

Office of the Assessor
City and Borough of Sitka

Annual Assessment Revaluation – January 1, 2017:

Taxable property located within the borough has been valued and assessment notices were mailed March 14th. The taxbase increased to \$1.08 billion this year with a net increase in real property value of \$48M (4.6%), and a net decrease of -\$2.7M (-2.8%) for personal property. Real property gains included an estimated \$14.7M in new construction, and were offset by a net decrease of -\$2.3M due to continued increases in exemptions, primarily the senior-citizen, disabled-veteran exemption. The average value increase for this revaluation year is \$29,800 per property, which amounts to about 8% of market value on the single-family average sales price of \$362,100.

Real property transfers continued to be strong in 2016 with 42% of sales prices disclosed to the Assessing Department, leaving 58% of relevant market data unavailable for valuation purposes. A good percentage of Sitka's sales are not professionally marketed, moving by word of mouth or alternate advertising means, and thus cannot be found on a multiple listing service database. In addition, 48.5% of this year's sales were cash transactions which also may not appear in centralized market database. All of these factors combined, leave holes in the data available to the assessor for valuation analysis and can have an effect on the accuracy of assessed values. Despite these challenges the following facts were gleaned from the sales information that was disclosed and are provided for reference.

City and Borough of Sitka Sales Analysis - 2016						
Sale Category	Sales Prices				Sales Counts	
	Average	Median	Minimum	Maximum	Disclosed	Total
Commercial	\$ 670,600	\$ 441,300	\$ 200,000	\$ 1,600,000	4	24
Condo	\$ 194,700	\$ 175,000	\$ 140,000	\$ 269,000	3	6
Mobile Home Only	\$ 24,300	\$ 15,000	\$ 3,900	\$ 55,000	7	8
Multi-Family 2-3 Units	\$ 274,700	\$ 290,000	\$ 139,700	\$ 430,000	9	13
Multi-Family 4+ Units	\$ 340,000	\$ 340,000	\$ 340,000	\$ 340,000	1	7
Resi Mobile Home	\$ 370,000	\$ 370,000	\$ 370,000	\$ 370,000	1	4
Single Family	\$ 362,100	\$ 328,500	\$ 105,000	\$ 925,000	66	147
Townhouse	\$ 412,500	\$ 412,500	\$ 410,000	\$ 415,000	2	2
Vacant Land	\$ 149,600	\$ 90,000	\$ 60,000	\$ 400,000	11	33
Vacant Island	\$ 46,500	\$ 46,500	\$ 45,000	\$ 48,000	2	8
Resi Island	\$ 365,000	\$ 365,000	\$ 365,000	\$ 365,000	1	5
Totals					107	257

Market Factors:

Economic factors such as housing supply & demand, employment, wages, inflation, and interest rates are implicit factors which can, and do, affect value despite the fact that there may have been no actual physical changes to each individual property. These factors are implicit in nature and difficult to measure, but are an essential piece to the valuation process. Factors such as new construction, demolition, and depreciation also affect overall value levels and can easily be measured. It is the Assessor's duty to measure and weigh all factors when revaluing property. This is the annual assessment process, and full and true value is our valuation standard mandated by state law.

Full and true value is set by the market, not by the Assessor. We measure that value through arms-length sales between willing buyers and sellers. Full and true value is defined as "the estimated price the property would bring in an open market and under the then prevailing market conditions in a sale between a willing seller and a willing buyer both conversant with the property and with prevailing general price levels." Therefore, any sale not meeting this criteria is not used for valuation purposes.

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During the prior calendar year, local market conditions produced steady and slight appreciation in real property values, and sales analysis shows this to be about 1% per year. A very tight supply of homes available for sale, matched with steady demand, helped to maintain market levels with at a median residential sales price of \$328,500. New construction in 2016 amounted to an estimated \$14.7M and this reflects a healthy economy and growing demand on existing infrastructure and core city services such as schools, police, fire, public works, planning, and assessing.

Assessment Systems:

Sitka's assessment systems have some limitations and are a contributing factor to annual increases in assessments as well. Sitka's assessment systems consist of a very limited Computer-Assisted Mass-Appraisal (CAMA) system, and three full-time staff to manage over 4,700 properties and serve 9,000+ residents. Our charge is to adequately maintain the property tax base and produce equitable market valuations, while providing customer service and value-added services such as historical property information, plat and easement information, notary services, and annual market data analysis for the public.

Mass appraisal is the valuation of thousands of properties on an annual basis utilizing assessment systems (technology and staff). Mass-appraisal differs from what we call the "fee-appraisal" process in the scope of work and the sales data available for valuation purposes. The mass-appraisal process utilizes the same three approaches to value and utilizes hundreds of sales to support value conclusions, instead of the typical three to six comparable sales used to support a property-specific fee-appraisal.

CAMA systems are essential to effectively systematically value thousands of properties. Yes, we have a CAMA system, but it has limitations which can best be understood by using a car analogy. We currently have a car, not a new one and not an old one either, but we have a car without an engine. Because we have no engine our property valuations are calculated manually and entered into the database (car). This takes time, and is not as efficient as valuing properties with valuation models in mass.

We are working hard to fix these limitations by getting everyone into the car and building an engine so that we can meet our charge. We have implemented policies and procedures which will continue to streamline our workflow and allow us to work as efficiently as we can with current staffing levels. Current staffing levels are adequate for a city of this size, but for a car that is fine-tuned. We are not yet there; therefore, emphasis will be placed on utilizing current staff to get all properties inspected (into the car) as soon as possible. The Assembly in late 2016 did approve funding for the implementation of a fully-functioning CAMA system, which will be implemented in Fiscal Year 2018.

Equity and Full and True Value:

In summary, these limitations have resulted in falling behind in our state law mandate to revalue each property every year, and revisit each property at least every six years. When properties are not revalued within these parameters, all properties will not be at full and true value and inequities most-likely will exist. Thus assessment systems limitations are the primary driving factor in real property value increases this year again. It is estimated that about 99% of the properties in the current area of re-inspection, the north end of the borough, have not been re-inspected and revalued since 2003-2004. The average value increase for this revaluation year is \$29,800 per property, which amounts to about 8% of market value on the single-family average sales price of \$362,100.

The Assessing Department strives to ensure the equitable valuation of all properties, so please weigh all of these factors when reviewing your assessment notice and report any errors, omissions, inaccuracies that need to be addressed. State law also affords for informal and formal review periods where your concerns about your assessment value can be addressed.

Exempted Property Totals are Increasing Each Year:

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While assessed values have steadily increased over the years, exemption totals for property subject to mandatory, and optional, exemptions have increased as well. This year's increase in exempted assessed value was 2.5%. This was due primarily to the addition of 20 additional senior and veteran \$150,000 household exemptions in 2016. Sitka currently has 582 properties qualifying for the senior citizen, disabled veteran mandatory exemption afforded by Alaska Statute 29.45.030(a). This total represents 19% of the estimate of total eligible households in Sitka, and exempted value totals 8.6% of the total assessed real property within the borough, and is expected to grow each year as the population ages.

Changes in Personal Property Taxation for 2017:

Personal property consists of boats, airplanes, machinery & equipment and is handled a little differently. Because it is movable and can be proprietary in nature, state and local law places responsibility on the property owner to report its ownership annually. Therefore, it is important for you to inventory and report any changes in your personal property holdings every year by February 15th; failure to do so will result in a \$100 failure to file fee. This fee has been in place since 2013 and will not be waived by the Assessing Department. Your personal property assessment is appealable through both the formal and informal review process, but the failure to file fee is not.

Personal Property taxation changes for 2017 include the exemption of all boats and light-aircraft. The Assembly, at its December 27th meeting exempted these personal property items, but retained the taxation of Business Personal Property to include non-light aircraft. The Assembly also retained the exemption of business personal property totaling less than \$25,000 in value, and the \$100 fee for non-timely filing businesses.

All businesses operating within the city must annually submit a Business Personal Property Declaration regardless of total valuation of assets in order for the Assessing Department to determine whether the \$25,000 exemption applies. All aircraft owners must submit a Business Personal Property Declaration for their aircraft in order to determine if the light-aircraft exemption applies.

Assessment Review – March 14th-April 14th:

The Assessing Department will continue to offer property owners the ability to review assessments, discuss property details, or secure information about the valuation methodology during the informal review period of March 14th to April 14th. It is your duty as a property owner to examine your assessment record, and to provide any and all market data to support a value conclusion that is different from the one on your notice.

We encourage you to visit our office during this time and review our sales file for comparable properties when reviewing your assessment. If you are seeking a value adjustment, information required for this request will be a recent appraisal, a HUD closing statement, or recent comparable sales to support your opinion of value, and a comprehensive property inspection will be mandatory.

If you feel your concerns about your assessed value have not been adequately addressed you have the right to file a formal appeal by doing so in writing before **4:00PM April 14th, 2017**, to schedule a hearing before the Board of Equalization.

[Assessing Department](#)

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