

SECTION G
Improved Property Data

BUILDING VALUATION

Process for Collecting, Validating and Reporting Data

All buildings were measured and had an external drive by review to verify the accuracy of the real estate data that was collected. It is necessary to observe the style, quality, condition, and adequacy of each component of the building. The following elements have been rated as to quality, workmanship, and special physical characteristics.

- Style Type (Ranch, Colonial, etc.)
- Model (Residential, Commercial, etc.)
- Grade (Minimum through Prime)
- Stories
- Occupancy
- Exterior Wall
- Roof Structure
- Roof Cover
- Interior Wall
- Interior Floor
- Heating Fuel and Type
- Bedrooms, Bathrooms & Total Rooms
- Year Built
- Condition of Property
- Functional and Economic Obsolescence
- Out Buildings & Extra Features

BUILDING STYLES

Below is an explanation of typical styles of single-family residential houses.

Ranch

This style was built generally after 1940's, although some houses were built earlier and could fall within this category. A ranch is a one-story house, which is usually rambling and low to the ground with a low-pitched roof.

Split - Level

Generally built after 1940's. The living area is on two or more levels with each level having a single story height, generally seen on uneven terrain lots. It can be a front/rear or side/rear split or a combination of the two.

Colonial

Traditional design built from 1700's to present. Generally 2 or 2 ½ stories with balanced openings along the main façade. Second floor overhangs are common. Newer colonials attempt to imitate this classic New England design.

Cape Cod

Generally built from the 1920's to present. Built "close to the ground" with simple lines. A high roof ridge often supplemented with full or partial dormers may provide a second level of living area, but not a full upper story. Generally a gable roof.

Bungalow

Most bungalows were built in the early 1900's. A small, one-story design often seen with an expansion attic area and/or dormers. Usually with an open or enclosed front porch. Narrow across the front and deep from front to back.

Conventional

An older type of house with no particular architectural design. Story heights generally range from 1.5 to 2.5 stories.

Modern or Contemporary

Constructed since 1940's WWII. One-story, two-stories or split-level. Characterized by large windows, open planning, horizontal lines, cathedral ceilings and simple details.

Raised Ranch

A combination of the ranch and tri-level designs. The basement area sets on or slightly below the ground level and is usually partially or totally finished. Basement garages are common.

Dutch Colonial

Traditional design built from 1700's to 1940's. Generally 2 or 2 ½ stories with balanced openings along the main façade. This form of a colonial has a gambrel roof and typically has an attic

Antique

A Colonial or Cape Cod that was built prior to 1850 and has characteristics which are of "antique" in nature and are appreciated for their historic significance.

Refer to the building table section for a complete listing of the building styles that were utilized for the Portsmouth, New Hampshire project.

COST/MARKETING APPROACH MODELING

Once all the pertinent physical data regarding the improvements have been collected, the replacement cost of the building is obtained. KRT Appraisal's market driven cost tables were utilized to develop a replacement cost for a building. Once the cost of the building was developed, depreciation from normal wear and tear and from functional and economic obsolescence was deducted. The remaining value is considered the Replacement Cost Less Depreciation (RCLD). The market indicated land value and any other outbuilding values are added to give you a final value. This value is compared to market sale prices of similar properties to ensure that the property is appraised at market value for April 1, 2015.

Qualified sales that occurred between 4/1/2014 & 3/31/2015 were utilized. These sales were analyzed based on style, location, lot size, building size and year built.

Types of Depreciation Considered and/or Utilized: Depreciation is the loss in value from any cause, and is typically associated with reasons that are "physical" (loss in value due to physical deterioration and/or ageing), "functional" (due to deficiencies in the structure's design) and/or "economic" (loss in value due to factors external to the appraised property).

In the appraisal of a single property (not Mass Appraisal), the three primary methods for estimating depreciation are: the "market extraction method", the "age-life" method, and the "breakdown" method. Typically, the market extraction and age-life calculation techniques are utilized to capture the total depreciation in a property from all sources. The "breakdown" method is a more rigorous exercise that attempts to isolate the specific components for each type of depreciation, physical, functional, and economic.

Importantly, regardless of the methodology utilized to identify depreciation, it is imperative that the final estimate of depreciation reflects the loss in value from all sources.

The calculation of both "functional" and "economic" depreciation, when applicable, was performed either by utilizing a "matched-pair" analysis wherein sales of conforming properties were compared and the functional and/or economic loss in value was isolated, or by capitalizing the economic loss attributable to each issue.

In the report that follows, all three types of depreciation were considered and utilized, where applicable, and an explanation for the derivation of the depreciation factors follows:

Physical Depreciation

All improved properties were given an overall condition code based on the inspection of the property. These codes were then analyzed based on the age and condition. Once the depreciation schedule was built from the analysis, it was then tested against the sale properties until it met the statistical requirements.

Functional Depreciation

Functional obsolescence, if any, was determined by the appraiser or data collector after a physical inspection and was added based on the impact of the obsolescence.

Economic/External Depreciation

Economic obsolescence, if any, was determined by the appraiser or data collector after a physical inspection and was added based on the impact of the obsolescence. One area where Economic Obsolescence was consistently applied was to properties that abut the railroad track or Highway. A 5-10% adjustment was applied to account for the noise.

Well/Septic

Wells and septic systems are intrinsically built into the base rates. As a result, there is no particular value associated with the well and septic system, it is assumed that every property has adequate water and sewage disposal.

The following pages contain the depreciation schedule used in the Portsmouth, NH revaluation project.