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TOWN OF PLAISTOW

REVALUATION QUESTIONS

What is a revaluation?

A revaluation is an update of all assessments in the town conducted under the direction of the local assessor, and monitored by the New Hampshire Department of Revenue. The assessor's duties are to value all property, taxable and non-taxable in the town, in a uniform and equitable manner. *The Town's Assessing Office is not involved in the collection of property taxes.*

Why is a revaluation necessary?

In accordance with standards set up by the Assessing Standards Board and State Statutes, each municipality must perform a town wide "values anew" once every five years. They have set specific guidelines to measure the level and uniformity of the assessments compared to the sale prices. One of these measurements is the median ratio. Our assessments should be within 10% of market value.

When was the last revaluation?

The last revaluation was conducted in 2016. The last statistical update was performed in 2019.

What was the Equalization Ratio (level of assessment) for 2020?

The median ratio for 2020 is 90.5%. If the revaluation was not performed our equalization ratio would have been around 82% of market value. Annually the NH Department of Revenue Administration conducts a ratio study using qualified (arm's length) sales from October 1st, of the previous year, through September 30th, of the year being analyzed. Sales are then compared to the assessments in order to determine the ratio (level of assessment).

Will all property values change?

Most likely, yes. However, not all property values will change at the same percentage. Market value will have increased or decreased more for some neighborhoods and property types than for others. Some neighborhoods and property types may have increased in value, while others may have remained the same. One purpose of a revaluation is to make sure that the assessed values reflect the changes that have occurred since the last revaluation.

How can my assessment change when I haven't done anything to my property?

As property values change in the marketplace, those changes must be reflected on the assessment roll. The NH Constitution (Part 2 Article 6), as well as the Assessing Standards Board, requires that each municipality value anew every 5 years. General economic conditions such as interest rates, inflation rate, and changes in the tax laws may also influence the value of real estate.

What is market value?

RSA 75:1 defines market value as: "...the property's full and true value as the same would be appraised in payment of a just debt due from a solvent debtor."

State law requires that your property be assessed at market value. Market value is defined as the amount a typical, well-informed purchaser would be willing to pay for a property in an arm's length sale. For a sale to be an arm's-length sale, the seller and buyer must be unrelated and willing parties (not under any pressure) to sell or buy, the property must be on the market for a reasonable length of time, the payment must be made in cash or its equivalent, and the financing must be typical for that type of property. This is referred to as a "qualified sale."

What if there hasn't been a recent arm's-length sale of my property?

The next best evidence is the arm's-length sales of reasonably comparable properties. These are properties similar to yours in location, age, style, condition, square footage and other features that affect market value, such as the number of bathrooms and size of garage among others features.

What if there are no reasonable comparable sales?

The assessor will then consider all other factors that may affect the market value of your property. The cost to replace your building, less any depreciation, plus the value of land could also be used to estimate market value. For rental properties, the income and expenses of the real estate could be considered.

How will my taxes change as a result of the new assessment?

The revaluation may result in an increase or decrease of individual assessments depending on how a property value increased or decreased relative to the average change in assessment. It does not mean that all property taxes will increase or decrease. Remember, assessments are only the base that is used to determine the tax burden. Although the value of your property affects your share of taxes, the total amount to be raised is determined by the budget needs of the school, town, and county. The voters of these taxing units decide what services they will provide in the coming year and how much money they will need to provide these services. The same amount needs to be raised by property taxes no matter if there is a revaluation or not.

What sales were used to arrive at my value?

This question, although common, highlights one of the clear differences between the revaluation appraisal process (mass appraisal) and the more well-known "bank" appraisal (single family home). Some homeowners have had a "bank" appraisal conducted of their property and are familiar with the process involved and the resulting report. Many assume that the revaluation company uses the same process. Although the appraisal concepts are the same and the results similar, the process is different when done on a town-wide mass appraisal basis.

To answer this question, it is important to understand that in a revaluation, the value of your property is based on an analysis of all arm's length transactions in the Town between April 1st, 2020 and September 30, 2021. This analysis allows the assessor to establish valuation parameters (construction rates, land rates, market adjustments, etc.). Ideally, when these valuation parameters are applied to the properties that sold, the calculation will result in an assessed value that is very close to the sales price.

The assessor is required by the State to "test" that the parameters being used are consistently producing values that closely approximate the sale prices across all types of properties throughout the town. When this is accomplished, the assessor can then apply these same valuation parameters to all of the "non-sale" properties in the town. In doing so, the assessor is estimating the market value of each property using the information derived from all of the arm's length sales. Therefore, no particular sale or sales group was used to determine the value of your property. This is because ALL of the recent sales were included in the analysis that set the parameters used in the revaluation of the town.

What will happen to my assessment if I improve my property?

Generally speaking, improvements that increase the market value of a property will increase the assessment. The following examples are typical items that may increase the assessed value of your property.

- Additions
- Substantial renovations/updating of kitchen or baths
- Central air conditioning
- Fireplaces
- Extensive remodeling

Do all assessments change at the same rate?

No. In one area, sales may indicate a substantial increase in assessment in a given year. In another neighborhood, there may be no change, or even a decrease in property assessments. This is all based on market value trends.

Nobody inspected the inside of my home, so how could you reassess it?

The Town Office maintains a complete record for each property. Information is kept current through permit inspections, sales inspections, periodic re-inspections and exterior reviews. We visit each property in town at least once within a 5-year period. The records are available for your review. This information is used to develop the new assessment. We welcome the opportunity to inspect the interior of any property to make sure the information on the property record card is accurate.

How will I know if my assessment is equitable?

There are two very good methods of determining this. First, compare your property to similar properties that sold between April 1st, 2020 and September 30, 2021; the value should be in line with these sale prices. Second, if no recent sales are available, compare the assessment to other similar properties in the area using the full list of Preliminary Values on the town website and available at the Town Office; the value should be in line with these similar properties. Remember, very few properties are exactly alike and values should be comparable, but seldom will they be assessed exactly the same as what seems to be a similar property.

How do I know what my new assessment is?

The Town of Plaistow will be sending out letters, which will include your updated assessed value and instructions on how to set up an appointment to discuss your new assessment. You will have an opportunity to set up an informal hearing to go over your property record card and your concerns.

What is considered a comparable property to mine?

A comparable property has similar characteristics as your property. The size, construction style, quality of construction, which could include counter tops, flooring, bathrooms, bedrooms and on the same sized lot consistent with the neighborhood in which you live. It should have similar features like garages, finished or unfinished basement and above or in ground pools. These are only some of the factors in differentiating between comparable properties. Appearance are not useful in selecting comparable properties unless these features that affect the market value of a property are well documented.

What is a statistical update?

A statistical update can be performed as deemed necessary when the level and/or uniformity of the assessments are not within the guidelines set forth by the Assessing Standards Board. The median ratio must be within 90%-110% of market value. The COD, (coefficient of dispersion) of the median ratio must be no greater than 20. The median ratio must be within 5% of the overall median point for all three of the following strata: improved residential, improved non-residential, unimproved property, along with other guidelines.

If any of these statistical measurements are not being met, the assessor will recommend a statistical update be performed to bring the level and uniformity of the assessments in line with these requirements.