

# Market History - Franklin

Emerging Ratio studies  
2009 Assessment Update





# Assessment Program in Franklin

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- The last 'full revaluation' occurred in 2001.
- Since then, annual updates to value have occurred 'in-house'.
- As the market changed over the years, so have the assessments.
- In this way, no taxpayer pays more or less than their fair share of taxes every year, as opposed to only when a revaluation occurs.



## Assessment Program - Continued

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- Because of these 'updates', we have done away with the need for full revaluations in Franklin.
- All the items that occur in a revaluation are performed now, except on a 5-year rotating basis.
- In this way, the City saves the costs of such programs and the need to clean up after the revaluation company.

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# Legal Structure in Assessments

- Since the Sirrell decision regarding an adequate education, municipalities are required to perform revaluations every five years at least.
  - Moreover, municipalities are required to ensure 'proportionality' in assessments each year (RSA 75:8).
  - This means that assessments must be uniform amongst property classes (residential vs. commercial vs. vacant land, etc.), each year.
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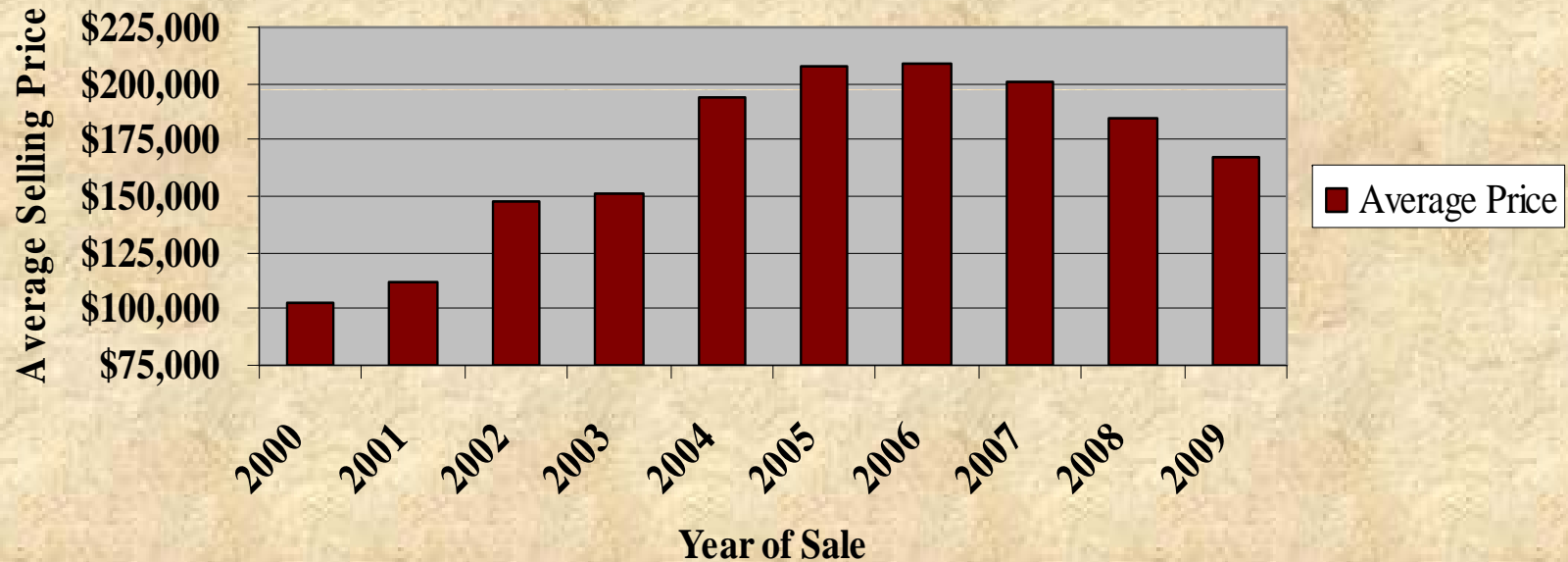
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# Franklin Market Studies

- What follows are various market studies taken from the sales of property in the City over the past 10 years.
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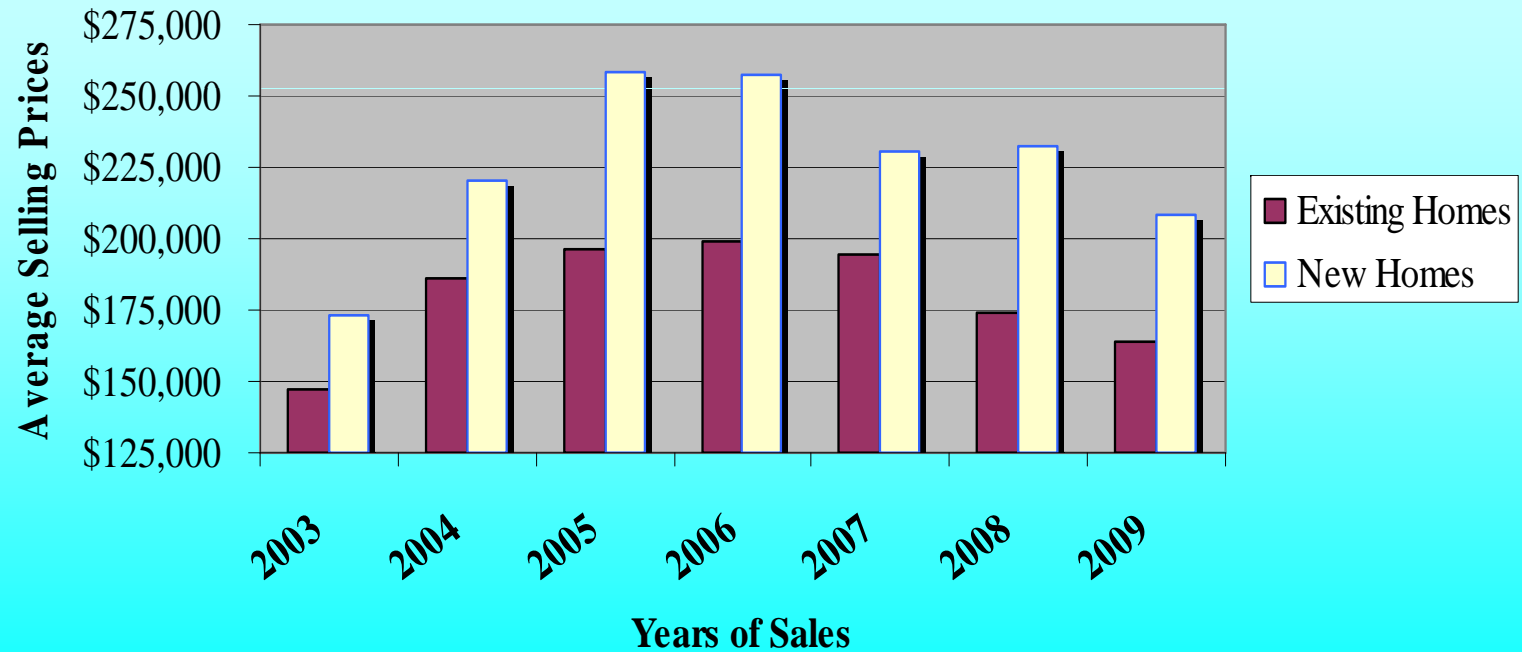
# Market History – Average Selling Prices

**Single-Family Homes Average Selling Prices  
City of Franklin**

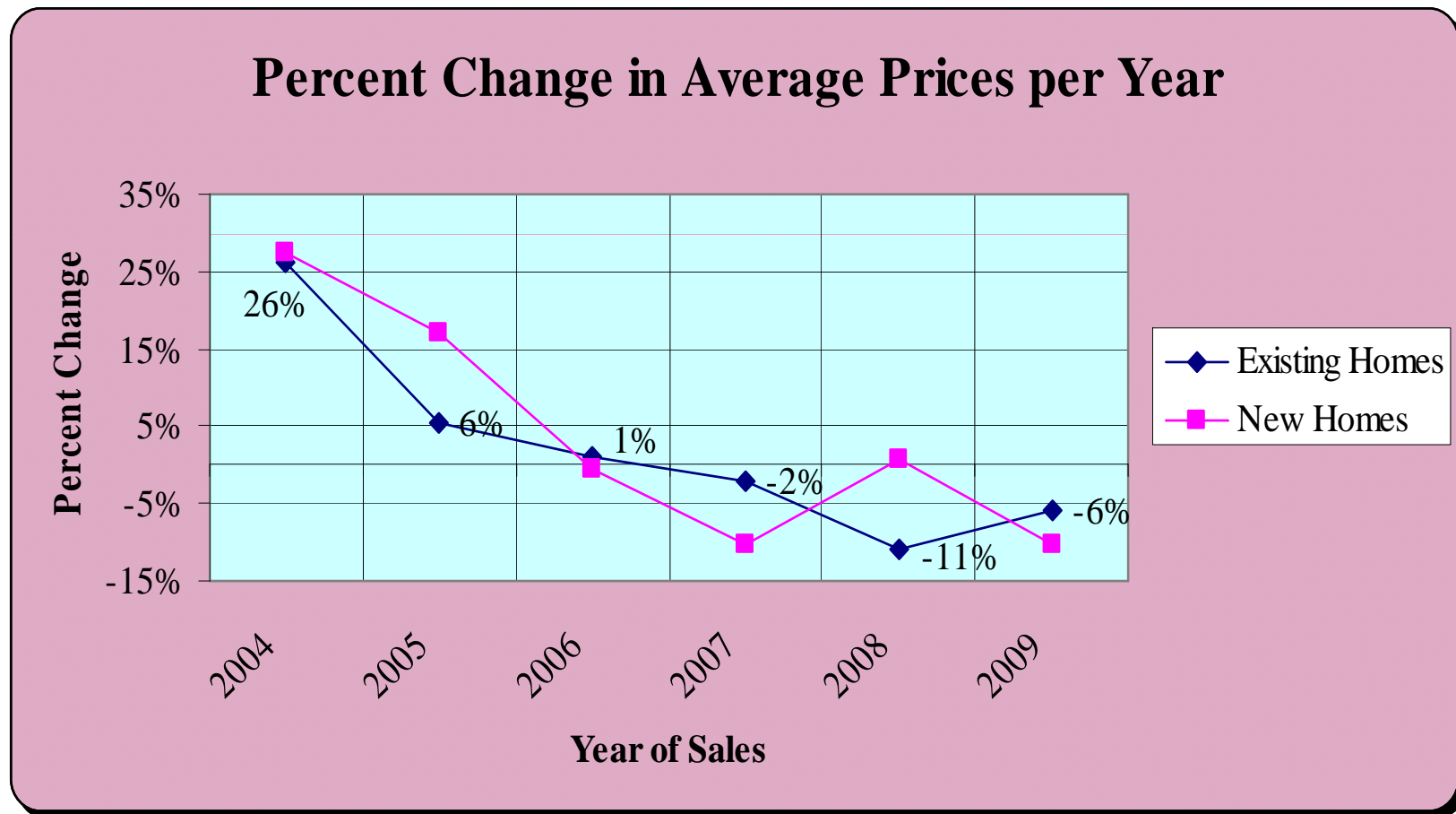


# Average Selling Prices Older Homes vs. New Housing

## Average Selling Prices - New vs. Older Housing



# Percentage Changes in Selling Prices



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# Percentage Changes in Selling Prices

- As can be seen from the previous study, annual increases in market value for old and new homes escalated consistently until 2006.
  - In 2006 the market seemed to stand still.
  - Beginning in 2007 the market began a moderate decline, continuing into 2008.
  - So far, in 2009, the downward trend continues.
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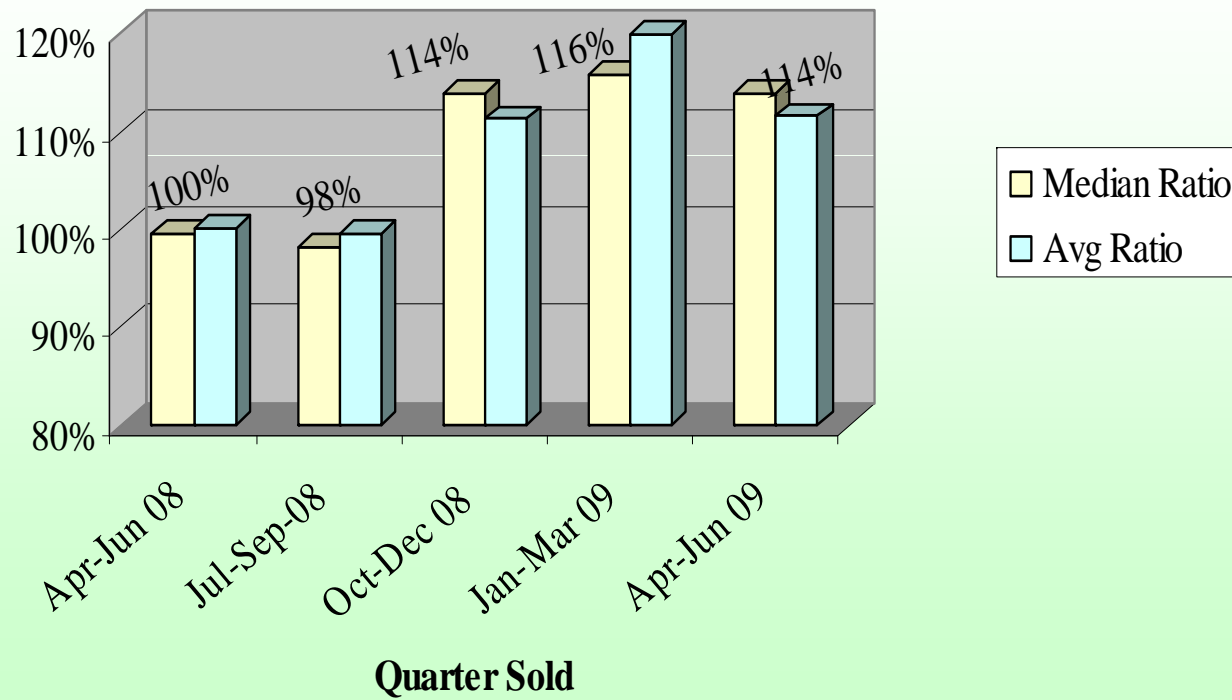
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# Emerging 2009 Market - Franklin

- In addition to average selling prices, we can gauge the immediate market by the assessment ratio.
  - Because the assessments stayed the same over 2009, and the market was moving, the change in relationships can give us an idea of what's happening in the market today.
  - A 'ratio' is determined by dividing an assessment by a sales price.
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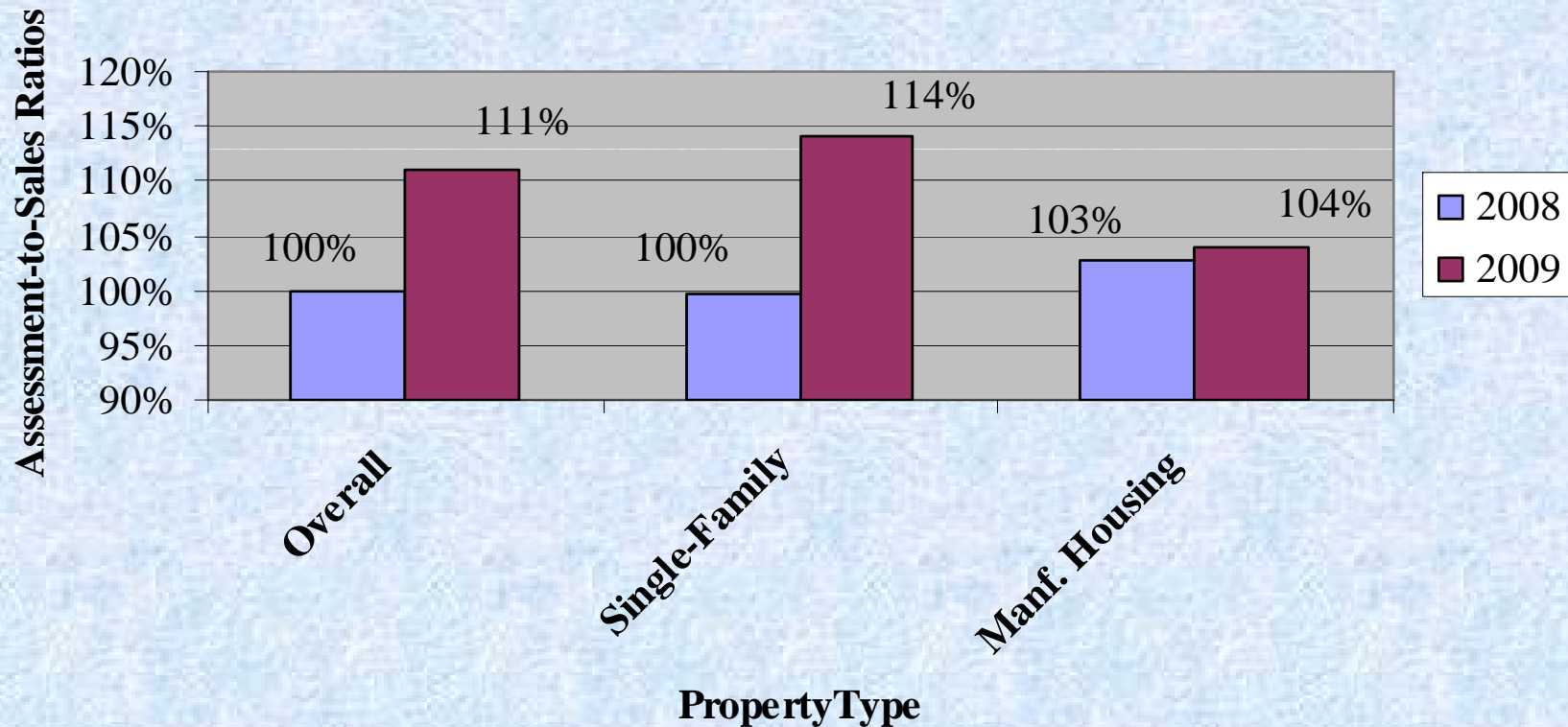
# Emerging Current Franklin Market

## Franklin Market Trend by Quarter



# Emerging 2009 Ratio

**Franklin - 2008 Ratios v. 2009 Emerging Ratios**



# Market Status - Summary

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- The previous slide indicates that while last year (2008) our assessments were reflecting 100% of 2008 market value, the 2009 sales indicate that, if nothing is done, our assessments will be reflecting 111% of market value.
  - Accordingly, a recommendation to adjust residential assessments was made to the City Council in order to remain in line with the emerging 2009 market.
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## City Council Authorizes 2009 Assessment Update

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- The Council authorized the City Assessors to conduct the assessment update for 2009.
  - The new assessments will provide the basis for assessments for the 2009 fall tax bills.
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# Tax Rate Calculations

- Tax rates are determined by the Department of Revenue Administration in Concord.
- Basically, tax rates are determined by dividing the total revenues authorized by the council by the total taxable valuation, X 1000.
- For example, if the revenue required to run the City was \$10,000,000, and the total taxable valuation was \$1,000,000,000, the tax rate would be \$10.00 per thousand of assessed valuation.

## 2009 Tax Rate

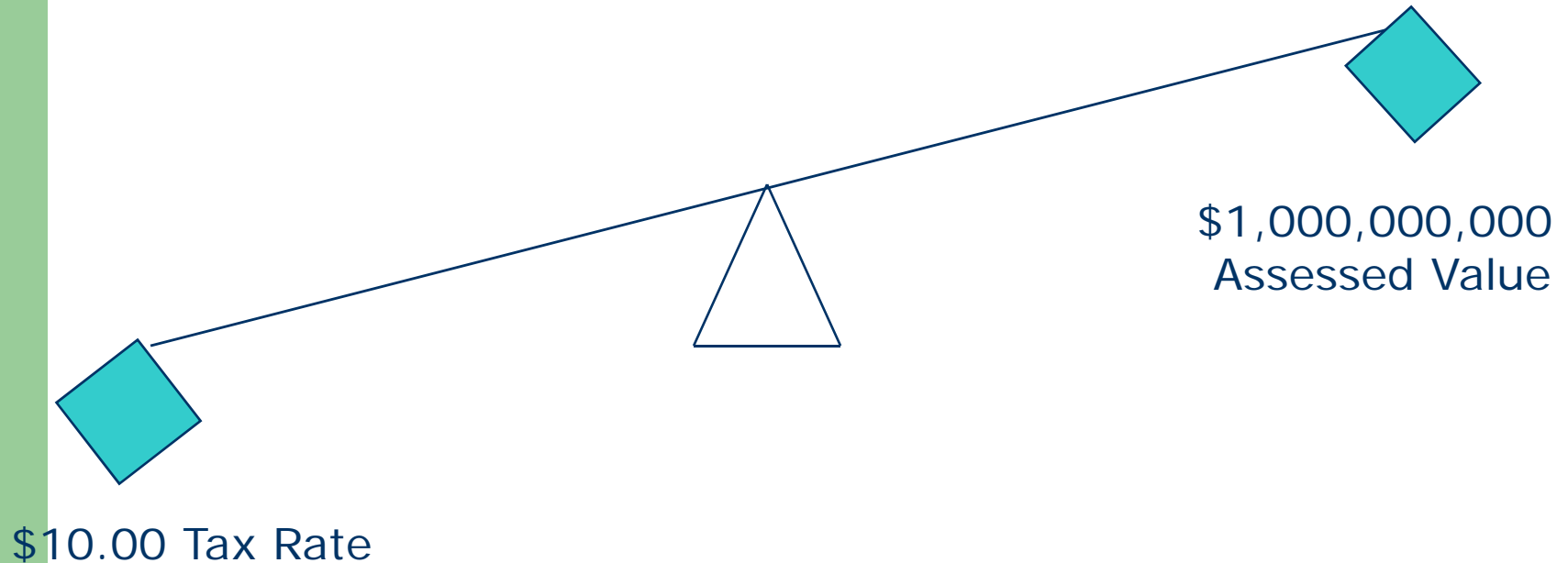
- Because assessed values will change for 2009, the tax rate is not yet known.
- However, because we anticipate that our total valuation will be less than it was in 2008, it is anticipated that the tax rate will increase.
- Overall, the City is required to remain within spending constraints as provided by the tax cap measure. This is relevant to the amount of revenues authorized to be raised. The actual tax rate floats according to the total valuation and the authorized expenditures.

# Tax Rate Balance

- To illustrate how the tax rate floats according to the assessed valuation, the following will assist with the understanding of how it works.
- The illustration is not actual for Franklin, rather, uses round numbers for ease of explanations.

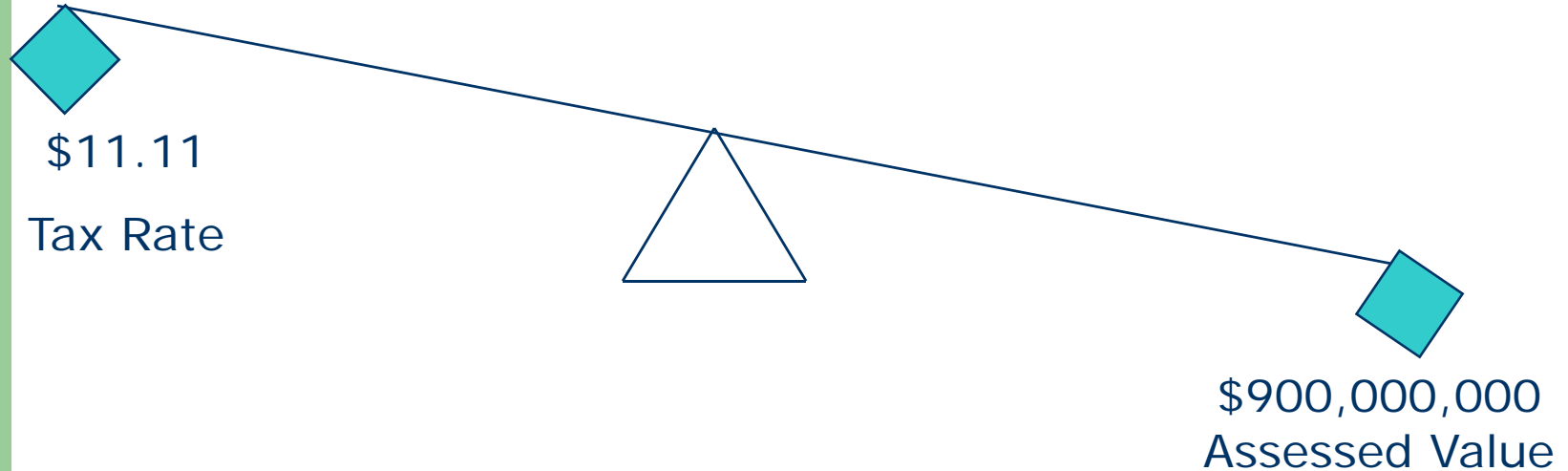
# Tax Rate Balance

- \$10,000,000 Budget Appropriation



# Tax Rate Balance

- \$10,000,000 Budget Appropriation



# Authorized Revenues

- The point to this illustration is that different tax rates will raise the identical amount of revenues depending upon the total taxable assessed valuation.
- In this way, the tax rate floats, and no more than the authorized revenues are raised.

## 2009 Tax Rate

- Accordingly, because the total valuation is not yet determined, we do not know exactly what the tax rate will be.
- When the Department of Revenue Administration determines the tax rate, it will be published by the City at that time, projected approximately at the end of October or early November.