

JAFFREY , NH
VALUATION UPDATE
September 21, 2015

INTRODUCTION

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Presentation Outline

- Discuss benefits of the revaluation
- Describe valuation process
- Mass Appraisal vs. Fee Appraisal
- Status report on project
- Effect of Assessed Value on Tax Rate
- Cyclical Inspections
- Questions

Benefits of a Revaluation

- Adjusts value for market shifts
- Corrects disproportionate taxation
- Captures all new construction
- Required by State Statutes

Mass Appraisal vs. Fee Appraisal

- **Fee Appraisals** are usually for a single property and purpose
- **Mass Appraisal** -The process of valuing a group of properties as of a given date, using standard methods, employing common data, and allowing for statistical testing
- Both are Opinions of Value

Valuation Process

- Analysis of Sale Properties for Arms Length Sales
- Property changes after sale disqualifies sale
- Measure and List Sale Properties from 4/1/2013 to 4/1/2015.
- Valuation Modeling and Testing
- Informal Meetings (Taxpayer Input)

Exterior Inspection

- Style
- Grade (Quality)
- Story Height
- Roof Structure
- Roof Covering
- Wall Construction
- Year Built
- Condition



Interior Inspection

- Room Count
- Bathroom Count
- Wall Finish
- Floor Finish
- Heating
- Bath Style
- Kitchen Style
- Condition



Sales Analysis

- In-Depth Study of Real Estate Sales
- Real Estate Sales Determine Values
- No Preconceived Estimates of Value
- Determine Land Prices
- Determine Building Value and Depreciation
- Develop Appraisal Models Based On Market

Land Valuation Model

Land Units

- x Unit Price
- x Condition Factor
- x Neighborhood Adjustment
- x Site Adjustment
- = Total Land Value

Building Valuation Model

Beginning Per Square Foot Price

+/- Size Adjustment

+/- Grade of Construction

+/- Other building components

+/- Number of Bedrooms

= Adjusted Cost per Square Foot

Adjusted Cost per Square Foot x Building Square Footage

+/- Other Building Features (Bathrooms, Fireplace, Garages, etc.)

- Depreciation Adjustment (Based on condition)

= Building Value

Standards for a Revaluation (IAAO)

Median Ratios

| | Minimum | Maximum | COD |
|---------------|---------|---------|-----|
| Vacant Land | 90% | 110% | 20% |
| Single Family | 90% | 110% | 15% |
| Multi Family | 90% | 110% | 15% |
| Commercial | 90% | 110% | 20% |

Informal Meeting Process

- Notification to Taxpayers of New Assessment
- Informal Meetings Begin
- Valuation Review, if necessary
- Change Notice as a result of Hearings
- Abatement Review



Hearing Results

- Hearings were held Sept. 16th & 17th
- 56 Hearings (43 In person & 13 Phone)

The Appeal Process

- Abatements can be filled after you receive your December tax bill.
- Abatements must be filed by March 1st
- Applications are available on line or at the Town Hall
- Next step Board of Tax and Land Appeal

Cyclical Inspections

- Each Year MRI will inspect 25 % of the properties in town
- Errors will be corrected and values adjusted each year
- Keep data current and accurate
- Reduces costs of future valuations

Valuation Results

2014 Value \$ 455,390,540

2015 Value \$ 404,557,850

Change \$ 50,832,690 (-11.2%)

| | |
|----------------------|---------|
| Vacant Land | -17.7% |
| Residential | -12.4% |
| Manufactured Housing | -11.9% |
| Condo | - 10.6% |
| Commercial | - 5% |

Ratios After 2015 Reval

- Price Related Differential (PRD) 1.017
– Must be between 0.98 - 1.03
- Coefficient of Dispersion (COD) 7.67%
– Must be less than 15%
- Median Assessment / Sales Ratio 97.07%
– Must be between 90% - 110%

Value Change Effect on Tax Rate

- When the value of the town increases and the budget remains the same, the tax rate decreases.
- When the value of the town decreases and the budget remain the same, the tax rate increases.

Impact on Tax Rate with 2014 Commitment

| Tax Rate | 2014 | 2015 | Difference |
|---------------------------|----------------------|----------------------|-----------------------|
| Assessed Valuation | \$455,390,540 | \$404,557,850 | -11.2% (\$50,832,690) |
| Town | \$ 9.87 | \$ 11.11 | +12.6% |
| School | \$ 14.22 | \$ 16.00 | +12.5% |
| State Education Tax | \$ 2.20 | \$ 2.20 | 0.0%** |
| County | \$ 3.16 | \$ 3.56 | +12.6% |
| Total | \$ 29.45 | \$ 32.87 | +11.6% |
| Taxes to be Raised | \$ 13,303,897 | \$ 13,303,897 | \$ 0.00 |

**** State Education Tax set by State based upon State Equalized Value.**

This illustration shows the impact of a reval on the tax rate, with no changes in appropriation from the previous year. Please note that the 2015 numbers are for comparison only, and is not the actual 2015 tax rate. The Tax Rate will be determined by the State Department of Revenue Administration in the next month.