

Memo

To: Karen Conard, City Manager
From: Rosann Lentz, City Assessor
cc: Judith Belanger, Finance Director
Date: July 5, 2022
Re: Tax Year 2022 / Fiscal Year 2023 Statistical Revaluation

The City of Portsmouth Assessor's Office has decided not to conduct the Tax Year 2022 / Fiscal Year 2023 Statistical Revaluation.

The New Hampshire Constitution and statutes of the state require that property subject to a tax based on value be revalued at least once every five years (RSA 75:8-a). The City's last revaluation meeting this legal requirement was completed for Tax Year 2019 / Fiscal Year 2020.

Although the legal requirement to revalue properties is at least once every five years, the Assessor's Office reviews the real estate market and economic conditions and if necessary updates assessments on an annual basis. These efforts assure assessments remain equitable and proportional.

In March of 2020 (Fiscal Year 2021) with much of the nation shutting down due to the COVID -19 Pandemic, the residential real estate market came to a halt. Additionally, the commercial market was impacted by the halt with many companies needing to change the way they operated by either shutting down, working remotely or limiting services. With the uncertainty of the market and the public health crisis, no revaluation was conducted for Tax Year 2020 / Fiscal Year 2021.

Despite the decline in home sales in the spring of 2020, by the summer, the review of the market within the City and other areas of the country saw a housing boom. This market saw high demand, limited supply, bidding wars, and elevated prices leading to an increase in rents throughout the City.

The Assessor's Office again decided not to conduct a revaluation for Tax Year 2021 / Fiscal Year 2022 due to prices surging to record levels. Additionally, this surge had many experts believing the residential real estate market would eventually slow down and go back to pre-pandemic conditions.

Since the announcement of the Tax Year 2022 / Fiscal Year 2023 Statistical Revaluation, economic conditions have changed dramatically. Inflation is at its highest level since 1981, oil and gas prices have

doubled since last year, and the increase in interest rates has caused the real estate market to slow down. With a potential recession looming and the unknown economic impact on residential and commercial taxpayers throughout the City, the Assessing Department has decided not to conduct the revaluation.

Going forward for Tax Year 2023 / Fiscal Year 2024 through Tax Year 2024 / Fiscal Year 2025, the Assessing Department will be conducting a data collection of all properties within the City. Additionally, the department will continue to monitor the real estate market and if necessary conduct a partial revaluation in Tax Year 2023 / Fiscal Year 2024 prior to the legally required revaluation in Tax Year 2024 / Fiscal Year 2025.