



City of Portsmouth Assessor's Office 2010 Update

As required by New Hampshire State Statute 75:8-a, the City of Portsmouth Assessor's Office will be reappraising all properties within the City. Commercial and various residential properties will be inspected due to the Assessors Office updating property values for April 1, 2010. These inspections will also coincide with the Five-Year Assessment Review, which is scheduled for 2011.

Statutory Requirements

RSA 75:8-a Five-Year Valuation.

The assessors and/or selectmen shall 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, beginning with the later of either of the following:

I. The first year a municipality's assessments were reviewed by the commissioner of the department of revenue administration pursuant to RSA 21-J:3, XXVI and the municipality's assessments were determined to be in accordance with RSA 75:1; or

II. The municipality conducted a full revaluation monitored by the department of revenue administration pursuant to RSA 21-

J:11, II, provided that the full revaluation was effective on or after April 1, 1999.

Reappraisal and Inspection Production

The City of Portsmouth Assessors Office efforts are directed toward the re-inspection of all property within the City. Our residential and commercial inspection and reappraisal effort is conducted by our in-house appraisal staff which includes three field appraisers, one assessing clerk and is managed by the City Assessor. Outside resources will be utilized when necessary to assure production is met.

Mass Appraisal and Market Value

Mass Appraisal is the valuation of multiple properties as of a given date while utilizing statistical methods to measure quality. In New Hampshire as with many other states, the valuation or assessment of property is based on its current market value as of April 1st of a given tax year. Market value can be defined as: the most probable sale price of a property in terms of money in a competitive and open market, assuming the buyer and seller are acting prudently and knowledgeably, allowing sufficient time for the sale, and assuming the transaction is not affected by undue pressures.

Appraisal practice dictates three basic methods to determine market value:

The Cost Approach. The cost approach is based on the principle of substitution wherein a rational and informed purchaser would pay no more for a property than the cost of building an acceptable substitute. The cost approach depends on industry standard cost tables that determine the replacement cost of an improvement based on the type of construction

less depreciation based on the age and condition of the improvement. Once a depreciated improvement cost is determined the value of the underlying land is added to arrive at the overall market value.

The Sales Comparison Approach: Based on the concept of value in exchange, the sales comparison approach to value compares the property being appraised with similar properties sold in the recent past. The sales prices of the comparables are adjusted for physical and locational differences from the subject property. Value indications determined from this approach are very significant because they express the reactions of buyers and sellers in the real estate market.

The Income Approach to Value: The income approach requires a determination of the income and expense generated from an income producing property and accordingly capitalizes such income into an estimate of current market value. Multifamily Housing and Leased Office Complexes are basic examples of Income Producing properties.

The process of determining the market value of real property in the City of Portsmouth utilizes one or more of the three approaches to value dependent upon the type of property and which approach provides the most accurate "market value. Mass appraisal often utilizes valuation models that depend on multiple variables to predict a value, such as the market value of land or the market value of land and improvements. Valuation models are an integral part of the valuation process in the city and rely significantly on accurate appraisal data and sales information. Essentially, a valuation

model is a statistical technique that analyzes the characteristics of sold properties and applies the information derived from such analysis to determine the value for similar subject properties.

Methods to Measure the Quality of Assessments

Also as a provision of law, municipalities are required to measure the quality or accuracy of the assessments (appraisals) as they compare to the “market”. In general discussion, statistical methods also known as Ratio Studies, are utilized to define the ratio that compares the value determined on a given property or group of properties by the Assessor and such property or group of properties estimated market value as represented by an open market, arms length sale.

A measurement of quality is the assessed value/sale price ratio. A ratio is the relationship of two numbers, in this case assessed value and sale price. It measures how closely our values compare to the actual sales prices. The average assessed value/sale price ratio indicates a typical level of value. Because the marketplace is not perfect, there will always be properties that sell for more or less than can be anticipated due to factors such as sales between people unfamiliar with the market, buyers willing to pay extra for a unique property, or escalating values in a competitive seller’s market.

In mass appraisal and assessment ratio studies, we are not only concerned with average assessed value/sale price levels (ratios) but also with the degree of spread (variation) from the typical ratio. The measurement of variation is called the coefficient of dispersion (COD). The

lower the COD, the more uniform the assessment level.

The primary purpose of ratio studies is to test compliance with statutory mandates. RSA 75:8 requires that “the assessors and selectmen shall adjust assessments to reflect changes so that all assessments are reasonably proportional within that municipality.” For example, assume the overall ratio for the City is 95% of market value. A study of an appraisal neighborhood indicates the Assessor’s values are on average at 105% of market value. In other words the homes in the study area are on average selling for \$210,000 and the Assessor’s values are on average at \$220,500 [$\$220,500 / 210,000 = 105\%$]. Based on this analysis, the Assessor should decrease values in the subject area(s) to a level consistent with the overall ratio of 95% to be proportional.

Blanket adjustments in market values based on ratio studies can and do create inequities in property assessments as all properties in a given area or property class are not exactly similar. The process of site or property class reappraisal and evaluation on an individual basis in order to determine proportionality is key to reducing assessment inequities.

Public Relations and Notification Methods

The importance of an informed community cannot be understated, particularly when changes in property values may occur and accordingly, changes in property tax. Recognizing this need while establishing a cost efficient and effective means of informing the population, notification of reappraisal and changes to property values is expected to be achieved through the following methods:

1. Notification of reappraisal will be mailed directly to each taxpayer. This method can provide information directly to those property owners who will experience reappraisal of their property within twelve months from the time of notification.
2. The City’s web site will be utilized in an effort to inform the property owners of the reappraisal effort and updated property values.
3. When appropriate, notifications or “Ads” of Reappraisal and updated property values will be published in local newspapers.

Contact Information

City Assessor – Rosann Maurice-Lentz, CNHA
Deputy Assessor –
Appraiser – Joseph White
Assessing Assistant – Karyn Newton
Data Collector – Aaron Doe

Contract Services

Commercial – Property Valuation Advisors
Steve Traub, SAE, CNHA
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Gordon Oakes, CNHA

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Informational Websites

www.cityofportsmouth.com/assessors/
www.nh.gov/revenue/munc_prop/propertyappraisal.htm