

Property Assessments

An overview for the Board of Equalization
2023



Assessment Basics

- Assessor is required by AS 29.45.110 to determine the fair market value of all taxable properties
- Assessed Values are critical to the equitable distribution of the tax burden
- Value is determined as of January 1st each year
- Three approaches to value are considered: Cost, Sales Comparison, and Income
- CBJ Assessor generally uses a Market Adjusted Cost Approach
- Preferred approaches are usually applied across a property class



Assessment Basics

- Computer Assisted Mass Appraisal (CAMA)
 - The CAMA system is the software where most of the assessment administration and property valuation is managed.
 - Most of our current land models determine values from a base rate (price per square foot or acre) and adjusted for land attributes.
 - Improvement value (building value) considers size, age, construction method, quality, condition and enhancing features.
 - Land and improvements are reviewed for adjustment to market value annually based on comparison to sales through the Ratio Study process.



Property Value Models

- The modeling process involves
 - Model Specification –the process of determining what attributes effect value in the market and should be in the model. This is primarily done once, and then reviewed each year for changes in the market.
 - Model Calibration – the process of determining how much each attribute in your model effects value. This is done annually.



Mass Appraisal

- Market-adjusted cost approach
 - We use Marshall and Swift cost tables for current construction costs.
 - Improvement costs and land values are then compared to assessed values to determine market trends.
 - Market trends area applied to bring cost approach value up to market value.
- Mass appraisal vs single (fee) appraisal
 - Mass appraisal
 - Go through one step for all of the properties, move to next step, arrive at all values at end of steps.
 - Fee appraisal
 - Go through every step for one property, arrive at value, move to next property.



Mass Appraisal

- Uniformity and equity is the goal of mass appraisal
- Similar buildings should be treated the same
- Equity does not mean equal, it means using the same measuring stick. We use the same cost tables and land rates for similar properties, and then adjust based on specific neighborhood influence on market value.



Mass Appraisal

- Mass appraisal can be carried out through a database, spreadsheets or a Computer Assisted Mass Appraisal (CAMA) system
- Currently most of our residential properties are valued within the CAMA system.
- Commercial properties have been a mix of spreadsheets and CAMA functionality.



Property Characteristics

- There are many factors that effect a properties value.
- Some key factors
 - Property Class
 - Residential
 - Commercial
 - Building Structural Elements
 - Age
 - Depreciation
 - Frame type
 - Quality
 - Land Attributes
 - Location



Property Characteristics

- Property Classes

- Residential

- Single Family Residential
 - Residential with apartment
 - Multiple Improvements
 - Zero-Lot
 - Condos & Townhouses
 - Plexes
 - Manufactured Homes

- Commercial

- Retail
 - Apartment
 - Office
 - Medical
 - Hotel
 - Industrial
 - Others



Property Characteristics

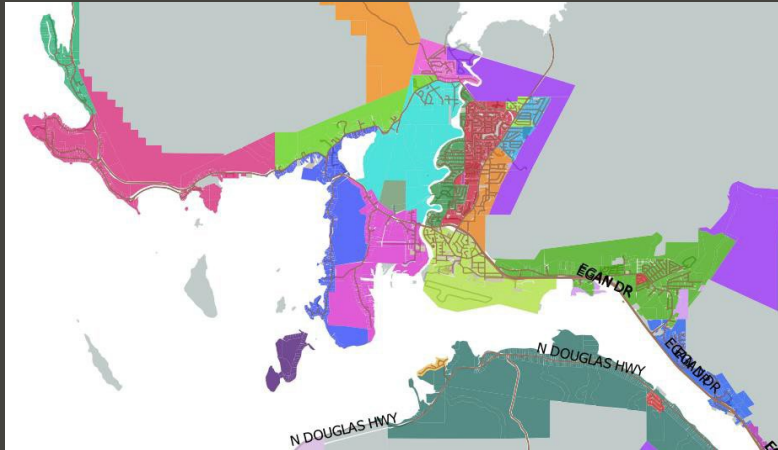
- Land Attributes

- Topography
 - Shape
 - View
 - Waterfront
 - Access
 - Wetlands
 - Flood Zones
 - Others



Property Characteristics

- Location
 - We have defined neighborhoods for residential and commercial properties.
 - Our analysis utilizes sales in the same neighborhood if data is available



Property Valuation Process

In General, there are three processes utilized in establishing a property's value

- **Generation within the CAMA system**
 - Building value is generated by applying cost tables to specific building elements and gross building area.
 - Site value base rate
 - Neighborhood adjustment are applied to capture market trends of specific locations.
- **Mass appraisal outside of the CAMA such as with a spreadsheet**
 - Sometimes, due to CAMA system limitations or other factors, generation of values outside of the CAMA system becomes necessary or preferred.
 - Income Approach for some commercial properties.



Property Valuation Process

Let's look at how application of these principles looks within our CAMA system.



Property Valuation Process

CAMA Land Screen

The screenshot shows the 'Land' tab of the 'Assessor's Office Land Appraisal Information' window. The interface includes fields for Site Number, Lot Size (28361), Unit Type (Square Feet), Land Use Code, Depth, Frontage, Site Value (\$185,935), and Neighborhood (\$10,649). It also displays a list of adjustments, a notes field with 'LOC VIEW WTRFRNT', and a summary section with 'Total Units', 'Unit Price', 'Unit Price AG', 'Land Value', 'Total AG Value', and 'Total Land' (\$365,600). The bottom of the window features buttons for 'New', 'Save', 'Delete', 'Browse', and 'Exit'.



Property Valuation Process

CAMA Land Features

The screenshot shows the 'Adjustments' tab of the 'Assessor's Office Land Appraisal Information' window. It displays a table of adjustments with columns for Adjustment Type, Adjustment Code, Value, and Override. The table lists 12 adjustments, including Location, Size, Topography/Slope, Access, Wet, View, Waterfront, Slope, Services, Possessory Interest, Vacant, and Flood Zone. The bottom of the window features buttons for 'New', 'Save', 'Delete', 'Browse', and 'Exit'.

Adjustment Type	Adjustment Code	Value	Override
1 Location Adjustment	1 - Prime (140%)	140	
2 Size Adjustment			
3 Topography/Slope			
4 Access			
5 Wet Adjustment			
6 View Adjustment	2 - Very Good (125%)	125	
7 Waterfront	1 - Large (120%)	120	
8 Slope			
9 Services			
10 Possessory Interest			
11 Vacant Adjustment			
12 Flood Zone Adjustment			



Property Valuation Process

CAMA Building Components

1) Assessor's Office Building Structural Elements & Features Bldg Id. 5446.0 - 1010 OTTER RUN

Inventory	Values	R-Bldg Data	Gar./Heat	R-Porches	C-Bldg Data	CE Comp
Site No.	Building Use Code	Model Code	Sub Model Code			
1998	Residential	R- Single-family Residence	002 (Two Story)			
Year Built	Eff. Year Built	Total Rooms	Bedrooms	Full Baths	Half Baths	GLA_SF
1998	2013	12	4	5	2	9142
		BSMT SF	1484			
		Basement Finish SF	1484			
Structural Element Name	Code	%	Value			
1010 R-Quality	5					
1012 R-Quality Adjustment						
1015 R-Structure	Stud Frame					
1040 R-Base Rate (Ext Wall)	Frame, Cement Fiber Siding	100	93.5			
1041 R-Base Rate (Ext Wall)						
1042 R-Base Rate (Ext Wall)						
1043 R-Base Rate (Ext Wall)						
1060 R-Roof Rate	Composition Shingle	100	1.8			
1061 R-Roof Rate						
1070 R-Heating/Cooling Rate	Evaporative Cooler with Ducts	100	3.17			
1071 R-Heating/Cooling Rate	Floor Radiant, Hot Water	100	3.11			
1072 R-Heating/Cooling Rate						
1073 R-Heating/Cooling Rate						
1080 R-Number of Plumbing Fixt	30		91500			
1100 R-Basement Base Rate	Total Basement Area (SF)	26				

Recompute

Editing Existing Record (1/1)

1110	R-Basement Finish Rate	Minimal Finish Area (SF)	12.35
1115	R-% of Selected Bsmt Fin	100	
1130	R-Basement Garage Cost		
1140	R-Garage Base Rate(Att)	Attached Garage (SF)	37.5
1141	R-Garage Base Rate(Det)		
1142	R-Garage Base Rate(BI)		
1145	R-Garage Finish Rate(Att)	Garage Finish, Attached (SF)	6.39
1146	R-Garage Finish Rate(Det)		
1147	R-Garage Finish Rate(BI)		
1170	R-Carport Base Rate		
1180	R-Wood Deck (P/P1)	Wood Deck (SF)	18.4
1181	R-Wood Deck w/Roof (P/P2)	Wood Deck (SF) with Roof	39
1182	R-Encl. Porch SW (P/P3)		
1183	R-Open Slab Porch (P/P4)		
1184	R-Slab Porch w/Roof P/P5		
1230	R-Current Cost Multiplier		1.25
1240	R-County Cost Multiplier		1.21
1245	Nbhd./Market Multiplier		
1260	R-Depreciation		6
1262	R-Functional Obsolescence		
1264	R-Economic Obsolescence		
1270	R-Condition	4	0.9
9010	% Completed Construction	100%	100



Property Valuation Process

CAMA Cost Report



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Cost Report - Residential

Parcel Code Number	4B20101030090	Record	1
Owner Name	SCHULTZ CHARLES J	Building Type	R- Single-family Residence
Parcel Address	1010 OTTER RUN	Quality	5
Effective Year Built	2013	Construction	Stud Frame
Year Built	1998	Total Livable	9142
		Style	Two Story

Improvment	Property Valuation Process	Quantity	Unit Cost	Percent	+	Total
Base						
Exterior	Frame, Cement Fiber Siding	93.50	100%			
Roof	Composition Shingle	1.80	100%			
Heating	Evaporative Cooler with Ducts	3.17	100%			
Adjusted Base Cost	Floor Radiant, Hot Water	3.11	100%			
		9,142	101.58			928,644
Basement Area						
Basement	Total Basement Area (SF)	1,483	26.00			38,558
Basement	Minimal Finish Area (SF)	1,483	12.35			18,315
Total						56,873
Garage Improvements						
Other Garage	Attached Garage (SF)	1,754	37.50			65,775
Garage	Garage Finish, Attached (SF)	1,754	6.39			11,208
Porch	Wood Deck (SF)	1,081	18.40			19,822
Porch	Wood Deck (SF) with Roof	277	39.00			10,803
Total						107,308
Optional Features						
Feature	Picture	30				91,500
Total						91,500
Sub Total						1,184,326
Condition	Good					
Local Multiplier		1.21	[Q]			1,433,034
Current Multiplier		1.25	[Q]			1,791,203
Quality Adjustment						1,791,203
Neighborhood Multiplier						1,791,203
Depreciation - Physical		0.90	[Q]	6.00	[\$]	96,730
Depreciation - Functional					[\$]	0
Depreciation - Economic					[\$]	0
Percent Complete		100.00	[\$]			1,894,563
Cost to Cure						194,875
Neighborhood Adjustment		111.50	[Q]			1,889,438
Replacement Cost less Depreciation						1,889,438
Miscellaneous Improvements						
Solid Fuel Heater					[-]	2,000
Solid Fuel Heater					[-]	2,000
Extra Kitchen					[-]	10,700
Elevator					[-]	35,000
HDI					[-]	2,000
Total Miscellaneous Improvements						51,700
Total Improvement Value					[Rounded]	\$1,941,100

Analysis

- Canvass – We visit properties once every 5 years and review properties with open building permits every year.
- Ratio studies – assessed values vs sales price
- Special studies - specific classes
- Information that we look at includes
 - Sales prices
 - Sale qualification
 - Construction costs
 - Income and expenses
 - Lease rates
 - Capitalization rates



Analysis

- For sales analysis, we utilize 3 years of sales.
- For property types with fewer sales, which include all commercial property types, we expand the sales data up to 5 years back until we have a large enough sample.
- All sales go through the sale validation process to determine if they are an arms-length sale.



Analysis

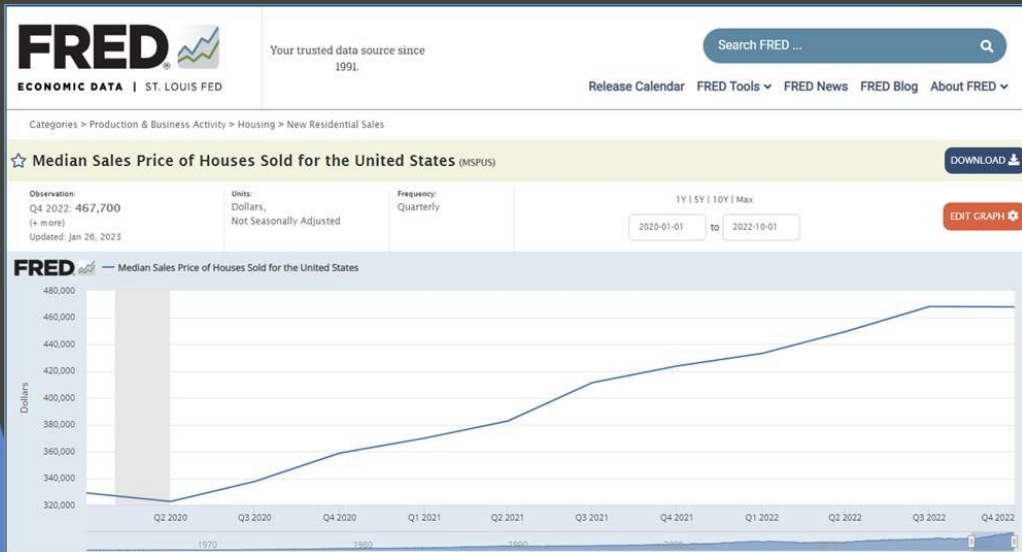
The Juneau challenges

- We are a somewhat isolated market with a limited number of commercial properties available and a fairly low number of sales.
- Alaska is a voluntary sales disclosure state. We do not have access to all market sales.
- Regardless of the challenges, we are State mandated to assess real property at full market value each year.



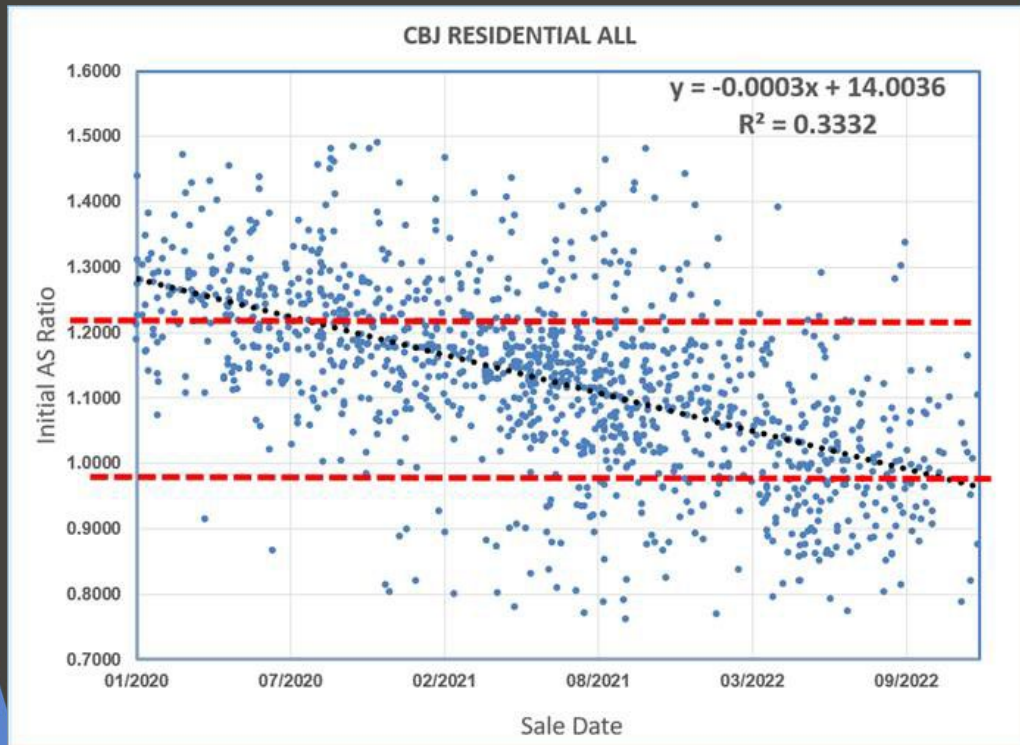
Residential 2023 Summary

- Residential prices continued to increase – building costs increased about 5.8% from 2021, supply remains low.
- FRED median housing price indicates around a 42% increase since 2020 (12% annual increase)



Residential 2023 Summary

- Our market analysis indicates a time trend of about 9.8% per year. This is supported by recent purchase appraisals which are utilizing a time adjustment factor of 0.75%/mo, approx. 9.5% per year.
- We assess properties at full market value on 1/1/2023, and sales are trended to that date to follow market trends.
- Trending allows sales to be compared on an even scale. Sale trending is standard for mass appraisal and fee appraisal.



Residential 2023 Summary

TIME ADJ. CALCULATOR			
<i>Another fine product from OSA Labs®!!!</i>			
A/S	DATE	A/S FORM:	LINEAR MODEL FACTORS:
BEGIN	1/1/2020	1.28168750	COEFFICIENT: -0.00029025
END	12/31/2022	0.96386375	CONSTANT: 14.00363525
DIFF	1095	0.31782375	
% CHANGE	DATE	% FORM	
BEGIN	1/1/2020	1.28168750	
END	12/31/2022	0.96386375	
% CHANGE		32.97%	
	RATES	DECIMALS	
DAILY RATE:	0.0260%	0.000260	
MTH RATE:	0.7948%	0.007948	
ANN RATE:	9.9653%	0.099653	
CHECK	1/1/2020	1.281688	
TIME ADJ	12/31/2022	1.704310	
TIME ADJ		32.97%	
DIFFERENCE		0.00%	

Residential 2023 Summary

- Sales analyzed range from 1/1/2020 to 12/31/2022
- 1,266 qualified sales

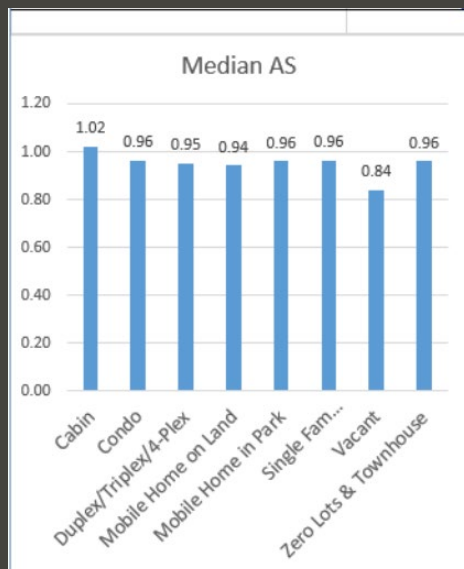
Median Sale Price by Year & Property Type				
SaleYear	SFR	Attached Home	Condos	Dup/3P/4
2020	429,000	324,900	242,250	462,000
2021	479,900	350,000	241,500	500,000
2022	527,124	383,500	268,700	595,000
% Change in SP over Previous Year				
SaleYear	SFR	Attached Home	Condos	Dup/3P/4
2020				
2021	12%	8%	0%	8%
2022	10%	10%	11%	19%
Definitions:				
SFR				
Single Family Residences, SFR w/Apt, Multiple Improvement				
Attached Homes				
Zero Lots and Townhomes				
Condos				
Dup/3P/4P				
Duplexes, Triplexes, 4-Plex				



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Residential 2023 Summary

- A/S Ratio – median assessed value / median sales prices
- Overall, we are slightly below market value



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Residential 2023 Summary

- Assessed values increased due to positive market trends
 - Market adjustments that bring assessed values to full market value vary by class and location.

Type	2022AV-Avg	2023AV-Avg	%Chg
Single Family Residence	469,840	541,705	15%
Duplex	495,036	563,540	14%
Triplex	533,250	615,037	15%
4-Plex	640,664	669,752	5%
SFR w/Apt	583,824	695,398	19%
Zero Lot	336,763	386,981	15%
Townhome	360,464	415,246	15%
Condo	238,741	279,962	17%
Cabin	117,848	119,911	2%
Mobile Home on Land	200,360	228,766	14%
Mobile Home in Park	42,989	54,479	27%
Multiple Improvements	660,002	785,957	19%
Vacant Land	133,167	136,558	3%

NGHD2	2022AV	2023AV	%Chg
AREA R_NC	390,425	408,550	5%
Auke Bay	608,884	704,426	16%
Auke Mountain	476,015	562,761	18%
Backloop N	523,848	612,423	17%
Backloop S	435,264	502,141	15%
Casey Shattuck	411,343	449,973	9%
Mobile Home in Park	43,058	54,595	27%
Central Valley	380,337	436,197	15%
Douglas	392,320	455,554	16%
Eagle Edge	210,359	249,851	19%
Glacier Spur	515,408	555,747	8%
Highlands	411,482	496,760	21%
Juneau Townsite	330,236	396,624	20%
Lemon Creek	379,459	429,370	13%
Mendhall Peninsula	428,145	493,286	15%
Montana Creek	21,250	22,292	5%
Bonnie Brae	388,738	433,582	12%
Bayview	633,287	708,600	12%
N Douglas	412,932	465,915	13%
NE Valley	363,081	422,159	16%
Out the Road	241,597	285,950	18%
Pederson Hill	334,502	413,195	24%
Park Place	348,508	398,169	14%
Pt Louisa	588,662	695,786	18%
Remote	52,030	52,029	0%
S Douglas	85,568	86,129	1%
SE Valley	421,380	483,017	15%
Shelter Island	54,994	54,994	0%
Spuhn Island	196,665	198,019	1%
S Valley	424,451	497,256	17%
Taku River	27,940	28,503	2%
Thane	371,726	439,528	18%
Tee Harbor	486,542	541,154	11%
Twin Lakes	427,117	492,293	15%
Atwater Estates	461,500	506,550	10%
West Juneau	437,387	511,225	17%
W Valley	454,975	519,952	14%
Grand Total	369,945	427,029	15%

Residential 2023 Summary

High Value Neighborhood Market Adjustment

- In the past, our office applied a negative value adjustment to residential properties with improvement values over \$350,000 RCNLD.
- Negative adjustment for “High Value” is no longer appropriate based on market data, and these properties are now treated the same as all other residential properties.
- As a result, properties in this “High Value” neighborhood were subject to a larger % change than other residential properties this year.



Commercial 2023 Summary

- Overall, commercial properties still appear undervalued.
- We continue to work on bringing values up to market value and establish equity within each class of property.
 - Data collection, cleanup, and implementation
 - Re-review of past sales using sales validation policy
 - Special studies



Commercial 2023 Summary

2023 Adjustments

- 6% increase area wide except downtown
- 5% decrease to downtown commercial properties
- 8% increase to warehouse condominiums
- No change to boathouses

Levels of Assessment before valuation adjustments

<i>Property Class</i>	<i>Count</i>	<i>Mean</i>	<i>Median</i>
Commercial Properties Overall (without boathouses)	87	.86	.81



Commercial 2023 Summary

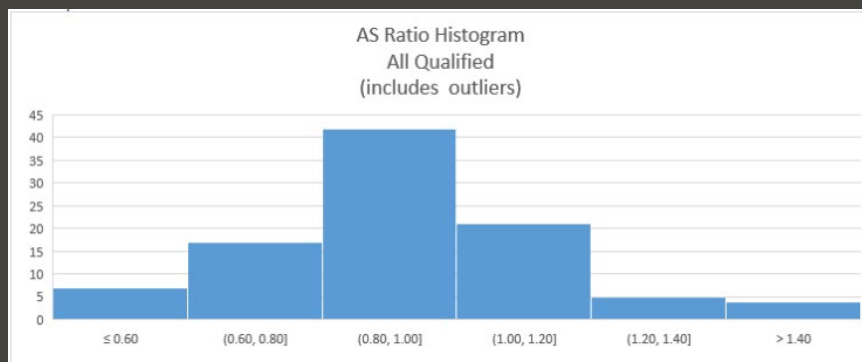
Assessed Value / Sale Price (A/S Ratio)

Ratios	Count	Mean		Median		Notations
		Starting	Ending	Starting	Ending	
Commercial- Overall (No Boathouses)	87	.86	.92	.81	.89	Includes outliers
Commercial- Improved	67	.86	.92	.82	.91	Includes outliers
Commercial- Vacant (Land)	20	.86	.89	.80	.85	Includes outliers
Commercial- Downtown	13	1.07	.98	1.03	1.01	Includes outliers
Area Wide (No Downtown)	47	.89	.95	.86	.93	Includes outliers
Business/ Warehouse Condos	27	.78	.88	.77	.97	Includes outliers



Commercial 2023 Summary

Final A/S Ratio



Commercial 2023 Summary

COD = Uniformity

COD & COV (Measurements of Assessment Uniformity)	Count	COD		Notations
		Starting	Ending	
Commercial- Overall (No Boathouses)	87	22.93	20.95	
Commercial- Improved	67	24.14	21.56	
Commercial- Vacant (Land)	20	19.35	16.45	
Commercial- Downtown	13	23.21	23.51	
Business/ Warehouse Condos	27	23.95	20.19	



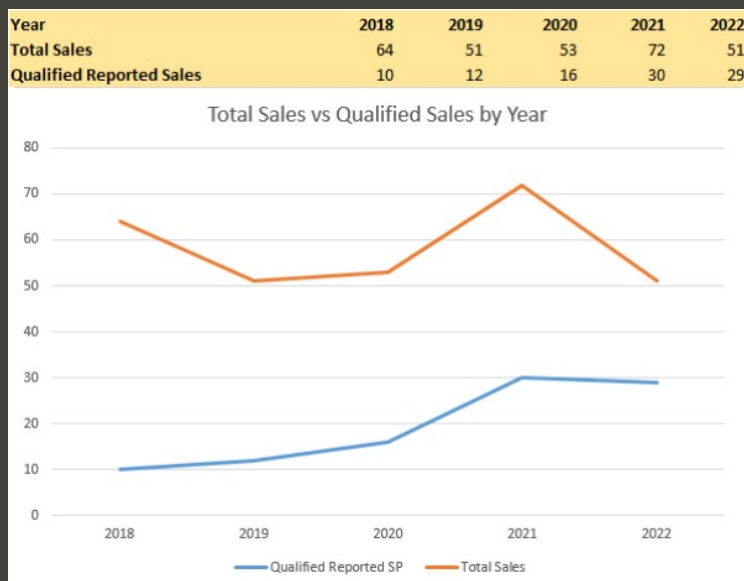
Commercial 2023 Summary

- Sales data used in our analysis ranges from 1/1/2018 to 12/31/2022.
 - 96 qualified sales used in analysis.
- Overall, market values have increased at a rate of 2.15% annually over the analysis range.



Commercial 2023 Summary

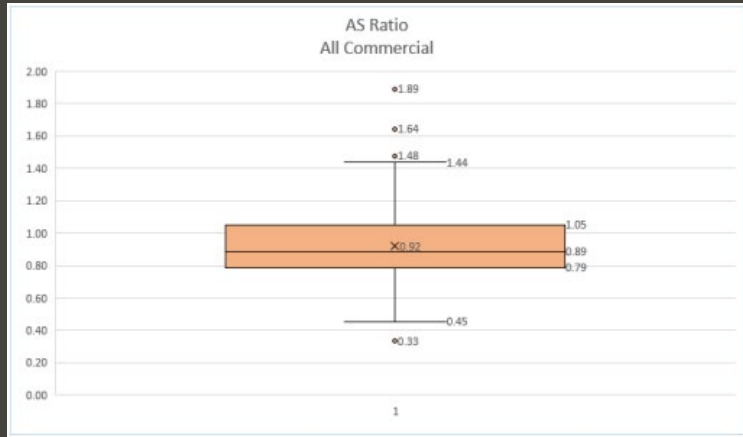
- Re-review of sales and broader data collection has resulted in more usable sales data.



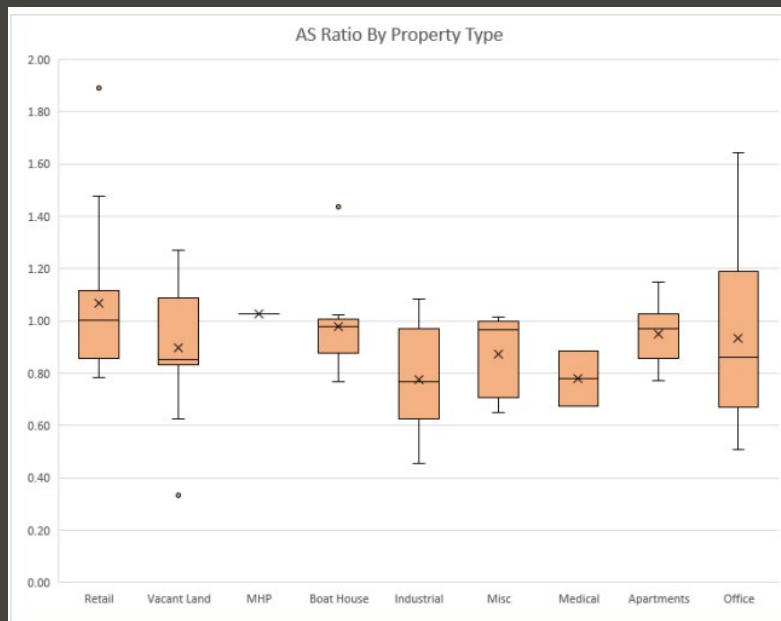
Commercial 2023 Summary

Box Plots

- Box = Inner Quartile Range (IQR)
- Line in box = Median
- X = Average
- Whiskers = Range
- Circles = Outliers



Commercial 2023 Summary



Assessor Office Staff

- We have
 - An assessment clerk who provides tax payer services and handles administrative tasks
 - A BPP Appraiser who specializes in the Business Personal Property valuations and manufactured home valuations.
 - Two certified staff appraisers who primarily work on residential valuations but may assist with commercial valuations.
 - One certified staff appraiser who primarily works on commercial valuation.
 - A Deputy Assessor who primarily oversees residential valuations.
 - The Assessor who oversees the office and the valuation process.



External Appraisals

- How external appraisals relate to our work is often misunderstood.
 - We welcome their submission for review.
 - Sometimes they contain information regarding a property that changes our valuation.

However...

- We do not match fee appraisal values. We review the appraisal and compare their value reconciliation to our model.
- Valuation can vary from full market value depending on the reason of appraisal.
- The aspect of uniformity of assessed values is paramount as they are used to calculate an individuals tax burden.



External Appraisals

- External appraisals are a separate individuals opinion of value. Below is an example of a vacant parcel, which had good comparable sales. The owner recently had appraisals done by three appraisers and their conclusions on value varied by 40%.

An Illustration of Differences in Appraiser Opinion of Value

Parcel Number: 5B1601380035

<u>Appraiser</u>	<u>Eff Date</u>	<u>Opinion of Value</u>
Appraiser 1	1/9/2020	1,450,000
Appraiser 2	5/1/2020	1,050,000
Appraiser 3	6/5/2020	1,330,000
Range Between Low & High		400,000
Variance as a Percentage		38%
Mean		1,276,667
Median		1,330,000



Upcoming Appeal Hearings

- In our review we readily correct any errors
- Only a portion of the Petitions for Review become actual appeals before the BOE
- Feelings are not Evidence
- Equity is paramount – we must use the same measuring stick for similar properties throughout Juneau.
- State Statute requires the total assessed value to be considered, we segment land value and improvement value for our purposes only.



Thank You!

