



## **New England Municipal Consultants, Ltd**

*Serving New England's Town Government*

May 28, 2008

Board of Selectmen  
Town of Nottingham  
139 Stage Road  
Nottingham, New Hampshire 03290

Dear Selectmen:

As per your request, I have prepared a report analyzing the 2007 update of the Town's waterfront and water access values on Pawtuckaway Lake.

This report is divided into two base analysis sections. The first section covers the statistical study performed by Avitar Associates and used to update the waterfront and water access properties. I have reviewed all sales using a physical field viewing. Each sale's data was reviewed for accuracy in both building and land elements.

The second section reviews the implementation of the new value parameters to the non-sale properties. Succinctly, this is a review of the equitable treatment of all waterfront and water access property. In this section I selected random properties and physically reviewed the property for errors and consistence.

Pawtuckaway Lake property was subject to complicated adjustment patterns as assigned by Avitar Associates. I found it necessary to prepare a spreadsheet identifying each adjustment category. I then sorted the spreadsheet by location and selected groups of contiguous properties to produce comparable location assessments and again test equity. This was added aspect to my original contract that I found necessary and critical to understanding the issues.

I look forward to presenting this report and answering questions at your convenience.

I would like to thank the staff of the Town Offices for their assistance in gathering materials for this study.

Sincerely,

William J. Krajeski, President

New England Municipal Consultants, Ltd.

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## **General Information**

The presentation of this report has been subject to the basic premises of USPAP Standards Rule 3. In accordance with those rules, the following information is relevant.

This report and its opinions and conclusions are intended for the use of the Board of Selectmen for the Town of Nottingham, New Hampshire. The Board may choose to share the contents of this report with any parties it deems of interest.

The purpose of this report is to review the 2007 reappraisal of waterfront and water access property on Lake Pawtuckaway in Nottingham, New Hampshire.

The 2007 appraisals were effective April 1, 2007.

All review work was completed in April and May of 2008.

## Introduction

The purpose of this report is to investigate the 2007 reappraisal of all property on Pawtuckaway Lake in Nottingham, New Hampshire. Specifically, those properties enjoying access to the lake are the subject of this investigation and report. The report will investigate both the sales data and the non-sales data. Non-sales data will be selected on a random basis and will include at least 20% of lake influence properties. The lake contains some 400 such properties.

The effective date for the 2007 reappraisal was April 1, 2007. The New Hampshire Department of Revenue uses sales from October 1, 2006 through September 30, 2007 in its Equalization Review. Avitar Associates used the same sales range. The appraiser will use the same time span.

The appraiser has been involved in the mass appraisal of property for municipal governments over the past 31 years. In that time span, he has work for three reappraisal companies, been appointed as assessor in five cities and towns, performed over 50 reappraisal and is the owner of a private reappraisal company specializing in reappraisals in the State of Vermont. The appraiser has reviewed and valued lake type property in numerous communities.

The appraiser is qualified to conduct this investigation.

All field work involving this report was performed in late April and early May of 2008.

All field work, report preparation and report construction was performed by William J. Krajewski. Documentation was provided by the Town of Nottingham. The documentation included.

- All property record cards with lake influence.
- All reports involving the 2005 and 2007 reappraisal as prepared by Avitar Associates and the New Hampshire Department of Revenue.
- All maps
- Past valuations not appearing on the existing property record card.

The appraiser relied on the accuracy of all items listed above.

## Certification of Value

The undersigned certifies that, to the best of my knowledge and belief:

- 1) The statements of fact contained in this report are true and correct.
- 2) The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, impartial, and unbiased professional analyses, opinions and conclusions.
- 3) I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved.
- 4) I have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment.
- 5) My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- 6) My compensation for completing this assignment is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- 7) The analyses, opinions and conclusions were developed, and this report has been prepared in conformity with "Standard 3" of the Uniform Standards of Professional Appraisal Practice (USPAP, 2005).
- 8) I have made a personal exterior inspection of the properties that are the subject of this report.

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William J. Krajeski

## **History**

In 2005 the Town of Nottingham performed a complete reappraisal of all property in the town. The reappraisal firm used by the Town was Avitar Associates. Avitar used its own computer assisted mass appraisal (CAMA) system to calculate values.

The New Hampshire Department of Revenue (DRA) certified and approved the project as correctly and properly performed. The overall median ratio of assessment to sale was 102.3%. Waterfront property had a median ratio of 94.8%. The DRA mandates that overall medians be between 90% and 110. The DRA also mandates major classes be within 5 points of the median. Waterfront property is not considered a major class by the DRA. The DRA sales studies are found in the Appendices.

In the DRA's 2006 Equalization study, the overall median fell to 97.9% while the waterfront median fell to 78.8%. This drop in waterfront median ratios is an indication of increasing property value on the waterfront.

The Town decided to perform an analysis of the waterfront sales. From the results of this analysis, the Town determined with the assistance of Avitar that Lake Pawtuckaway waterfront and water access property was excessively low in comparison with other property types and subsequently revised the valuation of all Pawtuckaway Lake property for the 2007 tax roll. Due to a lack of sales on other riverfront property, a decision was made to reappraise only Lake Pawtuckaway.

The Assessors' Department received substantial appeals regarding the Lake changes. Many property values were changed as a result of appeal. After these adjustments, an organized tax group allegedly representing lake owners asked the Town to review the values. Subsequently the DRA also reviewed the values and the methodology behind the changes and again approved the project.

The citizens of the Lake petitioned the Town at a special Town Meeting to hire an outside appraisal firm to review the Lake changes.

## **Description**

Pawtuckaway Lake is an 800 acre lake located in Nottingham, New Hampshire. The largest portion of the lake is part of Pawtuckaway State Park, a 5,500 acre park.

Pawtuckaway Lake is a 'finger-style' lake consisting of many coves. The lake is generally shallow with the majority of the lake being 10-30 feet deep. There are many coves on the lake with limited power boat access due to shallow water or

rocky outcrops. The Lake has many large and small islands. The lake is seasonally lowered through dams. A map of the lake is included in the Appendices.

Nottingham has approximately 400 homes either on the Lake or having access to the lake, generally through shared beach access. Generally, most areas of the lake could be described as mildly steep with little or no sandy beach areas. The housing is generally campy although there are some year round homes.

Sale prices for property on the water tend to be in the mid \$200,000 range to \$750,000. Water access sales range from \$180,000 to \$470,000.

## **Scope of the Study**

The Town has asked that the 2007 reappraisal figures and procedures be reviewed. The scope of this analysis is to determine if the revised values placed on Pawtuckaway Lake were properly determined and equitably applied.

## **Procedure**

The 2007 reappraisal involved two phases.

1. Perform a sales analysis to determine revised valuation models.
2. Apply that model equally and fairly to all property identified.

Succinctly, in analyzing the sales, determine the value points (land and building), apply the adjustments, and then review all property applying adjustments in the same pattern as seen in the sales. If a sale on a steep lot requires a 10% adjustment, apply a 10% adjustment to all steep lots. The appraiser develops an adjustment schedule to use as a template when reviewing all property.

The review of these procedures will follow the same pattern. The appraiser will review all data, determine if the adjustments applied to the sales were legitimate and even and then review random non-sale parcels to see that the same adjustments are fairly applied.

By contract, all sales were reviewed and 20% of non-sale property was randomly selected for review.

As the random sample was being viewed, it became evident that this procedure would not work. It was important to view contiguous groups of property to get a better idea if adjustments were evenly applied. Therefore, four large lakefront streets were chosen for review. The four streets included 103 properties, well in excess of the 20% requirement. A complete list of all sales and properties reviewed is in the Appendices.

# Sales Analysis Review

## Statistical Study

The New Hampshire Department of Revenue Administration (DRA) annually produces statistic studies referred to as an Equalization Survey. Equalization is the process by which the DRA makes adjustments to each municipality's locally assessed values to calculate the estimated 100% value of the municipality. The period covered by the analysis is October 1<sup>st</sup> through September 30<sup>th</sup>. The DRA breaks property sales down into numerous use types. The report shows all sales, all sales used and all sales rejected for each property type.

In my review of waterfront property, the following parcels were coded as waterfront (L-R1W). Each is only an access lot (L-R1A). The highlighted parcel is a sale.

<u>PARCEL ID</u>		<u>LOCATION</u>	<u>USE</u>
00006800008100000001	17	COVE ROAD	L-R1W
00006800007800000001	23	COVE ROAD	L-R1W
00006800007700000001	25	COVE ROAD	L-R1W
00006800008300000001	28	SEAMAN'S POINT ROAD	L-R1W
00006800008400000001	30	SEAMAN'S POINT ROAD	L-R1W
00006800008200000001	42	SEAMAN'S POINT ROAD	L-R1W
00006700003600000001	104	HIGHLAND AVENUE	L-R1W
00006700003800000001	108	HIGHLAND AVENUE	L-R1W
00006700003000000001	109	HIGHLAND AVENUE	L-R1W
00006700003900000001	110	HIGHLAND AVENUE	L-R1W
<b>00006700002900000001</b>	<b>111</b>	<b>HIGHLAND AVENUE</b>	<b>L-R1W</b>
00006700002800000001	113	HIGHLAND AVENUE	L-R1W
00006700002700000001	115	HIGHLAND AVENUE	L-R1W
00006700002600000001	117	HIGHLAND AVENUE	L-R1W
00006800006500000001		COVE ROAD	L-R1W
00006700003500000001		HIGHLAND AVENUE	L-R1W

The following statistics as reported in the 2005-2007 studies are relevant to this report. The complete study is included in the appendices.

The table below encompasses all sales in Nottingham for the appropriate periods.

Assessment Year	Number of Sales	Weighted Mean	Median	COD	PRD
2005	205	101.4	102.3	6.2	1.00
2006	131	95.5	97.9	8.2	1.01
2007	104	100	98.3	7.9	1.01

The table below encompasses single family, non-water influence sales in Nottingham for the appropriate period.

Assessment Year	Number of Sales	Weighted Mean	Median	COD	PRD
2005	145	101.6	102.7	5.6	1.01
2006	98	94.8	96.5	7.2	1.02
2007	76	98.8	98.3	7.1	1.01

The table below encompasses all Waterfront sales in Nottingham for the appropriate period.

Assessment Year	Number of Sales	Weighted Mean	Median	COD	PRD
2005	10	94.3	94.8	12.5	1.01
2006	14	75.8	78.8	11.2	1.06
2007	10	97.6	96.9	6.1	1.02

The table below encompasses all Water Access sales in Nottingham for the appropriate period.

Assessment Year	Number of Sales	Weighted Mean	Median	COD	PRD
2005	5	96.2	98.9	4.7	1.01
2006	6	90.3	89.0	8.1	.97
2007	7	102.4	106.9	9.4	1.01

The following definitions section covers each statistical category.

**Weighted Mean** - Sum of the appraised values divided by the sum of the sales prices which weights each ratio in proportion to the sale price.

**Median** – The median ratio is the middle ratio when a set of ratios is ranked in order of magnitude. The median is the generally preferred measure of central tendency for assessment equity.

**COD** –The coefficient of dispersion is the average percentage deviation from the median ratio.

**PRD** - The price related differential measures vertical inequities (differences in the appraisal for low-value and high-value properties.) A PRD greater than 1.03 tends to indicate assessment regressivity (lower-value properties assessed at higher ratios than higher-value properties.) A PRD less than 98 tends to indicate assessment progressivity (lower-value properties assessed at lower ratios than higher-value properties.)

In each study the COD's and PRD's are well within range. A table of median ratios is appropriate.

<b>Year</b>	<b>All Property</b>	<b>Singe Family Homes</b>	<b>Waterfront</b>	<b>Water Access</b>
2005	102.3	102.7	94.8	98.9
2006	97.9	96.5	78.8	89.0
2007	98.3	98.3	96.9	106.9

The DRA Equalizations study for 2006 clearly showed an issue with waterfront properties.

- The overall median declined from 102.3% in 2005 to 97.9% in 2006.
- The overall waterfront median declined from 94.8% in 2005 to 78.8% in 2006.
- The overall water access median declined from 98.9% in 2005 to 89.0% in 2006.

Overall (All Property) market statistics show the market in Nottingham continued to improve from 2005 to 2006. Looking at the 2006 to 2007 single family home statistics would lead to the conclusion that the market was flat.

The water influence market can only be viewed from 2005 and 2006 due to the partial reappraisal that created a different base value for 2007. The waterfront market increase seems excessive. In concert with the water access sales, there is clearly evidence of an increase in market value beyond the non-water influenced properties. The chart below shows the drop in percentage increase in overall values as predicted by the sales sample from 2005 to 2006.

	<b>All Property</b>	<b>Singe Family Homes</b>	<b>Waterfront</b>	<b>Water Access</b>
% Increase	4.49%	6.42%	20.3%	11.11%

As a general statement, the case can be made that homes in Nottingham increased in value by about 6% from 2005 to 2006. Using the same statistics, waterfront property showed an increase of some 20% from 2005 to 2006. The water access statistics (+11.11%) do show that an increase above that of non-water influence property is indicated. Given the general real estate market in the time period, a 20% increase over 1 year seems excessive. There are two possible scenarios for the scale of increase.

1. Waterfront property has always increased at dramatic rates in an up market and continued to do so in 2006. Clearly the market in Nottingham showed some strength from 2005 to 2006 and then seemed to flatten out. Waterfront property typically out paces the remaining markets. A rate approaching 4-5 times the non-waterfront market seems unusual.

2. There are relatively few sales in each year's sample. In 2005 there were 10 sales, in 2006 there were 14 sales and in 2007 there were 10 sales. Statistical study is dependent on representative samples. In other words, was one sample overloaded with 'camps' and another by year-round (more expensive homes) or another such difference?

The sales are what they are. There was no selective omission of any sales or an over adjustment due to time.

### **Representative Sample Study**

Each and every water influenced sale from October 1, 2004 to September 30, 2007 was viewed in this study. At the same time, large segments of non-sale properties were viewed.

Pawtuckaway Lake is mixed housing lake. It is still primarily a seasonal, camp structure area. There are year round substantial homes on the lake but it is primarily seasonal. All roadways are dirt and narrow leading to the lake. Topography on the lake tends to be mildly to strongly steep. The median lot size on the lake is .39 acres. About 80% of the lots are less than 1 acre. Lots typically have 100 feet of lake frontage or less. Most of the lake access lots are part of a shared beach association.

The review of the water influence sales and random segments of the lake, point to a reasonably representative sample.

It is my opinion that the sales analysis was correctly performed and conclusions regarding the valuation increase were warranted.

### **Waterfront Valuation - 2005**

The 2005 property reappraisal established a \$200,000 base value for waterfront lots. The valuation model would look like this.

Waterfront base value	\$200,000
.4 acres	73,000
Total value	\$273,000

The \$200,000 base value was arrived at by looking at three land sales.

<u>Map/Lot</u>	<u>Sale Date</u>	<u>Time Adjusted Price</u>
63-34	9/04	\$214,000
67-17	12/04	\$223,600
70-18	12/03	\$232,200
<b>Average</b>		<b>\$223,200</b>

The determination was made to go with a \$200,000 base plus actual lot size value as developed for non-lake land.

Two water access sales were used to develop the access model adjustment.

<u>Map/Lot</u>	<u>Sale Date</u>	<u>Time Adjusted Price</u>
67-13	4/05	\$135,000
69-24-7	10/03	\$135,700

It is not clear in the documentation how the 12% of the base figure was arrived at for water access property. The Avitar studies are included in the appendices.

### Waterfront Valuation - 2007

In 2007, Avitar used 14 residual land sales. The actual analysis is found in the Appendices section of this report. A residual technique involves the following simple equation.

$$\text{Sale Price} - \text{Depreciated Cost of Improvements} = \text{Land Value}$$

There is a substantial problem with the actual calculation. Avitar's study uses an adjustment pattern for Topo/Access, Beach Adj and Limited Access. Yet the actual lots as finally adjusted do not follow that adjustment pattern. Each of the red highlighted lots has a different adjustment set in comparison with the 'live' file shown below.

PID	StNumb	StName	Frontage	BEACH	LEVEL	VIEW	TOPO	COVE	LTD WF	OTH	NET
00006300007200000001	54	WHITE'S GROVE ROAD	79	10	10						120
00006700004500000001	12	WHITE'S GROVE ROAD	173	5				-10			95
00006800001700000001	97	SHORE DRIVE	100	5	10		-5	-10			100
00006800002200000001	87	SHORE DRIVE	100	5	10	10				5	130
00006800003700000001	59	SHORE DRIVE	100				-10				90
00007000000900000001	14	INDIAN RUN	100		10	15					125
00007000001300000001	6	LAMPREY DRIVE	100	10	10	10					130
00007000005000000001	24	TUCKAWAY SHORES ROAD	95			15	-10				105
00007000009300000001	11	MEINDL EAST	100		10						110
00007100001300000001	105	LAKEVIEW DRIVE	226	10	10			-30			90
00007100002000000001	95	LAKEVIEW DRIVE	113				-25	-10			65
00007100011700000001	38	BEACH HEAD ROAD	100		10		-5				105
00007100013500000001	38	SACH'S ROAD	240	5			-10				95
00007100014700000001	46	JAMPSA TRAIL	420	5	10					5	120

Secondarily, the actual Waterfront Value, as adjusted in the last column does not add up. Avitar uses an additive adjustment and not a multiplicative adjustment equation. As an example, an additive adjustment model adds each adjustment to a total.

$$-5 \text{ plus } +10 \text{ plus } -5 = 0$$

In this case the adjustment stays at 100 ( $100 - 0 = 100$ )

In a multiplicative model, the adjustment is as follows

$$.95 \times 1.10 \times .95 = .9927$$

As an example, Avitar's sale #1, the total adjustment would be 1.10 (-10 for topo and +20 for the beach). Mathematically, to get to a non-adjusted waterfront value you would divide the first 'Waterfront Value' column by 1.10.

$$250,850 / 1.10 = 228,850$$

The answer in Avitar's study is 190,038. The problem is two fold. First the equation is misread as +10 for topo. Next Avitar uses an additive adjustment in their assessments yet uses a multiplicative adjustment in this land residual study.

$$1.10 \times 1.20 = 1.32$$

$$250,850 / 1.32 = 190,038$$

As a final issue, the live record for this parcel adjusts -10 for topo and +15 for a 'view'.

Every sale used in the residual study utilizes a multiplicative adjustment model, contrary to the use of an additive model in the 'live' files. 50% of the residuals used show a different adjustment pattern in the study compared to the 'live' file.

## Conclusions

The sales analysis was correctly performed by both the DRA and Avitar. Although a market increase of 20% was clearly not typical in this time period, the statistics do point out an inequity. The 2007 statistics prove out the change as the waterfront property moved back within 5 statistical points of the overall statistics in both weighted mean and median while maintaining a tight COD and a PRD well within the acceptable range.

The development of the new base waterfront value of \$270,000 is flawed. Adjustments used in the analysis of residuals were not carried into the file. 7 out of 14 residuals do show analysis adjustments later changed in the live file. The technique of additive adjustment is used in the live file but not the analysis.

Water access property is calculated as a percentage of the waterfront property. The original 2006 statistics were not as far off the overall statistics. When the waterfront change was made, the model used forced water access property above an acceptable range. However, the low number of sales (6 in 2006 and 7 in 2007) makes it difficult to draw conclusions.

## Equity Review

The second portion of this study was a field review of property to determine data quality and consistency. A copy of a typical water influence property card is found in the appendices.

The data quality study initially involved randomly selecting 20% of the lake properties and reviewing the data in the field for accuracy. The review involved only an exterior viewing of the property.

### Building

The following items were reviewed

- Building type
- Story height
- Basic size judgments (estimate)
- Grade
- Condition
- Outbuildings

In the review of parcels, there were no noticeable errors in listings. Grade levels were consistent and properly described. It should be noted that only exterior items were checked.

### Land

The following items were reviewed

- Use codes
- Location
- Topography
- Waterfront factors

There are just over 400 lake influence properties in Nottingham. The two major categories are waterfront and water access. The waterfront properties consist of those properties with physical direct access to the water. Water access refers to a deeded right; typically to shared beach lot.

One error found in the data is that the following parcels are listed as waterfront (L-R1W) and are in fact water access (L-R1A) parcels.

<u>PARCEL ID</u>		<u>LOCATION</u>	<u>USE</u>
00006800008100000001	17	COVE ROAD	L-R1W
00006800007800000001	23	COVE ROAD	L-R1W
00006800007700000001	25	COVE ROAD	L-R1W

00006800008300000001	28	SEAMAN'S POINT ROAD	L-R1W
00006800008400000001	30	SEAMAN'S POINT ROAD	L-R1W
00006800008200000001	42	SEAMAN'S POINT ROAD	L-R1W
00006700003800000001	108	HIGHLAND AVENUE	L-R1W
00006700003000000001	109	HIGHLAND AVENUE	L-R1W
00006700003900000001	110	HIGHLAND AVENUE	L-R1W
00006700002900000001	111	HIGHLAND AVENUE	L-R1W
00006700002800000001	113	HIGHLAND AVENUE	L-R1W
00006700002700000001	115	HIGHLAND AVENUE	L-R1W
00006700002600000001	117	HIGHLAND AVENUE	L-R1W
00006800006500000001		COVE ROAD	L-R1W
00006700003500000001		HIGHLAND AVENUE	L-R1W

These parcels should be corrected in the Assessors files.

Avitar Associates uses a complex adjustment pattern for waterfront and access. The initial water influence value is a flat \$270,000 for each lot regardless of the lot size, location, topography factors or access. A typical waterfront calculation line would look like this.

1F RES WTRFRNT 1.000 wf x 270,000 X 100 105 283,500 C NOTES WF

Where

Land Type = 1F RES WTRFRNT  
Units = 1.000 wf (one waterfront unit)  
Base rate = 270,000  
Neighborhood = X  
Adjustment = 100 (this adjustment is set by neighborhood X = 100)  
Condition = 105  
Value = 283,500  
Notes = C NOTES WF

It is the condition field that contains the complex individual lot adjustment scheme. The 2005 and 2007 schedules found in appendices. Avitar's waterfront adjustment schedule is as follows.

Base Value = \$270,000  
Water Access = \$32,400 (expressed as 12% of base value)

Site Specific Adjustments

Small sandy beach/bottom with natural waterfront access +5  
Large/full sandy beach/bottom or well groomed/landscaped +10  
Boat ramp +5  
Retaining walls/jetties No adjustment  
Private/Point location Varies  
Adjacent to dam/public beach -5

### View Adjustments

Small or limited view across/down the Lake	No adjustment
Across/down Lake w/hills and/or mountains	+15

### Topography

Slight or ledge or rocky/large rock outcroppings	-5
Moderate to steep	-10
Steep to severe	-15
Severe/extreme	-25
Level and/or close to water (CTW)	+10
Limited cove location –very small cove	-5
Shallow cove location (weedy and/or rocky)	-10
Loon cove location (very shallow, rocky, narrow)	-30

### Undeveloped Waterfront Lots

Undeveloped	-10
Cost to develop (CTD)	Varies
Non-buildable lot	-75 to -90

### Size Adjustment

Less than 50' front feet	-10
Add +5 for every 100' front feet above 300' (code XSWF)	

Avitar's software lacks the ability to adjust a land line with multiple specific codes. The condition field does not give a reason for the adjustment. Avitar uses the notes section to explain adjustments. As an example, a parcel is adjusted by a condition factor of 105%. The notes might say

WF = +10 LEVEL +/-OR CTW +5 BEACH -10 COVE

The note translation is

- +10 for a level lot and/or close to water
- +5 for a sandy beach or bottom
- 10 for a cove location

The note would lead to a final adjustment of 105%. This is input in the condition field.

The initial random survey produced issues with the application of waterfront factors. The following analyses seek to break down the application of those factors.

## Frontage Adjustments

Avitar's schedule calls for a -5% adjustment for less than 50 front feet and +5% for each 100 front feet above 300 front feet. The following parcels met those requirements.

### Less than 50 front feet

PID	StNumb	StName	LandVal	Acres	Frontage	LTD WF
00006300005500000001	26	WHITE'S GROVE ROAD	315900	0.13	30	-5
00007200001800000001	47	MOOERS ROAD	283000	0.13	40	-5
00006300004900000001	16	WHITE'S GROVE ROAD	290400	0.18	44	-5
00006300006800000001	48	WHITE'S GROVE ROAD	355800	0.11	44	-5
00007200000200000001	21	JAMPSA TRAIL	304000	2.27	46	-10
00006800009900000001	25	SEAMAN'S POINT ROAD	282700	0.12	48	
00006300003400000001		BARDERRY LANE	210400	0.82	49	
00006800007200000001	26	COVE ROAD	330600	0.17	50	
00007100008000000001	9	LAKEVIEW DRIVE	323100	0.61	50	
00006800009700000001	29	SEAMAN'S POINT ROAD	343800	0.16	50	
00006300005300000001	22	WHITE'S GROVE ROAD	284600	0.07	50	
00006300005700000001	28	WHITE'S GROVE ROAD	328800	0.11	50	
00007100010700000001	163	MOUNTAIN ROAD	365500	2.5	51	

The two parcels showing 48 and 49 front feet were not adjusted. The 46 front foot parcel was adjusted -10%; an adjustment not within the schedule. Of greater issue is the break point. Avitar set up an 'all or nothing' circumstance. Note that the parcels at 48 and 28 White's Grove Road both have .11 acres.

00006300006800000001	48	WHITE'S GROVE ROAD	355800	0.11	44	-5
00006300005700000001	28	WHITE'S GROVE ROAD	328800	0.11	50	

These Lots differ only by 6 front feet. Given the \$270,000 base value, the 44 front foot lot is values at \$13,500 less. It is difficult to believe the market would substantiate such an adjustment.

## View Adjustments

Avitar adjusted waterfront values for view. The only adjustment for view was +15 for across/down lake w/hills and/or mountains. These are the only lots adjusted on the lake for view.

PID	StNumb	StName	Acres	LandUse	VIEW
00006300007700000001	61 B	WHITE'S GROVE ROAD	0.622	L-R1A	8
00007000005900000001	20	BRUSTLE ROAD	0.39	L-R1A	13
00007100002900000001	81	LAKEVIEW DRIVE	1.06	L-R1A	13
00007200000200000101	23	JAMPSA TRAIL	2.37	L-R1W	-5
00007000001800000001	16	LAMPREY DRIVE	0.546	L-R1W	5
00006300000200000001	28	BARDERRY LANE	0.29	L-R1W	10
00006300000500000001	30	BARDERRY LANE	0.49	L-R1W	10

00006300000600000001	32	BARDERRY LANE	0.45	L-R1W	10
00006300000700000001	34	BARDERRY LANE	0.56	L-R1W	10
00006000000200000001	92	BARDERRY LANE	2	L-R1W	10
00007000001300000001	6	LAMPREY DRIVE	0.36	L-R1W	10
00007000010000000001	15	MEINDL ROAD	7.87	L-R1W	10
00007000009900000001	17	MEINDL ROAD	0.5	L-R1W	10
00006800002200000001	87	SHORE DRIVE	0.32	L-R1W	10
00007000000900000001	14	INDIAN RUN	0.34	L-R1W	15
00007000004800000001	20	TUCKAWAY SHORES ROAD	0.43	L-R1W	15
00007000005000000001	24	TUCKAWAY SHORES ROAD	0.35	L-R1W	15
00007000005200000001	28	TUCKAWAY SHORES ROAD	0.2	L-R1W	15

Fourteen of the twenty-five lots are graded outside the schedule which calls for only a 15% bump.

There is also an issue with the three lots labeled as access lots (L-R1A). There is a beach right assigned to each lot. It is difficult to believe that a view would make the right to walk to a shared beach worth more.

PID	StNumb	StName	Acres	LandUse	VIEW
00006300007700000001	61 B	WHITE'S GROVE ROAD	0.622	L-R1A	8
00007000005900000001	20	BRUSTLE ROAD	0.39	L-R1A	13
00007100002900000001	81	LAKEVIEW DRIVE	1.06	L-R1A	13

### Cove Adjustments

The adjustment chart calls for -5 for a small cove. This is described as a limited area of lots, opening into the main lake. The second category is shallow cove at -10 and the third is Loon Cove at -30. Loon Cove is a very shallow area of the lake with only limited boat traffic (canoes, etc).

There is only one are where the small cove adjustment was made.

PID	StNumb	StName	Acres	COVE
00007100010900000001	22	BEACH HEAD ROAD	0.34	-10
00007100011000000001	24	BEACH HEAD ROAD	0.38	
00007100011100000001	26	BEACH HEAD ROAD	0.45	
00007100011200000001	28	BEACH HEAD ROAD	0.34	
00007100011300000001	30	BEACH HEAD ROAD	0.35	
00007100011400000001	32	BEACH HEAD ROAD	0.34	
00007100011500000001	34	BEACH HEAD ROAD	0.34	
00007100011600000001	36	BEACH HEAD ROAD	0.3	
00007100011700000001	38	BEACH HEAD ROAD	0.3	
00007100011800000001	40	BEACH HEAD ROAD	0.41	
00007100011900000001	44	BEACH HEAD ROAD	0.35	-5

The adjustment for 44 Beachhead is correct by schedule. The lot is tucked into a very small cove affecting only that lot and it abuts open water. The issue here is not another lot on the lake given this adjustment. On map 71, lot 71 has a -15 cove adjustment which does not appear in the schedule. It should be noted that

Lot 71 is a sale property. Also on Map 71, lots 58, 141 and 140 have no cove adjustment while exhibiting the same situation as seen on 44 Beach Head Road.

The greater issue with cove adjustments is at the -30 end. The schedule calls for only Loon Cove to be adjusted by -30. This adjustment is a high end adjustment. Avitar is stating that Loon Cove property is worth 30% less than other lake property. Lakeview Drive is on Loon Cove.

PID	StNumb	StName	Acres	COVE	Adj Value
00007100002400000001	87	LAKEVIEW DRIVE	0.69	-10	243,000
00007100002300000001	89	LAKEVIEW DRIVE	0.29	-10	243,000
00007100002200000001	91	LAKEVIEW DRIVE	0.507	-10	243,000
00007100002100000001	93	LAKEVIEW DRIVE	0.35	-10	243,000
00007100002000000001	95	LAKEVIEW DRIVE	0.28	-10	243,000
00007100001900000001	97	LAKEVIEW DRIVE	0.23	-10	243,000
00007100001700000001	99	LAKEVIEW DRIVE	0.25	-10	243,000
00007100001600000001	101	LAKEVIEW DRIVE	0.26	-10	243,000
00007100001500000001	103	LAKEVIEW DRIVE	0.45	-30	189,000
00007100001300000001	105	LAKEVIEW DRIVE	0.72	-30	243,000
00007100001100000001	107	LAKEVIEW DRIVE	0.58	-30	189,000
00007100000900000001	109	LAKEVIEW DRIVE	0.65	-30	189,000
00007100000800000001	111	LAKEVIEW DRIVE	0.3	-30	189,000
00007100000600000001	113	LAKEVIEW DRIVE	0.49	-30	189,000
00007100000500000001	115	LAKEVIEW DRIVE	0.34	-30	189,000
00007100000400000001	117	LAKEVIEW DRIVE	0.9	-30	189,000

The extent of Loon Cove is difficult to judge. Clearly 117 through 107 Lakeview are in the -30 cove area. 105 Lakeview is set at -30 for the cove as is 103 Lakeview. 101 Lakeview is at a -20 adjustment. 105 Lakeview is a sale.

The Adj Value column is the base \$270,000 waterfront value as adjusted by the cove rating. This column points out the large value adjustments. A -10 lot is \$54,000 higher than a -30 lot. Focusing on four abutting lots shows the dramatic pattern of value change. If all four of these lots were for sale, would the market show this differential?

PID	StNumb	StName	Acres	COVE	Adj Value
00007100001600000001	101	LAKEVIEW DRIVE	0.26	-10	243,000
00007100001500000001	103	LAKEVIEW DRIVE	0.45	-30	189,000
00007100001300000001	105	LAKEVIEW DRIVE	0.72	-30	189,000
00007100001100000001	107	LAKEVIEW DRIVE	0.58	-30	189,000

All four lots have similar topography, the frontages are all between 130 and 226 front feet and the homes are similar. There is also a second area of the lake with -30 adjustments and the lots are not within Loon Cove. The schedules list no other -30 adjustment areas.

PID	StNumb	StName	Acres	COVE	Adj Value
00006800004800000001	37	SHORE DRIVE	0.29	-30	189,000
00006800004700000001	39	SHORE DRIVE	0.23	-30	189,000

00006800004600000001	41	SHORE DRIVE	0.2	-30	189,000
00006800004400000001	45	SHORE DRIVE	0.517	-30	189,000
00006800004300000001	47	SHORE DRIVE	0.18	-30	189,000
00006800004200000001	49	SHORE DRIVE	0.33		270,000
00006800004100000001	51	SHORE DRIVE	0.22		270,000
00006800004000000001	53	SHORE DRIVE	0.27		270,000

In this case the value differential becomes even greater. As you move from 47 Shore Drive to 49 Shore Drive, the base waterfront value increases \$81,000.

## Overall Adjustments

The adjustment pattern adopted by Avitar can create large scale land value differences between abutting lots. The only way to observe this pattern is to look at entire neighborhoods.

## Whites Grove Road

The first area is White's Grove Road. The road was field reviewed in full.

Loc#	Location	Acres	BEACH	LEVEL	VIEW	TOPO	COVE	LTD WF	OTH	NET	WF VALUE	DIFF
12	WHITE'S GROVE ROAD	0.4	5				-10			95	256,500	-13,500
14	WHITE'S GROVE ROAD	0.2				-10	-10			80	216,000	-54,000
16	WHITE'S GROVE ROAD	0.18					-10	-5		85	229,500	-40,500
18	WHITE'S GROVE ROAD	0.39					-10	-5		85	229,500	-40,500
20	WHITE'S GROVE ROAD	0.11					-10			90	243,000	-27,000
22	WHITE'S GROVE ROAD	0.07					-10			90	243,000	-27,000
24	WHITE'S GROVE ROAD	0.19					-10			90	243,000	-27,000
26	WHITE'S GROVE ROAD	0.13	10				-10	-5		95	256,500	-13,500
28	WHITE'S GROVE ROAD	0.11	10				-10			100	270,000	0
30	WHITE'S GROVE ROAD	0.15					-10			90	243,000	-27,000
34	WHITE'S GROVE ROAD	0.11		10						110	297,000	27,000
36	WHITE'S GROVE ROAD	0.1		10						110	297,000	27,000
38	WHITE'S GROVE ROAD	0.58				-5				95	256,500	-13,500
40	WHITE'S GROVE ROAD	0.13				-10				90	243,000	-27,000
42	WHITE'S GROVE ROAD	0.1		10						110	297,000	27,000
44	WHITE'S GROVE ROAD	0.093	5	10						115	310,500	40,500
46	WHITE'S GROVE ROAD	0.28		10						110	297,000	27,000
48	WHITE'S GROVE ROAD	0.11	5	10				-5		110	297,000	27,000
50	WHITE'S GROVE ROAD	0.26	5	10						115	310,500	40,500
52	WHITE'S GROVE ROAD	0.15	5	10						115	310,500	40,500
53	WHITE'S GROVE ROAD	1.55		10					-5	105	283,500	13,500
54	WHITE'S GROVE ROAD	0.12	10	10						120	324,000	54,000
56	WHITE'S GROVE ROAD	0.19	5	10						115	310,500	40,500
58	WHITE'S GROVE ROAD	0.13	5	10						115	310,500	40,500
60	WHITE'S GROVE ROAD	13.261	5						-5	100	270,000	0
61A	WHITE'S GROVE ROAD	0.152	5						-5	100	270,000	0

30 – 44 Whites Grove Road are all on similar lots. The overall topography, location size and frontage are fairly consistent. Yet the value range for the

waterfront is a low of \$243,000 and a high of \$310,500. Number 30 is -10 for a cove adjustment. The situation is no different than 34 which has no cove adjustment. Number 38 is given -5 topography. There is no evident issue. The cottage does sit back from the water. Number 44 is given a +5 for a beach. The sandy beach area is maybe 25 by 8. Number 42 next door might be a better lot yet it has no adjustment.

There is no consistency to the adjustments.

## Highland Avenue

The second area is Highland Avenue. The road was field reviewed in full.

Loc#	Location	Acres	BEACH	LEVEL	VIEW	TOPO	COVE	LTD WF	OTH	NET	WF VALUE	DIFF
119	HIGHLAND AVENUE	0.57	5	10			-10			105	283,500	13,500
121	HIGHLAND AVENUE	0.95					-10		-30	60	162,000	-108,000
123	HIGHLAND AVENUE	0.85	10				-10			100	270,000	0
125	HIGHLAND AVENUE	0.78					-10		-20	70	189,000	-81,000
127	HIGHLAND AVENUE	0.37	5				-10		-20	75	202,500	-67,500
129	HIGHLAND AVENUE	0.74	5	10			-10			105	283,500	13,500
133	HIGHLAND AVENUE	0.37	5	10			-10			105	283,500	13,500
<b>135</b>	<b>HIGHLAND AVENUE</b>	<b>0.37</b>					<b>-10</b>			<b>90</b>	<b>243,000</b>	<b>-27,000</b>
<b>137</b>	<b>HIGHLAND AVENUE</b>	<b>0.86</b>	<b>5</b>				<b>-10</b>		<b>15</b>	<b>110</b>	<b>297,000</b>	<b>27,000</b>

Disregarding the large value changes (these are vacant lots), the issue here is sales chasing. Number 135 and 137 are sale properties. Number 137 is given a positive adjustment for 'landscaping'. This is a newer, year round house on a fairly large lot. Many other well landscaped lots exist on the street with no positive adjustment applied.

## Shore Drive

The third area is Shore Drive. The road was field reviewed in full.

Loc#	Location	Acres	BEACH	LEVEL	VIEW	TOPO	COVE	LTD WF	OTH	NET	WF VALUE	DIFF
37	SHORE DRIVE	0.29				-5	-30			65	\$ 175,500	-94,500
39	SHORE DRIVE	0.23	5	10		-5	-30			80	\$ 216,000	-54,000
41	SHORE DRIVE	0.2		10			-30			80	\$ 216,000	-54,000
45	SHORE DRIVE	0.517				-5	-30			65	\$ 175,500	-94,500
47	SHORE DRIVE	0.18		10			-30			80	\$ 216,000	-54,000
49	SHORE DRIVE	0.33	5			-5				100	\$ 270,000	0
51	SHORE DRIVE	0.22		10						110	\$ 297,000	27,000
53	SHORE DRIVE	0.27	5	10						115	\$ 310,500	40,500
55	SHORE DRIVE	0.26				-10				90	\$ 243,000	-27,000
57	SHORE DRIVE	0.34				-10				90	\$ 243,000	-27,000
<b>59</b>	<b>SHORE DRIVE</b>	<b>0.34</b>				<b>-10</b>				<b>90</b>	<b>\$ 243,000</b>	<b>-27,000</b>
61	SHORE DRIVE	0.34				-10				90	\$ 243,000	-27,000
63	SHORE DRIVE	0.19				-10				90	\$ 243,000	-27,000

67	SHORE DRIVE	0.15					-10			90	\$ 243,000	-27,000
69	SHORE DRIVE	0.22					-10			90	\$ 243,000	-27,000
71	SHORE DRIVE	0.22					-10			90	\$ 243,000	-27,000
73	SHORE DRIVE	0.2					-10			90	\$ 243,000	-27,000
75	SHORE DRIVE	0.24					-10		0	90	\$ 243,000	-27,000
77	SHORE DRIVE	0.22					-5		-10	85	\$ 229,500	-40,500
79	SHORE DRIVE	0.24					-10		-10	80	\$ 216,000	-54,000
81	SHORE DRIVE	0.23		10					-10	100	\$ 270,000	0
83	SHORE DRIVE	0.27	5	10					-10	105	\$ 283,500	13,500
<b>87</b>	<b>SHORE DRIVE</b>	<b>0.32</b>	<b>5</b>	<b>10</b>	<b>10</b>				<b>5</b>	<b>130</b>	<b>\$ 351,000</b>	<b>81,000</b>
<b>89</b>	<b>SHORE DRIVE</b>	<b>0.35</b>		<b>10</b>						<b>110</b>	<b>\$ 297,000</b>	<b>27,000</b>
91	SHORE DRIVE	0.4		10						110	\$ 297,000	27,000
93	SHORE DRIVE	0.41	5	10						115	\$ 310,500	40,500
95	SHORE DRIVE	0.51					-5			95	\$ 256,500	-13,500
<b>97</b>	<b>SHORE DRIVE</b>	<b>0.33</b>	<b>5</b>	<b>10</b>			<b>-5</b>	<b>-10</b>		<b>100</b>	<b>\$ 270,000</b>	<b>0</b>
99	SHORE DRIVE	0.39					-10	-10		80	\$ 216,000	-54,000
101	SHORE DRIVE	0.71	5	10				-10		105	\$ 283,500	13,500

A portion of Shore Drive is being adjusted -30 for a cove. By schedule, only Loon Cove is to receive that adjustment. As in other areas the cove vs. non-cove adjustment causes a dramatic value difference from one lot to another. 47 Shore Drive is adjusted -30 for the cove. 49 Shore Drive, the abutting lot, has no cove adjustment and the value is \$54,000 higher.

87 Shore Drive seems to be another example of sales chasing. The lot has significant adjustments totaling +30%. This is the only lot on the street getting a view adjustment and a landscape adjustment. It is difficult to see the reasoning behind either.

## Lakeview Drive

The fourth area is Lakeview Drive. The road was field reviewed in full.

Loc#	Location	Acres	BEACH	LEVEL	VIEW	TOPO	COVE	LTD WF	OTH	NET	WF VALUE	DIFF
5	LAKEVIEW DRIVE	0.98					-10		-5	85	\$ 229,500	\$ (40,500)
9	LAKEVIEW DRIVE	0.61	5				-5	-10		90	\$ 243,000	\$ (27,000)
11	LAKEVIEW DRIVE	0.31	5	10			-10			105	\$ 283,500	\$ 13,500
15	LAKEVIEW DRIVE	0.33		10			-10			100	\$ 270,000	\$ -
17	LAKEVIEW DRIVE	0.33	5	10			-10			105	\$ 283,500	\$ 13,500
19	LAKEVIEW DRIVE	0.301	5	10			-10		5	110	\$ 297,000	\$ 27,000
21	LAKEVIEW DRIVE	0.25	10	10			-10			110	\$ 297,000	\$ 27,000
23	LAKEVIEW DRIVE	0.28					-10	-10		80	\$ 216,000	\$ (54,000)
25	LAKEVIEW DRIVE	0.39	5	10			-5	-10		100	\$ 270,000	\$ -
<b>27</b>	<b>LAKEVIEW DRIVE</b>	<b>0.41</b>		<b>10</b>			<b>-10</b>			<b>100</b>	<b>\$ 270,000</b>	<b>\$ -</b>
<b>29</b>	<b>LAKEVIEW DRIVE</b>	<b>0.33</b>		<b>10</b>			<b>-15</b>			<b>95</b>	<b>\$ 256,500</b>	<b>\$ (13,500)</b>
31	LAKEVIEW DRIVE	0.29	5	10						115	\$ 310,500	\$ 40,500
33	LAKEVIEW DRIVE	0.59	10	10						120	\$ 324,000	\$ 54,000
37	LAKEVIEW DRIVE	0.99	5	10					5	120	\$ 324,000	\$ 54,000
39	LAKEVIEW DRIVE	0.353					-5			95	\$ 256,500	\$ (13,500)

41	LAKEVIEW DRIVE	0.328	5	10			115	\$ 310,500	\$ 40,500
43	LAKEVIEW DRIVE	0.35	5	10	-5		110	\$ 297,000	\$ 27,000
45	LAKEVIEW DRIVE	0.32	5	10	-5		110	\$ 297,000	\$ 27,000
47	LAKEVIEW DRIVE	0.48	5	10	-5		110	\$ 297,000	\$ 27,000
51	LAKEVIEW DRIVE	0.46	5		-10		95	\$ 256,500	\$ (13,500)
53	LAKEVIEW DRIVE	0.5			-5		95	\$ 256,500	\$ (13,500)
57	LAKEVIEW DRIVE	1.24	5		-10		95	\$ 256,500	\$ (13,500)
61	LAKEVIEW DRIVE	1.41	5		-10		95	\$ 256,500	\$ (13,500)
63	LAKEVIEW DRIVE	0.44			-10		90	\$ 243,000	\$ (27,000)
65	LAKEVIEW DRIVE	0.42			-10		90	\$ 243,000	\$ (27,000)
69	LAKEVIEW DRIVE	0.41			-20	10	90	\$ 243,000	\$ (27,000)
71	LAKEVIEW DRIVE	0.37			-10	-10	80	\$ 216,000	\$ (54,000)
73	LAKEVIEW DRIVE	0.32			-10	-10	80	\$ 216,000	\$ (54,000)
75	LAKEVIEW DRIVE	0.4	5	10	-5	-10	100	\$ 270,000	\$ -
77	LAKEVIEW DRIVE	0.63		10	-5	-10	5 100	\$ 270,000	\$ -
79	LAKEVIEW DRIVE	0.31	5	10	-5	-10	100	\$ 270,000	\$ -
85	LAKEVIEW DRIVE	0.67			-5	-10	85	\$ 229,500	\$ (40,500)
87	LAKEVIEW DRIVE	0.69		10	-10	-10	90	\$ 243,000	\$ (27,000)
89	LAKEVIEW DRIVE	0.29		10	-10	-10	90	\$ 243,000	\$ (27,000)
91	LAKEVIEW DRIVE	0.507			-10	-10	80	\$ 216,000	\$ (54,000)
93	LAKEVIEW DRIVE	0.35			-15	-10	5 80	\$ 216,000	\$ (54,000)
<b>95</b>	<b>LAKEVIEW DRIVE</b>	<b>0.28</b>			<b>-25</b>	<b>-10</b>	<b>65</b>	<b>\$ 175,500</b>	<b>\$ (94,500)</b>
97	LAKEVIEW DRIVE	0.23	5	10	-10	-10	95	\$ 256,500	\$ (13,500)
99	LAKEVIEW DRIVE	0.25	5	10		-10	5 110	\$ 297,000	\$ 27,000
<b>101</b>	<b>LAKEVIEW DRIVE</b>	<b>0.26</b>			<b>-5</b>	<b>-10</b>	<b>85</b>	<b>\$ 229,500</b>	<b>\$ (40,500)</b>
103	LAKEVIEW DRIVE	0.45	10	10		-30	90	\$ 243,000	\$ (27,000)
<b>105</b>	<b>LAKEVIEW DRIVE</b>	<b>0.72</b>	<b>5</b>	<b>10</b>		<b>-10</b>	<b>105</b>	<b>\$ 283,500</b>	<b>\$ 13,500</b>
107	LAKEVIEW DRIVE	0.58		10		-30	80	\$ 216,000	\$ (54,000)
109	LAKEVIEW DRIVE	0.65	5	10		-30	85	\$ 229,500	\$ (40,500)
111	LAKEVIEW DRIVE	0.3	5	10	-10	-30	75	\$ 202,500	\$ (67,500)
113	LAKEVIEW DRIVE	0.49		10		-30	80	\$ 216,000	\$ (54,000)
115	LAKEVIEW DRIVE	0.34			-10	-30	60	\$ 162,000	\$(108,000)
117	LAKEVIEW DRIVE	0.9			-10	-30	60	\$ 162,000	\$(108,000)

There are a number of issues on this street. 29 Lakeview is getting a -15 cove adjustment. All other are getting a -10 adjustment. **29 Lakeview is a sale.**

95 Lakeview is given a -25% topography bringing the overall adjustment on the lot to 65% good; a very low developed lot rating. In viewing the lot the issues were not much different than surrounding lots. **95 Lakeview is a sale.**

19, 37, 93, and 99 Lakeview are getting a +5 bump for a 'boat ramp'. Adjusting for a boat ramp makes little sense. Docks would most likely be more valuable. At the least the value should be calculated independent of land.

## Conclusions

The decision to place a flat or base value of \$270,000 on each waterfront lot is a common and accepted method of valuing property. The issue is how and when to adjust that value.

As an example, I have a lot on the water valued as follows

$$.40 \text{ acres} \times 73,000 = 73,000 + 270,000 = 343,000$$

If a reviewer assigns 10% topography to the lot, should that be set against the lot value of 73,000 or the waterfront of 270,000? The effect of the adjustment (7,300 vs. 27,000) is dramatic. If the appraiser has decided to base value the waterfront, the decision has been made that 'waterfront is waterfront is waterfront'. If I wanted the value to be sensitive to lot conditions, I would build a model sensitive to size and frontage and then judge the individual issues.

The selection of a base rate model with adjustments applied without reviewing the overall effect of the adjustments was an error. The sum adjustments are often causing wide range values on similar lots creating inequity.

## Final Conclusions

The construction of a mass appraisal model is meant to create equity as a primary goal. The value or sale price of a property is often a result of buyer and seller perceptions. Two homes seeming to be of equal value sell for a different price because of what the seller sees as value. You like that the house is purple and jump at the price. The other potential buyer thinks about the \$5,000 cost to repaint the house.

A fee appraiser can concern him or herself with these issues. There is no concern about the value of the house next door or across the street unless it directly affects the subject value. Mass appraisal is concerned with the level of value on the whole street or lake. The process involves using less minor data and more gross data; location, size, age and condition.

The statistical studies provided by Avitar and the DRA are correctly constructed and the conclusions are solid. Waterfront property clearly showed that it was being inequitably assessed in comparison with other property in the 2006 Equalization study. The sales used in the 2007 reappraisal of water influence property were properly selected and analyzed. There were no qualified sales omitted by either party.

There is clearly an issue with Avitar's 2007 land residual study. The use of different formulae in the study (multiplicative adjustments) vs. the live file (additive adjustments) is improper. Secondly, the data used to derive the land values was not carried into the live file. I would deem this a serious error. Avitar uses their judgment in adjustments for the analysis and then revisits and changes those adjustments in their live files. Going back, their initial judgments as to adjustments were therefore not correct and the analysis is flawed.

The application of land factors causes not so subtle value swings. A 10% adjustment to waterfront value causes \$27,000 value swings. This is not subtle when you have a 1/10 acre lot. There is some evidence in the file that sales were treated differently than the rest of the file. Many of the 'landscape' adjustments seem to appear on sale parcels. Out of schedule adjustments were found on sale parcels.

- 36 Beachhead gets a -15% topo – no schedule for this adjustment
- 15 Indian Run gets +15% for view - no schedule for this adjustment
- 29 Lakeview gets -15% for cove - no schedule for this adjustment
- 24 Tuckaway gets +15% for view - no schedule for this adjustment

There are other examples where the sale property is substantially adjusted but abutting property is not.

- 24 Tuckaway is a sale adjusted -10 for topo and +15 for view. 22 and 26 Tuckaway, which directly abut, have -25% topo adjustments and no views assigned.
- 95 Lakeview is a sale adjusted -25% for severe topo. 93 Lakeview is at -15% topo and 97 Lakeview is at -10 topo. There is no real difference in lot topo. No other lot on Lakeview is adjusted so severely.

Although only a few examples, there were only limited sales available. If these sales were adjusted 'out of schedule, the case can be made for sales chasing.

Lake property value has been governed by the concept that if I can put a toe in the water, I have great value. Frontage, lot size and topography have lessening effects as long as there is water access. Avitar's use of a base value exemplifies this concept. Regardless of size and frontage, a \$270,000 base is the starting point.

Mass appraisal looks to provide equity or fairness to the property owner. If I have .10 acres and 50 feet of frontage and you have .50 acres and 125 feet of frontage, I expect that your value will be higher. These two lots on White's Grove Road are good examples. The issue is that the base value is huge (\$270,000). The 12 Whites Grove lot has considerable more land and frontage. Yet both lots have a base of \$256,500 added for waterfront.

PID	StNumb	StName	LandVal	Acres	Frontage	Adj
00006300005500000001	26	WHITE'S GROVE ROAD	315900	0.13	30	95
00006700004500000001	12	WHITE'S GROVE ROAD	322200	0.4	173	95

The difference between the two lots is the acreage price of \$59,400 for the .13 acre lot and \$65,700 for the .40 acre lot. The difference between the two lots is fairly dramatic but is not reflected in value because the base \$270,000 overwhelms any size differential.

If I were to adjust the acreage price on 26 Whites Grove by -10 for topo, I reduce the value from \$59,400 to 53,500, an adjustment of \$5,900. Applying that same adjustment to the base value of 12 Whites Grove is an adjustment of \$27,000. To put it in a clearer perspective, if 12 Whites Grove was adjusted -10 for topo in Avitar's model, leaving 26 Whites Grove at -5%, the following result would appear.

26 Whites Grove Land = \$322,200  
 12 Whites Grove Land = \$308,700

Now I have a much larger lot with 7.5 times more frontage, with a value \$13,300 lower than a clearly inferior lot.

The point is that -5, -10, +5, -30, etc. adjustments are substantial and when applied without regard to overall or linear equity, a fairly dramatic value swing occurs.

30 – 44 Whites Grove Road are all on similar lots. The overall topography, location size and frontage are fairly consistent. The lot at 38 Whites Grove is larger than the others but has a clear shape issue.

PID	StNumb	StName	LandVal	Acres	Frontage	BEACH	LEVEL	TOPO	COVE	NET ADJ
00006300005800000001	30	WHITE'S GROVE ROAD	303000	0.15	62				-10	90
00006300006000000001	34	WHITE'S GROVE ROAD	355800	0.11	61		10			110
00006300006100000001	36	WHITE'S GROVE ROAD	349700	0.1	71		10			110
00006300006200000001	38	WHITE'S GROVE ROAD	327300	0.58	129			-5		95
00006300006300000001	40	WHITE'S GROVE ROAD	302400	0.13	70			-10		90
00006300006400000001	42	WHITE'S GROVE ROAD	355500	0.1	72		10			110
00006300006500000001	44	WHITE'S GROVE ROAD	368300	0.093	57	5	10			115

Please see the map in the Appendices for this area.

The value range for the waterfront is a low of \$243,000 and a high of \$310,500. Number 30 Whites Grove is adjusted -10 for a cove. The situation is no different than 34 Whites Grove which has no cove adjustment. Number 38 Whites Grove is given -5 for topography. There is no evident issue. The cottage does sit back from the water. Number 44 Whites Grove is given a +5 for a beach. The sandy beach area is maybe 25 by 8. Number 42 Whites Grove next door might be a better lot yet it has no adjustment.

Subtle adjustments to land without regard to the overall picture create inequitable valuations. Physically looking at the waterfront on 40, 42 and 44 Whites Grove shows no real difference yet the value swing is \$302,400 to \$368,300. The smallest lot with the least frontage has the highest value because it is judged to have a beach. 40 Whites Grove is a larger lot, with greater frontage and a better overall view of the Lake, yet it is valued at \$302,400.

It is my opinion that after review of random parcels, there is clear evidence of inequity in the assessments.

## Recommendations

It is my recommendation that the following items be examined.

1. The Town should consider a different land model on the Lake that takes into consideration lot size and frontage as the value driver rather than a large base. A smaller base, subject to lesser adjustments makes sense.
2. The Lake should be carefully reviewed for the factors assigned and adjustments should be made where needed.
3. The existing Avitar system is very difficult to analyze in the area of land adjustments. A single land line has only one entry field for adjustment. The notes area of the program explains the adjustment. Assessment files need to be transparent for the public. The Town should maintain a spreadsheet for the public laying out all adjustments on the Lake. A sample is included in the Appendices.
4. Water access lots should not be set up as a percent of waterfront lots. When Avitar moved the waterfront base value of \$200,000 to \$270,000, the access lots changed from \$24,000 to \$32,400 based on 12% of the base value. The 2007 Equalization Study by the DRA set the water access median sales ratio at 106.9%. The model for water access lots needs to be separated from the waterfront model.
5. There was some comment by landowners that some properties enjoyed both waterfront access and beach access, both by deed. These parcels should be discovered and the appropriate balance reached.
6. As a minor item, water access lots with beach rights are being valued accordingly. The right that flows from the 'beach parcel' to each beach right parcel substantially reduces the residual value held by the 'beach parcel'. These common parcels have arguably no remaining value. Ad Valorem (for value) tax assumes a value. Part of that value is the right to sell. These parcels are set up as exempt. The values should be reduced to no more than the land value and not any waterfront value.

## **Appendices**

1. 2005 through 2007 DRA Equalization studies.
2. Map of Pawtuckaway Lake
3. All sales reviewed
4. All parcels reviewed
5. 2005 Waterfront study – Avitar
6. 2007 Waterfront study – Avitar
7. Sample record card
8. Avitar 2005 site adjustment schedule
9. Avitar 2007 site adjustment schedule
10. Resume