



2021 Revaluation

(Revised 8/4/2021)

Introduction

The Town of Bedford has contracted with Vision Government Solutions to conduct a scheduled revaluation for 2021. This update is part of our longer-term strategy to maintain assessed values as close to current market value as possible. On Wednesday, July 27th impact notices containing 2021 assessments were mailed out to property owners. Instructions are included on the notice for anyone interested in scheduling an informal hearing to review their new assessment. It cannot be stressed enough that the current tax rate should **NOT** be applied to the new assessed values, as the tax rate will change this fall, largely influenced by the valuation changes.

Impact Notices

When you receive your impact notice, please read the instructions carefully for scheduling an informal hearing with Vision Government Solutions. Topics of discussion can include: 1) explanations of the valuation and information on the property record card; and 2) market data used to determine indications of value. Vision representatives are unable to discuss resultant taxes, as their expertise is valuation and the new tax rate will not be set until late October.

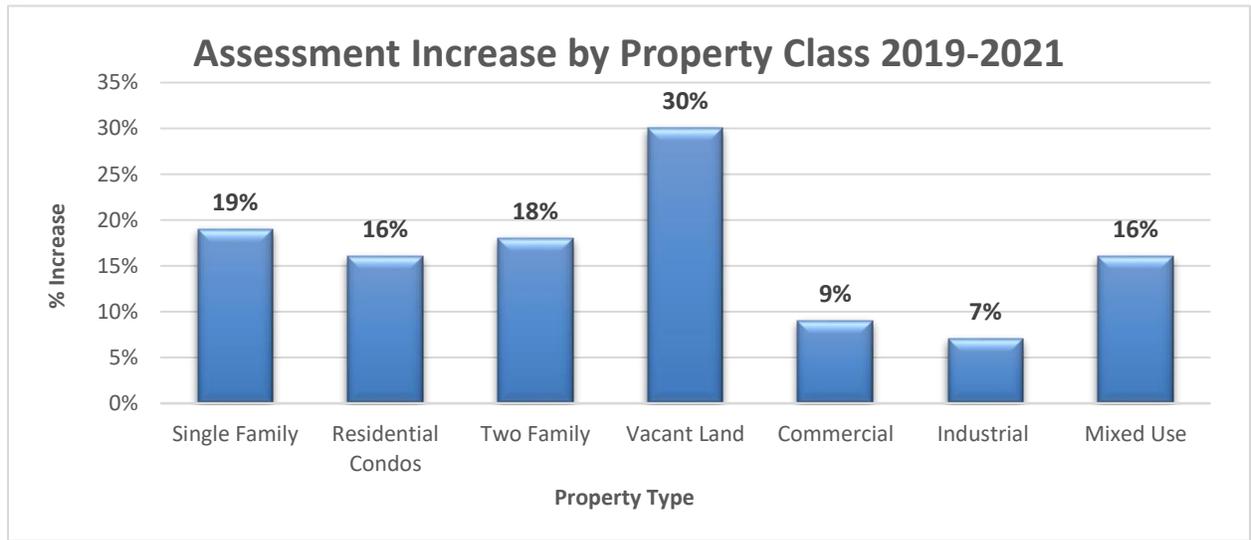
Statistical Update

The type of revaluation being utilized is a Statistical Update. This means we closely analyze properties that sell in a given time frame, then apply those changes to similar properties. We utilize this method largely for cost considerations. The traditional full revaluation, which involves “boots on the ground,” door-to-door data collection, is both cost-prohibitive and time consuming. Occasionally, this approach is warranted, as it can yield an accurate snap shot of the community’s real property. As Bedford’s property data is generally very accurate, the Statistical Update remains the best revaluation option, keeping our properties aligned with market value. The vetting of arms-length sales for all classes of property is important in obtaining equitable assessments, with further analysis being conducted for commercial property - such as the gathering of capitalization rates, income information, and rental and vacancy rates.

The frequency of revaluation updates has been adopted in response to strong real estate market growth over the past 5 years. This primarily applies to residential property. Commercial and industrial property have experienced limited growth, but not at the same rate as residential property. This is another key reason to conduct more frequent revaluations: not all property changes at the same rate-especially in 2021. The revaluation of all property essentially hits the reset button, returning all classes and styles of property back to 100% of statistical market value. The further sale prices move away from assessed values, the less equity properties experience, which among other things can lead to more appeals and related costs for all taxpayers.

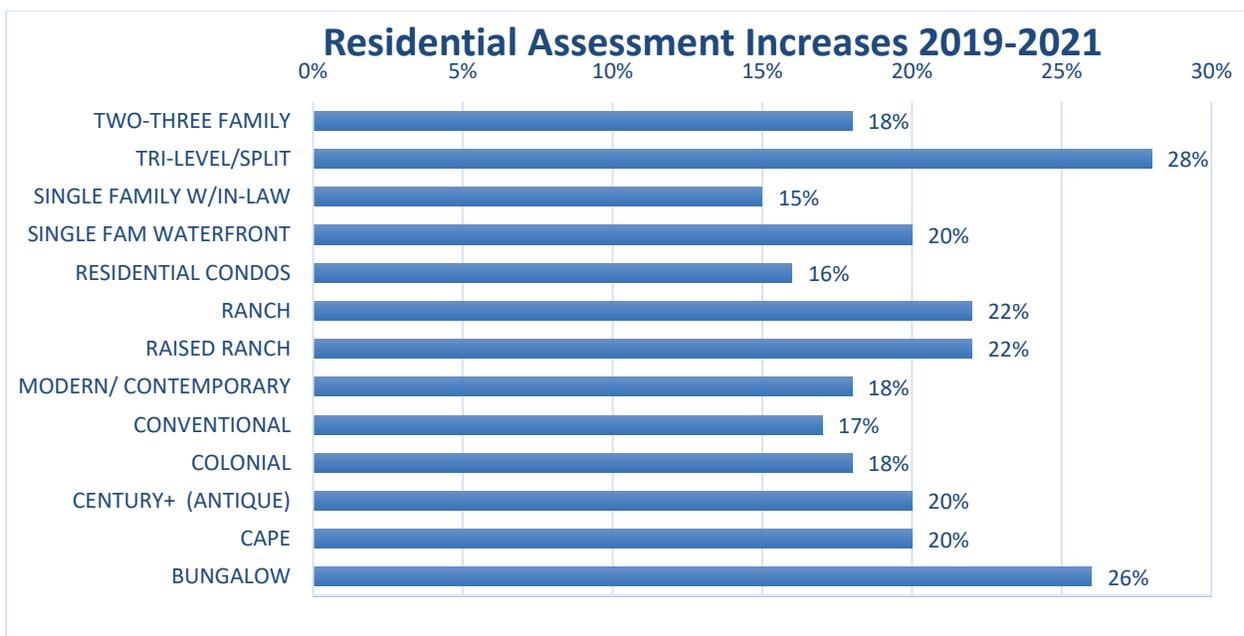
Revaluation Results, a Deeper Look

Bedford is experiencing a **17% overall increase** in value for all classes of property since the 2019 revaluation update; a further breakdown shows **residential** property with an **19% increase**, and **commercial** at a **9% increase**. These assessment changes are not an overnight occurrence, but have evolved over a two-year period. The largest jump in value was **vacant land** at **30%**. Developable land has grown scarce, and even with a handful of new subdivisions, buildable lots have seen considerable price increases in the past two years.



Residential Property

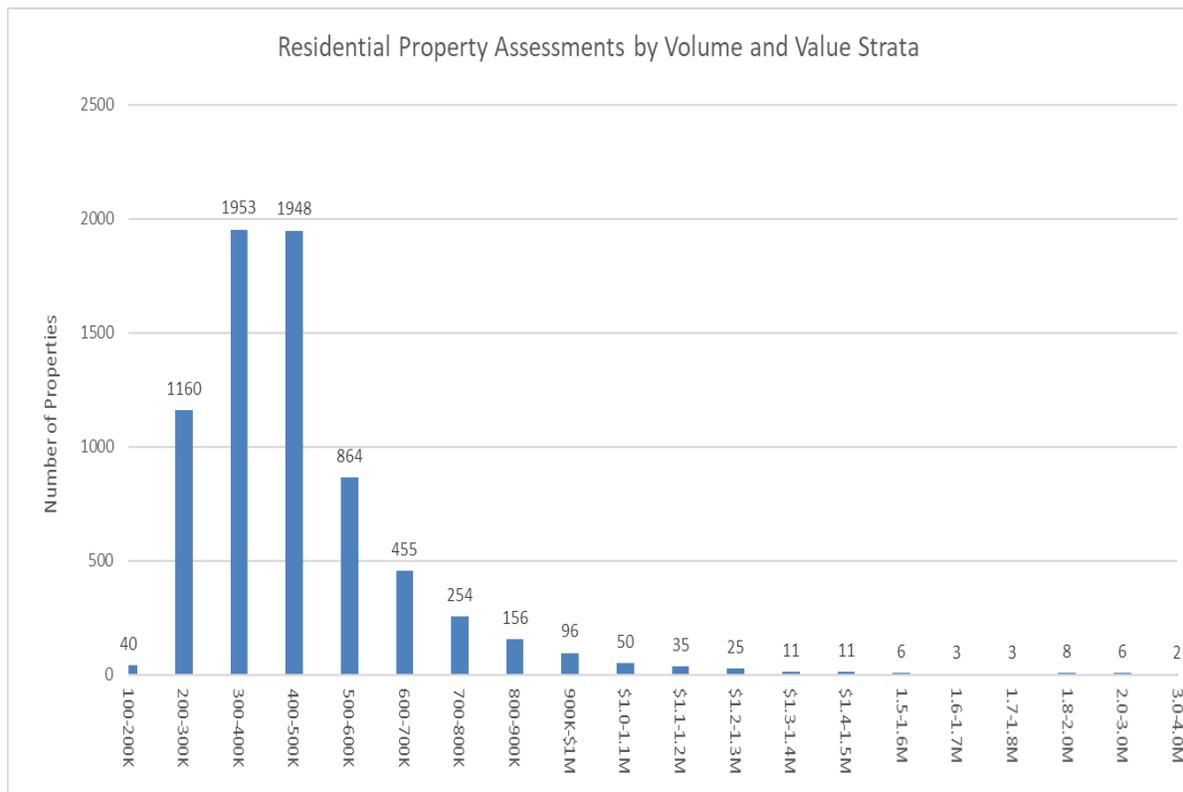
While the overall percent changes are provided, not all property changes at the same rate. For residential property, value changes can vary based on home styles, neighborhood, value strata, quality of construction, age of building, condition, etc. For example, a breakdown of assessed value changes for residential home **styles**, seen in the bar graph below, reflects the variation in sales activity since 2019.



Not every category of home style has the same volume of property town-wide, nor do all properties in a single style category increase at the same percentage. It's also worth noting that some property styles possess different value ranges than others. For example, Tri-Level/Split homes will generally demonstrate a different value range than Colonial style homes. Colonial style homes, which vary much wider in style and price, sell from \$300,000 - multi-million dollar estates. Tri-Level properties generally sell between \$300,000 - \$500,000 in the current market.

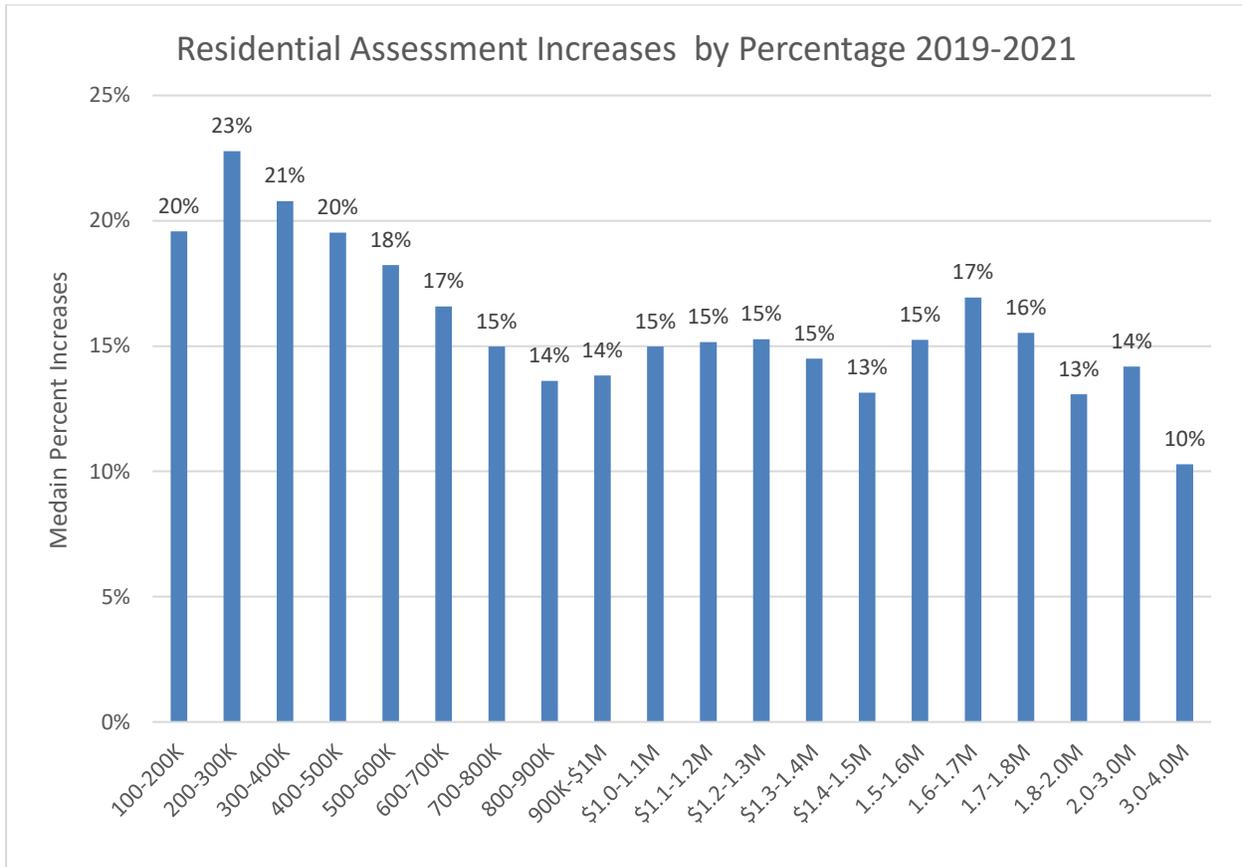
Another way to look at market value changes that affect assessed values is by pricing "strata" or value increment. Bedford has some of the most variation of property value in southern New Hampshire. The first chart below approximates the number of properties in each value increment per \$100,000. Properties ranging from \$300,000-\$500,000 represent the largest population of residential properties. Homes valued above \$2,000,000 represent the fewest number of properties.

Competition and lack of inventory has affected a wide range of property values in Bedford. While \$300,000-\$500,000 properties represent the largest population of housing stock, they also represent some of the most competitive on the market. For first time home buyers hoping to purchase a Bedford property in that price range, the number of applicants and offers has become very competitive. For buyers hoping to downsize, including empty nesters, the competitive pressure for the most abundant price population of properties often overlaps with first-time buyers.



It may not appear obvious by the bar graph above, but the higher valued properties are actually prevalent enough to help carry an equitable portion of the overall tax burden for residential properties.

Looking at value strata specifically for the 2021 revaluation, the rate of market change shows variation over a wide range of property value. Like property styles, value increments also help to demonstrate that not all property appreciates at a uniform rate. Based on detailed sales analysis over the past two years, the resulting assessment increase per \$100,000 is seen in the chart below.

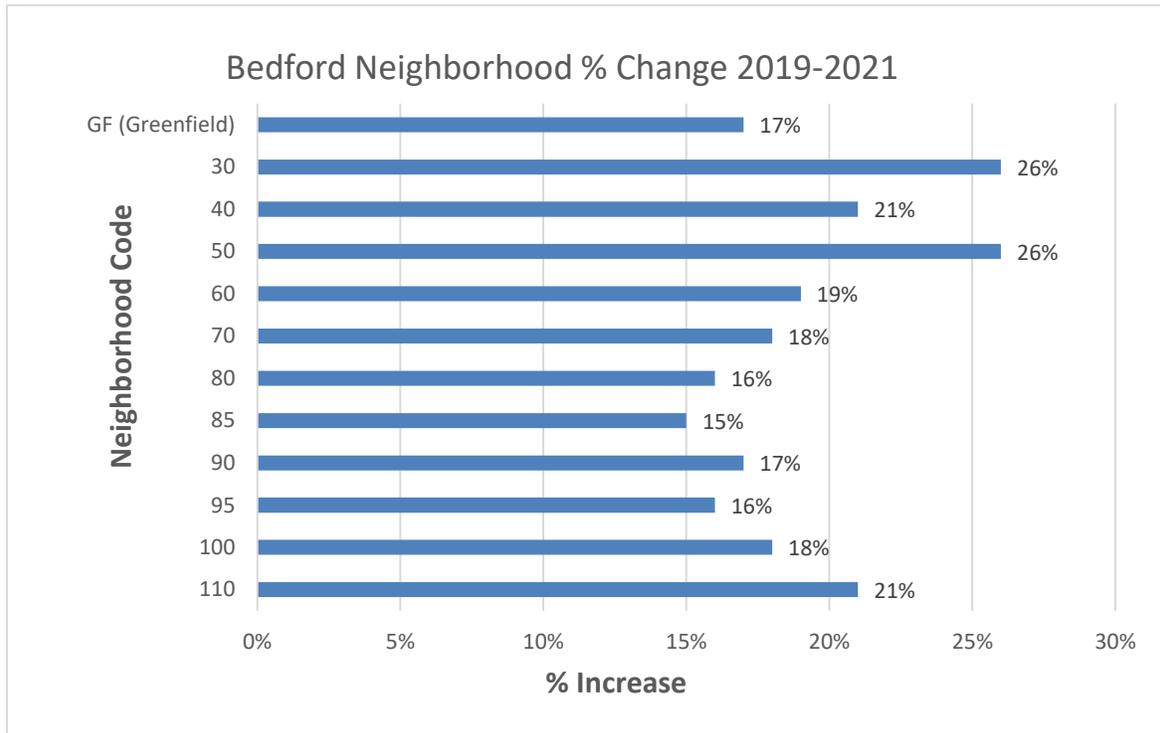


Properties values up to \$500,000 see the largest percent increase of all residential value strata. Part of this phenomenon occurs simply by tracking percent changes. Lower valued properties may see a similar dollar value changes to nearby strata, but expressed as a percentage, the increase is larger.

As stated previously, the market competition up to \$500,000 is extremely aggressive which drives prices even higher. Offers on property that are 5-10% above asking price have been common, and properties usually go under contract within days to a week of listing.

Neighborhood / Location

Not only do neighborhood land values vary throughout Bedford, in a given time period, their values change at differing rates. There are 12 distinct residential neighborhood codes in Bedford, with each corresponding to a particular value range. The same neighborhood code can appear in different locations town-wide, where land values can be most similar.



To find the neighborhood code for a particular property using Vision’s on-line database (<http://gis.vgsi.com/bedfordnh/>), scroll down to the **Land** section. In the “neighborhood” line below, the number 50 appears (highlighted). The higher the neighborhood number, the higher the land value. Neighborhood 60 is the base location adjustment at 1.00, which is neutral. Below it neighborhood adjustments drop, above it, the adjustments increase to correspond with the increase in land value. In this example, Neighborhood 50 carries an adjustment of .95 or 5% below the base level (Neighborhood 60).

Land

Land Use

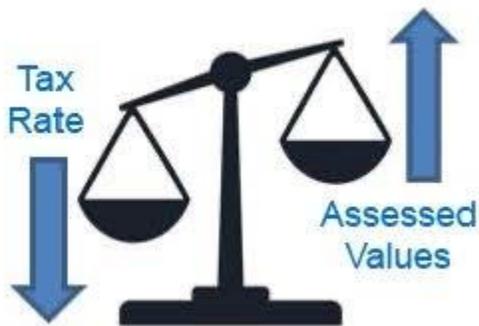
Use Code	1010
Description	SINGLE FAM MDL-01 ⓘ
Zone	RA
Neighborhood	50
Alt Land Appr Category	No

Land Line Valuation

Size (Acres)	1.5
Frontage	0
Depth	0
Assessed Value	\$177,500

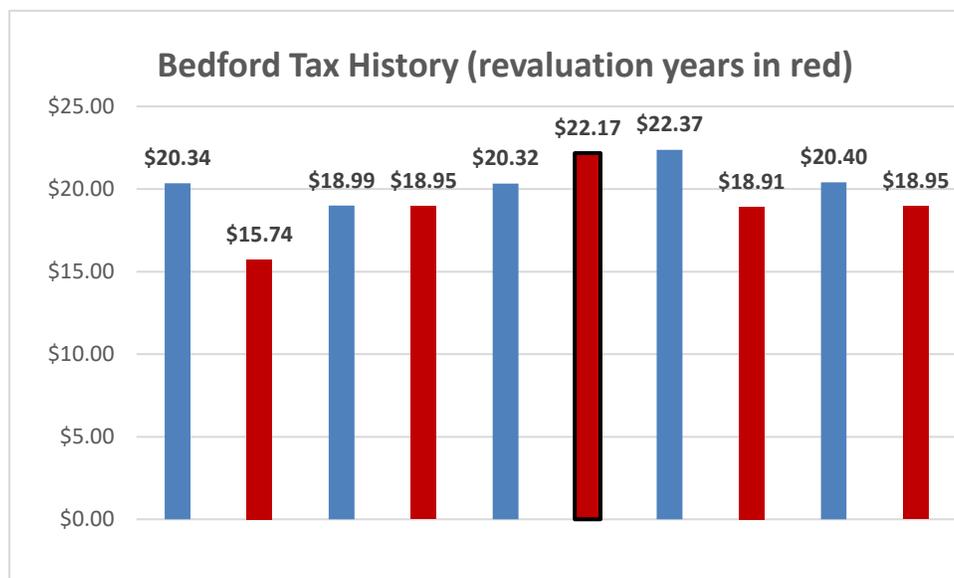
Revaluation and Taxation

An increase in assessed value does not necessarily mean an increase in your tax bill. If your property changes value at or close to the median value change, about 19%, there will likely be little to no change in the amount of taxes you are billed for this fall. This is due to the fact that when values rise, the tax rate falls in order for each property to contribute its portioned amount of the budget based upon total assessed value. Property that appreciates greater than the median amount may see a tax increase, while properties that increase below the median may see a decrease in property tax this fall. It's worth repeating that the Town's property tax rate will be readjusted downward as we experience an increase in property values.



The tax rate and assessed values during a reassessment commonly work in opposition of each other, like a scale. This is due to the fact that the annual budget is a fixed number, and only the exact amount of taxes needed to cover the budget will be collected. While the scale analogy works on a general level, a reassessment is a completely separate process from the Town's budgetary process; revenue and expenditure levels can influence the amount by which the tax rate changes. By contrast, a year in which assessed values *drop* overall, the tax rate will *climb* in opposition to value reductions in order to meet the total budget amount.

Looking at revaluations since 2004, in which most experienced an overall increase in property value, the tax rate dropped that year from the year prior. The exception was 2013, during which time property values fell, and the tax rate moved in opposition by climbing slightly. Again, other factors influence the tax rate, but the graph provides a visual representation of the phenomenon.



Impact Notice Reminder

Just to reiterate, when you receive your impact notice, please read the instructions carefully if scheduling an informal hearing with Vision Government Solutions. Topics of discussion can include: 1) explanations of the valuation and information on the property record card; and 2) market data used to determine indications of value. Vision representatives are unable to discuss resultant taxes, as their expertise is valuation and the new tax rate will not be set until late October.

If questions or property issues remain beyond the informal hearing phase of the revaluation, the Bedford Assessors Office can continue to assist property owners with individual concerns.

The Bedford Assessor's Office and Vision Government Solutions thanks you for your patience and cooperation with the 2021 revaluation process.