CHALLENGES OF THE MUNICIPAL ASSESSOR IN THE CURRENT REAL ESTATE MARKET

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- Employee of Murphy Appraisal Services, Inc.
- MASI Incorporated 1987
- Assessors Agent for
 Union, Warren, Newcastle, Searsmont, Bremen
- Consultant services for Friendship, Morrill

Certified Maine Assessor Certified Residential Appraiser

Tonight's Caveat

- Not everything will apply to your world
- Not everything will apply to your town
- Not everything will apply to your house
- Everything I say is true, except for that....that is not

Murphys Law

Nothing is as easy as it looks

Everything takes longer than you expect

And if anything can go wrong, it will

At the worst possible moment

Murphy's Law Assessing Corollary

Never Argue with a Priest about the Bible

What is an Assessors' Agent?

What is an Assessor?

What is a 'Board of Assessor' member?

An Assessors Agent is a employee or contracted service depending on the town government needs, municipal property complexity,

and the time per week spent on the assessing function.

(Agents have no legal authority)

Smaller towns have smaller needs and usually contract. Larger towns have larger needs and usually require a full time employee.

Assessors also fill other duties such as E-911, General Assistance, planning assistance and other duties at the discretion of the municipal official

Assessors and Boards of Assessors have legal authority

History of market bubbles

- Tulip bulb bubble 1634-1638
- Mississippi Bubble 1719-1920
- South Seas Corp England 1720
- J.P Morgan bailout 1907
- Florida land bubble 1920's
- Stock Market 1924-1929
- Gold and Silver early 1970's
- Japanese Economy 1984-1989
- .com bubble 1990's-2000
- Equities Market Crash October 19, 1987
- Real Estate Bubble
- Debt Bubble
- 'Taxation' Bubble?

Basic Assessing

- 12 Principles of Value
 - Principle of Substitution
 - Principle of Anticipation
 - Principle of Balance
 - Principle of Change
 - Principle of Competition
 - Principle of Conformity
 - Principle of Consistent Use
 - Principle of Contribution
 - Principle of Increasing and Decreasing Returns
 - Principle of Progression and Regression
 - Principle of Supply and Demand
 - Principle of Surplus Productivity

The Market data is a little clogged

- Market conditions are very local and regional
- Market conditions for waterfront are stable or increasing marginally
- Market conditions are marginal above \$150,000
- Market conditions are reflective of job security
- Market is measurable and predictable, except when it isn't
- Market conditions are very dynamic due to outside influences
- Market conditions can vary by property type

Union, Warren

- Values are generally stable
- Waterfront slightly increasing
- Non-waterfront stable to slightly decreasing
- Building permits are more or less stable
- Town locations are good for commuting but fuel increases will impact housing
- Union town ratio 95% in 2007 to 109% in 2010
- Warren town ratio 95% in 2007 to 101% in 2010

Newcastle

- Market activity has returned to 2007 levels
- In 2010 7 sales over \$470,000 (none in 2009, 2008)(2011 2 sales above \$400,000)
- Market activity at \$130,000-\$250,000
- Average town value ratio 80% in 2007,90% in 2010

Searsmont, Bremen

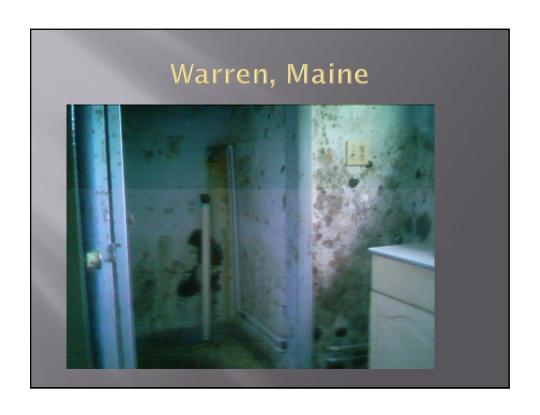
- Very localized markets
- Building Permits are marginal
- Towns 'suffer' from locations
- Searsmont town ratio at 70% since 2007 but has had too few sales to indicate change or trend
- Bremen town ratio at 60% (?) since 2006 but has too few sales to indicate change or trend

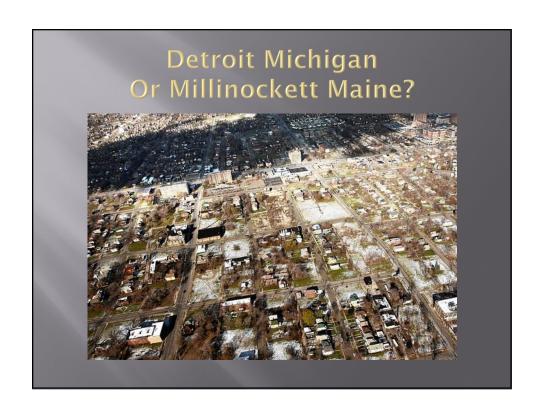
Current Market Conditions

- Oversupply
- Shadow market/REO's
- Marginal properties
- Impact from seasons on vacant residential buildings
- Impact from internal influencesProperty detriments
- Impact from external influencesFederal/State/Local
- Impact of commodity pricing

Prediction of the future Market Conditions

- Marginal properties may need to be torn down as unacceptable to future desires/standards
 - (Demand; State Building code; Substitution competition)
- Impact of shadow market
- Impact of Commercial market
- Prediction for Real Estate stabilization (3-7 yrs)
- Prediction for Real Estate appreciation (10-15 yrs)





Assessor Challenges

- Decisions based on long term structural facts
- The Sale Price/Assessed Value Argument
- Defending tax burdens that are not Municipality driven
- Public statements by those not knowledgeable
- Multiple tools in the tool box
- Teachable moments
- Facts vs. opinions
- Tax base foundation adjustment (Res/Comm)
- Property owner education
- Awareness of personal situations

Question and Answers

Thank You very much for inviting me!!