



TOWN OF
PETERBOROUGH
ASSESSING
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How Your Property is Assessed

The Assessor first reviews all the property to be assessed then values it. Accurate appraisals require constant searching for significant facts to accumulate and analyze in order to estimate the fair market value of your property.

A. What is market value?

Finding the market value of your property involves discovering the price most people would pay for it in its present condition. The assessor has to find what the value would be for every property, no matter how big or how small. This process is also done each year on new and improved properties, because the market value of almost everything changes from one year to the next - as we all know.

B. How is property appraised?

To find the value of any piece of property the assessor must first know what properties similar to it are selling for, what it would cost today to replace it, how much it takes to operate and keep it in repair, what rent it may earn.

- ***Sales Comparison Approach***

The first method compares your property to others that have sold recently. These prices, however, must be analyzed very carefully to get the true picture. One property may have sold for more than it was really worth while another may have sold for less money than it was actually worth. When using the sales comparison approach size, quality, condition, location, and time of sale are important factors to consider.

- ***Cost Approach***

A second way to value your property is based on how much money it would take, at current material and labor costs, to replace your property with one similar. If your property is not new, the assessor must also determine how much it has depreciated. In addition, the assessor must estimate how much a lot like yours would be worth if vacant.

- ***Income Approach***

The third way is to evaluate how much income your property would produce if it were rented as an apartment house, a store, or a factory. The assessor must consider operating expenses, taxes, insurance, maintenance costs, and the return most people would expect on your kind of property.



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How Your Property is Assessed (Cont.)

C. Why does assessed value change from year to year?

When market value changes, naturally so does assessed value. For instance, if you were to add a garage to your home, the assessed value would increase. However, if your property is in poor repair, the assessed value would decrease. The assessor has not created the value. **PEOPLE MAKE VALUE** by their transactions in the market place. The assessor simply has the legal responsibility to study those transactions and appraise your property accordingly.

D. Assessed value & the tax rate.

The assessor's office has nothing to do with the total amount of taxes collected. The amount of taxes you pay is determined by a **TAX RATE** applied to your property's **ASSESSED VALUE**. The State of New Hampshire's Department of Revenue Administration sets the rate based on the Town's valuation using budgets from the Town, School District and County. The new tax rate is usually set in October and available for the second billing.

What Determines Value

Assessors estimate the fair market value of a property, that is, the price most people would pay for it in its condition as of the assessment date. The best indicator of fair market value is market activity. Buyers and sellers create market value by their transactions. In an appeal, the best evidence of market value is sale price, the sale price of the subject property or of similar properties (called comparables).

How Assessors Value Property:

- The first step in valuation is data collection. The assessor's office collects quantities of information about each property in the jurisdiction. The information is recorded on a property record form, which may be reviewed for accuracy by the taxpayer.
- The assessor's office also collects sales data and data on social, economic, and environmental factors affecting property value, for example, employment, population and income patterns, interest rates, construction costs, regional location factors (such as access to parks, churches, schools, and public transportation), zoning, and rent control. Complete and accurate maps are essential to the assessor's office. Many jurisdictions now have computerized geographic information systems that are used by many branches of government. These systems integrate ownership records with information about zoning, sewage systems, land use, soil types, communication networks, geologic structure, and a host of other data.