

Property  Valuation Advisors

63 Hill St. Newburyport, MA 01950

Phone 978-462-4347

straub@shore.net · Web www.propertyvalu.com

6/9/15

Rosann Lentz, CNHA
City Assessor
City of Portsmouth
1 Junkins Ave.
Portsmouth, NH 03801

LETTER OF TRANSMITTAL

Dear Assessor:

The following report is intended to document the process associated with the data collection, review, analysis and reporting necessary to render credible opinions of value(s) in accordance with RSA 21-J:14-b, and Standard 6 of the Uniform Standards of Professional Appraisal Practice (USPAP 2014-2015).

The Intended Use of this Report: is to provide a basis for the revaluation of commercial Industrial and Apartment real property in the City of Portsmouth as required by the contract dated 8/11/14 signed between the City of Portsmouth (The City) and Property Valuation Advisors (PVA). A copy of this contract is retained in Appendix "A".

The Client of This Report: is the Assessor of the City of Portsmouth, NH

Other Intended Users of This Report: include the public, property owners, municipal officials, and the DRA.

The Date of Value Utilized in this Report: is April 1, 2015 as required by RSA 74:1 and RSA 76:2.

Type and Definition of Value Utilized in this Report: The type of value expressed in this report is "market" value, and is defined in RSA 75:1 as: "the property's full and true value as the same would be appraised in payment of a just debt due from a solvent debtor".

An expanded definition of "Market Value" as defined within the NH Department of Revenue, Property Appraisal Division's "600 Rules", establishes the market value of a property must meet the following criteria:

- (a) Is the most probable price, not the highest, lowest or average price;
- (b) Is expressed in terms of money;
- (c) Implies a reasonable time for exposure to the market;
- (d) Implies that both buyer and seller are informed of the uses to which the property may be put;
- (e) Assumes an arm's length transaction in the open market;
- (f) Assumes a willing buyer and a willing seller, with no advantage being taken by either buyer or seller; and
- (g) Recognizes both the present use and the potential use of the property.¹ (NH

Department of Revenue, Property Appraisal Division, "600 Rules"; Rev 601.14.)

Identification of the Property Rights Assessed in this Report: The type of property rights is "fee simple". Fee Simple Estate is defined as:

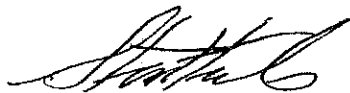
Absolute ownership unencumbered by any other interest or estate; subject only to the limitations imposed by the government powers of taxation, eminent domain, police power, and escheat (the right of government to take title to property when there are no apparent heirs)."² (The Dictionary of Real Estate Appraisal, Third Edition, 1993, Page 140.)

Extent of Property Inspections: As required by the contract dated 8/11/14 and signed between the City of Portsmouth and Property Valuation Advisors, a measure and list was required on 100% of the Commercial Industrial and Apartment qualified property sales taking place from 4/1/12 though 4/1/15 in the City of Portsmouth and interior inspections were required on 100% of the City's property sales taking place from 4/1/12 though 4/1/15 by the City – not by PVA as outlined in the contract.

CERTIFICATION OF VALUE

I certify that, to the best of my knowledge and belief:

- 1) the statements of fact contained in this report are true and correct.
- 2) the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- 3) I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved.
- 4) I have performed no services, as an appraiser or in any other capacity regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment (**except for a very limited number of properties on which appeals or abatements occurred on which I was asked to do perform valuation work by the City and that took place after 8/11/11**).
- 5) I have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment.
- 6) my engagement in this assignment was not contingent upon developing or reporting predetermined results.
- 7) my compensation for completing this assignment is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- 8) my analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- 9) I **have not** made personal interior inspections of the properties that are the subject of this report. I have, however, performed exterior field reviews of each such property.
- 10) ~~no one provided significant mass appraisal assistance to the person signing this certification~~ (**other than interior inspections by the City; onsite measurement checks by the City; and data entry by the City**).
- 11) my opinions of the market value(s), pursuant to RSA 75:1, and the NH Department of Revenue, Property Appraisal Division "600" Rules, Rev. 601.14, for the assessed property identified in Section 1 of this report, as of April 1, 2015, are indicated in the City of Portsmouth's Vision Property CAMA System and may be viewed on line or via a printed property assessment card available in the City of Portsmouth's Assessor's Office.



Stephen Traub, ASA, CNHA, NHCG-350

Property Valuation Advisors

TABLE OF CONTENTS

SECTION 1 - LETTER OF TRANSMITTAL

INTENDED USE OF THIS APPRAISAL REPORT	
INTENDED CLIENT OF THIS REPORT	
OTHER USERS OF THIS REPORT	
DATE OF VALUE	
TYPE AND DEFINITION OF VALUE	
IDENTIFICATION OF THE PROPERTY RIGHTS ASSESSED	
EXTENT OF PROPERTY INSPECTIONS	
IF NO PHYSICAL INSPECTIONS, AN EXPLANATION FOR THIS DECISION	
CERTIFICATION OF VALUE	

SECTION 2 - SCOPE OF WORK

Page

IDENTIFICATION OF ASSUMPTIONS AND LIMITING CONDITIONS	1
SCOPE OF WORK AS IDENTIFIED IN CONTRACT	4
BRIEF DESCRIPTION OF ASSESSED PROPERTIES	6
DETERMINATION OF HIGHEST AND BEST USE	8
PROCESS OF COLLECTING, VALIDATING AND REPORTING DATA	9
APPROACHES TO VALUE CONSIDERED AND/OR UTILIZED	12

SECTION 3 - VALUATION PREMISES AND PROCEDURES

DESCRIPTION OF BASIC VALUATION THEORY/MASS APPRAISAL	1
PERIOD OF TIME ASSOCIATED WITH SALES/DATA COLLECTION	5
DATA COLLECTION AND SALES VERIFICATION PROCEDURES	5
NUMBER OF SALES UTILIZED IN STUDY	5
DESCRIPTION OF DATA CALIBRATION METHODS	7
SIGNIFICANCE OF ADJUSTMENTS AND FACTORS	7
COMP SALES ANALYSIS	8
LAND ANALYSIS	8-12
LAND EXTRACTION SPREADSHEET EXPLANATION	13
CONDO SITE EXTRACTION SPREADSHEET EXPLANATION	15
INCOME LAND RESIDUALS EXPLAINED	17
COMP SALES SUMMARY	20
MARKET ANALYSIS	21-23
LAND EXTRACTION SPREADSHEET	23A
CONDO FACTORS EXTRACTION SPREADSHEET	23B
LAND INCOME RESIDUAL SPREADSHEET	23C
QUALIFIED SALES PROPERTY RECORD CARDS	23D

ACTUAL INCOME DATA (CONFIDENTIAL)	24
--	-----------

VACANCY & EXPENSE DATA	24A
CAP RATE DATA	24B
ECONOMIC/MARKET RENT/INCOME RATES	25

SECTION 4 - CAMA SYSTEM CODES AND LEGEND

IDENTIFICATION OF CAMA SYSTEM CODES

- BASE SF/ BLDG CODES AND RATES
- OUTBLDG CODES AND RATES
- EXTRA FEATURE CODES AND RATES
- LAND USE CODES AND SETTINGS AND BLDG SIZE ADJUSTMENT FACTORS
- ZONING MAP & CODES, DESCRIPTIONS, AND REGULATIONS
- VISION SUBAREA CODES AND FACTORS
- ALLOWABLE CONSTRUCTION CODES AND DESCRIPTIONS
- COST MODEL REPORT WITH POINT/COEFFICIENT ADJUSTMENTS

SECTION 5 - TIME TRENDING

TIME TRENDING ANALYSIS 1-4

SECTION 6 - LAND AND NEIGHBORHOOD DATA

Page

EXPLANATION & RESULTS OF NEIGHBORHOOD CLASSIFICATION (ALSO SEE SECTION 3)	1
SPECIAL LAND FEATURES (VIEWS, WATERFRONT, ETC.) ADJUSTMENT TABLES	3
LAND AREA/SIZE ADJUSTMENT TABLES	3-11
NEIGHBORHOOD (LAND) & CONDO ADJUSTMENT TABLES	3-11+
PROPERTY CARDS (OF LAND SALES) UTILIZED IN ANALYSIS (SEE SECTION 3)	
PROPERTY CARDS (OF LAND SALES) NOT UTILIZED IN ANALYSIS (SEE SECTION 9)	

SECTION 7 - IMPROVED PROPERTY DATA

BUILDING COST TABLES	1- 2+
COST MARKET CALCULATIONS	2
TYPES OF DEPRECIATION CONSIDERED AND/OR UTILIZED	3-5
INCOME APPROACH - SUMMARY OF INCOME & EXPENSE DATA	(See Section 3-24+)
INCOME APPROACH - SUMMARY OF VACANCY & CAP RATE DATA	(See section 3-24+)

(SECTION 7 CONT'D)

INCOME APPROACH – APPLIED

Page

INCOME DETAIL FOR C/I AND APARTMENT PROPERTIES 5+
COST VERSUS INCOME APPROACH VALUE COMPARISON 5+

PROPERTY CARDS (OF IMPROVED SALES) UTILIZED IN ANALYSIS (See Section 3)
PROPERTY CARDS (OF IMPROVED SALES) NOT UTILIZED IN ANALYSIS (See Section 9)

SECTION 8 - STATISTICAL ANALYSIS, TESTING AND QUALITY CONTROL

RATIO STUDY USING OLD ASSESSED VALUES

RATIO STUDY USING OLD ASSESSED VALUES 1-14
STRATA ANALYSIS USING OLD ASSESSED VALUES 1-14
COD STUDY USING OLD ASSESSED VALUES 1-14
PRD STUDY USING OLD ASSESSED VALUES 1-14

RATIO STUDY USING NEW ASSESSED VALUES

RATIO STUDY USING NEW ASSESSED VALUES 14+
STRATA ANALYSIS USING NEW ASSESSED VALUES 14+
COD STUDY USING NEW ASSESSED VALUES 14+
PRD STUDY USING NEW ASSESSED VALUES 14+

SECTION 9 - APPENDICES

APPENDIX 'A': COPY OF CONTRACT SPECIFIC TO THIS REPORT
APPENDIX 'B': COMMERCIAL NEIGHBORHOOD MAP
APPENDIX 'C-1': INDIVIDUALS RESPONSIBLE/ASSISTING IN COMPLETION OF REPORT
APPENDIX 'C-2': QUALIFICATIONS
APPENDIX 'D': CAMA SYSTEM CODES
APPENDIX 'E': ZONING MAP AND CODES
APPENDIX 'F': LIST OF QUALIFIED AND UNQUALIFIED SALE CODES
APPENDIX 'G': DRA PROPERTY ASSESSMENT SUPERVISOR CERTIFICATE
APPENDIX 'H': SUMMARY OF USEFUL DEFINITIONS
APPENDIX 'I': UNQUALIFIED SALES PROPERTY CARDS NOT USED IN THE ANALYSIS

SECTION 10 – MISCELLANEOUS

MISC – 'A': VISION VALUE SUMMARY REPORTS
MISC – 'B': C/I/A PROPERTIES ON THE MARKET
MISC – 'C': COMMERCIAL REAL ESTATE BROKERS REPORTS