

## **Determination of Values:**

Real estate values are established annually on January 1 for the subsequent Fiscal year using Mass Appraisal methods developed from statistical analysis of sales, cost, and income and expense schedules developed from market conditions of the calendar year preceding the Assessment date.

The analysis must be uniformly and consistently applied to meet Department of Revenue Requirements for value certification. Full Revaluations are made every three years, and values are updated to match the market conditions on the other two years.

## **Interior Inspections**

The assessing staff tries to visit as many properties as possible, and, if the property owner allows, gain access to the interior to inspect the consistency of our record data with the actual property. If the property owner refuses admittance, the staff will ask to be allowed to inspect the exterior and measure the structures for accuracy.

Our inspection staff carries badges indicating their employment by the City of New Bedford. The property owner should request to see the identification before allowing the staff inside their property.

## **Residential Property Valuation:**

Residential Property values must be within 10% of the sales market value of similar properties within the calendar year. (The Department of Revenue Considers that 90 to 110% matches the 100% standard.) Assessors create Sales Ratio Studies ( using only arms-length sales transactions) to compare assessed values with the Actual sales, and to be used to create land pricing schedules and cost of replacement construction schedules to compare the Sales Appraisal method with the Cost Method ( Cost new less depreciation plus land value=final value) .

To verify the nature of real estate sales, questionnaires are mailed to the property sellers, buyers, or agents, to determine if the sales involved a willing buyer and a willing seller, with no other hidden or outside influences affecting the price of the transaction.

The land pricing schedule is applied and adjusted for different neighborhoods and for size and other land characteristics (shape, wet land, etc). Also, the more land involved above the minimum lot size, the less the price per square foot.

The cost method, with a base per square foot construction cost, has to be adjusted for individual structure characteristics (fireplaces, heating type, finished square footage etc.), general condition, and market driven depreciation schedules. Assessors must further compare similar styles of property (ranch houses to ranch houses, bungalows to bungalows, etc) and can not compare different types of houses, such as one family to two family, or two family to 4-8 unit apartment buildings.

The total value derived from the cost method (value of the land plus the depreciated value of the improvements (buildings, pools, etc)) must be within 10% of the Sales valuation method of the property value

To make this analysis more consistent, the assessors divide their jurisdictions into Assessing Neighborhoods which can be areas of similar types of housing, or physical demarcation (defined by railroad, rivers, major highways, etc.)

In certain circumstances, when there is not enough information for the valuation methods available within the calendar year, assessors are permitted to gather and analyze information from a 24month period extending up to 12 months of the previous calendar year to six months after the assessment date.

### **Commercial/Industrial Property Valuation.**

Commercial and Industrial Properties (and large apartment complexes) are primarily valued by the Net Income capitalized method, reinforced by a cost method analysis. The basic method is Gross Income, less vacancy, plus extra income, less expenditures, and the net income capitalized out at a rate of return of investment. Income, vacancy, expenditures, and capitalization schedules are compiled by analysis of market driven schedules of the various items.

The Cost method is the same methodology used in the Residential Valuation.

To obtain data for the various schedules, Income and Expense Requests are mailed to each taxpayer in these property classes each spring for information of the previous calendar year. All information received by the Assessors Office is held in strictest confidence.,

### **Personal Property Valuation:**

Personal property is portable items used in business ( such as furniture , fixtures, inventory, etc..) and is valued at its depreciated value, and as to its location on January 1. Various classes of items are exempt from taxation under the Massachusetts General laws. Forms of List are sent to all commercial enterprises in the spring of each year asking the property owners to list and value their items. Businesses neglecting to file a form, or new businesses, are visited by one of our office staff to determine the items of personal property owned by the taxpayer.

### **The Tax Billing Schedule:**

The Total Tax Levy for the city is a result of the City's budgetary requirements. It can not exceed the Levy Limit. The total assessed property value of the city is certified by the Department of Revenue in late fall. The assessors divide the tax levy by the certified

taxable value to determine the Single Tax Rate and the possible classified split tax rates for residential and commercial property.

The resulting potential tax rates, by class, are then presented to the City Council for their determination of Classification of Property for Taxation through a public hearing and vote, usually in early December. The Classification vote determines the shift of the tax burden between the residential and commercial classes of property.

**Exemption Filing:**

Exemptions are based on the individual characteristics of the property owners and the qualifications are set by statute- such as Blind, Veterans, Widows and Widowers, Aged Persons and Elderly. Taxpayers should inquire at the Assessors Office as to the qualifications and the changes which occur annually in these clauses. The Application period for each Fiscal years runs from July 1 until 90 days after the “Final” tax bill is mailed. The Final Tax Bill is the bill which contains the taxable assessed value for the fiscal year.

**Abatement Filing;**

Abatements are based on property characteristics which, when reviewed, result in a lower assessed value for the fiscal year. The application period usually ends on the payment date of the third quarter tax bill (or the fourth quarter bill should the third quarter have been an estimated billing.) Applications must either be hand delivered to the Assessors Office before closing time on that date, or postmarked with a United States Postal mark on that date to be considered timely filed.

Property owners wishing to file an abatement should present adequate evidence of overvaluation and also allow the assessing staff to do an interior inspection to verify the property valuation information. The Board of Assessors has 90 days to act on an application from the filing date and must notify the applicant of its decision within 10 days of the Board Action.