. He invited the public to read two Mosquito articles made available on January 17 and today which pointed to increasing demand for these homes. In contrast, he noted that colonials have less appeal in the market than in the past. All the data we have seen confirms strong market demand for that particular style of home. If you can find evidence that we are way off on our assessments, please bring it. We welcome taking a look at it.

A resident disagreed with this market view of deck houses. Mr. Mostello replied, “then we will have to agree to disagree.”

Mr. Boardman added that in his 6-8 years on the Board, no one has ever complained about how their home is classified based on style. Style is somewhat subjective and looks different through the lens of assessor vs. architect. Mr. Mostello gave examples of several cases where lines are blurred between different styles: deck homes that are part of larger estates, colonials

with contemporary affordances, colonials in upscale neighborhoods referred to as “sub division mansions”.

The outspoken resident declared “I’m here outraged. The assessment for our house is up 40%. This is dangerous for the state of the town. It’s a disservice having approved this. Its unjust to put the burden of increased taxation on specific homeowners. This is not increasing peace and enjoyment between neighbors. It doesn’t breed happiness.”

Mr. Mostello responded, we don’t have latitude to make tax policy. If you don’t like the law, you need to call your senator. Our job is to uphold the law, and we have. The resident replied “you’re washing your hands of it.” Mr. Mostello objected, “I disagree.”

Mr. Boardman noted the importance of considering the contribution of rising land values to increases in property assessments (which combine land and home/structures). An assessor pointed out that today a 2 acre lot is worth \$500-\$600K/sq ft whereas pre-covid it was closer to \$340-\$350.

One resident asked for clarification of how increasing land values factor into the equation. Mr. Mostello explained that if land is a larger component of value than the house in your overall property value, an increase in land values will seem larger compared to another property where the land contributes proportionally less to the overall property value.

Another resident objected, “but my house value went up 85% excluding the land.” They commented that people are paying too much for the houses and exclaimed, “The deck house market went wild!” Mr. Macdonald responded that we must assess on fair market value. No one is saying that Ad Valorem is always equitable and fair – it’s based on people’s collective personal opinions. But those opinions define the market.

### Policy change proposals

The discussion then transitioned toward more forward-looking policy questions. Someone noted that we inherited the classification scheme which dates back to the 60s. A resident suggested maybe the time has come to combine classes, specifically deck house and contemporary styles. Someone mentioned that understanding the market includes seeing which homes are moving in tandem and whether buyers understand the differences between different classes and have a desire for particular ones.

Mr. Macdonald reported that he has had some very lengthy and productive conversations with Harald Wilhelmsen of 390 Heald Road in which Mr. Wilhelmsen has shared different points that bear consideration. Mr. Macdonald expressed appreciation for the respectful and inquiring way that Mr. Wilhelmsen has approached the dialogue.

Discussion returned to the question of appropriate sample size for mass appraisal and how this relates to level of granularity of classifications. Also, there was discussion of the need to develop clearer guidelines moving forward around what qualifies a home as a deck house. The

matter is complicated by the fact that Deck House is a brand, it's a style, and it's a social statement (e.g. quality of materials).

Several residents left the meeting at this point. As they were heading out Mr. Macdonald voiced a reminder that applications for abatement are due by February 1. Once the application is received, Mr. Macdonald will inspect the property and make any correction needed to the data, if any. If changes are made, he will feed the updated data into the model to reprice. Mr. Mostello reminded residents that there is a guidelines document on the town assessor web page that outlines what constitutes the basis for abatement.

One resident, as she was packing up, thanked the board for listening to the concerns brought by herself and others. She mentioned that growing up in Poland she learned to keep quiet out of fear of reprisal. But over time she has learned that here it's safe to speak her mind.

Mr. Mostello returned to the question of how to systematically review the quality of our property data and update as needed. He suggested a joint meeting between the Board of Assessors and Select Board pointing out that the solution will require help from an outside appraiser and needs to be funded.

Mr. McLane encouraged the board to apply a longer term lens and develop a 5-year plan that reflected a measured approach to reviewing and updating the data. Mr. McLane reported that he has spent significant amounts of time with Mr. Macdonald in recent weeks reviewing the FY23 assessment data and responding to deck house owner's concerns. He has seen nothing to suggest that any of the existing data errors have impacted mass appraisal and associated valuation adjustments. As all town departments are stretched for funding and the community has expressed its valuation of / and supported funding levels for moderate levels of town service, he suggests working within that value set in marking out next steps with the select board.

In dialogue with Mr. McLane the Board considered the policy question of when to post assessed values of all properties to the community for public review during the annual assessment cycle. Some towns post before submitting to DOR for certification, others post after. Board members discussed the tradeoffs of each and agreed to leave the question open for further consideration.

Returning to the question of mitigating excessive workload for Mr. Macdonald, Mr. Ryan proposed elevating the position of 15 hr/wk internal employee to administrative assistant for Mr. Macdonald.

Ms. Yeyinmen motioned to approve the elevation. Mr. Boardman 2nd. Motion carried 3-0.

Board members and Mr. Macdonald agreed that a planful approach to structuring abatement meetings with residents would be advisable given the volume and emotions involved.

The board decided not to move into executive session as time had run out.

Meeting adjourned 9:45 am.



# Carlisle Board of Assessors

## Deck House Assessment Q&A

### January 17, 2023

#### 1. How is Massachusetts real estate assessed?

Massachusetts general law stipulates that all property be valued full and fair cash value as of the effective date of valuation. The effective date of valuation is January 1<sup>st</sup> of the year preceding calendar year from which valuations are adjusted from. For Fiscal Year 2023, with an effective date of valuation of January 1<sup>st</sup>, 2022, 2021 calendar year sales were used to make these market-based adjustments. Furthermore, the Department of Revenue also has further statistical measures ensuring that full and fair cash valuation both within and between property classes.

#### 2. Interim Year vs Revaluation Year Valuations

All cities and town in Massachusetts must abide by statistical regulations established by the DOR be adjusting valuations annually. There are 2 type of valuation years

- **Interim Years**

Interim Year adjustments occur every year with exception to 1 year during this five-year period. During an interim year, levels of assessment both within property classes and between must meet levels of valuation between 90% and 110% of full and fair cash valuation (residential vs commercial property). The standard reports for each class include Overall (all sales within a property class), Neighborhood, Style (i.e., colonial, cape cod, etc.), Grade (Quality) and Condition. All of the separate and distinct criteria within each of the Neighborhood, Style, Grade and Quality reports must be within 5% (+ or -) of Assessment to Sales ratio (A.S.R) of the Overall Report

- **Revaluation Year**

A Revaluation Year includes all of the statistical requirements of the Interim Year as well as additional scrutiny to land valuations.

#### 3. Property Inspection Types

##### 1. Cyclical Reinspection

DOR regulations require each community to conduct a field assessment of each property in the community at least once every 10 years. The purpose is to ensure the accuracy of data for each property to ensure appropriate adjustments and derived valuations. The lack of a cyclical reinspection, including an interior inspection, can potentially result an inaccurate valuations.

- **Permit Inspections**

The Assessors Office is informed of permit work performed at each property within the town. The department must then attempt to determine the effect, if any, the work performed has on the valuation of the property.

#### **4. Assessed Valuations – How accurate are they?**

Assessed valuations are often assumed to be below current market value. This is not always the case, in a declining market, an assessed value may be above the current market value although it is at fair market value as of the effective date of valuation. As stated before, the valuation is typically between 90% to 100% of full and fair cash value based on the market adjustments established through the analysis of the sales occurring during previous calendar year. In Carlisle, the process is considered highly reliable with the typical total annual abated tax dollars averaging less than \$20,000. The process is not flawless and predicated on accurate data for both the sales (sample) and the larger group for which it is representative of as well as the sample being truly representative of the group. The process can also be impaired by inaccurate or outdated field data, which has been more of an issue in recent years due to Covid and a prolonged illness on the part of Carlisle’s prior principal assessor. In 2022, the BOA retained the services of Patriot Properties to accelerate the cyclical field assessment process, but this is a multi-year effort and is expected to continue into 2023 and beyond.

#### **5. What is a deck house?**

A “deck-house” typically refers to a type of high-quality, mid-20th Century manufactured home utilizing panelized prefabricated components in a post and beam construction. This construction allows for expanses of glass, vaulted ceilings, and for an open floor plan. These homes utilize natural materials like wood and stone throughout, and are typically found nestled in a wooded setting, with little disruption to trees or other natural surroundings. These homes do not have a conventional basement, but usually a sunken first floor with a split entry foyer instead.

#### **6. Why are deck houses assessed as a group?**

All homes are classified into neighborhoods and home styles for mass assessment. The reason is their changes in market value tend to move in tandem within these groupings. This methodology is standard operating procedure in mass assessment.

Deck houses have been a separate assessment style grouping in Carlisle going back to at least 1999. These homes were manufactured housing built extensively in the area in the mid-20th Century and have unique characteristics that are explained above. The original developer was a Carlisle resident named William Berkes, who founded the Deck House company. Berkes’ Carlisle residency is why this town and neighboring communities have a higher concentration of these homes. Over the years, the deck homes’ niche market positioning has gone through periods of high and low demand. As a group, this style has historically appealed to a smaller segment of the home buying public than traditional colonial homes which likely explains their higher market volatility.

In the early 2000’s, Deck Houses saw a significant decline in relative value. They had fallen out of favor with mid-career baby boomer families who preferred the larger, more conventional colonial footprint. Empyrean, the rebranded Deck House company, was placed into court receivership as a consequence of

declining demand. Thirteen years earlier, the company merged with Acorn Structures in response to this trend. In early 2010, Carlisle assessor Melissa Stamp told The Mosquito, “Colonials held their value, but some of the more modest or modern homes, such as Deck houses, saw a greater decrease in their value.” Naturally, Deck House owners benefited from assessment reductions during this period.

## **7. Why did my deck house assessment go up so much this year?**

Assessment increases are not an issue in years when they are uniformly distributed across all properties, because the tax rate is adjusted downward to negate the assessment increase. An issue arises, however, when one group of properties appreciates (or depreciates) at a significantly higher rate than the rest, because the tax burden must now be reapportioned. This phenomenon happened post-Covid in Carlisle as well as in neighboring communities. Homebuyers’ tastes shifted and those new buying preferences moved the relative value of different home styles. We must also point out that land values increased significantly in Carlisle post-Covid. Prior to Covid, a standard 2-acre building lot was assessed at \$354,500. Today those lots are routinely assessed at \$503,900. That assessment is not specific to home style and is uniformly assessed for comparable land parcels throughout the town. Homeowners with properties that were assessed under \$1 million will typically find that a high percentage of the increased assessment stems from increased land values.

We can all speculate about the market forces that led to a significant recent increase in the value of deck style homes. However, the increase is unequivocally supported by all available sales data from 2021 and further confirmed in statements by prominent local realtors. We refer you to the Mosquito article *Carlisle’s scarce real estate listings hampering sales* (June 22, 2022) for opinions and commentary on market conditions and the appeal of deck houses from local realtors. There were 7 arms-length deck house transactions used as comparable properties that met DOR qualifying conditions. The mean (average) sale price of those homes was \$1.4 million. We also look at the median value in small data samplings to avoid the distortion that can arise from an outlier sale. The median for that group was \$1.35 million, which is in line with the mean. The average 2023 assessment for that group that sold is \$1.31 million which falls slightly under the Commonwealth’s mandate to assess at 100% of full market value. It should be noted that this appreciating price trend in deck homes continued into 2022 (not used for FY 2023 assessment) where the average selling price was \$1.48 million.

Taxpayers should be mindful that an increase in assessment is the direct consequence of a corresponding increase in one’s personal wealth. In the long run we are all better off if the assets we own appreciate even if it means paying their fair share in taxes.

## **8. Are not deck houses just contemporary style homes?**

In Carlisle, we have traditionally assessed contemporary homes and deck homes as separate styles for decades. Deck house owners have benefited from that treatment in the early years of this century. In those years, deck houses appreciated at a slower rate relative to other home styles.

A deck house can be classified as a unique type of contemporary house. Specifically, it’s generally a manufactured home popularized in the mid-20th Century incorporating post and beam construction with lots of wood and large glass panels with emphasis on integrated exterior landscaping, both natural and man-made. Contemporary homes are, by definition, a continuously evolving style and not reflective of any one time period. Contemporaries generally incorporate minimalist design featuring simple forms and geometric lines. The choice of construction materials is more varied and evolving, and there is less

focus on harmonization with the outdoors. They do share a few design elements with deck houses like an open floor plan.

### **9. Why were two 2021 apparently arms-length sales of deck houses excluded from the assessor's analysis for 2023 adjustments?**

To be considered for analysis, sales must be arms-length which means the property was exposed to the market for a reasonable time, not a foreclosure or court ordered sale, not done under duress and not transacted between family members.

The two properties in question were 138 East St. and 34 Heald Rd. These were arms-length sales but building permits were taken out immediately following their sale for \$500,000 and \$200,000, respectively. The planned improvements, had they not been excluded, would distort the assessment-to-sales ratio (ASR) on the properties. The assessor's decision is consistent with the policies and procedures outlined by the Massachusetts Department of Revenue on Page 13, Section O of the DOR Classification Handbook. Effectively, the assessments of these properties would have resulted in skewing statistical data and effectively determining appropriate adjustments for Fiscal Year 2023. The exclusion of arms-length transactions for this reason, as well as various others detailed in the Classification Handbook, is a common and typical procedure throughout Massachusetts.

### **10. My tax bill seems much higher than what my increased assessment would call for. Why is that?**

There are 2 types of tax bills issued by the Town. Preliminary Tax Bills, the payments made in August and November, are payments made toward a property's annual tax bill. It is ½ of the previous year's net tax bill. Following the approval of both assessed valuations and the annual Classification Hearing in November, an annual tax rate is determined and the annual tax burden for each property is then established. Any property which appreciates more than the average will result in an increase in the annual tax bill for that property. When this does occur, the Preliminary Tax paid in August and November falls short of the estimated 50% resulting in an increase to the Actual Tax Bill payments made in February and May of each fiscal year. Total increases to a property's annual tax bill should be the sum all four payments and not just the difference between the Preliminary and Actual Tax bill payments. Furthermore, Carlisle's taxpayer approved Community Preservation Act charge also increases as this calculation is a function of the annual tax calculation as well.

### **11. I understand why my assessment went up so much, but couldn't you spread the increase over several years to mitigate the impact?**

State law makes no provision for a smoothing process on *ad valorem* (property) tax or any other tax, for that matter. The law mandates that all property be assessed at full market value and be updated annually. It is important to understand that, in mass assessment, one person's assessment reduction invariably becomes everyone else's tax increase. Assessment is a zero-sum process.

### **12. I still believe my assessment is unfair. How can I get this changed?**

There is only one legally permissible process to resolve an assessment dispute and that is abatement. The BOA is not permitted to make any sort of retroactive mass corrections. The current assessments have been incorporated into the budgetary and tax levy process and cannot be unwound without creating municipal budget deficits. Taxpayers need to understand that abatement is an individual assessment process that should lead to a more accurate result. The board also has more latitude on abatement than it does on mass assessment, and the taxpayer does have direct input in the process. An abatement application does require an interior and exterior home inspection and must be submitted by February 1st. The board has no discretion on the submission date which is set by the DOR. The application should be submitted by February 1st even if the taxpayer doesn't have all his material available by the filing date.


### **13. The Assessors denied my abatement. What can I do now?**

The Board of Assessors is an impartial elected board that has no interest other than seeing a fair outcome for all residents. Our board members are all Carlisle taxpayers too. Ultimately, we serve the town's taxpayers, but we must also comply with state law and the regulations issued by the Massachusetts DOR as well as abide by the case law established by the Appellate Tax Board and the Supreme Judicial Court. An abatement applicant who is dissatisfied with the board's decision may appeal his or her case to the state's Appellate Tax Board.

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 22 June 2022



## Carlisle's scarce real estate listings hampering sales

by Cecile Sandwen

It was stunning last week to pull up Zillow and discover there were only two single-family homes offered in Carlisle, and one condo. "There is very, very, low inventory," says Laura Baliestiero of Coldwell Banker Realty. "I've never seen it so low." She noted that more houses will be coming on the market, and by Monday four more had appeared. But this is well short of the 20 or 30 homes a buyer would normally find to peruse. With all but one home listing for over \$1 million and interest rates rising, many buyers are being priced out of the market—even if they can find something to buy.

To some degree this situation reflects Carlisle's rising status as a desirable place to live, with many listings snatched up quickly. "Carlisle was discovered in the pandemic," says Brigitte Senkler of Senkler, Pasley and Dowcett. "Young people love it here. It's a low-pressure lovely life-style." She observes, "Not long ago, the trend was to move to the city. In a strange way the pandemic really helped real estate in Carlisle." Whereas the town was once thought of as too remote and a bit of a hard commute, "that changed when people could work at home," she adds.

### Empty nesters staying put

On the other end, empty nesters, who in another era might have listed their homes and downsized, are choosing to stay. Says Baliestiero, "Baby boomers are in good shape. Now they don't mind taking care of a house and yard." The pandemic has reoriented priorities, "They're glad to have a big house so they can work from home and have the kids and grandkids stay."

Another issue, says Kevin Balboni of Engel and Volkers, is that "seniors don't know where to go," noting that he and his wife are a good example of this. With condos scarce and expensive, "Why move if [you] don't have to?" he asks. He notes that the condo market is so tight that half of the units at Woodward Village on Bedford Road sold ahead of construction. And while they started below \$1 million, they are now being listed above that number. When the next phase is implemented, Balboni expects prices to be as much as 10% above current asking prices. "There's a line of people waiting," he says.

### More balance as frenzy subsides

A year and a half ago, the Mosquito reported on a Carlisle real estate market so hot that traffic cops had to be hired for open houses and three bedroom Capes were garnering \$1 million offers. Balboni now says, "We're not in the frenzy we had, when an open house would mean seven to ten offers Monday morning. Now we're getting fewer calls and fewer offers, but until there is more inventory, prices will stay high."

Baliestiero agrees, “It’s a very different market. We’re transitioning to something more balanced. The multiple offers are fewer, homes are staying more days on the market. The pace is slower and we’re getting fewer calls. I’m even hearing of some price reductions.” Buyers are concerned about interest rates, she reports. “Mortgage rates have jumped from 3% to 6% in a very short time,” she says, adding that this has caused some buyers to reassess and decide to reduce what they can offer on a house. In addition, “They are very worried about inflation and a possible recession. They see heating oil at \$6 a gallon. There’s just more hesitation.” The low inventory has also caused some to look elsewhere. “For a long time there’s been nothing in the \$900Ks in Carlisle (note: one home just listed),” says Baliestiero. “So they are looking in several towns.” Acton, Bedford, and especially Harvard and Lincoln are seen as comparatively rural and outdoorsy towns with good schools.

### **Deck homes very attractive to Millennials**

One of the interesting post-pandemic effects is the increased value of Deck homes. These are manufactured homes erected in the ’60s and ’70s in many Carlisle neighborhoods to provide practical mid-range housing for workers in the then-growing technology industries. Now Deck homes are getting \$1 to \$1.5 million offers. “Young people are attracted to the openness, the natural light of Deck homes,” says Balboni. And while gardens and patios used to be secondary, buyers today are valuing these amenities. “Many Deck Houses have beautiful outdoor spaces with mature shrubs and hardscape,” he says, noting that this is often more of a draw to current buyers than newer homes with only a few foundation plantings.

In the past eight months, seven Deck homes have been closed on in Carlisle, and only one was below \$1 million. Some have garnered nearly double the price they were bought for only a few years ago. Two homes that sold in November and December on Stoney Gate for \$1.33 million and \$1.58 million had both been bought in 2019 for prices in the \$880,000s. Other sales late last year included a Garnet Rock Deck home for \$1.26 million and a Nowell Farme Road home for \$1.51 million. The only under-a-million Deck home sold in the past eight months was an Indian Hill property for \$985,000, a nice increase over the \$675,000 it was bought for in 2014. It is not clear if prices on Deck homes are moderating. A Heald Road property sold in May for \$1.22 million and a recent listing on Heald Road is asking \$1.25 million.

“Deck homes are more popular than colonials with Millennials,” says Baliestiero. “But only if they’re in good condition. We used to say location, location, location, but now it’s condition, condition, condition.” She notes buyers don’t want the disruption and expense of a fixer-upper, especially when it’s so hard to find good workers. “They want to be able to move in and begin enjoying their new home.”

### **What the future may hold**

Senkler is optimistic for this year. “It’s not as intense, but there are still lots of buyers. We could make many more sales if inventory weren’t so low.” Asked about the more distant future, she says, “If I knew that, I’d be a pundit in Washington. Things are good this year. But next year? There’s lots of uncertainty, not just here but worldwide.” She points to the softening stock market and high inflation and interest rates as significant sources of worry, “I think it’s going to be interesting times.”

Another concern would be if large numbers of workers return to offices, causing another shift in what buyers are seeking in a home. Senkler says the jury is still out, but predicts hybrid work, going in a few days a week, will remain popular. “I see traffic in Concord that’s easy Monday and Friday, when there are backups at the light other days of the week.” Baliestiero agrees the hybrid model appears here to stay, but some who moved to Carlisle believing they would never have to go back to work in New York City or other distant spots are having to make an adjustment.

Balboni says home office space is still in high demand, and some are seeking two offices so that both parents can work flexibly. “Right now, it’s kind of a mixture, with many going back to the office,” he says. But, he adds, “Companies have given up space because it’s cheaper to keep people at home,” and he predicts some level of work-at-home is here to stay.

As he looks to the future, Balboni’s concerns go beyond a possible market set-back, “I’m worried about the younger generation, those in their 20s and 30s. With 5 1/2% mortgage rates and nothing under \$1 million, they can’t afford to buy anything.” He adds, “I see young people who have been bid out of so many houses. This area has a good quality of life, great health care, but some of the most expensive housing in the country. What’s the solution?”

Senkler agrees, “It’s a very different market from when we bought our house in Carlisle in the ’60s for \$35,000.” However, she finds “there are many good young buyers who qualify.” She notes that they respond to the same sense of community that originally attracted her to the town. To show what community means in Carlisle, she gives each buyer a copy of the Mosquito. “I used to worry the name would scare buyers away,” she laughs. “But that hasn’t happened yet.” Δ

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## Developments Since Last Week's BOA Meeting with the Deck House Homeowners Prepared by Ken Mostello

### Actions Taken

1. David was able to get a copy of the homeowner/architect's spreadsheet identifying data inconsistencies in Carlisle property data.
2. I cross referenced the spreadsheet with 2021 sales data to see if any potential misclassifications were used in mass assessment on Deck Houses.
3. I also reviewed the spreadsheet where the author identified differences with BOA data.
4. Over the weekend, I enlisted the assistance of Jim Marchant, our former BOA chair and a lifelong professional property appraiser. I believe that getting an independent expert opinion is enormously valuable.

### Initial Review of the Homeowner's Spreadsheet

The homeowner who prepared the spreadsheet is said to be an architect and clearly spent a lot of time doing research that is useful. My objective was to determine if the document identifies:

- a) A significant degree of property classification errors in the BOA field data
- b) Errors which may impact mass assessment on the Deck Houses

In reviewing the spreadsheet, I placed importance on identifying any homes that were sold that were a) misclassified as Deck Houses or b) contemporaries that sold that should have been classified as Deck Houses. Either of these errors would impair the Deck House mass assessment. There were none of the former and the spreadsheet author identified what she believed was one of the latter at 93 Carlisle Pines Drive.

I had Jim Marchant review that property. Jim's reply:

*93 Carlisle Pines Drive: there was nothing in the deeds that indicated Deck House ever owned the land (many times they bought the land and built and marketed the homes). There are some features here that lead me to believe this was NOT a Deck House. DH did experiment a lot with some different custom styles, and you could work with them to design your own. I don't think this matches up with what they were building in 1965, or maybe ever.*

The spreadsheet does take issue with the assessor's classification on contemporaries on about 30% of those properties. A quick review on my part reveals that many of the differences are due to an architect's notion of a home style may differ from what is appropriately used for assessment. Here are three examples:

1. Architectural styles are varied and highly granular and can be overly granular in some instances for mass assessment. Any categorization that can be expected to yield just a few sales in a given year would not provide a sound basis for a statistical analysis.
2. Some styles make sense in an assessment context, but not in an architectural context. *Estate* is a prime example. In Carlisle, we group large homes on prime acreage (e.g.,

abutting the Concord River) as an estate property. Those properties sell at a significant premium regardless of their underlying architectural style. It would be unfair to the owners of a Deck House to be grouped with an estate sale. If that property sold, it would dramatically skew the results in a way that would be unfavorable to the Deck House owners.

3. The spreadsheet refers to larger colonials in upscale neighborhoods as “subdivision mansion”. That term strikes me as pejorative and not as a conventional term used in real estate sales or assessment. These homes are colonials and no one in real estate would refer to them as mansions. By today’s standards, some of them are not even particularly large properties. Moreover, what is interesting is that these homes are now selling for a significantly lower price per square foot than Deck Houses.

There are some style classifications that are clearly wrong. I found colonials listed on Aberdeen Dr. and Aldershot Ln. that are undoubtedly incorrectly identified as contemporaries. The issue is that many colonial homes incorporate modern elements. Nevertheless, these are misclassified. I don’t doubt there are others as well.

#### Considerations for Mass Assessment

Jim did mention some factors that could impact mass assessment. He estimates that most Carlisle homeowners invest about \$30,000 in home improvements just prior to selling. Therefore, he believes that a \$30,000 offset may be needed on assessment to normalize that investment if we are not already incorporating such in the analysis. It’s important to understand the process by which sales data is converted to assessment adjustments.

Jim agrees that recent market trends in real estate sales place a premium on condition at resale. Therefore, having accurate and fair condition grading is more important than in the past. A home inspection as part of the abatement process is essential to proper grading.

In summary, no data or other rationale has been provided to claim that mass assessment on Deck Houses was significantly impaired. Condition grading could be a factor and may overstate the property value in some cases, but that can be remedied on a case-by-case basis as part of the abatement process on all home styles, which is standard procedure.

Remediation in the near term must be the abatement process, and that makes sense because errors are likely to be individual and not across the board.

#### Immediate Action Items

1. Determine resources needed to handle a larger than normal abatement caseload
2. Get immediate admin help to be more responsive to taxpayers.
3. Establish a protocol for processing a large number of abatements.
4. Determine how property inspections will be carried out.