

Town of Derry, NH

Department Mission and Objectives Fiscal Year 2010

Department: Finance

Activity Center: Assessing

Department Mission: Assure that no property class or individual property is bearing any more or less of the tax burden than is justified based upon market conditions existing on April 1, of each year. This is accomplished in accordance with the Constitution of the State of New Hampshire, State Statutes, Assessment Standards Board (ASB), Equalization Standards Board (ESB), and or the State of New Hampshire Department of Revenue Administration (DRA) rules that may apply to municipalities and the assessment function, including policies as established by the Derry Board of Assessors (Town Council). Also by professionally accepted appraisal/assessment practices and or procedures as outlined by the International Association of Assessing Officers (IAAO) and The Appraisal Foundations national Uniform Standards of Professional Appraisal Practice (USPAP).

Department Objectives: Derry's Equalization Ratio for 2007 was certified by DRA to be at 100%, meaning that locally assessed property values when compared to valid sales occurring throughout Town showed assessments to be at Market Value levels. The indication was that sale prices were beginning to drop, and the Real Estate Market was beginning to soften. As we analyzed sales into 2008 it became evident that real estate values were not recovering, and plans to perform an assessment update for 2008 were begun. Although DRA will not analyze the result of the 2008 update, we have estimated that the new assessments reflect a ratio of 96%. As we move forward toward the 2009 tax year, it is evident that real estate values are still on the decline, and we have made plans to continue our analysis of market activity and to move forward with another assessment update for tax year 2009. Derry's next Certification/Review by DRA will be effective for the tax year beginning April 1st, 2010. Continuing updates in the off years will prove beneficial as we prepare for DRA's review in 2010.

To consistently meet these State mandated regulations, and as has become the standard for this Department: the Department Mission shall be accomplished through the following guidelines – some of which have been reduced to written procedures. A two year reassessment review has been instituted for FY2008 and FY2009. Both years have been contracted by the Town with Corcoran consulting Associates, Inc, to be completed effective for each tax year beginning April 1. This is in keeping with the Town Councils' approval. The project is scheduled to be turned over to the Board of Assessors no later than July 31st each year. As a result of a Press Release was issued to announce this project and a formal Request for Proposal (RFP) had been issued, and a contract has been signed.

The following Objectives are ongoing from one year to the next irrespective of a Town-wide re-assessment or a neighborhood or property class assessment update.

A. INSPECTION:

- Continuous cycled inspections (by property class and or geographic area) typically 20% to 25% of all Residential properties are done each year. The objective is to verify data elements on the Property Record Card with what is actually present at the property.
- Annual inspection and reviews of properties that have sold.
- Annual field review of building permits.

B. ECONOMICS:

- Periodic surveys for current building costs.
- Annual reviews of land assessments.
- Income and expense questionnaires to all commercial and industrial properties (at least once in a three year period – last done in 2008).

C. APPRAISALS:

- Periodic reviews and reappraisals for all property classes by;
 - a) sub-divisions, economic neighborhoods, vacant land
 - b) residential single family properties
 - c) multi-family properties
 - d) condominiums
 - e) Commercial, industrial, and institutional properties.
- Analysis of features;
 - a) older homes vs. mid-life homes vs. new homes
 - b) Ranches vs. colonials vs. contemporaries, etc.
 - c) Large home sites vs. fractional acreage.
- Notices to taxpayers; these provide: notice of pending area reviews, notice of preliminary assessed values, and hearings, where time allows, and prior to billing (with notice of any change). This is a primary written procedure/policy.

D. RESOURCES:

- Computer software and hardware – continuous upgrade of software and hardware as technology develops – a priority for the Department.
- Appraisal staff, clerical staff, and consultants, special help – a priority for the Department to establish an adequate and educated work force to meet the appraisal problems and accomplish tasks in a professional manner.

Town of Derry, NH

Activity Center Narrative, Programs and Activities FY 2010

DEPARTMENT: Finance

ACTIVITY CENTER: Assessing

NARRATIVE

Because of the volatility of the real estate market through the early 1990's, the Department has felt that the Town must address assessments Town-wide on an ongoing basis, through a two year plan to achieve the Assessing Department (the Department) Mission and Objectives. With the approval of a majority of the Board of Assessors (the Town Council), the Department has been keeping assessments current with market value since the town-wide (State ordered) revaluation in 1993. Through the late 1990's the market was relatively stable but very active for most property types. Changes in most assessments were made to properties that were the most depressed in the early 1990's recessionary period such as condominiums, waterfront, and apartments. Most of these property types gained much of the value they lost, and were increasing at a greater rate than single-family homes by the middle of the decade. All classes of properties had been re-assessed through the 1990's and into 2001 to keep pace with their rate of increase in market value.

The Department conducted a Town-wide Revaluation effective April 1, 2006 which brought Derry into State compliance with the Department of Revenue Administration (DRA) and Assessing Standards Board (ASB) Rules and Guidelines. We continue our efforts through a two year re-assessment review process, approved by a majority of the Board of Assessors, into FY2008 and FY2009, as discussed in detail below.

Back in 2002 updates were halted, as a result of Board of Assessors' action to wait and see how State Certification and Review Guidelines came into play over the next two years. The State ASB annually reviews Assessing practices Statewide and also reviews DRA policies and procedures in view of the new Statutory mandates adopted in 2002. As a result of those changes in Policy at the State level, and in order for the Town of Derry to meet these new Standards and Rules, the Assessor had recommended that comprehensive Town-wide re-assessment updates be conducted in two phases the first effective for the tax year beginning April 1, 2004, the second effective for the tax year beginning April 1, 2005. The first phase was accomplished through reassessment of the land component of all assessed values in the Town, as authorized by a majority of the Board of Assessors (the Town Council). The second phase was halted and the Council, through the Town Administrator and the Assessor opted for a Revaluation project to be completed for tax year 2006.

Through most of 2005 and continuing through 2006, there had been a leveling off of Market Value prices and activity as we reviewed sales activity. In late 2006 and through 2007 market activity took a turn downward. The Department completed the 2008 re-assessment review, successfully recognizing the downward trend in the real estate market. As we move forward to implement the 2009 re-assessment review, all of the market based factors will be considered again when the Department finalizes its analysis and valuation setting process for 2009.

As is the norm and as we move into the future, the Department will continue to monitor

market activity very closely and will recommend adjusting assessed values in accordance with Board of Assessor authority.

The Department has been conducting a very open and constant Public Relations campaign through letters to individuals, and newspaper notices as appropriate. We have expanded this through Board of Assessor Workshops, and Channel 17 announcements and appearances. We will continue all these efforts as warranted during any phase of assessment data review and or updates.

PROGRAMS AND ACTIVITIES

2008 & 2009 Assessment program:

The following details of activities reflect the Scope of Service within the contract signed between the Town and Corcoran Consulting Associates for the two year assessment program;

Scope of Service 2008-2009 Assessment program: Note; 2008 has been successfully completed.

Inspections

- Cycled inspections – 20% of all improved properties exclusive of sales inspections and permit field work (approximately 2100 improved properties total) for each year. Inspections require call-back inspections for those properties where no one was home at the initial time of arrival.
- Sales Inspections - all properties that have transferred during the analysis year (October 2008 through September 2009) (approximately 750 per year).
- Sales Verifications and/or disqualifications of all sales of properties that have transferred during the analysis year (October 2008 through September 2009) (approximately 750 per year).
 - DRA codes will be utilized. This activity requires a certified assessor supervisor.
 - Documentation will be required.
- Active Permit Inspections – to include digital photographs of all permitted work (approximately 650 per year).
- Provide technical assistance with the review and investigation of 2008/2009 abatement applications received by the town.
- Provide technical assistance, and appraisal services to the town with formal appeals to the New Hampshire Board of Tax and Land Appeals, and the Superior Court.

Analyses

Assessment Update Activities:

- Assessments shall be updated to conform to RSA 76:8 and consistent with the Assessing Standards Board and Equalization Standards Board requirements for equitable assessments. Specifically:
 - Modify, through the use of consistent schedules, tables and algorithms, any assessments to ensure that all reflect, at a minimum, 95% of full market value as of April 1, 2009.
 - Ensure that the assessment ratios for all classes of property fall within 5% of the median ratio of the Town;
- Stratified sales analyses shall be performed on all property classes, with a report to be provided to the Assessor for review and consideration. Report shall include a recommendation of action(s) required per RSA 76:1 & 76:8.
- Any biases noted should be identified, with recommendations to the Assessor as to specific recommended actions.
- Currently, utilizing sales that have occurred since October 2007, the following biases have been identified within the residential file:
 - Living area curve, biased at both ends,
 - Quality grades, biased at both ends;
 - Year built (depreciation), biased at both ends.

Note: most of these issues have been rectified – within the standard high and low thresholds. For 2009 we will continue this review and make adjustments as warranted.
- The successful bidder will explain in detail how these and any other discovered biases will be addressed in the new CAMA file.
- Prime wetlands: Utilizing existing GIS layers of data, all parcels with prime wetlands shall continue to be reflected in the CAMA file, with resultant values assigned.

Field Review

- An appraisal field review will occur for all taxable properties in the Town (approximately 11,500 properties – inclusive of approximately 1,000 vacant land parcels) utilizing qualified and certified appraisers.
- Prior to field review, an appraisal manual and guidelines will be produced and submitted to the Assessor for review. The appraisal manual and guidelines will give clear instructions to the field appraisers for conducting their reviews and will incorporate, at a minimum, the following corrections to the CAMA file:

1. Market adjustments for Condo and Condexes: review and ensure consistent application of all market adjustments for condominium and condex properties (2900 properties);
 2. Apartment Complexes: review all garden apartments to ensure consistent application of valuation procedures including both land and building components. Such adjustments shall ensure that all garden apartments are appraised consistent with RSA 75:8 (67 Properties);
 3. Outbuilding Year Built: Correction of all actual year-built of residential outbuildings and subsequent outbuilding pricing with depreciation based upon age and condition assigned (actual year-built data is on file and will be provided – this data is not currently resident in the CAMA system) (Approximately 10,000+ outbuildings);
 4. Residential Garages: review of all residential properties with attached and detached garages will occur to ensure consistent pricing and depreciation for similar structures (attached and detached garages of similar construction will be similarly assessed);
 5. All Gambrel-style homes: will be especially reviewed for consistent application of story-height assignments (approximately 350 properties);
 6. Industrial Properties: All industrial properties reviewed for consistency in land and building assignments and will be appraised consistent with 75:8 (approximately 73 properties);
 7. Mobile Homes: manufactured housing to be reviewed for quality grade, depreciation and market adjustment consistency (approximately 440 properties);
- Commercial Properties: analysis of commercial properties will be undertaken to determine whether the assessments are reflective of market value and the common ratio. A report with specific recommendations shall be made to the Assessor prior to the conduction of appraisal field reviews (approximately 345 improved commercial properties).

Miscellaneous

- Utilizing extracted reports from the CAMA system, identify all mis-coded or incorrectly coded property uses and make corrections to the file. Verify that all Class and Property Use Codes are accurate at the conclusion of the project (State Class Codes).
- USPAP Compliant Report: At the conclusion of the project, a full USPAP report will be produced and submitted to the Town to serve as explanation and documentation of all changes in assessment. USPAP Standard 6 shall govern the scope of said report.
- Digital Photographs: Photographs will be taken in digital form for each parcel resident in CAMA without a photo of the primary structure(s).

The following is a detail of traditional activities performed by the Department on an annual basis:

- 20% to 25% cycled inspections – this activity starts with an introductory letter sent out in late January, inspections follow soon after, and a follow up letter is sent in late March to schedule a follow-up inspection by specific appointment.
- Sales analysis – properties that have sold from January 2007 through April 1, of 2009 will be analyzed for an indication of Market Value as of April 1, 2009.
- Data mailers – These are informational letters that the Department sends out periodically beginning in February or March. This activity is not conducted each year. The Property Owner will be asked to review the data, and to inform the Department if they find any errors in the data. Follow-up inspections are likely to occur from returned mailers.
- Land, Building & Depreciation Schedules – These are usually developed in May of the tax year. The schedules are based on the analysis of sales. New Land Value Tables may be developed, along with construction costs for buildings. Finally, new building depreciation schedules may be developed that will reflect current market conditions that reflect the cost to construct buildings.
- Appraisal reviews – This will be completed by late spring. Preliminary value estimate sheets will be produced, and appraisers will conduct site inspections within each Neighborhood as needed. This will ensure that the final value estimate is within reason of each property's Market Value, and consistent with similar properties in similar Neighborhoods. When appropriate new valuation Models and Tables will be developed and applied, and each property will be re-priced.
- Notifications – Letters informing property owners of value changes will be sent in midsummer. At the same time, lists of all new value estimates will be printed and posted in the Public Research Room next to the Assessing Department and there will also be comprehensive assessment information on the Town's Website.
- Informal Hearings – Those property owners wishing to discuss or dispute their new assessed value estimates will be given an opportunity to schedule an appointment with an appraiser directly involved with the project. Oversights or errors of record will be corrected at that time and will be reflected in the tax billing as soon as is practical, or an in house abatement may be generated.

Town of Derry, NH
 FY 2010 Budget
 Activity Center Summary By Category

38		Activity Center : ASSESSOR						
Department: FINANCE DEPT		FY 2007 Revised Budget	FY 2008 Revised Budget	FY 2009 Revised Budget	2009 Projected Actual	2010 Department Recommended	2010 Town Admin Recommended	2010 Town Council Adopted
Acct #	Account Description							
Personnel Services								
110	ASR PERMANENT POSITIONS	269,489	273,492	272,703	267,047	251,119	251,119	251,119
140	ASR OVERTIME	1,300	1,000	1,000	150	225	225	225
190	ASR OTHER COMPENSATION	28,667	29,809	21,894	22,076	25,047	25,047	25,047
200	ASR EMPLOYEE BENEFITS	106,032	115,040	114,832	103,545	97,661	97,661	97,661
291	ASR TRAINING & CONFERENCES	7,215	4,735	3,710	3,710	3,530	3,530	3,530
	TOTAL Personnel Services	412,703	424,076	414,139	396,528	377,582	377,582	377,582
Operations & Maintenance								
312	ASR ASSESSING	142,617	174,672	150,000	150,000	198,000	198,000	198,000
341	ASR TELEPHONE	1,200	1,200	1,000	800	850	850	850
342	ASR DATA PROCESSING	10,600	10,600	9,300	9,300	9,400	9,400	9,400
390	ASR OTHER PROFESSIONAL SVS	170	170	170	170	170	170	170
430	ASR REPAIRS & MAINTENANCE	200	200	200	200	200	200	200
440	ASR RENTAL & LEASES	407	306	400	200	400	400	400
490	ASR OTHER PROPERTY RELATED SVS	1,000	1,000	1,000	1,000	1,000	1,000	1,000
550	ASR PRINTING	1,400	1,400	1,400	1,400	1,400	1,400	1,400
560	ASR DUES & SUBSCRIPTIONS	3,110	1,290	865	865	865	865	865
620	ASR OFFICE SUPPLIES	3,600	3,600	3,600	3,600	3,600	3,600	3,600
625	ASR POSTAGE	7,300	5,900	5,900	3,500	12,375	12,375	12,375
690	ASR OTHER NON CAPITAL	4,100	0	0	0	3,000	3,000	3,000
	TOTAL Operations & Maintenance	175,704	200,338	173,835	171,035	231,260	231,260	231,260
	Capital Outlay Transfers							

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910	ASR TFR TO SPECIAL REVENUE	0	2,000	3,849	3,849	3,000	3,000	3,000		
960	ASR TFR TO TRUST/AGENCY FUND	40,000	40,000	20,000	20,000	0	0	0		
	TOTAL Transfers	40,000	42,000	23,849	23,849	3,000	3,000	3,000		
	Debt Service									
980	ASR DEBT SERVICE	813	813	813	813	813	813	813		
	TOTAL Debt Service	813	813	813	813	813	813	813		
	TOTAL ASSESSOR	629,220	667,227	612,636	592,225	612,655	612,655	612,655		

PROJECTION: 2010 2010 BUDGET

FOR PERIOD 99

ACCOUNTS FOR:
GOV GENERAL FUND

	2008 ACTUAL	2009 ORIG BUD	2009 REVISED BUD	2009 ACTUAL	2009 PROJECTION	2010 Adopted	PCT CHANGE
TAX REVENUE	-60,790.45	-60,081.00	-62,080.00	-64,251.87	-58,540.00	-64,347.00	3.7%
ST NH REVENUE	.00	-3,849.00	-3,849.00	-4,439.07	-3,849.00	-3,000.00	-22.1%
SERVICE REVENUE	-723.48	-500.00	-500.00	-427.67	-500.00	-500.00	.0%
MISC REVENUE	-10,381.16	.00	.00	-8,999.54	.00	.00	.0%
INTERFUND TFR IN	.00	.00	.00	.00	.00	-45,000.00	.0%
OTH FINANCING SOURCE	.00	.00	.00	-5.00	.00	.00	.0%
ASSESSOR	-71,895.09	-64,430.00	-66,429.00	-78,123.15	-62,889.00	-112,847.00	69.9%