



Town Council Meeting



April 5th 7:00 PM

Information Applications & Solutions inc

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What is Mass Appraisal?

- Mass appraisal is the systematic appraisal of groups of properties as of a given date using standardized procedures and statistical testing¹

Procedures

Standards

¹ Property Appraisal and Assessment Administration, Joseph K. Eckert, Ph.D., Editor, (Chicago: The International Association of Assessing Officers, 1990) p 285

Mass Appraisal Objective

- The objective of a mass appraisal process is to estimate the fair market value of all real estate (a term that is synonymous with the term real property) as of a common date according to the State of Connecticut revaluation policy and procedures

What is Fair Market Value?



What is Fair Market Value?

- The price paid for a property as negotiated between a willing buyer and a willing seller in a reasonable amount of time¹

Fair Market Value

- The price paid (sale price) for a property as negotiated between a willing buyer and a willing seller in a reasonable amount of time are known as ARMS-LENGTH transactions



Typical Non-Arms Length Sale Examples

- Sales between relatives
- Sales between corporate affiliates
- Sales involving governmental entities
- Foreclosures
- Auctions
- Estates

Ratio Study

- A ratio study is the comparison of a property value to the sale price
- Measures appraisal level and appraisal uniformity

Calculation of Sale Ratio

$$\frac{\text{Property Value}}{\text{Sales Price}} = \text{Sale Ratio}$$

$$\frac{85000}{120000} = .708 = 70.8\%$$

Adjusting Sales for Time

- Using parcels that sold more than once during a specific time period will show the effect of time
- Measuring the change of level using a fixed value generated at a fixed time
- Will show the amount of appreciation/depreciation.
- Normally calculated in monthly increments

Town of Enfield

2006 Revaluation Effort

- Analyzed and adjusted neighborhood definitions
- Performed time trending analysis and applied factor to create an adjusted sale price
 - October 2003 - September 2005 .85% per month
 - From October 2005 – April 2006 .4% per month
 - May 2006 – September 2006 no adjustment

Town of Enfield 2006 Revaluation Effort

- Time trending analysis continued
 - Example
 - Sale occurred July 2005 for \$200,000
 - 3 months @ .85 % per month = 2.55%
 - 6 months @ .6% per month = 2.4%
 - Sum = 4.95%
 - $\$200,000 * 1.0459 = \$209,900$

Town of Enfield 2006 Revaluation Effort

- Performed sale ratio analysis using time adjusted sales and 2005 values on various stratifications of properties
 - Neighborhood
 - Dwelling styles
 - Age of structure
 - Size of structure
- Developed land rates for all types of properties by neighborhood



NBHD Map

- Residential Map
- Commercial Map

Town of Enfield 2006 Revaluation Effort

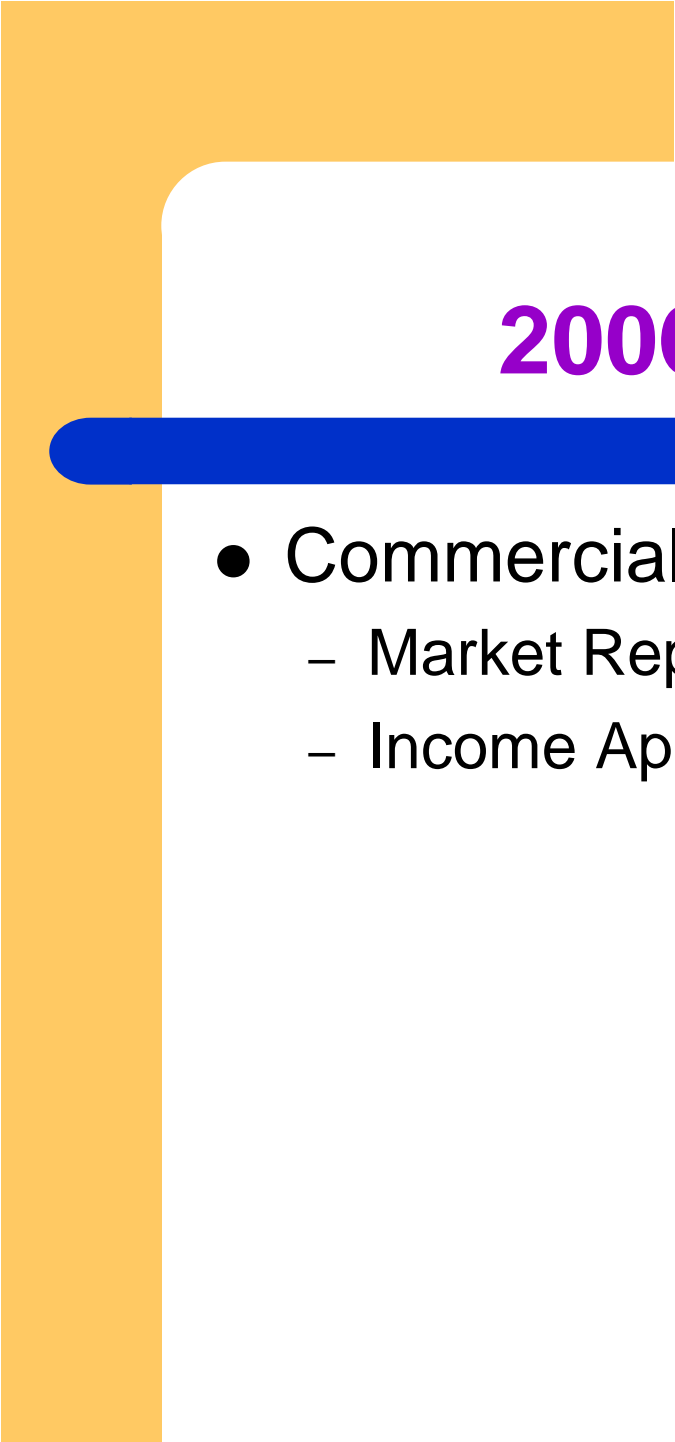
- Calibrated all cost schedules (Dwelling & C/I) based on local market and Marshall & Swift manuals
- Field reviewed all dwellings built before 1950 to standardize effective ages and conditions

Town of Enfield 2006 Revaluation Effort

- Generated a market approach value using Adaptive Estimation Procedure (Feedback) for all improved residential properties (dwellings and condos)
- Derived parameters for using the income approach (base rates, vacancy rates, expense rates and cap rates) for commercial industrial properties and multi-families

Town of Enfield 2006 Revaluation Effort

- Detached Dwellings up to 5 living units
 - Market Replacement Cost Approach
 - Feedback Market Approach
 - Predicted Value (Blended)
- Residential Condominiums
 - Feedback Market Approach



Town of Enfield 2006 Revaluation Effort

- Commercial Industrial and Multi-family
 - Market Replacement Cost Approach
 - Income Approach

Town of Enfield 2006 Revaluation Effort

- Reviewed all values generated for each property
- Generated Connecticut Performance Based Revaluation Standards





Comparisons of Fair Market Values



Candlewood Condominiums

Example	Unit Size	Style	# Common Walls	Rec Room Size	Value
1	1360	Townhouse	2	0	181200
2	1360	Townhouse	2	0	181200
3	1360	Townhouse	2	400	183200
4	1560	Ranch	1	400	219100

Ranch Style Dwellings

Street Name	Lot Size	Living Area	Effective Age	Cost Quality	Value
HARVEST RD	0.287	1008	47	104.84	159000
HOMESTEAD DR	0.249	880	54	151.7	175100
MONROE RD	0.402	1200	38	120.16	193500
EASTGATE LA	0.404	1518	35	142.69	250100

Ranch Style Dwellings

Street Name	Lot Size	Living Area	Effective Age	Cost Quality	Value	Adjusted Sale Price
HARVEST RD	0.287	1008	47	104.84	159000	164154
HOMESTEAD DR	0.249	880	54	151.7	175100	182000
MONROE RD	0.402	1200	38	120.16	193500	200000
EASTGATE LA	0.404	1518	35	142.69	250100	256000

3 Capes on Glenwood St

Example	Living Area	Lot Size	Porches	Garage Area	Rec Room Area	Bathrooms	Values
1	1210	0.35	None	572	400	2	212200
2	1210	0.39	Open	476	300	1	213200
3	1210	0.34	Enclosed	584	None	1	214100

Measures of Appraisal Level

- Median – Middle ratio when arrayed in order of magnitude
- Simple Mean – (Average ratio) Sum the ratios and divide by the number of ratios
- Weighted Mean – Divide the sum of all appraised values by sum of all sale prices

Measures of Appraisal Level

- Mean – The average of a group
 - 8
 - 9
 - 9
 - 11
 - 25
- The mean is 12.4
- Median - The middle of a sample
 - 8
 - 9
 - 9
 - 11
 - 25
- The median is 9

Measure of Regressivity

- Price related differential
- Calculated by dividing simple mean by weighted mean

Measure of equity and accuracy

- Coefficient of Dispersion (COD)
- Average absolute deviation from the median divided by the median
 - The lower the COD the closer the population is to the median.

State of Connecticut Performance Based Revaluation Standards

- Over all Median ratio should be between 63% and 77%
- COD of 15 or less for residential
- COD of 20 or less for C/I
- PRD .98-1.03

Comparing Form A 2006 and 2005

	2006	2005
Overall Median Ratio for all Property	66.5	38.4
Residential	66.5	37.9
Commercial, Industrial and Multi-Family	66.4	49.3

Comparing Form A 2006 and 2005

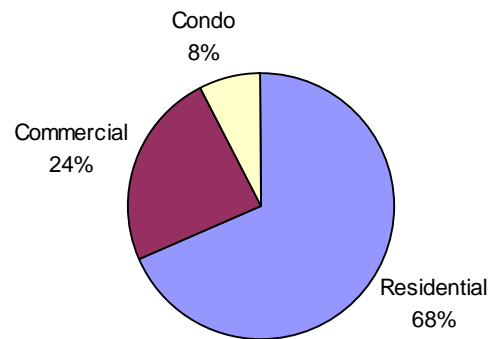
	2006	2005
Overall COD for all properties	6.93	9.39
Residential	6.96	9.13
Commercial, Industrial and Multi-Family	9.47	18.87

Comparing Form A 2006 and 2005

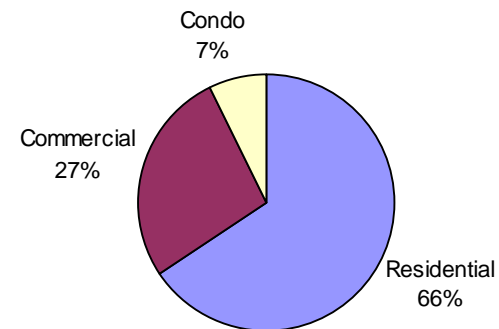
	2006	2005
Overall PRD for all properties	1.00	0.98
Residential	1.00	0.99
Commercial, Industrial and Multi-Family	1.00	0.97

Real Property Distributions – Gross Value

2006 Values

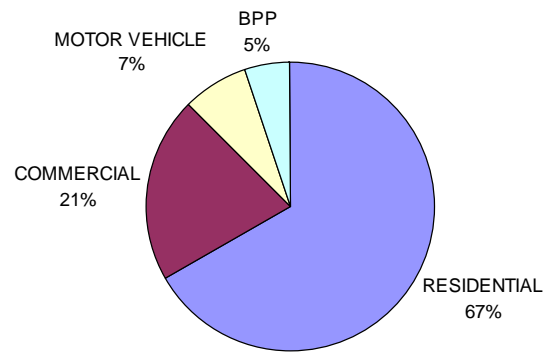


2005 Values



Distribution – Net Values

2006 Assessed Values



2005 Assessed Values

