

My name is Marie Drissel. My family has lived in Washington, D.C. for over 160 years. When I was a member of the prior Tax Revision Commission my husband who established his medical practice in DC 40 years ago and I figured that we paid 19 of the 23 types of taxes or fees collected at the time. I have devoted 39 years to neighborhood activism, 23 involved directly in real property tax administration.

### **NEED FOR THE TAX REVISION COMMISSION TO STUDY REAL PROPERTY ADMINISTRATION**

Tonight I am here to plead with you to not only review the fiscal policy and architecture concerning real property but to also examine the real property administration.

Commissioner Mark Ein stated it so clearly at the last meeting—it is the huge expense which cannot be planned for by any business. I want to concentrate on residential assessment administration, which has no organized constituency.

The two assessment systems for commercial and residential are entirely different. For the commercial properties the income approach is based on the leases, must be confidential, the data is validated every April 15<sup>th</sup> and the issues are covered by the media. The residential is based on sales, what the tax assessor thinks he/she knows about a property without any document validating the data with all steps open to public review.

### **CAMA, Computer Assisted Mass Appraisal system**

CAMA, a generic name for the software (Vision) used by assessors, was installed before Tony Williams became the first CFO. The actual collection of data, or the door to door survey of all homes was performed by homeless who were not properly trained in 1992. William DiVello, former IG for the CFO publically stated the software should be dumped.

### **OTR EXPEDITES GENTIFICATION**

It has been my belief since 2003 that OTR is expediting gentrification. Simply put, renovated properties are being used to assess non-renovated properties resulting in high assessments forcing the poor to sell.

Restricting or capping the amount paid implemented after the triennial system ended and the change from trending to multiple regression analysis has left the actual residential assessment a nightmare.

Here are some interesting figures. On this board alone one member pays as high as 95.2% of their assessment another as low as 57% of the assessment due to the cap and the relationship of when a neighborhood came out of the triennial system and started to receive the 10% cap. It is unfair and impossible to measure how this arithmetic has gone haywire.

The move away from trending to multiple regression analysis was a good outcome by the Peter Craig trial. But the CFO did not institute another door to door survey of properties and relied on the extremely old and faulty data.

It is also my finding that building permits for homes are understated, not current and transmitted to OTR by paper.

### **EMPIRICAL EVIDENCE SUPPORTING POOR ASSESSMENTS IN POOR NEIGHBORHOODS**

For purposes of this presentation I researched the empirical evidence or Sales Ratio Studies produced by OTR annually from 2006 to 2011. It substantially supports my thesis of poor assessments in poor neighborhoods. The coefficient of dispersion is a mathematical test approved by the IAAO. It is their batting average for the assessor. I have compared the worst, Brentwood to the best, Chevy Chase. And the neighborhoods which have problems over this period are essentially the poor neighborhoods. Anacostia, Barry Farms, Brentwood, Brightwood, Columbia Heights, Congress Heights, Fort Dupont Park, Lily Ponds, Marshall Heights, Randle Heights, Riggs Park, Trinidad and Woodridge. (See attached tables and graphs.)

Within that same study there is another target measurement, price related differential. A high PRD means that the assessment is underestimated for high dollar properties in that particular neighborhood. Again, many of these same neighborhoods have had high PRD's especially Brentwood compared to Chevy Chase.

I believe the Commission should review the cost versus return implementing the annual property tax sales and its impact on the poor, elderly property owner.

My name is Marie Drissel. My family has lived in Washington, D.C. for over 160 straight years. I was born and raised in Petworth. My husband established his medical practice in Dupont Circle over 40 years ago. When I was a member of the prior Tax Revision Commission we figured that we paid 19 of the 23 types of taxes or fees collected at the time. I have been an ANC Commissioner twice and devoted 39 years to neighborhood. I also was a member on the DC Office of Tax and Revenue Advisory Committee for several years at the invitation of Deputy CFO and CFO Natwar Gandhi. During this period a consultant was officially assigned to review my research prepared on a pro bono basis examining the issues surrounding illegal homestead. Dr. Gandhi announced at one of the meetings that my efforts had resulted in the City bringing in an additional \$12 million in property taxes.

## NEED FOR THE TAX REVISION COMMISSION TO STUDY REAL PROPERTY ADMINISTRATION

Tonight I am here to plead with you to not only review the fiscal policy and architecture concerning real property but to also examine the real property administration.

I would like to go into details concerning the commercial property tax administration but that would leave no time to address the unintended consequences of the neglect of the residential real property administration, the lowest step children of all various staff responsible for tax administration. My ultimate goal is to right the ship for all types of real properties. It is the only way that we can stabilize expenses for businesses and residents. Commissioner Mark Ein stated it so clearly at the last meeting—it is the huge expense which cannot be planned for by any business.

The two assessment systems for commercial and residential are entirely different. For the commercial properties the income approach is based on the leases and must be confidential. The residential is based on sales, what the tax assessor thinks he/she knows about a property without any document validating the data and is all open to public review. Again even the data validation differs from the income approach as the income/expense statements due April 15 by commercial owners provide that update including expenses to improve the property. The commercial issues are covered by the media but the residential are not.

### CAMA, Computer Assisted Mass Appraisal system

CAMA, a generic name for the software (Vision) used by assessors, was installed before the Control Board and before Tony Williams became the first CFO. The actual collection of data, or the door to door survey of all homes and buildings, was a disaster. This is the software and manual systems which Harriett Walters knew how to manipulate to steal \$48 million. William DiVello, former Inspector General for the CFO at the October 10 Council hearing stated the software should be cancelled.

### OTR EXPEDITES GENTIFICATION

It has been my belief since 2003 that OTR is expediting gentrification. Simply put, renovated properties are being used to assess non-renovated properties resulting in high assessments forcing the poor to sell. It is complicated to describe the various elements contributing to this statement but overall it is the neglect with little to no organized constituency.

The data in the CAMA residential system was flawed from the beginning and the problems have compounded over time. Restricting or capping the amount paid implemented after the triennial system ended and the change from trending to multiple regression analysis has left the actual residential assessment a nightmare. The staff is always short changed and the employees have their hands tied behind their backs with no support at the top. And just to demonstrate how crazy things have become, the Office of Tax and Revenue publically stated that they decided not to fight the appeals of commercial properties last year due to the cost of defending the assessments. At the same time they argued all residential property appeals at the second level or the former BRPAA.

Here are some interesting figures. On this board alone one member pays as high as 95.2% of their assessment another as low as 57% of the assessment due to the cap and the relationship of when a neighborhood came out of the triennial system and started to receive the 10% cap. My husband and I pay on 98.4% of our assessment and a Council Member pays on 72%. The residential assessment caps are all over the map. A property owner called into the Kojo Nnamdi DC Politics Hour this summer when Dr. Gandhi was on and stated his assessment has gone down considerably yet he is still receiving increases on his property tax bill. It is unfair and impossible to measure how this arithmetic has gone haywire.

The Peter Craig class action suit was only about residential properties and the trending system formerly used by OTR. The judge in the trial case found this assessment process to be arbitrary and capricious especially hurtful to poor neighborhoods. The DC Government hired a major law firm and other experts to fight the outcome in the Court of Appeals. The class action suit was won on a technicality related to class action suits. (Although I am not 100% certain of my which may be out of date or changed the cash flow from residential property taxes and maybe even commercial was held in escrow to support our bonds. Hence the threat of losing a class action real property suit was especially of high concern.)

The move away from trending to multiple regression analysis was a good outcome by the Craig trial. But the CFO did not institute another door to door survey of properties and relied on extremely faulty data collected by Sharon Morrow, former Director of the Department of Finance and Revenue in the early 1990's. Homeless people were employed, untrained and did not have a clue what they were doing. In my neighborhood almost all of the interior condition codes were in the category "good" making multiple regression analysis useless. I demanded that many supervisors revisit my neighborhood and they did over a 2 day period. The results were greatly improved. This was in the early 1990's. But we were the exception.

In 2003 and again 2008 I analyzed each sale in my neighborhood and found properties which were sold by the owner to his/her company, hidden foreign government transactions and those involving renovations for which either no permits were pulled or permits did not approximate the actual cost. A chart was presented by Dr. Swain on Page 19 for the Tax Revision Commission concerning housing permits issued in DC from August 2009 to August 2012. If I understand it there were less than 500 in 2009 and now about 3914 in 2012. I do not believe this described or describes what was or is really happening in renovating residential properties. I imagine this includes new housing so the renovations permits would be even lower. There are great improvements within DCRA and the relationship between DCRA and OTR is also improving. But I am told there is only one person reviewing and interpreting the manual paper sharing of DCRA building permits information in order to make them relevant for usage concerning assessments.

I am also attaching a property which has been in the news a great deal recently to grab your attention. You will see what an OTR property card includes. I have also attached Zillow pictures since it recently sold (\$1.1 million) well above its assessed value (\$615,000). A property in "poor" condition does not for example, have central air conditioning. This particular property has seen its share of fabulous parties and it has been centrally air conditioned for decades. The house is filled with marble, granite, stone and has the best of everything. No substantial building permits could be found searching through DCRA's data base. The average price per square foot in this neighborhood is \$380 and this property officially listed in poor interior condition sold for \$540. This will substantially increase all single family assessments in that neighborhood.

#### EMPIRICAL EVIDENCE SUPPORTING POOR ASSESSMENTS IN POOR NEIGHBORHOODS

For purposes of this presentation I researched the empirical evidence or Sales Ratio Studies produced by OTR annually from 2006 to 2011. It substantially supports my thesis of poor assessments in poor neighborhoods. The coefficient of dispersion is a mathematical test approved by the International Association of Assessing Officers. It means how good is the assessors' office by neighborhood at having the assessments pretty close to the actual sales prices. It is their batting average and in the example of the well known house which I distributed, it was not good.

According to the IAAO the standard for cities should be between 5 and 15. I have compared the worst, Brentwood to the best, Chevy Chase. And the neighborhoods which have problems over this period are Anacostia, Barry Farms, Brentwood, Brightwood, Columbia Heights, Congress Heights, Fort Dupont Park, Lily Ponds, Marshall Heights, Randle Heights, Riggs Park, Trinidad and Woodridge. The worst within that group are Anacostia, Brentwood, Brightwood, Congress Heights, Trinidad and Woodridge. (See attached tables and graphs.)

Within that same study there is another target measurement. The price related differential should be between .98 to 1.03. A high PRD above 1.03 means that the assessment is underestimated for high dollar properties, that is, high dollar relative to the particular neighborhood. Again, many of these same neighborhoods have had PRD's from 1.04 to 1.06 especially Brentwood when Chevy Chase is almost at 1.00, a perfect score.

I believe the Tax Revision Commission should review the cost versus the return implementing the annual home property tax sales. I want to suggest a change in procedure for the elderly property owner who is about to lose their home through DC tax sales. The problems with the notification process are legislative issues not relevant here but I am suggesting that any home which is receiving the senior citizen deduction and is ready to go into tax sale should be reviewed for potential automatic assessment reduction. There is a very high probability that the property has fallen into substantial and significant disrepair to the point that it materially affects its market price.

And finally many cities require substantial fees for appealing commercial property taxes. This idea should not be put into effect until the entire property administration is straightened out. But it should be a consideration in the future.

	Sales 2011		Sales 2010		Sales 2009		Sales 2008		Sales 2007		Sales 2006					
	COD	PDR	COD	PDR	COD	PDR	COD	PDR	COD	PDR	COD	PDR	COD	PDR	COD	PDR
Anacostia	16.4	1.05	14.3	1.01	19.9	1.05	12.1	1.02	13.7	1.03	14.6	1.05	2	3	5	
Barry Farms	11.6	0.98	6.4	1.01	9.4	1.02	4.6	1	10.6	1.02	16.5	1.04	1	1	2	
Brentwood	16.4	1.04	8.2	1.03	12.7	1.03	17.3	1.05	15.3	1.04	16.2	1.06	4	4	8	
Brightwood	14.4	1.04	14.3	1.04	14.3	1.04	12.9	1.04	11.3	1.02	9.4	1.01	0	4	4	
Columbia Heights	13.1	1.02	13.6	1.03	15.4	1.03	16.9	1.05	12.3	1.02	12.4	1.02	2	1	3	
Congress Heights	16	1.02	14.7	1.02	17.4	1.03	12.2	1.03	10.8	1.01	16.5	1.04	3	1	4	
Fort Dupont Park	10.3	1.01	12.4	1.02	11	1.02	10	1.02	11.6	1.02	15.4	1.02	1	0	1	
Lily Ponds	15.3	1.06	8.2	1.01	12.5	1	12.7	1.02	13.1	1.02	12.2	1.02	1	1	2	
Marshall Heights	11.4	1.02	10.6	1.02	5.4	1.01	9.7	1.02	15.8	1.02	15	1.05	2	1	3	
Randle Heights	8.9	1.02	14.2	1.04	17.4	1.05	4.7	1.01	7.9	1.01	4.9	1.01	1	2	3	
Riggs Park	16.8	1.04	9.5	1.01	8.7	1.01	14.4	1.03	8.6	1.01	5.3	1.01	1	1	2	
Trinidad	14.8	1.03	13.2	1.03	17.2	1.04	10	1.02	15	1.03	15	1.04	3	2	5	
Woodridge	19.6	1.06	4.4	1.01	13.6	1.02	15.1	1.04	11	1.02	12.5	1.02	2	2	4	

**The Very Worst COD's**

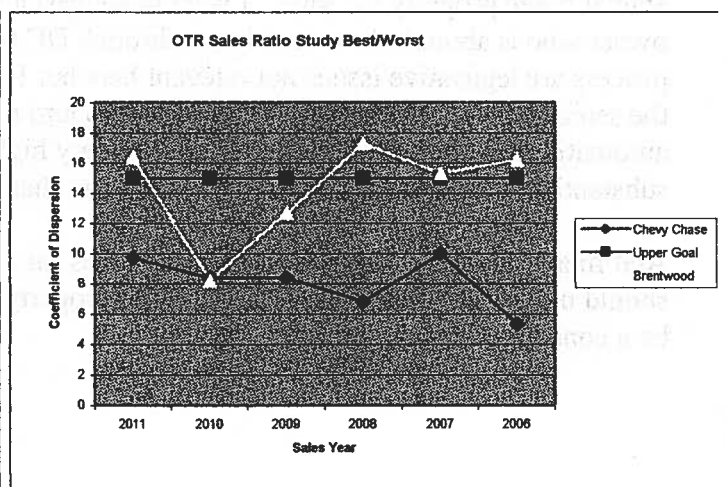
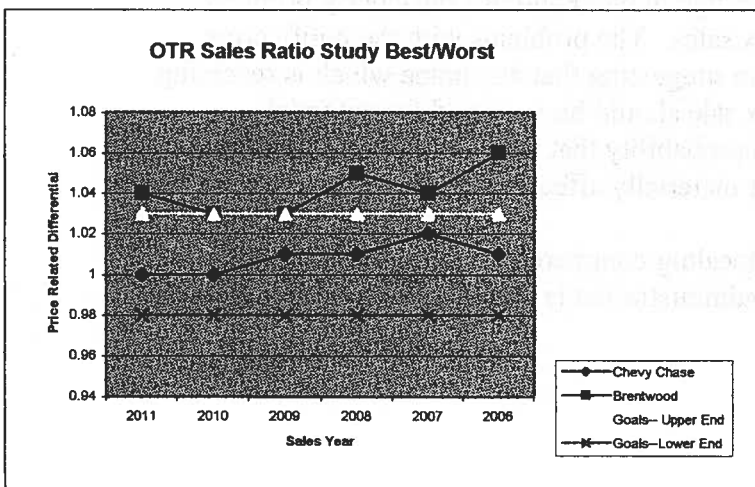
Brentwood	16.4	8.2	12.7	17.3	15.3	16.2
Anacostia	16.4	14.3	19.9	12.1	13.7	14.6
Trinidad	14.8	13.2	17.2	10	15	15
Brightwood	14.4	14.3	14.3	12.9	11.3	9.4
Congress Heights	16	14.7	17.4	12.2	10.8	16.5
Woodridge	19.6	4.4	13.6	15.1	11	12.5

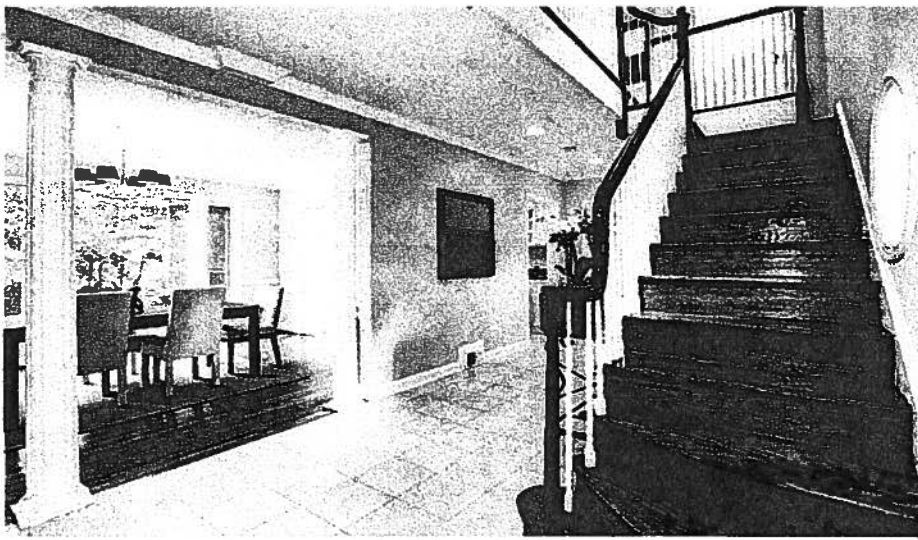
**Coefficient of Dispersion Comparing Brentwood to Chevy Chase**

	2011	2010	2009	2008	2007	2006
Chevy Chase	9.7	8.4	8.4	6.8	10	5.3
Upper Goal	15	15	15	15	15	15
Brentwood	16.4	8.2	12.7	17.3	15.3	16.2

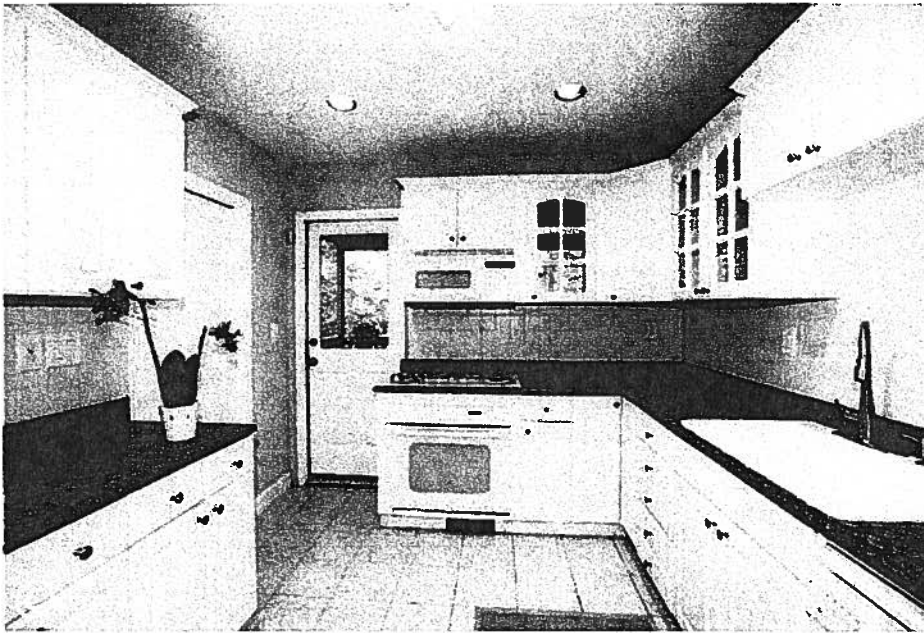
**Price Related Differential Comparing Brentwood to Chevy Chase**

	2011	2010	2009	2008	2007	2006
Chevy Chase	1	1	1.01	1.01	1.02	1.01
Brentwood	1.04	1.03	1.03	1.05	1.04	1.06
Goals-- Upper End	1.03	1.03	1.03	1.03	1.03	1.03
Goals--Lower End	0.98	0.98	0.98	0.98	0.98	0.98

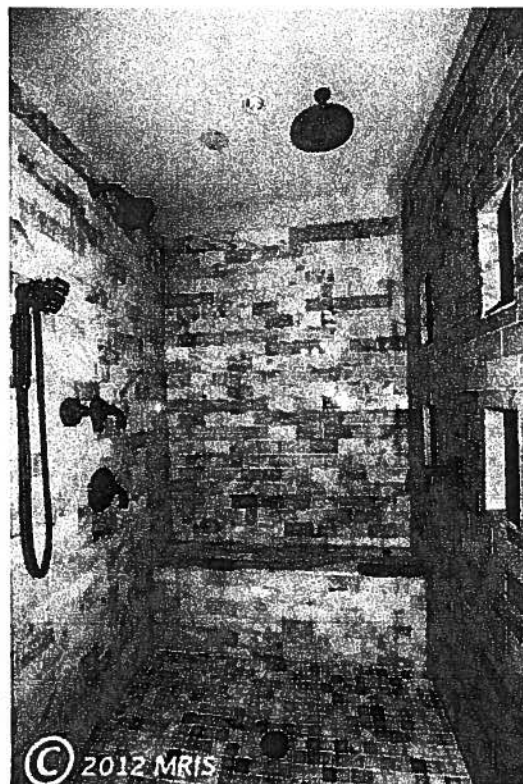




2025 Trumbull Tr  
NW  
Washington DC  
Sales Pictures  
on Zillow



Property Record  
Card  
(next document)  
DC Government  
Interior condition:  
Poor  
Exterior conditions:  
Fair



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<b>CURRENT OWNER</b> JEFFREY E THOMPSON		<b>ACCOUNT INFORMATION</b>		<b>CURRENT ASSESSMENT</b>		<b>RES</b>  District of Columbia Real Property Assessment Division	
2025 TRUMBULL TER NW		Use Type	Use Code	Lot SF	Status Code		Description
		R1	012	13,387			RESIDENTL RES LAND

<b>WASHINGTON, DC 20011</b>		<b>WASHINGTON, DC 20011</b>		<b>WASHINGTON, DC 20011</b>	
<b>Additional Owners:</b>		<b>Additional Owners:</b>		<b>Additional Owners:</b>	

<b>OWNERSHIP HISTORY</b>		<b>APPEALS</b>	
JEFFREY E THOMPSON	INSTRUMENT #	SALE DATE	SALE PRICE
	0000/0000	01/31/1995	366,000

<b>APPEALS</b>		<b>SUPPLEMENTAL DATA</b>	
Appeal #	Decision	Amount	Revised AV

<b>TAX TYPE</b>		<b>PARCEL LOCATION SUMMARY</b>	
Year	Type	Description	Zone Overlay
2002	TX	TAXABLE	

<b>PERMIT INFORMATION</b>		<b>LAND LINE VALUATION SECTION</b>	
Permit ID	Issue Date	Type	Amount
0000000	01/05/2012	AR	0
B397224	01/01/1990	AD	0

<b>LAND LINE VALUATION SECTION</b>		<b>VALUE SUMMARY</b>	
B#	Occ	Description	Zone
1	012	Residential Detached Single Fa	R-1-A
		Frontage	Depth
		165	103
		Units	S.F.
		13,387	1,001
		Price	Size Adj
		25,62	0.5094
		Site Rating	Adjustments/Special Use
		0.00	
		Notes	Land Value
			342,970

Total Land Units: 13,387 SF  
Total Land Value: 342,970