

# Valuation of Cayuga Lake

## Phase A



Prepared by:  
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**Background:** Cayuga Lake is the longest of all of the Finger Lakes at approximately 38 miles in length. It is the second deepest Finger Lake at approximately 435 feet behind Seneca Lake. It is estimated to contain approximately 9.46km<sup>3</sup> of fresh water that serves as the water supply for many of the adjacent cottages and municipalities. Cayuga Lake measures about 42,956 acres in size.

**Appraisal Question:** What is the market value of Cayuga Lake?

This is obviously a difficult appraisal question and not one that lends itself to the typical three approaches to value (cost, market, income). To attempt to determine a valuation, we will look first look at the most available and consistent data which is the assessment date for the local municipalities adjacent to the lake. While there are issues with this data as it is designed for simply one purpose in mind – the levy and collection of real property taxes – it will serve as the basis for determining a proxy valuation approach.

**Market Value Defined:** “The most probable price, as of a certain date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue stress.” Dictionary of Real Estate Appraisal, Sixth Edition

*In order to determine the market value of the Cayuga Lake, Valuation Phase A will simply sum the assessments of waterfront property to be used as a proxy for the value of the lake.*

**Limiting Conditions:** The analysis contained within Phase A in an attempt to determine the ultimate market value of Cayuga Lake. Phase A simply takes the equalized assessed value for all properties listed as waterfront within the towns adjacent to Cayuga Lake and sums those assessed values. The following limiting conditions would apply to this summation:

1. No attempt was made to ensure that all waterfront properties are correctly listed within the assessment rolls. This would in all likelihood underestimate the value of the lake as not all parcels would be included in this analysis.

2. In many instances, a sliver of land would be considered 'lakefront' but due to the lay of the land, the 'dominate' non-lake front parcel would not be reflected in this analysis.
3. The 2016 Final Assessment Roll, as filed with the New York State Department of Taxation of Finance, was used in this analysis. It appears that most level of assessments were close to market value, no analysis was done to confirm either the level of assessment or uniformity of the assessment figures (typically lake front parcels would appreciate at a greater rate than non-lake front parcels but this hypothesis was not tested in the initial valuation phase).
4. The assessment of wholly exempt properties is typically not given the same scrutiny as taxable parcels and their assessment could be drastically under/over assessed.

**Data Collection:** The data used in this analysis was collected from the New York State Department of Taxation and Finance (NYSDTF) Data Warehouse. This data reflects the assessment information that is contained within the 2016 Assessment Rolls that have been filed with the NYSDTF.

The data for the waterfront properties was extracted from these Assessment Rolls. For some towns in Seneca County, the parcels that fronted on Seneca Lake were removed. On the multi-sited parcels, the site acreage was summed and combined into a parcel record since only the total assessment was reported on the assessment roll and not any individual site assessment that each assessor might have used for each individual site.

**Results:** Based upon the data collected, I found that there are 2,804 parcels listed with water frontage (2,263 residential parcels, 482 vacant parcels, and 59 commercial parcels).

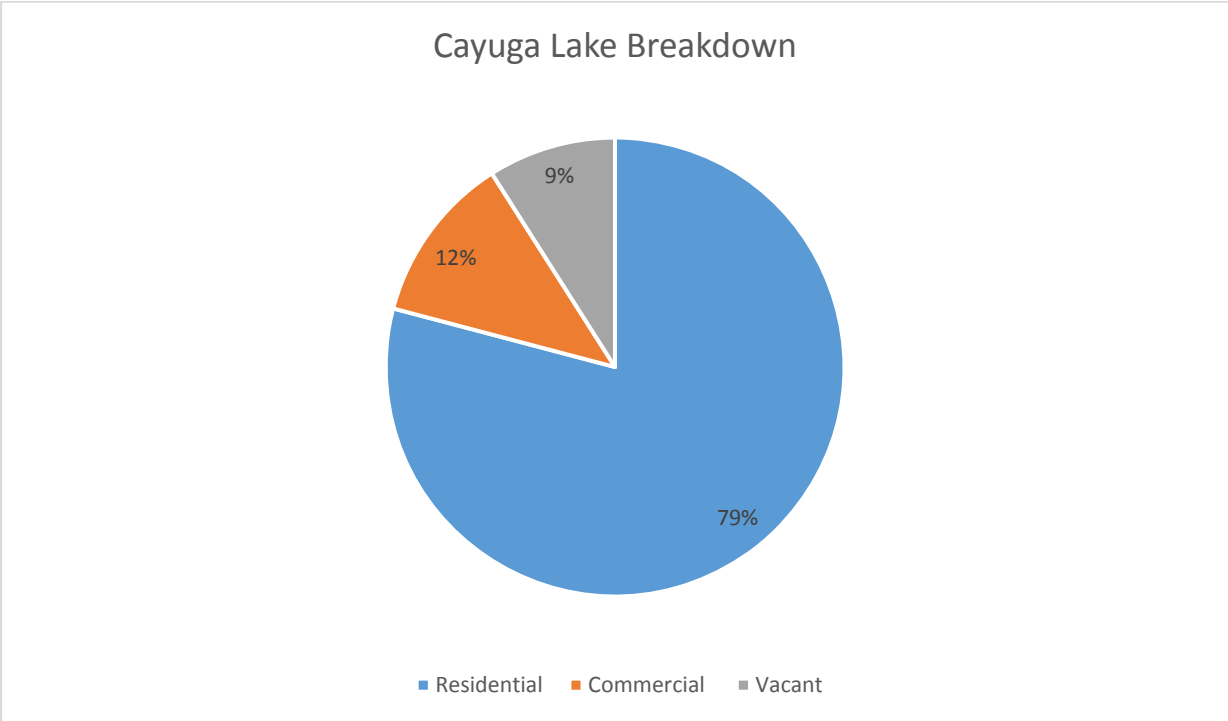
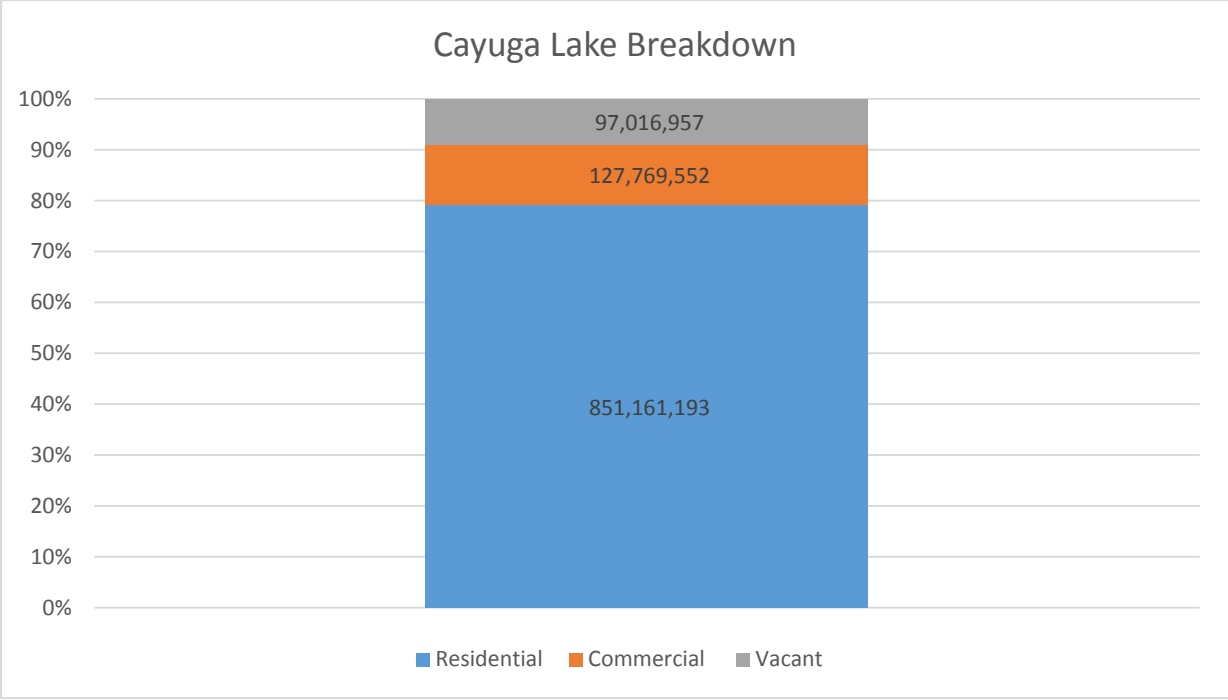
<b>Summation</b>		
<b>Total Parcels</b>	<b>Land Assessment Value</b>	<b>Total Assessment Value</b>
<b>2,804</b>	<b>\$519,926,323</b>	<b>\$1,075,947,702</b>

Breakdown

Residential		
Total Parcels	Land Assessment Value	Total Assessment Value
2,263	\$397,800,222	\$851,161,193
Vacant <sup>1</sup>		
Total Parcels	Land Assessment Value	Total Assessment Value
482	\$90,840,568	\$97,016,957
Commercial		
Total Parcels	Land Assessment Value	Total Assessment Value
59	\$31,285,533	\$127,769,552

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<sup>1</sup> Vacant parcels also include parcels with small improvements such as garages and sheds which explains why there is a different total value as compared to only the land value.



**Next Steps:** While utilizing the assessment data, it is assumed that the data is correct and accurate. However due to the nuances within the Computer Assisted Mass Appraisal (CAMA) Database utilized by these assessing units (RPSv4), and the fact that not all properties can be accurately inventoried in this database, more analysis needs to be done to verify the figures above.

1. Compare the parcel shapefiles for each county to ensure that all lakefront properties are accounted for in the analysis.
2. Since some of the towns adjacent to the lake have not completed a revaluation recently, a multiple regression model should be developed to ensure that all properties are assessed equitably. Outliers to the model would be reviewed for accuracy.
3. All wholly exempt properties would be reviewed for accuracy. Since these are often unique and non-marketable properties (churches, state parks, camp grounds, etc), a parcel by parcel valuation would be done on these types of parcels to ensure accuracy. This would also allow more detail analysis into the value of State Parks, including the possibility of looking at valuation multipliers due to numbers of visitors and their tourism effect.
4. Research any possible sales of smaller lakes that have occurred within the country. While obviously no lakes the magnitude of Cayuga Lake have occurred, a sale of a smaller lake might provide insight when reviewing various units of comparison (lake frontage, cubic liters of water, etc) to verify the methodology above.

## **About the Author**

CAMAConsultants was founded by the father/son assessment team of Donald & Jay Franklin. Don started in the appraisal field back in 1963 with the Cleminshaw Appraisal Company. He then continued on as the Assessor for the Town of Ithaca until Tompkins County consolidated the assessment function at the County level. Don served as the Assistant Director from 1970 to 1986 where he was promoted to the Director of Assessment and served until his retirement in 1996. Don passed away in 2005.

Jay started in the assessment field in 1996 in the Town of Cortlandville. Jay then was hired by Tompkins County in 1997 and quickly worked his way up from a Data Collector to Valuation Specialist in 1999, Assistant Director in 2001, and finally to his current position as Director of Assessment in 2009. Jay is the past president (2014-2015) of the New York State Association of County Directors of Real Property Tax Services. Jay has taught classes for the Institute of Assessing Officers and presented a paper "Visualizing Valuedsheds" to the International Association of Assessing Officers at their Integrating GIS/CAMA Conference in Baltimore Maryland.

Both Don and Jay achieved the prestigious IAO (Institute of Assessing Officers) and CCD (Certified County Director) designations.

CAMAConsultants was started as way to provide assistance to the local assessment administration function.

**Disclaimer:** Jay Franklin serves as the current Director of Assessment for Tompkins County. Typically Jay would not do any valuation consulting work that involved properties within Tompkins County. However, since the project simply involved the accumulation of publicly available data, it did not involve any valuation work. Jay did not spend any of his time while employed as Director of Assessment in preparing this report. All time spent on this report was done during his own time including summing the assessments for parcels within Tompkins County and the Town of Covert.