

Town of Sanbornton

Docket No.: 21516-06RA

REASSESSMENT ORDER

In response to a February 6, 2006 Petition filed by more than 50 taxpayers of the “Town,” and after a hearing on the issues raised in the Petition, the board issued an October 13, 2006 “Preliminary Order.” The Preliminary Order concluded the 2005 assessment update was not satisfactorily performed because the Town’s assessing contractor, Vision Appraisal Technology (“Vision”), had not applied a market condition adjustment to the sales analyzed and had not provided an understandable market analysis and documentation showing how the assessment models and base rates were derived. Because the Preliminary Order contained new analyses performed by the board of sale/assessment data contained in Vision’s assessment manual, the board provided an opportunity for the Town and “Lead Petitioners” to file a response to the preliminary findings, whether the board should retrospectively order sales analysis documentation for the 2005 update and whether the board should order an update for tax year 2007.

On December 14, 2006 the Town filed its response prepared by Vision which included an extensive market condition analysis, ratio studies, land residual analyses, and a critique of the board review appraiser’s ratio studies (“Response”). Accompanying the Response was a

memorandum of law (“Memorandum”) from the Town’s attorney, Christopher L. Boldt, Esq., relative to the issues raised in the board’s Preliminary Order. The Lead Petitioners, Peter Dascoulias and Donna Dascoulias, filed their response to the Preliminary Order on December 15, 2006. Also, subsequent to the Preliminary Order, the board obtained from the department of revenue administration (“DRA”) the summary of DRA’s 2006 ratio study for Sanbornton and supporting municipal assessment data sheets. The DRA’s 2006 ratio study indicates an overall median ratio of 89.8% with a coefficient of dispersion (“COD”) of 13.0% as of April 1, 2006.

The board has extensively reviewed the Town and Lead Petitioners’ responses and considered DRA’s 2006 ratio study in arriving at the following order: 1) as requested in the Memorandum, the Town shall conduct a town-wide reassessment effective for tax year 2008; 2) no additional documentation relative to the 2005 update is required to be submitted; and 3) the board retains jurisdiction under the above-captioned docket for the ordered tax year 2008 reassessment until it is performed satisfactorily, see RSA 71-B:17 and TAX 208.06.

While this Reassessment Order replaces the findings of the Preliminary Order, the board continues to have many of the same concerns raised in the Preliminary Order relative to the 2005 assessment update. However, noting the acceptable assessment statistics indicated by the DRA 2006 ratio study, the Town’s willingness to perform a full reassessment in 2008 and, at this late date, the inefficient use of resources to require further documentation for the 2005 update, the board concludes assessment equity is better served if its order is prospective in nature.

The board will address briefly some of its continuing concerns and its reasoning for not requiring additional documentation.

The Response addressed the Preliminary Order’s concern of the lack of any market condition adjustment largely through a lengthy discussion and analysis of sales in the Lakes

Region and the sales utilized during the 2005 assessment updates by breaking them down into tax year “halves” and noting that dwelling size and neighborhood locations may influence any indication of market appreciation that could be extracted from the sales. The board certainly recognizes that any market appreciation indication derived from a comparison of ratios of two sample periods can be impacted by the size and the property type composition of the samples. However, the board’s analysis in the Preliminary Order compared median ratios of sales occurring in two “full” tax year samples in an attempt to have the larger samples (rather than “sale date halves”) mitigate any influence or bias the samples’ sales may have due to their location, dwelling size or any other major factor.

The board continues to find credibility in the tax review appraiser’s subsequent sales analysis reports indicating the 12% and 9% market appreciation for different time periods subsequent to the 2005 reassessment. DRA’s 2006 ratio study, which calculated an overall median ratio of 89.9%, indicates market appreciation of approximately 10% had occurred since Vision’s median ratio of 100% at the time of the 2005 update. Again, the board finds Vision’s response that there was little or nominal market appreciation during 2003 and 2004 is contrary to: 1) generally accepted market experience during that time period; 2) evidence of Vision’s “time” adjustments in individual appeals in 2003; 3) the board’s review appraiser’s market appreciation in ratio studies subsequent to 2005; and 4) the 2005 to 2006 market appreciation indicated by DRA’s 2006 ratio study. With this cumulative evidence of market appreciation the board does not understand how Vision was able to arrive at such tight assessment equity as indicated by the 2005 update’s COD of 3.98% and how such assessment equity continues at a reasonable level, as indicated by DRA’s 2006 COD of 13%, without some adjustment for market

appreciation having occurred in some fashion in Vision's analysis of the sales in its two-year sales sample.

The Response does contain a land residual report (Addendum E) which attempts to extract the various neighborhood factors utilized throughout the Town, including the various waterfront factors. While this analysis is an improvement and is helpful to understand how those factors were derived, it still raises several questions. First the ten Lake Winnisquam frontage neighborhoods were each derived from only one to two sales with exception of the "05" neighborhood which was based on five sales. This results in questionable, fragmented neighborhood delineations with very exact adjustment factors that, while they produce a low COD, may not be truly indicative of market distinctions or discernable neighborhood delineations. Second, Lake Winnisquam neighborhoods "03" and "04" did not have any sales in them and yet the neighborhood factors were set differently from the other Lake Winnisquam factors without any discussion as to logic or basis. Third, the board notes all the land residual extractions are based on holding constant the site index factor at either "5" for non-waterfront related properties or "9" for waterfront related properties. The list of site index factors contained in the assessment manual indicate a site index factor of "5" is 100% and a site index factor of "9" is 180%. No discussion or analysis of the logic or use of site indexes is contained in the assessment manual or the Response. Vision's methodology of utilizing both neighborhood factors and site index factors in Sanbornton makes clear documented extraction analysis difficult to perform and understand. While it may be part of Vision's computer assisted mass appraisal (CAMA) methodology, there is no stated logic or inductive analysis of the interplay of the neighborhood factors and site index factors.

In short, while the Response contains some appropriate analyses and documentation, it is difficult for this board to understand and accept many of its assertions and conclusions. One has to ask if this board, a full-time tribunal established to hear tax appeals and oversee reassessment issues (RSA ch 71-B), has difficulty in understanding and accepting the assessment documentation, whether the methodology employed is adequately transparent and sufficient and in keeping with the board's holdings in a number of reassessment orders addressing this issue. (See: Milford Reassessment, BTLA Docket No. 17330-97RA (July 5, 2002); Wilmot Reassessment, BTLA Docket No. 19503-03RA (January 23, 2004); Columbia Reassessment, BTLA Docket No. 18361-00RA (August 24, 2004); Winchester Reassessment, BTLA Docket No. 18412-00RA (January 7, 2005); and Orford Reassessment, BTLA Docket 21473-05RA (November 3, 2005). It is also questionable if prospectively such documentation and methodology would be sufficient to meet the guidelines for revaluations based on the 2005 edition of USPAP Standard 6 as provided in RSA 21-J:14-b for reassessments occurring after April 1, 2006.

As to the timing of the ordered reassessment, the board finds the assessing statistics of DRA's 2006 ratio study does not indicate an immediate need for a reassessment. See RSA 71-B:16-a (criteria for board to consider in ordering reassessments) and RSA 21-J:14-a (assessing standard board's guidelines). Also, the board finds it would not be practical, at this late date, for the Town to warn and appropriate adequate funds and prepare for a reassessment in 2007.

In conclusion, the board retains jurisdiction over the 2008 town-wide reassessment. The reassessment shall be done in compliance with all applicable statutes and rules, including the requirement that the documentation be based on the 2005 edition of USPAP Standard 6

(RSA 21-J:14-b, I (c)). The Town shall file periodic reports with the board every three months starting July 1, 2007 as to its progress towards complying with this reassessment order. The board's review appraisers may also, if warranted by the periodic reports or directed by the board, review the progress of the Town in complying with this reassessment order.

SO ORDERED.

BOARD OF TAX AND LAND APPEALS

Paul B. Franklin, Chairman

Michele E. LeBrun, Member

Douglas S. Ricard, Member

Albert F. Shamash, Esq., Member

CERTIFICATION

I hereby certify a copy of the foregoing Reassessment Order has this date been mailed, postage prepaid to: Peter G. and Donna J. Dascoulias, 342 Black Brook Road, Sanbornton, NH 03269, Lead Petitioners; Christopher L. Boldt, Esq., Donahue, Tucker & Ciandella, 104 Congress Street - Suite 304, Portsmouth, NH 03801, counsel for the Municipality; Robert McCarthy, Contracted Assessor, Vision Appraisal Technology, 44 Barefoot Road, 2nd Floor, Northborough, MA 01532; Chairman, Board of Selectmen, Town of Sanbornton, PO Box 124, Sanbornton, NH 03269; and Guy Petell, State of New Hampshire, New Hampshire Department of Revenue Administration, PO Box 487, Concord, NH 03302, Interested Party.

Dated: 2/27/07

Anne M. Stelmach, Clerk