



DEPARTMENT OF ASSESSMENT

2022 Revaluation Project

What is a Revaluation?

The process of performing all the necessary Market Analysis and Valuation steps to determine accurate and equitable market values for all properties within a municipality.

Why?

In Connecticut, Revaluations are performed every five years per Connecticut General Statutes 12-62(b)1. The real estate market is in constant fluctuation so as a Town moves farther away from the date of their revaluation, their values and assessments become outdated and this creates inequity.

What is the goal of a Revaluation?

The goal of any Revaluation project is **not** to raise or even lower taxes.

The goal is the fair and equitable administration of the local property tax.

A successful revaluation project ensures that all property in Town is valued equitably and accurately so that all property owners are responsible for their fair share of the property tax.

How is a Revaluation Accomplished?

There are two main components to a Revaluation Project.

- Statistical Analysis
- Property Inspections

Every Revaluation Project entails extensive statistical analysis. The Department of Assessment, in conjunction with a mass appraisal company, studies market sales over a two year period with most weight attributed to the sales within the immediate past year. A study of the valid market sales allows us to establish valuation models which will be used to estimate the value of all properties that have not sold. Additionally, current and local building costs and data are also analyzed to assist in the valuation model so that unit costs and costs per square foot for building improvements can be calculated for those properties that have improvements done in between revaluation projects.

Physical inspections are an integral part of the revaluation process as well. All properties that are sold are inspected to ensure that the sale was a valid market sale and that all data for the property is accurate. Field review is also done to ensure equity across town and the accuracy of our data. Additionally, the state requires that the Department of Assessment fully inspect every property once within a ten year time frame. This requirement is normally accomplished in conjunction with Revaluations in some capacity.

Stonington 2022 Revaluation Project

- The Town of Stonington awarded the residential project to Vision Governmental Solutions. It was determined that due to concerns attributed to the COVID-19 pandemic and the uncertainty of its trajectory and mutations, the office would rely primarily on data mailers to fulfill its inspection requirement.
- A data mailer is a document which can statutorily (CGS 12-62(4)) replace a physical inspection if both the exterior measurements and interior construction detail are confirmed by the property owner.
- The office sent out data mailers in the fall of 2021. Thanks to the cooperation of all residents and property owners, we had a **85%** return rate. The remaining 15% of properties that did not return a data mailer were inspected by our Deputy Assessor.

How did the data mailer process impact the Town?

- Contractually, Vision would have charged the Town \$27 for each property inspection. That would have cost the Town an additional **\$215,136**. Between the phenomenal efforts of our property owners and Assessment Staff, the Town achieved over \$200,000 in savings!
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Vision Governmental Solutions Role

- In addition to their assistance with the statistical analysis and modeling, Vision inspected all building permits and properties that sold.
 - Sales Verification forms were sent to all properties that sold. The verification forms asked questions to ensure the transaction was a true market sale and verify construction detail. Any sale that was determined not to be a valid transaction were excluded from the sale set.
 - There were 232 valid market sales between 10/1/2021 – 9/30/2022.
 - Vision inspected each of those sales and those were all used in the final analysis to determine building rates, depreciation tables, and land curves.
 - Vision also did a full field review of every property in town. During field review, exterior data is confirmed as well as neighborhood characteristics.
 - Field Review is an important step in the revaluation process. Vision, in conjunction, with the Director of Assessment and Deputy Assessor, completed field review throughout the spring and summer of 2022. It ensures consistency across Town and that comparable properties are valued equitably. It also serves as a quality control measure on the data in the Assessment Department. If any data is incorrect (i.e story height, outbuildings, etc.), it allows the opportunity for it to be corrected before the valuations are finalized.
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What is a Market Sale?

Market Value is defined as the amount a typical, well informed buyer would be willing to pay for a property on the open market, with no undue forces affecting the sale. In order for a sale to be considered a valid market sale the following must be considered:

- The buyer and seller are motivated and well informed, acting in their own best interest
- The property has been listed on the open market
- Payment is made in cash or in terms of financial arrangements, its equivalent
- The negotiated price is unaffected by atypical financing or extraordinary sales concessions

How do Market Sales affect Mass Appraisal?

It is important to note that mass appraisal is different than single fee appraisal. While the valuation concepts are similar, the process is very different. In a revaluation, the Town is conducting a mass appraisal of **all** properties and to do so, a model must be built which will then be applied to all properties (sold and unsold). In a single fee appraisal, specific comparable sales are identified and defined adjustments are made based on those sales to the subject property to arrive at an appraised value. In mass appraisal, all sales within the municipality are analyzed to properly determine base construction rates, land values, and market adjustments. Therefore, no singular sale or group of sales were used to determine values for individual properties. The goal of mass appraisal is to ensure that all properties in Town are equitably valued and furthermore, that all properties of a certain type or style are comparable in value.

What if there are no comparable sales to my property?

If there are no comparable sales, cost data is analyzed to determine what the cost would be to replace your building. Then appropriate depreciation is applied and the land value added to approximate what the market value would be.

Do all properties in Town change at the same rate?

It is a common misnomer that when a Revaluation project is completed, all property values change at the same rate. In any given market, certain types of properties will be more or less desirable or in demand. Accordingly, there will always be shifts within Town in every Revaluation. There may be some neighborhoods that were more attractive to prospective buyers, or a certain style of home. It's also important to keep in mind that the new values are being compared to a value that is **five years old**. The 2017 values represent a very different market and what properties were desirable then, may not be so now. So, not only will there be differences in the values within the current market, but different properties will also see a different rate dependent on how their property was valued in the last revaluation.

What are Comparable Properties to my own?

When the valuations are complete, property owners will look to comparable properties to decide if their value is fair and equitable. Often, property owners will look immediately to their neighboring properties. However, those may not truly be comparable. When deciding what is a comparable property the following should be considered:

- Location
- Style of home
- Age of home
- Quality of construction
- Size of home
- land size and type

For example, a 2000 square foot Colonial built in 1900 on a half acre of land should not be compared to a 1500 square foot Cape Cod built in 2003 on five acres, even if they are on the same street.

That is the process but how does this project impact Stonington?

Over the past two years, the real estate market has impacted society drastically. It is an issue that has been widely reported on throughout the country and often in the news. We have been in a 'seller's market' since the middle of the pandemic. COVID-19 had many effects on our society and economy as well as people's lifestyle choices. The government dropped interest rates to record low levels in efforts to spur an economy that had been forced to shut down for an extended period of time. Additionally, there was a large exodus from cities and urban areas. Many decided to sell their properties in those areas, opting for locations where they could have yards, places for themselves and/or their children to go outside safely. In a lot of these cases, moving out of the city was cheaper or at least comparable.

Stonington is a waterfront community and is often coined as a "destination spot" with the Village of Mystic, the Borough, Mystic Seaport, Mystic Aquarium and Old Mystic Village. Even with the surge of recent development, there is still a lot of preserved land and nature conservation areas throughout Town. It is a very desirable location for a variety of reasons and the Town did experience a large influx of new residents.

Residential property owners will see their values increase. How much or at what rate they increase will be dependent on the property as discussed earlier. Every Revaluation redistributes the tax burden dependent on the market changes, so there will be areas of town or types of properties that will see a larger increase than others.

How does the Grand List relate to my tax bill?

The Grand List represents the total net worth of the town. It is an annual account of all taxable and tax exempt property. The Grand List is an important part of the budgetary process but it is important to remember it is only one part of the equation. Once the Grand List is finalized, that provides the Board of Finance with the total amount of assessments in Town on which taxes may be collected. It helps the Board of Finance to determine what additional revenue they need to raise by taxation to meet the Town's budgetary needs.

As such, it has an inverse relationship with the mill rate. If the Town's budgetary needs stay largely the same and the Grand List increases, the amount the Town needs to raise by taxation is less so the mill rate goes down. Conversely, if the Grand List decreases, then the amount the Town needs to raise increases and the mill rate goes up.

As a result of the 2022 Revaluation, the Stonington Grand List will increase. Final totals are not yet available as the commercial project is ongoing and the Motor Vehicle and Personal Property Lists have not yet been completed. However, overall, residential property owners will see their valuations increase over their 2017 assessment.

It is important to keep in mind that in between revaluations, market fluctuations are not considered. Assessors are tasked with valuing properties at a snapshot in time. What was the market on October 1, 2017? What was the market on October 1, 2022? When taxpayers receive their new valuations, they need to remember that the increase **does not** represent an increase from the prior year (2021). It is an increase over a five year span.

What do I do if I believe my assessment is incorrect?

- When you receive your preliminary notice of valuation, you should first look at comparable properties to your own and see if your assessment is within the same range.
 - If you believe it is not, the notice will provide directions on how to set up an informal hearing with Vision Governmental Solutions where you will have the opportunity to sit with a representative and discuss your property's specific valuation. All informal hearings will be conducted at the Stonington Town Hall throughout December and January.
 - Final valuation notices will be sent out after informal hearings have concluded, and the 2022 Grand List is signed.
 - If you do not receive a satisfactory result from the informal hearing, you will have an opportunity to file a petition with the Board of Assessment Appeals. The final valuation notices will have information about the appeal procedure.
 - The petition to the Board of Assessment Appeals is due by February 17, 2023. The Board meets during the month of March.
 - If you also are not satisfied with the Board of Assessment Appeals decision, you may file suit in Superior Court.
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