

What is a revaluation? A revaluation is an update of all assessments in the City conducted under the direction of the City Assessor whose duties are to discover, list and value all taxable real property in the City, in a uniform and equitable manner. Rather than basing each property value on individual “fee” (bank) appraisals, values are based on a “mass” appraisal, which is discussed in a later question. KRT Appraisal was hired to conduct inspections of approximately one-half of the properties during 2017 and 2018. That company has nearly completed its portion. Vision Government Solutions (VGS) has begun to inspect the remaining properties and will be completing the revaluation by September 2019.

Why is a revaluation necessary? Per State Statute 75:8-a, municipalities are required to reappraise all real estate within the municipality so that the assessments are at full and true value at least as often as every fifth year. Further, the NH Constitution (Part 2 Article 6) requires that each municipality takes values anew every 5 years. A revaluation meets these requirements.

Who is Vision Government Solutions (VGS)? VGS is a provider of software and revaluation services for the assessment of properties. It has over 40 years of experience and over 450 client installations across thirteen states. Its staff are NH Department of Revenue Administration (DRA) approved for the various levels of work they conduct.

When was the last revaluation? The current values are based on the 2014 revaluation.

What is the Equalization Ratio? Each year the NH Department of Revenue Administration (DRA) calculates the relationship between the assessed value and the sales price of those properties that sold between October 1 of the previous year and September 30 of the current year to establish an “average” ratio. For 2017, the most recent available, that ratio was 103%, indicating that “on average” properties in Claremont were assessed at 3% more than market value for that year.

What is the Coefficient of Dispersion (COD)? In addition to the ratio, the NH Department of Revenue Administration (DRA) also calculates a coefficient of dispersion (COD) as a measure of the equity between assessments. It measures how close to the “average” ratio each of the individual sales are. That value needs to be 20 or less. For 2017, the COD was 16.87. A revaluation is intended to and generally does result in a lower COD. A lower COD indicates a better quality of assessments, meaning that more of the sold properties have ratios closer to the “average” ratio than if the COD were higher. This also means that properties are more likely to be assessed at or closer to market value, which is the goal of a revaluation.

Will all property values change? Market values change as the market changes. Therefore most properties’ assessed values will change. The market is not the same today as it was in 2014. However, not all property values will change at the same rate. Market value will have changed (decreased or increased) more for some

neighborhoods and property types than for others. Some neighborhoods and property types may have increased in value and others may have remained somewhat stable or decreased. One purpose of a revaluation is to make sure that the assessed values reflect the changes that have occurred in property values over the past 5 years.

What is market value? State law requires that your property be assessed at market value. One definition of market value is, "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion." This generally means the amount a typical, well-informed purchaser would be willing to pay for a property. For a sale to be an indication of market value, the seller and buyer must be unrelated and willing parties (not under pressure) to sell or buy; the property must be on the market for a reasonable length of time; the payment must be made in cash or its equivalent; and the financing must be typical for that type of property. RSA 75:1 further defines market value 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." Except for properties assessed under special conditions, RSA 79-A through H, 75:1-a, 75:11, 72-B, 72:8-c, and 72:74 properties are assessed on the basis of their highest and best use.

What if there hasn't been a recent arm's-length sale of my property? The next best evidence is the arm's-length sales of reasonably comparable properties. These are properties similar to yours in location, age, style, condition, and other features that affect market value, such as location, the number of bathrooms, size of garage, etc.

What if there are no reasonable comparable sales? The appraiser will then consider all other factors that may affect the market value of your property. The cost to replace your building, less any depreciation, plus the value of land could also be used to estimate market value. For rental properties, the income and expenses of the real estate could be considered.

I recently built my home. Will the actual construction cost be considered? Your construction cost is a historical figure that may or may not reflect the current market value of your property. It is one element that should be considered.

How will my taxes change as a result of the new assessment? The revaluation may result in an increase or decrease of individual assessments depending on how a property value increased or decreased relative to the average change in assessment. A higher assessment does not necessarily mean that taxes will increase nor does a lower assessment necessarily mean that taxes will decrease. Remember, assessments are only the base that is used to determine the tax burden. Although the value of your property affects your share of taxes, the actual amount you pay is determined by the budget needs of the school, city and county. All of these taxing units decide what services they will provide in the coming year and how much money they will need in order to provide these services. Once the decision to approve a budget is made, a tax

rate is set by the NH Department of Revenue Administration (DRA) that will generate the needed dollars. Your property taxes are then determined by taking your assessment, dividing by 1000, and multiplying by the tax rate. As a hypothetical example, if the same amount of money needs to be raised after the revaluation as in the previous year (not generally the case) and everybody's assessment doubles (never happens in reality), the tax rate would simply be cut in half. When you get your new assessment notice next summer, the 2019 tax rate will not be known.

What sales did you compare to my home to arrive at my value? This common question highlights one of the clear differences between the mass appraisal process and the more well-known fee or bank appraisal. Most homeowners have had an appraisal conducted on a property for financing purposes and are familiar with the process involved and the resulting report. Although the appraisal concepts are the same and the results similar, the process is different.

To answer this question it is important to understand that in a revaluation, the assessed value of your property is based on an analysis of the entire real estate market for a specified period of time (generally two years) before the valuation date (generally April 1st) of the revaluation project. This market study of recent property sales, construction costs and rental rates and expenses, allows the appraisers to establish valuation parameters (construction rates, land rates, depreciation rates, market adjustments, etc.). Once established, these valuation parameters are applied to the properties that sold in an effort to arrive at appraised values that approximate sales prices.

The revaluation appraiser is required by the State to "test" that the parameters being used are consistently producing values that closely approximate the sale prices across all types of properties throughout the city. When this is accomplished, the appraisers can then apply these same valuation parameters to all of the "non-sale" properties in the city. In doing so, they are approximating the market value of each property using the information derived from all of the sales. Therefore, no particular sale was used to determine the assessed value of your property. This is because all of the market study data was used to determine the appropriate parameters. Once the description of a particular property is entered into the system with the various parameters, a value is created. Each property value is then reviewed to determine its appropriateness.

What will happen to my assessment if I improve my property? Generally speaking, improvements that increase the market value of a property will increase the assessed value of a property. Generally, normal maintenance done regularly will help maintain the market value of your property, but generally will not affect your assessment in a significant way. Certainly, if deferred maintenance is recognized and accounted for in a property when it is assessed and then the deferred maintenance is cured, that could affect market value and thus assessed value.

How can my assessment change when I haven't done anything to my property? Assessments are not only affected by physical changes made to a property, but also by

changes in the market. General economic conditions such as interest rates, the inflation rate, consumer tastes as well as changes in the laws and ordinances will influence the value of real estate. As property values change in the marketplace, those changes must be reflected in the assessments.

Do all assessments change at the same rate? There are differences between individual properties and between neighborhoods. In one area, sales may indicate a substantial increase in value in a given year. In another neighborhood, there may be no change, or even a decrease in property values.

Nobody inspected the inside of my home, so how could you reassess it? The City Assessor's Office maintains a complete record for each property. Information is kept current through permit inspections, sales inspections, periodic re-inspections and exterior reviews. When no inspection is conducted, the current information in the City's records and perhaps an exterior view of the property is used for the description. If anyone questions the description, an appointment can be made for an inspection to ensure accuracy of the data.

I've heard you develop values by computer. Is this correct? Just as in many other fields, computers are useful in the assessment process. Assessors are trained to look for relationships between property characteristics and market value. By coding these characteristics and studying sale prices and other market information, assessors can estimate value by developing formulas and models. Computers are much faster and are capable of advanced analysis in this area. Despite these capabilities, common sense and assessor judgment are always required to verify assessments. To check on property descriptions and values created by the revaluation model, a final exterior field review of each property is conducted to ensure consistency and appropriateness.

How will I know if my assessment is equitable? There are two very good methods of determining this. First, compare the property to similar properties that sold in the previous year; the value should be in line with these sale prices. Second, if no recent sales are available, compare the assessment to the assessment of other similar properties in the area using the full list of preliminary values on the City's website and available at the Assessor's Office (once the preliminary values are finalized). Very few properties are exactly alike. Values of similar properties should be comparable, but seldom will they be exactly the same.

How do I know what my new assessment is? As required by the NH Department of Revenue Administration Administrative Rules, all property owners are notified of their new assessment once the preliminary values are completed.

What if I don't agree with my assessment? Schedule an appointment with a hearings officer following the instruction in the letter you receive advising you of the proposed value. During this informal session, you can learn how your assessment was made and what factors were considered. You can also bring to our attention any factors that we did not consider that you believe are relevant to the assessment.

What if after this informal hearing, I still disagree with the assessment? If any property owner believes their assessment is incorrect and wishes to file for an abatement, they shall first appeal to the local assessing officials in writing, by March 1, following the notice of tax and not afterwards. The assessor's office has the necessary form to be completed. It is also available on the City's website.

What if, after this formal review with the assessor, I still disagree with the assessment? You can appeal the assessment to either the Board of Tax and Land Appeals (BTLA) or Superior Court, but not both. The assessor's office can provide you with an application form to the BTLA for you to complete. The BTLA operates similar to a court, but it is much less formal.

What evidence do I need to present to the Board of Tax and Land Appeals (BTLA)? State law puts the burden of proof on the property owner to show that the assessment is incorrect. Keep in mind that your proof must be strong enough to prove that the assessor's value is incorrect. Only relevant testimony given at the hearing will be considered by the board. Stating that property taxes are too high or that they went up more than the average increase is not relevant testimony. You should establish in your mind what you think your property is worth. The best evidence of this would be a recent sale price of your property. The next best evidence of this would be recent sales prices of properties that are similar to yours; the closer to your property in proximity and similarity, the better the evidence. Another type of evidence is testimony from an appraiser who has made a recent appraisal of your property.

What happens after the Board of Tax and Land Appeals (BTLA) makes its decision? The board will notify you of its decision, usually in a month. The notice will contain information on how you may file for reconsideration of the board's decision if you are not happy with the board's determination.