



State-Mandated Property Revaluation
Town of North Branford, CT
Presented by
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Agenda



- Introduction
- Overview
 - Why Revaluation?
 - The Revaluation Process
- Standards for Quality
- What Can We Expect From This Revaluation?
- Q & A

Why Do a Revaluation?



- **Equity** - The market is continually changing and every property is not affected equally. Fair market value is affected by a number of factors including property class (residential, commercial, industrial), property location, individual property desirability and market supply and demand.

Why Do a Revaluation?



- **It's the Law** - The State of Connecticut requires that each town and city perform a revaluation of all real property at least every five years (§12-62 of the General Statutes). The last revaluation in North Branford was done for the October 1, 2005 Grand List.
- We are conducting a revaluation for the October 1, 2010 Grand List. The next revaluation will be done in 2015.

The Revaluation Process



- Collect and quality control data
- Review sales and neighborhood assignments
- Build and test valuation models
- Refine model values
- Value all properties using models
- Review properties in the field
- Inform public and disclose values
- Conduct informal taxpayer reviews

Collect and Quality Control Data - Residential



- North Branford had a unique data collection process. Data mailers for all residential properties (4,959 total) were mailed on March 3rd. 3,467 were returned or 70%.
- A second batch of data mailers were mailed to all residential property owners that did not return the first mailer (1,484 total).
- The total amount of mailers returned was 4,414 or 89%.
- Properties that did not return a mailer were visited by a data collector. 486 properties were inspected with an entry rate of 29%.

Collect and Quality Control Data - Residential



- Data mailer procedures were established to verify certain changes submitted by property owners.
- Hundreds of random phone calls were made to property owners to review the data submitted. Approximately 20% of these calls yielded additional changes.
- 389 field checks were done in response to the data mailers or as a result of the full field review performed for valuation.

- Commercial properties were visited once by a data collector. Of the 252 properties visited, we were able to gain entry for 123 or 49%.
- Complex commercial properties were collected by a senior commercial appraiser.
- All commercial properties were reviewed by the project supervisor in the field for both data quality and valuation.

Sales & Neighborhood Review



- Valuation neighborhoods are reviewed and refined.
- Property sales recorded between October 1, 2008 and September 30, 2010 were carefully reviewed to ensure accurate data in the assessor's database. 193 properties were reviewed as part of this process.

- ***One of the most important phases of any revaluation is the setting of land values.***
- Location, location, location!
- Land values directly relate to the locational desirability of a property.
- The average sale price for residential lots was \$140,425 and \$270,000 for commercial (only 2 sales).

Building Cost Analysis



- To determine local construction costs (including builder profit)...
...we analyze sales of new construction.
- To determine depreciation models (based on age and observed physical condition)...
...we analyze sales of older dwellings.

The Models

(A set of formulas used to calculate a value)



- Built for all three approaches to value: Cost, Income and Sales Comparison.
- Includes tables with individual component values.
- Used to compute fair market value on many different types of properties.
- Frequently tested against the sales to support the quality of the model.

Model Testing



- **Value** the sales database using the models.
- **Test** the results.
- **Re-test** to refine the model components and values.
- Stratify sales into different categories like building style, dwelling age, neighborhood, building quality grade and condition and physical location to **validate** the model components.

Sales Stratified



Summary by Land Use NORTH BRANFORD, CT

10/08/2010

| Land Use Code | | Count | Mean Sale Price | Mean Appraised | Mean A/S Ratio | Median SalePrice | Median Appraised | Median A/S Ratio | Median Abs Disp | COD | Weighted Average |
|---------------|---------------|-------|-----------------|----------------|----------------|------------------|------------------|------------------|-----------------|--------------|------------------|
| 101 | SINGLE FAM MI | 73 | 305,171 | 288,990 | 0.95 | 294,500 | 274,300 | 0.94 | 0.05 | 5.90% | 0.95 |
| 102 | CONDO NL MDI | 19 | 165,800 | 156,395 | 0.94 | 161,000 | 155,200 | 0.94 | 0.03 | 4.26% | 0.94 |
| 103 | TRAILER MDL-C | 2 | 19,000 | 17,750 | 0.97 | 19,000 | 17,750 | 0.97 | 0.07 | 6.70% | 0.93 |
| 130 | RES ACLNDV | 1 | 180,000 | 168,400 | 0.94 | 180,000 | 168,400 | 0.94 | 0.00 | 0.00% | 0.94 |
| | | | 269,954 | 255,492 | 0.95 | 257,000 | 240,000 | 0.94 | 0.04 | 5.53% | 0.95 |

Summary by Style NORTH BRANFORD, CT

10/08/2010

| Style | | Count | Mean Sale Price | Mean Appraised | Mean A/S Ratio | Median SalePrice | Median Appraised | Median A/S Ratio | Median Abs Disp | COD | Weighted Average |
|-------|----------------|-------|-----------------|----------------|----------------|------------------|------------------|------------------|-----------------|--------------|------------------|
| 01 | Ranch | 25 | 266,096 | 249,460 | 0.94 | 246,000 | 238,800 | 0.93 | 0.06 | 6.75% | 0.94 |
| 02 | Split-Level | 8 | 259,438 | 245,062 | 0.95 | 254,500 | 238,050 | 0.94 | 0.06 | 6.78% | 0.94 |
| 03 | Colonial | 18 | 396,689 | 378,644 | 0.96 | 390,000 | 364,750 | 0.94 | 0.02 | 4.67% | 0.95 |
| 04 | Cape Cod | 10 | 258,085 | 243,960 | 0.96 | 241,500 | 214,550 | 0.97 | 0.05 | 7.42% | 0.95 |
| 05 | Bungalow | 1 | 257,000 | 240,000 | 0.93 | 257,000 | 240,000 | 0.93 | 0.00 | 0.00% | 0.93 |
| 06 | Conventional | 1 | 309,900 | 288,000 | 0.93 | 309,900 | 288,000 | 0.93 | 0.00 | 0.00% | 0.93 |
| 07 | Modern/Contemp | 1 | 345,000 | 313,500 | 0.91 | 345,000 | 313,500 | 0.91 | 0.00 | 0.00% | 0.91 |
| 08 | Raised Ranch | 9 | 324,044 | 311,400 | 0.96 | 325,000 | 307,500 | 0.95 | 0.03 | 4.09% | 0.96 |
| 20 | Mobile Home | 2 | 19,000 | 17,750 | 0.97 | 19,000 | 17,750 | 0.97 | 0.07 | 6.70% | 0.93 |
| 55 | Condominium | 19 | 165,800 | 156,395 | 0.94 | 161,000 | 155,200 | 0.94 | 0.03 | 4.26% | 0.94 |
| 99 | Vacant Land | 1 | 180,000 | 168,400 | 0.94 | 180,000 | 168,400 | 0.94 | 0.00 | 0.00% | 0.94 |
| | | | 269,954 | 255,492 | 0.95 | 257,000 | 240,000 | 0.94 | 0.04 | 5.53% | 0.95 |

Final Field Review



- ***Each property in North Branford has been reviewed in the field by a state certified appraiser.***
- The appraiser verifies the physical data, relative building quality grade, observed physical condition and locational influence for each property.
- The appraiser is ultimately verifying the final value produced by the models.

Informal Taxpayer Reviews



- On November 29th, each taxpayer in North Branford will be mailed a notice of change in assessment.
- The notice will list both the New and Prior Assessments.
- The Prior Assessments are based on 2005 Market Value
- The difference in assessment reflects **5 years** of market change, not a single year.

Standards for Quality



- The International Association of Assessing Officers (IAAO) has developed standards to measure the quality of revaluations.
- The State of Connecticut recently passed legislation outlining Performance-Based Testing Standards that must be completed following a revaluation and recorded in the Town Clerk's permanent records.
- ***North Branford's revaluation meets and exceeds the standards for a quality revaluation set by the IAAO and the State of Connecticut.***

IAAO Standards for Quality



| <u>All Classes</u> | | <u>North Branford</u> |
|----------------------------------|------------|-----------------------|
| Measure of Assessment Level | .90 – 1.10 | .94 |
| Price Related Differential (PRD) | .98 – 1.03 | 1.00 |
| <u>COD (By Class)</u> | | |
| Single Family | | |
| Newer/Homogeneous | ≤ 10 | 6.06 (all) |
| Older/Heterogeneous | ≤ 15 | |
| Rural/Seasonal | ≤ 20 | |
| Income Properties | | |
| Larger/Urban | ≤ 15 | |
| Smaller/Rural | ≤ 20 | 1.40 |
| Vacant Land | ≤ 20 | 2.60 |
| Other Real & Personal | Various | |

- By statute, all property in CT is assessed at 70% of fair market value
 - There must be at least 15 valid sales for each property class (residential, commercial and vacant land)
 - The time period used for the study will include properties that sold between October 1, 2009 and October 1, 2010.
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- ü **Overall median assessment ratio 63% to 77%**
 - ü **Median Ratio for Individual Classes +/- 5% of overall median**
 - ü **COD for all $\leq 15\%$**
 - ü **COD for Residential $\leq 15\%$**
 - ü **COD for Commercial & vacant $\leq 20\%$**
 - ü **PRD for all .98 to 1.03**
 - ü **Unsold Property Test .95 to 1.05**

Market Comparisons



**This house on
Jackson Ln. sold on
December 1, 2004 for
\$424,500**

**It sold on April 6, 2010 for
\$370,000**

**The 2010 proposed appraised
value is \$345,100**



Market Comparisons



**This house on
Lasalette Way sold on
February 1, 2005 for
\$439,000**

**It sold on December 4, 2009
for \$389,900**

**The 2010 proposed appraised
value is \$363,900**



Market Comparisons



**This house on
Youngs Apple Orchard
sold on January 19, 2005 for
\$289,900**

**It sold on January 4, 2010 for
\$272,000**

**The 2010 proposed appraised
value is \$258,600**



Market Comparisons



**This condo on Branford Rd.
sold on August 30, 2005 for
\$154,900**

**It sold on November 17, 2009
for \$149,000**

**The 2010 proposed appraised
value is \$134,700**



Market Comparisons



**This condo on Foxon Rd. sold
on July 30, 2010 for
\$149,900**

**The 2005 appraised value is
\$128,200**

**The 2010 proposed appraised
value is \$143,500**



Market Comparisons



**This mobile home on
Foxon Rd.
sold on December 1, 2009 for
\$8,000**

**The 2005 appraised value is
\$11,600**

**The 2010 proposed appraised
value is \$8,300**



Market Comparisons



**This commercial property on
Middletown Ave. sold on
September 30, 2009
for \$2,150,000**

**The 2005 appraised value is
\$1,177,900**

**The 20010 appraised value is
\$2,146,000**



Market Comparisons



**This retail condo on Foxon Rd.
sold on October 5, 2009
for \$125,000**

**The 2005 appraised value is
\$114,900**

**The 2010 proposed appraised
value is \$121,500**



The Bottom Line



- Real estate (not including exempts OR water co.) decreased 4%
- The median **decrease** for all properties is 8%
- The median **increase** for commercial properties is 4%
- The median **decrease** for residential properties is 8%
- The average improved sale price between October 1, 2004 and September 30, 2005 was \$304,194.
- The average residential improved sale price between October 1, 2009 and September 30, 2010 (Certification Period) was \$268,109.

- Thank you for your interest in the 2010 North Branford revaluation.