

REVALUATION

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The Town of Cheshire has conducted a state-mandated property revaluation, and recently mailed the notices of real estate assessment changes to property owners. Many recipients of this notice were surprised that their assessment increased considering the state of the current real estate market. Our purpose for this open letter is to address this question, and to answer some of the other frequently asked questions.

Q. What is a revaluation?

A. Revaluation involves the reappraisal of all real estate in town in order to bring about uniformity in property valuations. Its purpose is to value all properties by the same standard at the same moment in time. The new property assessment is based on 70% of the October 1, 2008, market value.

Q. Why is this revaluation being conducted?

A. This revaluation is being conducted to comply with state statutes requiring that it be performed every five years.

Q. Why has the state mandated five-year property revaluations, instead of every ten years as was previously the case?

A. The rationale for more frequent property revaluations is to ensure that property assessments are consistent with current market values. The more frequent the property revaluation, the greater the probability that real estate assessments will most closely approximate current market value. Some states actually conduct a property revaluation every year.

Q. What was the median property assessment increase since the last revaluation in 2003?

A. The median residential property assessment increased by 9.2%; the median commercial property assessment increased by 21.8%.

Q. Why did the median residential assessment increase even though the residential real estate market is in decline?

A. The median residential assessment increased because the market is still above the level of October 1, 2003, the date of the last scheduled revaluation. Although the residential real estate market has seen a recent decline within the past year, the previous assessments are based on market values from five years ago.

Q. If the average residential property assessment increased by 9.2%, will my property taxes increase by the same percentage?

A. Not necessarily. The change in your property tax bill is driven by the needs of the Town's operating budget, not by the change in your property assessment. In general, if

assessments increase considerably, the mill rate is adjusted downward to generate the tax revenue necessary to support the adopted budget.

Q. Will the mill rate remain at the current rate of 28.05 mills, and if not, what will the new mill rate be?

A. Historically, the mill rate is reduced after a revaluation, depending on the growth in the total grand list. The mill rate that will be applied to the new assessments will be determined in April 2009 when the Town Council adopts the Fiscal Year 2009-2010 operating budget. Until that time there is no accurate way to predict the mill rate.

Q. What is the process for determining my assessment?

A. For residential properties, all properties are valued based on a model using market sales which occurred from October 1, 2007 through October 1, 2008. Properties are assessed at 70% of market value. Since this was not a scheduled "physical revaluation," the revaluation company only inspected properties which sold during the above time period as well as all properties with a physical change such as new homes, additions, or renovations. For commercial and industrial properties, all sales, as well as information regarding current market rental rates, were analyzed and used for valuation.

Q. How do I challenge this assessment if I do not agree with it?

A. As stated in the assessment change notice that was mailed to all property owners, the revaluation company was accepting appointments for informal hearings. The deadline for those appointments was December 10, 2008, however, you can still file an appeal with the Board of Assessment Appeals by submitting a written request on the prescribed form by February 20, 2009. These forms will be available after February 1, 2009 from the Assessor's Office in Town Hall and can be downloaded from the Town of Cheshire website at www.cheshirect.org. **By state statute, an appeal can be heard only if the written request has been submitted on the prescribed form to the Cheshire Board of Assessment Appeals by February 20, 2009.**

Q. If I challenge my assessment, what documentation should I provide?

A. When you attend a Board of Assessment Appeal session, it is important to bring documented support for your argument including but not limited to a recent appraisal and comparable sales.

Q. How can I determine the assessment of properties that I feel are similar to mine?

A. New assessments and property field card information on all Cheshire properties are available on the internet at www.totalvaluation.com.

Town staff and officials will continue to work diligently to ensure a final product that is fair and equitable for all.