

# Assessing Department 2024 Revaluation Final Results

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# Revaluation Recap

- The goal in this revaluation was to bring the Town's assessments to full market value as required by law and the State of New Hampshire Department of Revenue Administration.
- Market value in assessment means having a median assessment to sales ratio (A/S) of between .90 to 1.10.
- The following slide shows the results of this revaluation and detail some of the important highlights.
- The source of building costs are derived from a national cost service, Marshall Valuation Service, adjusted to local conditions.
- Land as component of improved sales extracted from the sales.
- Condominium feature values have been similarly extracted.

- An analysis based on the 232 qualified sales from April 1, 2022, through March 31, 2024, ws the starting point of the revaluation process.
- Changes in assessed value were made so that the resulting values are as close to full market value as possible.
- The following table demonstrates that the newly established values reflect market value trends for Stratham.
- As anticipated, the results of 59 sales from April 1, 2024, through September 30, 2024, indicate a median ratio of 0.9538, a COD of 7.26 and a PRD of 1.03.

Sale Analysis Results						
Date Range	Time Trend Applied	Count	Median Ratio	COD	PRD	Meets Standard
Standard			.90 to 1.10	<20	.98 to 1.03	
4/1/2022 to 3/31/2024	Yes, 12 % annual	232	0.9709	10.12	1.03	Yes
4/1/2023 to 3/31/2024	Yes, 12 % annual	95	0.9724	9.15	1.02	Yes
4/1/2024 to 7/28/2024	No	29	0.9708	6.64	1.02	Yes
10/1/2023 to 7/28/2024	No	71	0.9947	6.93	1.01	Yes

# Valuation Using a Mass Appraisal

- Rev 601.32 "Mass appraisal" means the utilization of standard commonly recognized techniques to value a group of properties as of a given date, using standard appraisal methods, employing common data, and providing for statistical testing.
- Common data implies that there is a classification of properties using sets of common attributes.
- For example, single-family dwellings are grouped together, and one valuation technique is applied in a manner that recognizes property differences (lot size/living area/quality/condition/ features) and places appropriate value on the differences.
- Using the mass appraisal in this manner results in equitable valuation of all similar properties based on the common data adjusted for individual differences.
- Finally, statistical testing is employed to prove the accuracy of results.

# Final Steps in 2024 Revaluation

- All the valuation work has been completed.
- Summary Report of Values (MS-1) submitted to DRA.
- USPAP Report of Mass Appraisal has been completed and is at DRA awaiting their review.
- WCG will review all the abatement requests and make a written recommendation on each one to Selectboard.
- The results of the revaluation are reviewed by DRA, including a sample of properties inspected and statistical performance of revaluation.
- The performance statistics have been calculated and indicate very good results of the revaluation.
- Ultimately, DRA will issue a Monitoring Report to the Town.

# Legacy Data Issues

- The completion of the 2024 revaluation was designed to utilize the legacy (the then existing) data, which was presumed to be accurate enough to complete the valuation update without general reinspection.
- Preparing to undertake the revaluation a number of inconsistencies were discovered in the existing data.
- Examples of inconsistencies included:
  - Numerous ways to describe and value condominium units,
  - Inclusion of land values for some condominium units,
  - Multiple use designations for otherwise similar properties,
  - Inaccurate neighborhood designations, and
  - Attributing land areas to some detached condominiums, but not others.
- The major inconsistencies had to be resolved in order to move forward completing the valuation update in a credible manner.
- Significant time and attention was used to identify and correct errors.

# Automobile Dealership Example

- There are seven automobile dealership properties, all located along Portsmouth Avenue.
- None of these sold in arm's length transactions in the sale period.
- There was a range from 18% to 28% increase in the total land and building assessed values from 2023 to 2024.
- Varying rates of change are driven by differences in land area, building size and quality ratings.
- The valuations are based on existing data that was collected in full inspections that occurred between 2014 and 2018, although field reviews did occur as late as 2019.
- Our confidence in these descriptions declines as time passes.
- Without recollection of the data for this category, there are too many legitimate questions that can't be confidently answered.

# Property Inspection Timing

- The pace of inspections that had been anticipated in our contract does not appear to be practical.
- The statistical results of this revaluation confirm the very good accuracy of the 2024 valuation update.
- This includes the draft results of the DRA equalization study that relies on results of sales that were unknown to us in the process of developing and completing the valuation update
- Numerous individual property concerns about accuracy of data brought forward by taxpayers and verified by our staff reduce the confidence in the data underlying the current set of values.
- While accuracy of results are the critical outcome, the

# Things Learned Along the Way

- Some of the prior assessor's decisions regarding the inspection of property have left the town with a scatter-shot result of inspected properties.
- A more systematic approach will likely result in a more uniform description of properties.
- Uniform description of properties against a single standard will likely lead to a more credible individual value results.
- The best way to accomplish this improvement would be to accelerate the current inspection regimen to observing all properties in a systematic manner over the next two years.

# Valuation/Data Issues

- While completing the 2024 revaluation, a concern expressed by many taxpayers included the perception of errors in existing data.
- Previously collected and maintained property descriptions and data were not found to be as reliable as assumed.
- Many of concerns raised at the informal hearings during the summer related to inaccurate descriptions of property (either quality of construction, relative condition or both).
- These experiences lead us to conclude that the most appropriate action is to inspect each property over the next two years.
- This is an acceleration of the current plan for 20% per year.
- This acceleration is allowed for under the current contract and will shift forward some of the cost of the fourth and fifth year of the contract.
- Much of our available resources required for the 2024 inspection had to be reallocated to correct discovered inconsistencies.
- Only inspections completed were billed.

# Timing of and Need for Future Revaluation

- Historical practice of the Town has been to complete revaluations at the minimum pace required by law: every five years.
- When there are slow changes in market value that can be acceptable.
- More frequent revaluations are appropriate when there are aggressive changes in market value.
- Annual increases in the DRA's Total Equalized (market) value of Stratham without inclusion of utility property value ranged from 4.8% to 18.5% annually in the past few years.
- A practice of completing revaluations every 2-3 years, with a report of projected value changes made in November of the year preceding to gauge the need and efficiency of completion in the following year.
- Being prepared to make 2026 the next revaluation year.

# Overall Revaluation Timing Issues

- The maximum time allowed between revaluations is five years.
- When there are dramatic changes in value from year to year in either direction, it is a good time to plan for a more frequent revaluation strategy.
- Those changes are calculated on an annual basis by the DRA in the annual Equalization Survey.
- Many municipalities have found that five years is not the optimal interval for revaluations, including many of our other clients.
- Having a plan in place to complete revaluations every two years with a decision point built in to make final determinations about going forward in the following year is prudent.
- In that way, there is already an understanding that further revaluations may be needed on a more frequent basis.
- This will require amendment to the current WCG contract.

# Benefits of More Frequent Revaluation

- Changes in value over time are more easily consumed in smaller increments.
- Not all classes of property change at the same rate or even the same direction.
- When Equalization Ratios fall, all taxpayers can claim the Town needs to undervalue their property the same was as all others.
- This is true when commercial and industrial property values change differently than residential property, but also when utility values are calculated annually.
- It appears that the lower end of the annual increases were due to some very significant commercial/industrial abatements in those years.

# Exemption and Credit Review

- Exemption qualification standards (income and asset limits) should be reviewed annually prior to drafting Town Meeting Warrant .
- These can most efficiently be adjusted by applying overall inflation rates (CPI, e.g.) to these amounts annually.
- Other methods of adjustment can be applied when appropriate.
- When revaluation will occur in the coming year, an estimated percentage of value increase should be applied to the category amounts to maintain as close of a neutral impact on recipients.
- Credit amounts should be altered as they are adopted or changed in statute.
- These reviews should be considered in November of the year preceding the next revaluation so that proper inclusion in the annual warrant is possible