

ASSESSORS ANSWER FREQUENTLY ASKED QUESTIONS ABOUT REAL PROPERTY

Assessors Office, 37 Main Street

A. THE ASSESSMENT PROCESS:

What is mass appraisal?

Assessors must value all real and personal property in the community to their full and fair cash value. Mass appraisal is the process used by every Massachusetts City and town to create the property assessments. Assessments are based on an analysis of Charlton's entire real estate market for a specified period of time. This study guides the setting of valuation parameters that are used to calculate the property values town-wide. It differs from the more well-known "bank" or fee appraisal. Although the appraisal concepts are the same and the results similar, the process is different. No particular sale or group of sales is used to determine the value of your property, but all of a certain calendar year's sales are included in the analysis that set the parameters for the next fiscal year.

What is market value?

Market value, or full and fair cash value, is the most probable price for which a property will sell in an open, competitive market that a willing buyer will pay for a property to a willing seller, both acting knowledgeably and prudently and neither being under any obligation to buy or sell. Sales such as foreclosures and family sales are not considered to be "arms length" or fair market transactions.

When my neighbor's house sells, will their price determine my assessment?

Not necessarily. As explained in the previous question, sales are analyzed town-wide. An example of what could be relevant is if there were several sales in an area indicating that the assessments were too low compared to the sales prices.

How often does the valuation of properties change?

Every year the Assessors subject the arms-length sales that occurred in the prior calendar year to a statistical examination based on market area, style of house, age of house, effective area, size of lot and sale price to see what changes the market has shown. The tables used in the Computer-Assisted Mass Appraisal (CAMA) system are adjusted so that the median assessment of the sales sample is within 10% of 100% of market value, and the dispersion of the assessments to sales ratios in the sample are within state guidelines. These new factors are then applied to all properties for the new Fiscal Year.

Every third year the Department of Revenue (DOR) requires each city or town to conduct a revaluation.

This is a year-long process during which the DOR examines every phase of the assessing operation before certifying the values. During the two years in between revaluations the Assessors may change the values if sales activity so indicates. These yearly updates are called Interim Year Adjustments. There was an adjustment to the values for FY11.

How is the calendar year different from the fiscal year?

Massachusetts cities and towns operate on a "Fiscal Year" basis. The calendar year runs from January 1st through December 31st. The fiscal year goes from July 1st through June 30th. The assessment date is January 1st preceding the fiscal year. That is, for Fiscal Year 2011 the assessment date is January 1, 2010.

B. ASPECTS OF PROPERTY VALUATION

Where can I find the detail on my property?

Property record cards, which contain ownership information, visit history, land and building details, and other notes, and which display a property's valuation, are available in the Assessors' office, 37 Main Street, Charlton. There is a \$1.00 charge for a copy of your property record card. You can also view your record card and many of these details on-line using the link available on this web site.

What do the assessors look at when determining an assessment?

The assessor collects many data elements about a property in order to develop the total valuation. The most significant factors in determining the value are location and land area and style, quality, size, condition and age of the building(s). Other factors include amenities or detriments on the land as well as features in the building such as number of bathrooms, type of heating/cooling, interior/exterior finishes, and special features including fireplaces, saunas and Jacuzzis. Also considered are detached structures.

How do I know if my valuation is fair and equitable?

The best comparisons are to properties that have sold that are the most similar in the most aspects to your property. You can also compare your property's assessment to the assessments of the most similar properties. Although properties will most likely never be a perfect match, assessments for similar properties should fall in a close range of valuations.

How can my assessed value increase (decrease) when I did not do anything to the property in 5 years and I am not selling the property?

The assessed value represents the estimate of market value of the property. The real estate market changes constantly. The assessment for FY2011 represents the estimate of market value as of January 1, 2010. This estimate of market value is determined by examining sales of properties from calendar year 2009. Although there may not have been any physical changes to the property, buyers may be paying more or less for properties than they were in previous years. The assessment changes reflect the changes in the purchase prices of similar homes in the neighborhood. The assessments do not predict market value. The assessments reflect (or report) market value. The real estate market can change dramatically from year to year. Buyers and sellers determine the market value of properties. The assessments reflect what the buyers and sellers are doing as of the assessment date.

What will happen if I put an addition on my property? Are the actual construction costs of a new home used to determine the new assessment?

Historical sales have indicated that larger properties sell for more than smaller properties with all other factors being equal. If an addition is put on a home, the house becomes larger. The assessors would then have to see what similarly sized properties were selling for in the neighborhood. It is highly likely that the assessed value of your property will increase once the addition is put on the property. Generally speaking, improvements that increase the market value of a property will increase the assessment.

Why did my valuation change from the prior year's valuation more(less) than my neighbor's?

Market value changes occur in many forms. From year to year economic conditions and local factors change and influence the values of different classes of property in different ways. Buyers have different requirements and these requirements sometimes change from year to year. Renovations may have been performed on a property that would cause a change in assessed value different from a similar property that did not undergo renovations. A recent inspection by the Assessor's office also may have contributed to a change in assessed value, perhaps adding something that had been missed or reducing something that was overstated. Your style or size or land area or other factor(s) may differ from your neighbor's and that caused the valuation changes to differ.

I think my assessment is out of line with my neighbor's property, whose property is assessed lower. I want my assessment to be as low as theirs.

The first step in comparing properties is to examine the factual components of each property. Many times properties that appear larger are in fact much smaller than people think. Quality characteristics should also be examined when making comparisons. Ultimately, the assessors have to determine in the assessment represents market value on the subject property and also if the assessed value on the neighbor's property represents market value. If a neighboring property is too low in relation to surrounding properties, the assessors cannot compound their low assessment by also lowering surrounding properties. The resolution may be that the assessors have to raise the neighboring property's assessed value to make it more in line with the surrounding properties. The most important criterion the assessors examine in an abatement request is the market value of the property of the person filing the abatement and the market value of any property that the person filing the abatement mentions on the application.

I recently purchased my home for a price which is different than the valuation for this year. How is this possible?

The real estate market is not a "perfect market" and price is not always equal to value. Similar properties usually do not sell for exactly the same price because the motivations of buyers and sellers are not always similar. Similar properties usually tend to sell within a "value range" rather than for one specific price.

According to the definition of fair market value, your value represents “the most probable selling price” and tends to be the middle of the range of what similar properties have recently sold for. Therefore, your appraised value could be higher or lower than what you actually paid for your property. In addition, state laws (statutes) require that real estate be assessed at 100% of market value as of January 1st immediately preceding the current fiscal year. This is the assessment date. The sales considered in order to determine the market value are those that took place during the calendar year prior to the assessment date. If your sale took place subsequent to the assessment date, it will be in the group of sales analyzed in the preparation of the following year’s valuations, and is not relevant to the current year’s valuation.

Why does the Assessor need to enter my house?

A total inspection of all factors that influence the value results in the most accurate assessment of a property. We request the inspection in order to be as fair and accurate as possible. Items such as condition of the rooms, quality of the finish, areas of finished versus unfinished, can only be confirmed with an interior inspection. Without actual information, estimates of the interior information have to be made.

Will an inspection change the value of my house?

Depending on the accuracy of the current data about the property, it may or may not. However, the valuation for the current fiscal year will not be changed mid-year unless your property meets the strict qualifications for a supplemental tax bill (usually only major new construction)

What happens if I refuse to allow the property lister to enter my home?

You do not have to allow the assessors into your home. However, if an assessor is denied entrance, property owners give up their ability to challenge the assessed value.

Will I be penalized if I allow the assessors in and my neighbor does not?

In instances where the assessors do not get into a property, estimates are made about the condition of the interior of the property. Accurate assessments are based on accurate information. By allowing the assessors to view the interior and exterior of your property, your assessed value is based on accurate information. If a person does not allow the assessors to view the interior and exterior of a property, estimates are made about the condition of the interior of the property, the kitchen and bath qualities, and where there is finished attic space and finished basement space. If the estimates are overstated, property owners may contact the assessor’s office to arrange an interior and exterior inspection of their property.

C: TAX RATE/TAX BILL (additional information regarding your tax bill is also available from the Town Collector’s office in the Municipal Office Building @ 37 Main Street.

How is the tax rate calculated?

The tax rate, in its simplest form, is the tax levy divided by the town’s taxable valuation. This is called the Uniform Tax Rate. At the May Annual Town Meeting residents vote appropriations for the upcoming Fiscal Year. This is called the tax levy. The Assessor’s primary responsibility is to find the “full and fair cash value” of your property so that the taxpayer may pay only his/her fair share of taxes.

How will the new valuation affect my tax bill? If my assessment went down, how can my tax bill go up?

Individual assessments may rise or fall depending on the characteristics of the property. The purpose of mass appraisal is to value all property by the same standards at the same time to create an equitable distribution of the tax levy. If the same amount of money is to be raised for the current year after a valuation update from the previous year, and each assessment has doubled, the tax rate would be cut in half. And vice versa, if each assessment decreased by 20%, and the same amount of money was to be raised, the tax rate would increase by 20%. Increases or decreases in assessed values do not cause a tax increase or decrease.

How can my tax bill go up more than 2.5%? Doesn’t Proposition 2 ½ limit the tax increase?

Proposition 2 ½ limits the amount of taxes Massachusetts communities can raise for the current year from the previous year’s levy limit. To this a town may add new growth (increased valuations caused by new construction, renovations or land use changes) and overrides voted by the town.

I cannot afford this tax bill (on fixed income, lost my job, have financial issues). Can’t the Assessors lower this assessment to accommodate this situation?

By law, the Assessors must value all property at 100% of full and fair cash value, using methodologies approved by the DOR applied consistently to every property. Properties need to be valued without regard to the owner’s ability to pay the taxes. (See exemption section below for some programs that are available for some tax relief.)

D: EXEMPTIONS AND ABATEMENTS

What's the difference between an abatement and an exemption?

An exemption is a discharge from the obligation to pay all or part of a real estate tax based on certain age, income, military, or disability status as set forth by the Commonwealth of Massachusetts. An abatement happens as a result of an adjustment that lowers a property's valuation after the actual (not preliminary) tax bill has been issued. Exemptions are available for seniors, low income seniors, surviving spouse or surviving minor child, veterans with disabilities, and blind persons.

Are there other ways to reduce my taxes?

There is also a tax deferral program available for older citizens. Senior citizens can also participate in the "senior tax work off" program

Does the property record card reflect any exemptions to which I may be entitled?

Property tax exemptions are available to qualifying taxpayers according to the eligibility requirements determined by state law. Exemption information is not displayed on the property record card. Information on exemptions is available on the town's web site, in the Assessors' office, the Veterans' Agent and the Council on Aging at the Charlton Senior Center.

What if I feel the value of my property value is overstated?

This is when an owner would file for an abatement. There are three basic reasons for granting an abatement: data error(s), overvaluation, or inequitable assessment. See "Guidelines and Form Package for Preparing an Abatement Application" for detailed instructions on the application process. An abatement application is not a complaint about taxes or how much your assessment has increased. It is an attempt to prove that your property's estimated market value is inaccurate or unfair based on recent sales of comparable properties.

Do I have to apply for an abatement every year if I received one in the past?

Not necessarily. If a data correction or adjustment has been made that should be permanent, it will carry forward to the next and following years until such time as there is a change in the property and/or a change in the valuation methodology that affects that property. Therefore, it would not be necessary to reapply the following year(s). If, however, a one-time adjustment were granted just for the current year, the assumption is that the adjustment does not carry forward into the next year. If the property owner then feels that the valuation is overstated in the following year, he/she must submit a new application.

What if I am not satisfied with the result of the abatement hearing?

A property owner may submit an appeal to the Massachusetts Appellate Tax Board (ATB), whose telephone number is included in the notification of the Board's decision.

