

ASK THE ASSESSORS

SUNAPEE REVALUATION 2023

Provided by the Sunapee Assessing Office

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LET'S START WITH THE BASICS...

WHAT IS A PROPERTY REVALUATION?

Revaluation is the process of updating property values based on current market data.

During a revaluation, a town works to align the value of each property in the town with that property's true market value.

In other words, it's a municipal-wide appraisal that creates a fair distribution of the property taxes based on market value, as required to meet the needs of local and state education, municipal expenses and the county.

LET'S START WITH THE BASICS...

WHY IS IT HAPPENING?

- **Under New Hampshire law (RSA 75:8-a), a municipality must perform a valuation every 5-years or sooner for ALL properties in its boundaries to comply with State Standards.**
- Revaluation is currently underway in Sunapee and will be completed prior to the final 2023 tax bills being sent to property owners.

WHAT'S THE PROCESS?

STEPS OF A CYCLICAL REVALUATION

COLLECT, VERIFY & UPDATE

data on ALL municipal properties over a 3, 4, or 5-year time period.

PERFORM A CURRENT SALES ANALYSIS

of all properties; may be done at any time during the revaluation process

UPDATE ASSESSMENT VALUES TO MARKET VALUES

of all properties; may be done at any time during the revaluation process

LET'S START WITH THE BASICS...

WHAT IS AN EQUALIZATION RATIO, AND WHAT DOES IT HAVE TO DO WITH REVALUATION?

- An **equalization ratio** (or **assessment ratio**), is a percentage that describes the relationship between assessed property values and market values.
- An equalization ratio of 0.7 means that the assessed value of a property is deemed to be 70% of its market value. To meet state standards, the ratio after revaluation should be 90% - 110% of fair market value.
- As of 7/07/22, the median ratio for Sunapee was 0.58, meaning that overall, property in the town is assessed at 58% of market value

WHAT DOES REVALUATION HAVE TO DO WITH THE TAX RATE?

- **There is a common belief that the assessors and/or Town set the tax rate... this is FALSE!**
- The tax rate is set by the NH Department of Revenue Administration (DRA) and based on the budget needs of the town and county to cover public services, infrastructure, education, public safety, and other essential functions.
- Although the value of your property affects your share of taxes, the actual amount you pay is determined by the budget needs of the entities listed above
- Your property taxes are determined by taking your assessed value, dividing it by 1000, and multiplying by the tax rate. **(ASSESSED VALUE/ 1000) X TAX RATE = FINAL TAX BILL VALUE**

LET'S START WITH THE BASICS...

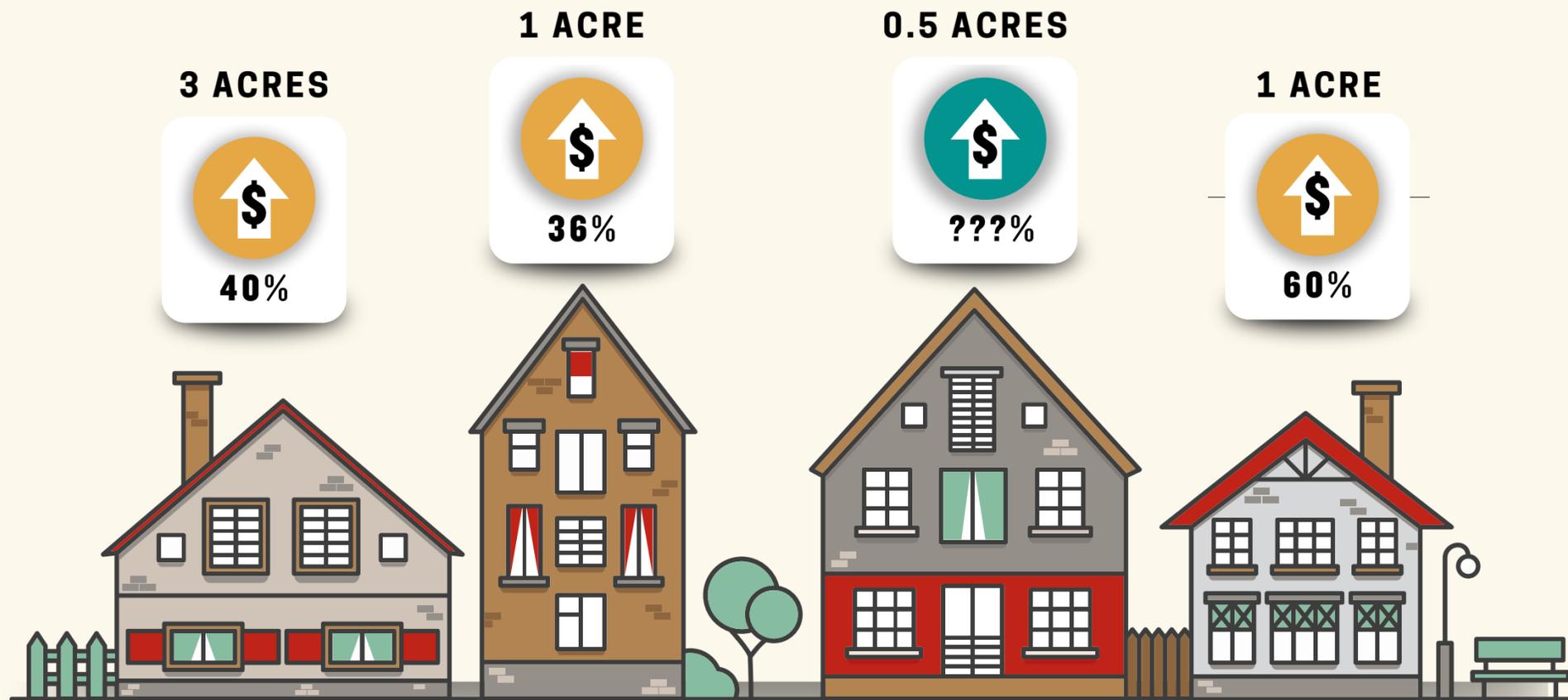
WILL EVERYONE'S VALUE GO UP? AT WHAT RATE?

- Sunapee's low equalization ratio means that yes, *most* properties in Sunapee will rise in value to reflect the current housing market.
- However, it is **unlikely** that two properties, however close together, will be revalued at the same rate. Every property differs in assessed building values, including age, quality, condition, features, etc.



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These homes may be next door neighbors, but their reassessed values differ widely due to factors such as...



- Renovations & Upgrades
- Buildable Area
- Overall Condition
- Water Frontage
- Views
- Square Footage of Improvements
- Lot Size
- Location

WHAT DOES REVALUATION MEAN FOR YOUR PROPERTY?

A Review of Changes from the 2020 Sunapee Revaluation





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WHAT DOES REVALUATION MEAN FOR YOUR PROPERTY?



Prior to the 2020 revaluation, the median home in Sunapee was assessed at ~70% - 80%* of market value. Assessors call this value the **median equalization ratio**.

The State of New Hampshire requires the ratio to fall between 90%-110%.

After revaluation, the median ratio rose to 98% of market value, meaning the value of most homes increased, bringing them closer to actual market value.

* Exact values differ by property type and neighborhood classification



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WHAT DOES REVALUATION MEAN FOR YOUR PROPERTY?



ORIGINAL ASSESSED VALUE: \$719,600

SOLD FOR (2019): \$1,321,400

AFTER REVALUATION (2020): \$1,283,900



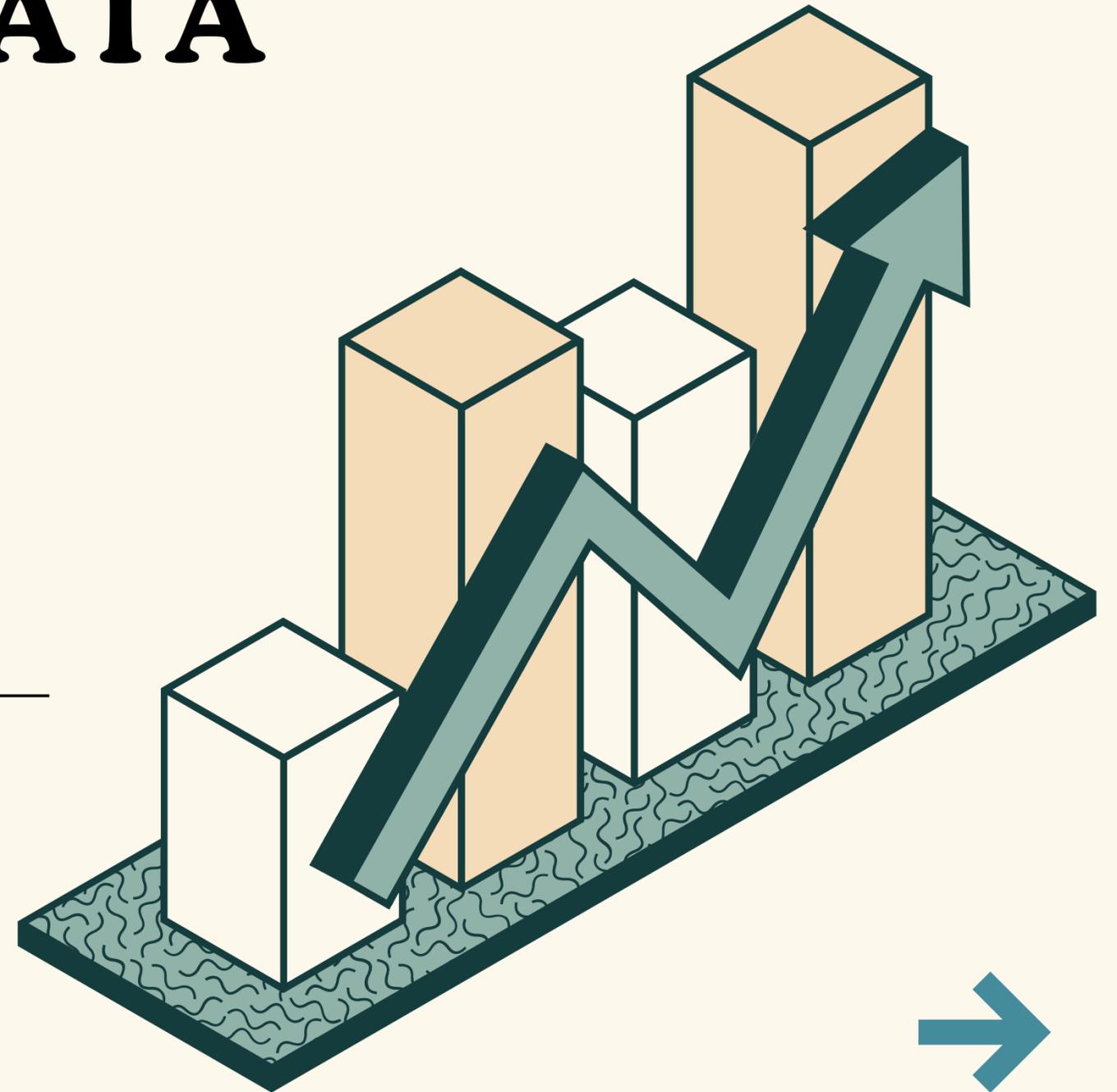
In this example, the home was assessed at **54% of the market value**. Even though their home was worth over a million dollars, they were being taxed as a \$700k property.

After the 2020 revaluation, the value of their home was raised by 51.45% (\$564,300), which brought it into the required range at 97% of market value.

Cases such as this highlight the importance of revaluation for establishing equity among all property owners and ensuring that all residents pay their fair share- no more and no less.

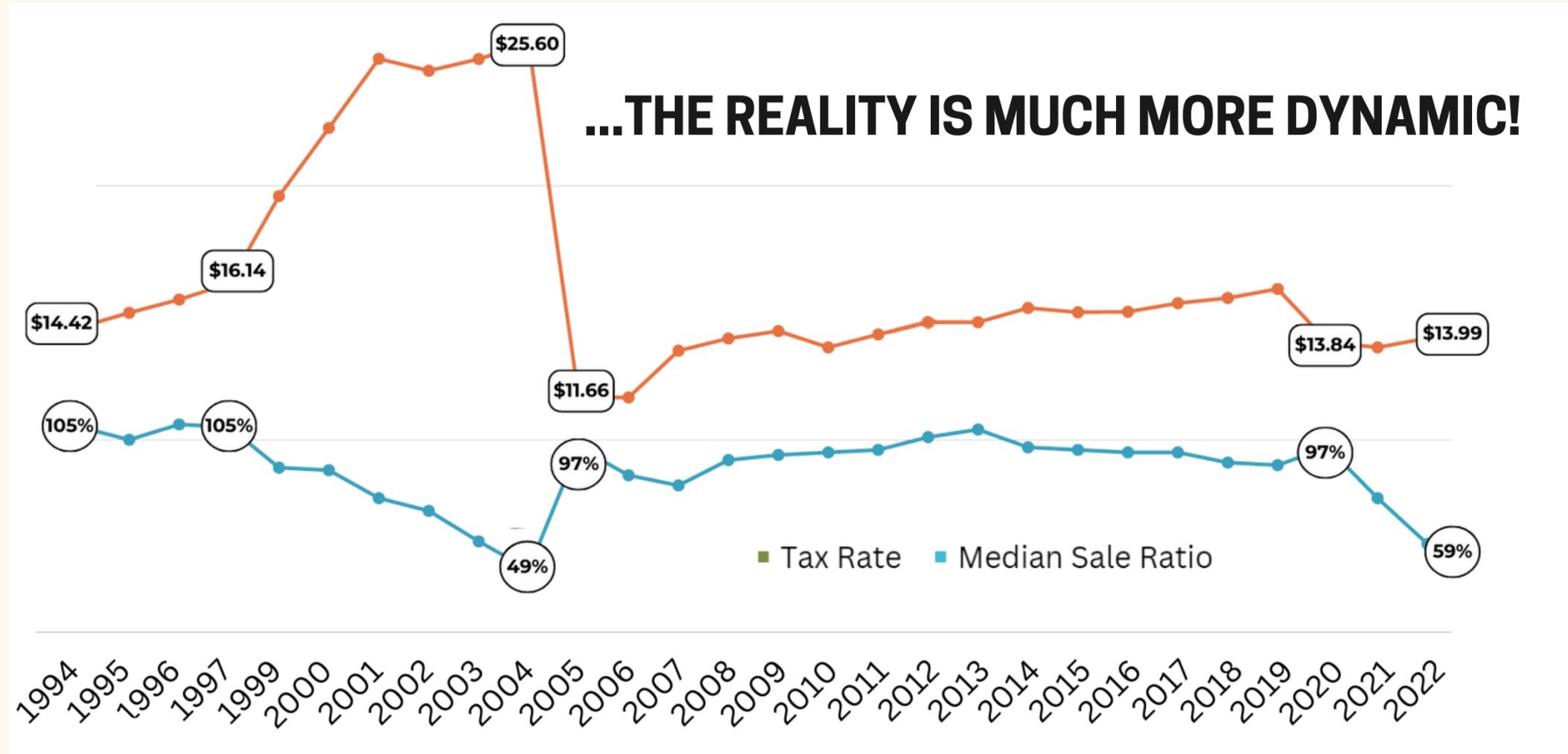
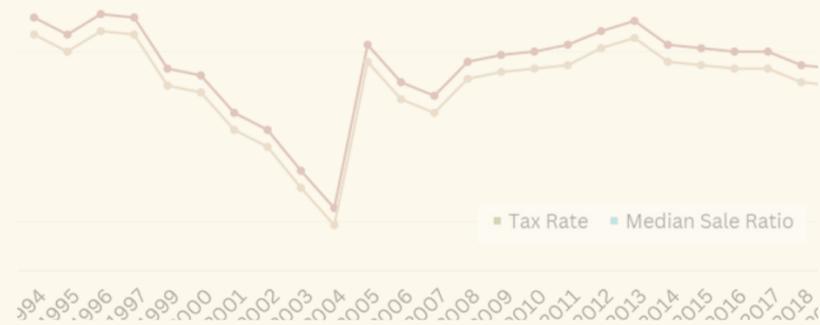
WHAT DOES THE DATA HAVE TO SAY?

How Patterns from History Can
Teach Us About Revaluation Today

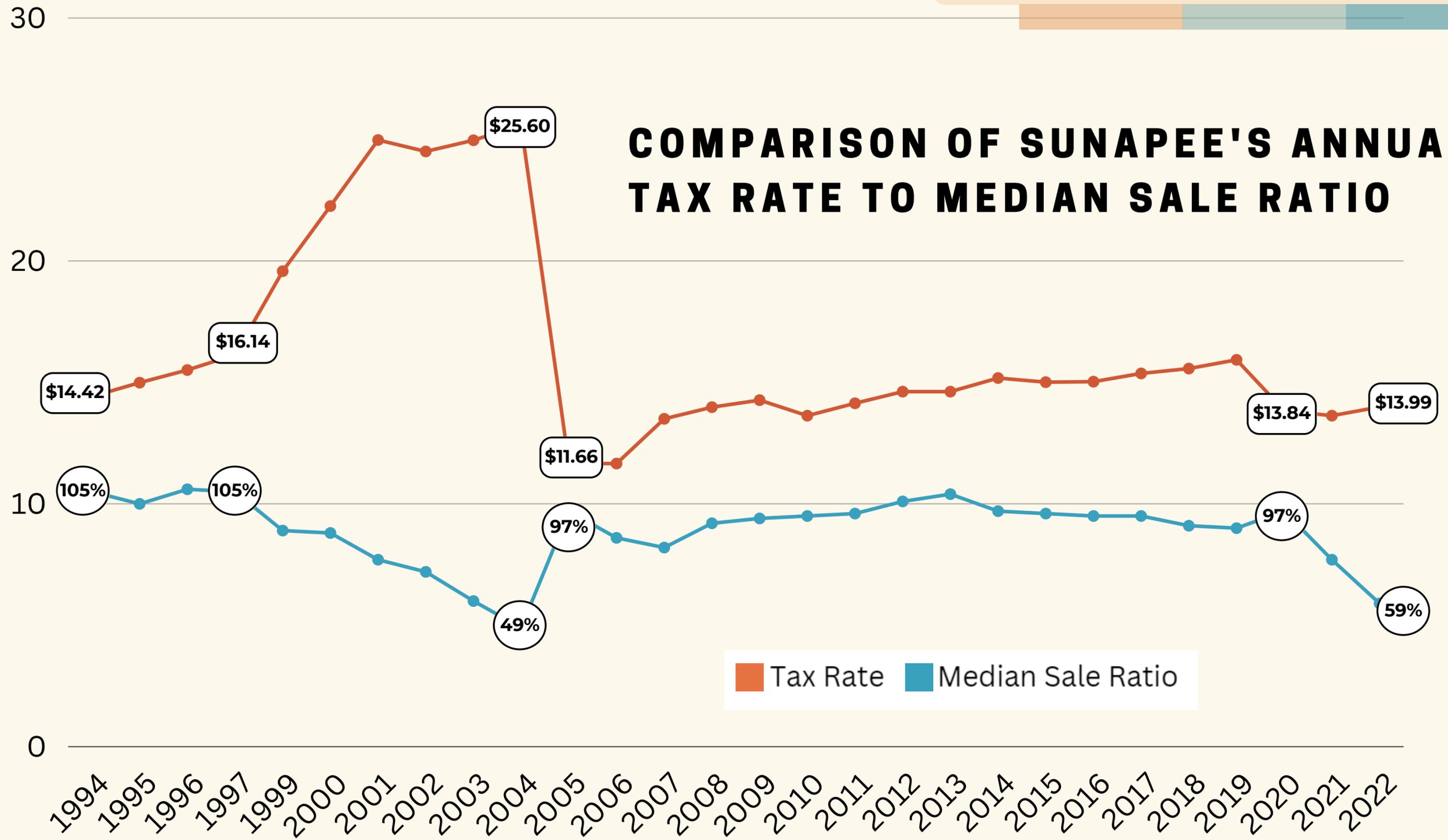


TAX RATES AND SALE RATIOS ARE NOT DIRECTLY CORRELATED!

The rise or fall of one does not guarantee a parallel rise or fall of the other.

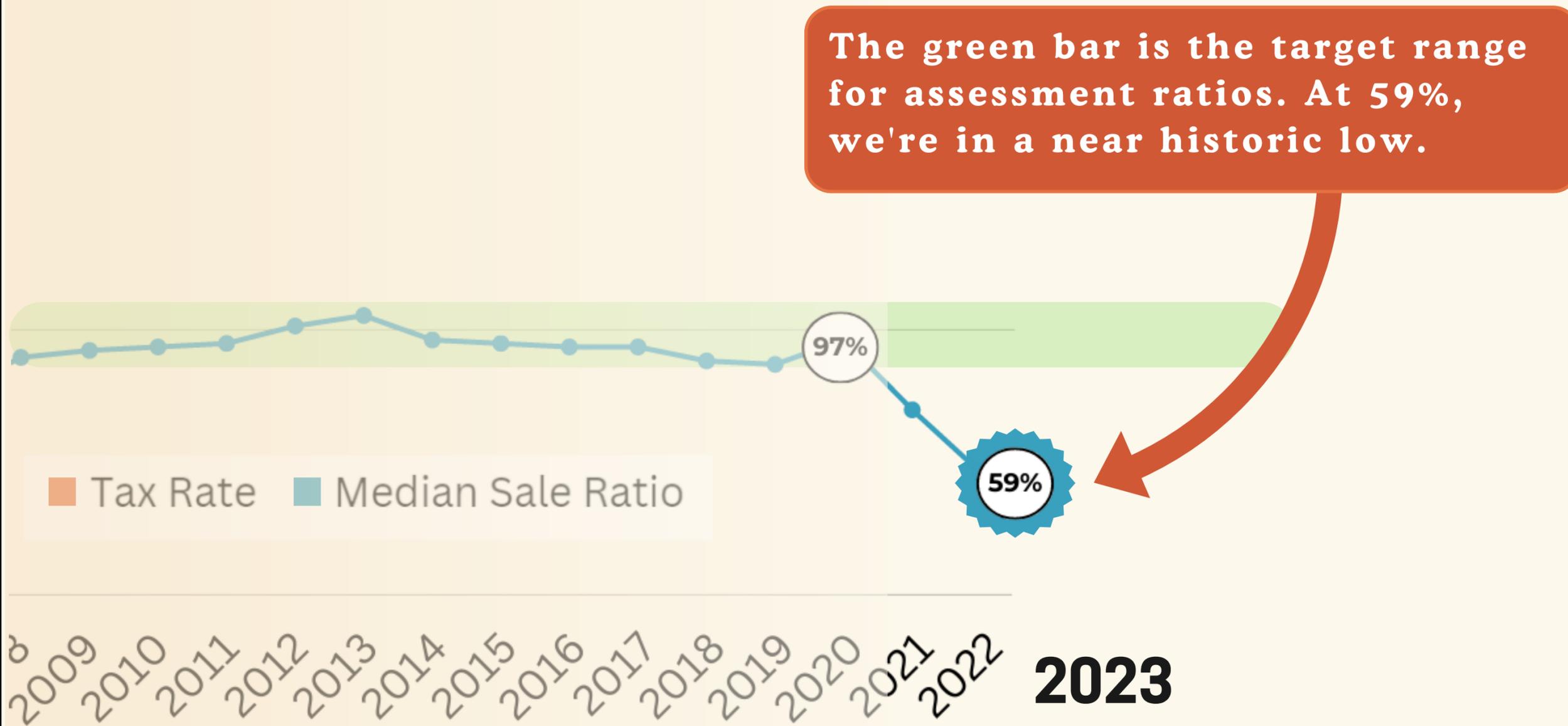


COMPARISON OF SUNAPEE'S ANNUAL TAX RATE TO MEDIAN SALE RATIO



■ Tax Rate ■ Median Sale Ratio

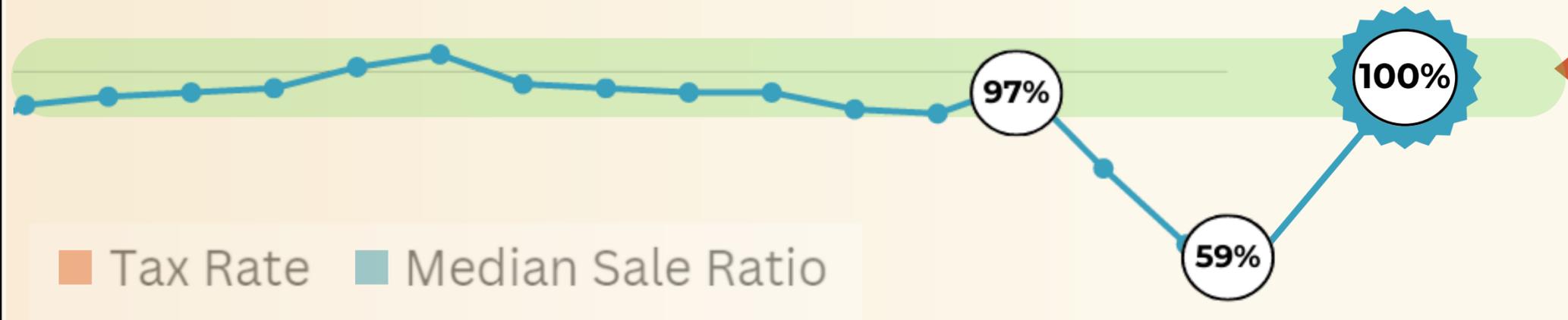
SO WHAT CAN THE PAST TELL US ABOUT REVALUATION?



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By the end of the 2023 revaluation, the ratio should be back to ~100%

Properties will be assessed at true market value.

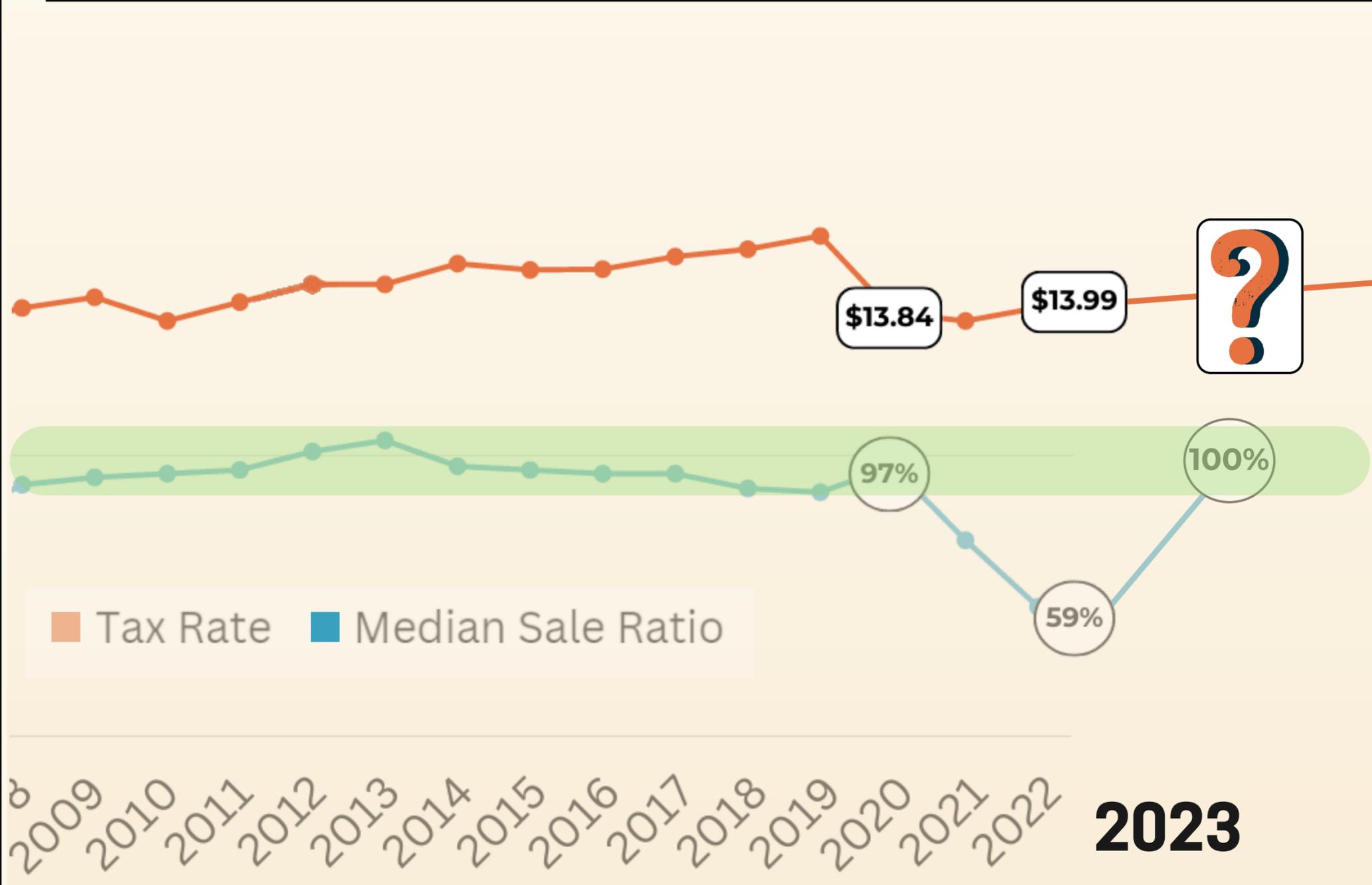


■ Tax Rate ■ Median Sale Ratio

2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022

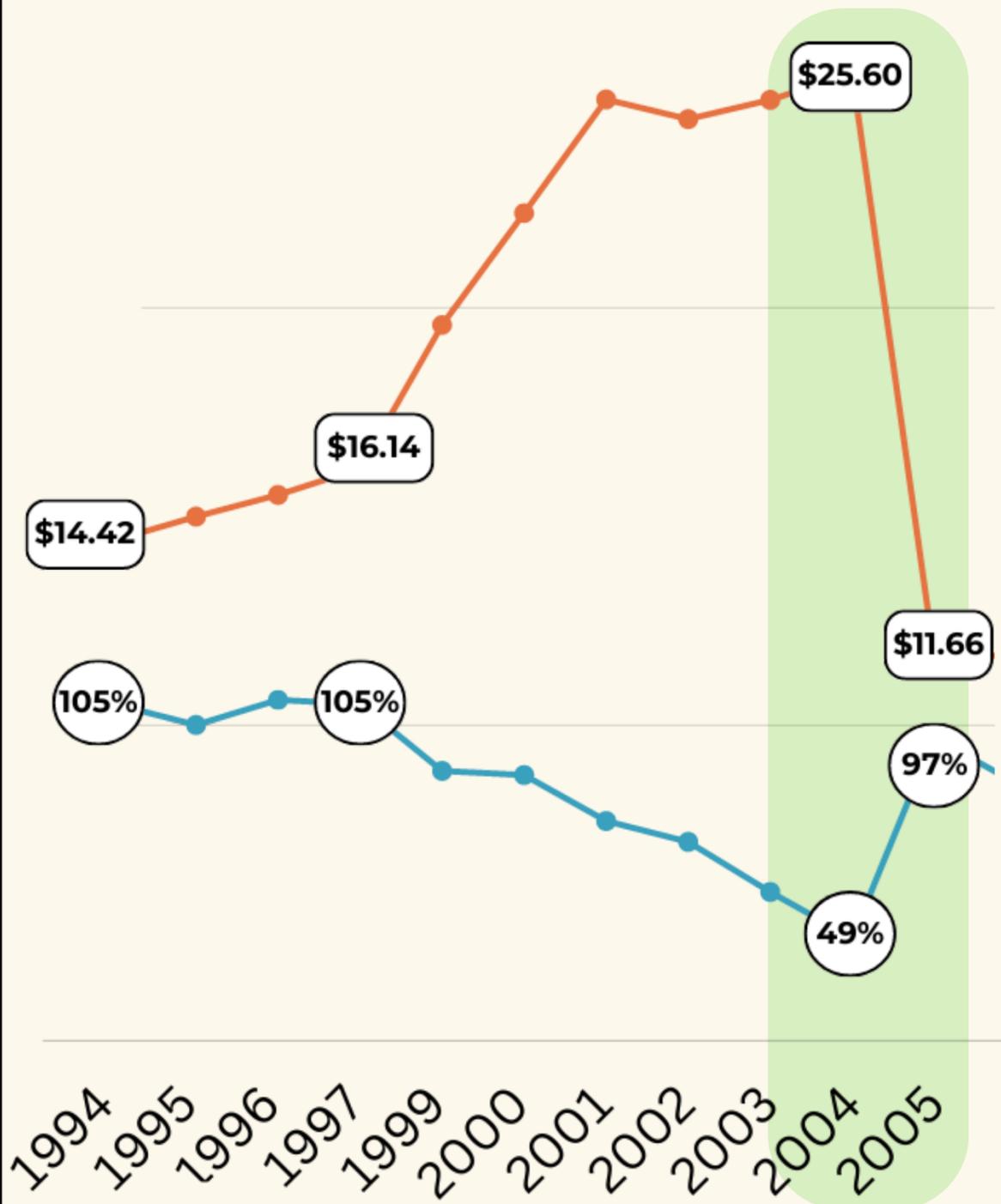
2023

SO WHAT ABOUT THE NEW TAX RATE?



REMEMBER!
A change in property sales ratios does not determine the tax rate. The DRA sets the rate based on budget needs of the Town, County, School District, etc.

NOTABLE YEARS IN REVALUATION HISTORY



WHAT HAPPENED IN '04?!

- 2004 was a revaluation year. At the beginning of the reval process, the tax rate was at an all-time high (of \$25.60 per \$1,000 of value), while the median ratio was at an all-time low.
- After revaluation, the sales ratio was back in the target range at 97%. Later that year, the tax rate was set at \$11.66 - a 54% decrease from the previous rate.

WHAT HAPPENED IN PAST REVALUATION YEARS?

2004 – 2005:

Median Sale Ratio rose 98%

48.8% to 97%

Tax Rate decreased 54%

\$25.60 to \$11.66

2009-2010

Median Sale Ratio rose 1.6%

93.5% to 95%

Tax Rate decreased 4.5%

\$14.27 to \$13.63

2014-2015

Median Sale Ratio maintained

96.5%

Tax Rate decreased by 1%

\$15.18 to \$15.01

2019 – 2020:

Median Sale Ratio rose 8.5%

89.7% to 97.3%

Tax Rate decreased by 13%

\$15.93 to \$13.84

2022 – 2023:

Median Sale Ratio (July '22):

58.7%

Current Tax Rate:

\$13.99