TO: Hanover Selectboard
FROM: Advisory Board of Assessors
DATE: October 11, 2019
SUBJECT: Recommendations Regarding 2018 Valuation Statistical Update and Options Going Forward

The Hanover Advisory Board of Assessors met on Tuesday, October 8th to discuss a series of recommendations following the conclusion of the 2018 assessment appeals hearing process and a public input session held by the Board of Assessors on September 16th. The following outlines our recommendations going forward.

Background

The Hanover Assessing Director completed the DRA-required statistical update in mid-October of 2018. This was Hanover’s first statistical update after two full measure and list revaluations completed in 2008 and 2013. In New Hampshire, a community must complete a full measure and list revaluation every 10-years and, after two full revaluations, many now perform a statistical update during the interim at the 5-year mark.

As the result of a migration of the assessing software platform from Vision to Patriot during the summer of 2018, some initial errors in the statistical update data generated by the software in early August led the Assessor to decide that he needed to complete a windshield survey of the Town to help confirm that the property record cards were an accurate reflection of the Town’s 3,400 real estate parcels before recalculating property values. The time required for the windshield survey consumed a two-month period in August and September. This prevented the Assessing Department from being able to finalize preliminary property values and notify all property owners in early August of their revised values in a timely fashion. The August notification would have allowed for a 60-90 day period for property owners to review their data with the Assessor in the event they disagreed with the revised values or had additional information to provide. There was no communication from the Town about this situation.

During the prior two full measure and list revaluations, that period of preliminary notification and informal appeal meeting with the Assessor eliminated all but a few dozen formal appeals to the Advisory Board of Assessors. This gave property owners who disputed their values an opportunity to discuss their cases with the Assessor, giving him time to revise their values if he
found the tax card was incorrect or the information provided was compelling. Because the Town’s revised total assessed valuation must be submitted to the Department of Revenue Administration by early October so that the fall tax rate can be set by DRA, the Town was not able to hold these informal meetings with property owners in the early fall of 2018. This resulted in over 350 appeal cases which had to be heard as formal appeals before the Advisory Board of Assessors after the new tax rate went in effect and tax payments were due.

The sheer volume of appeals and the amount of abatements granted has led some residents to doubt the accuracy of the overall statistical update. The DRA determined in February of 2019 that the Town’s median ratio for the land and buildings in Hanover for tax year 2018 was 97.6% of market sales based on data they reviewed after the 2018 statistical update was implemented. In addition, the DRA determined that the overall equalization assessment to sales ratio for land and buildings was at 96% of market sales. Both statistics point to market sales just slightly ahead of assessed values but well within an acceptable range determined by the State.

Since the Advisory Board of Assessors was extensively involved in reviewing the 350 appeals and meetings with numerous residents from January through August 2019, the Selectboard and Town Manager asked our board to stay involved and hold an open forum at the end of our hearings and to pass on our thoughts on the process and make recommendation on process improvements. The following are submitted for your consideration.

**Recommendations:**

1. Numerous issues were raised by property owners during the public input meeting held by the Advisory Board of Assessors on September 16th. The Board recorded all the comments and has developed a series of questions reflecting those suggestions and concerns. See list of questions attached. The Board of Assessors recommends that the Town staff develop a communications plan and respond to those issues and questions and post that information on the Town’s website.

2. The Board recommends that the Town prepare an update for distribution to the community in conjunction with the next tax bill. That communication should give general information on the 2018 revaluation as described above, should explain the impact on the reduction in the grand list on the new tax rate, should provide the data on the state analysis for the most recent sales reports for the period April 2, 2018 through September 3, 2019, and describe other steps planned.

3. The basis for calculation of land values was of interest to many taxpayers. The Board recommends that the Town Assessor review land values by neighborhood groups to identify inconsistencies in land values, if any. In addition, we recommend that the Assessor provide an informational worksheet outlining the method for calculation of land values that can then be posted on the Town website.
4. The Board recommends that the Assessor take some time to evaluate the “outliers” (those properties that saw a significant increase or decrease in value) to verify that there is no problem with the way the software addressed these properties.

5. The Board recommends the town engage a third-party assessing consultant to review the overall process, the software and statistical update to assess whether they see any anomalies based on an external review.

6. The Board also recommends that the town consider a full measure and list revaluation before 2023. The town should determine the cost and potential timing of a full revaluation particularly in light of a petition submitted to the NH Board of Tax and Land Appeals (BTLA) on August 9, 2019.

Respectfully Submitted:

Joe Roberto
Mac Gardner
Jay Pierson
Joanna Whitcomb
Public Meeting Questions

16 September, 2019

**Flawed process:**

Why did we need to change software?

Why did we choose Patriot?

What other software was considered?

Who made that decision?

When did we start the data conversion?

When did we realize that the data conversion was not going well?

What was our response?

Who made those decisions?

Why did we decide to do the “drive around”?

What did we gain from it?

How much time did it take?

In hindsight was it worth it?

When was Julia informed of the issue?

When was the Select Board informed of the issue?

It seems like no one in management sensed the danger?

What other options were discussed when we realized we were not going to get the new assessments out in a timely way?

Who was involved in those decisions?

In hindsight, what would we do differently?

**Land Value**


Are there significant differences in land value within homogeneous neighborhoods? If so why?

Are there significant differences in land value between commercial properties? If so why?
Sales Chasing

What is the definition of sales chasing?
Does our process meet the definition?

Overview of Assessment Output

How many “homogeneous neighborhoods” are being used in the software? What are they? Need more? Fewer?
What was the percentage increase in market value of a home in Hanover between 2013 and 2018?
How refined can we get this number? By neighborhood?
What was the average change in assessments? Can we get this number on the same basis as we get the average market value change?
What % of homes went up, down, stayed the same? A refined breakdown is needed - perhaps every 5%.
How can a home’s assessment go down in a 25% up market?
What matrix were run on the new assessments for reasonableness before they were sent out?
How do you reconcile the 97% rating from the State against what we perceive to be a seriously flawed process and resulting outcome? Have we lost view of the forest for the trees?

Board of Assessors and Abatement Process

What are the grounds for a successful abatement? Are these documented and readily available? How do we better educate and manage expectations?
Does the process give the BOA adequate information to make their decision?
Does the BOA need additional training? If so, what is available?

Where from here

Can we just go back to 2017 assessments until we get confidence in the new assessments?
Once we have the data can we cherry pick problem areas for reassessment? Those that went down? Those with inconsistent land values within a neighborhood? Those that went up by more than X%?
Should we do a town wide full measure and list reassessment ASAP? When could that be done? Will we need to do another one in 2023? What do they cost?
What resources are needed to address the recommendations that come from the committee?
How much community involvement in terms of specific analysis, task forces etc. makes sense?
What third party consulting help can we get? What would the statement of work look like? Is third party professional review needed just from a perception perspective?
How do we communicate our analysis? Recommendations? Action items? Results?
What can we do to rebuild community confidence in the assessment process?
At Berrill Farms - why was there no land value for a condo?
Did assessor violate his own rules?
All data on tax cards used by assessor needs to be on line?
If we determine that this is unfair, will we get our money back?
Rennie Farm is a unique problem and should be addressed.