

Revaluation Information

The Board of Assessors wishes to inform property owners that Fiscal 2018 is the next revaluation year for the Town of Amherst. What is a revaluation? A revaluation is an update of all assessments within the community conducted by the Board of Assessors under the direction of the Department of Revenue. The assessors of each community are responsible for developing a reasonable and realistic program to achieve the fair cash valuation of property in accordance with constitutional and statutory requirements. The nature and extent of that program will depend on the assessor's analysis and consideration of many factors including but not limited to, the results of an in-depth sales ratio study and the accuracy of existing property record information. Every three years the assessors must submit property values to the Department of Revenue for review and certification. Why is a revaluation necessary? State law requires that all property in the town be assessed within ten percent of market value every three years. This is based on all sales not individual sales – (mass appraisal). How are assessments determined? To arrive at "full and fair cash value" for your property the Assessors must analyze what "willing sellers" and "willing buyers" are doing in the marketplace. The assessment date is January first (other than new construction or demolition which is July first) and therefore the Assessors will analyze sales from the prior calendar year to determine the level of assessment in comparison with the market. (Example: January 1, 2017 is the assessment date for Fiscal 2018; therefore the Assessors will analyze calendar year 2016 qualified market sales. These sales do not include family sales, sales to abutters, estate sales, divorce sales etc.). The Assessors will use three appraisal approaches to value: cost, income and market. The data once analyzed, is then correlated to final values for all properties. The analysis must also meet all standards as set forth by the Department of Revenue for certification. What is market value (a.k.a. full and fair cash value)? State law requires that your property be assessed at market value. Market value is the amount a typical, well informed purchaser would be willing to pay for a property. For a sale to be a market value (arms-length or qualified) sale, the seller and buyer must be unrelated, the seller must be willing (but not under pressure) to buy, the property must be on the market for a reasonable length of time, the payment must be in cash or equivalent, and the financing must be typical for that type of property. Fair cash value has been determined by the Massachusetts Supreme Judicial Court as "fair market value" which is the price an owner willing but not under compulsion to sell ought to receive from one willing but not under compulsion to buy. It means the highest price that a normal purchaser not under peculiar compulsion will pay at the time, and cannot exceed the sum that the owner after reasonable effort could obtain for this property. A valuation (price) limited to what the property is worth to the purchaser is not market value. The fair cash value is the value the property would have on January first or any taxable year in the hands of any owner, including the present owner. (Boston Gas Co. v. Assessors of Boston, 334 Mass. 549, 566 (1956). What if there hasn't been a recent qualified sale of my property? The next best evidences are the qualified sales of reasonably comparable properties. These are properties that are similar to your own in location, age, style, size, condition and other features that affect market value such as the number of bedrooms and bathrooms. Will all property values change? Most likely, yes. However, not all assessments will change at the same rate. Market values may have increased more for some neighborhoods and/or different

property types. Some neighborhoods and/or property types may have decreased more than others as well. Some neighborhoods and/or property types can even remain the same. One purpose of a revaluation is to make sure that the assessed valuations reflect the changes that have occurred within the marketplace. How can my assessment change when I haven't done anything to the property? General economic conditions such as interest rates, inflation rates and changes in the tax laws will influence the value of real estate. As property values (sale prices) fluctuate in the market place, those changes must be reflected in the assessments of all properties. Will I be notified of a change in my assessment? After preliminary certification is received from the Department of Revenue, there is a public disclosure period. This time is advertised in the newspaper and notices will be mailed to each property owner. Otherwise, the notification takes place when you receive your actual tax bill at the end of December. This bill will show the new valuation along with the tax rate for the year. How will my taxes change as a result of my new assessment? Although the valuation of your property affects your share of taxes, the actual amount you pay is determined by the budgetary needs of the town. This is decided by what services will be provided in the coming year and the cost to provide these services. The budgets are approved at Town Meeting. Once this decision is made and valuations are certified by the Department of Revenue, a tax rate that will generate the needed tax dollars is then adopted and approved by Department of Revenue. Your individual property taxes are then determined by multiplying your assessment by the tax rate. The tax rate is expressed as dollars per thousand dollars in value. Remember assessments and taxes have seesaw effect. If one goes up the other goes down and vice-versa. Why is my single-family home valued differently than my neighbor's two family? Any property or residence must be compared with like properties. As the old saying goes you must compare apples to apples. You should utilize properties that are similar to yours in location, age, style, size, condition and other features that affect market value such as the number of bedrooms and bathrooms for comparison purposes.