

Assessment Update Programs

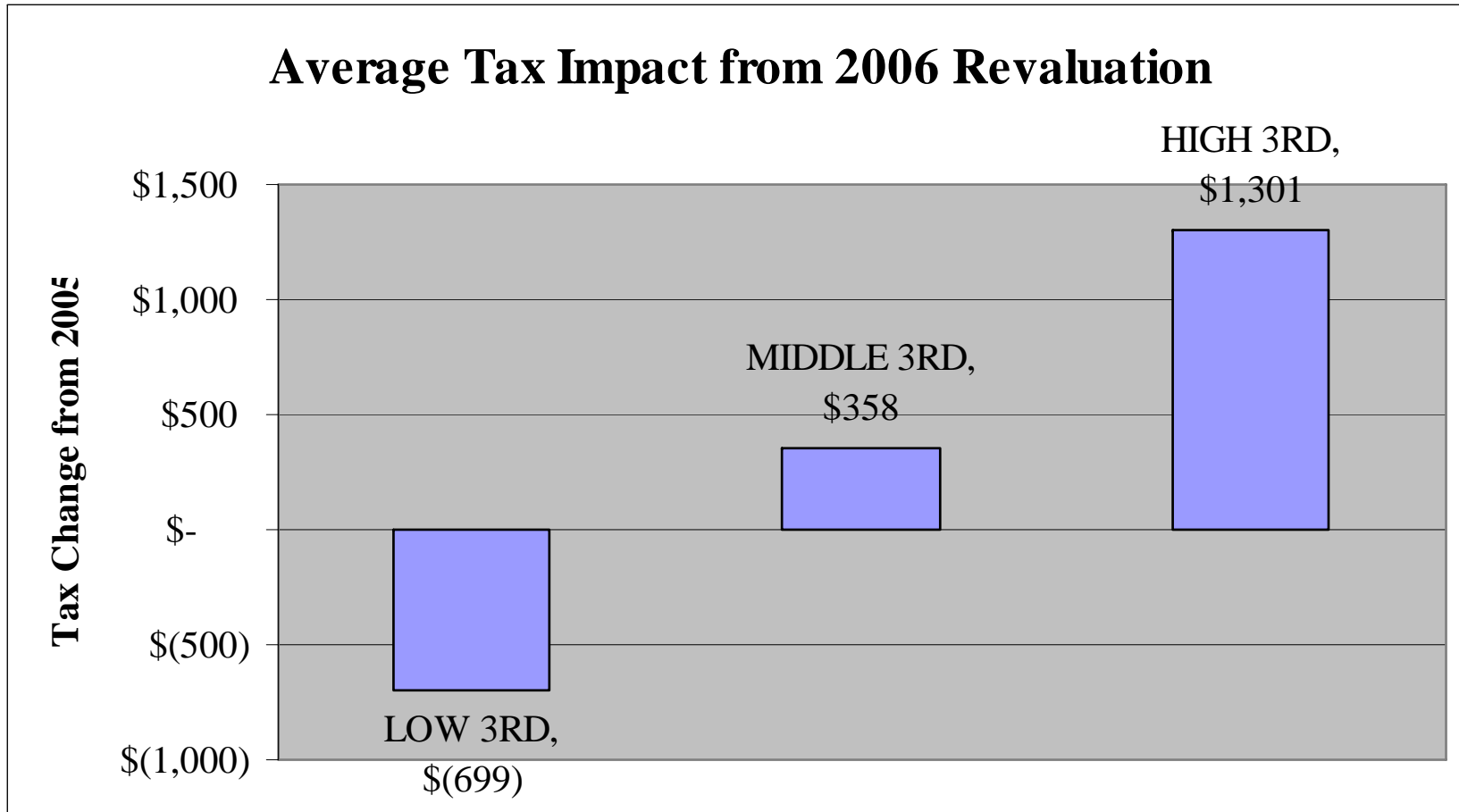
What are they?

What are the benefits to these programs?



2006 Revaluation Impact

(Change in Taxes from 2005 to 2006)





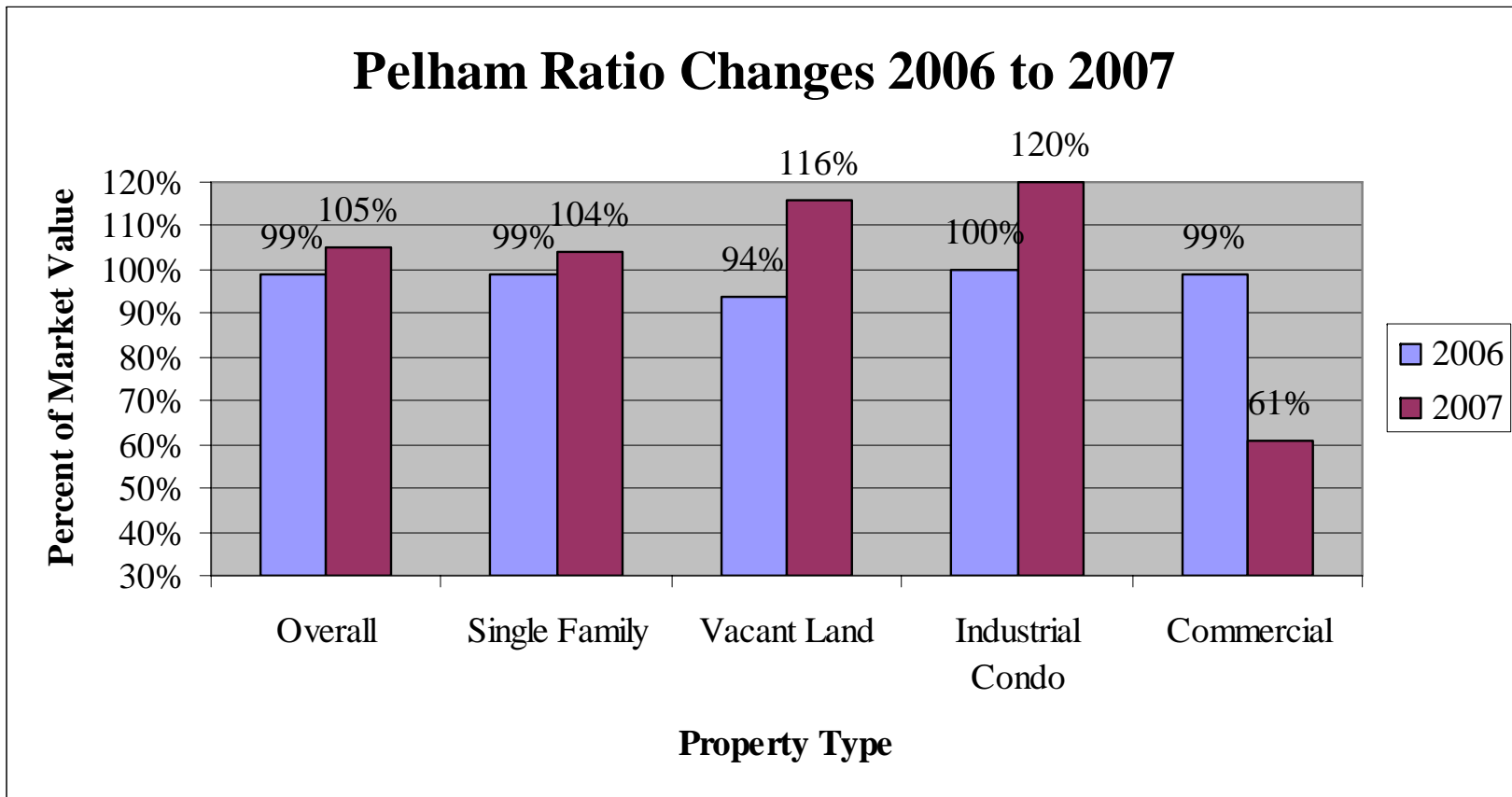
2006 Revaluation Impact

- The preceding data were averages.
- The ranges within these categories are great.
- It was not unusual, within the high and low categories to see changes on the order of \$5,000 in taxes, up or down, from 2005 to 2006.

Market Changes Since 2006

- In 2006 the revaluation company put all properties at 100% of market value as of April 1st 2006.
 - Since then, the market has softened for most property types. As a result, our current assessments are reflecting 105% of market value as of April 1, 2007
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Ratio Changes 2006 to 2007



Ratio Discussion

- These changes in ratio are normal. In the past 10 years the market has generally increased. This causes ratios to decrease.
 - Since 2006 however, the market has generally decreased, causing the ratio to increase.
 - The question becomes, 'how do we handle these market changes with our assessments?'
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Revaluation Alternatives

- Continue with 5-Year Revaluations
 - 2006 Cost: \$450,000 every 5 years

- Begin Cycled Revaluations
 - Projected Costs \$40,000 per year
 - \$200,000 over 5 years*

(*Note: 2007 prices quoted)



Revaluation vrs. Updates

■ Revaluation Components:

- All properties are inspected
 - Call-back letters sent where entry is not gained
- All sales are verified and/or disqualified
- Sales analyses are performed on all sales
- Appraisals are performed for every property
- Appraisers review each value
- Taxpayers are notified of preliminary assessments
- Informal hearings are held with taxpayers wishing to discuss the new values.



Revaluation vrs. Updates

- Assessment Update Components
 - Exactly the same as a Revaluation!
 - But Field activities are spread out over 5-years on a continuing basis.
 - All assessments are subject to change, up or down, or no change at all, each year depending on the current market.

Components to a Cycled Assessment Update

■ Cycled Activities

- Cycled Data Collections
 - 20% per year
- Cycled Field Appraisals
 - 20% per year

■ Annual Activities

- Sales Inspections
 - Sales Analyses
 - Assessment Updates
 - Notifications of New Assessments
 - Informal Hearings
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Legal Structure

- RSA 75:1 Selectmen shall appraise taxable property at its market value.
- RSA 76:8 Annually, and in accordance with state assessing standards, the assessors and selectmen shall adjust assessments to reflect changes so that all assessments are reasonably proportional within the municipality .

State Assessment Reviews

- Every 5 years the State reviews each Town for compliance to State Standards.
- These standards include a review of assessing procedures such as exemptions, tax credits and tax map accuracy, etc.
- Assessment equity and proportionality is also a component of the State review.

Proportionality

- Proportionality in assessments means that all properties should be appraised (assessed) at the same level of market value.
- For example, if single-family homes are assessed at 100% of value, but commercials are assessed at 80% of market value, this constitutes disproportionate assessments.

Proportionality (con't)

- In an assessment update, if commercials were at 85% of market value and single-family homes were assessed at 100% of market value, assessments for single-family homes would not change, but commercials would be increased to 100%.
- In this way, proportionality in assessments would be restored.



Cycled Inspections

- This is a required component to an assessment update program. Data must be verified as accurate on an ongoing basis.
- Every property will be visited by a staff appraiser/data collector once every 5 years.



Cycled Inspections (con't)

- 25% of all residential properties will be slated for inspection by the appraisal staff each year. This includes new construction permits and properties that had sold throughout the year.
- Generally, the Town will be delineated into four geographic quadrants, with one quadrant inspected each year.
- In the 5th year, all commercial and industrial properties will be inspected.



Cycled Inspections (con't)

- Properties receiving a cycled inspection do not automatically receive a changed assessment unless a correction in data occurs.
- If a property receives a cycled inspection but no errors of record are noted, and the market does not indicate the need for a Town-wide assessment adjustment, then no change will occur to the property that was inspected that year.

Appraisal Reviews

- As with cycled inspections, 20% of all properties will receive an on-site review by a staff appraiser each year.
 - These appraisers will ensure that like properties are appraised in a like manner, and that all are appraised at the same level of market value as all other properties in the Town.
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Assessment Changes

- Assessments will only be adjusted if the market indicates that the assessments have fallen out of line with market value.
- If adjustments are required for assessments, it will happen Town-wide.
- For example, currently the market has softened for most residential properties. If this continues, then a downward adjust will occur to all residential properties at the same time, whether an inspection occurred or not.



Assessment Changes (con't)

- Before assessments are changed, the appraisers will report to the Selectmen on the state of the assessments and the emerging market at the time.
- Recommendations will be made to the Selectmen as to any changes indicated.



Assessment Changes (con't)

- After receiving authorization from the Selectmen, the entire appraisal file will be brought into line with the emerging market all at one time.
- This will occur to all properties whether a cycled inspection or on-site appraisal review had occurred that year.

Notices to Taxpayers

- After complete review of the appraisal file by the appraisal staff, notices of preliminary values will be mailed to all taxpayers.
- Taxpayers will be given an opportunity to discuss or dispute any changed assessments with the appraisal staff.

Final Reviews

- After all taxpayers have had a chance to review their changed assessment and speak to an appraisal representative, a final overall review will be performed on the entire appraisal file.
- The final appraisal file will then be transferred to the tax billing file for the fall tax bills.

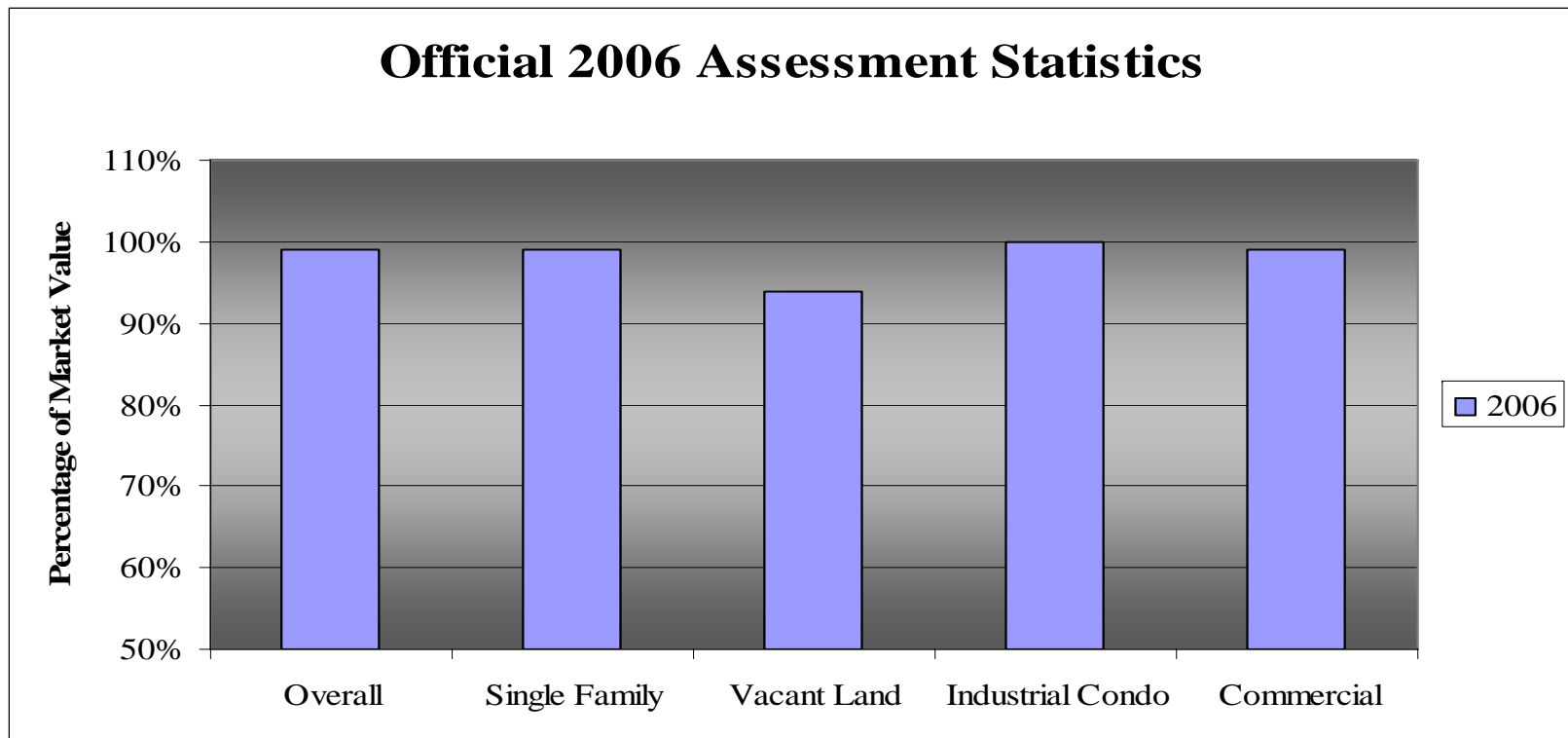
Example of an Assessment Update

- In order to demonstrate how these 'updates' would occur, we will use the existing 2007 assessment file to show what would have happened in 2007 had an assessment update program had been in place.

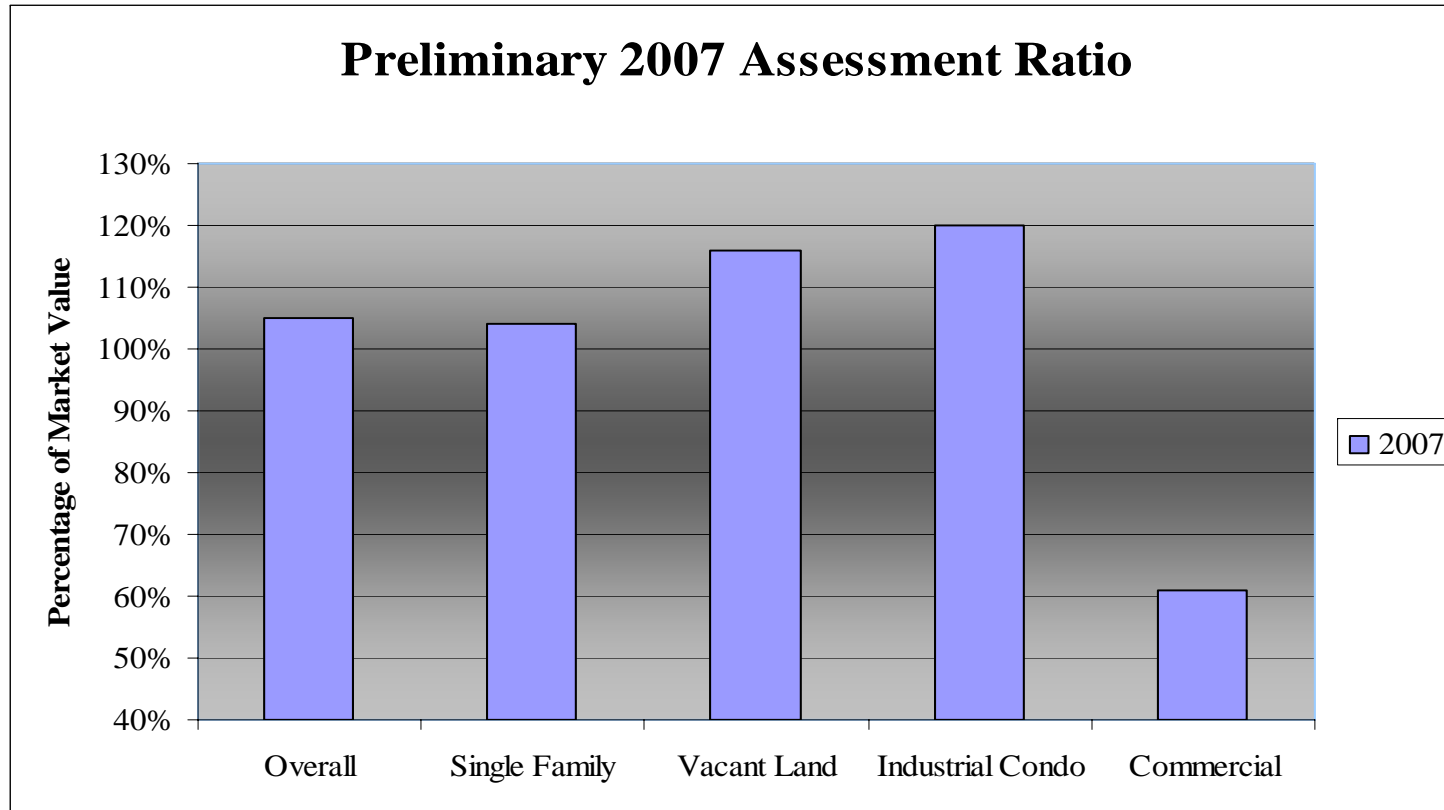
2006 Revaluation Statistics

- ❑ In 2006 Pelham had a full revaluation performed by Vision Appraisal Company. All assessments were brought to market value as of April 1, 2006.
 - ❑ Statistical studies performed by the Department of Revenue Administration found that the company achieved exceptional results, as follows:
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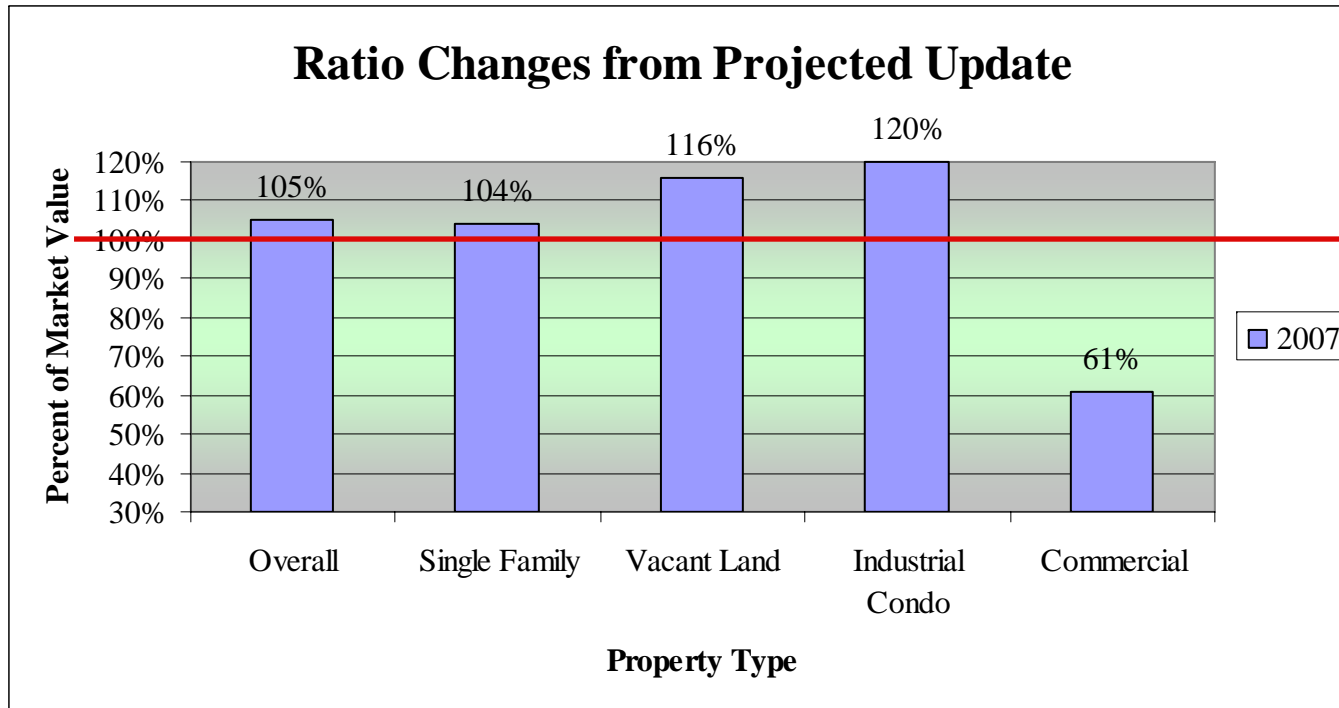
Pelham Ratio in 2006



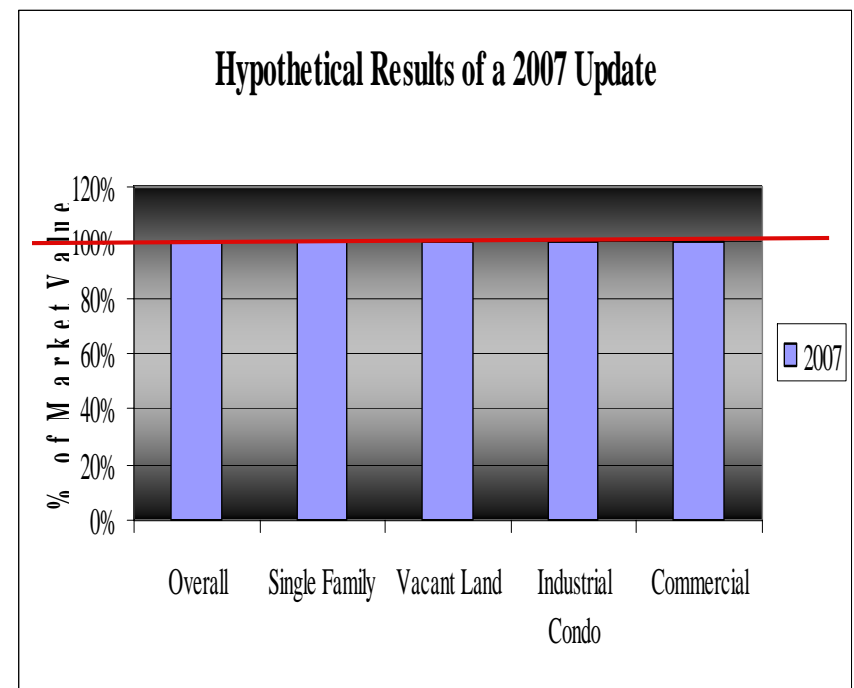
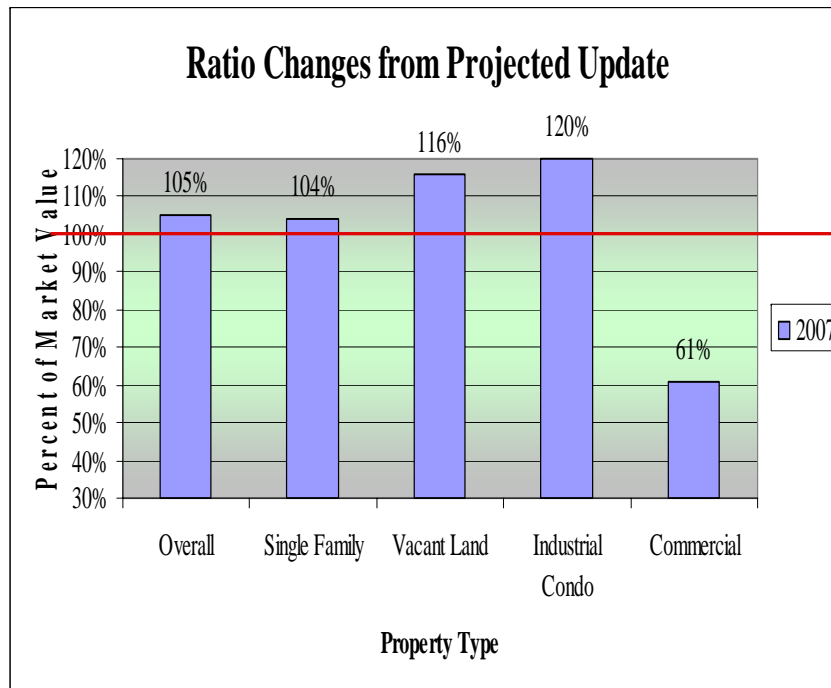
Ratio Change in 2007



Hypothetical Assessment Update Change



Hypothetical 2007 Update Before and After





Hypothetical Assessment Update

- If the Town were to have an update for 2007, every property above the red line would be reduced in assessment to the red line.
- Every property type that was below the red line would be increased in assessments to the red line (100% of market value)

Benefits to Assessment Update Programs

- Changes in assessment occur incrementally as opposed to large changes all at once.
- Shifts in tax burdens are mitigated.
- Appraisals are performed by people very familiar with the market.
- Costs to maintain assessments are reduced substantially.

