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**To:** County Council

**From:** Kristen Latham and Leslie Rubin, Senior Legislative Analysts  
Office of Legislative Oversight

**Subject: Methodology and Process for State Residential Property Tax Assessments**

In the State of Maryland, owners of real property (land and improvements to land) must pay property tax each year based on the value of the property.<sup>1</sup> The Maryland State Department of Assessments and Taxation (SDAT) sets the value of each parcel of real property every three years through an assessment process. Maryland law allows counties and other local jurisdictions (e.g., towns, municipalities, etc.) to set rates for and collect local property taxes, based on SDAT's assessment.<sup>2</sup> Maryland is one of two U.S. state where the property assessments are set at the State level instead of at the local level.

State law requires SDAT to reassess the value of property outside of the normal three-year cycle if improvements are made to the property that increase the value by \$100,000 or more. The County Council asked the Office of Legislative Oversight (OLO) to examine SDAT's processes for and data on reassessments of residential properties modified through renovations or additions that add \$100,000 or more in value. Because of limited available data on these types of reassessments, OLO also undertook a comparison of SDAT assessments to the sale price of residential properties to gauge how closely SDAT assessments reflect sales prices on the open market.

In this report,

- **Section A** summarizes State law regarding the assessment of the value of real property,
- **Section B** describes the processes and procedures used in SDAT's Montgomery County office to assess and reassess property value,
- **Section C** describes how the County Government's Department of Permitting Services' (DPS) provides data to SDAT to support the reassessments of residential property in the County,
- **Section D** summarizes the conclusions from a 2016 report from the Office of the Inspector General about communication of information between DPS and SDAT,
- **Section E** summarizes limited SDAT data,
- **Section F** compares SDAT assessments to the sale price of residential properties and extrapolates the findings to all residential properties in the County,
- **Section G** describes OLO's findings and recommendations, and
- **Section H** acknowledges those who assisted in the preparation of this report.

The Appendix includes the Chief Administrative Officer's comments on the report and other documents.

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<sup>1</sup> All references to "property tax" in this report refer to the tax on real property, not personal property.

<sup>2</sup> Md. Code Ann., Tax – Property, §§ 6-202, 6-203.

# Methodology and Process for State Residential Property Tax Assessments

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## A. State Assessment of Real Property

Article 15 of the Declaration of Rights of Maryland's Constitution requires that all real property in the State be assigned value (assessed) and taxed uniformly. The Maryland Code and Regulations establish uniform standards for property assessment and assign the State Department of Assessments and Taxation (SDAT) responsibility for determining the value of real property in the state.<sup>3</sup>

SDAT maintains an office in each Maryland county, with local SDAT staff assessing each parcel of property in a county on a three-year cycle where one-third of properties in a county are reassessed each year.<sup>4</sup> State law further requires SDAT to determine a new value for a parcel of property outside of the normal three-year cycle if "substantially completed improvements are made which add at least \$100,000 in value to the property."<sup>5</sup> SDAT can update its records to reflect the reassessment of property due to improvements four times a year – on January 1<sup>st</sup>, April 1<sup>st</sup>, July 1<sup>st</sup>, and October 1<sup>st</sup>.

State law requires SDAT to assess the value of real property at its "full cash value,"<sup>6</sup> which SDAT interprets as "market value" or "the most probable price which a property will sell for under normal market conditions."<sup>7</sup> SDAT procedures indicate that "[t]he more that the sales of properties conform to the definition of market value, the more relevant the sales will be as an indication of what other similar properties might sell for."<sup>8</sup>

The law requires SDAT to value property separately for the land and improvements on the land.<sup>9</sup> SDAT procedures also explain that "the market" rarely separates the value of land and improvements:

[W]hile there is a legal requirement to value land and buildings separately, it is the combined value of land and buildings that constitutes the valuation or assessment referred to in the various sections of the code.... [T]he value of real property as evidenced by the market seldom, if ever, separates the value of land and buildings. The sole purpose of this separation in the calculation of the total value is to allow both the assessor and the property owner to gauge more effectively uniformity with like properties.<sup>10</sup>

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<sup>3</sup> See Md. Code Ann., Tax – Property, §§ 2-101, 2-202.

<sup>4</sup> Maryland established this triennial assessment system in 1979. Maryland Assessment Procedures Manual § 255.001.001.

<sup>5</sup> Md. Code Ann., Tax – Property, § 8-104(c)(1)(iii). SDAT can reassess property out of cycle in six instances. The other five are (1) zoning reclassification at the initiation of the owner, or anyone having an interest in the property, (2) change in use or character, (3) an error in calculation or measurement, (4) termination of residentially used rezoned real property, or (5) Subdivision. Ibid. § 8-104(c). Homeowners who want to enlarge or alter their home must apply for and receive a building permit from the County Government's Department of Permitting Services. Montgomery County Code § 8-24(a) [hereinafter "MCC"]. Permits are valid for one year. MCC § 8-25(b)(1)(a). State law requires the County to send copies of newly-issued building permits to the Supervisor of Assessments – the title of the director of the SDAT office in each county. Md. Code Ann., Tax – Property, § 5-103.

<sup>6</sup> Md. Code Ann., Tax – Property, § 1-101(b), (qq).

<sup>7</sup> Maryland Assessment Procedures Manual § 001.014.001.

<sup>8</sup> Ibid.

<sup>9</sup> Md. Code Ann., Tax – Property, § 8-104(a).

<sup>10</sup> Maryland Assessment Procedures Manual § 014.020.010.

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The Maryland Assessment Procedures Manual, produced by SDAT, includes three methods for valuing property:

- Recent sales of similar properties,
- Replacement cost (less depreciation),<sup>11</sup> and
- Capitalization of income (for rental and commercial property).<sup>12</sup>

SDAT's *A Homeowner's Guide to Property Taxes and Assessments* indicates that Maryland assessors use a blend of the sales and replacement cost approaches to value residential property.<sup>13</sup> Assessors value the land based on the sales approach and value improvements to the land based on replacement costs, with adjustments made if a type of house typically sells for more or less than the cost of construction.<sup>14</sup> Further, assessors use a neighborhood adjustment factor created by analyzing sales of similar-modeled dwellings in similar market areas.

Assessors can group property together for assessment purposes by area, by character or use, or in any other "helpful" manner,<sup>15</sup> allowing assessors to evaluate similar properties as a group. SDAT representatives report that assessors use a mass appraisal system for residential properties in Montgomery County. State law requires assessors to perform an exterior physical inspection of a property once every three years.<sup>16</sup> When performing an assessment, assessors typically only inspect the exterior of residential property.<sup>17</sup> Assessors can inspect the interior of a property at the request of the property owner or can ask the property owner for permission to inspect the interior with prior permission from the Supervisor of Assessments.<sup>18</sup>

## B. SDAT Processes and Procedures in Montgomery County

Currently, the Montgomery County SDAT office has 51 staff members, including 33 assessors. This includes six commercial property assessors and 27 residential property assessors, seven of whom specifically assess new construction and additions/renovations over \$100,000. This section summarizes SDAT's policies and procedures for conducting property tax assessments – in particular, reassessments following an addition to or renovation of a residential property.

**Reassessment Following Renovations or Additions.** As indicated above, SDAT is required to determine a new value for a property outside of the normal three-year assessment cycle if "substantially completed improvements are made which add at least \$100,000 in value to the property." SDAT representatives indicate that SDAT considers an improvement "substantially completed" if drywall is finished and features such as toilets and sinks are installed. SDAT regional-level and state-level representatives report that SDAT trains assessors in all counties to assess property using the same processes.

In Montgomery County, SDAT staff track which residential properties are undergoing construction or renovations by reviewing residential building permit data from the County Government's Department of Permitting Services (DPS), sent electronically on a daily and monthly basis. SDAT representatives report that the

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<sup>11</sup> The premise of the cost approach is that the fair market value of a given property equals the total of the cost to construct a similar improvement, less any depreciation for age and condition, and the price of the land.

<sup>12</sup> Maryland Assessment Procedures Manual § 014.060.010.

<sup>13</sup> <http://dat.maryland.gov/realproperty/pages/HomeOwners-Guide.aspx>.

<sup>14</sup> *A Homeowner's Guide to Property Taxes and Assessments*, State Department of Assessments and Taxation at p.2 (2009).

<sup>15</sup> Md. Code Ann., Tax – Property, § 2-203(b).

<sup>16</sup> *Ibid.* § 8-104(b)(1).

<sup>17</sup> Maryland Assessment Procedures Manual § 232.100.020.

<sup>18</sup> *Ibid.*

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permit data received from DPS provides SDAT all necessary information that it needs to complete out of cycle assessments. SDAT will not know about renovations that add value to a property if the work does not require a permit (e.g., work that does not move plumbing or require electrical work) or for improvements made without obtaining proper permits through DPS.

DPS' residential construction permit application requests a declaration of the estimated cost of the work and requires the gross square foot area that will be affected by the construction. To identify properties that may be subject to an out-of-cycle assessment, SDAT assessors identify permits with an estimated cost of construction of \$75,000 or more and permits deemed to potentially add \$100,000 or more in value based on professional opinions, such as permits for large projects based on square footage.<sup>19</sup> SDAT enters data from these permits coded as "new construction" into its Automated Assessment Valuation System ("AAVS" – SDAT's information technology system) and these data are sent to the new construction team for more in-depth analysis. SDAT also flags permits where the project description seems inconsistent with the estimated cost listed on the DPS permit for additional research – for example, a permit for a 500-square foot addition to a home with a low estimated cost of \$2,000.

Note that state law requires SDAT to reassess properties with additions or renovations that add \$100,000 or more *in value*. SDAT representatives report that the estimated cost of a project on a DPS permit does not translate dollar-for-dollar into added property value. SDAT uses both the estimated cost on DPS' permits and the description of work involved to identify projects that *may* be subject to reassessment. In addition, SDAT representatives report that it is difficult for assessors to track multiple separate permits for a property where the combined work may add \$100,000 or more in value but where the permits are not sent to SDAT by DPS at the same time.

SDAT staff have access to DPS' electronic permit databases and can review all plans and documents associated with a project. SDAT representatives report that an assessor visits each property under consideration for reassessment during the construction process and attempts to speak with an owner about the project. If an owner is not home, the assessor will leave a card asking the owner to contact SDAT. SDAT representatives estimate that approximately 25% of homeowners contact SDAT in response to cards left at homes.

**Valuing Property.** SDAT uses a formula to determine a total residential property value by adding the value of all improvements on a property (e.g., structures<sup>20</sup>) to the land value (See Appendix ©3). To assess the value of a structure (e.g., a dwelling, a garage), SDAT uses a "dwelling cost valuation method" that assigns a fixed value for each square foot of space (based on the type of space- e.g., dwelling, porch, garage) plus fixed values for additional components (e.g., kitchen sinks, cathedral ceilings, bath tubs). SDAT then adjusts the resulting value for factors such as depreciation, quality, county, and neighborhood.

Because SDAT assessors typically are not able to view the interior of residential addition and renovation projects, assessors typically do not differentiate assessments based on interior features of individual properties that could result in a difference in added value. SDAT representatives report that in a kitchen renovation, for example, the existing assessment of a property already factors in that the kitchen has cabinets and a counter. With no knowledge of the specific details of a project, a project that adds high-end features (e.g., replacing factory cabinets with handmade cabinets or a laminate countertop with a granite countertop or adding

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<sup>19</sup> SDAT also receives a daily report from DPS on newly-issued use and occupancy permits, which provides SDAT an additional way to identify residential properties undergoing construction that may add \$100,000 in value. SDAT assessors file paper copies of permits that are not flagged as possible new construction. These permits are used during the normal triennial assessment cycle.

<sup>20</sup> See, e.g., Maryland Assessment Procedures Manual § 014.020.010.

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hardwood millwork) will not necessarily result in SDAT increasing the value of a property, even if the new features are considerably more expensive than the old features. SDAT reports that the addition of square footage to a structure and location of property are the primary factors in property reassessments based on additions and renovations.

SDAT representatives also report that when completing out of cycle assessments, assessors do not take into account market factors or market values, but base a reassessment on a property's last assessment. Assessors can include market factors into reassessments completed during the normal triennial assessment cycle.

## C. Montgomery County Department of Permitting Services

The Department of Permitting Services (DPS) sends SDAT daily and monthly reports on building and other permits to help facilitate SDAT's reassessment of residential property.<sup>21</sup> DPS representatives report that DPS has been providing SDAT reports on permits since at least 1988.<sup>22</sup>

DPS sends several electronic reports (in both excel and PDF formats) to SDAT in addition to SDAT staff having access to all DPS permit-related documentation. DPS previously sent SDAT daily and monthly reports, but at SDAT's request in December 2017, discontinued the daily reports. DPS sends SDAT reports on:

- Residential and Commercial Building Permits Issued;
- Demo Building Permits Issued;
- Residential and Commercial Building Permits Final Inspection Completed;
- Residential Use and Occupancy Permits Issued; and
- Use and Occupancy Permits Issued.

Each individual property in the state has a property tax ID number. DPS representatives report that in 2016, SDAT asked DPS to including Property Tax ID in DPS' reports to make it easier for SDAT staff to accurately match building permits with specific properties. DPS began including this data in its reports in August 2016.<sup>23</sup>

**DPS' Permit Process.** DPS issues building permits for residential construction, additions, and alterations. Permit applicants are required to submit a permit application to DPS and supporting documents such as construction plans, site plans, and floorplans. DPS building permit fees cover processing building permits, reviewing plans, and performing inspections throughout construction.

Currently, applicants can submit permit applications either online or via paper applications brought to DPS' office. DPS currently supports online applications for 14 types of permits, including permits for residential additions and renovations.<sup>24</sup> Online permit applicants can apply for a permit, pay fees, and download issued permits through one system (ePermits) and upload DPS-required plans through a second system (ePlans).

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<sup>21</sup> SDAT representatives report that the cities of Gaithersburg and Rockville, which issue their own building permits, send similar daily and monthly reports to SDAT.

<sup>22</sup> DPS representatives report that DPS has also given SDAT computer systems in the past to allow SDAT staff access to data on DPS' system. DPS' technology staff responsible for DPS' three IT building permit systems and for providing data to SDAT include one manager, four full-time DPS positions, and four contractors.

<sup>23</sup> While SDAT generates tax ID numbers for all properties in the State, its IT system does not have the capability of matching these property tax ID numbers with DPS' building permits so SDAT has asked DPS to do so.

<sup>24</sup> DPS is in the process of adding additional permits to the online application system and DPS requires online applications for certain types of permits, including new residential construction and residential rooftop solar panels.

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Applicants submitting paper forms submit the paper application and accompanying documents to DPS, with DPS staff manually entering application data into DPS' computer system and scanning accompanying documents. DPS staff can process and issue permits for some types of projects (e.g., finishing basements, single level decks, or remodeling kitchens) the same day – called Fast-Track Permits. Permits applications that require more extensive review do not go through the Fast-Track process. Fees for residential permits for additions are based on the square footage of space created or affected by a project and the permit application requires the applicant to state the relevant gross square foot area for a project. The application also asks for an estimated project cost. See Appendix ©11 for a copy of the DPS' residential permit application.

DPS maintains three information technology (IT) systems related to permit applications and management:

- **Hansen** – Automated permitting system that stores data related to all applications and issued permits;
- **Documentum** – System for scanning and managing applicants' building permit-related documents; and
- **ProjectDox** – System for capturing and processing plans and supporting documents submitted electronically via ePlans.<sup>25</sup>

Construction must begin and proceed within one year following issuance of a residential building permit. DPS requires permit holders to pass various inspections during the building process, depending on the type of work being done (e.g., after laying footings/foundations, after framing, before walls are closed in and final). Either contractors or homeowners contact DPS when they are ready to schedule these inspections. Following a successful final inspection, DPS "closes out" a permit, meaning that DPS' responsibilities with respect to the permit are done.

When DPS issues a permit, the Hansen system automatically flags a date close to the permit's expiration date for commencement of construction. If no inspections have been scheduled by that date, a DPS inspector will follow up with the homeowner, visit the property to see whether work has been done on the project, issue a notice to the permittee that the permit is expiring, do follow-up inspection(s), and if no action is taken under the permit, determine whether the project has been abandoned. If the project has been abandoned and the homeowners don't apply for an extension for the building permit, DPS will administratively close out the permit.

## D. August 2016 Report from the Office of the Inspector General

On August 25, 2016, the Office of the Inspector General (OIG) issued Report #OIG-17-001, *Communication of Building Permit Information to SDAT*.<sup>26</sup> This OIG report responded to a complaint that SDAT was not reassessing residential properties in Montgomery County that had undergone major improvements.

The OIG report contains much of the same information told to OLO staff during the research process for this OLO report. For example, SDAT staff reported that SDAT uses the cost estimate data from building permits to help identify which residential properties it should flag for possible mid-cycle reassessments. The OIG report also includes additional information, including that SDAT staff reported that cost estimates (provided by permit applicants) in many DPS permits were low, even \$0 – which could lead to SDAT not identifying properties appropriate for reassessment. DPS staff reported to the OIG that for residential new construction and additions,

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<sup>25</sup> DPS provides an online user guide for ePlans users:

<http://permittingservices.montgomerycountymd.gov/DPS/pdf/ApplicantUserGuide.pdf>.

<sup>26</sup> [https://www.montgomerycountymd.gov/OIG/Resources/Files/PDF/IGActivity/FY2017/mcdps\\_permit\\_comm\\_adv\\_memo\\_25\\_aug\\_2016.pdf](https://www.montgomerycountymd.gov/OIG/Resources/Files/PDF/IGActivity/FY2017/mcdps_permit_comm_adv_memo_25_aug_2016.pdf).

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DPS does not generally check the cost estimate provided by permit applicants for accuracy because DPS does not use the data in the issuance of permits.

In its report, the OIG examined select DPS permits to analyze whether permit applicants provided accurate data. First, the OIG calculated the cost per square foot from 2,649 residential building permits issued from December 2013 to May 2016 by dividing the estimated cost by the number of square feet declared in the permits. The OIG compared that to the average cost per square foot for residential construction on single- and two-family homes published by the International Code Council (ICC).<sup>27</sup>

At the time the OIG issued its report, the ICC indicated the range for the average cost per square foot of residential construction was \$112.65 to \$143.93. The OIG found that 18% of issued building permits had a cost per square foot below \$50 – “well below the ICC range.” OLO conducted the same analysis for 1,125 building addition permits issued from September 2016 through August 2017 and found that approximately 18.5% of permits had an estimated cost of less than \$50 per square foot. The next table summarizes these data.

**Table 1. Estimated Cost Per Square Foot Number from DPS Residential Building Permits for Additions, September 2016 – August 2017**

Estimated Cost per Square Foot	Residential Building Permits	
	#	%
\$251+	256	22.8%
\$201-\$250	89	7.9%
\$151-\$200	130	11.6%
\$101-\$150	197	17.5%
\$50-\$100	245	21.8%
<\$50	179	15.9%
\$0	29	2.6%
<b>TOTAL</b>	<b>1,125</b>	<b>100.0%</b>

Source: Data from DataMontgomery and OLO analysis

The OIG report also reviewed permits for single family homes that reported the area affected by an addition was more than 5,000 square feet and reported an estimated cost of less than \$100,000. The OIG found that of the 27 permits that fit these criteria, 76% of the cost estimates in DPS’ computer system were lower than the estimated cost in the application and that half of the errors were due to entering an incorrect number of zeros in DPS’ system. OLO attempted to update this analysis using more recent data; however, no permits met the stated criteria.

<sup>27</sup> The ICC develops model codes and standards for structure design and construction. DPS staff reported to the OIG that “for commercial properties, DPS checks the value and the square footage information against information from” the model commercial building code issued by the ICC. DPS uses square footage to calculate the cost of commercial building permits.

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## E. SDAT Data

OLO asked SDAT to provide data on Montgomery County residential properties that were reassessed due to additions or renovations that resulted in an increase of \$100,000 or more in value. SDAT provided FY17 quarterly reports on “new construction” that include both newly built residences and properties that SDAT reassesses following additions or renovations, but do not distinguish between the two. For the four quarters in FY17, SDAT assessed 1,963 properties at a value of \$1.89 billion.

**Table 2. Increased Property Value from Assessment of “New Construction” in Montgomery County, FY17**

	FY17
Number of Properties*	1,963
Increase in Taxable Assessment	\$1.89 billion

\*(Includes renovations/additions)  
Source: SDAT

To distinguish in the reports between actual “new construction” and properties reassessed due to an increase in value, SDAT representatives recommended that OLO could look up the “primary structure built” date for each property in the reports in SDAT’s online database. OLO analyzed the properties in one FY17 quarterly report based on SDAT’s guidance. SDAT’s FY17 Full-Year New Construction Report included 732 properties with an assessed value of \$635.5 million. OLO excluded non-residential properties and newly-built properties from the 732 properties, by excluding:

- 35 non-residential properties,
- 136 residential properties built in 2015,
- 368 residential properties built in 2016, and
- A building with a “primary structure built” date of 1964 with 102 new condominiums sold in 2016.

The remaining 91 properties should represent properties that SDAT reassessed due to an increase in value of \$100,000 or more. SDAT’s reassessment of these properties added \$36.3 million in property value.

## F. Analysis of Assessments of Recently Sold Properties

The Council asked OLO to undertake this project based on concerns that SDAT is not appropriately reassessing residential properties that have undergone additions or renovations. SDAT could not provide OLO specific data on its reassessment of renovated properties. In an effort to examine SDAT reassessments of renovated properties, OLO tried to match publicly-available DPS permit data from the County’s open data website with publicly-available property assessment data from the Maryland open data website but could draw no relevant conclusions from the effort.

In order to gauge another aspect of SDAT assessments/reassessments, OLO examined the relation of home sale prices to SDAT assessments. As described in Section A, state law requires SDAT to assess properties at their “market value” or, as SDAT interprets this, “the most probable price which a property will sell for under normal market conditions.”

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SDAT procedures state that the Department can use the recent sale price of similar properties as a gauge of market value. SDAT representatives report, however, that SDAT does not use the sale price of an individual property to determine that property’s or similar properties’ assessed values.

This section analyzes how SDAT’s valuations of residential properties differ from recent sales prices for properties in Montgomery County. For additional context, OLO performed the same analysis for properties in Prince George’s and Howard Counties.

**Methodology.** SDAT officials provided OLO data on residential properties in Montgomery, Prince George’s, and Howard Counties where the property was assessed following a sale of the property in an arms-length transaction. OLO excluded from the datasets non-residential properties, analyzing only properties coded by SDAT as residential and residential condominium.<sup>28</sup>

OLO analyzed the SDAT data from the three most recent assessment cycles. In each dataset, OLO excluded any property where the assessment occurred before the sale date or where no assessment date was identified in the data. Using these criteria, OLO narrowed the number of properties analyzed. The information below describes the properties in the SDAT datasets that OLO analyzed for each county and the number of properties in each analysis.

Assessment as of...	Property Sale Occurred between...	# of Properties in OLO Analysis
January 1, 2015	July 1, 2013 to December 31, 2014	Montgomery County – 15,541
January 1, 2016	January 1, 2013 to December 31, 2015	Prince George’s County – 12,248
January 1, 2017	January 1, 2014 to June 30, 2016	Howard County – 7,861

**Analysis.** In each dataset, OLO compared the sales price of each property to the property’s most recent assessed value. The data show that, overall, the average assessed value of a residential property was lower than the average sale price in Montgomery and Howard Counties whereas the average assessed value was slightly higher than the average sale price in Prince George’s County. The next table summarizes these data and also disaggregates the data by assessed value.

<sup>28</sup> In this analysis, OLO defined “non-residential” properties as those with the following SDAT land use codes: agricultural, apartment, commercial, commercial condominium, commercial residential, country club, exempt, exempt commercial, industrial, marsh land, and residential commercial.

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**Table 3. Average Difference between Assessed Value and Sale Price for Residential Properties, by County<sup>29</sup>**

	Montgomery County Properties			Prince George's County Properties			Howard County Properties		
<b>All Residential</b>									
Average Assessed Value	\$576,976			\$297,754			\$466,429		
Average Sales Price	\$588,158			\$294,785			\$487,322		
<b>Average Difference</b>	<b>(\$11,182)</b>			<b>\$2,969</b>			<b>(\$20,893)</b>		
<b>Assessed Value</b>	<b>Average Difference</b>	<b>#</b>	<b>%</b>	<b>Average Difference</b>	<b>#</b>	<b>%</b>	<b>Average Difference</b>	<b>#</b>	<b>%</b>
\$1-\$250,000	(\$7,212)	2,703	17%	\$4,316	4,715	38%	(\$7,940)	938	12%
\$250,001-\$500,000	(\$12,218)	6,003	39%	\$3,616	6,727	55%	(\$19,363)	4,066	52%
\$500,001-\$750,000	(\$30,547)	3,410	22%	(\$13,524)	748	6%	(\$26,765)	2,141	27%
\$750,001-\$1,000,000	(\$36,466)	1,564	10%	\$25,998	56	0.46%	(\$24,732)	476	6%
\$1,000,001-\$5,000,000	\$43,421	1,857	12%	\$174,268	2	0.02%	(\$37,443)	240	3%
\$5,000,001+	(\$95,050)	4	0%	-	-	-	-	-	-
<b>Total</b>	<b>15,541 100%</b>			<b>12,248 100%</b>			<b>7,861 100%</b>		

Source: SDAT data and OLO analysis

OLO counted the number of properties in each county dataset with an assessment lower than the property's sale price. SDAT assessments were lower than property sales prices for over 80% of properties in Howard County, 69% of properties in Montgomery County, and 55% of properties in Prince George's County. The next table summarizes these data.

**Table 4. Percent of Residential Property Assessments Lower than Property Sales Price, by County**

	Montgomery County Properties		Prince George's County Properties		Howard County Properties	
<b>Assessed Value</b>	<b># Assessed Lower than Sales Price</b>	<b>% of All Residential</b>	<b># Assessed Lower than Sales Price</b>	<b>% of All Residential</b>	<b># Assessed Lower than Sales Price</b>	<b>% of All Residential</b>
\$1-\$250,000	1,807	67%	2,532	54%	682	73%
\$250,001-\$500,000	4,175	70%	3,692	55%	3,403	84%
\$500,001-\$750,000	2,459	72%	458	61%	1,723	80%
\$750,001-\$1,000,000	1,119	72%	30	54%	325	68%
\$1,000,001-\$5,000,000	1,130	61%	0	0%	160	67%
\$5,000,001+	3	75%	-	-	-	-
<b>Total</b>	<b>10,693</b>	<b>69%</b>	<b>12,248</b>	<b>55%</b>	<b>7,861</b>	<b>80%</b>

Source: SDAT data and OLO analysis

<sup>29</sup> This section does not analyze how land value impacts sale prices or assessment values in Montgomery County. As described in Section A, SDAT is required to value land and the improvements on land separately. While this analysis describes a difference between SDAT assessments and property sales prices, the analysis cannot identify how that difference would be allocated between the value of the land and the value of the improvements on the land.

## Methodology and Process for State Residential Property Tax Assessments

If SDAT set the value of properties at a property's sale price, the total assessed value of real property would be higher in Montgomery and Howard Counties and lower in Prince George's County. For the properties in these three datasets, the total value of assessments was lower than total sales prices by \$164.2 million in Howard County and \$173.8 million in Montgomery County. In Prince George's County, the total value of assessments was \$36.4 million higher than total sales prices. The next table summarizes these data.

**Table 5. Difference in Total Residential Property Value, Assessment vs. Sale Price, by County**

	Montgomery County Properties	Prince George's County Properties	Howard County Properties
<b>Assessed Value</b>			
\$1-\$250,000	(\$19,495,072)	\$20,349,595	(\$7,447,551)
\$250,001-\$500,000	(\$73,343,160)	\$24,326,342	(\$78,730,927)
\$500,001-\$750,000	(\$104,166,822)	(\$10,115,803)	(\$57,303,828)
\$750,001-\$1,000,000	(\$57,032,651)	\$1,455,864	(\$11,772,252)
\$1,000,001-\$5,000,000	\$80,632,770	\$348,535	(\$8,986,262)
\$5,000,001+	(\$380,200)	-	-
<b>Total</b>	<b>(\$173,785,135)</b>	<b>\$36,364,533</b>	<b>(\$164,240,820)</b>

Source: SDAT data and OLO analysis

**Extrapolation.** OLO used the differences between assessed values and sale prices for the Montgomery County properties to project the difference in assessed value for all residential properties in Montgomery County. Using two different methods to extrapolate, the analyses show a potential difference in total assessed value for all residential properties in the County ranging from \$2.7 billion to \$3.6 billion.

The analysis in this section, while simple, is meant to illustrate how SDAT's approach to property assessment may impact total property value in the County. For the over 15,000 Montgomery County properties analyzed in the preceding section, almost 70% were assessed below the property's sale price. SDAT representatives report that SDAT uses sales price along with land and preplacement costs when developing models for assessment. If SDAT used the sale price of homes as a direct and primary factor in assessments, the data suggest that the assessed value of residential property in Montgomery County could be higher.

In the first extrapolation method, OLO multiplied the difference between the average assessment value and the average sale price from the subset of properties (see Table 4, above) by the total number of residential properties in Montgomery County. This analysis shows a difference of \$3.6 billion in total property value.

**Table 6. Potential Difference in Total Residential Property Value in Montgomery County**

# of Properties	Average Difference - Assessment vs. Sale Price	Difference in Total Assessed Value
317,097	(\$11,182)	(\$3,578,658,735)

# Methodology and Process for State Residential Property Tax Assessments

The second extrapolation method compares two ratios to find the total possible difference in assessed value for residential properties in Montgomery County. In the equation below, the data on the left side related to the subset of 15,541 residential properties in OLO’s analysis and the data on the right side are for all residential properties in the County. The missing number X is the difference in assessed value for all residential properties in Montgomery County.

<b>Subset of Residential Properties</b>		<b>All Residential Properties</b>
Difference between assessment values and sale prices	=	<b>X</b>
Total assessed value of subset of residential properties		Total assessed value of all residential properties

Doing the math:

<b>Subset of Residential Properties</b>		<b>All Residential Properties</b>
(A) <b>(\$173,785,135)</b>	=	(C) <b>(\$2,743,548,465)</b>
(B) \$8,966,778,000		(D) \$141,558,655,271

This method shows a difference in assessed value of \$2.7 billion for all residential properties in the County.

**Charter Limit.** County property tax revenue is based on the assessed value of property. In FY18, property owners pay the County \$0.7484 in General County property tax for every \$100 in assessed value. Increasing a property’s assessed value will increase the amount of property tax owed for that property.

In Montgomery County, however, property tax revenue is governed by the “Charter Limit,” which limits the tax rate that the Council can set each year. In any given year, the Council cannot set a property tax rate that will produce more tax revenue than in the prior year (adjusted by any increase in the Consumer Price Index).<sup>30</sup>

Property tax revenue, then, is a balance between total assessed value and the tax rate. Depending on the size, an increase in overall property value for properties in the County would require the Council to lower tax rates so revenue does not exceed the Charter limit. Adding \$2.7 billion in residential property value would increase General County property tax revenue by approximately \$20 million, which would require a decrease in the tax rate of approximately 1.1¢ to stay within the Charter Limit.<sup>31</sup>

**Impact of Timing between Sale and Assessment.** OLO also analyzed the difference between residential sale prices and subsequent assessments based on the time between the sale and the assessment. A normal assumption would be that a property’s sale price will be closest to its assessed value the more closely in time the assessment follows the sale. Assuming a continuous gradual increase in house values, as more time accrues between the time of a sale and a subsequent assessment, the difference between the sale price and the assessed value would increase – because while the sale price remains constant, assessments would increase over time. The example on the next page illustrates this premise.

<sup>30</sup> Montgomery County Charter § 305 (2016).

<sup>31</sup> FY18 total real property residential tax rates range from \$1.1037 to \$1.6597 per every \$100 in assessed value. The total property tax rate includes the General County tax and other taxes, such as a Fire District tax, Storm Drainage tax, and Recreation tax. For this analysis, OLO examined the impact of additional revenue only on the General County tax rate of \$0.7484 per \$100 in assessed value because that is the base rate for all County residential properties. OLO did not calculate the impact of additional revenue using the average weighted County residential property tax rate because OLO does not know whether the subset of properties in the analysis was evenly distributed throughout the County.

# Methodology and Process for State Residential Property Tax Assessments

Sale	Assessment	Difference
June 30, 2015	August 30, 2015	3 months
\$500,000	\$505,000	+\$5,000
June 30, 2015	August 30, 2016	15 months
\$500,000	\$510,000	+\$10,000
June 30, 2015	August 30, 2017	27 months
\$500,000	\$520,000	+\$20,000

OLO’s analysis of the SDAT data for the three counties shows interesting results. OLO’s premise holds true (mostly) for properties in Montgomery and Prince George’s Counties, but not for properties in Howard County. The next table summarizes these data.

**Table 7. Difference between Average Sale Price and Average Assessed Value, by Time between Sale and Assessment of Property**

Time between Sale and Assessment	Montgomery County	Prince George’s County	Howard County
6 months	(\$22,019)	(\$13,339)	(\$22,536)
1 Year	(\$26,268)	(\$6,456)	(\$19,610)
18 months	(\$9,841)	\$3,091	(\$20,091)
2 years	\$3,155	\$11,222	(\$21,587)
30 or more months	\$7,432	\$18,238	(\$20,019)
<b>Total</b>	<b>(\$11,182)</b>	<b>\$2,969</b>	<b>(\$20,893)</b>

Source: SDAT data and OLO analysis

## G. Findings and Recommendations

Owners of real property in Maryland must pay property tax each year based on the value of the property as determined by the State Department of Assessments and Taxation (SDAT). SDAT is required to set the value of each parcel of real property every three years through an assessment process. In addition, SDAT is required to determine a new value for a parcel of property outside of the normal three-year cycle if “substantially completed improvements are made which add at least \$100,000 in value to the property.” SDAT identifies properties for possible reassessment outside the normal three-year cycle by reviewing daily and monthly reports of residential building permits issued and sent to SDAT by the County’s Department of Permitting Services (DPS). The building permits help SDAT identify properties with construction projects that may make them subject to reassessment. The Council asked OLO to review the processes in place for and results from reassessing properties that have additions or renovations valued at more than \$100,000. This section summarizes OLO’s findings and recommendations.

# Methodology and Process for State Residential Property Tax Assessments

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## Findings

**FINDING #1. SDAT representatives report that the permit data received from DPS provides SDAT all necessary information that it needs to complete out of cycle assessments.**

DPS issues building permits for residential construction, additions, and renovations and inspects work when construction is finished. As required by State law, DPS sends the Montgomery County SDAT office reports on building and demolition permits issued, final inspections completed, and use and occupancy permits issued. In addition, SDAT staff have access to DPS' electronic databases and can review all plans and documents associated with all permit applications submitted to DPS. SDAT representatives report that they receive sufficient information from DPS to conduct reassessments.

**FINDING #2. SDAT uses two pieces of information from residential building permit applications to identify projects that may be subject to out of cycle reassessment – the “estimated cost” of a project and the “gross square foot area.”**

To identify properties that may be subject to an out-of-cycle assessment, SDAT assessors identify permits with an estimated cost of construction of \$75,000 or more and permits deemed to potentially add \$100,000 or more in value based on professional opinions, such as permits for large projects based on square footage. SDAT staff then conduct more in-depth research to determine whether a construction project would add \$100,000 or more in market value to a property, the trigger for reassessment. SDAT also flags for further review permits where the project description seems inconsistent with the estimated cost listed on the DPS permit.

If applicants apply for a permit online, the applicant enters a cost estimate and gross square foot area that is automatically uploaded into the DPS database. If applicants apply for a permit via a written paper application, a DPS employee manually inputs the data into DPS' database.

Responding to a complaint that SDAT was not reassessing residential properties in the County that had undergone major improvements, the Office of the Inspector General (OIG) issued a report on the *Communication of Building Permit Information to SDAT* in August 2016. In reviewing a sample of DPS residential building permit applications, the OIG found that some data on estimated cost in DPS' database was wrong due to incorrect data input by DPS staff. Because SDAT uses this data point to identify properties that may require out-of-cycle reassessment, the report recommended reviewing what changes could be implemented to improve the accuracy of data entry by DPS.

**FINDING #3. State law requires the State Department of Assessments and Taxations (SDAT) to assess the value of real property at its “full cash value.”**

SDAT maintains an office in each Maryland county, with local SDAT staff assessing each parcel of property in a county on a three-year cycle where one-third of properties in a county are reassessed each year. State law further requires SDAT to determine a new value for a parcel of property outside of the normal three-year cycle if “substantially completed improvements are made which add at least \$100,000 in value to the property.”

In its Assessment Procedures Manual, SDAT interprets “full cash value” to mean “market value” or “the most probable price which a property will sell for under normal market conditions.” SDAT procedures indicate that “[t]he more that the sales of properties conform to the definition of market value, the more relevant the sales will be as an indication of what other similar properties might sell for.”

# Methodology and Process for State Residential Property Tax Assessments

**FINDING #4.** To determine a residential property's "full cash value," assessors assign value to residential land based on recent sales of similar properties and separately value structures on the land (e.g., dwellings, garages, porches) based on replacement cost with adjustments factors such as depreciation, quality, county, and neighborhood.

SDAT does not use the sale price of properties as a primary basis for assigning value to residential property. SDAT's publication, *A Homeowner's Guide to Property Taxes and Assessments*, indicates that assessors assign value to residential land based on recent sales of similar properties, but value structures (e.g., dwellings, garages, etc.) on the land based on a fixed value for each square foot of space plus fixed values for additional components (e.g., kitchen sinks, cathedral ceilings, bath tubs). SDAT then adjusts the resulting value for factors such as depreciation, quality, county, and neighborhood.

SDAT assessors typically are not able to view the interior of residential addition and renovation projects, so assessors typically do not differentiate assessments based on interior features of individual properties that could result in a difference in added value. SDAT representatives report that in a kitchen renovation, for example, the existing assessment of a property already factors in that the kitchen has cabinets and a counter. With no knowledge of the specific details of a project, a project that adds high-end features (e.g., replacing factory cabinets with handmade cabinets or a laminate countertop with a granite countertop or adding hardwood millwork) will not necessarily result in SDAT increasing the value of a property, even if the new features are considerably more expensive than the old features. SDAT reports that the square footage of a structure and location of property are the most important factors in assessments.

**FINDING #5.** SDAT assessed 1,963 "new construction" projects completed in FY17, which include both newly built houses/apartments/condos and properties reassessed following additions or renovations.

OLO asked SDAT to provide data on Montgomery County residential properties that were reassessed due to additions or renovations that resulted in an increase of \$100,000 or more in value. SDAT provided FY17 quarterly reports on "new construction" that include both newly built residences and properties that SDAT reassesses following additions or renovations, but do not distinguish between the two. SDAT representatives indicated that OLO could look up the "primary structure built" date for each property in the reports in SDAT's database to distinguish between newly-built properties and properties that were reassessed based on renovations or additions.

The data in the SDAT reports show that SDAT assessed (or reassessed) 1,963 properties in Montgomery County in FY17 that added \$1.9 billion in property value. OLO analyzed the properties in one FY17 quarterly report based on SDAT's guidance to distinguish between new construction and out-of-cycle reassessments. The FY17 Full-Year New Construction Report included 732 properties with a total assessment of \$635.5 million. From the 732 properties, OLO excluded non-residential properties and newly-built properties, including:

- 35 non-residential properties,
- 136 residential properties built in 2015,
- 368 residential properties built in 2016, and
- A 1964 renovated building with 102 new condominiums sold in 2016.

The remaining 91 properties should represent properties that SDAT reassessed due to an increase in value of \$100,000 or more. SDAT's reassessment of these properties added \$36.3 million in property value.

# Methodology and Process for State Residential Property Tax Assessments

**FINDING #6. For residential properties sold in arms-length transactions in Montgomery County from FY13 to FY16, SDAT’s subsequent property assessments were \$11,182 less than a property’s sales price, on average.**

SDAT could not provide OLO specific data on its reassessment of renovated properties. To better understand the end results of SDAT’s general residential assessment methodology, OLO examined the relation of home sale prices to SDAT assessments based on the mandate that SDAT assess properties at their “market value.”

In FY17, Montgomery County has almost 342,000 total properties with a total assessed value of \$183 billion. Just over 317,000 properties are residential with an assessed value of \$142 billion.

SDAT provided OLO data that included a subset of residential properties that were sold in FY13 through FY16 in arms-length transactions and where the property was reassessed after the sales date for assessment years 2015, 2016 or 2017. OLO narrowed the SDAT data by excluding:

- Non-residential properties, and
- Properties with no inspection date or where the inspection date preceded the sales date.

Using these criteria, OLO narrowed the number of residential properties in Montgomery County to 15,541 and compared the sales price of each property to the property’s most recent total assessed value.

The data show that, overall, the average assessed value of a residential property was lower than the average sale by \$11,182. SDAT assessments were lower than the sales prices for 69% of the properties analyzed. Disaggregated by assessed value, the data show that in Montgomery County, except for houses assessed between \$1 and \$5 million, SDAT’s assessments were lower than the sale prices, on average, for houses in every subgroup.

## Average Difference between Assessed Value and Sale Price for Residential Properties in Montgomery County, FY14-FY16 Sales<sup>32</sup>

All Residential Properties			
Average Assessed Value	\$576,976		
Average Sales Price	\$588,158		
<b>Average Difference</b>	<b>(\$11,182)</b>		
Assessed Value	Average Difference	# of Properties	% of Properties
\$1-250,000	(\$7,212)	2,703	17%
\$250,001-500,000	(\$12,218)	6,003	39%
\$500,001-\$750,000	(\$30,547)	3,410	22%
\$750,001-\$1,000,000	(\$36,466)	1,564	10%
\$1,000,001-\$5,000,000	\$43,421	1,857	12%
\$5,000,001+	(\$95,050)	4	0%
<b>Total</b>		<b>15,541</b>	<b>100%</b>

<sup>32</sup> OLO did not analyze how land value impacts sale prices or assessment values in Montgomery County. OLO’s analysis does not try to identify how the difference between SDAT assessments and property sales prices would be allocated between the value of the land and the value of the improvements on the land.

# Methodology and Process for State Residential Property Tax Assessments

**FINDING #7.** If SDAT set the value of a property based on the sale price of the property or like properties, the total assessed value of real property in the County likely would be higher.

Based on the comparison of assessment values to sale prices for over 15,000 properties in the County, total assessed value could be approximately \$173.8 million higher in Montgomery County if SDAT used sales price as the basis for setting assessments.

## Difference in Montgomery County Total Residential Property Value, Assessment vs. Sale Price

Assessed Value	Difference in Property Value
\$1-250,000	(\$19,495,072)
\$250,001-500,000	(\$73,343,160)
\$500,001-\$750,000	(\$104,166,822)
\$750,001-\$1,000,000	(\$57,032,651)
\$1,000,001-\$5,000,000	\$80,632,770
\$5,000,001+	(\$380,200)
<b>Total</b>	<b>(\$173,785,135)</b>

**FINDING #8.** A simple extrapolation of the difference between property value and sale prices for the subset of properties in Montgomery County to all residential properties in the County could add between \$2.7 billion to \$3.6 billion in assessed value to the residential property base.

Almost 70% of the residential properties analyzed by OLO were assessed at a value 8% below the properties' sale price, on average. OLO used the differences between assessed values and sale prices to project the difference in total assessed value for all residential properties in the County to illustrate how SDAT's methodology for residential property assessments may impact total property value in the County.

If SDAT used the sale price of homes to guide its assessments instead of replacement costs for structures combined with land value, the above data suggest that the assessed value of residential property in Montgomery County could increase between \$2.7 billion and \$3.6 billion.

In Montgomery County, however, the collection of property tax revenue is governed by the Charter Limit, which limits the tax rate that the Council can set each year. In any given year, the Council cannot set a property tax rate that will produce more tax revenue than in the prior year (adjusted by any increase in the Consumer Price Index).<sup>33</sup> Adding \$2.7 billion in residential property value would increase tax revenue by approximately \$20 million, which would require a decrease in the general County property tax rate (currently \$0.7484/\$100 of assessed value) of approximately 1.1¢ to stay within the Charter Limit.

<sup>33</sup> Montgomery County Charter § 305 (2016).

# Methodology and Process for State Residential Property Tax Assessments

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## Recommendations

- 1. Discuss with SDAT its methodology for identifying residential properties' "full cash value" for both in- and out-of-cycle assessments.**

Maryland law requires SDAT to assess the value of real property at its "full cash value," which SDAT interprets as "market value" or "the most probable price which a property will sell for under normal market conditions." For residential properties, SDAT uses a "dwelling cost valuation method" that assigns a fixed value per square foot for structures on a property plus fixed values for components such as sinks and vaulted ceilings. SDAT adjusts that total for depreciation, quality, county, and neighborhood and adds in a value for land. SDAT representatives report that while assessors take into account market factors for in-cycle assessments (but not out-of-cycle assessments), the square footage of structures on and the location of property are the most important factors in setting residential assessments.

Through a simple analysis of SDAT data for properties sold between FY13 and FY16 that were reassessed following the sale and a comparison of sales prices to assessment values, two basic methods of extrapolations suggest that residential properties in Montgomery County may be under-assessed by anywhere between \$2.7 billion and \$3.6 billion.

**OLO recommends that the Council along with Executive Branch representatives discuss with SDAT representatives the disparity between sale prices and assessments of residential properties in the County and the potential for including property sale prices more directly into its methodology for identifying the "full cash value" for both in- and out-of-cycle assessments.**

- 2. Discuss with SDAT its methodology for identifying properties for out-of-cycle assessments.**

DPS has no business need for the estimated building costs data reported its residential building permit applications – it does not rely on the data to issue or monitor permits. Accordingly, DPS does not require permit applicants to include that data point in the application and has no need for its intake staff to ensure the data are accurate if an applicant does include an estimated cost. SDAT, on the other hand, reports that it relies on the estimated cost of construction from DPS residential building permit applications as a preliminary identification of whether to assess a property out of cycle. Therefore, based on SDAT's business practices, the accuracy of estimated cost data can impact residential property valuation in the County.

An August 2016 report by the Office of the Inspector General identified discrepancies in the reporting of estimated costs on residential permit applications. So, while DPS has no business reason to require its staff to verify the accuracy of estimated cost data, SDAT's decision to use this data point gives significance to the accuracy of the data point.

OLO recommends the following:

- Discuss with SDAT representatives and Executive Branch staff alternative ways for SDAT to accurately identify properties for out-of-cycle assessments.** DPS staff verify the accuracy of other data reported on residential building permit applications, such as square footage data. SDAT uses square footage data in its triennial residential property assessments, suggesting that SDAT may be able to similarly use the data to project increased property value and identify properties for out-of-cycle assessments. The Council should discuss with SDAT representatives and Executive Branch staff whether SDAT's mission would be better served using verified data to identify properties for out-of-cycle assessments.

# Methodology and Process for State Residential Property Tax Assessments

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- **Discuss with Executive Branch staff whether establishing a penalty/fine for permit applicants who do not include reasonably accurate construction cost estimates on residential building permit applications could improve the accuracy of this data point.** To encourage residential building permit applicants to accurately declare estimated building costs on permit applications, the County could consider instituting a penalty or fine for applicants providing significantly inaccurate estimates. DPS representatives report that having to verify the accuracy of cost estimates would require it to divert resources from its core mission, which is not impacted by the accuracy of these data. The Council should discuss whether another County department could enforce a new penalty or fine.

## H. Acknowledgements

OLO appreciates the information shared and the insights provided by all who participated in this project. In particular, we would like to thank:

- Assistant Chief Administrative Officer Fariba Kassiri,
- Diane Schwartz Jones, Gail Lucas, and Tom Laycock from the Department of Permitting Services,
- Alexandre Espinosa and Mike Coveyou from the Department of Finance,
- Mollie Habermeier from the Office of the Inspector General,
- Chuck Cluster, Adam Lewis, and B. Marie Green from the Maryland State Department of Assessments and Taxation,
- Jacob Sesker from County Council staff, and
- Carl Scruggs from OLO staff.

# Appendix



OFFICE OF THE COUNTY EXECUTIVE

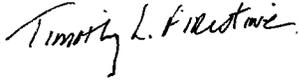
Isiah Leggett  
County Executive

Timothy L. Firestine  
Chief Administrative Officer

MEMORANDUM

January 8, 2018

To: Chris Cihlar, Director, Office of Legislative Oversight

From: Timothy L. Firestine, Chief Administrative Officer 

Subject: Draft OLO Memorandum Report 2018-1: Methodology and Process for State Residential Property Tax Assessments

Thank you for the opportunity to comment on the Office of Legislative Oversight's (OLO) Draft OLO Memorandum Report 2018-1: Methodology and Process for State Residential Property Tax Assessments. The report explains the methods used by the State Department of Assessments and Taxation (SDAT) to assess tax values to real property in Montgomery County and throughout Maryland, since assessments are standardized in Maryland. The report further explains that neither assessments nor re-assessments prompted by modifications to property such as renovations and building additions are made based directly on sales values, but on the current value of the property (vis a vis comparable properties) with an emphasis on the square footage and location of the property. This methodology allows SDAT to fulfill the "uniform assessments" required by State law and the State Constitution. However, the report appears to suggest that SDAT move away from its current methodology toward a methodology that would make recent sales prices, or market values, the main component used to reassess property. This would be a major change in assessment methodology, and it is not clear how this change would affect the ability of SDAT to carry out its legal and constitutional requirement to provide uniform assessments. As noted by OLO in the report, "SDAT does not use the sale price of an individual property to determine that property's or similar properties' assessed values."

The following comments pertain to the recommendations made by OLO in the Draft.

**OLO Recommendation #1: Discuss with SDAT its methodology for identifying residential properties' "full cash value" for both in- and out-of-cycle assessments.**

**OLO recommends that the Council along with Executive Branch representatives discuss with SDAT representatives the disparity between sale prices and assessments of residential properties in the County and the potential for including property sale prices more directly into its methodology for identifying the "full cash value" for both in- and out-of-cycle assessments.**

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**CAO Response:** We are not averse to discussing a more direct inclusion of recent sales prices in the assessment process that SDAT uses to assess and re-assess property. We would note, however, that since the assessment system must be standard statewide, it may be more appropriate to have this conversation through a statewide entity, such as the Maryland Association of Counties (MACo) or the Maryland Government Finance Officers Association (MDGFOA). Extending the conversation to all of the local jurisdictions in Maryland may be a more effective way to get SDAT to address the issue. Alternatively, a request could be made to the Maryland General Assembly to study this issue and attempt to limit the study to this one issue.

**OLO Recommendation #2: Discuss with SDAT its methodology for identifying properties for out-of-cycle assessments.**

- **Discuss with SDAT representatives and Executive Branch staff alternative ways for SDAT to accurately identify properties for out-of-cycle assessments.**
- **Discuss with Executive Branch staff whether establishing a penalty/fine for permit applicants who do not include reasonably accurate construction cost estimates on residential building permit applications could improve the accuracy of this data point.**

**CAO Response:** As with Recommendation #1, we are not averse to discussing this issue with SDAT, but this report does not specifically speak to the issue, and it is not clear from the report that identifying properties for out-of-cycle assessments is problematic in any way for SDAT. The report merely states that the assessments are not directly related to sales prices, and that assessments are slightly less than they might be if SDAT were to change the assessment methodology to rely on sales prices (assessments that are, on average, \$11,182 less than sales prices are certainly within a tolerable range of variation, given that the average home in Montgomery County is assessed at roughly \$450,000).

SDAT communicated to Executive Branch representatives from the Department of Permitting Service (DPS) and the Department of Finance that SDAT does not need more information or data about the true construction costs related to permits. SDAT said that they can use industry standard cost per square foot calculations to determine the cost of the permitted changes, and therefore, to determine if a reassessment must be made. SDAT further advises that it uses both neighborhood values and the Marshall and Swift cost index to determine value of additions or changes. We are concerned that penalties on applicants who provide inaccurate construction cost estimates are heavy-handed, will frustrate applicants, and will have an adverse impact on service delivery by DPS in that it will add unnecessary cost and delay to the process; and, it is not clear that it will produce any intended results.

Thank you again for your work on this report. If you have further questions, please contact Michael Coveyou, Chief, Division of Treasury, Department of Finance, at (240) 777-8878 or Michael.Coveyou@montgomerycountymd.gov.

- c: Fariba Kassiri, Assistant Chief Administrative Officer  
Diane Schwartz Jones, Director, Department of Permitting Services  
Alexandre A. Espinosa, Director, Department of Finance  
Michael Coveyou, Chief, Division of Treasury, Department of Finance

**Dwelling cost valuation method in AAVS (MD Value method):**

$$\begin{aligned} & \text{(Constant Rate of dwelling style)} \\ & \quad + \\ & \text{(Dwelling Area \#1 * Sq. Ft. Rate of area type)} \\ & \quad + \\ & \text{(Dwelling Area \#2 * Sq. Ft. Rate of area type)} \\ & \quad + \\ & \text{(Dwelling Area \#3 * Sq. Ft. Rate of area type)} \\ & \quad + \\ & \text{(Any additional dwelling areas * Sq. Ft. Rate of area type)} \\ & \quad * \\ & \text{(Exterior Wall Adjustment \#1 + Ext. Wall Adj. \#2 + Ext. Wall Adj. \#3, etc.)} \\ & \quad + \\ & \text{Townhouse Adjustment (if necessary)} \\ & \quad = \\ & \text{Dwelling Adjusted Base Value} \\ & \quad + \\ & \text{(Porch Area * Sq. Ft. Rate of area type) (plus any additional porches)} \\ & \quad + \\ & \text{(Garage Area * Sq. Ft. Rate of area type) (plus any additional garage areas)} \\ & \quad + \\ & \text{(Area of any other attached items * Sq. Ft. Rate of area type)} \\ & \quad + \\ & \text{Structural Element Charges (Bathrooms, fireplaces, A/C, etc.)} \\ & \quad = \\ & \text{Total Base Value} \\ & \quad * \\ & \text{Quality Index} \\ & \quad * \\ & \text{County Index} \\ & \quad = \\ & \text{Replacement Cost New (RCN)} \\ & \quad * \\ & \text{(100\% - (Depreciation Rate + Obsolescence Rate))} \\ & \quad * \\ & \text{Neighborhood Adjustment (AKA Market Value Index or MVI)} \\ & \quad = \\ & \text{Dwelling Value} \\ & \quad + \\ & \text{Extra Feature Values (AKA Accessory Structures)} \\ & \quad + \\ & \text{Land Value} \\ & \quad = \\ & \text{Total Property Value} \end{aligned}$$

DWELLING BASE RATES

Rev: August 2016

	1 STORY		1 1/2 STORY		2 STORY		2 1/2 STORY		3 STORY		4 STORY	
	NO BSMT	BSMT	NO BSMT	BSMT	NO BSMT	BSMT	NO BSMT	BSMT	NO BSMT	BSMT	NO BSMT	BSMT
STANDARD DWELLING - CONSTANT	31760	35570	34700	37750	37890	40960	41380	44440	45185	48220	49340	52320
STANDARD DWELLING - SQ. FT. RATE	79	89.25	75.75	85.5	72.5	81.9	69.45	78.45	66.55	75.15	63.75	72

EXTERIOR WALL ADJUSTMENTS

	ADJ
FRAME ADJUSTMENT	1
BRICK ADJUSTMENT	1.13
STONE ADJUSTMENT	1.25
1/2 BRICK & FRAME ADJUSTMENT	1.07
1/2 STONE & FRAME ADJUSTMENT	1.13

COUNTY INDEX

ALLEGANY	0.9
ANNE ARUNDEL	1.13
BALTIMORE CITY	1.1
BALTIMORE COUNTY	1.1
CALVERT	1.06
CAROLINE	1.01
CARROLL	1.01
CECIL	1.01
CHARLES	1.06
DORCHESTER	1.01
FREDERICK	1.01
GARRETT	0.9
HARFORD	1.1
HOWARD	1.13
KENT	1.01
MONTGOMERY	1.13
PRINCE GEORGE'S	1.13
QUEEN ANNES	1.01
SAINT MARY'S	1.06
SOMERSET	1.01
TALBOT	1.01
WASHINGTON	0.9
WICOMICO	1.01
WORCESTER	1.01

QUALITY INDEX ADJUSTMENT

Index Value = 1.17  
Base Quality = 4

	Quality	Power	Index
1	LOW	-3	0.62
2	ECONOMY	-2	0.73
3	BELOW AVG	-1	0.85
4	AVERAGE	0	1
5	ABOVE AVG	1	1.17
6	GOOD	2	1.37
7	VERY GOOD	3	1.6
8	EXCELLENT	4	1.87
9	SUPERIOR	5	2.19

MOBILE HOMES

Quality	Sq. Ft. Rate
1	25.11
2	28.35
3	45.36
4	51.84

TOWNHOUSE ADJUSTMENTS

END UNIT	0.97
CENTER UNIT	0.93

**STRUCTURAL ELEMENT RATES**

FIELD	Category Name	Code	Average
ROOF COVER	Comp Shingle	29	0.00
	Built-Up	34	0.00
	Tile	31	4.75
	Metal	33	2.50
	Slate	30	5.25
	Combination	35	0.00
DORMERS	Individual	DRI	1100.00
	Linear Foot	DRL	230.00
HEAT TYPE	Hot Air	40	0.00
	Hot Water Baseboard	41	2.05
	Heat Pump	42	0.00
	Hot Water Radiator	43	0.00
	Electric	44	0.00
	Solar	45	0.00
	Space Heater	46	-1.85
	None	79	0.00
AIR COND.	Combined System	47	2.70
	Separate System	48	5.20
FULL BATHS		BT	5000.00
HALF BATHS		HB	2840.00
PORCHES	Deck	F60	16.20
	Deck w/roof	F61	31.15
	Porch - no roof	F62	17.40
	1 Story Open	F63	32.35
	2 Story Open	F64	48.55
	3 Story Open	F65	64.75
	Enclosed Porch	F66	67.10
	Concrete Patio	F67	7.75
	Conc. Patio w/roof	F68	22.70
	Brick Patio	F69	11.25
	Brick Patio w/roof	F70	26.35
	Stone Patio	F71	16.45
	Stone Patio w/roof	F72	31.40
	Enclosed Patio	F91	53.65
FIREPLACES	1 Story Frame	51	4170.00
	1 Story Brick	52	4850.00
	1 Story Stone	88	5385.00
	2 Story Frame	53	4845.00
	2 Story Brick	54	5935.00
	2 Story Stone	89	6585.00
	3 Story Frame	55	5720.00
	3 Story Brick	56	7000.00
	3 Story Stone	90	7770.00
	1 Story Same Chimney	57	2570.00
	2 Story Same Chimney	58	3145.00
	3 Story Same Chimney	59	3145.00
	1 Story Gas	84	3600.00
	2 Story Gas	85	3860.00
	3 Story Gas	86	4090.00
Direct-vented gas	87	3250.00	
BASEMENT ROOMS	Basement Room	BSR	6270.00
	Basement Bedroom	BSB	4600.00
	Finished Basement	BSF	35.25

FIELD	Category Name	Code	Average
TRIM	Brick	TRB	16.65
	Stone	TRS	24.60
ATTACHED GARAGE	Frame	F73	27.90
	Brick	F74	35.45
	Stone	F75	39.70
	Built-in	F76	-53.20
	Basement	F77	6.60
	Carport	F78	19.15
MISC. FEATURES	Extra Kitchen	KTE	5435.00
	Kitchen Sink	KTS	725.00
	Lavatory	LAV	850.00
	Water Closet	WC	875.00
	Bath Tub	BTB	1350.00
	Shower Stall	SHR	1215.00
	Laundry Tub	LTB	830.00
	Water Heater	WTH	1950.00
	Sauna	9	4900.00
	Whirlpool	10	2680.00
	Spa - Fiberglass	11	3975.00
	Spa - Concrete	12	5050.00
	Hot Tub	13	2620.00
	Wet Bar	14	1340.00
	Storage Over	15	4.85
	Room Over	RMO	59.25
	Basement Under	17	13.80
	Open Breezeway	F18	24.90
	Enclosed Breezeway	F19	60.05
	Loft/Balcony	22	24.05
Walkout Basement	23	3500.00	
Attached Greenhouse	F24	53.05	
Attached Storage	F25	11.55	
Cathedral Ceiling	26	12.50	
Attic Room	38	22.00	
Unfinished Area	93	-35.50	
Elevators	92	19980.00	

EXTRA FEATURE RATES

FIELD	Category Name	Cat. #	Average
DETACHED GARAGES	Frame	33	38.70
	Frame w/Storage Over	34	40.22
	Frame w/Room Over	35	82.07
	Brick	36	46.76
	Brick w/Storage Over	37	48.28
	Brick w/Room Over	38	91.17
	Stone	39	51.60
	Stone w/Storage Over	40	53.12
	Stone w/Room Over	41	96.50
	Carport	42	24.50
	Room Over	46	41.76
	Full Bath	47	3547.00
	Half Bath	48	1636.00
Kitchen	49	3305.00	
FARM BUILDINGS	Pole Shed	21	7.62
	Stable	22	11.57
	Barn	23	9.24
	Dairy Barn	24	23.22
	Swine Barn	25	10.19
	Milking Parlor	26	24.38
	Poultry House	27	5.46
	Corn Crib	28	8.43
	Corn Bin	29	6.45
	Silo	30	20.96
	Agr. Greenhouse	31	14.50
	Tobacco Barn	32	10.57
	Grain Tank	43	1.63
	Machine Shed	44	11.00
Horse Barn	46	20.96	
PIERS	4' Wide Pier	10	112.46
	5' Wide Pier	11	115.21
	6' Wide Pier	12	118.02
	8' Wide Pier	13	127.31
	Pier w/Water	14	8.21
	Pier w/Electric	15	5.47
	Pier w/Water & Electric	16	13.70
	Pier Addition	17	4.58
	Boat House	18	25.60
Piles	19	281.00	
MISCELLANEOUS ACCESSORY STRUCTURES	Vinyl Pool	1	23.70
	Concrete Pool	2	39.50
	Pool Enclosure	3	18.32
	Bathhouse	4	28.21
	Tennis Court - Concrete	5	5.21
	Tennis Court - Asphalt	6	3.08
	Tennis Court Lights	7	5071.00
	Res. Greenhouse	8	36.83
	Gazebo	9	24.75
	Shed	20	9.17
	Concrete Patio	50	7.75
	Concrete Patio w/roof	51	22.70
	Brick Patio	52	11.25
	Brick Patio w/roof	53	26.35
	Stone Patio	54	16.45
	Stone Patio w/roof	55	31.40

Dwelling cost valuation method in AAVS (MD Value method): See example Property Record Card (PRC)

(Constant Rate of dwelling style	40,960	2 Story with Basement dwelling
+	+	
(Dwelling Area #1 * Sq. Ft. Rate of area type)	199,181	2 story with Basement - 1,216 sq.ft. * 81.90
+	+	
(Dwelling Area #2 * Sq. Ft. Rate of area type)	12,138	1 story with Basement - 136 sq.ft. * 89.25
+	+	
(Exterior Wall Adjustment #1 + Ext. Wall Adj. #2)	1.0000	100% Siding
+	+	
Townhouse Adjustment (if necessary)	N/A	Example dwelling is not a townhouse
=	=	
Dwelling Adjusted Base Value	252,279	(40,960 + 238,820 + 45,267) * 1.0325
+	+	
(Porch Area * Sq. Ft. Rate of area type)	9,725	1 Story open Porch (150 sq.ft.*32.35) & Porch-No Roof (280 sq.ft*17.40)
+	+	
(Garage Area * Sq. Ft. Rate of area type)	24,664	Frame Attached Garage (884 sq.ft * 27.90)
+	+	
Structural Element Charges (Bathrooms, fireplaces, A/C, etc.)	35,594	2 Full Bathroom (5,000), 1 Half Bathroom (2,840), & A/C (2,568 sq.ft.* 2.70), Fireplace (4,170), Brick Trim (1,000 sq.ft. * 16.65)
=	=	
Total Base Value	322,262	335,611 + 11,523 + 18,748 + 30,982
+	+	
Quality Index	1.00	Average Quality
+	+	
County Index	0.90	Washington County Index
=	=	
Replacement Cost New (RCN)	290,036	322,262 * 1.00 * 0.90
+	+	
(100% - (Depreciation Rate + Obsolescence Rate))	0.880	12% Depreciation
+	+	
Neighborhood Adjustment (AKA Market Value Index or MVI)	0.75	Market Adjustment for this dwelling model in this neighborhood
=	=	
Dwelling Value	191,400	
+	+	
Extra Feature Values (AKA Accessory Structures)	26,300	Frame Garage (21,900), Shed (4,400)
+	+	
Land Value	88,400	See Example PRC
=	=	
Total Property Value	306,100	191,424 + 26,300 + 88,400

1 PROPERTY ADMINISTRATIVE DATA					
Account No.	2206016472	Value Method	MD Value	Dwelling No.	1
Map/ Gr/ Par/Sec/Bl/Lt	0063/0015/0196///3	Occupancy	Owner Occupied (H)	Year Built	2002
District/ Card Seq	06/ 00268-000-00-00	Curtilage	306100	Model No.	25
Owner's Name	DOE JOHN	Land Use	Residential (R)	Quality	Average
Address	19835 TOMS RD	Valued By	2228	Condition	Good
	BOONSBORO 21713-0000	Geo Code	80	Dwelling Type	Standard Unit
Neighborhood	MOUNTAIN VIEW ESTATES	Zoning	AGRICULTURAL (RURAL) DIST	Foundation Area	1,352
				Enclosed Area	2,568

2 DWELLING BASE VALUE				
STORY	FOUNDATION AREA	ENCLOSED AREA	RATE	COST
2 Story With Basement	1,216	2,432	81.90	199,181
1 Story With Basement	136	136	89.25	12,138
Building Constant				40,960
<b>SUBTOTAL</b>				<b>252,279</b>

3 DWELLING AREA ADJUSTMENTS					
ADJUSTMENT	ADJUSTMENT TYPE	TYPE PERCENT	TYPE ADJ	ADJ RATE	TOTAL ADJ
Structure Adjustment	Siding	100.00%	1.00	1.0000	
Total Structure Adjustment					1.0000
<b>SUBTOTAL</b>					<b>1.0000</b>

<b>4 SUBTOTAL: DWELLING ADJUSTED BASE VALUE</b>	<b>252,279</b>
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5 OTHER CHARGES				
ITEM	SIZE/UNITS	RATE	COST	
ROOF COVER RES-Composition Shingle				
HEATING TYPE RES-Heat Pump				
AIR CONDITIONING-A/C: COMBINED SYSTEM	2,568	2.70	6,934	
BATHS (Over Allowance)	1	5,000.00	5,000	
HALF BATHS	1	2,840.00	2,840	
FIREPLACE: 1 STY FRAME	1	4,170.00	4,170	
TRIM: BRICK	1,000	16.65	16,650	
Frame Attached Garage	884	27.90	24,664	
1 Story Open Porch	150	32.35	4,853	
Porch - No Roof	280	17.40	4,872	

<b>6 SUBTOTAL: OTHER CHARGES</b>	<b>69,983</b>
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<b>7 TOTAL DWELLING BASE VALUE</b>	<b>322,262</b>
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8 DWELLING VALUE ADJUSTMENTS		
County Multiplier		0.90
Quality Factor		1.00
Neighborhood Adjustment		0.75
<b>ADJUSTED TOTAL DWELLING BASE VALUE</b>		<b>217,527</b>

9 DEPRECIATION		
TYPE	PERCENT	AMOUNT
Normal Depreciation	12.00%	-26,103

<b>10 DWELLING VALUE</b>	<b>191,400</b>
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11 ACCESSORY STRUCTURES / EXTRA FEATURES								
TYPE (YEAR BUILT)	QUALITY	LENGTH/WIDTH	SIZE/UNITS	RATE	QUAL ADJ	COUNTY ADJ	DEPR	COST
Frame Garage (2012)	Economy	48 / 24	1,152	38.70	0.731	0.90	75.0%	21,900
Shed	Very Good	14 / 32	448	9.17	1.602	0.90	75.0%	4,400

<b>12 TOTAL ACCESSORY STRUCTURES / EXTRA FEATURES</b>	<b>26,300</b>
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<b>13 TOTAL IMPROVEMENT VALUE</b>	<b>217,700</b>
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14 LAND VALUATION				
LAND TYPE	SIZE	RATE	ADJUSTMENT	COST
Primary Improved 1	1.00 Acreage	80,000.00	1.00	80,000
Secondary 1	1.12 Acreage	7,500.00	1.00	8,400

<b>15 TOTAL LAND VALUE</b>	<b>88,400</b>
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<b>16 TOTAL PROPERTY VALUE</b>	<b>306,100</b>
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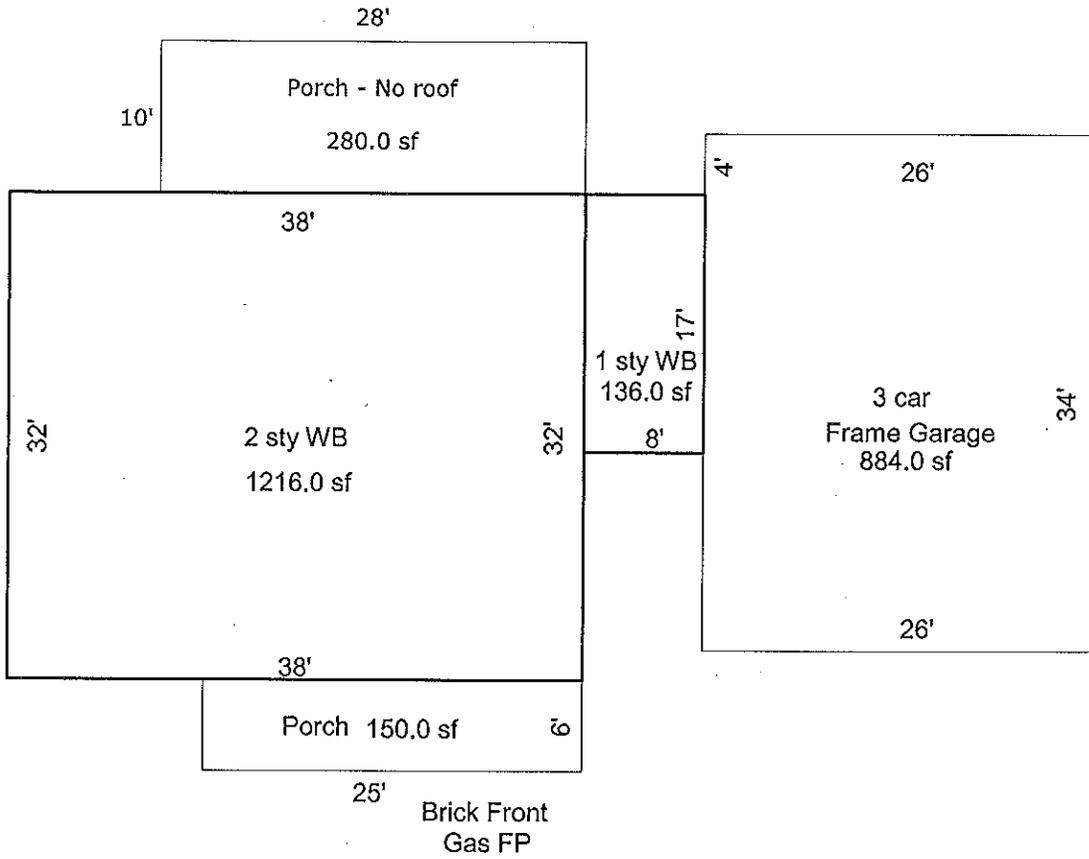
Remarks  
03/07/2012 - RA 2013 ADD DET. METAL GAR. GRAVEL FLOOR, PERMIT COSTS 5K  
07ra add shed

1 PROPERTY ADMINISTRATIVE DATA					
Account No.	2206016472	Value Method	MD Value	Dwelling No.	1
Map/ Gr/ Par/Sec/Bl/Lt	0063/0015/0196///3	Occupancy	Owner Occupied (H)	Year Built	2002
District/ Card Seq	06/ 00268-000-00-00	Curtilage	306100	Model No.	25
Owner's Name	DOE JOHN	Land Use	Residential (R)	Quality	Average
Address	19835 TOMS RD	Valued By	2228	Condition	Good
	BOONSBORO 21713-0000	Geo Code	80	Dwelling Type	Standard Unit
Neighborhood	MOUNTAIN VIEW ESTATES	Zoning	AGRICULTURAL (RURAL) DIST	Foundation Area	1,352
				Enclosed Area	2,568

Legal Description LOT 3 2.12 ACRES 12345 MAIN ST

Prior Land	88,400	<b>SALES HISTORY</b>			
Prior Improv	247,900	<b>SALE DATE</b>	12/02/1994	06/22/1987	
Prior Total	336,300	<b>SALE PRICE</b>	37,000	18,000	
		<b>CONVEYANCE</b>	Arms Length Vacant	Arms Length Improved	

SKETCH FOR ACCOUNT 2206016472  
Dwelling 1



Sketch by Apex Media™



Montgomery County Department of Permitting Services



255 Rockville Pike, 2nd Floor
Rockville, MD 20850-4166
Phone: 311 in Montgomery County or (240)777-0311
Fax: (240)777-6262
http://www.montgomerycountymd.gov/permittingservices

Sediment Control # \_\_\_\_\_

Building AP #(s) \_\_\_\_\_ Demolition # \_\_\_\_\_

A. Description of Work: (Check all that apply)

- ADD, ALTER, CONSTRUCT, DEMOLISH, MOVE, FOUNDATION ONLY, RESTORE and/or REPAIR, REVISION, DAMAGE REPORT, SINGLE FAMILY DWELLING, TOWNHOUSE, FENCE\*, RETAINING WALL, TRAILER\*\*, MODULAR HOME\*\*, HOT TUB, OTHER, DECK, DUPLEX, BASEMENT, POOL IN GROUND, POOL ABOVE GROUND, DETACHED GARAGE, SHED

\* For ALL Fence Construction

HEIGHT: \_\_\_\_\_ ft. \_\_\_\_\_ in. Note: (A signed approval letter from the adjacent lot owner(s) is required when on lot line)
Located entirely on the land of the owner Public Right of Way/Easement Located on the lot line

\*\*NOTE:

Manufacturer's Name and Model # for All Trailers and Modular Homes

B. Model House Program/Refer-Back System

- Model House Program - to build new homes, Refer-Back System - build new homes and pools, INITIAL SUBMITTAL or PREVIOUSLY APPROVED PERMIT #, New Home Model Name or #

C. Revision

REVISION to ORIGINAL PERMIT # \_\_\_\_\_
(Original permit has been issued and is active)
SITE STRUCTURAL HOUSE TYPE OTHER:

D. Site Plan Information

MNCPPC Site Plan No. \_\_\_\_\_ Preliminary Plan No. \_\_\_\_\_
Record Plat No. \_\_\_\_\_ Y N Forest Conservation Easement?

E. Building Address:

Number \_\_\_\_\_ Street \_\_\_\_\_ City \_\_\_\_\_ Zip \_\_\_\_\_
Lot (s) \_\_\_\_\_ Block \_\_\_\_\_ Subdivision \_\_\_\_\_
Nearest Cross Street. \_\_\_\_\_

F. Applicant Information: Supply all information, incomplete applications will not be accepted.

Contact ID #: \_\_\_\_\_ Fax #: \_\_\_\_\_ Email: \_\_\_\_\_
Name of Applicant \_\_\_\_\_ Daytime Phone #: \_\_\_\_\_
(Permit will be issued to Applicant)
Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

G. Contact Information: Supply all information, incomplete applications will not be accepted.

Contact ID #: \_\_\_\_\_ Fax #: \_\_\_\_\_ Email: \_\_\_\_\_
Contact Person \_\_\_\_\_ Daytime Phone # \_\_\_\_\_
(If other than Applicant)
Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_
Contractor \_\_\_\_\_ MHIC or Montgomery County Builders License # \_\_\_\_\_
Contractor Address \_\_\_\_\_ Daytime Phone # \_\_\_\_\_

**H. Applying for "Design for Life"**

If applying for "Design for Life" certification, indicate the level of accessibility  Visit-Able  Live-Able

CERTIFICATE NAME: \_\_\_\_\_

**I. Additional Approvals:**

Properties located within historic districts, municipalities and special taxing districts may require additional approvals beyond the required Department of Permitting Services (DPS) building permit.

For projects located in the City of Takoma Park's Commercial Revitalization Overlay, certain permits must be approved by the City prior to commencing construction.

Please refer to "Permit Procedures for Properties within a Montgomery County Municipality" for more information.

**J. Water and Sewage**

TYPE OF WATER SUPPLY  WSSC  WELL  OTHER (specify) \_\_\_\_\_

SEWAGE DISPOSAL  WSSC  SEPTIC  OTHER (specify) \_\_\_\_\_

**K. MPDU (moderately priced dwelling unit(s))**

20% of this new home development will be built as Moderately Priced Dwelling Units  Yes  No

**L. Special Exception: Is this lot subject to a Special Exception?**

Yes, Case # \_\_\_\_\_  No

**M. Variance: (Has a Variance been granted to perform this work?)**

Yes, Variance # \_\_\_\_\_  No

**N. Historic Area in Atlas or Master Plan: Is the property a Historic resource?**

Yes  No

**O. Authorized Agent Affidavit:**

I hereby declare and affirm, under penalty of perjury, that:

1. I am duly authorized to make this permit application on behalf of: \_\_\_\_\_  
(Please print property owner's name)
2. The work proposed by this building permit application is authorized by the property owner; and
3. All matters and facts set forth in this Affidavit are true and correct to the best of my knowledge, information and belief.

\_\_\_\_\_  
(Property Owner's Signature) Date (Print Name)

\_\_\_\_\_  
(Authorized Agent's Signature) Date (Print Name)

**P. Statement of Homeowner Acting as New Home Builder:**

I, the undersigned property owner, state that I am not a licensed new home builder and that the building to be constructed under this permit is to be used as a residence for me and my immediate family. I will serve as general contractor and take responsibility for compliance with all applicable building codes.

\_\_\_\_\_  
(Property Owner's Signature) Date (Print Name)

**Q. To Be Read by the Applicant:**

Any information that the applicant has set forth in this application that is false or misleading may result in the rejection of the application. A condition for the issuance of this permit is that the proposed construction will comply at all times with the plans as approved by all applicable government agencies.

\_\_\_\_\_  
(Applicant's Signature) Date (Print Name)

**R. Expedited Plan Review:**

I request an Expedited Plan Review, when available, which is subjected to additional fees.

\_\_\_\_\_  
(Applicant's Signature) Date (Print Name)