

2018 UPDATE OF PROPERTY VALUES WORK SESSION

MUNICIPAL COMPLEX
DATE: MONDAY, JUNE 18, 2018

PORTSMOUTH, NH
TIME: 6:30 PM

PRESENT: Mayor Blalock, Assistant Mayor Lazenby, Councilors Roberts, Pearson, Dwyer, Denton, Perkins, Reynolds (6:57 p.m.) and Becksted

STAFF: John P. Bohenko, City Manager; Judie Belanger, Finance Director; Rosann Maurice-Lentz, Assessor; Robert P. Sullivan, City Attorney; Kelli L. Barnaby, City Clerk

Mayor Blalock called the Work Session to order at 6:30 p.m.

Assessor Maurice-Lentz spoke on the difference between a partial update of property and a total revaluation. She stated one of the benefits of a partial update is it can be done annually and reviews market sale that bring values to a general assessment. She explained that a 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. She said a 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 1st. Assessor Maurice-Lentz said a review of sales will be from April 2, 2017 to April 1, 2018 which can be extended if there are not enough sales. She indicated that notifications will be sent out and everyone will be entitled to a hearing.

What a partial update accomplishes:

- To maintain assessments at a uniform percentage of value each year
- Helps to reduce significant changes in property assessments during a revaluation
- Equalizes the tax burden between property owners.

How is the Assessment Level Determined:

Through Sales

- The ratio for an individual property is found by dividing the local assessed value for the property by the sales price paid for the property.

$$\text{Assessment/Sales Price} = \text{Market Value Ratio}$$

- The overall ratio for a municipality is then derived from a statistical analysis of the compilation of all of the individual ratios.

General Level of Assessment

- The common or overall ratio of assessed values to market values.
- The assessment ratio is a measurement of the assessment level of a municipality during the assessment period

- Assessment Level = 100
 - City is assessing property at 100% of market value
- Assessment Level < 100
 - Overall property in the City is assessed less than market value
- Assessment Level >100
 - Overall property in the City is assessed higher than market value

Services to be Performed by Contractor:

- Appraise all Commercial/Industrial/Residential & Tax Exempt Property Throughout the City
- Field Review all Sales
- Statistical Market Analysis
- Update Property Values
- Field Review Values - % on Annual Basis
 - Grade Quality
 - Condition Ratings
 - Land Influences
- Value Notifications and Informal Reviews
- USPAP Compliant Report

Performed by Assessor's Office

- Oversight
- Building Permits / Land Use Changes
- Sales Verification and Review
- Public Relations
- Field Review Values - % on Annual Basis
 - Grade Quality
 - Condition Ratings
 - Land Influences
- Defense of Values

Timeline:

April – June – Review of Sales

July – Statistical Analysis

August – Review of Preliminary Values

August/September – Value Notices/Hearings

October 1st – Final Values to Assessor

October 15th – Valuations to DRA (MS-1)

Councilor Dwyer asked if the update will be done each of the years within the 5 years until a revaluation. Assessor Maurice-Lentz said a review of sales will be done each year. She stated that she will be doing a data collection as well which is different from a partial review. Councilor Dwyer asked if commercial is done on a more than a sales basis. Assessor Maurice-Lentz said that they will look at sales but will look at the property value from the street. She stated once every 5 years they will hit each property.

Councilor Perkins asked if we are looking at outliers. Assessor Maurice-Lentz said everyone will be reassessed but it is an update that will look at every sale and value that will take a sample and go out and review it at the street level. She stated you look at the condition of the property and if the value looks right with sales.

Councilor Becksted asked if abatements have been completed. Assessor Maurice-Lentz said we have not but we have until July 1st. She stated an update has nothing to do with abatements. She further stated we will make sure that we are at 95% of valuation. She said it is important to note that the market is changing rapidly.

Mayor Blalock said we are trying to avoid spikes in values. Assessor Maurice-Lentz said that is correct.

Councilor Becksted said in 2015 and 2017 we saw spikes of over 20%. He asked how much this partial update will cost. Assessor Maurice-Lentz said it will cost \$60,000.00.

Councilor Roberts asked if there is a reason for the update to take place. Assessor Maurice-Lentz said it is to maintain property values. She said it is important to stay on top of values and not see such shifts in value. She further stated there is still growth in the City.

City Manager Bohenko said we are redistributing their proportional share for properties.

Assessor Maurice-Lentz said she can look at property in classes.

Councilor Becksted said we are choosing to do this update. Assessor Maurice-Lentz said that is correct. She stated there are many communities that do a complete revaluation every year and there are communities that do updates.

Councilor Denton asked about the swing in property to commercial. Assessor Maurice-Lentz said you would not see as much of a swing with commercial.

Councilor Pearson asked if this is because you heard from many people concerned with the last revaluation. Assessor Maurice-Lentz said that is correct. She stated we can spread this out with updates over a 5 year period.

Councilor Becksted said this will raise some big concerns in the community and you will see the taxpayers come out. Assessor Maurice-Lentz said not everyone will see a change in value.

Assistant Mayor Lazenby asked do you have a plan to let people know ahead of time of what to expect. Assessor Maurice-Lentz said that is what she is trying through this work session and she will be posting information. She said she will be doing a lot more with this update. Assistant Mayor Lazenby said the result of a revaluation and an update seem like you will get the same result to homeowners. Assessor Maurice-Lentz said she is trying to get everyone at the same level and she is working towards a 95% valuation.

Councilor Perkins said that this is the notice to the public.

Councilor Becksted said he hopes that this balances out in commercial sales.

Councilor Dwyer said if a neighborhood or a cluster is done look at those together to understand things. She said we should allow time to let residents know during City Council meetings about the update of property values.

At 7:00 p.m., Mayor Blalock closed the work session.

Respectfully submitted by:

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