

2022 REVALUATION TOWN OF EAST HADDAM QUESTIONS AND ANSWERS

WHAT EXACTLY IS A REVALUATION?

The dictionary of Real Estate Appraisal Third Addition (1993) published by the Appraisal Institute defines revaluation as a "...mass appraisal of all property within an assessment jurisdiction to equalize assessed values..." In other words, the goal is to eliminate assessment inequities that may have taken place since the last revaluation.

HOW IS IT ACCOMPLISHED AND HOW OFTEN?

It is accomplished by updating assessments of real property to reflect their fair market values as of the date of a revaluation. Pursuant to Section 12-62(b) of the CT General Statutes, commencing October 1, 2003, all municipalities must implement a revaluation every five years. The date of East Haddam's previous revaluation was October 1, 2017.

WHAT DOES THE UPDATING OF ASSESSMENTS ENTAIL?

In summary, this requires:

- An analysis of selling prices of approximately one to two years prior to the October 1, 2022 revaluation date, during which, the features that have motivated buyers and sellers in East Haddam are identified and quantified.
- From this analysis, valuation models are created.
- The valuation models are then statistically tested in order to ensure they conform to the State of CT Performance Based Revaluation Standards of accuracy and uniformity in estimating fair market value.
- Income and expense information provided by commercial property owners is utilized and statistically tested as part of the process in determining commercial values.

WHAT IS FAIR MARKET VALUE?

Fair market value, according to The American Institute of Real Estate Appraisers, is "the most probable price for which a property will sell in a competitive market with buyer and seller each acting prudently, knowledgeably and for self-interest, and assuming that neither is under undue duress." This precludes foreclosures, short sales, estate sales, and sales between family members.

SHOULD I EXPECT MY PROPERTY TO BE VALUED THE SAME AS WHAT I PURCHASED IT FOR, AS LONG AS THE SALE WAS WITHIN TWELVE MONTHS PRECEDING OCTOBER 1, 2022?

Not necessarily. Property types, despite similarities, tend to sell within a “value range” versus one specific price. The reason for this is because the motivations of buyers and sellers may differ from sale to sale. Therefore, in accordance with the definition of fair market value, the goal is to determine “the most *probable* price,” which tends to be in the middle range of recent sales of similar properties. The result is an appraised value that could be *higher* or *lower* than what you actually paid for it.

WHAT IF THERE HASN'T BEEN A RECENT ARMS-LENGTH SALE OF MY PROPERTY?

The next best evidence is the arms-length sales of reasonably comparable properties. These are properties that are similar to yours in location, age, style, condition, and other features that affect market value, such as the number of bedrooms and bathrooms and size of garage.

WHAT IF THERE ARE NO REASONABLE COMPARABLE SALES?

We will then consider all other factors that may affect the market value of your property. The cost to replace your building(s), less any depreciation, plus the value of the land could be used to estimate market value. For income producing properties, the income and expenses could be considered.

I HAVE RECENTLY BUILT MY HOME. WILL THE ACTUAL CONSTRUCTION COSTS BE CONSIDERED?

Your construction cost is a historical figure that may or may not reflect the current market value of your property. It is only one element that will be considered.

WHAT WILL HAPPEN TO MY ASSESSMENT IF I IMPROVE MY PROPERTY?

In general, improvements that increase the market value of a property will increase the assessment. The following examples are typical items that may increase the assessed value of your property: 1) additional living or rentable area, 2) substantial modernization of kitchen or baths, 3) extensive remodeling, 4) adding features such as A/C, finished basement rooms, garages, pools, etc.

WILL MY ASSESSMENT GO UP IF I REPAIR MY PROPERTY?

Normal maintenance will help retain the market value of your property, but generally will not affect your assessment.

DO PROPERTY VALUES CHANGE UNIFORMLY FROM ONE REVALUTATION TO THE NEXT?

Not usually. Fluctuating economic conditions, along with local factors, influence the values of property class types in different ways. It is not unusual for some to experience a rather dramatic increase in value, while others see a more moderate change. Even different types of properties within the same neighborhood may show different value changes. For example, one story houses may be more in demand than two story houses or vice versa. Older homes in the same area may be rising in value more slowly than new homes. Other factors that will be considered that will cause values to differ are location, condition, size, quality, number of baths, basement finish, garages, etc.

NOBODY INSPECTED THE INSIDE OF MY HOME, SO HOW COULD YOU REASSESS IT?

The assessor's office maintains a complete record for each property. Information is kept current through permit inspections, sales inspections, periodic re-inspections and exterior reviews. (In lieu of interior inspections for the 2022 Revaluation Update, the town's vendor, Vision Government Solutions, Inc. mailed Residential Data Verification Reports, aka, "Data Mailers" to all residential and condo property owners in March. Per instructions on the Data Mailer, please be sure to review the information, made any necessary changes, sign and date, and return it to Vision.)

I'VE HEARD YOU DEVELOP VALES BY COMPUTER. IS THIS CORRECT?

Just as in many other fields, computers are useful in the assessment process. Assessors are trained to look for relationships between property characteristics and market value. By coding these characteristics and studying sale prices, assessor can estimate value by developing formulas and models. Computers are much faster and are capable of advanced analysis in this area. Despite these capabilities, common sense and assessor judgment are always required to verify assessments. Assessors most familiar with the neighborhoods and properties review all assessments.

IS THE TOWN GOING TO COLLECT MORE TAXES BECAUSE OF THE REVALUATION?

A revaluation may result in an increase or decrease of individual taxes depending on how a property value increased or decreased relative to the average change in the town's assessments. A revaluation *redistributes* the total tax burden more fairly but does not increase or decrease tax *revenue*, which is the amount the municipality must raise to operate the local government and support services, such as schools, police, etc.

The information provided above (from the 2020 Edition of the CT Assoc. of Assessing Officers' Handbook) addresses some typical questions concerning the revaluation process. Please feel free to email your questions or concerns to: assessor@easthaddam.org.