City of Dover
New Hampshire

Report of Assessed Values And Tax Process for Tax Year 2020

(April 1, 2020 - March 31, 2021)

Budget Period Fiscal Year 2021
(July 1, 2020 - June 30, 2021)

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City of Dover Assessment Update for 2020

From the early 2000's through 2006, the City of Dover experienced rapid growth in property values. This trend leveled off and started to show a modest decline in 2007 through 2008. Towards the end of 2008 through 2009, the real estate market stabilized for commercial properties but moderate declines in the residential market were still in evidence. During 2011, after the decline resulting from the 'shake-out' caused by the national economic crisis (2007-2011), the Dover market stabilized. In 2012 and continuing through 2019, the City generally saw more sales volume and moderate increases in sales prices. Currently (2020), with the Covid pandemic, though sales volume initially decreased, sale prices continued to increase; and towards the end of summer, sales volume was up.

Referencing sales from October 2019 through September 2020, the residential market has seen an increase. Generally speaking, the average sales price of an existing non-waterfront single family home in Dover in 2007 was $291,200; whereas, in 2011, it was $242,400; in the 2020 equalization time frame, "EQ 2020", (October 2019 thru September 2020), the average sale price for an existing non-waterfront home was $358,300; for non-waterfront new construction it was $488,600.

Year	Average non-waterfront Single Famly Home		Median non-waterfront Single Family Home	
	Existing Home	New Construction	Existing Home	New Construction
2007	$ 291,200			
2011	$ 242,400			
2012	$ 240,400			
2013	$ 260,400			
2014	$ 292,000		$ 257,800	
EQ 2015	$ 290,100	$ 462,700	$ 267,000	$ 394,200
EQ 2016	$ 279,100	$ 400,000	$ 250,000	$ 359,900
EQ 2017	$ 310,500	$ 445,700	$ 285,000	$ 418,900
EQ2018	$ 327,000	$ 464,000	$ 305,000	$ 460,000
EQ2019	$ 354,400	$ 507,500	$ 320,000	$ 485,900
EQ2020	$ 358,300	$ 488,600	$ 336,300	$ 479,000

Municipalities are required by law to keep assessments proportional each year (RSA 75:8). This year (2020), changes occurring in assessments were due to an update, where an overall needed value change was implemented to building values, and to neighborhoods or classes of properties to bring those properties in-line with the City's general level of assessment; inspections of properties that have sold (changed only if physical data changes were required); building or demolition permits; and/or as a result of our cycled inspection process with follow-up appraisal reviews.

Building Permits: As is typical for each year, properties with outstanding building permits during 2020 were inspected, with value changes consistent with the nature of improvements or demolitions that occurred.

Cycled Inspection and Appraisal Reviews: The Tax Assessment Division maintains a cycled inspection process where approximately 20% of all properties are measured and inspected each year. Once the inspections are complete, properties are field reviewed by appraisal supervisors to ensure consistent appraisal calls and for quality control purposes. Generally most properties within the cyclical inspections experience some change in value, whether it's due to data corrections or because of updates and improvements, or lack thereof.

Notices:

Properties experiencing a change in assessment received a notice of a change in value from the Assessor's Office. Notices were not mailed to properties where no change in assessed value occurred.

The following pages are a detailed report on the changes to the 2020 assessment roll.

Result of Assessment for Tax Year 2020 - (Fiscal Year 2021)

The Tax Assessment Division reports assessed values as of April 1, 2020. The goal of setting assessed values in any year is to bring equity to the tax base by setting assessed values as close to market price as possible while maintaining consistency across various classes of property.

Assessed Value Summary

The tables below, taken from reports submitted to the State, reflect the assessed values categorized by major type of property over the last five tax years, the percentage to total value and the percentage change by sector. The amounts within each category reflect changes to assessments as a result of adjustments due to analysis, and changes reflective of subdivisions and new construction activities.

Category	2016	2017	2018	2019	2020
Residential	2,178,038,820	2,387,292,280	2,604,613,950	2,739,148,520	2,878,995,350
Commercial/Industrial	754,203,040	763,095,880	854,418,540	889,413,320	932,414,700
Public Utilities	59,357,800	63,627,800	67,010,200	73,093,000	90,057,000
Total	2,991,599,660	3,214,015,960	3,526,042,690	3,701,654,840	3,901,467,050
Percent of Total					
Residential	72.8%	74.3%	73.9%	74.0%	73.8%
Commercial/Industrial	25.2%	23.7%	24.2%	24.0%	23.9%
Public Utilities	2.0%	2.0%	1.9%	2.0%	2.3%
Total	100.0%	100.0%	100.0%	100.0%	100.0%
Dollar Change					
Residential	117,074,850	209,253,460	217,321,670	134,534,570	139,846,830
Commerial/Industrial	32,231,830	8,892,840	91,322,660	34,994,780	43,001,380
Utilities	3,251,700	4,270,000	3,382,400	6,082,800	16,964,000
	152,558,380	222,416,300	312,026,730	175,612,150	199,812,210
Percent Change					
Residential	5.7%	9.6%	9.1%	5.2%	5.1%
Commercial/Industrial	4.5%	1.2%	12.0%	4.1%	4.8%
Public Utilities	5.8%	7.2%	5.3%	9.1%	23.2%
Total	5.4%	7.4%	9.7%	5.0%	5.4%

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Select Residential Assessment Information by Tax Year						
Does Not reflect decreases to taxes from Tax Exemption and Credits						
Description	2015	2016	2017	2018	2019	2020
Total Assessed Value						
Single Family	1,572,118,990	1,652,555,300	1,804,092,830	1,957,586,180	2,057,378,680	2,154,642,120
Two Family	117,630,960	127,333,080	141,046,120	159,187,510	165,451,530	178,427,890
Three Family	36,648,400	39,708,500	43,759,200	50,605,800	52,457,500	56,278,100
Manufactured Home	31,983,000	34,591,100	37,266,000	45,038,800	48,380,100	51,099,900
Condo	227,014,300	245,351,800	273,097,900	299,182,500	321,772,800	337,839,400
Total Select Residenital Assessments	1,985,395,650	2,099,539,780	2,299,262,050	2,511,600,790	2,645,440,610	2,778,287,410
Total Number of Parcels						
Single Family	5,949	5,991	6,032	6,076	6,108	6,135
Two Family	536	535	531	528	526	529
Three Family	151	151	152	155	154	153
Manufactured Home	405	413	419	423	429	430
Condo	1,518	1,526	1,547	1,579	1,593	1,601
Total	8,559	8,616	8,681	8,761	8,810	8,848
Average Assessed Value						
Single Family	264,266	275,840	299,087	322,183	336,833	351,205
Two Family	219,461	238,006	265,624	301,491	314,547	337,293
Three Family	242,705	262,970	287,889	326,489	340,633	367,831
Manufactured Home	78,970	83,756	88,940	106,475	112,774	118,837
Condo	149,548	160,781	176,534	189,476	201,992	211,018
Total	231,966	243,679	264,861	286,680	300,277	314,002
Average Assessed Value % Change						
Single Family	0.42%	4.38%	8.43%	7.72%	4.55%	4.27%
Two Family	-0.13%	8.45%	11.60%	13.50%	4.33%	7.23%
Three Family	0.27%	8.35%	9.48%	13.41%	4.33%	7.98%
Manufactured Home	9.66%	6.06%	6.19%	19.71%	5.92%	5.38%
Condo	2.04%	7.51%	9.80%	7.33%	6.61%	4.47%
Total	0.68%	5.05%	8.69%	8.24%	4.74%	4.57%
Property Tax Rate per $1,000	26.61	26.29	25.87	24.92	25.19	**24.91**
% Change	2.31%	-1.20%	-1.60%	-3.67%	1.08%	-1.11%
		*** 2020 tax rate is estimated, official rate is not known at this time**				
Average Property Tax						
Single Family	$7,032.12	$7,251.82	$7,737.38	$8,028.81	$8,484.83	$8,748.51
Two Family	$5,839.85	$6,257.17	$6,871.68	$7,513.17	$7,923.43	$8,401.96
Three Family	$6,458.37	$6,913.49	$7,447.70	$8,136.11	$8,580.55	$9,162.66
Manufactured Home	$2,101.40	$2,201.94	$2,300.89	$2,653.35	$2,840.78	$2,960.23
Condo	$3,979.48	$4,226.93	$4,566.93	$4,721.74	$5,088.17	$5,256.45
Total	$6,172.61	$6,406.33	$6,851.97	$7,144.06	$7,563.98	$7,821.78
Average Property Tax Change						
Single Family	$187.10	$219.70	$485.56	$291.43	$456.02	$263.68
Two Family	$124.16	$417.32	$614.51	$641.49	$410.26	$478.53
Three Family	$162.46	$455.12	$534.21	$688.41	$444.44	$582.11
Manufactured Home	$228.29	$100.54	$98.95	$352.46	$187.43	$119.45
Condo	$167.32	$247.45	$340.00	$154.81	$366.43	$168.28
Total	$180.07	$233.71	$445.64	$292.09	$419.92	$257.81
Average Property Tax % Change						
Single Family	2.73%	3.12%	6.70%	3.77%	5.68%	3.11%
Two Family	2.17%	7.15%	9.82%	9.34%	5.46%	6.04%
Three Family	2.58%	7.05%	7.73%	9.24%	5.46%	6.78%
Manufactured Home	12.19%	4.78%	4.49%	15.32%	7.06%	4.20%
Condo	4.39%	6.22%	8.04%	3.39%	7.76%	3.31%
Total	3.00%	3.79%	6.96%	4.26%	5.88%	3.41%

Category Change of Total Assessment Percent

Although changes in assessed value do not increase the amount of total tax revenue the City will receive, it can change from whom the City will collect taxes. In the broad categories addressed earlier, the following table shows the percentage change of each category's percent of total by tax year.

Category	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Residential	-1.2%	0.4%	1.2%	4.3%	1.0%	5.7%	9.6%	9.1%	5.2%	5.1%
Commercial/Industrial	0.7%	1.7%	1.3%	1.5%	1.8%	4.5%	1.2%	12.0%	4.1%	4.8%
Pulblic Utilities	0.9%	0.0%	9.8%	14.4%	15.7%	5.8%	7.2%	5.3%	9.1%	23.2%

Percent Change by Property Class

The following table reflects the resulting aggregate changes in assessed value by property classes. The percentages also include new construction values and changes as a result of data corrections.

Property Class		2014	2015	2016	2017	2018	2019	2020
Vacant Land		9%	-2%	20%	9%	7%	-3%	-16%
Single Family		6%	2%	5%	9%	9%	4%	5%
Condominiums		3%	3%	8%	11%	10%	8%	5%
Mobile Homes		-3%	11%	8%	8%	21%	7%	6%
Multi-Family Housing (2-3 units)		-1%	-0.3%	8%	11%	14%	4%	8%
Apartments* (more that 3 units)		2%	0.5%	6%	2%	10%	10%	8%
Waterfront (residential improved)		1%	1%	4%	8%	5%	3%	4%
Commercial/Industrial		0%	-1%	3%	1%	11%	5%	5%
Utilities		11%	13%	5%	7%	9%	7%	19%
* Included in Commercial/Industrial for other reporting purposes								

Assessment to Market Ratio

The results of the ratios over the last few tax years are represented in the table below. The percentage is the assessed value divided by the market price. The years reflected in the table are tax years.

Property Class	2013	2014	2015	2016	2017	2018	2019	2020
All Properties	96%	95%	92%	93%	93%	93%	95%	93%
Vacant Land	99%	93%	98%	84%	*103%	*106%	88%	96%
Single Family	94%	95%	92%	93%	93%	93%	94%	94%
Condominiums	97%	96%	93%	93%	94%	94%	95%	94%
Mobile Homes	96%	97%	98%	96%	94%	96%	93%	90%
Multi-Family Housing (2-4 units)	97%	95%	90%	93%	90%	90%	95%	88%
Apartments (more than 4 units)	102%	97%	92%	89%	*96%	NA	NA	*78
Waterfront Improved Only	96%	97%	89%	95%	*96%	*85%	*98%	93%
Waterfront Land Only	NA	NA	NA	NA	NA	NA	NA	NA
Commercial/Industrial	98%	97%	97%	93%	95%	*87.2%	*96%	*94

*Notes: Only 2 valid sales for apartments (over 4 units) were available for 2020.
Only 13 valid waterfront-improved sales were available for 2020.
Only 7 valid vacant land sales were available for 2020.
No valid vacant waterfront sale available for 2020.
Only 8 improved commercial/industrial sales were available for 2020.

The 2020 ratios are preliminary and may change once the later sales have been verified; the NH Department of Revenue Administration will not certify them until May 2021. Classes reflecting 'NA' had insufficient sale information. The International Association of Assessing Officers (IAAO) considers the ratios of each class of property reasonable if they are within +/– 10% of the overall ratio. The City strives to be within +/– 5%.

Equity in Tax Base

The best measurement of equity throughout the tax base is the Coefficient of Dispersion (COD). The table below reflects the City's COD by year. According to the International Association of Assessing Officers (IAAO), the measure of equity falls into the following ranges:

Percent	Equity Measure
10% or less	Excellent assessment equity
11% - 14%	Good assessment equity
15% - 20%	Fair assessment equity
over 20%	Poor assessment equity

Another measure reviewed to assist in determining fair assessment is the Price-Related Differential (PRD). This statistic measures the relationship between higher valued properties and lower valued properties, and their respective assessments. This statistic answers the question: "Is there a bias for, or against, lower or higher valued properties?" For example, a PRD over 1.00 indicates a regressive assessment base, or, that higher value properties are assessed at a lower ratio, conversely, a PRD under 1.00 indicates a progressive tendency, or, shows that lower value properties are assessed at a lower ratio than higher value properties. Ideally, this statistic should be 1.00, but IAAO recommends that the PRD fall between .98 and 1.03.

Tax Year	COD	PRD
2007	7.20	1.01
2008	7.30	1.02
2009	7.50	1.00
2010	7.90	1.02
2011	7.10	1.02
2012	8.99	1.02
2013	8.80	1.02
2014	7.4	1.01
2015	8.6	1.02
2016	7.94	1.01
2017	7.8	1.01
2018	7.1	1.01
2019	6.9	1.01
*2020	8.1	1.01

The table reflects both the COD and PRD for the City of Dover. Since 2001, the City has continued to keep a COD in the excellent assessment equity level as reflected in the table. Also the PRD is within the acceptable range set by the IAAO.

*As previously mentioned, the statistics for 2020 are preliminary and may change once the later sales have been verified, they are also subject to revisions by the NH Department of Revenue Administration in early 2021.

Taxable Parcel Information

The table reflects the parcel counts by category and their percent of total.

Taxable Parcels by Tax Year

Category	2013	2014	2015	2016	2017	2018	2019	2020
Residential	9,092	9,120	9,147	9,184	9,234	9,283	9,316	9,339
Commercial/Industrial	916	920	928	938	941	930	940	949
Utilities	18	18	17	17	15	15	15	18
Totals	10,026	10,058	10,092	10,139	10,190	10,228	10,271	10,306
Percent of Total								
Residential	90.7%	90.7%	90.6%	90.6%	90.62%	90.76%	90.70%	90.62%
Commercial/Industrial	9.1%	9.1%	9.2%	9.3%	9.23%	9.09%	9.15%	9.21%
Utilities	0.2%	0.2%	0.2%	0.2%	0.15%	0.15%	0.15%	0.17%
Totals	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Count Change								
Residential	50	28	27	37	50	49	33	23
Commercial/Industrial	26	4	8	10	3	(11)	10	9
Utilities	-	-	(1)	-	(2)	-	-	3
Totals	76	32	34	47	51	38	43	35
Percent Change								
Residential	0.6%	0.3%	0.3%	0.4%	0.5%	0.5%	0.4%	0.2%
Commercial/Industrial	2.9%	0.4%	0.9%	1.1%	0.3%	-1.2%	1.1%	1.0%
Utilities	0.0%	0.0%	-5.6%	0.0%	-11.8%	0.0%	0.0%	20.0%
Totals	0.8%	0.3%	0.3%	0.5%	0.5%	0.4%	0.4%	0.3%

Budget and Tax Rate

Budget

The City administration must submit an annual budget to the City Council, the legislative body of the City. Two public hearings on the budget must be held (one each for City and School) and the City Council must pass the budget for adoption. The budget or fiscal year for Dover runs from July 1st through June 30th of the subsequent year. The budget must be approved by June 15th preceding the fiscal year.

The City Council is made up of a Mayor, 6 Ward Councilors and 2 At-Large Councilors. The county delegation, comprised of the State Representatives from the county, approves the budget necessary to fund county government.

The City Council is responsible for setting all budget amounts for both the City and School. For the School Department, however, the City Council can only set the total of appropriations (legal spending limit) and cannot make specific changes to the budget. The School Board, an elected body consisting of 6 ward representatives and 1 at large, is responsible for allocation of the appropriations into the various spending areas.

The budget consists of many different funds. The fund that raises property taxes is the General Fund and the only fund considered in this review. The General Fund accounts for basic governmental services supported mainly by property taxes, such as General Government Administration, Police, Fire & Rescue, Public Works, Recreation, Library, and Human Services. The budget is made up of two main parts, estimated revenues and appropriations. Estimated revenues are the budgetary estimates of revenue to be received from various sources. These include Motor Vehicle Permits, Recreation Fees, State payments for Rooms & Meals or Highway Block Grant and School Tuitions. Appropriations are legal authorizations granted by the City Council to incur expenditures and obligations for a specific period.

Examples include salaries of employees, insurance costs, maintenance of buildings and vehicles or payment of debt.

A portion of the money to operate Schools is raised through the State Education Property Tax. The State Education Property Tax is billed, collected and spent locally for School purposes. The budget process for the State Education Property Tax takes place at the State Legislature. The legislature determines the total statewide cost of an adequate education. This cost is allocated among all School districts. The legislature must then fund the Education Trust Fund to pay those costs. At the present time, the State Education Property Tax is being used to fund a portion of that cost. The amount to be raised by the State Education Property Tax is the total of a municipality's equalized assessed value, less utility property located in the municipality, multiplied by the statutory rate of $1.952 per $1,000 of equalized assessed value. Utility property also bears its share of $1.952 per $1,000 of value under a separate Utility Property Tax that is billed and collected by the State and deposited in the education trust fund.

It is these appropriations and estimated revenues, voted by the City Council or elected representatives at county delegation meetings, which establish the basis for property taxes in Dover.

Tax Rate

In the General Fund, the amount of appropriations less non-property tax estimated revenue represents the amount of money to be raised by property taxation. Property taxes can be additionally decreased by the use of a portion of Fund Balance. The term "Use of Fund Balance" (also referred to as deficit spending) is used for budgetary purposes to reflect the amount that budgeted expenditures (appropriations) exceed estimated revenues. This budgeted net loss is financed by use of Fund Balance available from previous fiscal years. The City Council's policy is to retain Fund Balance at 15% of the annual General Fund budget. For accounting purposes Use of Fund Balance is not considered revenue.

The amount to be raised by property taxes is then divided by the local assessed property values to arrive at the property tax rates. The New Hampshire Department of Revenue Administration (DRA) sets these rates. Net Local Assessed Value is total value less any tax exemptions. The table reflects the **TY20** City Council adopted appropriations and estimated revenues, as adjusted by the DRA and the <u>estimated</u> TY 2020 tax rate.

<u>The table will be updated to reflect TY2020 once the official tax rate has been set.</u>

Description	Final Budget
City Appropriations	76,371,081
**School Appropriations	60,185,606
County Tax	9,592,571
Total Appropriations	146,149,258
City Revenue	41,338,847
School Revenue	9,978,350
County Portion of BPT	-
Use of Fund Balance	-
Total Estimated Revenue	51,317,197
City Tax Levy	35,032,234
State Education Property Tax	7,195,076
School Local Tax Levy	43,012,180
County Tax Levy	9,592,571
Taxes to be raised	94,832,061
Net Assessed Value	3,814,134,750
Net Assessed Value no Utilites*	3,724,077,750
City Tax Rate	9.18
School State Tax Rate*	1.93
School Local Tax Rate	11.28
County Tax Rate	2.52
Total Tax Rate	24.91

*Does not apply to utilities
** School appropriations are represented as net

The State Education Property Tax Rate reflected on the tax bill may vary from the $1.952 used to calculate the State Education Property Tax amount. The reason is that the previous year's equalized assessed value is used to calculate the tax amount. This amount is then divided by the current year's local assessed value (excluding assessed value for utilities) used to bill individual property owners. The amount of taxes raised is the same.

Adjustments made by DRA are mainly changes to State revenue estimates, such as rooms and meals allocation and state aid for education, which remain unknown until closer to rate setting.
*****The 2020 Tax Rate is estimated to be $24.91. A decrease of **$0.28** from last year's tax rate of **$25.19**

Fiscl Yr.	Rate	(Decr)	Full Value Rate	(Decr)
2009	21.10	1.47	19.33	1.00
2010	23.33	2.23	21.71	2.38
2011	23.75	0.42	22.26	0.55
2012	25.12	1.37	23.94	1.68
2013	25.52	0.40	24.24	0.30
2014	25.97	0.45	24.10	(0.14)
2015	26.01	0.04	24.03	(0.07)
2016	26.61	0.60	23.77	(0.26)
2017	26.29	(0.32)	23.59	(0.18)
2018	25.87	(0.42)	23.39	(0.20)
2019	24.92	(0.95)	22.57	(0.82)
2020	25.19	0.27	22.97	0.40
*2021				

An important fact to remember is that an increase or decrease in assessed value ***<u>does not</u>*** increase or decrease the total amount of property tax revenue the City receives. The amount of taxes to be raised is determined by the budget process, including final revisions by Department of Revenue Administration (DRA).

<u>Statutory Requirements</u>

Background

State statutes govern the assessment process.

- NH RSA 76:2 sets the property tax year as April 1st to March 31st and also stipulates that values be assessed on April 1st of that year.
- NH RSA 75:1 requires that assessments be at market value (with a few exceptions).
- NH RSA 75:8 requires that properties shall be annually assessed in accordance with assessing standards in order to attain proportionality (re: Background section and C.O.D. within the Assessing Terminology section).
- NH RSA 21-J:11-a, requires the commissioner to assure assessments are based on reasonably accurate data and are reasonably proportional within a municipality.

The logic that the City should, "leave the assessments alone" as taxpayers will pay too much if the City keeps changing them is the exact opposite of what is needed to achieve ***tax equity***. As previously stated, the City does not raise any additional tax revenue as a result of assessment changes. The reason for changing assessments is a ***tax equity*** issue; i.e., that the tax burden is proportionally spread across all types of property. If assessed values are only changed intermittently, and one class of property market values grows faster than another, over time the class with faster growing market values will not be paying their fair share of property taxes. Conversely, a class of property whose market value grows slower than others will, over time, be paying more than their fair share. Municipalities must decide on how they will address keeping the assessed values as close to market value as possible to maintain equity of their taxes.

With changes in state statutes resulting from court cases, municipalities' assessments and process must meet the review requirements every 5 years. Municipalities may still contract out their reassessments, but they need to do this every five years, which can become very costly. The process would be to hire a commercial company to come into the City and, over a period of a few months, visit all properties and assign new values. These are very costly propositions (currently estimated between $850,000 and $950,000) and are subject to quality issues. The quality concerns relate to recreating each property card from scratch and the data errors that occur as a result. The firm's staff is under time constraints to produce. Separate listers on the job can make different judgments for the same class of property in different parts of the city. The whole process occurs within a short period of time. As a result, most cycled revaluations cause an increase to the number of abatement filings. Any property that receives an under assessment will, most likely, remain that way until the next full revaluation.

Another alternative is to keep the assessments values close to market value on an ongoing basis with City resources. These resources include proper staffing and the computer software to analyze the data to assign new values. The City has been using these resources since Fiscal Year 1994 to accomplish its assessments. Keeping the assessments close to market on an annual basis will soften the impact of any market shifts between class types of properties by realizing the changes from year to year versus a larger shift based on a longer period.

How Assessments Are Calculated

The setting of assessed values is based on a mass appraisal process using a Computer Assisted Mass Appraisal (CAMA) system. This means applying market and cost information covering a large area to properties based on their factors of location, construction, type, age, etc. on a mass basis (over 10,000 properties) to arrive at market values as of a certain date (April 1st of each year). The purpose is to arrive at values that are proportional to like type properties. The mass appraisal approach will produce values that may vary from individual appraisals done by appraisers used by banks, etc. due to differences in market analysis, date and purpose of appraisal, valuation date and quality control. However, assessments produced by CAMA models are taken directly from local market activity and thus reflect market conditions as property existed on April 1st, 2020.

Approaches to Value

There are three basic approaches used to assess properties. These are the cost, sales and income approaches. The goal of each is to achieve an estimate of market value. The first, and most commonly used for assessed value in residential property is the cost approach. This approach looks at the actual cost of construction materials for various types of buildings, less market depreciation, in order to assign values to properties.

The second approach is sales comparison approach. This approach analyzes sales that have occurred over the previous year. They are categorized by type of building, age, neighborhood type, etc. This information is then used to crosscheck like type of properties throughout the City. This approach is also the main method of pricing land values.

The third approach used is the income approach. Used mainly for commercial and industrial property, this approach analyzes the income of rental space to determine the value of specific types of properties.

The City uses a combination of cost and sales approaches to assess residential property and a combination of the cost, income and sales approach for commercial and industrial property.

Assessment Process

Utilizing stratified ratio analyses of sales, sectors of the community are prioritized for cycled inspections. Based upon these inspections and market analysis, determinations are made as to why the assessments require closer review. Typically, with residential properties, the following items will be analyzed:

- Land Values: Are they too high, low, or inconsistent?
- Building Values:
  - Data: Is the City's data correct on each property?
  - Replacement Costs: Are the schedules to reconstruct homes current or inconsistent?
  - Quality: Are the relative building qualities properly represented?
  - Utility: Typically for older homes and buildings, are the schedules properly reflecting outdated items such as lack of modern plumbing, electrical service, existence of asbestos or lead pipes, etc.?

- ➢ Depreciation: Are the depreciation schedules properly reflecting the passage of time and deteriorating conditions for properties? Conversely, when modernizations occur, do the depreciation schedules properly reflect market activity for these events?
- ➢ Locational Depreciation: As the City grows, are there diverse land uses affecting residential building values? (This is called economic obsolescence).

An analysis of depreciation is calculated on each valid sale within the City occurring within a year timeframe. The composite findings are placed on a graph and compared to existing depreciation schedules. Substantive deviations result in a re-calibration of the depreciation schedules.

Arm's-length sales provide the basis of all these studies. As the market changes, the City must constantly analyze the land, building and depreciation schedules to ensure that they produce valid indications of market activity for each property and class of property (commercial, industrial, residential, etc.).

Upon the completion of data collection and subsequent validation, current reconstruction cost and market depreciation analyses resulting from sales, various tables within the CAMA system are adjusted accordingly, e.g. cost, depreciation, etc. The CAMA system applies complex valuation modeling from these tables to each property's variables in order to derive a value. The variables consist of numerous factors to quantify each property's unique characteristics. Examples of variables are:

- Age
- Style (ranch, colonial, contemporary, etc.)
- Number of stories (1, 1.5, 2, split level, etc.)
- Heating (force air, hot water, etc.)
- Wall materials (wood, brick, stone, etc.)
- Living area square footage
- Number of baths
- Construction quality
- Physical condition
- Overall quality grade (A+, A, A-, B+, etc.)
- Porch area
- Garage information
- Neighborhood
- Traffic (light, moderate, heavy)
- Amenities (pool, etc.)
- Lot size
- Depreciation

The property variables are cross-referenced to the various CAMA tables to arrive at each variables contributory value component. These components are used in further computations to arrive at final estimates of value for each property. Values computed by the CAMA system are reviewed by the Assessor to determine the accuracy of the modeling by comparing the results to recent sales occurring within each area of the City. The Assessor studies the results for indications of bias of any kind through the use of stratified ratio studies, CODs, PRD, and other studies, to assure proportionality.

Assessment Process Timeline

During the year, the Data Collection Technician visits approximately 20% of the City's properties to assure the CAMA system's data integrity. During the period of December through June, the City Assessing Staff review abatement applications for approval or denial. They also work to approve or deny applications for exemptions or credit. As close to April 1st, City staff visit all new construction, or parcels that were only partially complete the previous year and take photographs to assist in determining percentage of completion later. During the period of about April through July, the City qualifies and makes a physical review of the properties that transferred hands during the previous year and analyzes them for input into the CAMA system. Preliminary assessed values are derived at the end of August or the beginning of September and assessment change notices are mailed when the valuation process is completed. After bills are mailed abatement applications are taken until March 1st of the following year.

Assessment Process Resources

Fundamental to successful, annual assessments are the following:

1. A computer program flexible enough to accommodate the in-house appraisal staff;
2. A continuous inspection program to ensure that the data is accurate and current;
3. An information campaign to keep taxpayers informed of the program;
4. A notification process which will inform taxpayers of impending changes in their assessment; and,
5. Informal hearing process to allow taxpayers a chance to discuss the proposed assessment.
6. Abatement filings.

Following is a discussion concerning each of these requirements:

1. Computer System: The City currently uses a CAMA (Computer-Assisted Mass Appraisal) system to assist in the assessment process. The system is "state of the art" mechanized valuation system that is flexible to the changes occurring in the market.

2. Inspection Program: The City currently contracts for a Data Collection Technician. The primary duty is to inspect properties on an ongoing basis to validate information on the CAMA database. By inspecting 20% of all properties each year on a rotating basis, the accuracy of the property characteristics within the CAMA database is maintained. The State Constitution and the new statutory requirements for assessment require that each community take an inventory of all properties every five years, which has been interpreted to mean an inspection of each.

3. Public Relations Program: DoverNet plays a role in conveying general and specific information to the taxpayers regarding annual assessments. Property transfer listings and the assessments of properties have been posted for public inspection. Beyond that medium, press releases and bulk mailings assist with minimal monetary requirements beyond existing resources.

4. Notification: The Tax Assessment Division currently informs taxpayers of impending assessment changes prior to tax billing via first class mail.

5. Informal Hearings: Informal hearings occur prior to the mailing of tax bills and allow the taxpayer to have their property reviewed if they feel the preliminary assessment is too high. This allows the taxpayer to address their concern in a more informal process than the abatement process.

6. Abatement Filing: The final step is the taxpayer filing an abatement application to have a formal review of their property by the Assessor. The purpose of this process is to assure that any given taxpayer is not being taxed unfairly when compared to like type properties.

Property Assessment Appeal Process

There is a two-level appeal process available to any property owner who believes the assessment of their property is in error. The first level of appeal is to request an abatement of property taxes, which must be made to the local assessing officials. The request for abatement must be made in writing by March 1st after the December tax bill due date. If the local assessing officials neglect or refuse to satisfactorily abate the tax, the second level of appeal is either to the Board of Tax and Land Appeals or to the Superior Court in the county where the property is located.

An opinion that property taxes are "too high" is not adequate grounds to justify abatement. The "amount of tax" cannot usually be appealed since the amount of money needed to fund local government operations is determined by the local legislative bodies through the budget process. Generally, there must be an error in the assessment of the value of the property in order to qualify for abatement.

Department of Revenue Administration's (DRA) Oversight

As a result of the court cases regarding School funding and assessment practices, the State Legislature passed various laws that will affect the City in the future. The most recent of the new requirements is that the City's assessments will have to be reviewed by the DRA. DRA will review all processes to derive value, as well as the final product, and report on same.

The review process will look at whether:

a. The level and uniformity of assessments are within acceptable ranges by considering the assessment to sales ratio study conducted by DRA.
b. Assessment practices comply with applicable statutes and rules.
c. Exemption, credit and abatement procedures comply with applicable statutes and rules.
d. Assessments are based on reasonably accurate data.
e. Assessments of various types of properties are reasonably proportional to other types of properties.

If the DRA finds deficiencies, the DRA shall recommend corrective actions to be taken, including a completion deadline. Failure to meet such a deadline can result in the DRA petitioning the Board of Tax and Land Appeals to order correction actions. The DRA reviewed Dover's assessment for tax year 2014 and no major findings were issued. Currently, DRA is reviewing Dover's assessment for tax year 2019.

The Equalization Process

Local assessments vary from municipality to municipality. Therefore, some municipalities may be assessing property close to full value (because they recently adjusted values), while other municipalities are assessing property at more or less than full value (because their adjustments to values are conducted less frequently). This inconsistency makes it difficult to compare municipalities to one another since the local assessed valuations are based upon different assessment years. To give perspective of the local assessed values between municipalities, the NH Department of Revenue Administration (DRA) calculates each municipality's equalized assessed value or an estimate of full market value. The table reflects Dover's equalized assessed value compared to the local assessed value since Tax Year 2011. Tax Year 2020's (Fiscal Year 2021) equalized amount is not represented, as this will be calculated by DRA next May.

Tax Year	Local Assessed Value	Equalized Assessed Value	Local/ Equalized
2011	2,642,151,000	2,714,253,993	97.3%
2012	2,660,984,300	2,743,418,578	97.0%
2013	2,697,318,050	2,847,426,767	94.7%
2014	2,798,543,220	2,964,737,895	94.4%
2015	2,839,041,280	3,101,733,726	91.5%
2016	2,991,599,660	3,252,898,677	92.0%
2017	3,214,015,960	3,472,369,055	92.6%
2018	3,526,042,690	3,793,389,825	93.0%
2019	3,701,654,840	3,958,623,829	93.5%
2020	3,901,467,050		

The sole purpose for equalizing local assessed property values is to ensure that public taxes and state revenues shared by towns and cities will be fairly apportioned between them. This includes state education, county and cooperative school district taxes, revenue sharing funds and adequate education grants.

The equalization process involves a detailed study of property sales throughout the state and compares these sales with the local property assessments. A by-product of the equalization process is the determination of a ratio. Generally, the ratio shows the average level at which the municipalities assessed property in the previous year in comparison to full value.

For example, a ratio of 90% would indicate that the town generally assessed property at approximately 90% of full value. The ratio does not necessarily apply to any specific property assessment, but rather indicates the average level of assessment throughout the municipality.

Over a period of several years, as the value of property increases or decreases due to market fluctuations, the ratio (the comparison of the local assessed value to full value) also fluctuates. A ratio of 100% indicates that, on the average, the municipality is assessing at full value. A ratio below 100% indicates average assessments below full value, and a ratio above 100% indicates average assessments above full value.

Neither a high nor a low ratio, in itself, should be cause for alarm. Whether a town or city is assessing at 125% or 75% of full value is really not significant. What is more important is that the assessments are proportional, so that each property owner bears their share of the property tax burden based upon the value of their property.

Exemptions and Tax Credits

A tax exemption is a reduction in the local assessed value of property, thus resulting in a lower tax burden for the taxpayer. A tax credit is a reduction from the actual tax after it is calculated. Both exemptions and credits require the filing of applications with the Tax Assessing Office and must meet certain criteria. The theory behind these programs is to provide tax relief to certain sectors of taxpayers, such as the low and moderate income elderly, disabled, blind and deaf taxpayers and to taxpayers and their spouses who have served in the armed forces during times of armed conflict.

Current Exemption Levels and Rate Impact

Level	#	Current Levels	Total
Age 65-74	47.5	$ 115,000	$ 5,462,500
Age 75-79	44.5	162,000	7,209,000
Age 80+	104.33	207,000	21,596,300
Blind	17.0	115,000	1,955,000
Disabled	46.0	115,000	5,290,000
Deaf	2.0	115,000	230,000
Solar	120.0		2,217,500
100% Disabled Veteran	1.0	N/A	312,800
Total	382.3		$ 44,273,100
Imputed Tax Levy Effect			$ 1,102,843
Estimated Tax Rate Impact			$ 0.28

Current Tax Credit Levels and Rate Impact

Level	#	Current Levels	Total
Veterans	970	$ 660	$ 639,980
Veterans - Disabled	62.5	3,300	$ 206,250
All Veterans'	70.5	660	$ 46,530
Total	1,032		$ 892,760
Estimated Tax Rate Impact			$ 0.23
Total Tax Levy Impact			**$ 1,995,603**
Total Tax Rate Impact			**$ 0.51**

Tax Rate Impact

Tax exemptions impact the tax rate by decreasing the total assessed value. As the value is decreased, the rate increases. Tax credits impact the tax rate in a manner similar to additional spending.

It is estimated that the value exempted from assessed value is equivalent to $1,102,843 in tax dollars with an impact of $.28 on the tax rate. It is estimated that the tax credits of $892,760 has an impact of $.23 on the tax rate. The combined impact is $1,995,603 resulting in $.51 on the tax rate. In other words, if neither of the tax relief programs existed the tax rate would be $.51 lower.

T*axpayer Impact*

The effect of granting exemptions and credits is that the taxpayer receiving the exemption or credit has a reduction in taxes; however, the taxes are spread to other taxpayers. The following table reflects the tax impact to taxpayers at varying levels of assessment for the FY21 exemption and credit levels.

Exemptions to Assessed Value

Taxpayer Impact from Exemptions and Credits

Assessed Value	Impact from Exemptions	Impact from Credits	Total Impact
$100,000	$28	$23	$51
200,000	$56	$46	$102
300,000	$84	$69	$153
400,000	$112	$92	$204
500,000	$140	$115	$255
1,000,000	$280	$230	$510

The City offers exemptions for elderly, blind, deaf, disabled persons and residences with Solar as follows:

Description	Prior Year	Current Year	$ Change	% Change
Age 65 - 74	115,000	115,000	-	0.0%
Age 75 - 79	162,000	162,000	-	0.0%
Age 80 & over	207,000	207,000	-	0.0%
Blind	115,000	115,000	-	0.0%
Disabled	115,000	115,000	-	0.0%
Deaf	115,000	115,000	-	0.0%
100% Disabled Veteran	Total Value	Total Value	-	0.0%
Solar	Solar Value	Solar Value		

Exemption for the Elderly

RSA 72:39-b To qualify for an exemption for the elderly, a person must be 65 years of age or older and meet income and asset limitations. The amount of a qualified elderly exemption is based on the applicant's age. Applicants for elderly exemptions must also have been a resident of New Hampshire for at least three consecutive years preceding April 1st of the year in which the exemption is claimed. Only one elderly exemption is allowed on the primary residence.

Exemption for the Blind

RSA 72:37 To qualify for an exemption for the blind, the person must be legally blind as determined by the administrator of Blind Services Program, Bureau of Vocational Rehabilitation of the Department of Education. There are no income or asset restrictions for a blind exemption. Applicants for blind exemptions must be a resident of New Hampshire as of April 1st of the year in which the exemption is claimed. Blind exemptions can be received in conjunction with an elderly exemption.

Exemption for the Disabled

RSA 72:37-b To qualify for an exemption for the disabled, a person must be eligible under Title II or Title XVI of the Federal Social Security Act for benefits to the disabled and meet income and asset limitations. Any person who at any time previously was eligible under Title II or Title XVI of the federal Social Security Act for benefits to the disabled, but who is no longer eligible for such federal benefits due to reasons other than the status of that person's disability, shall be eligible for the exemption provided that the person submits an affidavit from a physician licensed in New Hampshire that attests to the fact that the person continues to meet the criteria for disability that are used under Title II or Title XVI of the federal Social Security Act. Applicants for disabled exemptions must have been a resident of New Hampshire for at least five years preceding April 1st of the year in which the exemption is claimed. Disabled exemptions are received until age 65, at which time the property owner may apply for an elderly exemption.

Exemption for the Deaf

RSA 72:38-b To qualify for an exemption for the deaf, a person must have a 71 Db hearing loss or greater in the better ear as determined by a licensed audiologist or qualified otolaryngologist and meet income and asset limitations. Applicants for deaf exemptions must also have been a resident of New Hampshire for at least five consecutive years preceding April 1st of the year in which the exemption is claimed. Applicants must meet income and asset limitations. Deaf exemptions can be received in conjunction with an elderly exemption.

Exemption for Certain Disabled Veterans – 100% Exemption

RSA 72:36-a To qualify for a total tax exemption for certain disabled veterans, a person who is discharged from military service of the United States under conditions other than dishonorable, or an officer who is honorably separated from military service, and have been totally and permanently disabled and is a double amputee, paraplegic, or has blindness in both eyes with visual acuity of 5/200 or less and who owns a specially adapted homestead acquired with VA assistance. The surviving spouse of such a person is also eligible to receive this credit. The credit applies to the person's primary residence.

Income and Asset Qualifying Criteria

In order for elderly, disabled and deaf applicants to be eligible for an exemption level, they must meet certain income and asset criteria. Income and assets from the previous calendar year is used determine eligibility. Exemptions for the blind have no income or asset qualifying criteria. Income is defined as the total annual income from all sources including Social Security, but does exclude the following: life insurance proceeds, expenses and cost incurred conducting a business and proceeds from the sale of assets. Insurance and asset sale proceeds are considered assets the following year. The asset criteria include all forms of tangible and intangible assets; however, the actual residence (including land up to 2 acres) is not included toward the maximum amount. The income levels are annually referencing CPI-U Boston Area annual average and other indices.

Income and Asset Qualifying Criteria

Maximum Income	Prior Year	Current Year	Change
Single	42,000	42,000	-
Married	57,000	57,000	-

Maximum Assets	Current Year	Current Year	Next Year
All applicants	169,800	169,800	-

Solar Exemption – Amount of Solar Value Energy System up to maximum of $30,000 RSA 72:62

72:61 I. For purposes of an exemption under RSA 72:62 adopted before January 1, 2020, in this subdivision "solar energy system" means a system which utilizes solar energy to heat or cool the interior of a building or to heat water for use in a building and which includes one or more collectors and a storage container. "Solar energy system" also means a system which provides electricity for a building by the use of photovoltaic panels

Tax Credits

The City provides the following levels of tax credits:

Description	Prior Year	Current Year	Change
Veteran	580	660	80
All Veterans' Tax Credit	333	660	327
Veteran with 100% Disability or Surviving Spouse of such Veteran	2,650	3,300	650

***Tax Credit for Veterans* RSA 72:28**

To qualify for a tax credit for a veteran a person must have provided the necessary documents to prove they served not less than 90 days in the armed forces of the US or its allies in any qualifying war or armed conflict and was honorably discharged or an officer honorably separated or the spouse or surviving spouse of such a resident, provided that Title 10 training for active duty by a member of a national guard or reserve shall be included as service. Also eligible are residents who were terminated because of service-connected disability, or the spouse of such a resident, or the surviving spouse of any resident who suffered a service connected death.

***Tax Credit for Surviving Spouse* RSA 72:29-a**

To qualify for a tax credit for a surviving spouse a person's spouse must have died while on active duty in the armed forces of the US or its allies in conflicts delineated for veteran's credits. The credit can apply to residential or non-residential property in the municipality where the surviving spouse lives.

***Tax Credit for Service-Connected Total Disability* RSA 72:35**

To qualify for a tax credit for service connected disability a person must be honorably separated from the military service of the US and who has been totally and permanently disabled or a double amputee or a paraplegic because of a service connected injury. The surviving spouse of such a person is also eligible to receive this credit. The credit applies to the person's residential property.

***All Veterans' Tax Credit* RSA 72:28-b**

A person receiving this credit is not eligible for and is not receiving a credit under RSA 72:28 or RSA 72:35. To qualify for an All Veterans' tax credit a person must have provided the necessary documents to prove they served not less than 90 days on active service in the armed forces of the United States and was honorably discharged or an officer honorably separated from service; or the spouse or surviving spouse of such resident, provided that Title 10 training for active duty by a member of a national guard or reserve shall be included as service under this paragraph.

Exemption and Credit Application Filing Periods

All applications for exemptions or credits must be made to the local assessing officials by April 15th, prior to the setting of the tax rates in October.

***Tax Deferral for Elderly and Disabled.* RSA 72:38-a**

To qualify for the tax deferral program a person must be at least 65 years old or eligible under Title II or Title XVI of the Federal Social Security Act for benefits for the disabled. The person must be living in their home and owned their home for a least 5 consecutive years if qualifying as an elderly applicant, or at least one year, if disabled. The person must file annually by March 1st following the December due date to receive a full or partial deferral after determination by the Assessor that, in their opinion, the tax liability causes the taxpayer undue hardship. Deferred taxes create a lien on the property and accrue 5% annual interest. Any party with a mortgage interest in the property must approve of the tax deferral. The liens remain in place until redeemed or the owner dies. The heirs have nine months to redeem the liens prior to the normal deeding procedure occurring.

Tax Collection Process

In Dover, property taxes are due in 2 installments. The first is due in December and the second is due the following June. The invoice received for the December due date is considered to be the tax bill. This reflects the tax rates for the year, the assessed values, and the total amount of property taxes due for the year and the due dates for the 2 amounts. This bill is for the current tax amount only and does not include any amounts still outstanding from other tax years. For the June due date, the City sends out a reminder. This reminder reflects any abatements or payments that have been made against the second half due amount. By law, the property tax bill must show the assessed value of the property, along with the tax rate for each component of the tax: the city, county, local education and State Education Property Tax rates. The City sends quarterly statements to all taxpayers with outstanding balances reflecting all amounts due from any tax levy or lien.

The collection, lien and deeding processes and interest rates are all set by state statute. After each due date, any unpaid balance will begin accruing interest at the rate of 8% per annum. Should any balance for the tax year remain outstanding, approximately 30 days after the second due date, a notice of impending lien is forwarded to the property owner. This notice states the date a property lien will be placed against the property (at least 30 days notice). A notice cost is assessed to the property owner. Should the balance remain outstanding on the date stipulated on the notice of lien, a lien will be place against the property and registered at Strafford County Registry of Deeds. Notices are subsequently sent to all parties with a mortgage interest in the properties receiving liens. The lien includes additional costs that are added and all accrued interest to that point. This new lien principal amount will accrue interest at the rate of 14% per annum.

Taxpayers may redeem the tax lien at any time within a 2-year time frame. They must pay the lien principal, plus all accrued interest and redemption fees. For any unpaid liens, the City sends an impending deeding notice to property owners 30 days prior to the 2-year mark. If the lien remains unpaid after this period, the City takes title to the property. The City may retain the property for its own use or sell the property at auction per NH statute.

Assessing Terminology:

There are several terms used regularly by assessors that are critical to the assessment process, but not generally known by the public at-large. Following are important terms to understand:

Ratio: Otherwise referred to as assessment-to-sales ratio, this statistic measures the relationship between sales prices and current assessments. For example, if a property sold for $100,000, and the assessment was $90,000, the Ratio would be 90% for that property. The Department of Revenue Administration calculates the ratio for every arm's-length sale in every community over a year timeframe, arraying them from high ratio to low. The median point in the array of City sales is established as the ratio for the City for any given year.

Stratified Ratios: This is similar to the Ratio above, except that it looks to the ratio of each class of properties. This study looks for bias that may exist within the assessment base. These stratified ratios studies can be expanded even further. For example, studies will occur to see if older homes are assessed at the same level (ratio) as newer homes, ranches as compared to colonials, and location differences along with many other comparative studies.

C.O.D**:** (Coefficient of Dispersion) While the Ratio measures the level of assessments, the COD measures equity in taxes **(proportionality)** amongst properties of equal value. The COD measures the variation of sales price to assessed value amongst a set of properties with like sales prices. The average difference (from the median sales ratio) is divided by the median sales ratio to arrive at a percentage (the COD). This is the most important statistic an assessor works with. According to the International Association of Assessing Officers (IAAO) the measure of equity falls into the following ranges:

Percent	Equity Measure
10% or less	Excellent assessment equity
11% - 14%	Good assessment equity
15% - 20%	Fair assessment equity
over 20%	Poor assessment equity

***PRD*:** (Price-Related Differential) This statistic measures the relationship between higher valued properties and lower valued properties, and their respective assessments. This statistic answers the question: "Is there a bias for or against lower or higher valued properties?" For example, a PRD over 1.00 indicates a regressive assessment base, or, that higher value properties are assessed at a lower ratio, conversely, a PRD under 1.00 indicates a progressive tendency, or, shows that lower value properties are assessed at a lower ratio than higher value properties. Ideally, this statistic should be 1.00, but IAAO recommends that the PRD fall between .98 and 1.03.

Arm's-length transaction: This is a term used to describe a transfer of property between a buyer and a seller that qualifies for use in a sales ratio study. In order to be considered arm's length the property must be exposed on the open market for a typical length of time. Neither the buyer nor seller is under duress to buy or sell. Both the buyer and seller are aware of the potential uses of the property and the transaction is made in cash or cash equivalency (financing). The interests transferred are free and clear of encumbrances; i.e., fee simple, absolute ownership.