

2018 PROPERTY VALUATION UPDATE WORK SESSION

MUNICIPAL COMPLEX
DATE: MONDAY, AUGUST 6, 2018

PORTSMOUTH, NH
TIME: 6:15 PM

PRESENT: Mayor Blalock, Assistant Mayor Lazenby, Councilors Roberts, Pearson, Dwyer, Denton (6:35 p.m.), Perkins (6:30 p.m.), Raynolds and Becksted

STAFF: John P. Bohenko, City Manager; Judie Belanger, Finance Director; Rosann Lentz, Assessor; Robert P. Sullivan, City Attorney; Nancy Colbert Puff, Deputy City Manager; Juliet Walker, Planning Director; and Kelli L. Barnaby, City Clerk

Mayor Blalock called the Work Session to order at 6:15 p.m.

City Manager Bohenko requested City Assessor Lentz to speak regarding the Partial Revaluation Adjustments.

Assessor Lentz introduced Michael Tarello, VP of Appraisal Vision Government Solutions who will be reviewing where updates are for residential and commercial property. She stated this is a partial update which mean the process of analyzing market sales throughout the entire municipality to identify and implement needed value changes to the affected areas, or classes of property, to bring those properties to the municipality's general level of assessment utilizing the existing base tax year and providing an addendum to the existing USPAP compliant report. She reviewed the timetable.

Timetable:

- Values finalized August 27, 2018
- Web update August 30, 2018
- Impact notice mailed – August 30, 2018
- Appointments taken for hearings August 31, 2018 – September 17, 2018
- Follow up Council Meeting – September 4, 2018 – 6:30 p.m.
- Taxpayer Forum Meeting – September 10, 2018 – 6:30 p.m.
- Informal Hearings September 6, 2018 – September 20, 2018
- Project Completed and database turned over to the Assessor's Office by October 12, 2018
- Second Impact Notices mailed by October 16, 2018

Mr. Tarello spoke to the steps followed in the process and informed the Council that sales were utilized for 1 year for residential and 2 years for commercial properties. He stated some properties will see an increase and some will decrease. He reviewed the cost approach and said they analyze the values and sales. He said the income approach reviews actual income, expense and vacancy information.

Market Analysis Commercial

- Income Average Rents Major Categories 2017 to 2018
- Capitalization Rates – Overall Stable
 - Rates Rising
 - Market Demand still high for the area
- Specialty Properties – Hotels, Nursing Homes, Assisted Living
 - Analyze Specific Income Stream
 - RE Expenses-Distributed, Undistributed, Fixed, Reserves
 - Non-RE Expenses – Business Component, Personal Property

Mr. Tarello stated that sales data will be placed in tables and adjustments will be made so properties are equitable. He said valuation data is gathered April 1st of each year. He reported on the residential median sales price and assessment ratio.

- All Classes – Overall Median Ratio 93%
- Single Family
 - 2017 – 134 Sales – 99%
 - 2018 Prior to Analysis – 92%
 - 2018 – 153 Sales - \$495,000.00 Goal 93%
 - Stratifications need to be within 5% of Overall Median
- Condominiums
 - 2017 – 154 Sales – 99%
 - 2018 Prior to Analysis – 139 Sales – 94%
 - 2018 – 139 Sales \$366,000.00 Goal 93%
 - Stratifications need to be within 5% of Overall Median

Councilor Raynolds asked about qualified sales and unqualified sales.

Mr. Tarello said a form is completed after any sale and we look to make sure there is not unqualified, such as an estate sale or family sale. He reported that land values have remained stable and depreciation will remain stable. He said all stratifications remained stable except for the neighborhoods which indicated a portion of them needed to be reviewed and adjusted.

Residential Results from Partial Update NBHD Analysis

- Portsmouth has 30 Residential Neighborhoods
- 18 neighborhoods – stable (no change)
- 2 neighborhoods went down 3-7%
- 8 neighborhoods went up 2-7%
- 2 neighborhoods went up 11-14%
- Preliminary Old to New indicates 2% increase

Condominiums

- 323 Condo Complexes including 101 Mix use/Commercial Complexes
- Condominiums – Individual complexes reviewed and analyzed
- Complexes that have no sales are reviewed for comparability to complexes with sales
- Waterfront, water view, downtown locations reviewed
- Overall Preliminary Old to New indicated a 2% increase in Condominium class
- Individual Complex may go up or down depending on the findings of the analysis

Mr. Tarello said they continue to gather information and generating reports. He said once the work is finalized it will be presented to Assessor Lentz for approval.

Councilor Becksted asked that the information be placed on-line. He also said he would like the dates extended for the hearings.

Assessor Lentz reported all new proposed values will be available on the City's web site that links to Vision's website.

City Manager Bohenko advised the Council that this process will be followed every year.

Councilor Becksted said he would like to prolong this process. City Manager Bohenko said we will try to be as flexible as we can.

Assessor Lentz said someone can always come in to speak to the office if they have questions or concerns with their values.

Councilor Denton said he would like the names of the neighborhoods that were reviewed.

Councilor Reynolds asked about the process used to value hotels. Mr. Tarello said hotels are built for a specific use. Assessor Lentz reported you can only assess the value of the properties and not personal property.

At 7:00 p.m., Mayor Blalock closed the Work Session.

Respectfully submitted by:

Kelli L. Barnaby, MMC, CMC, CNHMC
City Clerk