

FY 2015 TRIENNIAL CERTIFICATION

REVALUATION

Assessor's Office

An assessment is the value placed upon all real and personal property for the purpose of location property taxation. An analysis of market conditions along with the assessment level and uniformity must be performed annually as of January 1 whether for the triennial certification or for an interim annual year adjustment.

The triennial certification is being conducted in Charlton for FY2015. It is conducted by the Massachusetts Department of Revenue, Bureau of Local Assessment staff to ensure the proposed values were derived utilizing a methodology based on generally accepted mass appraisal practices, and are supported with current market evidence and are uniformly and equitably applied to all property. The data quality, all cost and depreciation tables and land schedules will be reviewed for all real property. In addition income producing property will be reviewed for income and expense analysis, development of the economic rent schedule, capitalization rates and correlation of the values derived from two appraisal approaches. Personal Property accounts will be reviewed for appropriate listing and valuation of assets along with costs and depreciation schedules.

We have attached below **QUESTIONS AND ANSWERS** to help the taxpayers of Charlton better understand this process.

REVALUATION QUESTIONS AND ANSWERS

What is a Revaluation?

A revaluation is the process of conducting the data collection and market analysis necessary to bring values of all properties within a municipality up to date and in line with the market for the purpose of a fair distribution of the tax burden.

Why and when is a Revaluation needed?

Simply stated, to keep up with the changing economic conditions in a community. Since an increase in population translates into an increase in the demand for housing and other municipal paid services such as schools, police, fire, waste disposal, road maintenance and snow removal, it is essential that property values be kept correct.

In 1979, all Massachusetts communities were required by state law to perform an initial total revaluation of property, including a full measure and list program to collect property data and a detailed market analysis of property sales. Once this was done, a community was "certified" by the state Department of Revenue, meaning that the community was following state guidelines and assessing all property at full market value as required by law. After initial certification, all communities are required by law to be "recertified" every three years. A valuation update is generally done for recertification, where each property file is reviewed and a sales analysis is

done to make sure that the values placed on the property reflect any changes in the economic market. In order to be recertified, a community must demonstrate that it has maintained the integrity of its property data, analyzed the sales market, adjusted values to be at 100% of market value, and met various statistical requirements. Communities that continually monitor the sales market and update their property data will be able to avoid an extremely costly total revaluation. Department of Revenue guidelines require a cyclical program of data collection and review (including interior and exterior inspections) so that each property is inspected, at a minimum, once every nine years. This ensures that all properties can be brought to current market value and contribute an equitable portion of the tax burden.

Since FY2005, all communities have been required to make annual adjustments in property values, called interim adjustments, between recertification years. Thus, assessed values will reflect market changes on a more regular basis.

What is market value and who determines my property value?

Market value is determined by activity in the real estate market and the general economy. The value of your property is based on an analysis of the entire market for one to two calendar years before the completion of the revaluation project. The market can generally be defined as: you, the person who sold the property to you, and the person willing to buy it from you.

It is the Assessor's job to research and analyze the values in any particular area or neighborhood. In effect, the Assessor does what you would do to determine the selling price when putting your property up for sale, only the Assessor has specific guidelines to follow. Among the factors that are examined for each property are: location, size, quality of construction, age of improvements, topography, utilities, zoning restrictions if any, etc.

What happens during a Revaluation or Valuation Update?

If a total revaluation is being done, a physical inspection of both the interior and exterior of each property is conducted, where the building is measured and construction characteristics are noted. If the project is a valuation update, data quality studies and reinspection of some properties or neighborhoods, as well as an exterior field review of a significant portion of the town (or perhaps the entire town) will be done. Data collection can also include mailing of information request forms relating to commercial and personal property.

While the data collection phase is going on, Assessors are studying the sales and determining where the actual increases and decreases in value are occurring. This study of recent property sales allows comparisons to be made and allows Assessors to establish parameters to estimate the value of property that has not been sold. The Assessors then review this collected data and apply the determining factors of the sales analysis to come up with a value of each property.

When the work is completed, property owners can review the entire town's assessed values, so that they can see what the values are around his or her property. Should there be any concerns, inaccuracies, or discrepancies, an Assessor will review the property data. If a recollection or value adjustment needs to be done, the Assessor will make that determination, and any changes that result will be made on the property record card.

Will a Revaluation, Valuation Update or Interim Adjustment increase taxes?

Although valuation adjustments may result in an increase or decrease of individual assessments, it does not mean that all property taxes will increase or decrease. You may be saying, "SURE!", but remember, assessments are only the base that is used to distribute the tax burden. The tax burden is the amount that the town must raise to operate local government and support the many services each of us has come to expect, such as schools, police, etc. This is dependent upon the vote of Town Meeting. If the same amount of money is to be raised after the valuation adjustment as the previous year and each assessment doubles, the tax rate would be cut in half.

How will I know if my assessment is equitable?

There are two very good methods of determining this. First, compare your property to similar properties that sold in the previous year. Your value should be in line with these sale prices. Second, if no recent sales are available, compare your assessment to other similar properties in your area using the overall list of property values available in the Assessors Office. Your value should be comparable to these similar properties. Remember, very few properties are exactly alike. Your value should be in line, but it seldom will be exactly the same as what seems to be a similar property.

What qualifications will a contracted appraisal firm have?

Any appraisal firm active in Massachusetts should be cognizant of the requirements defined in Chapters 58-61B of the Massachusetts General Laws as amended by the State's Department of Revenue. Before any contract is signed, the firm's experience and the specific qualifications and experience of the personnel who will be doing the work are reviewed and must meet the town's requirements. Contracts for these projects always include a requirement that the end product must meet all Massachusetts Department of Revenue guidelines and that the town be certified by the DOR.

What qualifications do the Assessors have?

All Assessors, elected and appointed, as well as Assistant Assessors who have taken the oath of office, must meet minimum qualification standards set by the state Commissioner of Revenue. Currently, those standards include attendance at a week long course of training and passing of the concluding examination, as well as attendance at a Classification Training Workshop. The Commissioner may also establish continuing education requirements.

The Massachusetts Association of Assessing Officers has a long-established designation program with educational and length of service requirements for the following designations: Massachusetts Accredited Assessor, Residential Massachusetts Assessor, and Certified Massachusetts Assessor. In order to maintain an MAAO designation an assessor must complete a minimum of 45 credit hours of education every three years.