



# Town of Cape Elizabeth, Maine

## Revaluation Frequently Asked Questions

### *Why is a revaluation performed?*

A revaluation is done to equalize the values within a municipality to ensure a fair distribution of the tax burden. It is not done to raise taxes.

Property values change over time, but they do not all change at the same rate. Market value may have increased more for some neighborhoods and property types than for others, while others still may have decreased in value. A revaluation is done to make sure assessed values reflect changes that have occurred in the real estate market.

### *Will a revaluation increase taxes?*

A revaluation may result in an increase or decrease in an individual property's tax burden depending on how the property's value increased or decreased relative to the average change in assessment. A revaluation does not mean all taxes will increase or decrease.

Assessed values are the base by which the tax burden is determined. In contrast, the tax bill is determined by the amount of tax which must be raised by the municipality to cover the municipal, county, and school budgets. For example, if the municipal, county, and school budgets were to remain the same and all assessed property values were to double, the tax rate would merely be cut in half, but the same property tax amount would be due from each property.

A revaluation does not increase the tax dollars that a municipality is able to raise. The amount of taxes to be raised is determined by the budgets that are passed by the municipality, school, and county, and not by property assessments.

### *Will all property values change?*

It is likely that most property values will change, however, they will not all change at the same rate. Market



value may have increased more for some neighborhoods and property types than for others. The values of some neighborhoods and property types may have even stayed the same or decreased in the current market. The purpose of the revaluation is to make sure that the assessments reflect those changes in market value.

### *What is fair market value?*

Market value is defined as the amount a typical, well-informed buyer would be willing to pay a willing seller for a property. For a sale to be considered a qualified sale used to determine market value, it must be an arm's length transaction -- the buyer and seller must not be related, the buyer must not be under pressure to buy and the seller must not be under pressure to sell, 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.

### *How will market value determine my assessed value?*

The value of your property is based on an analysis of the entire market for a specified period of time before the completion of the revaluation project, in this case from April 1, 2021 to March 31, 2023. The sales are researched and analyzed and factors such as location, size, quality of construction, age of improvements, topography, utilities, etc. are analyzed to establish valuation parameters (construction rates, land rates, market adjustments, etc.). When these valuation parameters are applied to the properties that sold, the calculation will result in a value that is very close to the sale price. The KRT appraisers then test that the valuation parameters consistently produce values that closely approximate the sales prices across all types of properties throughout the Town. When this is accomplished, the KRT appraisers then reapply these same valuation

## Revaluation Frequently Asked Questions (continued)

parameters to all of the “non-sale” properties in the Town. In doing so, they are approximating the market value of each property using the information derived from ALL of the recent, qualified sales. Using this methodology, there is no particular sale or group of sales that are used to determine your property’s value (unlike a bank appraisal for a mortgage).

### *The inside of my home was not inspected, so how could you reassess it?*

The ultimate goal is to see the inside of as many homes as possible. While KRT may not be able to accomplish this for many reasons, it is still possible to accurately estimate the data, quality and condition. The Assessor’s Office maintains a complete record of each property. Information is kept current through permit inspections, sales inspections, periodic re-inspection and exterior reviews. These records are available for your review in the Assessor’s Office. The details on your property card are used to determine your new value. We encourage you to review your property card for accuracy.

### *Why did my assessment change when I haven’t done anything to my property?*

Market value is determined by the activity in the real estate market and the general economy. As property values change in the marketplace, which is reflected in sales, those changes will eventually be reflected on the assessment roll.

### *When will I know how much my resulting tax bill will be?*

A notice stating the proposed assessed value will be mailed to each property owner. The goal is for this phase to be completed in the July of 2023. The mil rate (the rate used to calculate property taxes due) is determined after the municipal, county, and school budgets and values are finalized. The Town commits taxes at the end of August and tax bills go out by the beginning of September; it is only at that time that we can tell you what your tax bill will be.

# Revaluation Timeline

<u>Task</u>	<u>Start</u>	<u>Finish</u>
Data Collection	May, 2022	February, 2023
Callback Appointments	February, 2023	March, 2023
Sales Review	March, 2023	April, 2023
Valuation	May, 2023	June, 2023
Assessor’s Valuation Review	June 19, 2023	June 30, 2023
Valuation Notices to Property Owners		July, 2023
Informal Meetings	July, 2023	August, 2023
Project Completion		August, 2023