

Town of Warren

2016 Revaluation Project



Warren 2016 Revaluation

- The 2016 Project was a “Full” Revaluation or what’s referred to as a full Measure & List
 - All improved properties are inspected and re-measured from the exterior.
 - Interior inspections are requested, however, property owners may refuse.
 - The last revaluation was in 2012 and was a “Statistical”
 - In a Statistical, only recently sold properties are inspected
 - The Full revaluation is conducted every 9 years
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Warren 2016 Revaluation

■ Value Change Summary

- *The chart below shows the changes in value by major category.*

Category	Count	Prior Value	New Value	Percent Change
Single Family	2617	\$650,871,100	\$710,269,000	1.09
2-5 Family	619	\$133,023,300	\$131,924,700	0.99
Condos	326	\$76,307,700	\$79,974,700	1.05
Commercial/Ind	234	\$128,127,800	\$144,795,600	1.13

By Housing Style

Statistical Verification of Sales

This slide shows one method of verifying the accuracy of the values. As part of the revaluation process, a number of statistical tests are used to verify the results. The standard for COD's in a municipality the size of Warren, is 15% or less. The COD, (Coefficient of Dispersion), simply measures how far apart the new assessments are from the actual sale prices.

	Style	Number of Sales	Median Sales Ratio	COD	PRD
	<i>Two Family</i>	16	0.980	6.300	1.006
	<i>Condo</i>	32	0.958	5.628	0.996
	<i>Cape</i>	39	0.953	6.360	1.008
	<i>Colonial</i>	21	0.968	7.870	1.015
	<i>Conventional</i>	15	0.934	4.309	1.008
	<i>Ranch</i>	41	0.960	6.070	1.004
	<i>Raised Ranch</i>	12	0.963	5.603	1.001

By Neighborhood

Statistical Verification of Sales

This slide shows a different method of verifying the accuracy of the values. As part of the revaluation process, a number of statistical tests are used to verify the results. The standard for COD's in a municipality the size of Warren, is 15% or less. The COD, (Coefficient of Dispersion), simply measures how far apart the new assessments are from the actual sale prices.

	Neighborhood	Number of	Median Sales	COD	PRD
		Sales	Ratio		
	A	9	0.95	4.405	1.008
	B	20	0.967	5.823	1.008
	C	13	0.968	7.363	1.007
	D	55	0.953	5.92	1.004
	F	31	0.947	6.489	1.013
	J	14	0.964	6.335	1.016

Revaluation Process in a Nutshell:



- ❑ Take a group of properties that have recently sold representing all variety of characteristics and price ranges.
- ❑ Create a property data file of these sold properties that contains the sale prices and data about the characteristics that are key in determining value. such as neighborhood, land size, dwelling style, size and age, etc.
- ❑ Apply valuation models or schedules to this file of sold properties and repeatedly refine them until the new assessed value on each sold property closely matches its sale price.
- ❑ Apply the models to the property descriptions of all properties in the Town and produce a set of new property assessments.



Why is property revaluation important?

- Since all assessed valuations are based on sales *as of a certain date*, later changes in the market will gradually make assessments out of step with the real estate marketplace.
- The prior assessments in Warren were as of 12/31/2012. The assessment date for the current revaluation is **12/31/2016**
- The rise and fall of real estate values make certain properties, and/or neighborhoods, more valuable or less valuable, in relation to each other.

Why is property revaluation important, continued...

- The purpose of a revaluation is not to determine the **amount** of the Town's total property tax burden but rather to determine the **distribution** of this tax burden.
 - The **amount** of the **tax burden** tax is determined by the Town's budgeting and legislative bodies
 - The **tax rate** is simply the rate which provides the funds to pay for these services.
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You may hear us use the term

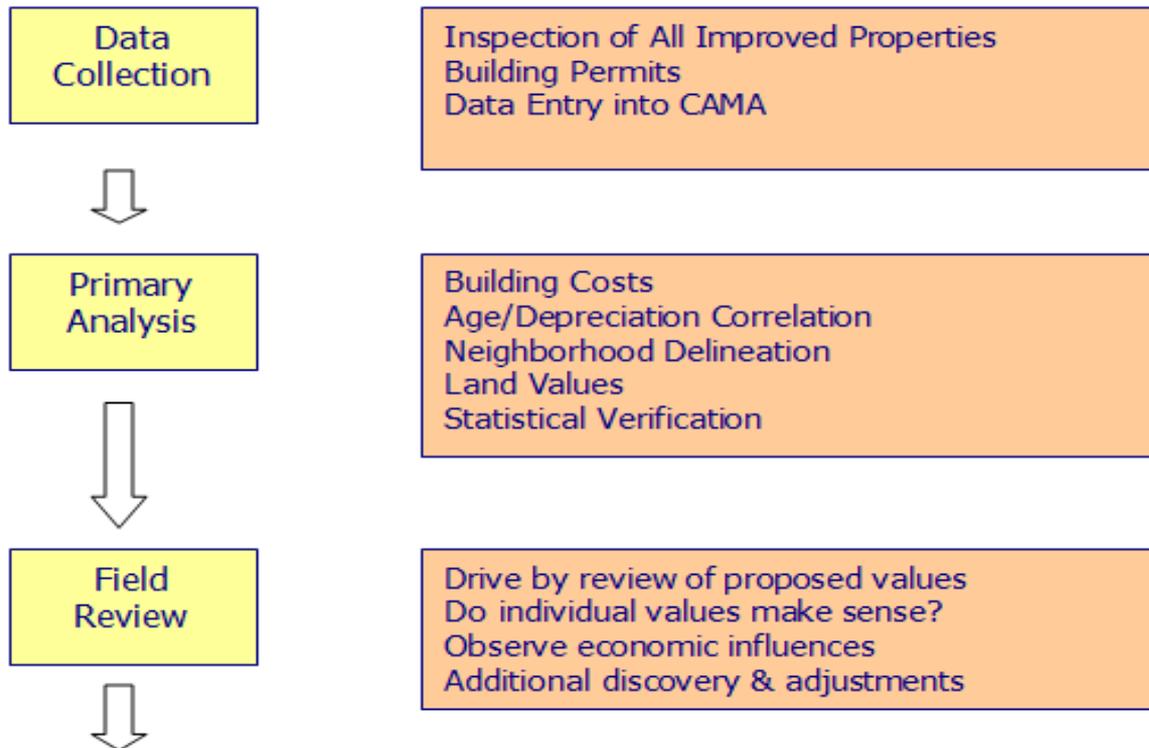
“CAMA”



- **Computer Assisted Mass Appraisal Software**

Stores all the information regarding the property & is used by the assessing department and the revaluation staff to analyze real estate market data and produce new assessed values.

Revaluation Process



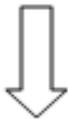
Final
Analysis

Additional data collected in Field Review
Latest sales data analyzed
Final adjustments



Informal
Hearings

Homeowner's opportunity to meet with
Northeast if they feel their value is
not in line with the market, or if they feel the
property information is incorrect



Appeal
Process

Property Owners have the opportunity to
appeal their value. First to the Assessor, then
the Tax Board of Review, and finally
to Rhode Island Superior Court

The Raw Material of A Revaluation: Recent Property Sales

- In order for a sale price to be used as an indicator of value, the sales transaction must be what is referred to as an “**arm’s length sale**” or an “open market sale.”
 - An arms length sale is one that sells in a competitive and open market, assuming that the buyer and seller are acting prudently and knowledgeably, and assuming the price is not affected by special influences.
 - A large number of sales occur each year that do not represent the arm’s length transactions necessary to be included in the revaluation process. These non-arm’s length sales are identified and excluded from the valuation process.
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Qualifying Sales:

Examples of Non-arms length sales:

- ❑ Sales between family members
 - ❑ Sales in which a financial institution is the buyer or seller
 - ❑ Sales between corporate affiliates
 - ❑ Sales involving courts, government entities, or public utilities
 - ❑ Sales involving charitable, religious, or educational institutions
 - ❑ Estate sales
 - ❑ Sales to property abutters
 - ❑ Sales where the buyer or seller is under duress or may not be acting prudently or knowledgeably regarding all potential uses of the property
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Market Adjusted Cost Model

- “Comps” are familiar to some tax payers since they are familiar with Fee appraisals



- Mass Appraisal uses “all the sales” when building the market adjusted cost model



What comps did you use.....

- ❑ Taxpayer has a cape...
 - ❑ In Mass Appraisal we do not pick out several specific properties as an appraiser would
 - ❑ We use all the qualified sales of cape style homes to (model) determine the new assessed value of your home.
 - ❑ The schedules are **statistically tested** to verify their ability to predict estimates of current fair market value, accurately and uniformly.
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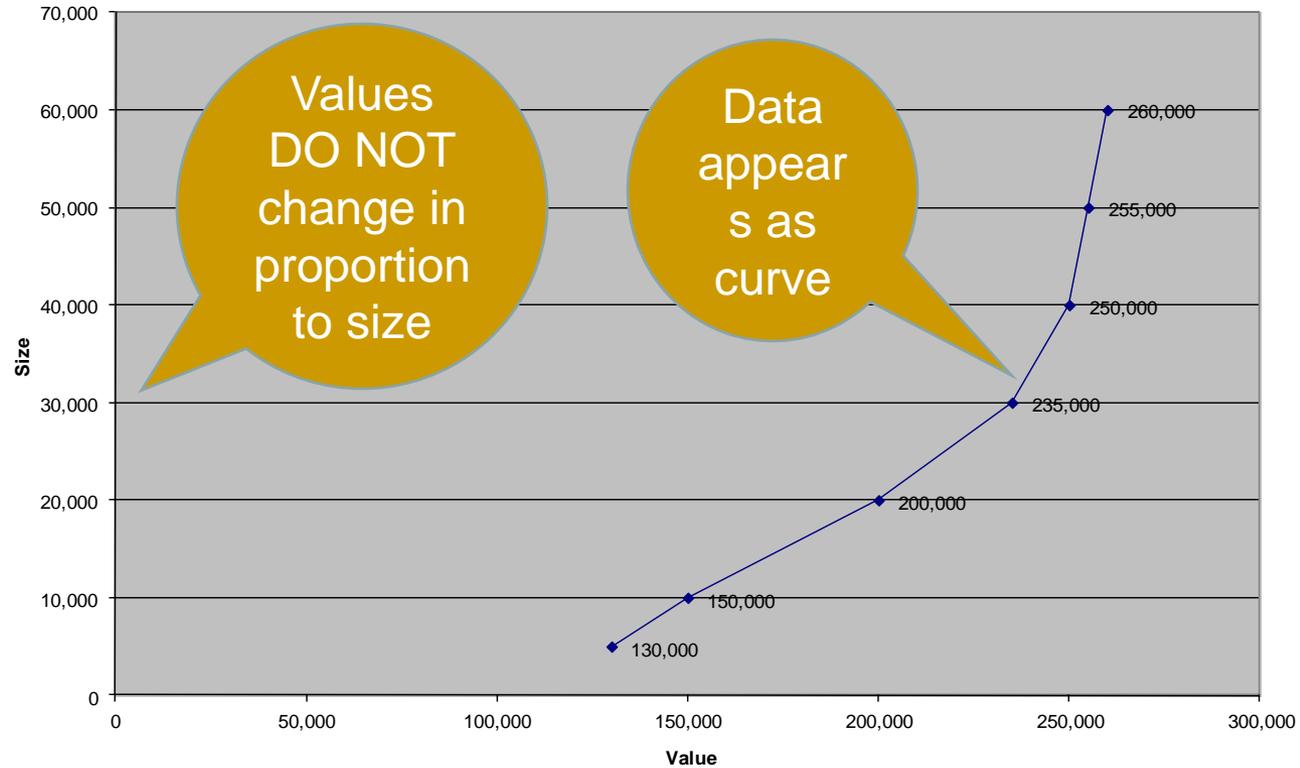
Why is the Market Adjusted Cost model used?

- The strength of the MAC model is that it works well with limited sales data.
 - We are in New England and Real Property has unique characteristics. In Particular:
 - *Housing stock is heterogeneous*
 - *Housing stock is historic*
 - *Land sizes are not consistent*
 - *Local Municipal Government means smaller data sets*
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Land Valuation

LAND SIZE (SF)	LAND VALUE
10,000	150,000
20,000	200,000
30,000	235,000
40,000	250,000
50,000	255,000
60,000	260,000

Sample Land Curve



Typically, land curves are created for several neighborhoods

Land Valuation, continued ...

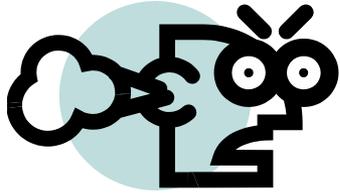
While smaller parcels of land generally have lower *values* than larger parcels of land, it is important to understand that smaller land parcels nevertheless typically have higher *dollar per square foot* values.

LAND SIZE IN SQ FT	LAND VALUE	VALUE PER SQ FT
10,000	150,000	15.00
20,000	200,000	10.00
30,000	235,000	7.83
40,000	250,000	6.25
50,000	255,000	5.10
60,000	260,000	4.33

How can I tell if my value is correct?



- Compare your value to similar properties in similar neighborhoods which have sold.
 - Compare to recent appraisals you have had on your property for mortgages or refinancing.
 - Note that prices trend both up and down, so an appraisal greater than a year old needs to be adjusted.
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Suppose I disagree with my value?

- On the notice will be a telephone number which you can call to arrange an informal hearing with our company.
- Personal hearings will be made by appointment with everyone who requests one.



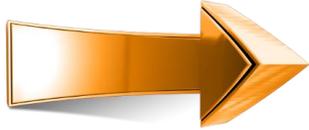
What should I bring to the hearing?

- *Any documents or evidence that supports your claim. This includes:*
 - ❑ Recent real estate appraisals
 - ❑ Any documents regarding easements, wetlands, etc.
 - ❑ Photographs or documents that relate to structural or other problems. (please bring in copies, we cannot return originals)

Keep in Mind...



- No Adjustments are made at the Hearing.
- We will listen, and collect any info you have that relates to the value of your property.
- All properties that have a hearing are reviewed and adjustments are made where appropriate.
- The hearing officer will be discussing property values and *will not have information regarding tax rates.*



Then what happens?

- Those who attend a hearing will receive a notice (by mail), indicating whether their assessment has been changed, and, if so, what the new value is.
- If a property owner is still not satisfied, they have the right to appeal to the Tax Assessor's Department after receiving the new tax bill.

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