

**OFFICE OF SELECTMEN
6 HOLLAND STREET
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MOULTONBOROUGH, NH 03254**

Selectmen's Work Session

August 26, 2010

MINUTES

Present: Selectmen: Joel R. Mudgett, Chairman, Karel A. Crawford, Edward J. Charest, James F. Gray, Betsey L. Patten; Carter Terenzini, Town Administrator;

- I. At 4:05 p.m. the Chair called the meeting to order to announce it was being moved to the Moultonborough Academy Auditorium where it was reconvened at 4:40 p.m. Carter Terenzini, at the request of the Chair, outlined the approach of the meeting and that questions would be taken.
- II. The Town Assessor, Gary Karp went through a Power Point presentation of how he had been reviewing the methodology used in the initial presentation of July, the changes to that, and the changes in value that had resulted. He spoke about the various DRA recommended ratios and in particular, the price related differential (PRD). Gary told the audience that DRA in their review of the 2009 assessments brought to the Town's attention that the PRD was at 1.07, above the recommended .98 to 1.03, which showed that high end properties were under assessed. He pointed out the difference between a mass appraisal and fee appraisal, explaining that a fee appraisal values one property at a time with a cost starting at \$300. A mass appraisal values a group of properties as of a given date, using standard methods, common data and allowing for statistical testing.

Using the July 7th Preliminary Values

4,390 parcels (60%) went down.
1,055 (14%) w/no change (+/-3%)
1,922 parcels (26%) went up.
Town wide properties – up 1%
Non-waterfront – down 10%
Condominiums – down 14%
Commercial – down 2%
Waterfront – up 6%

Using the August 24th Values

4,225 parcels (57%) went down.
1,588 (21%) w/no change (+/- 3%).
1,580 parcels (22%) went up
Town wide properties – down 1%
Non-waterfront – down 10%
Condominiums – down 14%
Commercial – down 2%
Waterfront – up 3%

- III. The floor was opened to questions. 1) A member of the audience stated that the Assessor cited a Westwind property as going down in value. Does that mean the whole neighborhood goes down? The Assessor replied that basically, yes. 2) Lee's Pond and some assessments went up 40%. Was that area reassessed? The Assessor explained they had gone back and looked at some of the various factors and in fact some of the values were recalculated. 3) In response to a request that a 40% increase in a flat market be explained, Gary said that despite the market, there had been a number of very solid sales that had occurred to establish these new values. 4) Bob

Clark reviewed several parcels that had experienced a 60% +/- increase in land. 5) A local realtor said he understood that only 2 sales had been used to justify the increases in one of the neighborhoods. Gary replied that initially this was true, but that subsequently there were 9 sales used once they went back 2 years in order to obtain a more comfortable sample size. 6) A speaker gave their opinion that Vision picked and chose which properties were used and wrote-off foreclosures and other types of sales which would have impacted values. Gary responded that we still have a strong valid sales count and the process can't use sales which don't reflect the current "arms-length" market. 7) A speaker said they couldn't find any evidence that the sales prices are above the assessment that have been provided. Gary responded with his analysis of current MLS listing prices. When someone objected that you can't use listing prices, Gary explained they weren't used as part of the data, but as a point of interest and they do seem to support the data. 8) Mr. Karp was asked how the new valuation can say land went up 28%. Dave Arnold of Vision Appraisal Technologies explained that 75-80% of waterfront sales over the past 2 years are all above the assessed values. 9) It was asked how, in the case of Windermere which had no sales in this neighborhood in five years, that the values were raised 25%? It was explained that Windermere is in the W01 assessing district and sales throughout this district are used. 10) A speaker said that what the SelectBoard and Assessors are hearing is a reservation over an entire process which is illogical as to how values can go up in this market. He said that people would like to see the data so they can have the same level of confidence the Assessors have. Dave Arnold of Vision said that finalizing the data is in progress and all of the data will be available. 11) A speaker said that the process discounted 50% of the sales and there is no record of how long the properties were on the market. Gary explained that the Town gets a record of every sale and reviews them carefully, including obtaining a property questionnaire. He said the Town even calls people as we need to satisfy ourselves these are arms length sales. 12) He was asked how many sales were used from '09 and '08 and he explained that there were 9 qualified sales in W01 in those 2 years. 13) A comment was made that if there had not been an uproar over these initial values they might not have been revisited at all. They observed that in unusual times these models should be looked at anew and perhaps even use up to 5 years of sales. The Town Administrator said that the original sample size was in question, but as now the revised fits within a reasonable size (2.5% of properties in sales) and fits within the 3 years allowed by statute. 14) A resident was not happy the new data was not available as of today and said citizens need a fair and simple process they can understand. 15) The Assessor was asked if new construction properties are used and he responded that we assess property as of April 1 so if it sold without a house we only use the land value. 16) It was asked when the last full re-evaluation was done and how many properties were visited with the answer being about 2 years ago and about 70% +/- of the properties were visited. 17) It was asked what is considered a "higher end house" in Moultonborough. Gary responded that there is no set number, and this varies from town to town, but in Moultonborough the range would be from \$1 million. 18) It was asked if DRA had reviewed the data and does the state maintain their own data? Gary replied that there was no separate database and the Town sends DRA our report (MS-1) once the values are finalized. The Town also has to send them all of our sales data and DRA reviews all of it to test our results and make sure the Town did not disqualify sales we should have used. 19) A speaker observed that the Town may have met its desired sample size town wide but not by neighborhood. 20) It was asked if the process was "checked" by having a sampling of fee based appraisals done and Gary said that we do look at fee appraisals that people bring in, but do not commission our own. The speaker followed up that in this process the Town was looking at the "squeaky wheels" and suggested the Town do some individual appraisals as a check. 21) It was suggested that a 10% change in property values (between the July meeting and today) was

unacceptable and shows the system is flawed. In the speaker's neighborhood they had only 1 sale last year (an increase) and this year had 1 sale (a tear down) and they thought the (land only) value would be used as a valid point to establish a land value and we were told so by many (past Assessors Brownie & Craig). Dave Arnold responded that the hearing process was important and Vision uses all that information as a double check against their initial values. He said it is a valid part of the process and said Vision listened. In this case Vision is being criticized for changes as a result of the process and yet we are often criticized if there are no changes by those who say we didn't listen. 22) A speaker said that there is a problem with the way assessments are done. Properties are being improved to sell them and then when they sell that higher value is used to raise the neighborhood value which proves to be a disincentive to individuals to improve their property.

- IV. Gary explained the process going forward was that: (a) Staff would respond to any remaining questions and direction from the SelectBoard; (b) the results of that would be presented to the SelectBoard which would have to take final action; (c) which is then used to compile the DRA required MS-1 on or about September 15th; (d) which is then used to set the tax rate on or about October 15th. Vision then compiles the so-called USPAP manual for final DRA review. After the final tax bills are mailed any still aggrieved by the values and process may file an application for abatement which must be filed by March 1, 2011.
- V. The Chair recessed the Work Session at 6:40 p.m. and it reconvened at 7:00 p.m. at the Town Hall with members Mudgett, Crawford and Gray in attendance. The Town Administrator was directed to contact Ed and ask if he could make a workshop at 4 p.m. on September 2nd and to set that date and time in order to continue the discussion and work through other items that needed to be deferred because of the hour.
- VI. Motion was Made by Karel, and Seconded by Jim to adjourn at 7:03 p.m. All were in Favor.

Approved

Date

Respectfully Submitted

Carter Terenzini, Town Administrator