

## SOME TIPS ON ANALYZING YOUR NEW 2015 PROPERTY ASSESSMENT

**IF YOU HAVE ANY CONCERNS ABOUT YOUR NEW ASSESSMENT, MAKE AN APPOINTMENT IMMEDIATELY TO MEET WITH A REPRESENTATIVE OF THE APPRAISAL COMPANY - SEE DIRECTIONS BELOW.**

All residential and commercial property owners should have received a letter from the Tax Assessor dated November 12<sup>th</sup> informing them of the **Assessed** value of their property as of October 1, 2015.

The combined value of all the new assessments for residential, commercial and industrial real estate (which represents ~93% of all the taxable property in Town) reportedly declined about 2% from what those properties were worth on October 1, 2010.<sup>1</sup> If we assume the remaining 7% of taxable property (motor vehicles and personal property) also declined 2%, the so-called “mill rate” will have to rise by 2% in order to collect the same amount of taxes. Under these circumstances:

- **If the value of your property declined exactly 2%**, then with the mill rate up 2% due to the revaluation, the amount of taxes you pay would not change, but if spending and taxes in fiscal 2016-17 increase by 1.5%, the mill rate would have to rise even more, and you would pay 1.5% more in taxes.
- **If the value of your property declined less than 2% or increased**, the amount of taxes you pay would go up due to the revaluation, and you would pay even more if spending and taxes increase 1.5% next year.
- **If the value of your property declined more than 2%**, the amount of taxes you pay would go down, but your tax bill would go down less if the Town’s spending and taxes rise 1.5% next year.

| <b>Change in Value of Your Property</b> | <b>Change in Your Taxes due to the Revaluation</b> | <b>Change in Your Taxes if Spending is up 1.5%</b> |
|---|--|--|
| -25%                                    | -23%   | -21.5%   |
| -20%                                    | -18%   | -16.5%   |
| -15%                                    | -13%   | -11.5%   |
| -10%                                    | -8%  | -6.5%  |
| -5%                                     | -3%  | -1.5%  |
| -2%                                     | 0%   | +1.5%  |
| 0%                                      | +2%  | +3.5%  |
| +5%                                     | +7%  | +8.5%  |
| +10%                                    | +12%   | +13.5%   |
| +15%                                    | +15%   | +16.5%   |
| +20%                                    | +22%   | +23.5%   |
| +25%                                    | +27%   | +28.5%   |

Subject to any adjustments after informal hearings with the appraisers, the Tax Assessor reported that about 10% of all Fairfield properties were unchanged in value, about 50% were down and about 40% were up. Every effort was made to ensure that the new valuations are fair, but with over 20,000 residential properties, it is possible that some are not correct. The best way to consider whether your new assessment is fair is to compare how it changed relative to other properties in your neighborhood. Although there are always exceptions, if the percentage change in your assessment is roughly similar to those for most of the properties near you, it is likely that your new assessment is fair.

**Important Dates**

**December 18th:** Last day for informal hearings with representatives of VGSI.

**January 6th:** Notice of results of informal hearings.

**February 19th:** Deadline for appeal application to Board of Assessment Appeals.

**60 Days After BAA Decision:** Deadline for appeals to Superior Court.

<sup>1</sup> Since new construction has added to the total amount of property in town since 2010, the actual average decline in the value of Fairfield properties that existed five years ago is greater than 2%.

## How Can You Find Out How Values Changed for Other Properties Near You?

The company that performed the revaluation for the Town, Vision Government Solutions Inc. ("VGSI"), provides an excellent website that allows you to compare any change in the assessment of your home to those of your neighbors. To do this, follow these directions:

1. Go to the VGSI website at: <http://gis.vgsi.com/FairfieldCT/>
2. Click on the blue box that says: "Enter Online Database."
3. Click on top where it says: "Street Listing."
4. Find your Street and click on it.
5. Click on addresses that are close to your home.
6. For each home, the number on the top right is the "new" Assessment (which is 70% of the new Appraisal or market value of that home).
7. To get the "old" Assessment for each home, scroll down to the very bottom of the page where you will find the Assessments for each of the three years, 2012, 2013 and 2014.
8. Divide the 2015 Assessment by the 2014 Assessment to get the percentage change in the value of that property, and then do the same for as many other properties as you think will give you a representative sample of what happened in general to the properties around you.

Once again, although there are always exceptions, if the percentage change in the value of your property **is roughly in line** with the changes for most others in your area, it is likely that your new assessment is fair.

If the change in the value of your property **is significantly different** than the changes for others in your area, there are many possible explanations, including significant changes in the size and/or quality of any given property that were not previously included in its assessment.

You can try on your own to figure out why the value of your home changed more or less than others in your neighborhood, or you can make an appointment to meet with a representative of VGSI and discuss your concerns. To make an appointment:

1. Go to the VGSI website: <http://www.vgsi.com/>
2. Click on "Taxpayer Information."
3. You will see a "drop down" menu.
4. Click on "Online Scheduling."
5. Where it says, "Select Municipality," click on "Fairfield Residential."
6. Follow the instructions to choose a date and time for your appointment.

You can also make an appointment by calling the following number: 1-888-844-4300. These informal meetings are being held at the Senior Center (now called the Bigelow Center for Senior Activities), 100 Mona Terrace.

Please note that as of November 23<sup>rd</sup>, the last date available for an appointment with the appraisers is December 16, but it is possible that more dates will be added if necessary.

### If You Want to Do More Analysis on Your Own

If you would like to do more analysis of your new assessment on your own, a good place to start is to look at the breakdown for both the new and old assessments between the **value of the land** and the **value of the improvements** on the land, which for most properties is the house that is built there, but also includes things like swimming pools, generators, and any accessory buildings. This breakdown between the values for land and improvements is easy to find for any property at the **top of the page** for the **new Assessment** and at the **bottom of the page** for the **old Assessment**.

The top of the page will look approximately like this:

#### Current Value

##### Appraisal

| Valuation Year | Improvements | Land      | Total     |
|----------------|--------------|-----------|-----------|
| 2015           | \$111,700    | \$368,500 | \$480,200 |

##### Assessment

| Valuation Year | Improvements | Land      | Total     |
|----------------|--------------|-----------|-----------|
| 2015           | \$78,190     | \$257,950 | \$336,140 |

The bottom of the page will look approximately like this:

#### Valuation History

##### Appraisal

| Valuation Year | Improvements | Land      | Total     |
|----------------|--------------|-----------|-----------|
| 2014           | \$105,400    | \$388,600 | \$494,000 |
| 2013           | \$105,400    | \$388,600 | \$494,000 |
| 2012           | \$105,400    | \$388,600 | \$494,000 |

##### Assessment

| Valuation Year | Improvements | Land      | Total     |
|----------------|--------------|-----------|-----------|
| 2014           | \$73,780     | \$272,020 | \$345,800 |
| 2013           | \$73,780     | \$272,020 | \$345,800 |
| 2012           | \$73,780     | \$272,020 | \$345,800 |

In this example, the value of improvements **increased 6%** ( $\$111,700/\$105,400$  or  $\$78,190/\$73,780 = +6.0\%$ ); the land value **decreased 5%** ( $\$368,500/\$388,600$  or  $\$257,950/\$272,070 = 0.948 = -5.2\%$ ); and the total property value **decreased 3%** ( $\$480,200/\$494,000$  or  $\$336,140/\$345,800 = 0.972 = -2.8\%$ ).

Be careful in making any calculations that you do not mix **Appraisal** data with **Assessment** data. You can use either to compute the change in Improvements and Land values, but if you mix them (e.g., comparing **Appraisal** data for 2015 with **Assessment** data for 2014 or *vice versa*), you will get crazy results.

By computing changes in values for both land and improvements for all the properties you are comparing, you may discover significant differences in how those values have changed.

Note that differences in **land values** between two properties usually reflect different lot sizes (you can find the lot size for each property in acres just above the Valuation History), but there are many other possible explanations, and changes in any combination of these other factors could explain why the land value for your property changed more or less than it did for another property.

Meanwhile, differences between two properties in the value of **improvements** usually reflect different home sizes (you can find the number of square feet for each house in the box below the picture of the home, and the number that matters is living area, not gross area), but again there are many other possible explanations. For example, if two homes are exactly the same size, but one of them is new (or has been recently renovated) and the other is old and less well maintained, there should be a significant difference in their market value. Once again, changes in any combination of these factors could explain why the value of your “improvements” changed more or less than for another property.

As you will see on the VGSI website, there are many details about the size and “quality” of each home, and you can continue your analysis by looking for differences in these details. There is even more detailed information (and more historical information) on the so-called “field card” for each property in Town that you can see by going to the Tax Assessor’s office in Town Hall.

### **What If You Think Your Entire Neighborhood Has Not Been Fairly Valued?**

It is possible that the value of your property changed in line with other properties around you, but changed much more or less than properties in other neighborhoods. In a large and diverse town like Fairfield, greater or lesser changes in property values are to be expected in different neighborhoods, since each of them is subject to different trends in land values. For example, land in the beach area has increased substantially in value over time as more and more people have replaced the seasonal dwellings that once predominated there with year-round homes, and more recently some beach-area land values have declined, perhaps because buyers were concerned about the risk of flood damage. You can discuss any concerns about how assessments have changed in different neighborhoods with a VGSI representative at your informal hearing. If you want to do some of your own analysis, neighborhood numbers can be found on the VGSI website in the section that provides information for each property on Land use and valuation. Thus, you can expand your earlier analysis of changes in assessments to include properties that are not in your immediate area. However, keeping in mind that there are over 20,000 residential properties in town and 19 different neighborhoods (so an average of more than 1,000 properties per neighborhood), you will have to compute changes in assessments for hundreds of properties in order to have a statistically significant sample.

### **What If You Want to Analyze the Sales Data upon Which the New Assessments are Based?**

The new assessments for all properties are based primarily on an analysis of the sales of properties that occurred in Fairfield from October 1, 2014 to October 1, 2015; if additional sales data are needed, the appraisers go back another 12 months to October 1, 2013. Many of the sales that occurred over the last two years are not included in the appraisers' analysis because they were not considered to represent "qualified" or "arms-length" sales between a willing buyer and a willing seller, some examples of which are foreclosure and estate sales. Thus, it is extremely difficult to analyze sales data on your own without knowing which sales were excluded by the appraisers because they were not considered to be representative of what happened to the true market value for similar properties. If you would nonetheless like to try, you can obtain data on recent sales on the VGSI website. To do this:

1. Go to the VGSI website: <http://gis.vgsi.com/fairfieldct/Default.aspx>
2. Click on "Enter Online Database" in the upper right on the page.
3. Click on "Sales Search" at the top of the page.
4. Follow the directions to choose different date and price ranges, land and building sizes, models, styles and neighborhoods and you will get a list of properties that sold, the date of sale, the selling price, and other information.

### **What If You Are Still Not Happy with Your New Assessment after Meeting with a VGSI Representative and Receiving a Notice of Any Change?**

After all the informal hearings are completed, VGSI will consider the need for any changes and final assessment notices will be mailed to property owners on **January 6<sup>th</sup>**. Anyone who is still not happy with their assessment may formally appeal it to the Board of Assessment Appeals at hearings to be scheduled in March 2016. The deadline for any appeals to the BAA, which are submitted through the Tax Assessor's Office, is **February 19, 2016**, meaning that the Tax Assessor must have received the appeal by that date.

### **Additional Sources of Information**

The Tax Assessor has provided an explanation of how the revaluation process works, along with other helpful information at the following website: <http://www.fairfieldct.org/Revaluation>

### **Additional Information That May be Helpful**

One way to see how appraisers use recent sales to value properties is to look at an appraisal performed for a recent mortgage or refinancing for your property (or nearby properties, if your neighbor has recently refinanced). Before a bank can issue a new mortgage, it must have an appraisal performed by an independent and licensed appraiser. You may have received a copy of an appraisal in your mortgage documents. If not, you may be able to obtain these documents from the bank or mortgage broker. If the date of the appraisal is within the last 12 months, the information may be helpful in discussing any concerns you may have about your new assessment with a VGSI representative, or if necessary, with the Board of Assessment Appeals.

The most common method used for a bank appraisal is the “sales comparable” approach, whereby the appraiser does an analysis very similar to what VGSI has done for every property in Fairfield, based on recent sales of nearby properties. If lot and home sizes and conditions are similar, the analysis is fairly simple. If there are significant differences in sizes or conditions, adjustments are made to apply the prices of home that have recently sold to the home being appraised. The adjustments could be for lot size, view, home size, etc., and the magnitude of any adjustments is based on the appraiser’s judgment.

The appraisal is summarized in a table in the appraisal document that will identify and describe the properties used for the comparison and the relevant adjustments needed to make the properties comparable. To be relevant to the 2015 revaluation, the appraisal would have to be dated no earlier than the beginning of 2014. If you have such an appraisal and it shows a value significantly lower than the market value determined by VGSI, it is certainly something you should discuss in your meeting.

### **Revaluation Approach**

Determining the fair market value of all Fairfield properties as of October 1, 2015 involves evaluating each property and its location in Town. The valuation process utilized by VGSI emphasizes the analysis of the most recent arms-length sales in each neighborhood. Although there might be many opinions about what a particular property is worth (e.g. 2010 Appraisal, real estate listing prices, homeowner opinions, sales prices for other towns, etc.), the new assessments are based on an analysis of the most recent “arms-length” sales of properties that are most similar to and located near the property being valued.

Based on the recent sales data, the appraisers utilize a combination of their judgment and structured real estate valuation models. The models employ many quantitative data elements, as well as subjective factors. **Quantitative** data include such things as the square footage of land, buildings, and the number of fireplaces, while **Qualitative** factors include such things as construction quality, current condition, etc. In a perfect world, all properties would be evaluated individually based on a comparable sale just before the revaluation effective date of 10/1/2015. However, since the town has more than 20,000 residential properties, the appraisers utilize sales over a longer period (e.g., since 10/1/2014, and if necessary, since 10/1/2013) and other data in their models so they can uniformly project values using the best available data over a reasonable time frame. On occasion, this approach can result in unusual values, and thus it may be beneficial to review the specifics of your property valuation relative to known sales transactions, as well as those of similar and nearby properties.

### **Appraised Values**

As noted earlier, as part of the appraisal process, values are determined separately for the land and structures (improvements) at each site. Overall the land values are impacted by numerous factors: land use code; the neighborhood in which the property is located (the appraisers have designated 19 neighborhoods across the town); physical attributes of the land (e.g. wetlands, topographical conditions, etc.); and other special adjustments that reflect what arms-length buyers are actually willing to pay for land in various parts of Town. Such adjustments are determined by the Tax Assessor and the appraisers based on the results of their analysis of recent arms-length sales of properties in the same area.

**Understanding Your 2015 Revaluation Results**

A step-by-step checklist is provided on the following pages that structures an approach for you to consider whether your property is fairly valued. This should not be viewed as legal advice, nor the only approach to utilize, but simply one possible method to analyze the impact of the recent revaluation on any change in your property's value relative to other Fairfield properties. It is based on the collective experience of various individuals familiar with real estate valuation approaches in general and with the Town's revaluation process.

Beneficial insights can also be gathered by speaking with neighbors, as well as local real estate professionals which could help uncover important information on trends or factors that warrant consideration.

**Checklist:**

| STEP   | DESCRIPTION  | PURPOSE   | ADDITIONAL CONSIDERATIONS   |
|--|--|---|---|
| Review information on the 2015 Revaluation process provided by the town as background to the purpose and approach to the 2015 Revaluation process. | Go to Tax Assessor's web site and review the explanation of the purpose of the revaluation process.<br><br><b>Assessors web site:</b><br><a href="http://www.fairfieldct.org/taxassessor">http://www.fairfieldct.org/taxassessor</a>   | Provides necessary details so that you understand the reason, approach, and impact of the revaluation process.<br>May also help identify other things to consider during your review. | By reviewing the links provided, you may find other topics of interest such as Senior and Disabled tax relief; Veterans/Military exemptions, or information Board of Assessment Appeals, etc. Look for links on right side of Assessors web page.   |
| Review the specifics of your property from on-line database or the field card.   | Review on line and / or obtain the supplemental field card property information from the Tax Assessors' office at town hall.<br><br>VGS web site:<br><a href="http://gis.vgsi.com/fairfieldct/">http://gis.vgsi.com/fairfieldct/</a>   | Become familiar with the specifics of your property, including neighborhood designation.  | Review the separate values derived for your land and the improvements as a result of the revaluation. The values for each may have changed based on the sales that have occurred.   |
| Perform a sales search using the on-line database to identify sales in the time frame leading up to the 10/1/2015 revaluation date.                | <b>Performing a sales search in Vision Database:</b> In the on-line VGS database, click on "sales search". Select relevant sales search dates (target 1/1/2014 to present); Sales values (bracket values lower and higher than your value); select land size and building size (again bracket amounts relative to your property); select model (typically residential (unless commercial)); select style (best to select several that may be related to style of your improvement); select Neighborhood designation (your Neighborhood is shown on your field card record (online or hard copy). | This step will help to isolate sales in your Neighborhood during the relevant period that has been used to determine the value of your property.                                      | Some of the sales that have occurred may not have been "arms-length" sales and therefore may not be valid for revaluation purposes.<br><br>Non arms-length transactions may be due to a forced sale, estate sales, or other reason where the sales is not viewed as truly arms-length FMV sale.<br>The judgment of the appraisers is used to verify the applicability of all sales.<br><br>Sales in the period immediately after 10/1/2015 may also be useful in establishing valuation trends. |

| STEP  | DESCRIPTION   | PURPOSE  | ADDITIONAL CONSIDERATIONS  |
|---|---|--|--|
| <p>Refine the sales search by adjusting or refining some of the parameters to develop a focused list of sales comparables that are most similar to your property in physical attributes and location.</p> | <p>Target your review to properties with sales dates closest to the valuation effective date and most similar/proximate to your property.</p>   | <p>An array of properties that sold in the year before the valuation date (possibly back to 1/1/2014), are closest to your physical location, and are similar to your land and improvements will provide the best data to compare your 2015 appraised value to the recent sales transactions.</p>                  | <p>If a wide range of comparable sales does not exist, you may need to extend the sales date period, or review properties in adjacent neighborhoods. This may require looking up addresses of recently sold properties and a determination of its Neighborhood, so you can look for relevant sales transactions for your analysis.</p>   |
| <p>List properties that you believe to be relevant to your property and separately review details related to land values and improvement values.</p>  | <p>Isolate the properties that have values that are significantly different from your property values. Obtain field card data for those properties, and review the related details.</p> <p>Look for situations for which your land and/or improvement values are markedly different from sold properties. Recognize that there should be similar conditions for the land, condition of improvements, etc. It is difficult to compare properties that are different in size, or have old vs. recent significant improvements, etc.</p> | <p>A small sample of properties that demonstrate differences from your value will provide a good basis for discussion during an informal or formal hearing with the VGSI appraisers or TOF Assessors office. This allows for a focused discussion in which differences can be properly reviewed and explained.</p> | <p>Recognize that there is judgment involved in the values. Differences in values may be expected and explainable utilizing the experience and perspective of the appraiser.</p> <p>Additionally, consider reviewing the values for neighbors with similar properties as a review of tax comparables (even though they were not sold) may help to disclose anomalies amongst similar properties in certain neighborhoods. This may also be a helpful point of discussion if you meet with the VGSI appraisers.</p> |

| STEP   | DESCRIPTION  | PURPOSE   | ADDITIONAL CONSIDERATIONS |
|--|--|---|---------------------------|
| Set up meeting for informal hearing with the VGSI appraiser. | Instructions on how to schedule a meeting are provided in your assessment update letter from the town.   | Following these suggestions is important to the success of your review with the VGSI team or later appeals steps. |                           |
| Prepare your materials.                                      | Have details for your property and relevant sales summarized and easily explained. Have copies of materials with you to make the most of the time permitted. | Be able to conduct your review with the appraiser in a concise 15 minute period.                                  |                           |

**Notes:**