



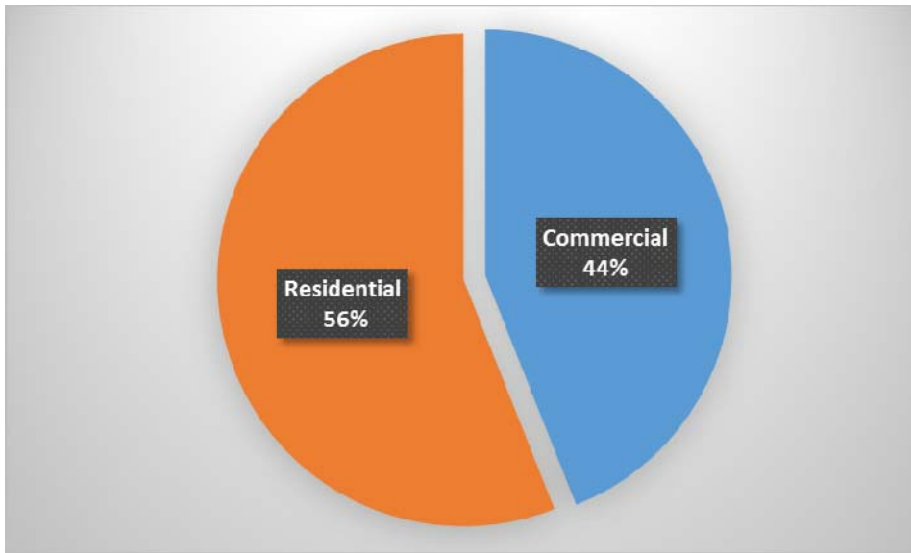
2015 Revaluation Presentation

October 26, 2015

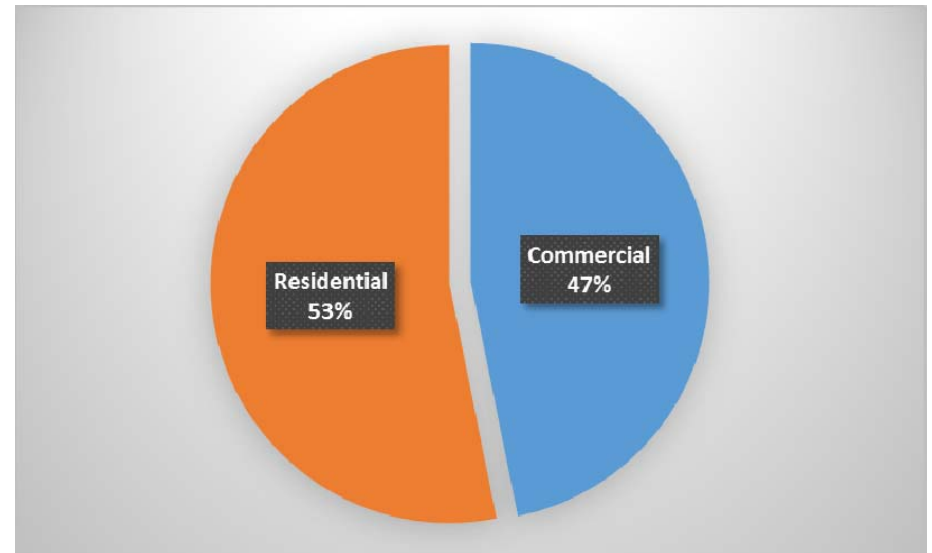
Commercial vs. Residential

3% Shift to Commercial Properties

2014 Valuation



2015 Valuation



Does The 2015 Revaluation Meet DRA Standards?

In New Hampshire, the following acceptable ratios that determine success in a revaluation include:

- The median assessment/sale price ratio between .90 and 1.10.
- Strata's should be within 5% of overall median ratio.
- Overall coefficient of dispersion (COD) should be no greater than 20%.

Sales are based on emotional likes and dislikes of buyers, there is no one right number, but rather a range of numbers depending on the negotiations and motivations of the buyers and sellers involved in a transaction.

Residential Neighborhood 2015 Ratio Study

Land NBHD	Median Sale Price	Median Appraised	Median A/S Ratio	COD
101	\$ 682,500	\$ 648,250	95%	3.42%
102	\$ 699,950	\$ 664,150	97%	6.53%
103A	\$ 612,500	\$ 539,950	91%	4.81%
103B	\$ 600,000	\$ 563,300	96%	4.17%
104	\$ 508,900	\$ 482,100	95%	2.46%
105	\$ 385,000	\$ 343,800	92%	4.94%
109	\$ 520,000	\$ 485,050	93%	0.54%
112	\$ 345,000	\$ 342,250	99%	2.27%
113	\$ 890,000	\$ 920,500	97%	2.41%
114	\$ 341,450	\$ 313,750	94%	5.76%
115	\$ 497,500	\$ 471,000	95%	6.84%
118	\$ 237,450	\$ 222,700	94%	1.06%
119	\$ 365,000	\$ 367,900	100%	5.33%
120	\$ 353,500	\$ 333,800	94%	0.53%
121	\$ 299,750	\$ 253,400	95%	7.98%
123	\$ 315,000	\$ 283,400	95%	5.56%
125	\$ 399,900	\$ 343,600	93%	6.81%
128	\$ 307,000	\$ 283,800	97%	7.56%
129	\$ 340,000	\$ 342,400	96%	6.63%
130	\$ 227,000	\$ 207,800	99%	5.33%
131	\$ 379,000	\$ 352,450	96%	4.51%
133	\$ 290,000	\$ 263,100	92%	3.04%
Overall	\$ 385,000	\$ 357,200	95%	5.42%

Strata

- √ The median assessment/sale price ratio falls between .90 and 1.10.
- √ Strata is within 5% of overall median ratio.
- √ Overall coefficient of dispersion (COD) is no greater than 20%.

Condominium Neighborhood 2015 Ratio Study

Land NBHD	Median Sale Price	Median Appraised	Median A/S Ratio	COD
201	\$ 355,000	\$ 344,400	96%	2.88%
202	\$ 537,500	\$ 550,500	95%	4.74%
204	\$ 360,500	\$ 338,750	96%	2.55%
206	\$ 340,000	\$ 325,500	97%	1.94%
210	\$ 293,500	\$ 277,600	100%	2.00%
211	\$ 182,000	\$ 184,400	98%	6.46%
212	\$ 284,500	\$ 273,300	96%	2.50%
213	\$ 1,153,300	\$1,098,800	96%	1.04%
215	\$ 118,500	\$ 110,100	96%	6.37%
216	\$ 164,900	\$ 152,500	93%	2.89%
217	\$ 180,000	\$ 185,600	95%	2.95%
219	\$ 602,500	\$ 572,150	93%	4.70%
220	\$ 245,000	\$ 235,600	94%	2.70%
223	\$ 229,450	\$ 226,750	99%	5.05%
224	\$ 213,950	\$ 201,400	93%	4.84%
Overall	\$ 310,000	\$ 295,500	96%	3.31%

Strata

√ The median assessment/sale price ratio falls between .90 and 1.10.

√ Strata is within 5% of overall median ratio.

√ Overall coefficient of dispersion (COD) is no greater than 20%.

Assessment to Sale Price Comparison Pre-Revaluation vs. Post-Revaluation

Neighborhood	Median Sale Price	Median A/S Ratio Pre Reval	Median A/S Ratio Post Reval
103A	\$ 612,500	67%	91%
103B	\$ 600,000	79%	96%
104	\$ 508,900	86%	95%
105	\$ 385,000	80%	92%
114	\$ 341,450	84%	94%
121	\$ 299,750	83%	95%
123	\$ 315,000	85%	95%

Revaluation is Monitored By The DRA

The New Hampshire Department of Revenue Administration (DRA) oversees each and every step of a revaluation. The DRA provides the services of one of its appraisers to ensure that standard practices are employed and that acceptable results are attained. The DRA will issue a report that details the process and procedures that were utilized both in the conduct of the revaluation and their steps taken in monitoring its completion.

Is your Assessment Fair and Equitable ?

Two Good Methods of Determining Equitable Assessments

1) Compare your property to similar properties that sold in the previous and current year; the value adjusted by the local median assessment to sales ratio should be in line with these sale prices.

2) If no recent sales are available, compare the assessment to other similar properties in the area; the value should be in line with these similar properties. Remember, very few properties are exactly alike and as such, values will vary but should be comparable. It seldom will be exactly the same for what seems to be a similar property.

- Equitable assessments **are not determined by how much your assessment went up in comparison to others.**
- As long as all properties are being assessed similarly, the assessments, even if they are higher or lower than current market value are fair and equitable because everyone is being treated the same.

Uniform Standards of Professional Appraisal Practice (USPAP)

(This report will be completed in November)

- Description of assessed properties – highest and best use
- Approaches to value considered and/or utilized
- Data collection and sales verification
- Data calibration methods
- Adjustments and factors
- Valuation premises and procedures
- Land and neighborhood data and identification
- Neighborhood stratification delineating patterns
- Improved property data
- Statistical analysis, testing and quality control
- Identification of CAMA system codes / analysis and spreadsheet support

What Can I do If I Don't Agree with My Assessment?

Meet with the Assessor to discuss your property.

- Make sure the property record card has the correct information.
- The assessor will answer your questions about your assessment.

Formal Appeal Process

- **Abatement Applications due to Assessor's office by March 1, 2016**

The Assessor's Office will review the abatement application and provide a decision before July 1, 2016

- **Appeal to BTLA or Superior Court by September 1, 2016**

Taxpayers who wish to appeal the Assessor's decision may file with either the State of New Hampshire Board of Tax and Land Appeals or Rockingham County Superior Court.



Addressing Misconceptions

#1

What Is The Formula?

Mass appraisal and single-property appraisal methods are based on what are known as the three approaches to value.

- 1) The Cost Approach
- 2) The Sales Comparison Approach
- 3) The Income Approach.

They are three distinct ways of looking at property and estimating its value. The approaches to value offer three different alternatives a potential buyer has when deciding to make an offer on a property.

General Assessing Models

Cost Approach

$$(RCN - D) + LV = V$$

Where: RCN = Replacement/Reproduction Cost New of the Improvements

D = Accrued Depreciation

LV = Land Value, as if vacant

V = Total Property Value

Sale Comparison Approach

$$SP \pm Adj = V$$

Where: SP = Sale Price of a Comparable Improved Property

\pm = Plus or minus Adj = Adjustments

V = Total Property Value

Income Approach

$$V = I \div R$$

Where: V = Value I = Income R = Rate

Mass Appraisal Models

These general models of the three approaches to value outlined above can be refined and expanded through a process referred to as model specification. Model specification is the designing of a model that is based upon appraisal theory and attempts to reflect the actions of buyers and sellers in the market. Specification of a model includes choosing variables to be included in the formula and mathematically defining their relationship to each other and the property's value.

Mass Appraisal Models

For example, the specification of a simple model is expressed below:

$$(SF \times \$/SF) + (SFL \times \$L/SF) = V$$

Where:

SF = Improvement area in square feet

\$/SF = Unit price of the improvement per square foot

SFL = Land area in square feet

SL//SF = Unit price of the land per square foot

V = Total Property Value

Mass Appraisal Models

The model could be even further refined as follows:

$$\text{NHF} \times [(\text{SF} \times \$/\text{SF}) + (\text{SFL} \times \$/\text{SF})] = \text{V}$$

Where: NHF = Neighborhood Factor

SF = Improvement area in square feet

\$/SF = Unit price of the improvement per sq.ft.

SFL/ = Land area in square feet

SL//SF = Unit price of the land per sq. ft.

V = Total Property Value

Mass Appraisal Models

There are a multitude of models that have been developed for the mass appraisal process by assessing officials, vendors, and academics. Any of these models may be capable of producing accurate and uniform values for a particular class of property within a specified geographic area. However, not all models can be used for every type of property or in every jurisdiction nor do they all offer ease in administration. The market dictates what type of models should be used and administrative constraints, such as knowledge of the user and budget concerns, dictate what models can be used.

#2

“There does not seem to be any rhyme or reason to the revaluation in some neighborhoods”

The City of Portsmouth is divided into:

- 35 residential neighborhoods
- 26 condominium neighborhoods
- 10 commercial neighborhoods

Assessing properties is not an exact science. This is typically a mass estimating process, not individual property appraisals.

#2 Continued

There are differences between individual properties and between neighborhoods. In one area the sales may indicate a substantial increase in value in a given year. In another neighborhood there may be no change in value, or even a decrease in property values. Different types of properties within the same neighborhood may also show different value changes. For example, one-story houses may be more in demand than two-story houses, or vice-versa. Older homes in the same area may be rising in value more slowly than newer homes.

There are numerous factors to be considered in each property which will cause the values to differ. Some of the factors which can affect value are location, condition, size, quality, number of baths, basement finish, garages, and many others.

#3

“If the process was completed five years ago accurately, then unless you pulled a permit for your house, all houses in a given area should go up the same percentage”

This is not a correct statement

Assessed values follow market trends. When the market is flat there should be little change in the overall assessments. It is possible for areas of the City to increase in value, while others may decrease.

During a revaluation, properties do not increase at the same percentage.

#3 Continued

During the 2010 revaluation and the 2013 condominium update, the process was monitored and reviewed by the State of New Hampshire Department of Revenue Administration. They reported in letters to the City Council that in both the 2010 revaluation and 2013 update, that...

“there is sufficient supporting documentation to establish proportionality and uniformity among Portsmouth’s property tax payers”.

#4

“I feel the result of the revaluation process has not been equitable. Some properties have had no change and others have had dramatic increases. There is Something Wrong With The Process”

The real estate market controls assessments not the process. Not all properties in the market go up or down the same and neither will assessments. Market participants control the increase and decrease of property values based on likes and dislikes along with supply and demand.

#5

“There is Something Wrong With The Process”

The process was established by the New Hampshire Constitution and controlled by State Statute and the Assessing Standards Board and administered by the Department of Revenue Administration.

All responsibilities and functions of the assessing office are based upon the fair administration of the New Hampshire Constitution and statutes governing property assessments.

Local Government and the Assessor cannot change the process, legislative actions can. Any changes to the process must be changed at the state level.