

It's Revaluation Time in Hampton Falls
by Karen Anderson, Town Administrator

Market value, assessed value, revaluations, statistical update.... these terms will all be heard frequently over the next several months in Hampton Falls. That is because Hampton Falls will be starting the first phase of the revaluation as required by the Department of Revenue. The town's assessed property values need to be between 90 – 110% of market value. Currently, Hampton Falls' property values are at 64.9% of fair market value, based on the State's equalization study. The revaluation is not as simple as adding 35.1% to all of the property values because the values of different property types and neighborhoods (land, condos, commercial, etc.) have all changed by different percentages. Residential properties have increased in value at a greater percentage than commercial properties over the past five years.

In New Hampshire, the assessed value of individual properties is not adjusted each year, values are only adjusted during periodic revaluations or when physical changes are made to the property. The technical steps taken in a revaluation are beyond the scope of this article, but understanding the basic process will help property owners understand the new values. To determine the "market value", recent sales in the community and factors that affect the value of the property, such as location, type of construction, size, etc are analyzed. The assessor evaluates supplemental data such as commercial reports on the cost of construction for the region, circumstances regarding particular sales and any other information that may impact property values. It is not a scientific, exact process. It is a logical process that uses the best information available at that time to determine the fair market value. It is important to recognize that "market value" is as of a certain point in time, April 1st, 2023 for this current process.

When people hear that their property value is increasing, it does not mean that a higher tax bill will occur. We know that Hampton Falls average values are lower than they should be, but one of the factors that the Department of Revenue also evaluates each year is how proportional the values are between the different areas of the town and types of properties. Hampton Falls continues to score well on the proportionality of the values, so we anticipate that the value changes on properties will be fairly even across the various neighborhoods and property types. When the value of property increases, the tax rate decreases, and the amount of taxes one pays remains approximately the same. The example below shows two different types of properties, with slightly different percentages of change. The market value of the bigger house did not increase by the same percentage as the smaller house, so one tax bill decreased slightly while the other increased slightly. This is what we expect will happen in Hampton Falls. Buyers were paying high amounts for residential properties whereas commercial properties did not see buyers willing to pay significantly higher costs.

In 2022, based on approved budgets for the town, schools and county – we needed to collect \$10,874,000. Based on the total value of all properties, \$503,622,716, the adjustments required, as well as utilization of some fund balance to reduce the rate, the 2022 rate was \$20.99. The preliminary total value of assessed property is now \$860,875,584. After the same adjustments for exempt properties, exemptions and credits – a rate of \$12.65 is a good estimate of what the tax rate would have been to collect the same amount of \$10,874,000.

In November, 2023 the town will receive the 2023 tax rate, using the new assessments and the budgets that were approved in March, 2023.

<u>Property Values</u>	<u>Tax Rate</u>	<u>Tax Bill</u>
<i>Before Revaluation (April 2023)</i>		
Big House \$ 500,000	\$20.99	\$10,495
Little House \$ 200,000	\$20.99	\$ 4,198
<i>After Revaluation (November 2023)</i>		
Big House \$ 800,000	\$12.65 (Example ONLY)	\$10,120
Little House \$ 350,000	\$12.65 (Example ONLY)	\$ 4,427

As I write this article, preliminary value letters were sent this week to all property owners with the revised values. These are preliminary, and may adjust as the analysis continues. The value needs to be as close to 100% of the market value as possible – what it would sell for in 2023. The preliminary values are derived from actual sales of similar properties. Informal reviews will be scheduled by telephone for residents with questions, prior to the final assessments being sent to the Department of Revenue for certification. The value you receive by mail is tentative and is not final until DRA confirms it. Instructions for scheduling a telephone review is on the Town’s website www.hamptonfalls.org.

This process is required by state law and not something that the town can opt out of. It is an expense to the town and we recognize that it can cause concern for our residents. An important benefit to the town of having an accurate valuation of properties is that many of the revenues that the school and town receive from the state are based, in part, on the overall valuation of the town. It is important that Hampton Falls receive the appropriate amount of State Aid which reduces the tax burden on the community.