



*City of Portsmouth
Full Statistical
Revaluation*

City of Portsmouth Full Statistical Revaluation

Introduction



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City of Portsmouth Full Statistical Revaluation

Topics



- Revaluation
 - Full Statistical Revaluation
- Steps to a Market Analysis
- Market Analysis
 - Commercial
 - Preliminary Results
 - Residential
 - Preliminary Results
- Time Line

City of Portsmouth

Full Statistical Revaluation

Full Statistical
Revaluation vs Partial
Update



Full Statistical Revaluation

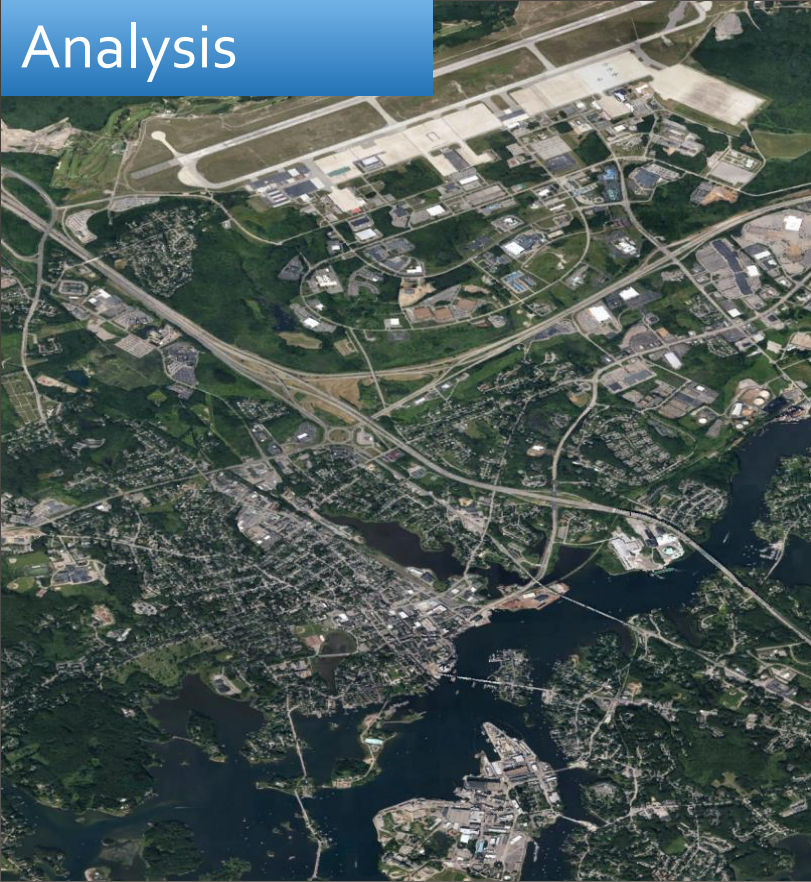
- means the process of a revaluation of all taxable and nontaxable properties in a municipality, using existing property data, to arrive at full and true value as of April 1.

Partial Update

- means 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.

City of Portsmouth Full Statistical Revaluation

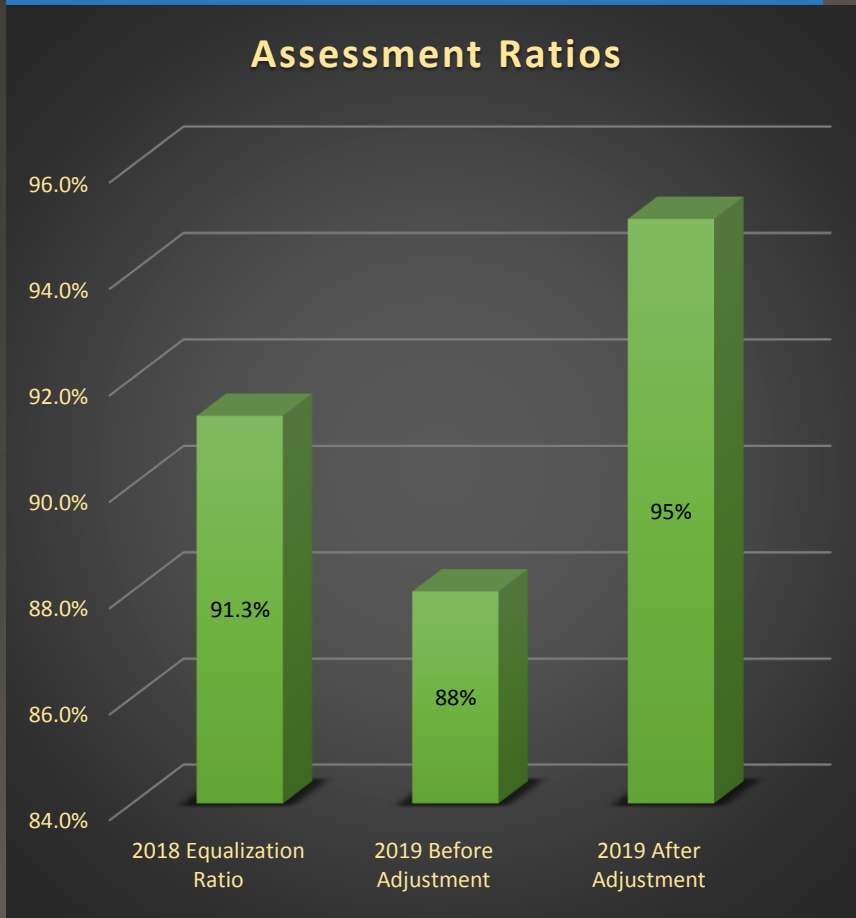
Revaluation Analysis



- City Market Data Determines Values
- In-Depth Study of City Sales
- Determine Building Value and Depreciation
- Determine Rental Rates, Vacancy Rates, Cap Rates and Expense Ratios
- Determine Land Prices
- Delineate Neighborhoods
- Determine Condo Complex Adjustments
- Develop Computer Models Based On Market

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Overall Median Assessment Ratios



- Valuation Date 4/1/2019
- Sales Utilized 1 Year for Residential
- Sales Utilized 2 Years for Commercial
- 2018 State Equalization Study - Overall Assessment Median Ratio was at 91.3% of the Sales Prices
- April 1st Overall Assessment to Sales Ratio Prior to Adjustments – 88% Median Ratio analyzing sales between 4/1/2018 to 3/31/2019
- 2019 Overall Assessment to Sales Ratio After Adjustments is Approximately - 95% Median Ratio as Of April 1, 2019

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Commercial Market Analysis



- Cost Approach
- Reviewed Land Values; Average 8% increase, Downtown higher increase than rest of City – Sales and Income Residuals
- Compared Building Cost Levels Against Marshall and Swift cost manual; adjustments range from 0-7% upward. Adjustment depending on type of property
- Depreciation – Base year changed from 2017 to 2019
- Income Approach
- Reviewed Actual Income, Expense and Vacancy Information
- Based on local and Regional data increases vary from 4-10%

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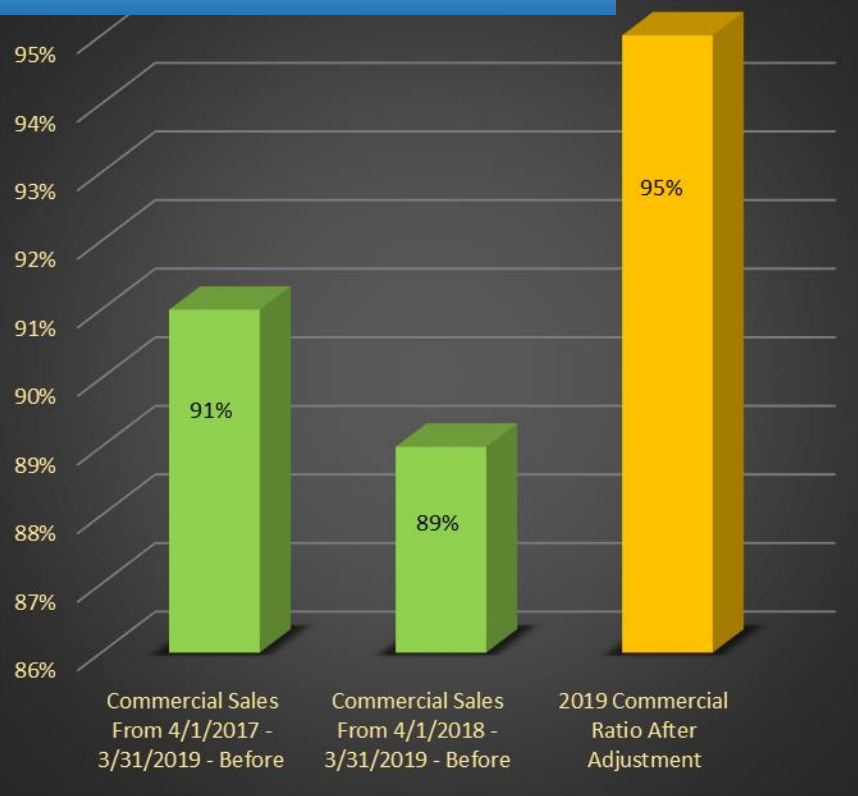
Commercial Market Analysis



- Income Average Rents Major Categories 2018 to 2019
 - Office (NNN) \$14.00 to \$15.50
 - DT Retail (Net) \$28.50 to \$31.00
 - Retail (NNN) \$16.00 to \$16.50
 - Retail Strip (NNN) \$18.50 to \$19.50
 - Apartments (Gross) 10% Increase in Rents
 - Industrial (NNN) \$6.50 to \$7.00
 - Warehouse (NNN) \$6.50 to \$7.00
 - Service Shop (NNN) \$9.50 to \$10.00
 - 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

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Median Commercial Sales Price & Assessment Ratios

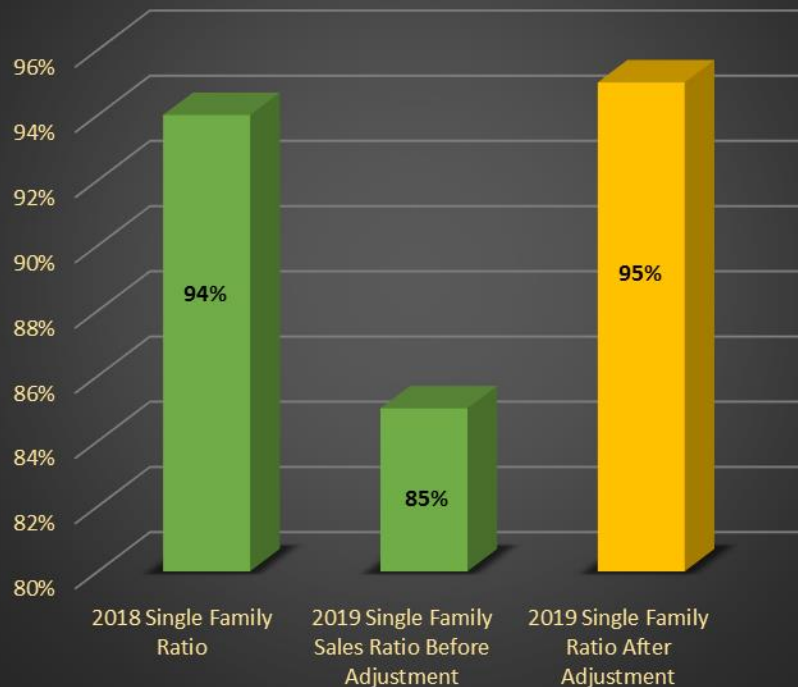


- Comparison of 2018 sales to initial review of 2019 sales
- Qualified Commercial, Industrial, Mixed Use, Apartments
 - 4/1/2017- 3/31/2019 40 Sales Ratio @ 91%
 - 4/1/2018-3/31/2019 23 Sales Ratio @ 89%
- Also reviewing additional sales, such as multiple parcel sales and sales with physical changes
- Adjusting Sales Ratio to 95%

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Median Single Family Sales Price & Assessment Ratios

Single Family Median Sales Ratio

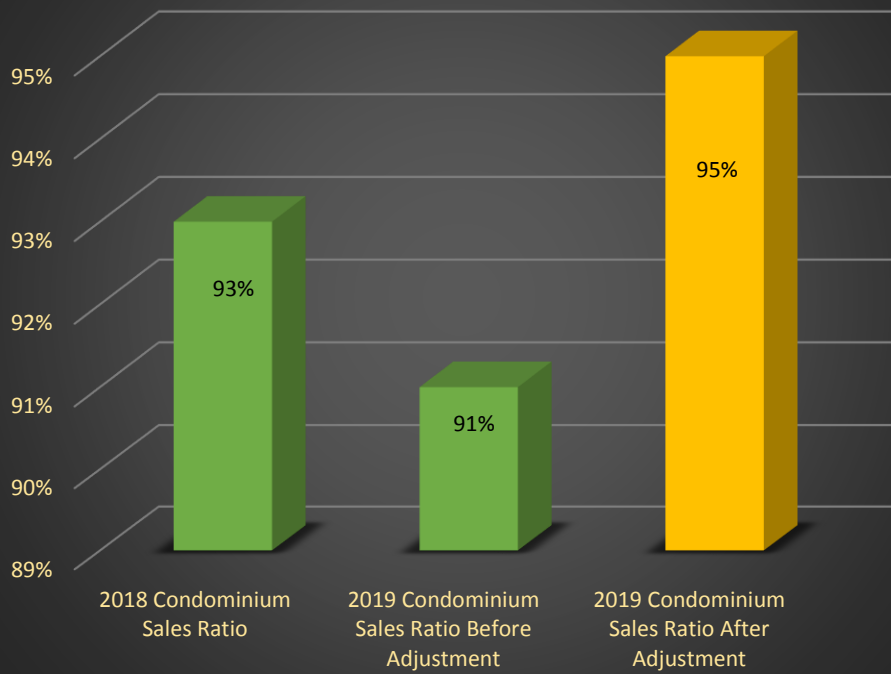


- All Classes- Overall Median Ratio Goal 95%
- Single Family
 - 2018 - 155 Sales- Median Ratio 94%
 - 2019 Prior to Analysis – 146 Sales, Median Sale \$475,000 Median Ratio 85%
 - 2019 -146 Sales – Values adjusted to Median Ratio 95%
 - Stratifications needs to be within 5% of Overall Median

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Median Condominium Sales Price & Assessment Ratios

Condominium Median Sales Ratio



- All Classes- Overall Median Ratio Goal 95%
- Condominiums
 - 2018 -142 Sales – Median Ratio 93%
 - 2019 Prior to Analysis-174 Sales –Median Sale \$465,750 Median Ratio 91%
 - 2019 174 Sales- Values adjusted to 95%
 - Stratifications needs to be within 5% of Overall Median

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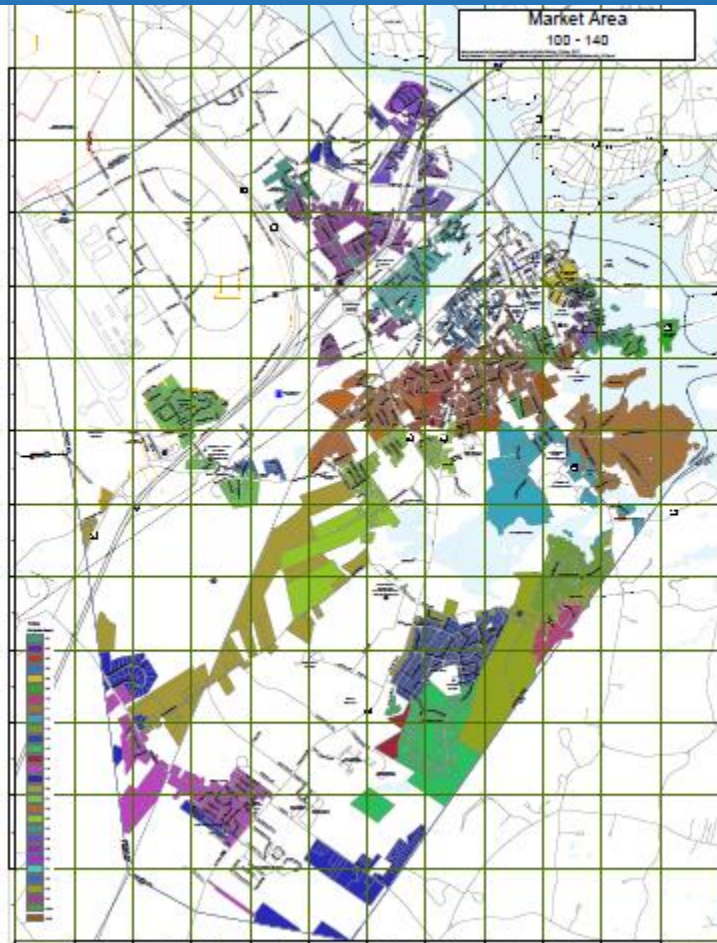
Residential Analysis Process



- Base year adjusted to 2019
- Review the land curve – 10% increase
- Review the Building costs – 10% average increase
- Review the sales stratifications
- Style
- Price Quartile
- Neighborhood
- Age
- Building Size
- The neighborhoods were reviewed and adjusted after the land curve and building costs were adjusted.

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Residential Results from Full Update NBHD/Market Area Analysis



- Portsmouth has 31 Residential Neighborhoods
- The base land curve increased 10%
- Further adjustments were applied to the neighborhoods beyond the 10% increase
- Starting Median Ratio for Single Families at 85%
- 20 neighborhoods – stable (no change to factor)
- 4 neighborhoods went down 4-10%
- 1 neighborhood went down 15%
- 5 neighborhoods went up 3-8%
- 1 neighborhood went up 16%
- Median increase in value to all neighborhoods 10%

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Single Family Sales Ratio Results by NBHD > 1 Sale

NBHD	# Sales	2019 Ratio Before Adjustments	2019 Ratio After Adjustments	Change in Ratio
101	8	85%	94%	9%
102	9	79%	96%	17%
103A	4	86%	95%	9%
103B	14	88%	98%	10%
104	6	84%	94%	10%
105	9	88%	95%	7%
113	2	99%	98%	-1%
114	15	85%	95%	10%
115	3	82%	93%	11%
117	2	90%	97%	7%
118	7	94%	96%	2%
119	5	84%	95%	11%
120	2	80%	92%	12%
121	5	84%	94%	10%
123	3	82%	93%	11%
125	6	92%	98%	6%
127	2	88%	96%	8%
128	6	88%	96%	8%
129	12	89%	96%	7%
130	10	86%	96%	10%
131	14	84%	95%	11%
133	5	87%	97%	10%

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Condominiums



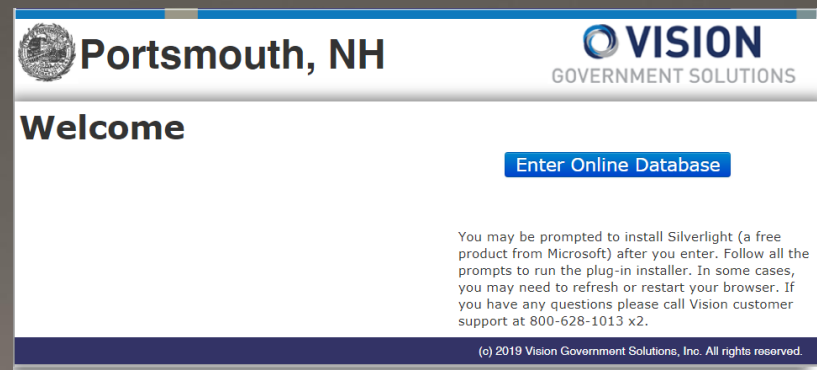
- 336 Condo Complexes including 101 Mix use/Commercial Complexes
- Condominiums – Individual complexes reviewed and analyzed
- Complexes that have no sales are reviewed for comparability to complexes with sales
- Waterfront, water view, downtown locations reviewed
- Preliminary sales indicates a 4% increase in Condominium class
- Individual complexes may go up or down depending on the findings of the analysis

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Sales Reports/Web Site



- Detailed Sales reports for Residential, Commercial and Condominiums by various stratifications will be available, at the hearings as well as on the City's website once finalized and approved.
- All new proposed values will be available on the City's web site which links to Vision's website.



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Tentative Timeline



- Start Up Meeting – March 2019
- Sales Review and Analysis – April 2019 through June 2019
- Assessor Review of Values – June 2019 through August 2019
- Presentation to the City Council on Preliminary Analysis – June 17, 2019
- Taxpayer Notice of Preliminary Assessments – Week of July 8, 2019
- Taxpayer Forum – ~~Tentatively July 18, 2019 – Library Levenson Room 6PM~~
- Change Taxpayer Forum July 17, 2019 – City Council Chambers 6 PM
- Taxpayer Hearings – Beginning July 22, 2019 thru August 2, 2019
- Presentation to City Council of Final Analysis and Results – August 12, 2019
- Final Notices if Changes to Preliminary Values – Week of August 19, 2019
- MS-1 – City Valuation – September - October 2019
- Tax Rate Set - October 2019