

A Special Meeting of the Board of Aldermen was held Monday, November 15, 2021, at 8:12 pm in the Aldermanic Chamber and via Zoom teleconference which meeting link can be found on the agenda and on the City's website calendar.

President Lori Wilshire presided; Deputy City Clerk Allison Waite recorded.

Prayer was offered by Deputy City Clerk Allison Waite; Alderman Thomas Lopez led in the Pledge to the Flag.

Let's start the meeting by taking a roll call attendance. If you are participating via Zoom, please state your presence, reason for not attending the meeting in person, and whether there is anyone in the room with you during this meeting, which is required under the Right-To-Know Law.

The roll call was taken with 10 members of the Board of Aldermen present: Alderman Michael B. O'Brien, Sr., Alderman Patricia Klee, Alderman Richard A. Dowd, Alderman June M. Caron, Alderman Benjamin Clemons, Alderman Thomas Lopez, Alderwoman Elizabeth Lu, Alderman Ernest Jette, Alderman Linda Harriott-Gathright, and Alderman Wilshire.

Alderwoman Shoshanna Kelly, Alderman David C. Tencza, Alderman Jan Schmidt, Alderman Brandon Laws and Alderman Skip Cleaver were recorded absent.

### COMMUNICATION

From: Kimberly Kleiner, Administrative Services Director  
Re: Update on the 2022 Revaluation

***There being no objection, President Wilshire accepted the communication and placed it on file.***

### DISCUSSION

- Assessing Update on the Revaluation

#### President Wilshire

Tonight we are having a discussion on an assessing update on the revaluation. I will recognize Administrative Services Director Kim Kleiner as well as Chief Assessor Rick Vincent.

#### Kim Kleiner, Administrative Services Director

Good evening Madam Chair and members of the Board. So we have a brief presentation. We also have members from Vision Government Solutions who are attending via Zoom. They will also be speaking this evening as well as Chief Assessor Vincent who many of you may not have had the pleasure of meeting but I assure you, the city is very lucky to have. He said this morning to me I thought it was 11 months and I can't believe it's been 11 months already. I am very glad that he came to join the city.

So I'm going to share a brief presentation and we'll get started. The 2022 full measure and list and revaluation in accordance with NH Statutes, the City of Nashua is conducting this and we estimated that it would take about 3 years to complete. Finalizing in September of 2022. The process actually started back in August in 2019 and now with COVID in there, that seems like a million light years ago. We did start with a request for proposals which actually brought four proposals forward. Just to give you a brief timeline of what happened, in August we did that request. A city committee was formed and the Board of Assessors ultimately chose a recommendation to make to the Board of Aldermen. On February 19 of 2020, the Finance Committee approved the contract on February 28<sup>th</sup> we issued a data collection press release. March 2<sup>nd</sup> the Vision Government Solutions came in for a startup meeting up in the city auditorium. Many of you were present with the NH Department of Revenue. That really kicked off the process. Shortly after that in the next few days, they started data collection and then we all remember what happened after that – COVID. So it was important to keep the process going. March 16, 2020 there was an amendment to the contract due to COVID. Interior inspections were suspended but the exterior measure and list continued. This was an accepted practice by the NH Department of Revenue. In June 28, 2020, we began quarterly updates to the Board of Tax and Land Appeals. Now this is important to remember that this is an order reassessment by the Board of Tax and Land Appeals. So not only does the Chief Assessor report quarterly to them but he also does a number of quarterly updates to the Board of Assessors with Vision. I will pass it to you Chief Assessor.

Richard Vincent, Chief Assessor

Thank you. Good evening. The next slide in the presentation is a screen capture. Actually the next two slides are screen captures from the Assessing Department's page on the city website. The quarterly reports that Ms. Kleiner mentioned are provided on this webpage. We have quarterly reports that go out to the BTLA – the Board of Tax and Land Appeals. They also have quarterly reports to the Board of Assessors. Those aren't on this page but we do have bi-weekly status reports that we received from Vision Technologies. Those are also shown here on the screen capture. Those are on the Assessing webpage as well.

Mike Tarello, June Perry, and Steve Whalen from Vision Government Solutions are here. They will speak to the next several slides regarding the revaluation process. When they're done, I will speak to a report that I did back in September that was a study of 2021 market trends. When Mike Tarello is done with the revaluation process, he will also present two reports from recent revaluations they did in Manchester and Salem. So with that, I'll turn it over to Mike Tarello.

Mike Tarello, Vice President

Thank you, Richard. I'm Mike Tarello, Vice President of Appraisal Operations for Visual Government Solution. I also have with me June Perry and Steve Whalen. They're also District Managers who concentrates on the commercials. June is running the project and works directly with the residential.

So it just want to give you a few minutes of a little breakdown of the process that we're doing for the revaluation. So it is broken up into five sections that you see on the screen. The data collection portion -physical data of inspections that we've been doing for the last two years, the gathering of market information that we'll talk about in a moment, sales, processed information, land sales, income expense information. Then we gather all that information and we do the evaluation process to (inaudible) in that order. We determine the market value and the progress (inaudible). Then we'll complete a peer review which is a quality control check for equitable and fair values and checking the physical data one more time. Then finally, we'll do an informal pairing process where we meet with the taxpayers who explain the process and (inaudible).

So the data collection was we did start in the winter of 2020. This portion is now starting to come to completion with the physical inspection part that we've done - measuring, looking at story heights, styles, walking the site, taking photos, gathering all the pertinent information that we use for valuation. We have done approximately 98% of the inspections. Just wrapping them up now for the residential and we've done 97% with commercials. We are now in the phase of doing interior inspections which we were (inaudible) earlier. Now we are sending letters out to each Ward and wrapping up Ward 2 and starting Ward 3 to send out letters or setting up appointments so we can do the interior inspections. So this will be wrapping up in the next few months with the final interior inspection.

So once this is complete, we start to gather information and actually we've already started doing some of this market analysis in this process of inspecting the sales. So we do this review of the sales, we'll be sending out income and expense information to the commercials in the January period, gather more information. We'll be collecting market information, construction costs, and other pertinent information that we use surveys and so forth in the market capitalization rates. We gather all this information so that we can then begin to set the land values, and neighborhood adjustments, and to prepare all the data so that we can do (inaudible).

So these three approaches which are recognized by the IAAO Standards that we use the cost approach, which is looking at land values and construction costs less appreciation is a method of value. The income approach which pertains more to apartments, mixed use, commercial, and industrial properties is looking at the income stream and then capitalize on that value to that stream into a value. Then the sales comparison approach and looking at common sales that occur with similar comparison to non-sales in determining a value (inaudible) usually mostly for residential and we also look at the sales or the other classes. During this phase, we will analyze everything that we've done in the earlier phases and put all this data together and come up with market values for the land and buildings and total value for all properties.

So once we've set these values and rates and through the analysis of all the market data, we've been working closely with the Assessor's office on this information and make sure that they approve every step and phase that we do just like we've done with the data collection phase. Once this is completed, we'll start to do a field review, which is a drive by check and review of all the neighborhoods and properties also commercial properties and looking at the data that was collected, determining the accuracy of it, and then making sure that the values that have been preliminary set are reviewed for accuracy, uniformity, and to be equitable for all different groups of properties. We'll be looking at style of properties, neighborhood delineations. We'll be looking at other variables as we do the review from the valuation. The valuation looks at properties based on their age, based on all the variables to make sure of the lot size, and so forth, and value of the land to make sure that everything is done.

So once this is completed and the property's been valued, reviewed, and approved by the assessors for the preliminary values, we'll be sending out valuation notices to all the people in the community so they'll have an opportunity to do an informal hearing with our staff to go over the value, to go over the data, to answer any of their questions. We encourage them to bring information that can help support any claims they have or just to enforce that we did a good job and to check. So during this whole process it's informal to work with the taxpayers to explain the information and make sure that we get the information and values added. Again, we feel that the taxpayers are part of the evaluation process and we can bring a lot of added information (inaudible). So once this is finalized, we'll send a notice out if there was a change in their property or there wasn't a change if they went to a hearing and sometimes when we make changes, it might be people that met before a hearing that might have an adjustment. Also if we're looking at, say, a condo complex or a neighborhood and we find that adjustment needs to be done (inaudible). And then once this is complete, the taxpayer has the ability for further appeals, if necessary, with the assessor (inaudible).

Alderwoman Lu

Excuse me. Could we ask him to speak louder?

President Wilshire

Sure. Mr. Tarello could you speak a little louder?

Mike Tarello, Vice President

Sure.

President Wilshire

Thank you so much, appreciate it.

Mike Tarello, Vice President

Okay. So that's basically the process that we do for the revaluation.

Richard Vincent, Chief Assessor

Thank you, Mike.

Mike Tarello, Vice President

Sure.

Richard Vincent, Chief Assessor

So the next presentation is the report of real estate market trends. This is the report that I had mentioned earlier. This is a report that I did back in September of this year. I looked at sales from October 1<sup>st</sup> of 2020 to July 7<sup>th</sup> of 2021. That was one report that I ran. The other report was from April 1<sup>st</sup> of 2021 to July 7<sup>th</sup>, so I included all the valid sales in those two time periods. What I found was on the second page of this report, I compared my findings and I broke the findings down into several categories. The first category, the first role is all sales. That's every type of sale that was in the study. That's residential properties, commercial properties, vacant land, and industrial properties. So what I found was in the October 1 study, the study that started on October 1<sup>st</sup> of 2020 from that time period October 1 to July 7<sup>th</sup>, on the mean ratio - I'll back up explain a little bit how we come up with these ratios. So the last revaluation was in 2018. The valuation date is April 1<sup>st</sup>. So the last revaluation that we did was April 1<sup>st</sup> of 2018. That reflects the value goes up as of that date. What happens in the meantime is the market values can change and they can go up. They can go down. They can stay stable. So what we do is we look at the sale prices that occur after that date and compare the sale prices to the assessed values. Once we set that April 2018 value for assessment purposes, we hold that value at the 2018 rates.

In the meantime as I said, the market is fluctuating. So we want to compare – so what I'm doing in these reports is I'm comparing the sales that occurred after October 1<sup>st</sup> of 2020 to the 2018 assessments and that's what the ratio is. So on this first ratio it's 77%. That's the mean ratio for October 1<sup>st</sup> 2020. That tells us that the assessments are 77% of market value. So the property values have increased roughly 23% since April of 2018. Compare that to the April 2021 study and that ratio was 72%. So it's a 5% change. That's telling us that property values went up between the two studies was

an increase in the values of 5%. That's just in that six month time period essentially. Then you can follow those ratios down. So a mean ratio is a median ratios.

I broke it down below the all sales role. I have all commercial industrial sales. That's a ratio of 93% for October 1 and then April 1 is a ratio of 90%. That's telling us that the commercial industrial sales are 90 to 93% of market value. You can follow those down. I won't go through every one of them but I break them down between residential sales, and break those further down into residential condos with land, condos without land, manufactured housing, single family homes, and two family homes. So most of the residential ratios are in the 70s - between 71 to 76% for the October 1 study. One exception is the manufactured housing. The median ratio is 58% and that's common with manufactured housing because the sale prices are so low that any small - or relatively low - so any small fluctuation in those values could affect the ratios in a larger amount. But you'll also see on the manufactured housing, that the mean ratio between October 2020 and April 2021 went from 70% to 59%. That's a large increase in manufactured housing values. One exception that you'll see in this report is the office building sales now is 1.18% - 118% and those are the same between the October and the April reports. That's because it was the same five sales, so it didn't have any additional sales in the later report.

So what that's showing is that the residential values are increasing faster than commercial industrial sales. On the third column, you have a change. That's the change between the October and the April values. That's not from 2018 to 2021. That's just from October to April. So you'll see going down will columns, you have a 5% change, 3% change. Most of them are right around 5 - 8%. Again, the manufacturing housing changed 11%. That was the largest change in all the different classes. That's telling us that roughly if you project that out for an annual increase, its right around 10 to 15% generally. I'll turn it back over to Mike Tarello and he'll present a couple of reports that Vision has provided.

Alderwoman Lu

Excuse me. Are we gonna wait till the end for questions or could we ask question as we go along?

Richard Vincent, Chief Assessor

Yes, I'm sorry.

President Wilshire

Ok, you can.

Alderwoman Lu

Thank you. May I - you know, I just wonder why did you find it - I'm not sure what's useful about looking at the three months, you know, looking more specifically at that three months. Just curious because you've got it kind of embedded in the first column anyway, right, because that goes through July 7<sup>th</sup> at 21 but then you took a smaller...

Richard Vincent, Chief Assessor

Took a smaller sample, which was more reflective of current values at that time.

Alderwoman Lu

So did you do it so that you could more easily extrapolate what it might be per year, you know, annualize it because you just sort of suggested what it meant as an (inaudible)

Richard Vincent, Chief Assessor

Well yes and I wanted to see where values were between April 1<sup>st</sup> of 2021 and July of 2021. So it really gives us a good snapshot of where our assessments are at that time in relation to current market values. The market has been really hot and so I wanted to see if property values have been increasing rapidly and I think most people know that. So I wanted to see where our values were at the present time.

Alderwoman Lu

Okay, thanks.

Mike Tarello, Vice President

Do you want to put up the other document? You can start with the Manchester. Thank you. So we just wanted to go over and explain a couple projects that we've just finished. Manchester, New Hampshire, and Salem, New Hampshire, which are other sister cities of Nashua and what they went through during their revaluation, which was just completed for this year 2021. Somewhat similar to some of the patterns that Richard was talking about for the percentage changes. If you look in the middle lower end, Manchester as a whole increased 40% from the last revaluation of five years ago.

The single families were up 46%. The condos were up 52. The two families and three families were up a very large number of 64 and 61. As for the apartments also 57. The vacant land went up about average and as similar to what the pattern that's happening in Nashua so far, the commercials to go up less at 14%. Industrials went up a little bit more at 21. And then you can see the different styles of homes, ranches, split levels, bungalows, colonials, capes, so forth. They pretty much all range except for the modern contemporaries which there are not a lot of them in the city - in the 40 to make 40 range. Some 50 or higher. There definitely are certain properties that are more desirable and certain locations other than (inaudible). But you can see that there was large increases over the five year period.

And just to further a few other categories, the mixed use which is a combination of residential and commercial property went up somewhere in between 2 to 22. Mobile homes went up 40% and the 4 to 8 unit families went up actually 76%. The multi-families are in a very large demand. I think a lot of this is that they're going up for many years in Boston area and Massachusetts area and it's saturated. For better deals coming up north and now the people are purchasing it and it's really increasing at a higher rate. Then you can see from the sales that we brought the properties in at 100% - almost 2,000 sales that we had. We looked over a period for 4/1/2022 to a few months after 4/1/2021 so we could get a full picture. We did see that properties were rising between 1 to 1.5% a month during that time. Thank you. Would you like to put up the other one please Kim for Salem?

So Salem was similar in the sense that they went up 37% over a five year period with their single families going up 47% and condos 50. Somewhat similar to Manchester. The two families were up a little bit less, but in the vicinity of the average. Vacant land also was up 40% similar to Manchester and the commercial industrials were a lower amount. Also similar to Manchester and the mixed use around the same as Manchester. You can see what the residential styles, the ranches were very popular in their increase, the capes, and raised ranches. There's a big demand for one level properties and that was shown in the data. But also the colonials and other properties also rose quite a bit.

This showed again that for all the groups of properties, they were up approximately 100% for that same time period and there was 631 sales for all these different groups and showing a 1 to a 1.5% increase per month over that time period. So if anyone has any other questions that Richard or myself or our team could answer, we'd be more than willing to take the questions for you.

Alderman Klee

Thank you, Madam President. I just I have a question. I remember, perhaps, Ms. Kleiner can answer. So I remember when we first started talking back in 2018 about doing our evaluations and one of the things that we realized at that point was that commercial property didn't rise as fast. So they didn't go up the same as residential. We talked about doing them differently, doing them more value of business versus value property. I don't know if we went down that direction and if we did, would COVID have affected that or are we actually just looking at physical property value of the manufacturing business?

Kim Kleiner, Administrative Services Director

So Madam Chair, I'm gonna ask Mr. Tarello who has a wealth of experience to discuss that. But as a side note, I would say there's nothing that COVID hasn't affected. Right but Mike would you?

Mike Tarello, Vice President

Sure. I can talk about that from a moment. Yes COVID has had a negative effect on certain types of properties, maybe a little bit more than other types of properties. It's had a strange effect because actually before COVID hurt, the residential market was starting to level off but then what happened was with the COVID, people were still in demand to buy a home but people the supply came off the market unexpectedly because people didn't want people in their homes and they were concerned about the safety, which kind of drew up the market higher than what was predicted to happen. And on the opposite effect with the commercials obviously having to shut down, restaurants, and retail, staying at home, and working from home instead of going to the opposite, no travel, you know, to theaters and so forth.

Many types of properties commercial wise really were devastated during it and a lot of restaurants haven't recovered and even now, we're slowly starting to see progress but it's really in specialized areas. Areas that have done very well actually more than industrial type properties with the new demand for warehouse space and manufacturing space. That area is going stronger than the commercial properties are. So there are still types of commercial properties that are doing well. The apartments are still doing really well. So it's a mixed bag with the commercials. It's not that all of them were, you know, affected negatively from it. Some were affected positively but when you value the commercials, it really is more of a specialized process of looking at their income stream for leasing, their expenses, and what the capitalization of the cost of money is in determining the values of these properties and they're really class base like office, retail, restaurant, with manufacturing, warehouse and each one of those classes will be going in order of value. Some higher, some level, some maybe even declining from five years ago. So it's a little bit different than what the residential is where you can see most of the classes or townhomes were up or down or up a lot. But the difference was 5 to 7%. We've analyzed the commercials. You're going to see that each category might have quite a difference in the evaluations.

Alderman Klee

Thank you. Having heard what was said about COVID having an effect and we know that it's affected everything and you say that it's even affected residential because of supply and demand. You know, there's whispers, there's yelling, there's all kinds of things that's saying it will be a market correction, or things are going to kind of turnaround in a year, hopefully, so just COVID but the bottom line is we're doing this evaluation where residential is high. Do we foresee anything happening? And I know that we had a big huge market correction back in the '70s, and the '80s, and the '90s we seem to kind of see these trends. Do you foresee - and I know you don't have a crystal ball so please I'm not holding your feet to the fire on this - but do you foresee a correction happening not long after we do this reval?

Mike Tarello, Vice President

Both the pattern so far is still increasing. So in the New Hampshire area and in the Massachusetts area where I do a lot of evaluation, one thing I've noticed is four or five years ago the greater Boston area really increasing at a high rate. Now they're increasing a little bit lesser rate but maybe 5 - 6% a year instead of the 10 or 12. I think because prices have gotten so high in this market area but what's happened is the areas to the west and north of Boston and to the south have started to get those increases from a few years ago because their values were lower. They were more desirable for someone that could get more home even though they had to go further away from maybe where the jobs were and so forth. What's happened is when I did the reval. in Manchester five years ago, they were only going up maybe 5, 8% over a five year period. Then over the last five years, they've gone up 45% or 40%.

I think that it's difficult for that increase to occur because it's not as if people are making that kind of salary increases on a yearly basis. I think what's helped a lot is that the capital for getting loans and so forth, interest rates have been extremely low. If those stay low, they will continue to help your increases because money is cheap to borrow. But if those types of go up and the cap rates and interest rates start to go up, that could definitely slow the trend of people purchasing properties because most people borrow a large amount of it when they buy the property and don't put a lot down or cash. So I would first say that I still think things are going to probably increase over the next year or so but it appears that it could be at a slower rate. Declining wise, I would say that that still may be a couple of years behind. But again, I do not have a crystal ball. But in Massachusetts, we're valuing now for the 2020 values, January 1, 2021 and we're looking at sales in 21 for next year for them and they're still going up 5 to 10 to 12% depending on the locations. I see that now with continued sales on the reval. that we just finished in Salem and Manchester that they're still going up 1 to 1.5% a month.

Alderman Klee

Thank you

Alderwoman Lu

Thank you. Just a couple of questions. Just for clarity, Alderman Klee asked about the likelihood of a change after this reval. - measure and list but am I right in thinking that every year the equalization step addresses fluctuations in value so that equalization that gives us a chance to modify - okay. Is that correct? So that is one tempering - that is one way to protect us against, you know, a decrease.

Richard Vincent, Chief Assessor

The annual equalization study tells us what our assessment ratio is to market values. So we watch that every year and that tells us where we are. If we get too far out of range from market values, then we need to do another revaluation. In

New Hampshire, we're mandated by State Constitution and State Statute to revalue at least once every five years. So in that five year period, we're watching the market. That's why we do that annual ratio report – the equalization study. Again if we gets too far out of whack, then we do another revaluation within that five year timeframe. Does that answer your question?

Alderwoman Lu

Yes and just to follow up. So the equalization ratio that we are given will allow us to be taxed less if our values have gone down? Is that correct?

Richard Vincent, Chief Assessor

Well, no. The municipality still has to raise whatever the funds are that they need. So if the ratio goes down, it doesn't mean that you're taxed less. What can happen is the individual burden on the total taxes can shift from property to property or class of property to class of property. But it doesn't mean that your taxes will go up or down in total.

Alderwoman Lu

Thank you. I guess I just misunderstood that. Could I ask one last question? When you were looking at your September - when you were going through your September report, you said that it included all valid sales. I just wondered did you mean that it was based on what's the word – verified sales?

Richard Vincent, Chief Assessor

No. Matter of fact, I'll correct myself on that. Thank you. So we did not have all the sales validated. I did not include the known invalid sales. So it might be a name change, a property put into a trust. I did not include those but we haven't had the opportunity to qualify every sale, validate every sale and so it did include some sales that may not be truly valid qualified sales.

Alderwoman Lu

Okay. And is Vision now doing the sales verification data - sales data verification?

Richard Vincent, Chief Assessor

The Assessing Department is qualifying the sales. We do the initial qualification. Vision will go out and do a field review of the sold properties and then they do the sales analysis. As Mike had mentioned, that's one of the phases in total process. They will do the sales analysis to determine what the 2022 assessed values will be.

Alderwoman Lu

Okay. So in the two months since you did that report, have we been able to verify those sales?

Richard Vincent, Chief Assessor

We're still working on the sales validation.

Alderwoman Lu

Okay. Thank you.

Alderman Dowd

Yes. We've been reading that the people in Manchester are really concerned about their increase in values. It looks from your data as though the impact in Manchester would be greater than it is in Nashua per the difference in assessed value versus sale value. So can you just address that for a couple minutes? Is Manchester worse off I guess if you want to go that way? For values of the sales versus the assessed value on the books.

Mike Tarello, Vice President

Want me to take that Richard?

Richard Vincent, Chief Assessor

Yes please.

Mike Tarello, Vice President

Well it's, again, Richard's data is really not most of the sales that we're going to use when we do the valuation. Actually haven't really occurred yet because some of them have but majority of them are going to happen over the next six to nine months. So we're really not sure what will happen. It could be that properties do level off somewhat or they go up further. So it's hard to say what a comparison is to Manchester with Nashua until all the data is in, and verified, and then look at the data physically, and then do our analysis like we did in Salem and Manchester. But because they're only a year off and did appear that over the summer values was still going up, that I would think that Nashua will probably have a similar increase as a whole to what we see in Salem and Manchester. To the degree of the variance from class to class, it's too early to tell right now.

Alderman Lopez

Yeah with regards to class to class I guess, a little bit concerned about the possibility of tax burden being shifted from commercial to residential in a scenario where residential is hot and turning over and property values are going up. Where commercial may be not so much. They're income has been dropping and I'm not sure how that all is going to work out exactly. But in the interest of protecting the balance of burden and ensuring that the city's expenses don't suddenly tip on top of all the residences versus the commercial, is there any kind of legislative steps you'd recommend that we take or any strategies if it's my concerns are valid?

President Wilshire

Director Kleiner did you want to take that one?

Kim Kleiner, Administrative Services Director

So I did for a moment here and then I'll suddenly pass it to the Chief Assessor. We understand. So there's been a lot on the news about Manchester and about Manchester's devaluation. Certainly people are heightened but we want to caution you, and I think that that's a very important sentence in the Chief's report that he issued on September 3<sup>rd</sup> is it's just too early to tell. So when we started the revaluation, we said it was going to be a two year process because Nashua has over 28,000 properties to look at. We need to let Vision and the Assessing office do their work. I think there's a lot more conversation. I think that the fact that Vision issues these bi-weekly reports, the fact that they come and they speak quarterly to the Board of Assessors, the fact that we can come and speak here and keep you well informed, and certainly people can always book an appointment to talk to the Chief to the extent he's available. We want to keep people informed but we also want to make sure that we're keeping people informed with good information. We really need to allow the experts the time to dive into these sales that haven't even occurred yet.

Richard Vincent, Chief Assessor

We need to be sure that our values are fair and equitable. So if there's more of an increase to one class of property than the other based on the sales that we receive, we need to reflect that change. Unfortunately, some people will be affected more than others. But we need to keep that fairness and that equity between all of the different classes of property, the types of property, individual properties. If we don't, that will be shown clearly in the different studies that are done - the ratio studies, the equalization reports. It will show up and we'll be right back at this again well within the five years. It's really important to be fair and equitable with all properties. Do you have anything to add Mike?

Mike Tarello, Vice President

Well, yes, just a little bit. I do think that what we try to do is although the valuations are for one, we have the time to look at sales a month or two after that because that's a good indicator of value. Maybe more so than sales that would have occurred in the year before because we do start pretty much 4/1/21 and then we go all the way to 4/1/22 but we also tried to look at sales in May of 22 and June and July. As you can see in that study, there was about a 15 month period so that we could make sure that we balance and see right up to the point that we can what the market is just in case, you

know, things may be leveling off or if they are going up more so that we're reflective because the State will look at values from October to October. So if we're not as accurate as possible by the time they do this study if things are going up rapidly, we could be instead of at 100%, we could be at 95 or 94 right when you're starting to get your first equalization.

So our goal is to really try to encompass that time period around 4/1 before it and after to make sure that we're accurate of all the different classes and we have the market support to show that so that when equalization comes out in the fall, our valuations in the spring are somewhat reflective and mostly reflective of that equalization study. That gives you a good starting point for any change that occurs. A lot of communities as Richard said, they do it within the five years but some do them within two or three. They're allowed to. Towns like Portsmouth, and Seabrook, and other communities - Bedford they have been doing them possibly in the third year because their increases or their changes were dramatic. So it was a dramatic change up or down. A smaller, quicker interim analysis can be done and allowed by the State to further adjust things if you need. So you don't have to be locked in to these values for that time period where certain towns and cities take advantage of that and then address something before the five year occur so you don't see a dramatic increase like some of the cities and towns. Just a little bit of information for you.

Alderman Lopez

I just want to make sure I'm understanding. Director Kleiner is basically saying the study is still ongoing like the cakes not done so don't mess with it. And if for example we looked at a population and said okay, we're concerned about the burden shifting over to seniors - our elderly population and we try to do something to manage that while the study is going, it could skew the results. And then if I understand the third comment, it's also we're not trapped with this valuation. It's likely to be an ongoing process. So if we do start to see a sudden abrupt shift, then that would trigger another evaluation on a smaller scale but it would be correct. Am I getting close?

Mike Tarello, Vice President

Yeah, I'd say you're close.

Alderman Lopez

Good for me.

Richard Vincent, Chief Assessor

One thing I can add in equalization reports that we get from the State that we do, we look at the different classes of property. We can even look at different neighborhoods. I've done that myself and looked at different neighborhoods and different types of properties like comparing cape style homes to ranch style homes, for looking at residential properties, commercial properties. We're breaking it down into neighborhoods to see if there's a large shift in one specific type of property compared to the others. I've seen that in the past where lakefront properties were going up tremendously while all the surrounding properties not lakefront properties were not increasing. So there may be an instance where we need to adjust that one type of property be it lakefront property or you have properties that decline rapidly that had in the past certain condo complexes that became undesirable for one reason or another and they dropped rapidly. So you have to keep, again, the fairness, and the equity, and proportionality which I didn't mention between all these different types of property.

So if we see overall that the equalization ratio is 90% but we have one class of property, or one neighborhood, or whatever it is at a much different rate, then we would need to adjust that one type of property basically immediately to bring it proportioned with all the other types of property in the community. So that may be done in between revaluations. The other class of property may be fine in that five year period between revaluations, but we have to adjust that one class of property because something affected that in a typical fashion.

Mike Tarello, Vice President

Yes, that's true. We've assisted communities in doing like a partial assessment, evaluating all of the data, and finding that there was spotted areas and they've just corrected those areas. So for the next equalization, everything was pretty much equitable and on par with the ratios.

Alderman Klee

Thank you. I guess I just want to kind of reiterate something that Alderman Lopez had said when he talked about the conversation about exemptions and so on. I know we've had a lot of people that have stood up and said that we need to

look at the elderly exemption and that's an exemption on value. Just for the public to understand that, it's not a credit. Unlike the Veterans who get a credit, it's X amount of dollars off their taxes. Exemptions are X amount of dollars off the value of their property and just like the last time when we had the increase, we changed the exemption to exempt more value and thereby bringing down their tax burden. But we have to remember that when we do this, there are criteria so there's a means test of what they have for income, and what they have for property, and so on.

But when we do this, we push the burden onto another body or group of people. If we did this too soon before we really know what the values are, we may have to do it again or we may have to bring it back down and we tend not to do that. Once you exempt value, you tend not to bring that down. So that was kind of the point that I was trying to make about could this go down if we jumped the gun and try doing these elderly exemptions. We don't know what the property values are going to change. I think we really should wait for the disabled, the blind, the elderly exemption. We should be waiting until we actually know what the values are and I understand people say, you know, get ahead of it but getting ahead of it could hurt another group of people. So that's what I did want to reiterate kind of what something that Alderman Lopez had touched on and that is my fear if we go too fast.

Richard Vincent, Chief Assessor

You're correct in your statement and we will look at the exemption amounts. We will be more toward the end of the revaluation project when we have a better idea where values will be.

Alderman Klee

Thank you.

Alderwoman Lu

When I went into the Assessing office at one point I spoke with someone about commercial valuation and this was since I started my term. So it was within the last two years and I was told that the way they're valued is identical to the way residential is valued. Now it sounds like something that Alderman Klee may have mentioned that we had considered changing it and going on an income approach. So I'm not clear at this point are we using an income approach for anything? So residential is on a rebuild one of those other approaches.

Mike Tarello, Vice President

Sales approach or if it's brand new with the cost.

Alderwoman Lu

Right. Do any of the categories get valued using an income approach?

Mike Tarello, Vice President

Yes. Many of the categories do. The majority of them that get used for the income approach are the apartments. Mixed use properties if they're large enough. The smaller ones with just a little bit like an office or something in the house is more of a sales oriented but if it's apartment with retail space or office, that's considered the income approach. Industrial properties, and office retail, and other types of commercial properties are all looked at based on the income approach. Also the cost and sales but I would say the stronger approach for those properties is the income approach and the stronger approach for the residential properties is (inaudible).

Alderwoman Lu

Okay. Thank you. I may have misunderstood.

Richard Vincent, Chief Assessor

I want to add that the income approach looks at the income that the property generates not the business.

Alderwoman Lu

Correct.

Richard Vincent, Chief Assessor

So if you're looking at a shopping center where you don't care if Gamestop is in there and how much they're generating, we want to know what the property itself will generate for rent for each store.

Alderwoman Lu

Thank you. Could I just ask two more questions?

President Wilshire

Yes.

Alderwoman Lu

Thank you. Has Vision found many errors in the measuring list?

Mike Tarello, Vice President

Well I'm not sure how you define it as an error. I guess, actually, probably June, you'd probably have to speak on this (inaudible) because you're the one that's managing the team on a sense of the correction of the cards and so forth. It's kind of hard to say what's identify as an error because there may be changes that occurred that maybe there wasn't a perfect taken out and now they're different. Do you want to add a little bit to that June?

President Wilshire

Can you identify yourself first for the transcriptionist please?

June Perry

June Perry with Vision Government Solutions.

President Wilshire

Thank you.

June Perry

I would just add that you're right. You can't really define it as an error until you are out there and you're looking at it, you know, whether or not we come across something and it was a siding change - aluminum to vinyl. That could have been done through a building permit or, you know, they didn't take out a building permit, and we're just finding it, and we're making a correction. So, you know, as we get more towards the field review and what the guys are doing now is they're measuring on the outside. I'm not seeing a high error ratio that I know about. Again, we're going to be doing the interiors and that's actually where we pick up a lot more data because we find things and people, you know, when we're doing the inside if there's been a change or a model, you know, again, it's not a certain error but it's information that we're finding out about.

Alderwoman Lu

Thank you. So I guess the question I asked wasn't very measurable. So let me if I could, what number errors would you consider high? Just so I know what you're saying isn't a high rate. Would you say 30% you'd call high?

Mike Tarello, Vice President

It's hard to do a measurement of percentages. I would say the measured of the houses off by numerous feet, that would whatever, you know, but percentage wise we don't really look at it as abating system. We're really there just to address the property as it is now compared to what it was two or three years ago. There are changes that occur for many reasons and it's hard for us to really identify a rating system in errors. Really they're there to just get the data correct as it is now and then get accurate numbers.

Alderwoman Lu

So just to clarify, I had asked whether you found many errors with the measure and the list and Miss Perry said well I don't know what you would call a lot but I don't think there are a lot. I was just for the purpose of getting a useful answer, I was just trying to say maybe you can tell me what percent of inspections that would be considered a high number to find an error in. But it sounds as though are you hesitant to just close that loop for me?

June Perry

I don't have that answer for you.

Alderwoman Lu

All right. That's fine. All right. Will we be able to let people with escrow accounts to give them any information to, you know, in advance so that they will be able to prepare for what may be happening in 2022? This may be to the Mayor or to Mr. Vincent.

Kim Kleiner, Administrative Services Director

So perhaps either June or Mike could go over the final document that laid out the rest of the process. I don't think that we have shown that yet. Would that be acceptable? Kind of walk through when those dates are coming up? I think that is to Alderman Lu's question as to when, you know, values will be released and things of that sort. June or Mike would you be willing?

Richard Vincent, Chief Assessor

The project timeline?

Mike Tarello, Vice President

Yeah, I got it. Let me just pull it up. Yeah so just to kind of take it over. At the beginning of the year, we'll kind of do our preliminary analysis in December, January, and then peer review with those preliminary generate with June, and then the assessor's review in June and July, and then we'll give them like a preliminary manual and update of the documents that we've done. In July, we'll send out the notices. They'll be mailed out early, mid-July and then we'll do appointments in late July and in August for the hearings. Then the second notice of the chain would go in August and completion is due September 1<sup>st</sup>. So I would say that for the assessors to do their numbers and get everything ready for the State, they would be doing that obviously in late August. Right what I just said, it's right up there on the screen.

Alderman Klee

Thank you, Madam President. I just want to make it clear and I know it was touched on earlier that the percentage of increase of assessment is not directly related to the percentage of increase in taxes. That needs to be understood. Truthfully if every single property went up 100%, we would not see \$1 increase in taxes. That's not how it happens as we could see here - different percentages go up. The same bills have to be paid by the same and I know when I've gone back and looked at the history of the tax rate, I saw at one point it was up to the tax rate was like I think was like 50 something percent in the late 60s and then in 1970, it dropped down to like 80% because values jumped so high. So the percentage of taxes is not necessarily the rate of the increase of assessment and the State will determine what that rate is based on our overall city valuation. Am I correct Ms. Kleiner in that and, I'm sorry.

Kim Kleiner, Administrative Services Director

Yes, you are correct. We will get calls tomorrow that, you know, people are afraid that their taxes are going up 40%. That is not a case and that's not the conversation. The conversation we're talking about is in assessments and there's a large difference between assessments and the tax rate.

Richard Vincent, Chief Assessor

Again, you're right. If the overall increase is 40%, doesn't mean people's taxes are going up 40%. Generally, what happens is some tax, some property owner's taxes will go down and some will go up. Some will stay about the same. The tax rate is quite simply a matter of division. You take the total revenue that has to be raised and divide that by the total assessed value or – I forget which one - one gets divided into the other total value for the city and the total amount

of revenue that needs to be raised and that's your tax rate. That's kind of simplifying the process but that's essentially what it is.

And then where an individual property owners' assessed value follows in that increase will determine whether their taxes will go up or down. So if the average increase was 40% in an individual property's value goes up 20%, they'll probably see a decrease in their taxes. If it goes up 60%, they'll probably see an increase in their taxes. But that, again, is way too early right now too project.

Alderman Klee

Thank you for the clarification. I just know exactly what Director Kleiner said. There will be calls tomorrow morning probably to every one of us sitting around this horseshoe. I just kind of wanted to make sure that that information went out that this is not directly related and as you pointed out, too soon to start talking about that. Thank you.

Alderman Clemons

So based on this timeline here, we're basically looking to have this implemented for the December tax – December 2022. Is that correct? Do we think we're gonna make that timeline?

Kim Kleiner, Administrative Services Director

Yes, I'm very confident Vision Government Solutions will make that timeline.

Alderman Clemons

Okay. Thank you.

President Wilshire

You all set Director Kleiner?

Kim Kleiner, Administrative Services Director

Yes, thank you.

President Wilshire

Okay. I'd like to thank you all for coming this evening and for explaining this process. It was very informative. I appreciate you also folks on Zoom. So thank you for the presentation this evening.

Mike Tarello, Vice President

Our pleasure.

ADJOURNMENT

**MOTION BY ALDERMAN O'BRIEN THAT THE NOVEMBER 15, 2021, SPECIAL MEETING OF THE BOARD OF ALDERMEN BE ADJOURNED, BY ROLL CALL**

A viva voce roll call was taken to adjourn the Special Board of Aldermen meeting which resulted as follows:

- Yea: Alderman O'Brien, Alderman Klee, Alderman Dowd, Alderman Caron,  
Alderwoman Lu, Alderman Jette, Alderman Harriott-Gathright, Alderman Wilshire 8
- Nay: Alderman Clemons, Alderman Lopez 2

**MOTION CARRIED**

The meeting was declared adjourned at 9:24 p.m.

Attest: Allison Waite, Deputy City Clerk