

**MINUTES
SELECT BOARD
TOWN OF PETERBOROUGH**

Tuesday, February 15th, 2022 – 5:00 PM
1 Grove Street, Peterborough, New Hampshire

Present: Tyler Ward, Bill Taylor, Bill Kennedy

Also Present: Nicole MacStay, Ali Kreutz

The first few minutes of this meeting were not broadcast or recorded due to technical challenges, but the remainder of this meeting was broadcast live on Ustream, YouTube, and Comcast Channel 22 and recorded for posterity.

Chair Ward opened the meeting at 5:02 PM.

Assessing Presentation and Q&A Session – Marybeth Walker, Samuel Greene, & Lisa Mudge

Assessors' Agent Marybeth Walker introduced herself and said she works for Corcoran Consulting, which has been providing Peterborough with Assessing services for almost twenty years.

Ms. Walker explained that the point of a revaluation is to update and equalize all assessments in a town to the real estate market at that time. In Peterborough's most recent valuation, she had to consider what the market value of a property would be as of April 1st, 2021. As property values change in the marketplace, as indicated by sales data, the changes are analyzed and used to build new assessments.

Ms. Walker said several people had brought up the difference between their prior and new assessed value, but the old assessed value is mostly irrelevant. The purpose of a revaluation is to revalue the property based on the sales information, costs, and economic conditions of the market period of the revaluation to create "Values Anew." She also clarified that Assessments are not changed by a certain percentage; the assessments are rebuilt based on the analysis of today's real estate market.

She explained that different features of properties may "drive value" like age, story height, square foot living area, and location. She said the properties in Peterborough that were most impacted by the market changes and revaluation were older homes, homes of (previously) lower value, and homes with less square feet of living area situated on lots under one acre in size. She displayed a chart indicating that there was a 26% difference in lower-valued homes and higher-value homes (homes with lower assessed values were more undervalued than homes with higher assessed values).

Next she displayed a chart that showed how sales have changed in Peterborough since 2018, which was the last Town-Wide revaluation before this one. Market values have increased throughout Town. Ms. Walker said the purpose of the revaluation was to "keep up with the changing market and make sure that all properties were assessed fair and equitable within the community." Prior to the 2021 Revaluation, the median ratio for assessed values was at 71% of market value, and following the revaluation, they were at 94.5%.

Ms. Walker explained that the revaluation updates all property types based on sales data, and provided details about the resulting changes in assessed values for different types of properties. Single family homes (of which there are 1462) and 2&3 family homes (130) saw an overall increase of 30%, while condos (336) saw an increase of 29.5%. Vacant land (129) also saw an overall increase of 30%. Commercial/industrial properties (150) saw an increase of 11%, and mixed-use (27) increased 19%. Apartments (41) increased 15% and mobile homes (5) increased 21%.

She then reviewed some of the ways property is broken down for analysis, including quartile, square footage, year built, and neighborhood. She then addressed the changes in land value, which several people had previously asked questions about. Sales data had indicated that parcels that were smaller in size (half acre or less) were the most undervalued prior to revaluation, and urban acreage was more undervalued than rural acreage.

Ms. Walker said the overall final median ratio for 2021 is 94.5%, and said questions taxpayers should consider before filing abatement should include whether they could sell their property for the assessed amount; how much similar properties are selling for; how much similar properties are assessed for; and does the Assessing Office have the correct information for the property.

She concluded the presentation by sharing that, according to the 28 valid sales in Peterborough between October 1st 2021 and January 1st 2022, home prices have continued to increase: "That market is just moving so quickly."

Chair Ward thanked Ms. Walker for her presentation, and invited comments and questions from the audience.

From the audience, Stephanie Hurley said she wanted to know how the Assessor decides what portion of a sale price goes to house and what goes to land.

Ms. Walker explained that vacant land sales help establish land values, but many of the land sales in Peterborough were not valid, due to current use status or abutter sale, so only three sales at the time of the study were able to be used. To determine land value when they aren't a lot of purely land sales, an "extraction process" is used, in which assessors look at sales that include both land and building, establish the value of the building using the cost approach, then subtract the building value, along with any view or riverfront value, from the total sale price. That leaves them with an idea of the market value for the land. The assessor would then establish value of the primary acre, and residual acreage, and she noted a curve is applied in instances where lots are less than an acre.

Ms. Hurley said, "Land values just don't seem right."

Ms. Walker said for Neighborhood 101 (which saw the biggest change in land value at \$90,000 an acre), a land property that only .76 acres sold for \$150,000. Another land property of 1.27 acres on Laurel Street, which had 10% off for heavy traffic, sold for \$90,000.

From the audience, Sharon Monahan said a developer in Peterborough had told her "a buildable lot is a buildable lot" regardless of location, and she asked, "Why aren't all properties valued the same?" She said in rural areas, there's 3-acre minimum zoning, and 1-acre minimum zoning in the family district.

Ms. Walker said the minimum might be required for a new subdivision, but there are many rural lots that are not 3 acres.

From the audience, Linda Scerbinski asked where the presentation and handout information would be available.

Ms. MacStay said that everything would be included on the Town website.

Ken Sutcliffe said he thought a group of retired condo owners were inadvertently "targeted" in the revaluation. He said, unless he wants to sell, he "can't really afford to live here."

Ms. Walker said she is responsible for the assessments for 14 communities, and she has heard similar things in other towns. She said "it's very difficult for her" but she is required by law to look at market values and unfortunately can't take into account the people living in the homes. She said some relief is available through exemptions and credits for those that qualify, and there's state program for those in low-to-moderate income housing that people can apply for.

From the audience, Janet Brown said she "didn't understand the whole process" and asked if they (assessors) would come to the house at all.

Ms. Walker explained that there's an ongoing "measure and inspect" process in which properties are visited in order to check the data on the property record card, and properties that have been sold are visited by default, but residents can request an inspection visit from an assessing official at any time.

Loretta Laurenitis said she didn't understand the purpose of the neighborhood codes and how they impact the revaluation process. She said there are some properties right next-door to each other are in different neighborhoods.

Ms. Walker explained that neighboring houses may be in different neighborhoods due to one being a corner lot or at an intersection, or they may “feather up” when sales data indicates a property should be in a different neighborhood. Some neighborhoods are specific subdivisions, but not all homes in a neighborhood are restricted by location, and neighboring properties can be in different neighborhoods – “There has to be a line that you draw, and hopefully we’ve drawn it in the right place.”

From the audience, Marilyn Weir asked what the characteristics of any given neighborhood are.

Ms. Walker said there was a handout that listed the characteristics.

All handouts had been taken, so Ms. Kreutz stepped out to make more copies and distributed them to the audience.

From the audience, Bob Bolt said he had compared acreage size of about 20 properties in Neighborhood 101 and 102, and acreage for properties in 101 tended to be smaller while properties in 102 tended to have more acreage, and properties in 101 had higher assessed value per acre: “I don’t see how that’s equalization.”

Ms. Walker said the cost study of new houses in 102 had indicated that values of buildings needed to increase slightly, and 102 is the only neighborhood where the multiplier to increase building value can be applied. As a result, a property moved into 102 from 101 would see a 2% increase in building value, and decrease in land value. She said “there’s a full analysis” that goes into establishing values, and stressed that overall value of property (land and building) has to be considered when determining if assessed value is reasonable.

Mr. Taylor added, if you disregard the neighborhood code and you look at the total assessed value of your home “is your property assessed at a fair number, or is it not?”

From the audience, Nancy Luow said she lives in a condo on East Ridge Drive where there is common land but no land specific to her property, and asked how land value is established for condos.

Ms. Walker said condos are valued differently in different communities, but the ultimate goal is to be at market value. She said there used to be an assessed land value (site value) included for condos, but a past town administrator requested that the land value for condos be merged into building value so that it didn’t appear condo owners also owned land. Even though there isn’t a separate land and building value, the assessed building value for condos includes all amenities, which differ by complex/development (like swimming pool, tennis court, etc).

From the audience, Hope Taylor asked “Who decides all this convoluted stuff? Have the taxpayers voted on this?” She said when she first moved to town, revaluations were done every ten years, and then it went to five years, but now it seems like it can be done “whenever.”

Sam Greene said he lives in Jaffrey and is a real estate appraiser in the area, and serves as the assistant director of the Department of Revenue. He introduced Lisa Mudge, who is the supervisor of the West District, which includes Peterborough.

He said everything that Ms. Walker addressed regarding the market “is spot on.” He sees values all over the state and acknowledged that low-end properties are having to pay more, “from Pittsburg to Peterborough.” This has happened as the result of the market, and Ms. Walker is “not targeting” anybody. In New Hampshire “by-and-large, market value is the basis for assessing” and mentioned that exceptions include Current Use land and low-income housing. He said that in some states like Connecticut, assessed value is based only on a percentage of market value. The way it’s done in New Hampshire “is simpler, but it’s painful.”

Mr. Greene continued that the other part of the equation is the tax bill. The tax rate is determined by the budget minus income, divided by the Town’s assessed value.

He added that there is the mechanism for changing elderly exemption details like the granted amount and eligibility factors, but different towns deal with elderly exemptions and veterans’ credits in different ways, and credits and exemptions are made up by other taxpayers. He said he brought a report for the Select Board to review - “There’s a lot of things for these gentlemen to think about.”

Mr. Greene continued that the DRA monitors municipal revaluations, and doing one in 2021 was not a requirement (as the last town-wide revaluation, done in a five-year cycle, was completed in 2018), “but doing one this year alleviates the pain” that would otherwise be felt in two years. “The clock has been restarted,”

and it will be five years before Peterborough is required by the State to have another full statistical revaluation.

Mr. Taylor, referring to Hope Taylor's comment, asked when the cycle went from 10-years to 5-years. Mr. Greene said the mandated five-year revaluation goes back to the Clairmont Decision, but in the State Constitution it said "all along" there was a requirement to bring values anew every five years at least, "and as much oftener as the general court shall order."

Ms. Hope Taylor said that she worried that assessing at full valuation in a town like Peterborough would lead to people being forced out. She asked if the Legislature could vote to do it like in Connecticut, where properties are assessed at only 70% of market value.

Mr. Greene confirmed that would have to be a change in the law and, if Peterborough was valued at 70%, the tax rate would go up, because the town still needs to meet their budget.

Chair Ward added that Connecticut also has income and sales tax, where New Hampshire's main source of revenue is property tax.

Mr. Greene said he wanted to stress that "what was done isn't bad assessing practice." Certain properties were underassessed more than others, and that has been captured, as seen in the examples of the different neighborhoods. The DRA reviews and approves the revaluation process through review of the USPAP Report, which provides documentation of how values were established and reconciled. He said Ms. Walker provided the DRA with the USPAP over a month ago, and there is a copy for public review, and he encouraged anyone who was interested to take a look at it. Abatement applications are due March 1st, and abatement decisions can be appealed to the Board of Tax and Land Appeals or Superior Court.

Mr. Taylor said there's a lot of new real estate that will be added to the tax rolls, which will help to "spread out the burden." He said, based on building permit information, at least \$7 million dollars' worth of construction is forthcoming.

Ms. MacStay added that that was just for completely new construction, and didn't include renovations or additions.

Mr. Greene explained how the cyclical inspection process is done in increments – a quarter of the properties in town are reviewed each year for four years to correct and update inventory, and then in the fifth year, all the properties are revalued. He said the *review* of properties wasn't mandatory every five years, but "boots on the ground" is good practice.

From the audience, Ms. Monahan said, when looking at sales data, she noticed that properties that sold for higher amounts had lower assessed than what they sold for. She said other properties that were older had higher assessed values than what they sold for. She asked if it had to do with the statistics.

Ms. Walker said much of it has to do with when it sold – the date of value is April 1st of 2021. Some sold well before that, and some sold six months after, and the market is moving quickly. She said she can't adjust the assessed value of a property based on how much it sold for, as she has to take into account the various factors of the property like, quality, number of bathroom, porches, decks, outbuildings, etc.

Mr. Greene added "we don't want to see sales chasing...we don't want the new assessments to magically meet the sales prices." He said that Ms. Walker is building a model out of qualified sales, and "the statistics are showing good results of her model." He continued that not everyone is going to be assessed at 100% of market value. "In the world of assessing, which is not a perfect thing...it's still a good reval if you're plus or minus 10%."

Mr. Taylor further explained how matching sales prices to assessed value could result in negative consequences for surrounding properties.

Ms. Hurley said, "I'm still not happy at all about the neighborhood codes...they make no sense to me." She thought all residential homes should be categorized together. She said most of the houses on Hunt Road are Neighborhood 101, but one large estate in the middle is Neighborhood 102. That estate has 8.34 acres and

the land is assessed for \$61,560, and the land of the neighboring lot (in Neighborhood 101) is 2.5 acres and is assessed at \$105,000: "It's not fair."

Mr. Taylor asked if the total valuation of the properties seemed fair, and not land vs. building: "Total valuation is where it's at."

Ms. Hurley said "but that's not where it's at," and felt the land value was responsible for driving up the values of the smaller properties. She said the increase should be "town-wide."

Mr. Greene said the specific details of the situation should be discussed with Ms. Walker, but "there are all kinds of instances" where neighboring properties can have drastically different features that change value or impact what neighborhood they fall in.

Mrs. Walker said that she is happy to talk to people on the phone or visit with them in person, but "if for some reason all my answers need to be public beyond today, I'm not sure what to say, but there's a process and procedure, and if you feel your property is overassessed, please file for an abatement." She continued that "there is a full process involved in mass appraisal," but in the end, the property owners should consider if they would be able to sell their house on April 1st, 2021 for its 2021 assessed value.

Referring to Ms. Hurley's remarks about the 8.34 acres worth only \$61,560, Ms. MacStay said that Ms. Kreutz had looked up the property and all but one acre is in Current Use, which is why the assessed land value is noticeably low.

Ms. Hurley said that the value of that one acre would be \$90,000 if it was in Neighborhood 101 instead of 102.

Chair Ward thanked the audience and Ms. Walker, Mr. Greene, and Ms. Mudge for coming.

Ms. MacStay announced that, due to technical issues, the first 15 minutes or so of the meeting were not broadcast, but Ms. Walker's presentation will be posted to the website.

Vote to Confirm the May 24th, 2021 Vote to Proceed with the Acquisition by Eminent Domain of Parcels off of Elm Street for the Municipal Campus Project

Ms. MacStay said discussions began in 2019, and the Select Board agreed to move forward. The Harris Center agreed and asked that the Town go through acquiring the land by way of eminent domain. Last time the Board discussed this was May 24th and vote was made to proceed with eminent domain process for those two parcels. Town Attorney has asked the Board to reconfirm the vote to proceed and to authorize Ms. MacStay as a signer of related paperwork.

Motion: Chair Ward made a motion to confirm the earlier May 24th, 2021 vote to proceed with the Acquisition of Harris Center's Elm Street parcels U023-024-100 & U023-024-000 for the purposes of constructing the new fire station and any other further governmental uses that would be appropriate on this land as acquiring this land for this use is a very important and very necessary public purpose and further to authorize Town Administrator Nicole MacStay to sign the Declaration of Taking.

Vote: Mr Taylor seconded. All in favor. Motion carried.

Consideration of the Adoption of the Juneteenth Holiday

Ms. MacStay said the Federal government has adopted Juneteenth (June 19th) as a federal holiday. It has not been adopted by the State of New Hampshire, but some towns are adopting it at the municipal level.

Mr. Kennedy said it was a very important date, but many people didn't know about until recently.

Motion: Mr. Taylor made a motion to adopt the Juneteenth holiday.

Vote: Chair Ward seconded. All in favor.

Ms. MacStay said she would notify employees and it would be added as an addendum to the Employee Handbook.

From the audience, Francie Von Mertens asked what that meant for the Town, and asked if would impact schools.

Ms. MacStay said Town Offices would be closed that day, and she wasn't sure how it would impact schools, but most schools would out for the summer by that point any way.

Mr. Kennedy asked when exemptions would be discussed.

Ms. MacStay said she and Ms. Walker, who had been very busy responding to the questions about the revaluation over the last few weeks, would start working on that next.

Mr. Kennedy said he had been doing some research on what other towns had for exemptions, and "the numbers were all over the place."

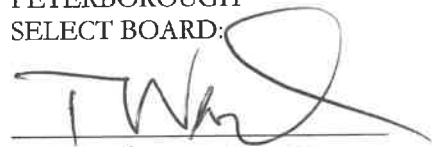
Ms. MacStay agreed.

Motion: Mr. Kennedy made a motion to adjourn at 6:32 PM.

Vote: Mr. Taylor seconded. All in favor. Motion carried.

Respectfully Submitted,
Alison Kreutz, Assistant to the Town Administrator

PETERBOROUGH
SELECT BOARD:



Tyler Ward



Bill Taylor



William Kennedy