

Citizen's Advisory Committee Meeting
May 8, 2010
7:30am

Meeting Attendees:

Peter Bianchi (Selectman), Jessie Levine (Town Administrator), Norm Bernaiche (Chief Assessor), Kris McAllister (Assessor), Terri Bingham, Jack Sheehan, Jack Harrod, Beth Swanson, Bob MacMichael, Robert & DJ Lavoie, Hardy Hasenfuss, Joe Cardillo, Rip Cross, Phyllis Piotrow, Will Kidder, Carolyn Lockhart, Gary Markoff, Joe McCarthy, Bud Dick

Select Board member Peter Bianchi called the MEETING TO ORDER at 7:30 AM. He welcomed the new members of the Citizens Advisory Committee to the meeting and explained that they meet once a month and either try to have a Department Head come in to go over recent activities of that department or have an open meeting, where topics can be brought up to discuss. Mr. Bianchi said that they would be hearing from Norm Bernaiche, the Town's Assessor at the meeting, and hoped to talk a bit about Main Street as well. He gave the floor to Mr. Bernaiche.

Mr. Bernaiche said that he has been an assessor for about 25 years and has a degree in property tax assessment technology. He estimated that there were probably about 12 individuals with the same degree who were working in the field presently. Mr. Bernaiche said that he has been supporting New London, Newbury and Sunapee for five years. He opined that the tri-town arrangement came together following a lot of litigation surrounding assessing issues around Lake Sunapee and the other surrounding lakes and ponds. He said that they try to keep the public educated and informed of things going on with the assessing in Town with the use of an online assessing database, Vision, and digital mapping. People can search properties by location on a map or by owner name to obtain assessment data. The database is open to the public and is updated quarterly, with hopes of monthly updates in the future.

Gary Markoff asked what sort of information would be updated. Mr. Bernaiche said that it would include household information and change of ownership, as well as new construction and property changes. Mr. Bernaiche said that anyone who has a change to their property gets a letter to inform them that changes in their assessment may be forthcoming.

On-Line Mapping: Mr. Bernaiche demonstrated how one could link to the on-line mapping and assessing database from the Town's home page, www.nl-nh.com. He showed how a search could be done by Town, address, map/lot, or by property owner name. He suggested making the search as general as possible to start, and showed that when a property is chosen, the assessment card comes up. Sales history information will be a part of this data in the future. Currently, it includes minimal land info, additional features, land and building value, and outbuilding value (paving, garages, sheds, pools). The condition rating coincides with the age of the building, and is graded on a scale of 1-20. Included in this grade is a design appeal, which necessitates the professional opinion of Mr. Bernaiche and Kris McAllister. High-end homes range from between 15-20. The ratings generally start at 4, which means the property is in average condition for its age.

Phyllis Piotrow asked where they would incorporate the value of waterfront property or a nice view. Mr. Bernaiche said that these characteristics would be included with the land value but is not currently part of the information on the website. He suggested contacting Linda Jackman at the Town Office for that information, which is included on their more detailed tax cards. It was concluded that the grade given is only for the building, and not the land.

Mr. Bernaiche clarified some other terminology on the tax cards. The term "Finished Area" means the space that is used for living. This is different from the term "Gross Area," which includes the total area of

the home, including the basement and garage. Terri Bingham asked about vaulted ceilings and how that would be calculated when figuring out the finished area. Mr. Bernaiche said that the area is delineated to account for the open space.

Mr. Bernaiche said the Town had the mapping component of the software free for one year. The company came to them to promote their product, and they found value in the product. In the past the three towns had the online Vision program, with no mapping component, and were able to combine the programmers from the mapping software and the Vision software to get access to both maps and information together. It is not as seamless as what they were using before, but it is still helpful.

Mr. Markoff asked if they had capacity to interface into a Google map. Mr. Bernaiche said that they did and demonstrated how images could be obtained through their site. He noted that deeds and plans and similar related documents will be available in the future within this mapping and images section. He commended property owners in New London for doing their due diligence and for making sure things like permits are accurate. Mr. Bernaiche then showed the property in Google, showed that this website could be used to obtain an abutters' list for a parcel.

Mr. Bernaiche said that they try to make this process seamless. If someone has a question for the assessors and he is not available, he suggested asking Amy Rankins in the Land Use and Assessment office, and she would email him to get a quick response. Mr. Bernaiche said that the taxpayer won't know that he is not in New London at that time, and their questions can be answered quickly. He cautioned that getting back to people quickly is important so that they do not make up their own answers while waiting for their call to be returned.

Mr. Bernaiche showed how they can overlay zoning and aerial photography on the maps. He noted that corrected aerial ortho photos were used and are pretty accurate, but the regular tax maps were not as accurate as the photos, which meant the photos and tax maps did not line up properly. Ms. Levine said the photos take into consideration the curvature of the earth and the tax maps are just flat. Property lines may be incorrect on the tax map. Mr. Bernaiche explained that the original tax maps were created from an uncorrected photo. He showed that maps can be printed and will include a scale.

Mr. Bernaiche said that realtors have used this tool to measure property size. They can obtain both segment and total area of a parcel or part of a parcel. Mr. Bernaiche said that they are continually making the data better by having a tool like this available. Mr. Markoff asked if a correction was made to a tax map due to the more accurate photo mapping, would this data enable someone to get a rebate on their prior taxes. Mr. Bernaiche explained that they would only be able to be rebated for the past year, just as under-collected taxes can only be collected going forward; the Town can't go back and collect back taxes. Mr. Bernaiche said if they discover property that wasn't assessed, they can collect back taxes for the current tax year, but if it just wasn't assessed properly, the Town can't go back and collect at all and can never go further back than a year.

Ms. McAllister commented that this mapping tool is helpful for those who have property in Current Use, who could then measure the amount of property affected.

Mr. Lavoie asked if a house is sold at an amount lower than the assessment, do they change the house's assessment. Ms. Levine said that question is a good segue into the assessing update portion of the discussion.

Mr. Bernaiche explained that when there are differences in sale prices vs. assessment values, those properties would be shown in bright colors. If the selling price is close to the assessed value, they are

displayed in muted colors. Ms. Levine said that students at Colby-Sawyer had just finished a natural resources inventory, and that GIS Information could be used with these current maps as an overlay, and will give even more detail.

Carolyn Lockhart asked if someone could use the mapping tool to figure out if someone was encroaching on an abutters' property. Mr. Bernaiche answered that this was possible, and that Peter Stanley (Zoning Administrator) has a more robust software program that could be helpful in these cases. Ms. McAllister added that she wouldn't use this as a legal tool, but instead, would suggest getting the property surveyed.

Mr. Bernaiche handed out a website instruction sheet to those in attendance. Mr. Markoff asked if there was a way to search for market categories and assessed values to see where the bell curve was in terms of the Town's housing demographic. He felt that would be valuable to see where high end and low end homes are located. Mr. Bernaiche said that could be done but would require a more robust search that currently could only be done in-house. Mr. Markoff said that he was interested from the Economic Development Committee's perspective.

Bob MacMichael asked for an explanation of the view tax and if it was coming or already being used. Ms. Levine said that this was an important question and was part of the assessing discussion.

Revaluation Update: Mr. Bernaiche explained that towns used to conduct assessments whenever they wanted to, but was usually every 10-20 years. Then there was the Claremont school decision case that resulted in the Statewide Property Tax and New London became a donor Town. The NH Constitution said that the values of homes should be assessed every five years, a suggestion he tried to practice when he was the assessor in Lebanon. The reason this was important was because they had a tax base there that was 50% commercial/industrial and 50% residential. If there was a shift in one of those segments, it could affect both sides. In New London, 50% is waterfront and 50% is not. They have to keep an eye on the segments in Town to make sure that they are performing at an equal level.

Mr. Bernaiche said that the State decided on a program of assessing every five years. He arrived in 2005 and that was an assessing year, so that is where he started, and now it is time to do an update. Vision, an Oracle-based program, includes square footage, style of home, land area, etc., in the database. They look at sales and address the tables and adjustments to develop their model. They review the properties often to make sure they are consistent. Their approach is to be consistent and fair.

To answer Mr. Lavoie's question, Mr. Bernaiche said that sales-chasing is unethical. One sale doesn't make a market. They use several sales to develop a model that will predict future sale prices. By doing this, they are trying to develop averages. Mr. Bernaiche opined that New England is different than other markets in the country. There are many variables and there is not enough data to know what the selling price would be for certain homes.

Ms. Levine added that the assessors look at every property that sells. They ask for an opportunity to inspect sold properties to match up their records before a new owner makes changes. Ms. Levine pointed out that the buyer who thinks the property is inaccurately assessed can always file for an abatement, which will also trigger a review of the property. She said that sales chasing is not only unethical, but illegal. Mr. Bernaiche said that when the sale price governs the assessment, with just one property, it really messes up the assessing for the entire town.

Mr. Bernaiche said that this is supposed to be transparent system. Rip Cross asked how assessments are affected in a down market in which prices are off 10%. Mr. Bernaiche said that in theory, the assessments would go down 10% as well, if they are assessed at 100%. Right now New London is at about 95%

overall. The Town has been pretty healthy overall. Mr. Bernaiche felt that it has been okay and the bottom hasn't fallen out yet.

Mr. Markoff offered that assessments didn't go down a lot because Mr. Bernaiche's assessing was consistent and not excessive. In the boom years, Mr. Bernaiche did not jack up assessments, so they do not have to be brought back down now. He said that Mr. Bernaiche is very accurate with his assessing and gave a few examples of properties in Town that were asking prices that were too high and ended up selling at a figure much closer to Mr. Bernaiche's assessed value.

Ms. Piotrow asked if there was any difference in the assessment of full or part-time residences. Mr. Bernaiche said that there was not. Ms. Levine said that there is not a specific adjustment for a part or full time residency, but there may be a difference between a seasonal home (one not equipped for year-round living) and a home that could be lived in year-round, even if it is empty. Ms. McAllister said that for many waterfront properties, the value is mostly in the land it is on.

Ms. Piotrow asked if they were planning a reassessment of Hilltop Place. She felt people were looking towards living full-time in one place, rather than living seasonally in different homes. She shared that the condos in the areas are in need of more repairs and upgrades and the fees are going up. The result is that the price is going down. People are committing to a smaller down payment but having to pay more over time. She wondered if his assessment takes into consideration the fees that go along with a condo.

Mr. Bernaiche said that their assessments are based on market value. Most of the condo projects are pretty strong, with exception of Hilltop. He said that there are three components to keep in mind with a condo: the mortgage, the upkeep and expense, and taxes. If someone can afford one amount, and any one of those three components changes, it will affect the value of the unit. Ms. McAllister said that a lot of the fees in the associations are comparable, but for some of the other developments not only are some of the buildings updated, but one can get more for their money. At Hilltop, and some ranch-style homes in town, there have been no updates since the 1970's. This is reflective in the sale price. Mr. Bernaiche said that it is the condition of the properties that is keeping the prices where they are.

Bud Dick gave an example of a condo association at Waterville Valley that has put off upgrades to their buildings for 35 years, thinking the value of the condos would rise, but this has not happened. It is becoming more of a retirement community than a skiing community. Mr. Dick felt it imperative to address necessary maintenance as it comes due.

Mr. Bernaiche addressed the view tax that Mr. McMichael brought up earlier. He explained that view is a component of value, and properties have been sold with that in mind. They try to gauge the view in terms of what people are looking for. They take pictures of the view and there have been sales up to three-times the value of a non-view lot in the same neighborhood. It shows up in the market. Fortunately they have mountaintops around here and they can analyze the data depending on what people pay. They use factors of 1 through 5. View 1 is the least amount of view, which factors in the base land value. Ms. Levine said the term "view tax" was created to sound alarming. The truth is that a property with a view is more valuable than one that does not have a view.

Ms. McAllister added that the view tax is actually a myth that arose out of hysteria in the Orford area. In New London, they analyze properties by going through certain steps. They look at vacant land sales that have no waterfront, no view and are just a basic lot. When they look at a one acre lot with a view, there is a huge difference in between the value, which is what they can extract and attribute to the view. Mr. Bianchi said that this is not a new idea. He said a building lot is worth "x" but if that same property was

on a lake, it would be worth four times the value of the other lot, yet this is not called a waterfront tax. It is what the market can bear.

Hardy Hasenfuss asked what happens when a view changes due to tree growth or something out of their control. Mr. Bernaiche said that they look at whether the property owner controls the view or not. There are "view easements" that can be obtained if someone else has control over a view. Ms. Levine said that if a house, or other obstruction that is not in a property owner's control, interferes with a view, then the property owner should notify the Town because it's possible that an adjustment should be made to the assessment. We often rely on property owners to bring this information forward to us.

Mr. Bianchi thanked Mr. Bernaiche and Ms. McAllister for coming to the meeting despite their long drives. He said that what goes into their valuation is not pulled out of a hat but involves a lot of hard work and sophisticated information. He added that if people have a concern or question, the assessors are available for consultation. He urged people to call and ask Linda Jackman, Amy Rankins or Jessie Levine to pass on their questions, and they will have a timely response to their question.

Ms. Levine said that not only are the assessors available to answer questions, but they appreciate questions. They need realtors, property owners, and neighbors to draw attention to homes for study. Ms. McAllister said that the public should look at their property record card. The burden is on the property owner to make sure the card is accurate.

Mr. Markoff observed that Mr. Bernaiche is centered and fair with his analysis. If they took all the assessments down by 10%, their tax bill would be the same because the tax rate would go up. He thought that was an important fact to explain. The worst thing they want to do is to encourage a property de-evaluation when property taxes are going up.

Ms. Piotrow said that the changes at Hilltop are brought about by demography, as the older generation doesn't want to do those upgrades themselves. As far as views, it is the older people who like to look at the view, not so much the younger crowd who are out doing things.

Bud Dick said the Town should look at having requirements for condos to have "sinking funds" to pay for upgrades so that it doesn't become a huge issue, as it has now at Hilltop.

Mr. Bernaiche said new assessment notices will be sent out to everyone in September.

Main Street: Mr. Bianchi added that there has been more work done to Main Street than planned. There are more drainage upgrades. Ms. Levine said that added to the project from the original plan was the section from Parkside Road to Springledge Farm; the State diverted money from a Lempster project and is planning to grind and re-pave that section instead of adding a 1" overlay. She added that the project was delayed because the State added drainage repairs in that section, which gives the DPW time to raise the manholes so that when the road is finished, they will be flush with the road. She commended the State for finishing the projects enough to leave Town looking good for commencement weekend at Colby-Sawyer College. She felt the Town was getting some good attention from the State.

With regards to the Route 11/Crockett's Corner project, the State will be planting 150 lilacs on each side of the road, and crabapple trees in the median. They will be doing some grinding and a final coat of pavement within the next two weeks. Ms. Levine said that she has heard some complaints about the narrow bike lane. They said they will try to narrow the regular traffic lane a bit to get some of the lane back for the bikers.

Mr. Cardillo asked about the status of the matching funds for the sewer system. Mr. Bianchi said that in the initial application that was made, New London was rejected. Sunapee was told that they qualified for the grant funds. The engineer and the Town of Sunapee have reapplied with some different wording and will hopefully hear within a few weeks time on whether they had been funded or not. Ms. Levine said they were initially told that New London did not qualify, but were under the belief that if they filed as Sunapee being the lead applicant, it would go through. They did not hide the relationship between New London and Sunapee. They received a non-formal letter that anticipated New London getting a 43% grant approval, and so they were hopeful. Then they heard that they were denied because New London did not qualify and the request would be kicked back from Washington. They were advised to include New London in the application as a bulk user rather than a partner in the sewer system. Ms. Levine said that it sounded like this route should work, but they haven't heard a final answer as of yet.

Mr. Lavoie asked how they could claim that New London was just a user of the plant and not the main contributor. Ms. Levine said that it is because the plant belongs to Sunapee and is located in their town. Mr. Bianchi said that it is a rare circumstance that the prime user of a sewer system is not the owner.

Mr. Bianchi urged the members of the meeting to email Ms. Levine or the other selectmen with any suggestions for topics to discuss at future meetings.

The meeting **ADJOURNED** at 9:05 AM.

Respectfully Submitted,

Kristy Heath, Recording Secretary
Town of New London