

Summary of Re-Appraisal Process

Adapted from article in March 18, 2010 Montpelier Bridge

By William Fraser, City Manager

The reappraisal was summarized in May, September, December (2009) and March (2010) Bridge pages as well as in the Annual Report. New property values will be in place when setting the 2010 property tax rate.

Progress on the project was excellent. For the first time since 1988, ALL properties were reviewed in the same year by the same inspectors. ALL properties have been visited, measured and photographed. 82% of residences had interior inspections as well thanks to Montpelier residents displaying a high level of civic responsibility and cooperation.

As part of the process the members of the Citizen's Reappraisal Committee asked every residential owner to make an appointment for a full inspection. The best way to ensure fair and accurate reappraisal results is to obtain accurate information on as many properties as possible. If your home did not have an interior inspection, the property value was estimated based on whatever information is available and on educated guesses about the interior. Individual appeal options become limited if an interior inspection is not allowed.

The project was also been aided by a very solid sales data. Despite perceptions that sales have slowed, the facts show that 10% of all residences have sold within the last three years, a very high sales sample for a Vermont reappraisal.

All non-residential properties were visited and inspected. 67% of commercial properties filed income and expense reports which greatly assisted the process/

The goal of any reappraisal effort is to establish accurate and equitable property values. The results do not produce any additional tax revenue for the city. You, the voters, approved the municipal, school, recreation, senior citizen and library budgets as well as special articles. Those approved spending items will not change regardless of the property values that get assigned. The reappraisal company and the assessor have nothing to do with the tax dollars that are raised.

The reappraisal process will, however, reapportion the burden of tax payment in a manner that reflects real estate market conditions on April 1, 2010. The valuation is to reflect the estimated fair market value which is the most probable price a property should bring in an arm's length transaction with no undue influence.

Who did the reappraisal? The City of Montpelier contracted with the reappraisal company New England Municipal Consultants (NEMC). Their work was performed under the supervision of city Assessor Steven Twombly. NEMC officials visited the properties, generated data tables, performed sales analyses and will be present for both informal and formal hearings.

Why is the city doing a reappraisal?

The values that were established during the 2003 Reappraisal have changed dramatically over the last seven years. While there have been 60% increases in overall value, not all property classes or neighborhoods increase at the same rate. In order to restore equity, it is necessary to do a city-wide reappraisal to prevent unintended shifts in tax burdens.

The City of Montpelier 2009 appraisals were at 59.66% of market value according to the three year averaged study done by the State of Vermont. Vermont education statutes mandate a reappraisal when a municipality drops below 80% market value. The State of Vermont has the legal right to withhold school funding if a municipality is not meeting the requirements of valuing property at 100% of current market value.

How was market value determined?

A detailed study of all valid sales in recent years was done. This study considered the changes in value and to what extent differences in properties affect their value. Styles, size, condition and location may affect property values differently. Similarly, property type, rents, expenses and investment risk may affect commercial properties.

Properties are inspected to locate the different characteristics and compare how they affect properties. This is why both interior and exterior inspections are performed.

May I refuse to allow an inspection of my property?

In the State of Vermont you have the legal right to refuse access to your property for an inspection by the assessor's office. The assessor is then required to follow State statute and value your property to the best of his/her ability without seeing the grade, condition, updating and other possible improvements. Appeals to the Board of Civil Authority require a full inspection.

If I recently purchased my property, will my new assessment be exactly the same as my purchase price?

Not necessarily. Your property was valued based on all sales that occurred and your purchase is only one sale out of the hundreds that will be used in the reappraisal. The valuation will be equitable and consistent with similar homes and the most probable selling price as of the April 1, 2010 valuation date.

I haven't done anything to my property in years. Why is the value changing?

The real estate market does not stay stagnant. It is a cyclical market that is constantly changing. A house bought in, say, 1970 for \$25,000 would not be sold today for that same amount even if nothing other than reasonable maintenance had been done. It could easily sell anywhere from \$200,000 to \$400,000 depending on its location and condition. Buyers and sellers establish the value of a home. The Assessor's job is to reflect those values in equitably assessing similar properties in a similar manner.

How can I compare my property to others?

All sales are in the Assessor's office and posted on line. You have received a booklet listing all properties in the City of Montpelier showing old and new preliminary assessments. This booklet is also available on line in a "sortable" excel format. All property card information is available on line so that you may easily view the cards of others homes or properties. This data can all be found at www.montpelier-vt.org.

What if I disagree with my new assessment?

There is an important new step in our process this year. NEMC officials and the City Assessor will conduct informal hearings prior to filing the "abstract" or grand list. Preliminary values have been published and property owners notified of these values. People are now able to meet with the Appraisers, review any potential factual errors and compare comments about the value. Most adjustments will likely be made at this stage of the process.

Once the informal process is completed, the formal Grand List will be filed by June 24th. In any year, property owners have the right to "Grieve" their assessment to the Assessor's Office. This is followed by a formal hearing process and eventually the filing of the final grand list.

People who are still not satisfied with their value have the option of appealing to the City's Board of Civil Authority and ultimately to either court or the Vermont Department of Property Valuation and Review.

How will I know what the tax rates will be?

Tax rates cannot be set until after the reappraisal is completed through Grievances and both the school and municipal budgets have been passed. Then the City of Montpelier will set the municipal rate and the State of Vermont Tax Department will set the school rate. Based on approved budgets, preliminary property values and an estimate of the school rate the city is projected a residential tax rate of approximately \$2.28 per \$100 of valuation and a non-residential tax rate of approximately \$2.40 per \$100 of valuation. These compare to 2009 rates of \$3.66 and \$3.81 respectively. Take your property value and divide it by 100. Multiply that result by the projected tax rate. That will give you a rough estimate of your potential tax bill.

Example - \$240,000 property. $\$240,000 \div 100 = \$2,400$. $\$2,400 \times 2.28 = \$5,472$ tax bill.

What is the schedule from here on out?

The reappraisal process began in fall of 2008 with planning, computer software conversions and data entry. The most visible aspect of a city-wide reappraisal was the inspection of properties. The inspection process was conducted during the summer, fall and winter and was completed in the spring. Statistical models were built and all proposed values reviewed internally before being released.

On **June 1st**, the booklet with proposed new values and the old values and individual property sheets will be sent to all property owners. Sales data, all property data,

From **June 9 through June 14**, informal pre grievance hearings will be conducted. There will be weekday, evening and weekend time slots available for these informal hearings.

From **June 14 through June 23**, the informal appeals will be reviewed and necessary changes made.

On **June 24**, the official notices of valuation will be issued. Formal grievances may be filed and hearings will be conducted after this. Information about how the grievance process works will be readily available.

Property Values can only be adjusted for three reasons: the property is not worth what it is valued at, the property is not fairly assessed when compared to others or there are factual errors in the listing.

The Citizen's Reappraisal Committee (Karl Johnson, Vicki Lane, Jack Lindley, Nick Marro and Tim O'Meara), the Assessor, NEMC and I would like to take this opportunity to thank the taxpayers of Montpelier for the incredible level of cooperation you have demonstrated so far. We are on our way to a successful project thanks to the people of Montpelier. We recognize and understand that this can be a frustrating process and that people get anxious about what their new level of taxation. We hope people understand that this is a necessary process to assure fair taxation under Vermont Law and that the only goal of the city is to achieve accurate equity among property owners.

If you have any questions about this, please contact me at wfraser@montpelier-vt.org or 802-223-9502