



Finance
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Assessment Report- Residential Overview

City and Borough of Juneau

For Assessment Year 2022

Assessment Date (Effective Valuation Date): January 1, 2022

2022 Report Date: March 29, 2022

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Residential Prologue

A City and Borough of Juneau property assessment is the Assessor's determination of the fair market value of your property as of January 1, 2022. For residential properties, values for single-family homes in Juneau went up by 8.4% on average over the last year. This market activity is reflected in CBJ's 2022 property assessments. The increase in value was driven by a high demand for homes, low supply of new homes, and rapidly rising building costs. Average assessment increases for single-family homes by neighborhood range from as little as 5% out Thane Road to as much as 12.2% in the Casey Shattuck (Flats) neighborhood.

Residential properties become worth more when people are willing to pay more. 2021 saw about 800 residential sales in Juneau; CBJ has sale prices for roughly half of them. Here are details on what drove residential property values up:

- With so many buyers in the market and so few homes to buy, sale prices tended to exceed asking prices. In the 2021 housing market, it was not uncommon for sellers to receive multiple offers including escalating contingencies from buyers trying to make sure they were not out-bid. Some homes were purchased with additional cash above and beyond what could be financed based on a market appraisal.
- Interest rates — essentially the cost to borrow money — were also historically low. Lower interest rates give buyers additional purchasing power, and that purchasing power created high demand among limited supply.
- Prices for lumber and other building materials surged last year, as did labor costs. These price inputs increase the cost to replace a home, which in turn increases the prices that buyers were willing to pay.

Why do CBJ assessments matter? Your property taxes are calculated by multiplying your assessed value with the millage rate, so it is important that your assessed value is accurate. Until the Juneau Assembly finishes next year's city budget and sets the property tax rate in June, no one knows exactly what their individual property tax bill will look like. The Assembly has the authority to reduce or increase the mill rate, or keep it flat.

Introductory Message for 2022

Overall, residential assessed property values increased 9.21% from 2021 to 2022.

Overall, commercial assessed property values increased 2.31% from 2021 to 2022.

Overall, vacant land assessed property value decreased by 0.62% from 2021 to 2022.

Business Personal Property Values increased less than 1% from 2021 to 2022.

Valuation Summary

Assessment Process Overview

Sales Data Procedures

Sales data was gathered and considered through a sales validation and verification process. A sales validation criteria and policy was implemented in 2021 and documented for commercial property for 2022.

For residential properties the sales utilized for analysis are from the range of January 1, 2019 to December 31, 2021. There were a total of 1,040 qualified sales of residential properties with confirmed sale prices for the main analysis set.

Model Specification & Calibration Procedures

Mass appraisal models utilized in generating values have gone through the processes and Specification and Calibration.

Three Approaches to Value

Cost Approach – is calibrated through trends in costs.

Sales Comparison Approach – utilizes market sales.

Income Approach – utilizes standard rates and/or individual property data.

For many classes of properties our CAMA utilizes a model that is a hybrid of the Cost and Sales Comparison approaches; a Market Adjusted Cost Approach.

Analysis and Valuation Overview

Commercial and residential property levels of assessment are summarized in the table below. The table summarizes the ratios from comparing assessed values to sales. A ratio of 1.00 would be right at market, a ratio under 1.00 indicates that the assessed value is below market value.

<i>Property Class (After Adjustments)</i>	<i>Count</i>	<i>Mean</i>	<i>Median</i>
Commercial Properties Overall (without boathouses)	49	0.8507	0.8265
Residential Properties	1040	0.9752	0.9748

The residential market increased in value throughout 2021 with increased prices for single family homes, attached homes, and residential condos. A table summarizing residential values is below.

Property Type	2019 Median Sale Price	2020 Median Sale Price	2021 Median Sale Price
Single Family Homes	\$415,000	\$442,000	\$481,400
Attached Homes	\$310,000	\$332,700	\$362,500
Residential Condos	\$232,500	\$228,900	\$240,000

Summary of Performance Tests and Measures (Statistics)

This summary report shows statistics for residential properties from the starting point for assessment year 2022 showing a mean of 0.9570 and a median of 0.9565.

AY2022- Residential Starting Point, Trended Summary Report

Statistics

Current

1007	Count	(Number of Records with Ratio)
0.7360	Minimum Ratio	
1.1930	Maximum Ratio	
0.4570	Range	

0.9570	Mean	(This is the average ratio for your sample.)
0.9565	Median	(This is the mid-point value for your sample. Preferred measure of central tendency.)
0.9616	Weighted Mean	
7.2748	Sum of the Square of Deviations	
0.0671	AAD	
0.0850	Standard Deviation	

7.0134	COD	(Good indicator of confidence level.)
8.8855	COV	
0.9953	PRD- Price-Related or Factor Differential	
		(PRD s/b between 0.98 & 1.03, IAAO)
		(PRD over 1=Regressive)

IAAO Standards for COD	
SFR	15.0 or less
SFR-newer/homog	10.0 or less
Income Properties	20.0 or less
Income-Urban area	15.0 or less
Vacant Land	20.0 or less

Coefficients (0=Normal Distribution)

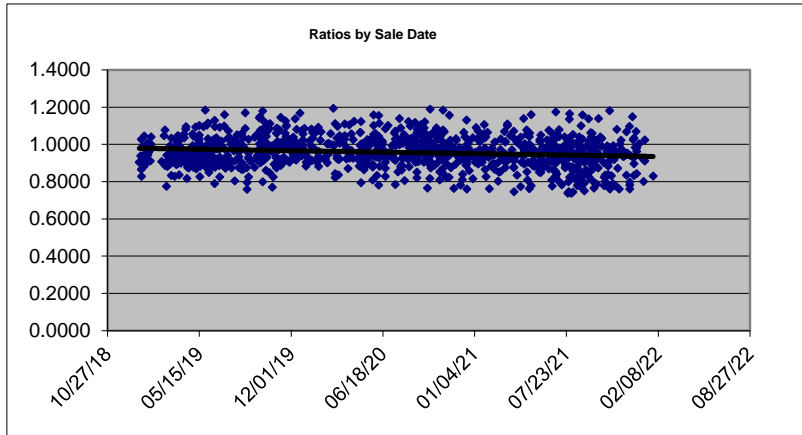
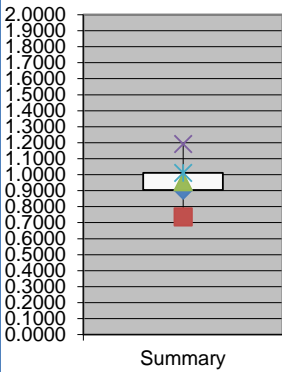
Kurtosis	#DIV/0!
Skewness	#DIV/0!
Alt.Cyhelsky's Skew	0.0050
Alt.Pearson's Skew	0.0177

Trending Factors

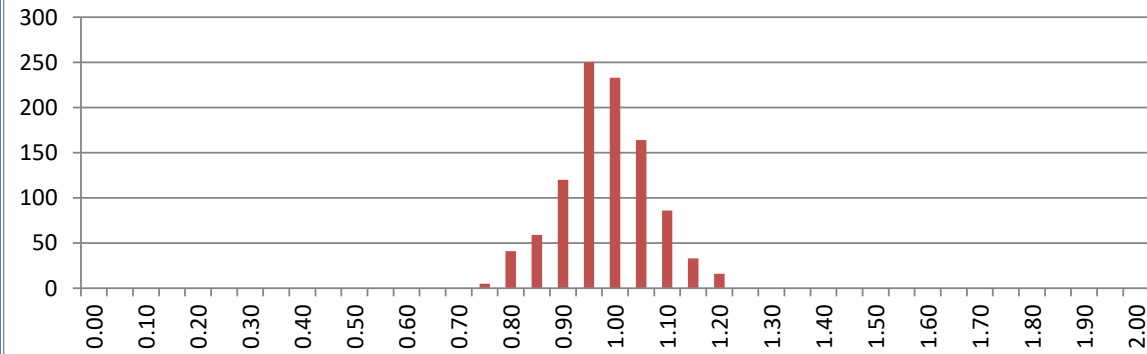
0.85	Target Level
0.8882	Factor on Mean
0.8886	Factor on Median
0.8839	Factor on Weighted Mean

Normal / Skewed Distribution Evaluation

-0.0005	Differential Mean to Median
506	Number of data points below the mean.
501	Number of data points above the mean.
*Note- # below/above works on data sets up to 5,000 pts.	



Histogram of Ratio Frequency



This second summary report shows the statistics for residential properties after calibrating the values for assessment year 2022 showing a mean of 0.9752 and median of 0.9748.

**AY2022- Residential, After Adjustments, Trended
Summary Report**

**Statistics
Current**

1040	Count (Number of Records with Ratio)
0.7792	Minimum Ratio
1.1807	Maximum Ratio
0.4015	Range
0.9752	Mean (This is the average ratio for your sample.)
0.9748	Median (This is the mid-point value for your sample. Preferred measure of central tendency.)
0.9751	Weighted Mean
5.5631	Sum of the Square of Deviations
0.0567	AAD
0.0732	Standard Deviation
5.8171	COD (Good indicator of confidence level.)
7.5035	COV
1.0001	PRD- Price-Related or Factor Differential (PRD s/b between 0.98 & 1.03, IAAO) (PRD over 1=Regressive)

IAAO Standards for COD	
SFR	15.0 or less
SFR-newer/homog	10.0 or less
Income Properties	20.0 or less
Income-Urban area	15.0 or less
Vacant Land	20.0 or less

Coefficients (0=Normal Distribution)

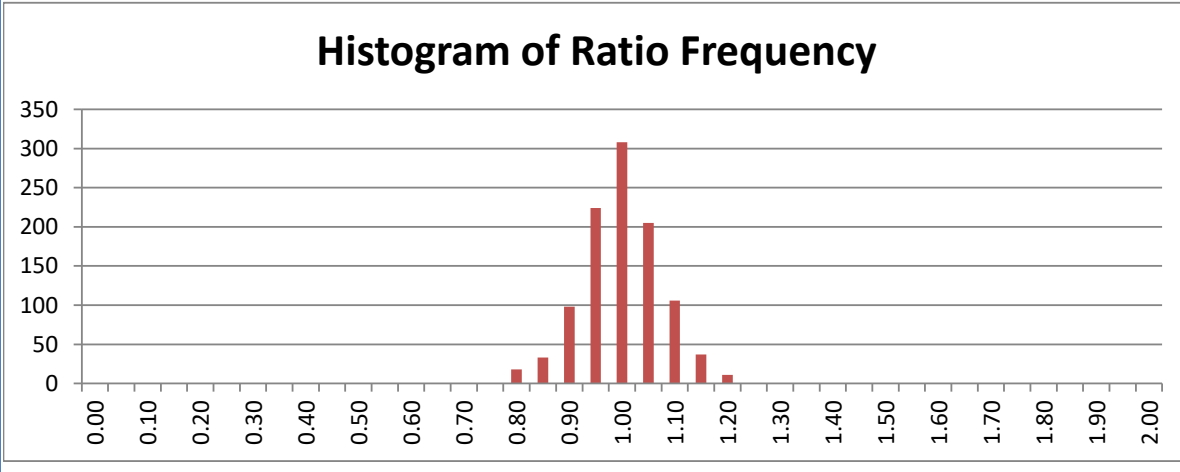
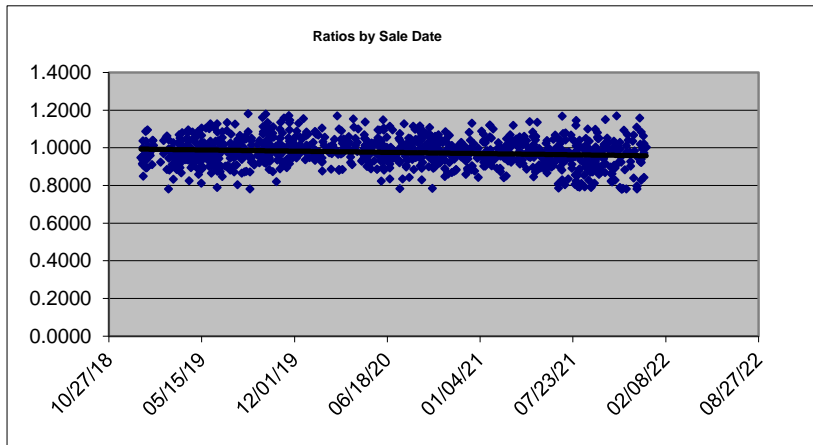
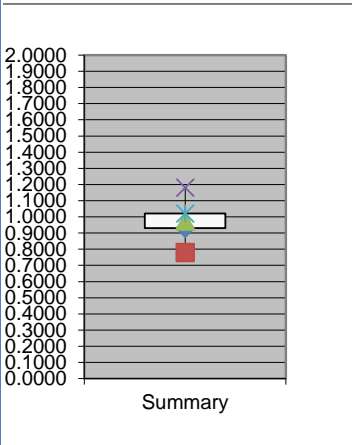
Kurtosis	#DIV/0!
Skewness	#DIV/0!
Alt.Cyhelsky's Skew	0.0096
Alt.Pearson's Skew	0.0173

Trending Factors

0.85 Target Level
 0.8716 Factor on Mean
0.8720 Factor on Median
 0.8717 Factor on Weighted Mean

Normal / Skewed Distribution Evaluation

-0.0004 Differential Mean to Median
 525 Number of data points below the mean.
 515 Number of data points above the mean.
 *Note- # below/above works on data sets up to 5,000 pts.



Overview Reconciliation & Conclusions

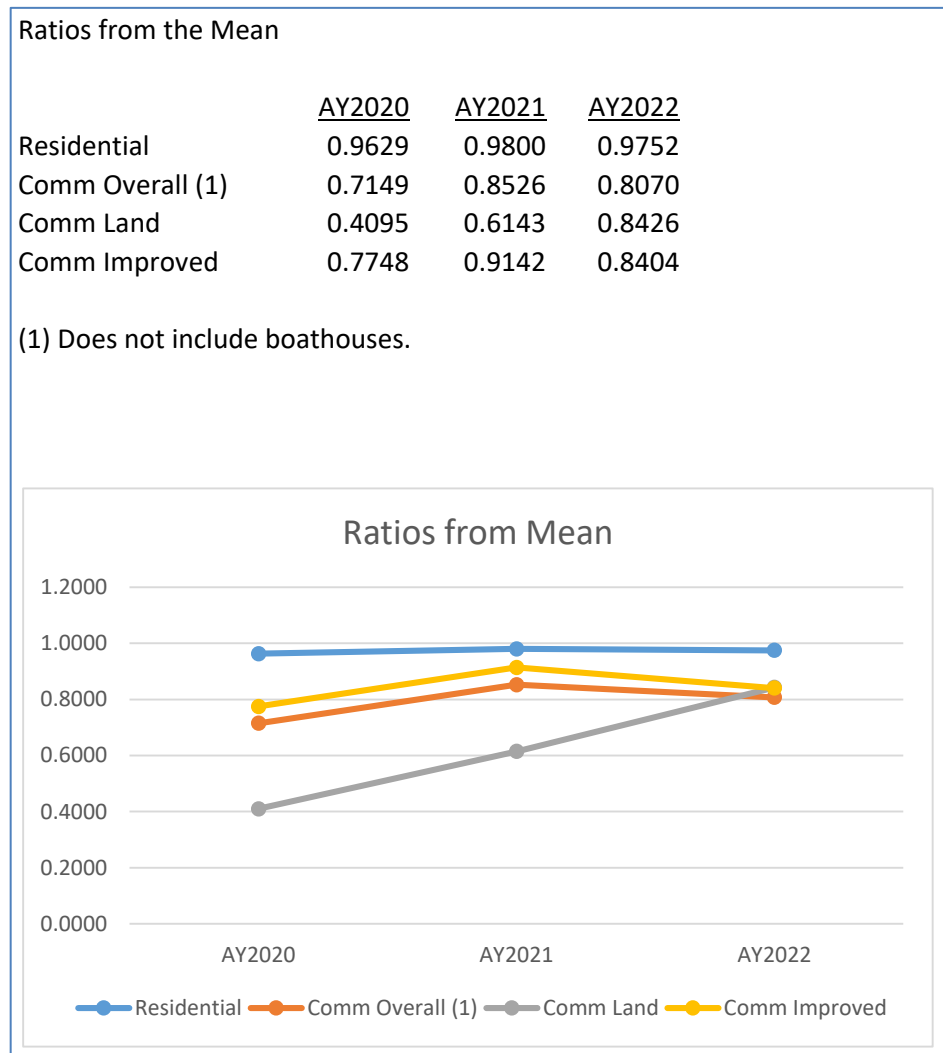
Note that this is an overview of the reconciliation and conclusions. Much deliberation and review occurs within the analysis process that cannot be captured here.

Over the next few years we will continue to work to:

- Bring more uniformity between the commercial and residential property classes
- Bring more uniformity between the commercial subclasses
- Correct the imbalance in the distribution of the value between the land component and the building component(s).

Submarkets, Stratifications and Characteristics Adjustments

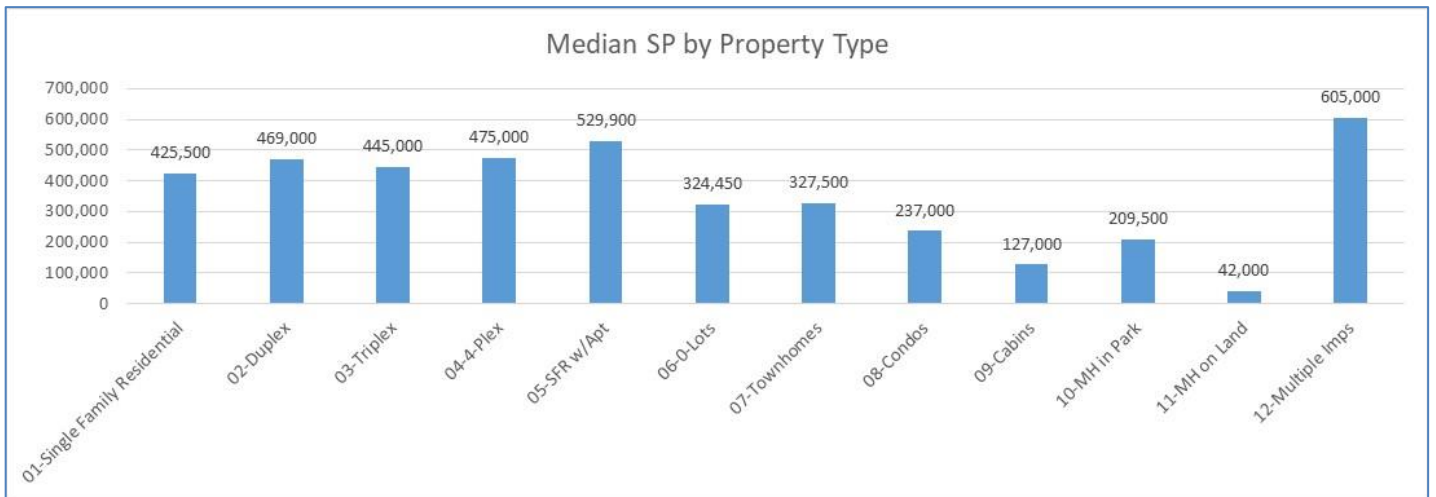
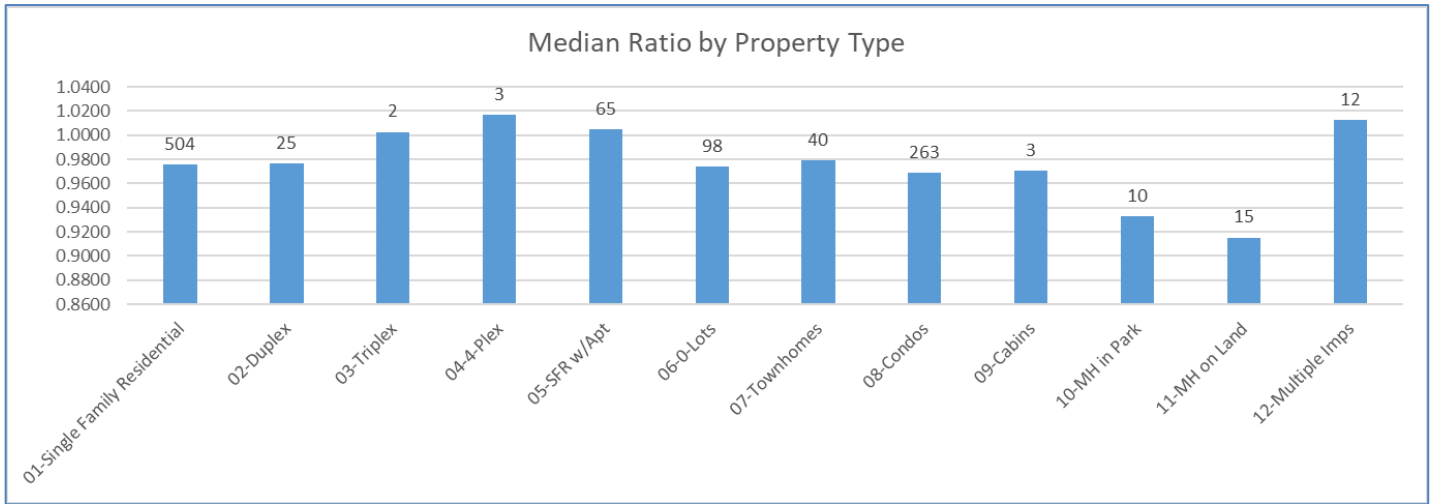
The chart below shows the change from 2020 to 2022.



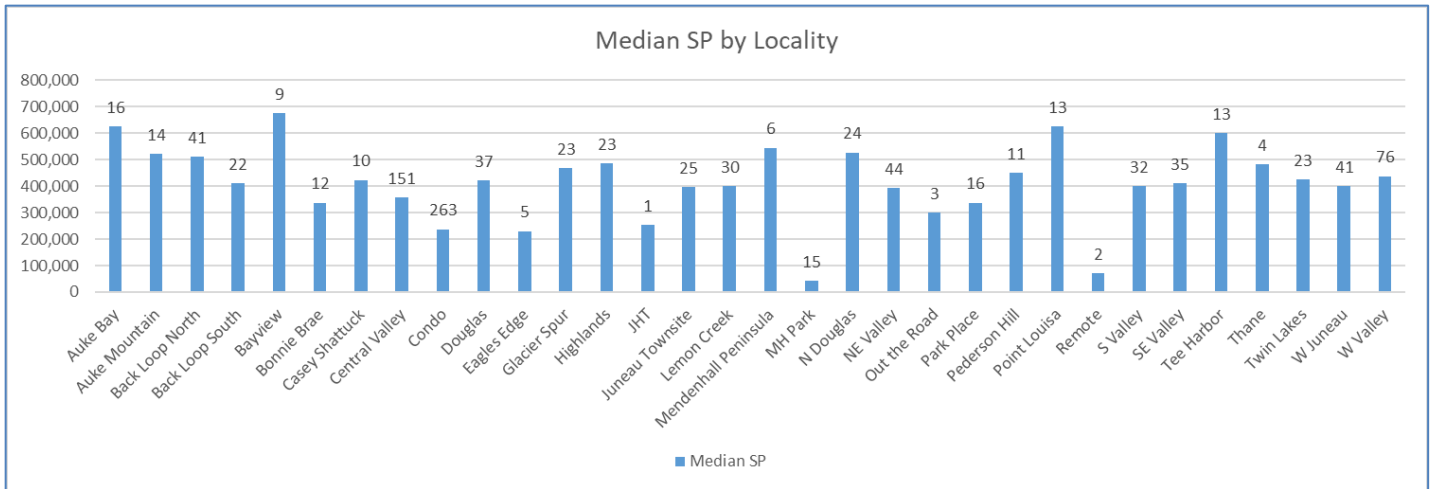
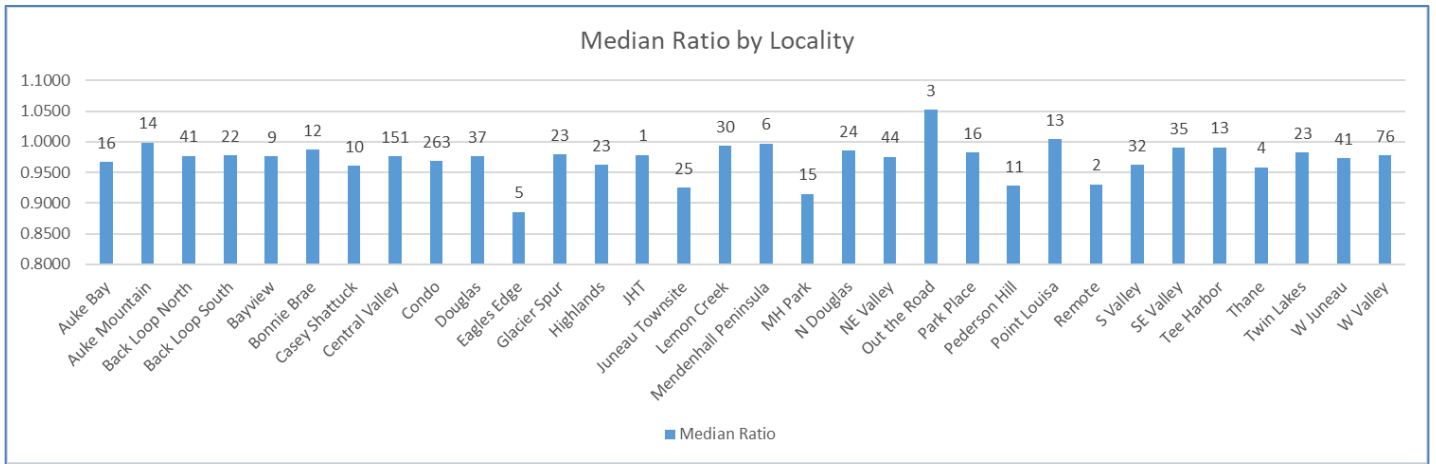
Residential

The following charts are from the audit analysis AFTER the calibration adjustments.

These charts show median assessed value to sales (a/s) ratios and median sales prices. On the median ratio chart the number above the column is the number of qualified market sales in that group.



Again, the number above the column is the number of qualified market sales in that group.



The chart below shows the percent change of assessed values per building type from 2021 to 2022.

Description	2021 AV *	2022 AV *	% Change *	Count
01-Single Family Residence	\$ 408,850	\$ 446,850	8.4%	4986
02-Duplex	\$ 444,300	\$ 484,500	8.7%	299
03-Triplex	\$ 465,500	\$ 518,800	10.9%	43
04-4-Plex	\$ 553,800	\$ 596,300	8.3%	107
05-SFR w/ Apt	\$ 521,200	\$ 577,700	9.4%	789
06-Zero-lot	\$ 305,400	\$ 329,900	7.9%	865
07-Townhouse	\$ 318,550	\$ 349,750	8.9%	192
08-Condo	\$ 221,700	\$ 232,100	6.7%	1284
09-Cabin	\$ 91,800	\$ 91,800	0.0%	187
10-MH on Land	\$ 191,500	\$ 204,550	1.2%	224
11-MH in Park	\$ 35,200	\$ 36,950	4.3%	958
12-Multiple Improvement	\$ 571,700	\$ 627,000	8.6%	193
17-Vacant Land	\$ 121,500	\$ 121,000	0.0%	1248
<i>AV = Assessed value</i>				
<i>* indicates median value</i>				

Residential Comments

- Building cost increases were applied to the residential building components.
- After the building cost increases were applied the values were re-analyzed against sales on a neighborhood basis.
- Residential property values increased across the board due to a strong residential market in Juneau.

General Reconciliation & Conclusions Summary

After consideration of the data, the various models, and the performance measurements and tests, we have applied the changes to the assessed values for 2022 as indicated by market sales as outlined in the above sections and in further detail in the Annual Valuations Summary Report.

All three approaches were considered for all properties. Similar appraisal methodologies were applied to similarly classed properties in order to promote equity and uniformity. For some classes of properties one or more of the approaches were not given significant weight. Additional information in this regard can be found in the supporting documentation.