

SPECIAL BOARD OF ALDERMEN

NOVEMBER 15, 2021

7:15 P.M. or immediately after Special Personnel/Admin. Affairs Cte. Aldermanic Chamber and via Zoom

Join Zoom Meeting: <https://us02web.zoom.us/j/84324126421?pwd=OVprQThFeXVBK0hJcEVkNk5SNXYydz09>

Meeting ID: 843 2412 6421

Passcode: 122560

Join by telephone: 1-929-205-6099

Meeting ID: 843 2412 6421

Passcode: 122560

If for some reason you cannot connect to Zoom, please contact us at (603) 589-3329 and they will help you with connectivity. The public may also view the meeting via Channel 16.

PRESIDENT LORI WILSHIRE CALLS ASSEMBLY TO ORDER

PRAYER OFFERED BY CITY CLERK SUSAN LOVERING

PLEDGE TO THE FLAG LED BY ALDERMAN THOMAS LOPEZ

ROLL CALL

COMMUNICATION

From: Kimberly Kleiner, Administrative Services Director

Re: Update on the 2022 Revaluation

DISCUSSION

- Assessing Update on the Revaluation

ADJOURNMENT



City of Nashua

Administrative Services Division
229 Main Street - Nashua, NH 03060

To: Mayor Donchess
Board of Aldermen

Date: November 10, 2021

Re: Update on the 2022 Revaluation

Attached is a brief presentation for your meeting on Monday, November 15, 2021.

City staff will provide a brief review of the process to date and resources available to residents.

Chief Assessor Rick Vincent has prepared a report on "Real Estate Trends as we Approach the 2022 City-wide Revaluation", also attached to this communication. Mr. Vincent will be available to answer questions regarding this report.

Staff from Vision Government Solutions, the firm performing our revaluation will be joining to answer questions regarding the revaluation process, to date and through the remainder of the project.

Kim

Kimberly Kleiner,
Administrative Services Director

City of Nashua



Special Board of Aldermen –
Assessing Update on 2022 Full Revaluation

November 15, 2022

VISION GOVERNMENT SOLUTIONS:

JUNE PERRY, PROJECT MANAGER

STEPHEN WHALEN, SENIOR COMMERCIAL/INDUSTRIAL APPRAISER

MICHAEL TARELLO, VICE PRESIDENT – APPRAISAL OPERATIONS

CITY OF NASHUA:

RICK VINCENT, CNHA, NASHUA CHIEF ASSESSOR

KIM KLEINER, DIRECTOR OF ADMINISTRATIVE SERVICES

City of Nashua



2022 Full Measure & List Revaluation

The Appraisal Firm of Vision Government Solutions was hired by the City of Nashua to begin a City-wide Revaluation Project.

In accordance with New Hampshire General Statutes, the City of Nashua is conducting a Full Measure and List Appraisal and Revaluation. This project is a 3 year undertaking and will finalize in September of 2022.

This process began in August 2019 when the City of Nashua undertook a Request for Proposal in order to solicit bids from state certified revaluation firms.



City of Nashua Process to Date

- February 19, 2020 Finance Committee Approves Contract
- February 28, 2020 City issues Data Collection Press Release
- March 3, 2020 Special Board of Assessor's Meeting - startup meeting for the Full Measure & List Revaluation with the NH DRA and Vision Government Solutions
- March 11, 2020 Bi-Weekly Status Reports from Vision Begin
- March 16, 2020 Amendment to Contract due to COVID19 – Interior Inspections Suspended
- June 28, 2020 Quarterly Updates to the BTLA Begin



City of Nashua

Revaluation Resources – City Website

[Home](#) › [Government](#) › [City Departments A-M](#) › [Assessing Department](#) › 2022 Full Measure & List Appraisal and Revaluation

2019-2022 Full Measure & List Appraisal and Revaluation

Project Updates & Milestones:

Important Update

The City of Nashua lifts suspension of Interior Inspections for the 2020-2022 Revaluation

The City of Nashua has selected Vision Government Solutions to assist with the City-wide 2020- 2022 revaluation project. Vision's Appraisal division will be working closely with the Assessing Department to make the process successful for the City.

The City has lifted the suspension of Interior Inspections and Vision Government Solutions will send a letter to the property owner of properties having received an exterior inspection during this period requesting that the property owner call to arrange for an interior inspection. Letters will be sent by Ward starting with Ward 1 in July this process will continue into early 2022.

Exterior data collection is also finalizing as data collectors are in Ward 9. Inspections for Commercial and Industrial Properties continues throughout the City.

[DRA Revaluation Guidelines During COVID-19](#)

[20200316 Amendment to Cyclical Revaluation Contract](#)

City of Nashua

Revaluation Resources – City Website (cont'd)



GOV Board of Assessors Meeting 6/4/2020 (Video)

[2020-2022 Revaluation Project Update – June Perry – Vision Governance \(Video\)](#)

GOV Board of Assessors Meeting Videos 2021

Quarterly Status Reports to NH BTLA

- [20211026 City of Nashua Revaluation Status Report to NH BTLA](#)
- [20210713 City of Nashua Revaluation Status Report to NH BTLA](#)
- [20210406 City of Nashua Revaluation Status](#)
- [20210105 City of Nashua Revaluation Status Report](#)
- [20200928 City of Nashua Revaluation Report](#)
- [20200628 City of Nashua Revaluation Status Report to NH BTLA](#)

Bi-Weekly Status Reports

- [Nashua NH November 03 Status Letter 2021](#)
- [Nashua NH November 3 status letter 2021](#)
- [092721 status report](#)
- [Nashua NH status letter October 25 2021](#)
- [Nashua NH Sept. 09, Status Letter 2021](#)
- [Nashua NH Sept. 27, Status Letter 2021](#)
- [Nashua NH Feb 4, Status letter 2021](#)
- [Nashua NH Feb 11, Status letter 2021](#)
- [Nashua NH Feb 25, Status letter 2021](#)
- [Nashua NH Aug 19, Status letter 2021](#)
- [Nashua NH Jan 21 status letter 2021](#)
- [Nashua NH Jan 7 status letter 2021](#)
- [Nashua NH Dec 31, status letter 2020](#)
- [Nashua NH Dec 23, status letter 2020](#)
- [Nashua NH Dec 9, status letter 2020](#)
- [Nashua NH Nov 30, status letter 2020](#)
- [Nashua NH Nov 13, status letter 2020](#)
- [Nashua NH October 28, status letter 2020](#)

City of Nashua



The Revaluation Process

There are five major phases to a municipal revaluation: Data Collection, Market Analysis, Valuation, Field Review and Informal and Formal Appeal Hearings. During these phases many tasks will be implemented in order to successfully complete the revaluation.

Data Collection → Market Analysis →
Valuation → Field Review → Informal
and Formal Hearings

City of Nashua



Phase 1: Data Collection

- The first phase, Data Collection, began the last week of February 2020 .
- During this phase data collectors also known as "Listers" go to each property and physically inspect and verify the measurements of the exterior of each building.
- Digital imaging of each property is also taking place as part of this project.
- Nashua has approx. 28,926 properties and the data collection phase of this project is time consuming, **it will take about two years to complete.**

City of Nashua

Phase 2: Market Analysis



- A variety of resources are used to analyze the real estate market. While the physical data is being collected by Vision Listers, Appraisal Personnel will be analyzing property sales taking place over the previous year to determine which market factors influenced property values.
- Once all the data is collected and reviewed for accuracy, appraisers will determine land values and set Neighborhoods, which set the valuation levels of locations throughout the City as determined by actual market activity.

City of Nashua

Phase 3: Valuation



- Valuations are done using three recognized appraisal methods: the Cost Approach, the Income Approach and the Sales Comparison Approach. During this phase, individual characteristics of the building are analyzed using information gathered in both phases 1 and 2. Each property is compared to other comparable properties with similar characteristics. Then the contributory market value of the improvements is added to the previously determined land values. This value is the final estimate for each parcel of property, building and land.

City of Nashua

Phase 4: Field Review



- Field Review is the method of checking and re-checking both the values that have been determined and the data that has been collected. During this review, properties are viewed in the field by experienced appraisers who double-check uniformity, equity and accuracy of information.

City of Nashua



Phase 5: Informal and Formal Hearings

- Once the data collection, market analysis, valuation and field review phases of this revaluation are completed and approved by the Assessor's Office, mid to late July 2022, property owners will receive a notice of their new assessment. At this time, anyone with questions concerning the revaluation process or about the data collected on their property will have an opportunity to meet with a member of Vision's staff to discuss their questions and concerns. This informal hearing is the first step in the appeal process if the property owner feels their assessment is inaccurate. The informal hearings will take place in late July, and during August 2022. A follow-up notice will be mailed to owners who participate in an informal hearing, or properties that have been changed based upon additional information supplied to Vision and the Assessor's during the hearing process.

REPORT OF REAL ESTATE MARKET TRENDS AS WE APPROACH THE 2022 CITY-WIDE REVALUATION

We are still one year away from finalizing property values for the 2022 city-wide revaluation. Citizens, taxpayers, and municipal officials are understandably curious and concerned with the final results of the revaluation. All concerned parties are attempting to plan for budget provisions. Vision Government Solutions (Vision), the contracted firm conducting the revaluation project, is still in the data collection phase of the project. Vision will not enter the statistical analyses phase for valuation for several more months.

The valuation date for the revaluation is April 1, 2022. It is important to analyze the valid, arm's length property sales that occur up to April 1, 2022, so that the most recent sales data is utilized in any sales analysis. The real estate market, especially the residential market, has been very hot for the past year, with considerable increases in market values being realized. However, we cannot accurately predict what the real estate market will experience between today and April 1, 2022. Additionally, different classes of property (single-family residential, commercial office buildings, retail properties, etc.) can experience different trends, based on demand. One class of property can be experiencing very high demand, while another class has very little demand. As a result, property value trends can be entirely different between property classes.

For these reasons, it is very difficult (and unwise) to attempt to predict what the real estate market will be next April. An incorrect prediction can wreak havoc on budget planning. However, we can analyze current market trends, and this report attempts to provide some explanation and verification of current market trends, overall and by class.

Pursuant to state law and the state constitution, each municipality must complete a general revaluation of all properties at least once every five years. Once the values are established, the municipality must hold those assessed values until the next revaluation. During the five year period between revaluations, the real estate market can experience different trends, which can affect market value. Strong demand for real estate can increase property values, while weak demand can lower property values. An assessment/sale ratio study compares the assessed values established during the last revaluation to current market values. Example – a property with a market value of \$140,000 in 2018 is assessed at \$140,000 during the 2018 general revaluation. But strong demand for real estate after 2018 creates upward pressure on the value of properties, so in 2021 the market value of that property is now at \$200,000, as determined by a 2021 sale of that same property. The assessment/ratio for that property would be 70% (\$140,000 assessment / \$200,000 sale price).

I have performed two sales/assessment ratio studies for recent sales, in order to estimate a current ratio. These studies compare the current assessed values (established during the 2018 city-wide revaluation) to current market values; One study involves all sales from April 1, 2021 to July 7, 2021. The other study involves all sales from October 1, 2020 to July 7, 2021. I did not include older sales, since doing so would skew the results. The two reports show a clear reduction in the ratios from the October 1, 2020 study and the April 1, 2021 study. A reduction in the ratio tells us that property values are increasing. The assessed value is an estimate of market value for each property as of April 1, 2018, the last city-wide revaluation date. The assessed value of recently sold properties is compared to the sale prices of those properties, giving us a comparison of assessed value to current market value. Listed below is a summary of my findings. **NOTE – MANY OF THE SALES IN THE OCTOBER 1, 2020 REPORT HAVE NOT YET BEEN VERIFIED BY THE ASSESSING DEPARTMENT, AND NONE OF THE SALES IN THE APRIL 1, 2021 REPORT HAVE BEEN VERIFIED. IT IS POSSIBLE THAT SOME OF THE SALES ARE NOT VALID SALES. HOWEVER, I DID NOT INCLUDE SALES THAT WERE KNOWN INVALID SALES (FAMILY TRANSFERS, FORECLOSURES, ETC.)**

The two study groups (October 1, 2020 and April 1, 2021) are broken down into several sub-groups. The first report will be a ratio study of ALL sales. The groups are then broken down by Land Use Code (LUC) and by Class (All Res Sales and All Commercial/Industrial Sales, etc). The Class/LUC breakdowns are identical in each report, so that there is a clean comparison between the October 1, 2020 and the April 1, 2020 study groups.

SUMMARY

<u>CATEGORY</u>		<u>October 1, 2020</u>	<u>APRIL 1, 2021</u>	<u>CHANGE</u>
ALL SALES	MEAN RATIO	77%	72%	-5%
	MEDIAN RATIO	74%	69%	- 5%
ALL COMM/IND SALES	MEAN RATIO	93%	90%	- 3%
	MEDIAN RATIO	82%	76%	-6%
OFFICE BLDG SALES	MEAN RATIO	1.18%	1.18%	0%
	MEDIAN RATIO	1.18%	1.18%	0%
ALL RES SALES	MEAN RATIO	76%	71%	-5%
	MEDIAN RATIO	74%	69%	-5%
CONDO	MEAN RATIO	77%	69%	-8%
	MEDIAN RATIO	77%	68%	-9%
CONDO NL	MEAN RATIO	76%	72%	- 4%
	MEDIAN RATIO	75%	70%	- 5%
MANUF HOUSING	MEAN RATIO	70%	59%	-11%
	MEDIAN RATIO	58%	57%	-1%
SINGLE FAM	MEAN RATIO	76%	71%	-5%
	MEDIAN RATIO	74%	69%	-5%
2-FAMILY	MEAN RATIO	76%	70%	-6%
	MEDIAN RATIO	71%	67%	-4%

The above data shows that the ratios decreased approximately 5% for most of the residential categories and the overall ratio. The Office Building category saw no change, but that is because the same five sales were used in the two studies. The mean ratio for Commercial/Industrial sales declined by only 3%. These statistics tell us that property values are increasing. Overall, property values increased approximately 5% between October 1, 2020 and April 1, 2021. With a Mean Ratio of 72% and a Median Ratio of 69%, this means that current assessed values are approximately 70% of market value. A property worth \$200,000 on the market would have an assessed value of approximately \$140,000, on average ($\$200,000 \text{ market value} \times .70 = \$140,000 \text{ assessed value}$).

It is very difficult to determine a trend for commercial/industrial properties for two reasons; 1 – different classes of commercial and industrial properties can vary tremendously in demand. For example, Retail space and Office space may be less desirable at this time due to weakened demand. 2 – The COVID pandemic may have had an effect on demand and/or lease rates as certain segments of the commercial/industrial market were more affected than others.

The studies clearly show increasing residential property values. The residential value increases appear to be at least slightly more than commercial property value increases. This is not surprising. However, predicting future trends and where the ratios will be for April 1, 2022 (the valuation date for the city-wide revaluation) is difficult. I see nothing at this time to indicate that residential property values will cease their recent increases, and I do anticipate the sale/assessment ratios to continue to decline, but much can happen between now and April 1, 2022.

It is too early to determine values (or even value trends) for 2022, the City's revaluation year. Market conditions can change considerably between now and April 1, 2022. Overall market values (and class-specific market values) can change, depending on demand.

Based on the above data, if the revaluation took place in 2021, I would expect most residential properties to increase approximately 42%, manufactured housing to increase approximately 67%, and commercial/industrial properties to increase 10% to 25%. (Properties at 70% of market value would need to increase 42% to reach 100% of market value – $100/70 = 1.428$; Properties at 60% ratio - $100/60 = 1.67$, etc.) Based on this estimate, I would predict the total values for each category to increase as shown below:

<u>Property Class</u>	<u>2021 Total Values</u>	<u>Estimated % Increase</u>	<u>Estimated Total Value</u>
Residential	\$6,743,333,241	x 1.42%	\$9,575,533,202
<u>Manufactured Housing</u>	<u>\$59,296,800</u>	<u>x 1.67%</u>	<u>\$99,025,656</u>
SubTotal	\$6,802,630,041		\$9,674,558,858
<u>Commercial/Industrial</u>	<u>\$3,304,154,671</u>	<u>Say x 1.15%</u>	<u>\$3,799,777,872</u>
Total Value (All Classes)	\$10,106,784,711		\$13,474,336,730
Res % Of Total Value	67%		72%
<u>Comm/Ind % Of Total Value</u>	<u>33%</u>		<u>28%</u>

NOTE: The above values do not include Utility (Electric, telephone, Hydro, etc) values. Utility values are not typically subject to large market fluctuations, like residential and commercial/industrial values. It is assumed that Utility values would see little change in the current total value of \$394,793,600.

The above data shows that the percentage of total value would shift from 67/33 (Residential to Commercial/Industrial) to 72/28. If the city-wide revaluation were conducted in 2021, it is estimated that there would be an approximate 5% shift (67% to 72%) in the total tax burden from Commercial/Industrial to Residential.

While the above numbers may be a fair representation of value trends for 2021, the reader is cautioned not to apply the numbers to 2022, since the real estate market can change considerably by April 1, 2022.

Richard Vincent, CNHA
Chief Assessor

Dated: September 3, 2021