

Questions and Answers about the State-Mandated Property Revaluation Town of Groton, CT

October 2011

Empowering people who serve the public™



Why do we do revaluations?

- **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 Groton was performed for the October 1, 2006 Grand List.
- **Equity** - The market is forever changing. 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.

What does this Revaluation entail?

- Data Collection of All Property with Inspection Attempt
- Call Back Appointments for Requested Inspections
- Property Description Reports Mailed to all Residential Owners
- Letters Mailed to Commercial Owners to Review Data
- Review recent sales and neighborhood boundaries
- Build and test valuation tables
- Refine value tables using recent sales
- Value all properties
- Review values in field
- Inform public and disclose values
- Conduct informal taxpayer reviews

Where do the values come from?

RESIDENTIAL

- Sales of vacant and improved properties are the primary source of data.
- Land values are set using all available land sales.
- Analysis of new construction is done to establish construction costs, including builders profit.
- Analysis of older homes establish the amount of depreciation indicated by the current market.
- Costs of outbuildings from building permits and advertised prices are used to indicate outbuilding values.

COMMERCIAL

- Sales of vacant and improved properties are the primary source of data.
- Due to the fewer number of commercial sales and a lesser amount of construction activity, the income approach is also used to support the values produced using sales data.
- Annually, the Assessor mails *Income & Expense* forms to be completed by all income-producing properties, including apartments.
- Analysis of the returns provides data on local market rents, expenses and vacancy on the different types of commercial properties.
- Values for commercial and industrial property are set using the analyzed income and expense data and a review of recent sales.

Why might commercial and residential land be valued differently?

- Buyers of commercial and residential properties have different motives – Investment vs. Shelter
- The same factors influence commercial values differently from residential values
- Zoning laws require very different things for commercial and residential properties

Commercial vs. Residential Land

COMMERCIAL

- High traffic on a busy road makes a commercial property more valuable
- Adequate land area for parking is very important to commercial buyers. This requires flat, level land.
- The size of commercial structures often require larger land areas and must also support accessory structures and parking.
- Commercial primary lots are priced on a per acre basis, with each acre priced equally.

RESIDENTIAL

- High traffic can negatively affect the value of residential properties
- Rolling topography and water ways can have a positive impact on residential values.
- The size of a lot is determined by zoning and the size of typical properties in the neighborhood.
- Residential primary lots assume that only one lot can be utilized, even if there is enough area to support additional lots. Additional acreage is priced at a lower rate depending on the quality of the land and the neighborhood.

How is this appraisal different from a fee appraisal?

- A fee appraiser appraises only one property at a time. The appraisal is done for a specific reason, purchase, refinance, etc. The date of the appraisal is typically the day it is appraised.
- A revaluation uses mass appraisal, meaning we appraise many properties at once. The appraisal is typically done for property tax purposes and the date for all appraisals in Connecticut is October 1 of the revaluation year.

Fee vs. Mass Appraisal

Fee

- One property
- Date of appraisal is current date
- Equitable appraisals between properties is not a concern
- Adjustments to comparable sales determined for each appraisal and can differ depending on appraiser or time of appraisal.
- Single value produced
- No statistical tests to prove accuracy of appraisal

Mass

- Many properties
- 10/1/11 date of appraisal
- Equitable appraisals among similar properties critical.
- Adjustments are built into a model and are the same for all similar properties
- Individual values for each component, land, building, outbuildings and site improvements
- Statistical tests to prove accuracy of appraisals

I went online and found a value for my property.....

- AVM or Automated Valuation Models have become very popular as a quick way to check the value of your property.
- AVMs do not provide source documentation as to how the values are derived.
- AVMs are not concerned with equity among similar parcels.
- AVMs rely heavily on sales. If there are few or no comparables, the market estimate is less likely to be accurate.
- Check the data – it is often out of date or just incorrect
- There are no statistical tests to ensure the accuracy of the estimate.

When will I be notified of my new assessment?

Pursuant to Connecticut Law Chapter 203- Sec 12-62(a): With the exception of certain classified land, the assessments of each parcel of real property represents 70% of its estimated fair market value as of the date of the revaluation.

In November, each taxpayer in Groton will be mailed a “Notice of Change in Assessment”.

What if I don't agree with the new assessment?

- Every taxpayer will have the opportunity to review their new assessment with a representative of Tyler|CLT. These meetings are traditionally called Informal Reviews and will be held after the new assessments are mailed to each property owner.
- The Informal Reviews will be scheduled by appointment only and will be held during November at the Town Hall Annex building on Groton Long Point Road.
- The Town website will be updated to reflect the new assessments.
- In addition to an Informal Review with Tyler|CLT, taxpayers can also make an appeal to the Board of Assessment Appeals in March 2012 - after the grand list has been finalized.

How do I know the values are accurate?

- The International Association of Assessing Officers (IAAO) has developed standards to measure the quality of revaluations.
- The State of Connecticut requires Performance-Based Testing Standards that must be completed following a revaluation and recorded in the Town Clerk's permanent records.
- ***When complete, Groton's revaluation will meet, and, in most cases, exceed the standards set by the IAAO and the State of Connecticut.***

So what can I expect?

**Prior year 100% Appraised
Value = \$366,700**

**This ranch in the northwest
section of town sold for
\$300,000 on August 16, 2010**



**Prior Year 100% Appraised
Value = \$174,600**

**This three family house in the
City of Groton sold for
\$143,900 on November 18,
2010**



**Prior Year 100% Appraised
Value = \$187,600**

**This ranch house in
Poquonnock sold for
\$140,000 on May 24, 2011**



**Prior Year 100% Appraised
Value = \$387,400**

**This colonial in Mystic Village
sold for \$410,000 on
May 31, 2011**



**Prior Year 100% Appraised
Value = \$398,700**

**This home in Noank sold for
\$400,000 on November 12,
2009**



**Prior Year 100% Appraised
Value = \$189,200**

**This ranch in Old Mystic sold
for \$170,000 on March 14,
2011**



**Prior Year 100% Appraised
Value = \$2,007,900**

**This waterfront home sold for
\$2,310,000 on June 7, 2010**



**Prior Year 100% Appraised
Value = \$514,500**

**This Groton Long Point home
sold for \$698,000 on
November 19, 2010**



**Prior Year 100% Appraised
Value = \$293,500**

**This raised ranch in West
Pleasant Valley sold for
\$273,000 on August 5, 2011**



**Prior Year 100% Appraised
Value = \$127,200**

**This condo sold for \$93,500 on
April 11, 2011**



**Prior Year 100% Appraised
Value = \$57,900**

**This mobile home sold for
\$42,000 on March 15, 2010**



**Prior Year 100% Appraised
Value = \$1,291,200**

**This commercial property sold
for \$1,100,000 on April 8, 2011**



- Not all properties may have a lesser value than their prior value.
- Some properties may maintain their value.
- Some properties may see an increase in their value.

- Fair Market Value considers:
 - Property Location
 - Market Supply & Demand
 - Property Desirability
 - Sales

- *Revaluation = Fair and Equitable Re-Distribution of the Property Tax Burden.*

Thank you for your interest in the 2011 Groton Revaluation.

Mission:

To assess all property...at a uniform rate of 70% of the present and actual value.

To Accomplish:

A Fair and Equitable Re-Distribution of the Property Tax Burden.