

Residential Revaluation

Portland, Maine



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Why a Revaluation?

Maine Constitution

Section 7 - While the public expenses shall be assessed on estates, a general valuation shall be taken at least once in 10 years.

Section 8 - All taxes upon real estate shall be apportioned and assessed equally according to the just value thereof.

Maine Revised Statutes Title 36 §327 Minimum Assessing Standards

Assessment to Market Value Ratio

A municipality should have a minimum assessment ratio of 70% of its just value

Maine Revised Statutes Title 36 §327 Minimum Assessing Standards

Quality Rating

A municipality should have a maximum quality rating of 20

Revaluation Goals

- Implement new values for all properties to reflect 100% of market value as of **April 1, 2020**
- Meet or exceed the Uniform Standards of Professional Appraisal Practice (**USPAP**) for Mass Appraisal.
- Meet or exceed the Standard on Mass Appraisal - International Association of Assessing Officers (**IAAO**)

Mass Appraisal

- Process of valuing a group of properties as of a given date
 - Uses common data and standardized methods
 - Relies on valuation equations, tables, schedules and models developed through mathematical analysis
 - Requires statistical testing

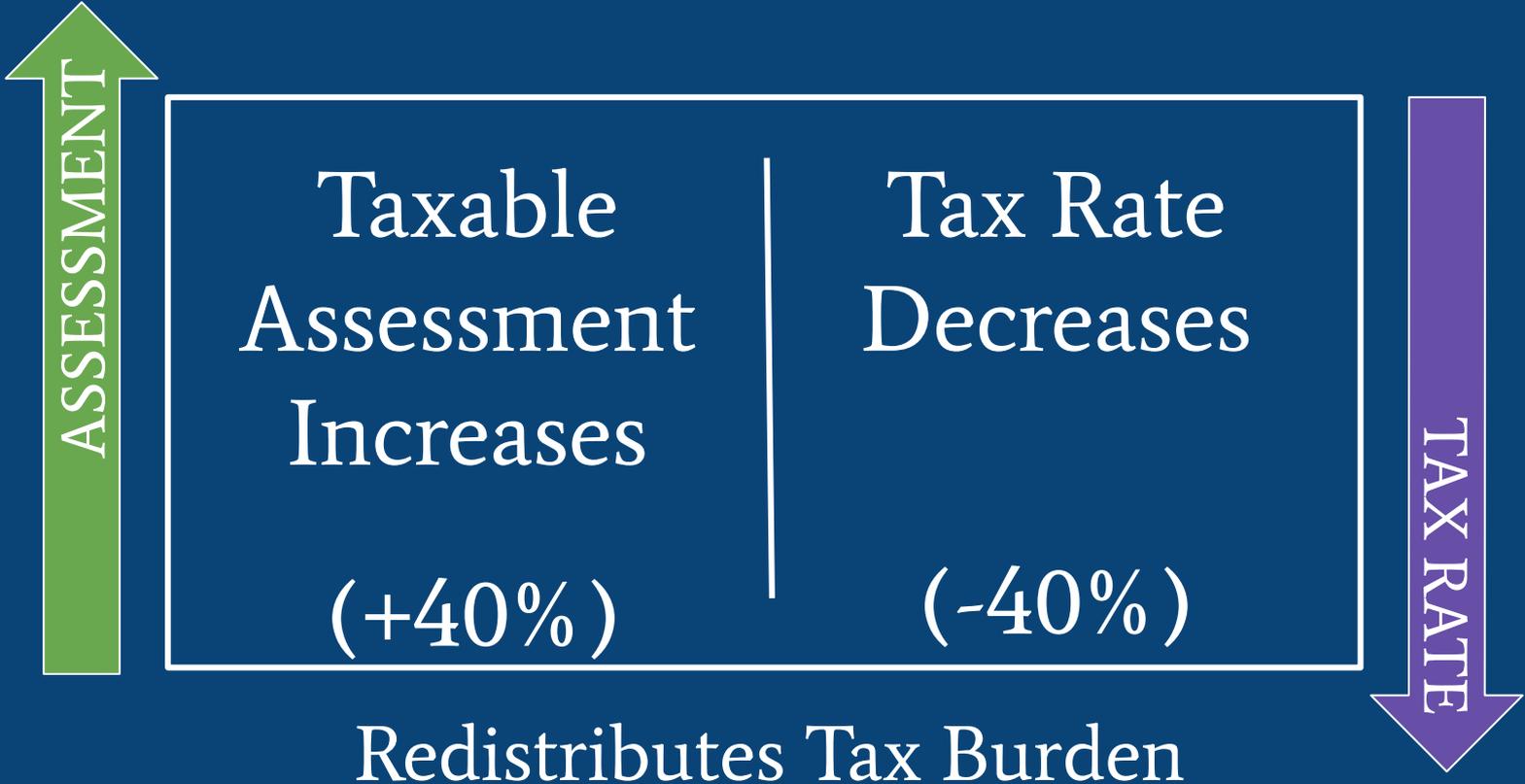
Values of individual properties are not based solely on a sale price. Rather, valuation models are consistently applied.

Revaluation Fears

- Pay more taxes
- Government will spend more
- Loss of Tenants
- Have to sell



Revenue Neutral



Tax Equalization

	Mrs. Smith	Mrs. Jones	Collected Taxes
Current Assessment	\$100,000	\$100,000	
Current Taxes	\$2,331	\$2,331	\$4,662
Assessment after Reval	\$300,000	\$150,000	
Taxes following Reval	\$3,108	\$1,554	\$4,662

Phases of Revaluation



GIS Sketch
Verification

January 2019
to
October 2019



Data Analysis / QA
And Final Reviews

May 2019
to
April 2020



Notices and Informal
Hearings

April 2020
to
July 2020

Definition of Market Value



Definition of Market Value

Market Value is defined as “*the most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus.”*”

Definition of Market Value

Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated
- Both parties are well informed or well advised, and acting in what they consider to be their own best interests
- A reasonable time is allowed for exposure on the open market
- Payment is made in terms of cash or comparable financial arrangements
- The sale price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale

Approaches to Market Value

1

Cost Approach

Value is derived by determining the cost required to construct a reproduction or replacement of the same property then deducting depreciation

2

Sales / Market Approach

Comparing recently sold properties of a similar type, similar style and similar characteristics. Value adjustments are made for the differences

3

Income Approach

Value is the present worth of the future benefits of ownership for an income producing property

Cost Approach

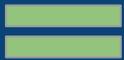
Replacement Cost New



Less Depreciation



Plus Land Value



Market Value

Replacement Cost New

Marshall & Swift Valuation Cost Manual

TYPE	QUALITY	DATE	BASE	CURRENT MULTIPLIER	LOCAL PORTLAND MULTIPLIER	COMPOSITE FINAL RATE
Single-Family	C Good	Aug-2018	\$ 135.00	1.02	0.99	\$ 136.32
Single-Family	C Average	Aug-2018	\$ 96.50	1.02	1.03	\$ 101.38
Town House	C Good	Aug-2018	\$ 118.00	1.02	0.99	\$ 119.16
Town House	C Average	Aug-2018	\$ 86.00	1.02	1.03	\$ 90.35
Apartment Low Rise	D Average	Aug-2018	\$78.50	1.02	1.02	\$ 81.67
Bank	C Average	Nov-2017	\$170.00	1.07	1.03	\$ 187.36

Less Depreciation

- Physical Deterioration
 - Loss in value due to normal wear and tear or disintegration of an improvement from the forces of nature
- Functional Obsolescence
 - Loss in value due to the inability of a structure to perform adequately the function for which it is used
- External or Economic Obsolescence
 - Loss of value by factors external to the property

Plus Land Value

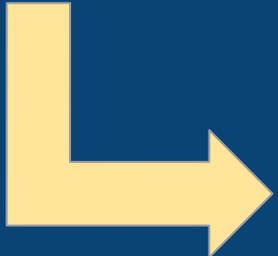
- Base-Lot Method
 - 8,000 sq. ft. base lot rate - \$10 per sq. ft. or \$80,000
 - Incr. / Decr. - \$5 per sq. ft.

10,000 sq. ft. lot
8,000 sq. ft. base lot = \$80,000
2,000 sq. ft. @ \$5 = \$10,000
Total Land Value = \$90,000

6,000 sq. ft. lot
\$80,000
- \$10,000
= \$70,000

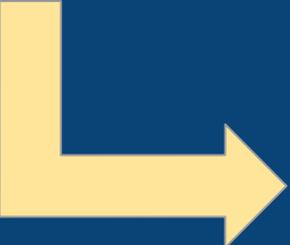
Base Cost
\$180 / Sq. Ft. X
2,000 SF

\$ 360,000



Depreciation
-25%

\$ 90,000

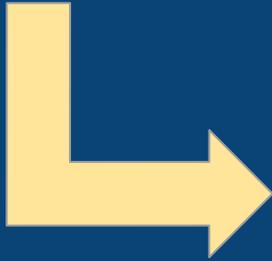


Building
Value

\$ 270,000

Building Value

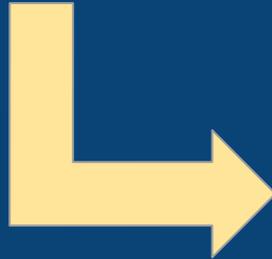
\$ 270,000



Land Value

8,000 sq. ft. @
\$10 sq. ft.

\$ 80,000



Market
Value

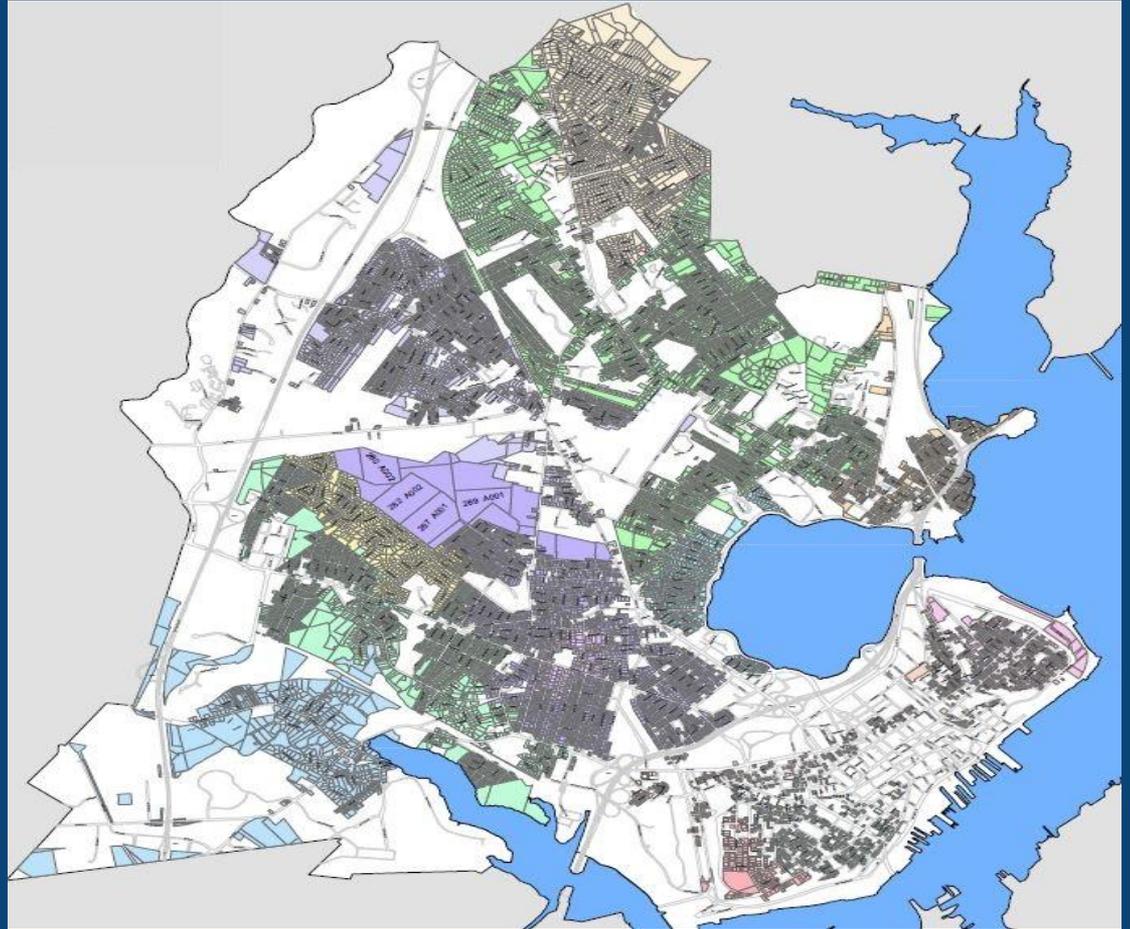
\$ 350,000

Sales Comparison / Market Approach

Sales - 1402

Ratio - 70%

Quality Rating - 18

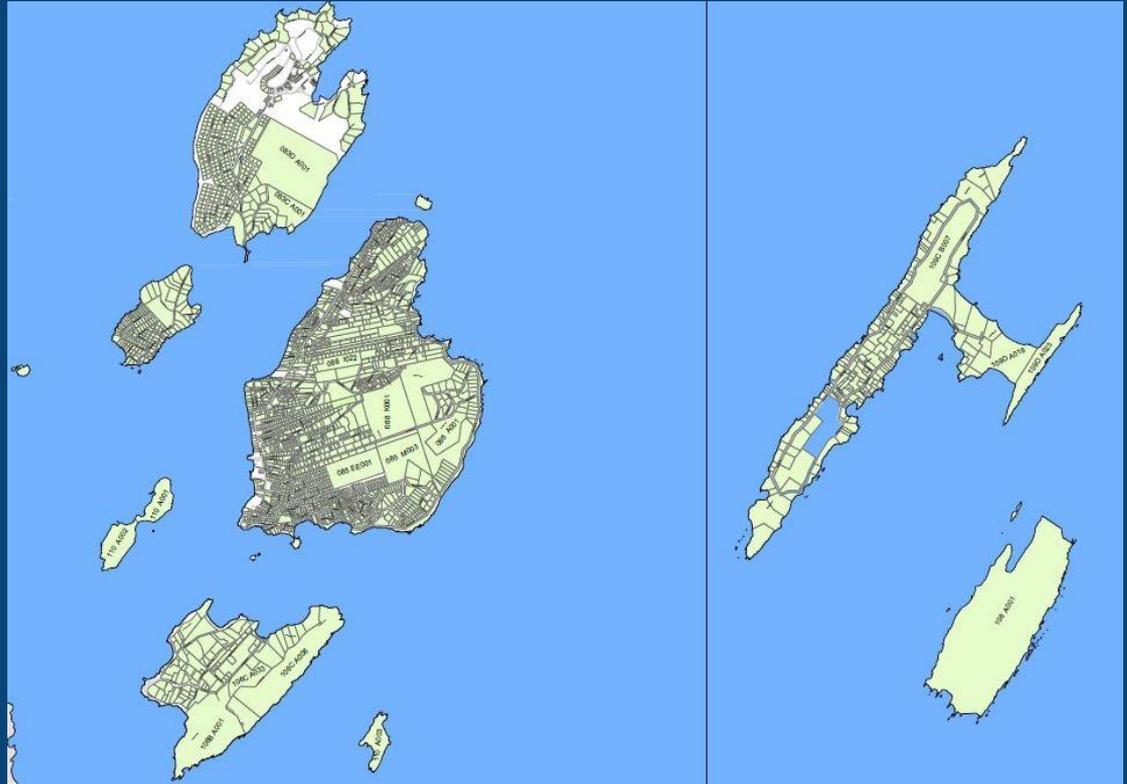


Neighborhood 100 - Islands

Sales - 84

Avg. Ratio - 84%

Quality Rating - 17

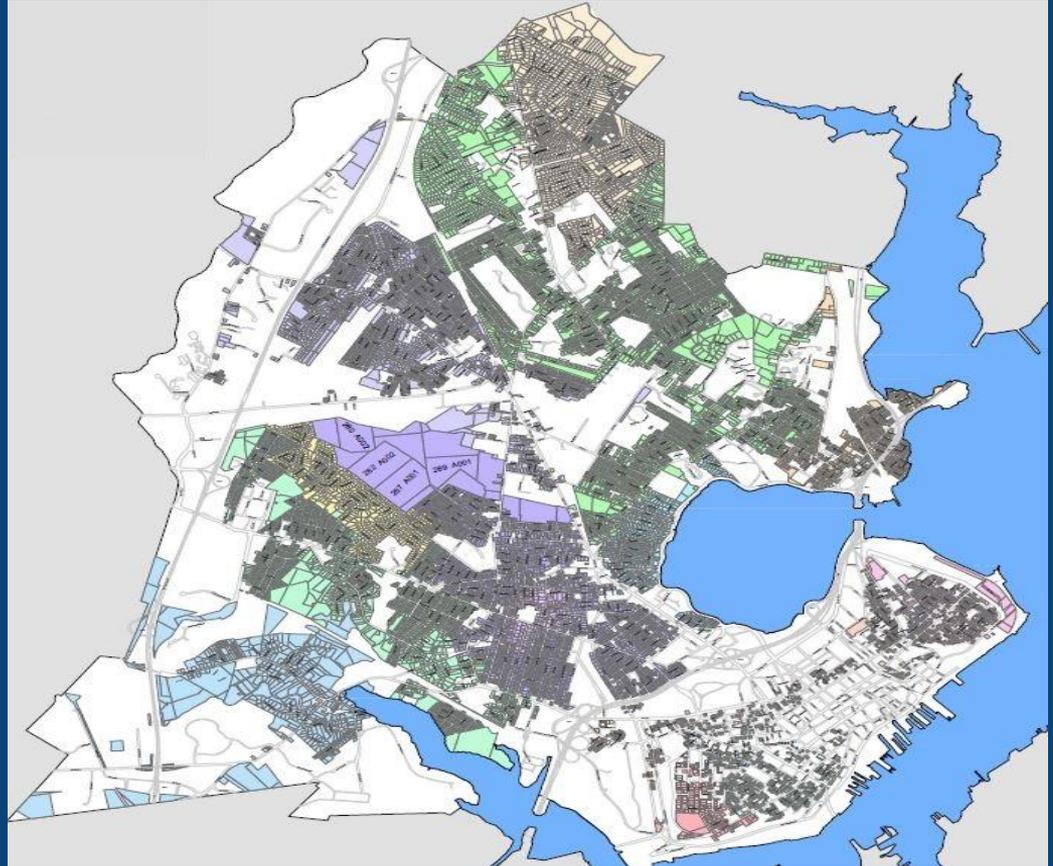


Residential Condos

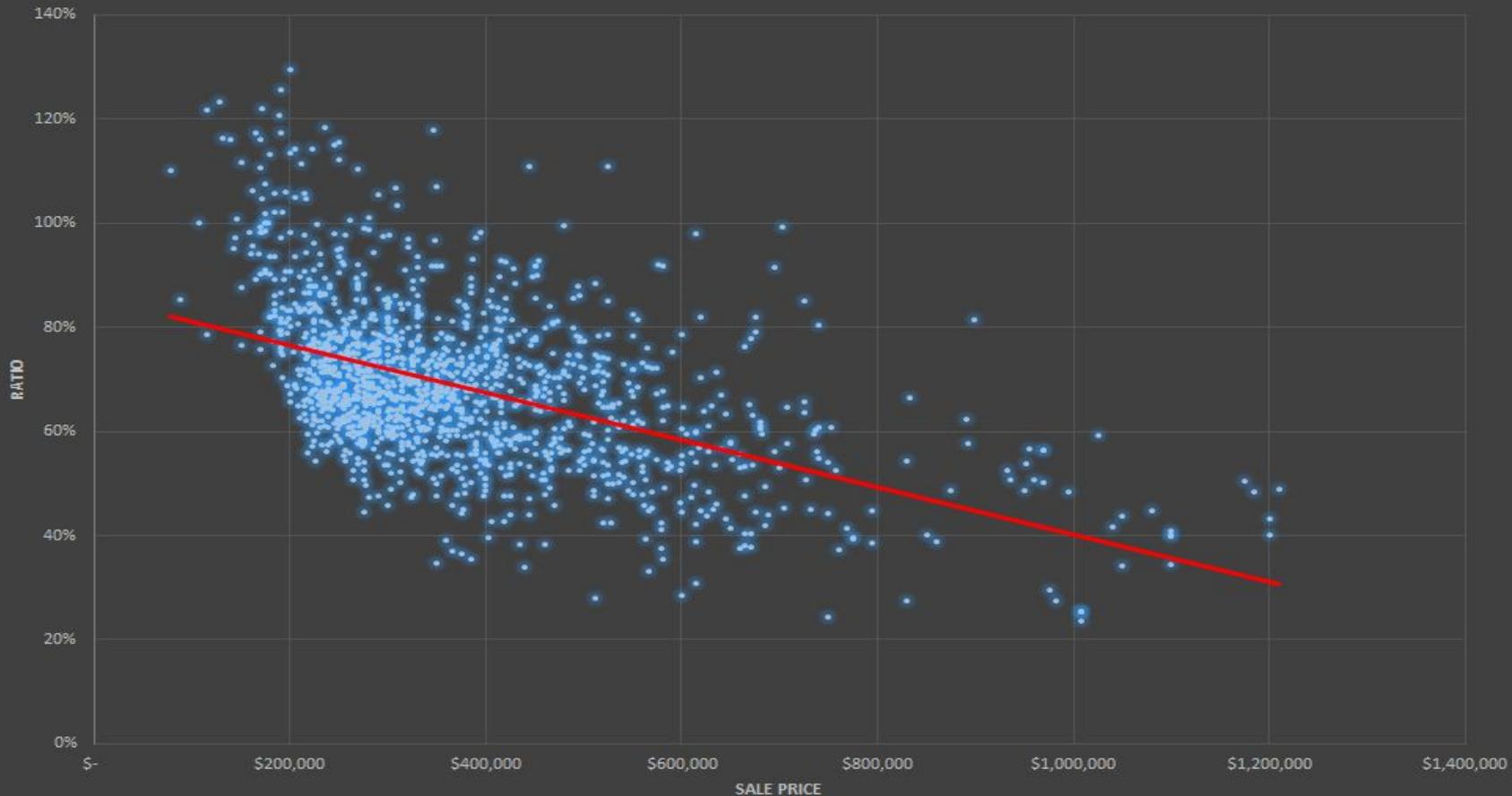
Sales - 876

Avg. Ratio - 68%

Quality Rating - 14



SALE PRICE to ASSESSMENT RATIO

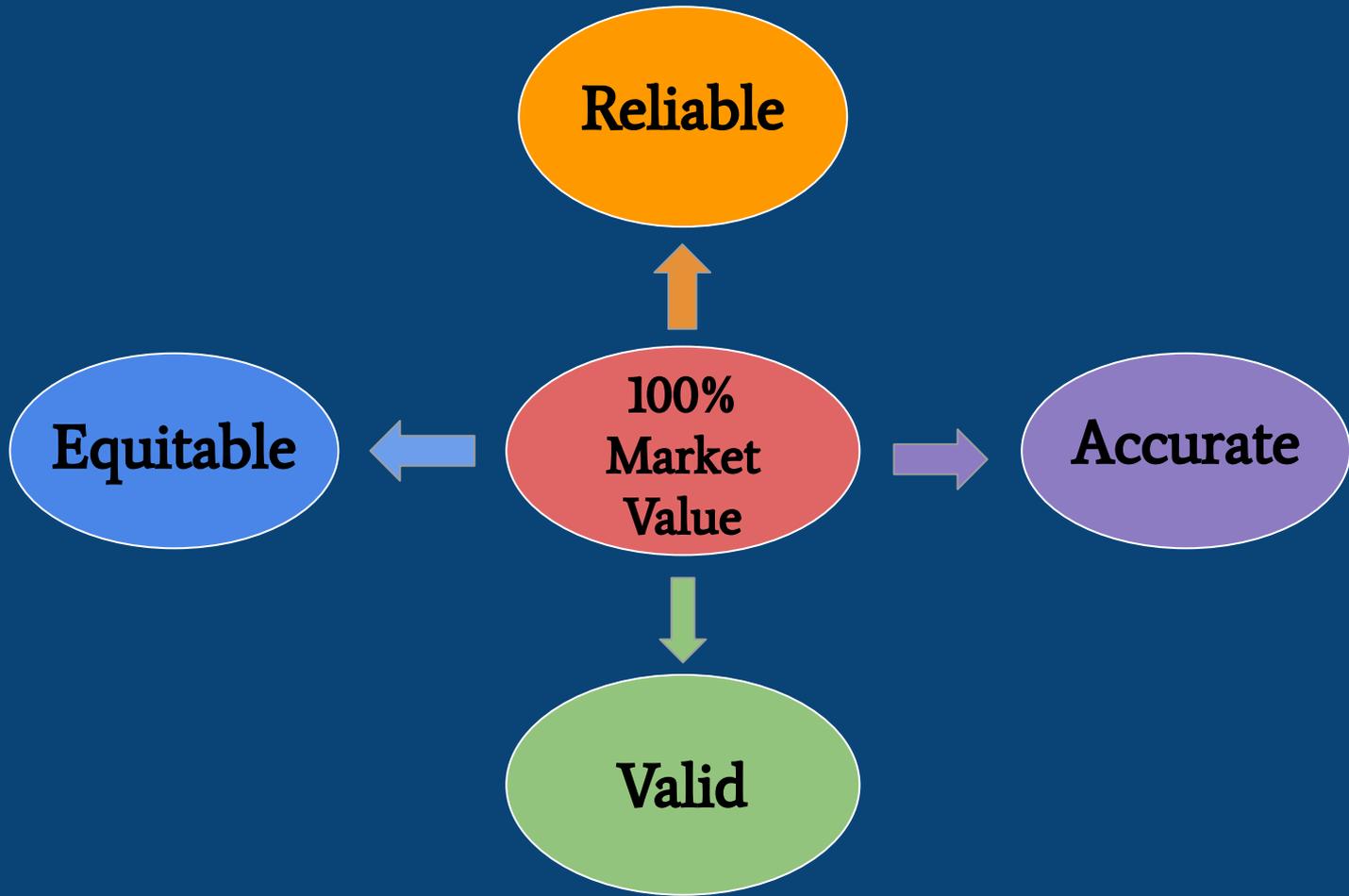


Residential Sales Ratio Testing

	Assessment Ratio (ASR)	Coefficient of Dispersion (COD)	Price Related Differential (PRD)	Price Related Bias (PRB)
IAAO Standard	90% to 110%	15.0 or less	.98 - 1.03	-.05 to +.05
State of Maine	Min. 70%	Max. 20	N/A	N/A
City of Portland	70	18	1.07	-.06
Results	FAILED	FAILED	FAILED	FAILED

Revaluation Goals

- Implement new values for all properties to reflect 100% of market value as of **April 1, 2020**
- Secure a more equitable distribution of the tax burden
- Update and modernize assessment office systems and procedures
 - Will allow for smaller value changes to be made on more frequent basis - no more large scale revaluations!



So what does all this mean to you?

- Prepares you for your upcoming notice
- Helps you understand the revaluation process
- Helps you understand revaluation appraisal methods
- Helps you prepare for hearings



Tax Relief

- Homestead Exemption Program
 - Owned your property for at least 12 months and used as your primary residence
 - 8,740 properties enrolled for FY20; received \$16,800 in exemption for \$391.61 in tax relief
 - For April 1, 2020 - goes to \$25,000 of exemption
- Veterans Exemption
 - Qualifying veterans 62 or older or receiving 100% disability from the VA
 - Surviving spouse, minor child or widowed parent may also qualify

Tax Relief

- Blind Exemption
 - Any homeowner who is legally blind

- Portland Senior Tax Equity Program (P-STEP)
 - Qualified homeowners and renters
 - Must be 62 or older
 - Must receive the Maine Property Tax Fairness Credit
 - Application period is every March 15th through May 15th

Thank You!

revalueportland.me
portlandassessors.com
portlandmaine.gov
Revaluation Help Line
207-874-8763