

KRT APPRAISAL

Winthrop, MA

Revaluation Update

Introduction

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Topics

- Benefits of a Revaluation
- Types of Revaluation
- Valuation Process
- Statistical Standards for a Revaluation
- Statistical Analysis
- Why Did My Value Go Up in a Down Market?
- Preparing for an Abatement

Benefits of a Valuation Update

- Corrects Disproportionate Taxation
- Adjusts Value for Market Shifts
- Required by State Statutes

Types of Revaluations

- **Interim Year Adjustment**

Statistical Analysis Only

- **Revaluation Update – Every Third Year**

Statistical Analysis

Field Review of Entire Community

- **Full Revaluation- Every Ninth Year**

Statistical Analysis

Complete Physical Inspection of Entire Community

Field Review of Entire Community

Revaluation Update

- Inspection of All Sale Properties
- Analysis of Arms-Length Sale Properties
- Valuation Modeling and Testing
- Field Review of All Properties
- Department of Revenue Certification
- Project Completion

Sales Analysis

- Real Estate Sales Determine Values
- No Preconceived Estimates of Value
- In-Depth Study of Real Estate Sales
- Determine Land Prices
- Determine Building Value and Depreciation

Valuation Process

- Develop Computer Models Based On Market Data
- Review of All Properties in the Field
 - Drive by to verify data and consistency of data
- Department of Revenue Preliminary Certification
 - certify methodology
 - certify the property values
- Public Disclosure Period
- Department of Revenue Final Certification

Terminology

- Median – The median ratio is the middle ratio when arrayed in order. The median always divides the data into two equal parts.
- Coefficient of Dispersion- The COD measures the average percentage deviation of the ratios from the median ratio.

Standards for a Revaluation (IAAO)

Median Ratios

	<u>Min</u>	<u>Max</u>	<u>COD</u>
Vacant Land	90%	110%	20%
Single Family	90%	110%	15%
Condominiums	90%	110%	10%
Multi Family	90%	110%	15%
Commercial	90%	110%	20%

Overall Analysis

<u>Property Group</u>	<u># Sales</u>	<u>Median Ratio</u>	<u>COD</u>
Single Family	79	93%	5.83%
Two Family	28	92%	7.65%
Three Family	8	96%	5.86%
Condominiums	54	92%	4.39%
Commercial	4	94%	12.32%

Single Family Analysis by Style

<u>Style</u>	<u># Sales</u>	<u>Median</u>	<u>COD</u>
Ranch	5	94%	6.38%
Split Level	2	95%	0.53%
Colonial	11	91%	6.29%
Capes	5	92%	3.70%
Bungalow	3	92%	5.07%
Old Style	52	93%	6.08%
Raised Ranch	1	93%	0.00%

Single Family Analysis by Location

<u>NBHD</u>	<u># Sales</u>	<u>Median</u>	<u>COD</u>
R4	7	92%	5.28%
R5	35	93%	5.78%
R6	14	92%	4.89%
R7	4	97%	3.35%
R8	15	95%	7.30%
R9	3	95%	2.46%
R10	1	95%	0.00%

Condominium Analysis by Style

<u>Style</u>	<u># Sales</u>	<u>Median</u>	<u>COD</u>
Garden Style/TH	44	93%	5.03%
Multi Conversion	10	92%	0.87%



Equity

- Horizontal Equity
- Vertical Equity
- Overall Appraisal Equity

Horizontal Equity

- The level of appraisal must be between .90 and 1.10.
- The difference for any property class must be within 5% of the overall level of appraisal.

Assessment Level Between Classes

<u>Property Group</u>	<u>Median Ratio</u>
● Overall	93%
● Single Family	93%
● Two Family	92%
● Three Family	96%
● Condominiums	92%
● Commercial	94%

Vertical Equity

- The Price Related Differential (PRD) tests for vertical equity.
- Vertical equity insures that higher priced properties are being appraised similar to lower priced properties. The PRD is calculated as follows:

$$\text{Mean Ratio} \div \text{Weighted Mean Ratio} = \text{PRD}$$

Winthrop $.930 \div .926 = 1.004$

- The International Association Of Assessing Officers have determined that the acceptable range for the PRD is .98 to 1.03

Appraisal Equity (Unsold Property Test)

	<u>% Decrease</u>	<u>Ratio</u>
Residential Sales	0.2%	.998
Unsold Residential	2.4%	.976

Sold Ratio/Unsold Ratio $.998/.976 = 1.02$ or 2% difference

(IAAO recommends the percentage difference between the sold ratio and the unsold ratio to be within 3%.)

Why Did My Value Go Up?

- The field review and data collection corrected many errors in the assessor's records.
- Some neighborhoods had a level of assessment below the acceptable range by the Department of Revenue.

Preparing for an Abatement

- Review your property record card
Note any discrepancies
- Provide comparable properties that have sold
Similar in location, size, use, condition, etc.
- Provide similar properties in your neighborhood
Similar in size, use, condition, etc.

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