



Finance  
Department  
Assessor Division  
155 S Seward St.  
Juneau, AK 99801  
(907)586-5215

# Assessment Report- Residential Overview

City and Borough of Juneau

For Assessment Year 2023

Assessment Date (Effective Valuation Date): January 1, 2023

Report Date: March 3, 2023

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## Introductory Message for 2023

A CBJ property assessment is the Assessor's determination of the fair market value of your property as of January 1, 2023. 2023 assessments reflect a continued steep increase in residential property values, alongside a more moderate increase in commercial property values.

For residential properties, values for single-family homes in Juneau went up by 16% on average over the last year. This market activity is reflected in CBJ's 2023 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 10% in the Casey Shattuck (Flats) neighborhood to as much as 21% in the Juneau Townsite (Downtown) and Northeast Valley neighborhoods.

Residential properties become worth more when people are willing to pay more. 2022 saw about 600 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 2022 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.
- Inflationary pressures and low liquidity in the marketplace continue to drive sale prices within the Juneau market to higher levels.
- Recent data indicates that the national residential housing market has begun to soften following a peak in June 2022 but clear evidence illustrates that this trend is not occurring at a local level.

Generally, commercial property assessments did not go up at the same rate as residential. Overall, commercial assessed property values increased 6% from 2022 to 2023. Sales information continues to be a challenge for commercial assessments. In 2022, there were 52 recorded market transactions CBJ is aware of. CBJ has confirmed sales information on only 29 of these transactions.

**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.

CBJ sent out property assessment notices on March 3, 2023. If you think your property was inaccurately assessed, you must file a petition for review by Thursday, April 3, 2023 at 4:30 p.m.

# Valuation Summary

## Sales Data

Sales data was gathered and considered through a sales validation and verification process. Sales data is collected from property owners, appraisals, disclosed sales, and real estate professionals. A sales validation criteria and policy was implemented in 2021. See Addendum A for the Sale Validation Policy.

Residential sales utilized for the 2023 analysis range from January 1, 2020 to December 31, 2022. There were a total of 1,266 qualified sales of residential properties with confirmed sale prices for the main analysis set.

Sales prices are adjusted for time to reflect market trends throughout the analysis range. Time trended sales adjustment are important for accurate valuation as of January 1, 2023 because market changes throughout the year can overstate or understate values. An annual time trend of 9.97% was used to trend sales in the range of January 1, 2020 to December 31, 2022.

Four qualification types are utilized during the sales validation process:

- Qualified – Appears to be an arms-length sale with a disclosed sales price.
- Not Qualified – Inadequate information, typically not being further researched.
- No Data – Evidence of transfer of ownership, but no sales information available.
- Unverified – Needs review or continued research.
- Rejected – Identified as or suspect of a non-market sale, or sales that due to limitations with the Computer Assisted Mass Appraisal System (CAMA) system are excluded from the overall ratio study but may be used in special studies. These include multi-parcel sales, or improvements on vacant land after the sale.

## Approaches to Value & Canvass Cycle

The Assessor's Office considers the three approaches to value:

- Cost Approach – calibrated through trends in building costs.
- Sales Comparison Approach – utilizes market sales.
- Income Approach – utilizes standard rates and/or individual property data.

For residential properties our CAMA system utilizes a model that is a hybrid of the Cost and Sales Comparison approaches; a Market Adjusted Cost Approach. . Cost information supplied by Marshall & Swift is used to value improvements, and characteristics and depreciation are considered from a visit to the property resulting in an RCNLD value (Replacement Cost New Less Depreciation). Site value from our land model is specified for the parcel that considers land characteristics, location, and size. Residential properties are then segmented into neighborhood groups and compared to qualified sales data in that neighborhood. Market trends resulting from the analysis of qualified sales compared to assessed values are reviewed and an adjustment is applied to the neighborhood as a whole.

The Assessor's Office has a 5-year canvass cycle, meaning appraisers from CBJ will physically visit the property, take exterior photos, and make any changes needed to building structural elements or land characteristics. Appraisers also record listing data including interior photos when available.

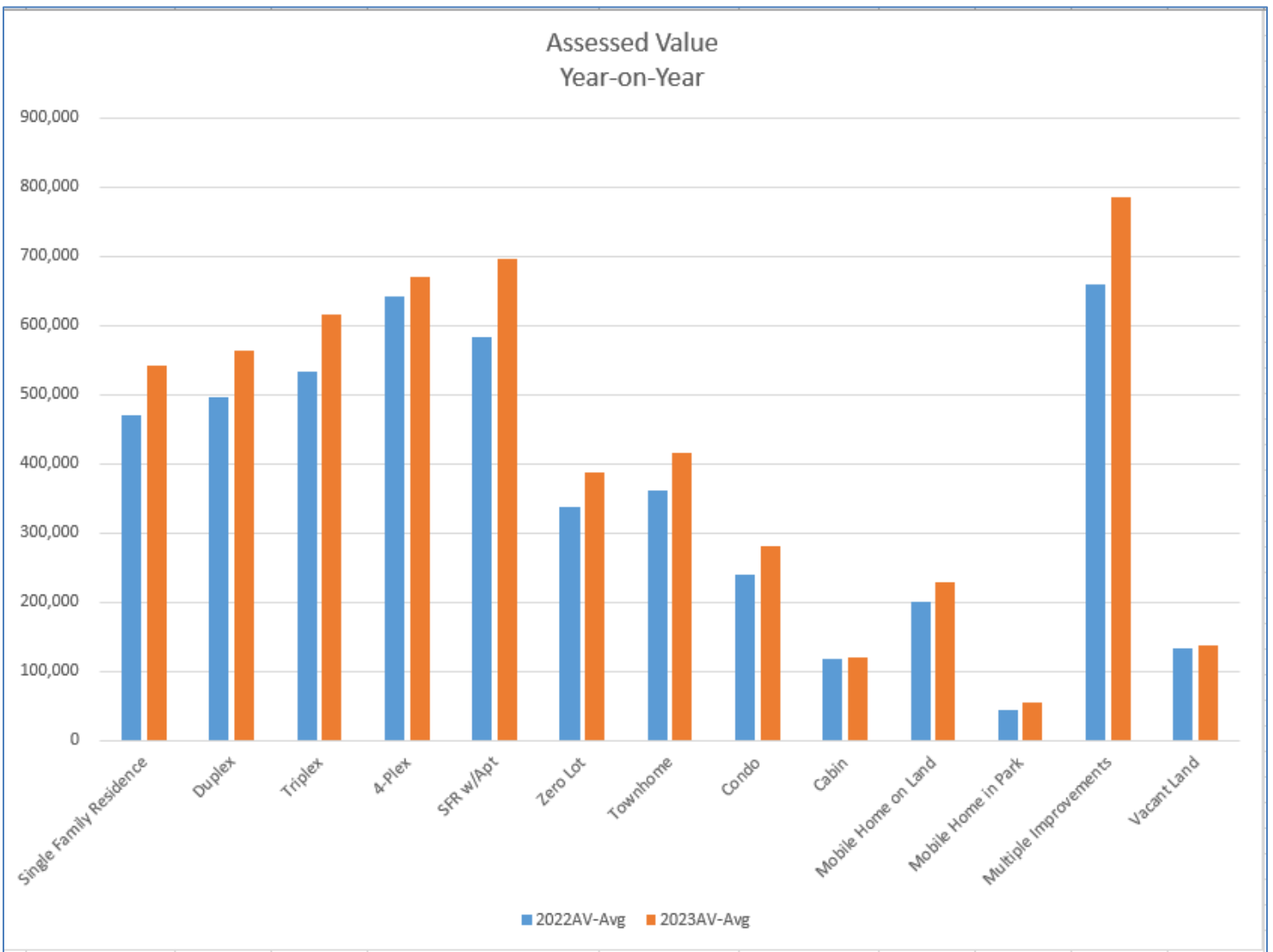
## Analysis and Valuation Overview

The residential market increased in value throughout 2022 with increased sale prices for single family homes, attached homes, and residential condos. A table summarizing residential values is below:

<b>Median Sale Price by Year &amp; Property Type</b>				
SaleYear	SFR	Attached Home	Condos	Dup/3P/4
2020	429,000	324,900	242,250	462,000
2021	479,900	350,000	241,500	500,000
2022	527,124	383,500	268,700	595,000
<b>% Change in SP over Previous Year</b>				
SaleYear	SFR	Attached Home	Condos	Dup/3P/4
2020				
2021	12%	8%	0%	8%
2022	10%	10%	11%	19%
Definitions:				
<b>SFR</b>				
Single Family Residences, SFR w/Apt, Multiple Improvement				
<b>Attached Homes</b>				
Zero Lots and Townhomes				
<b>Condos</b>				
<b>Dup/3P/4P</b>				
Duplexes, Triplexes, 4-Plexs				

## Assessed Values

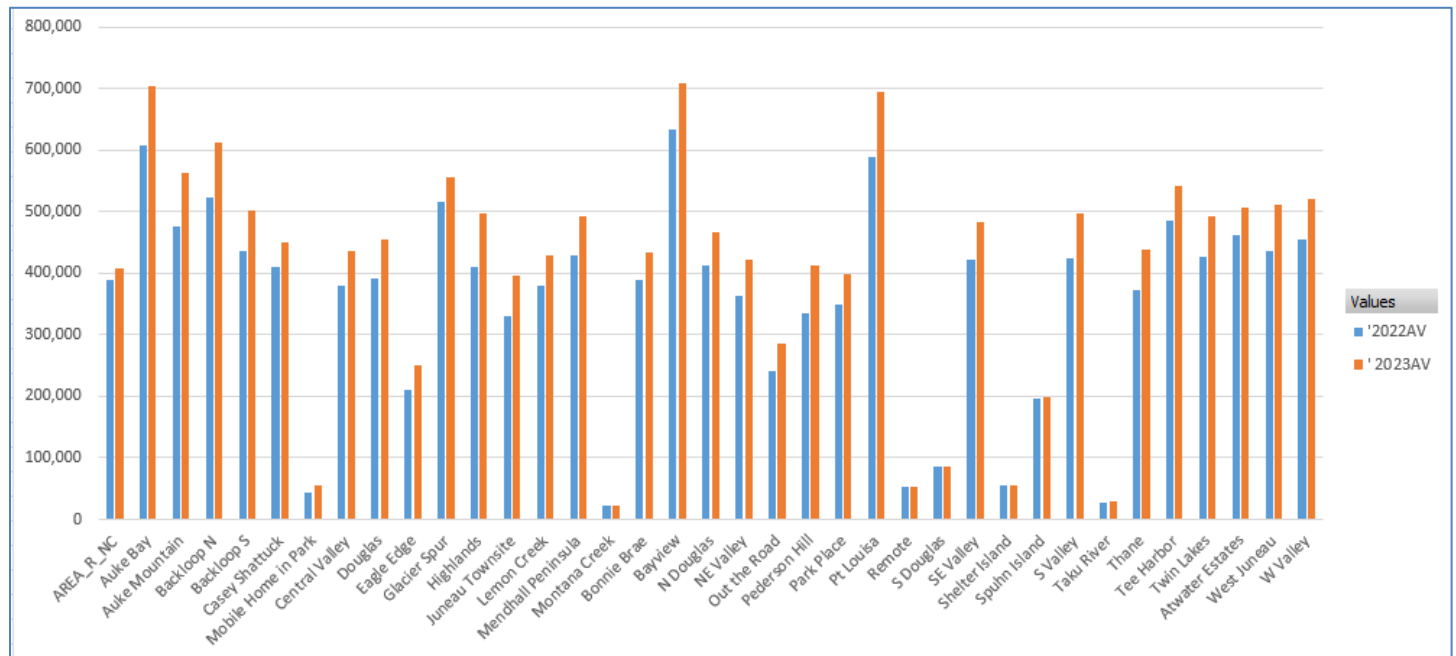
Type	2022AV-Avg	2023AV-Avg	%Chg
Single Family Residence	469,840	541,705	15%
Duplex	495,036	563,540	14%
Triplex	533,250	615,037	15%
4-Plex	640,664	669,752	5%
SFR w/Apt	583,824	695,398	19%
Zero Lot	336,763	386,981	15%
Townhome	360,464	415,246	15%
Condo	238,741	279,962	17%
Cabin	117,848	119,911	2%
Mobile Home on Land	200,360	228,766	14%
Mobile Home in Park	42,989	54,479	27%
Multiple Improvements	660,002	785,957	19%
Vacant Land	133,167	136,558	3%



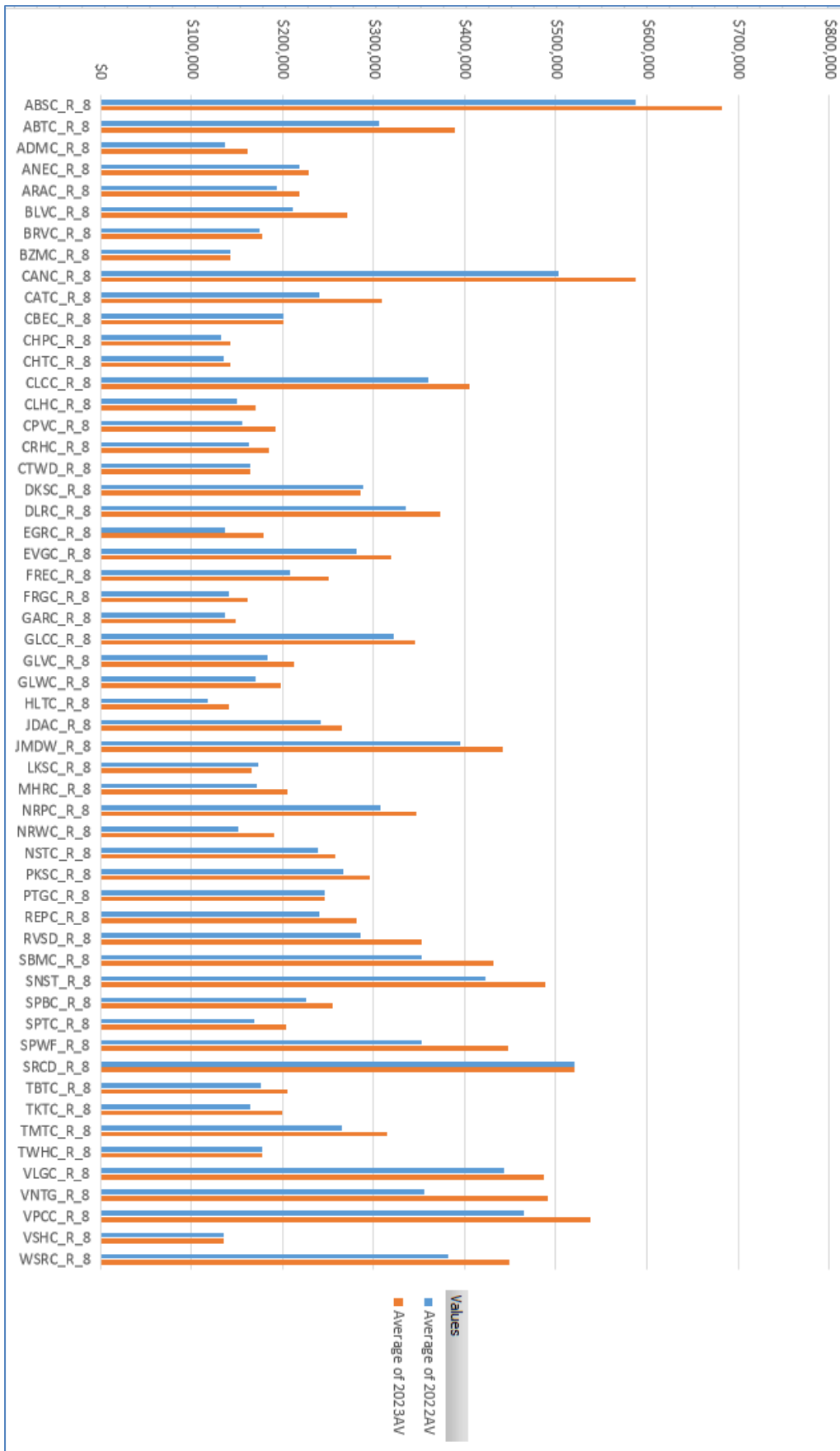
## By Location

All residential types (excluding mobile homes in parks and condos)

NGHD2	'2022AV	'2023AV	%Chg
AREA_R_NC	390,425	408,550	5%
Auke Bay	608,884	704,426	16%
Auke Mountain	476,015	562,761	18%
Backloop N	523,848	612,423	17%
Backloop S	435,264	502,141	15%
Casey Shattuck	411,343	449,973	9%
Mobile Home in Park	43,058	54,595	27%
Central Valley	380,337	436,197	15%
Douglas	392,320	455,554	16%
Eagle Edge	210,359	249,851	19%
Glacier Spur	515,408	555,747	8%
Highlands	411,482	496,760	21%
Juneau Townsite	330,236	396,624	20%
Lemon Creek	379,459	429,370	13%
Mendhall Peninsula	428,145	493,286	15%
Montana Creek	21,250	22,292	5%
Bonnie Brae	388,738	433,582	12%
Bayview	633,287	708,600	12%
N Douglas	412,932	465,915	13%
NE Valley	363,081	422,159	16%
Out the Road	241,597	285,950	18%
Pederson Hill	334,502	413,195	24%
Park Place	348,508	398,169	14%
Pt Louisa	588,662	695,786	18%
Remote	52,030	52,029	0%
S Douglas	85,568	86,129	1%
SE Valley	421,380	483,017	15%
Shelter Island	54,994	54,994	0%
Spuhn Island	196,665	198,019	1%
S Valley	424,451	497,256	17%
Taku River	27,940	28,503	2%
Thane	371,726	439,528	18%
Tee Harbor	486,542	541,154	11%
Twin Lakes	427,117	492,293	15%
Atwater Estates	461,500	506,550	10%
West Juneau	437,387	511,225	17%
W Valley	454,975	519,952	14%
<b>Grand Total</b>	<b>369,945</b>	<b>427,029</b>	<b>15%</b>



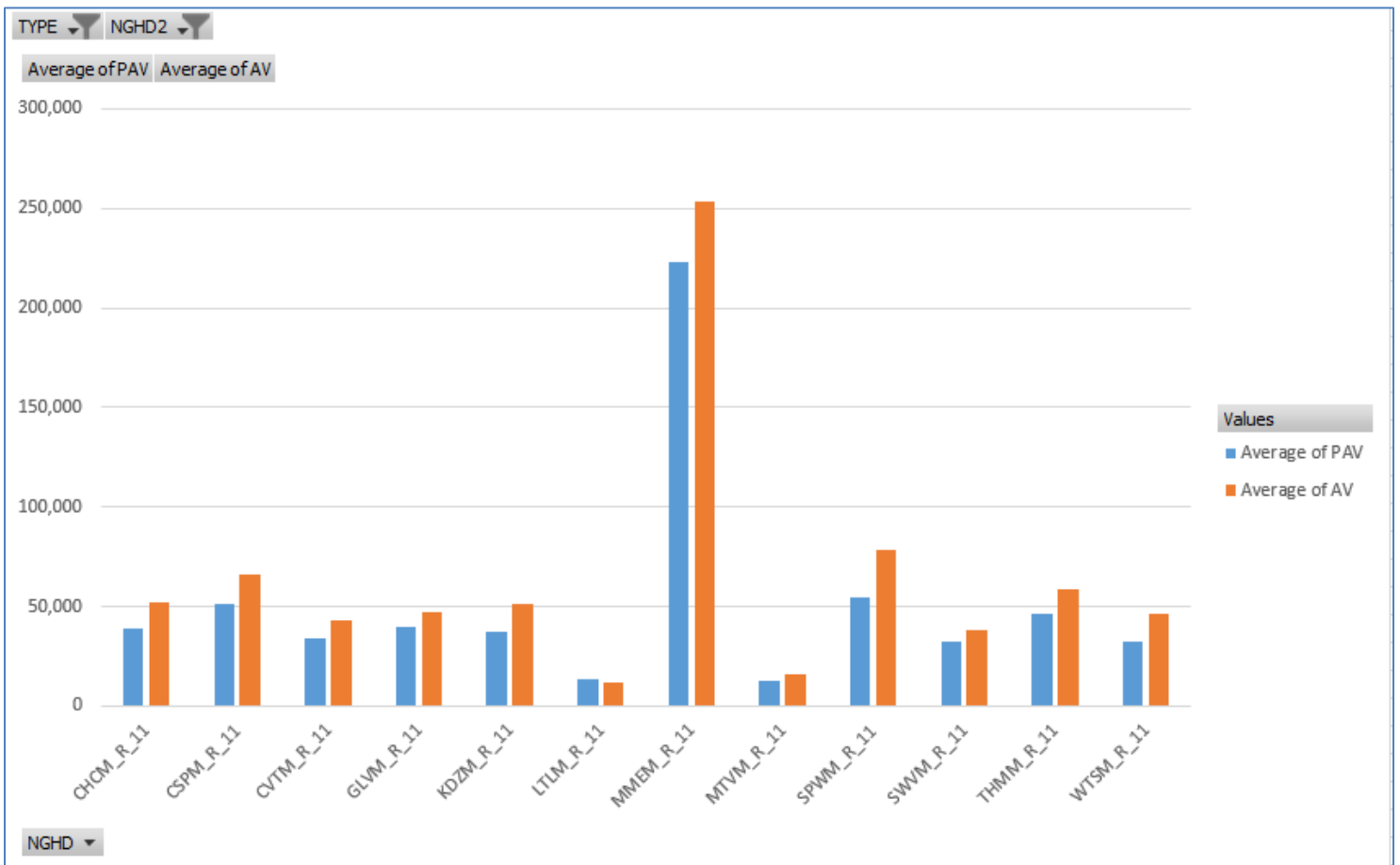
# Condos





## Mobile Homes in Parks

TYPE	(Multiple Items)			
NGHD2	Mobile Home in Park			
NGHD	Average of PAV	Average of AV	% Chg	
CHCM_R_11	39,143	52,094	33%	
CSPM_R_11	51,555	66,101	28%	
CVTM_R_11	34,050	43,463	28%	
GLVM_R_11	39,447	47,558	21%	
KDZM_R_11	37,546	51,184	36%	
LTLM_R_11	13,563	11,938	-12%	
MMEM_R_11	223,073	253,387	14%	
MTVM_R_11	12,300	15,700	28%	
SPWM_R_11	54,589	78,792	44%	
SWVM_R_11	32,620	38,057	17%	
THMM_R_11	45,968	58,415	27%	
WTSM_R_11	32,541	46,066	42%	
<b>Grand Total</b>	<b>43,058</b>	<b>54,595</b>	<b>27%</b>	

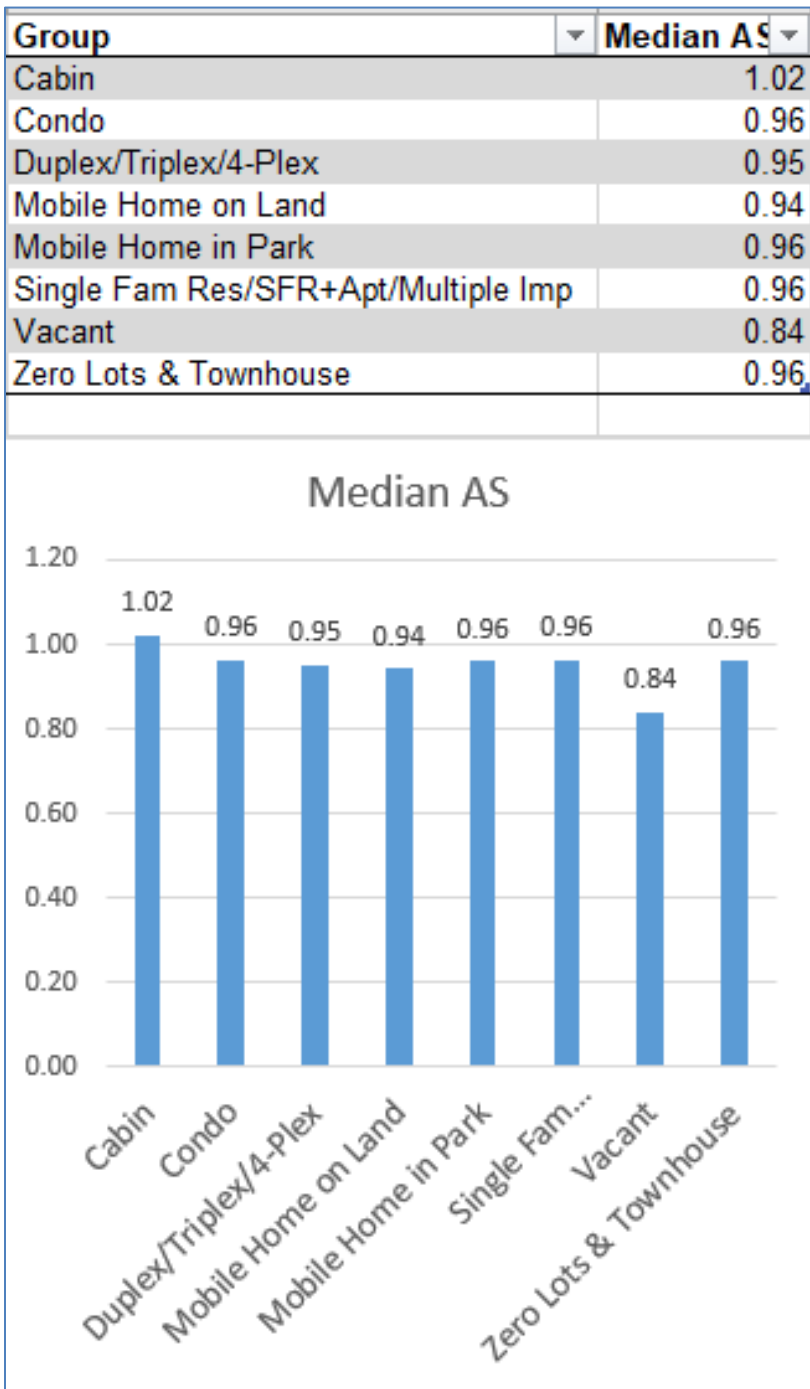


## Overview Reconciliation & Conclusions

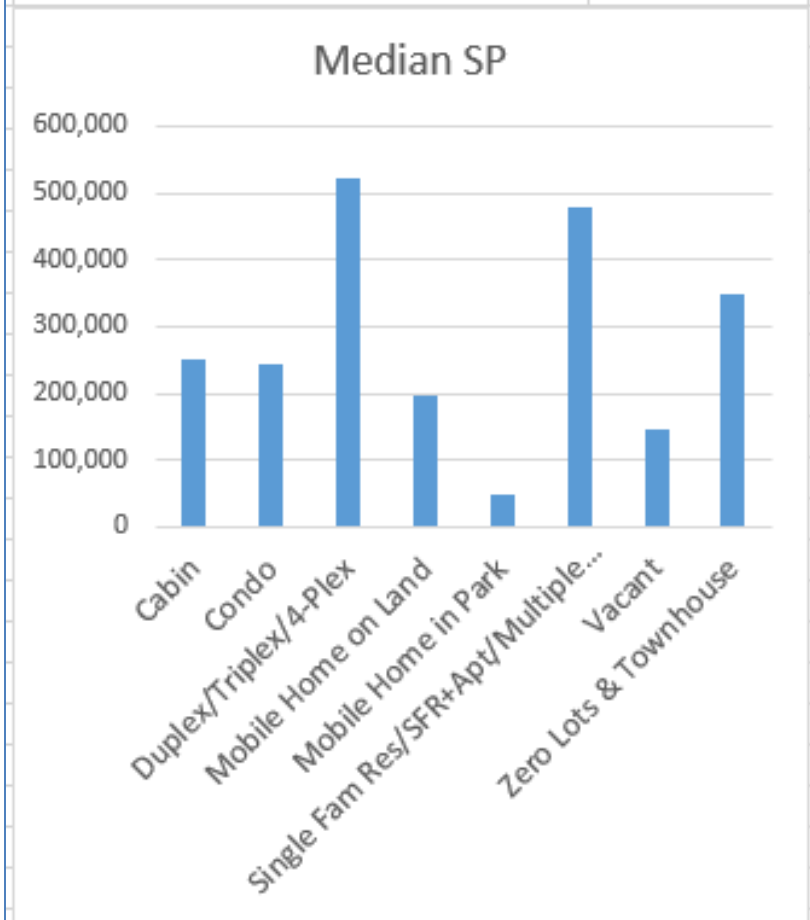
Note that this is an overview of the reconciliation and conclusions. Much deliberation and review occurs within the analysis process that cannot be captured here.

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.



Group	Median SP
Cabin	252,500
Condo	245,000
Duplex/Triplex/4-Plex	522,500
Mobile Home on Land	196,500
Mobile Home in Park	49,000
Single Fam Res/SFR+Apt/Multiple Imp	480,000
Vacant	145,000
Zero Lots & Townhouse	350,000



## Comments

- Building cost increases were applied to the residential building components (approx. 5.8% increase from Q3 2021 to Q3 2022).
- 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.

## 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 2023 as indicated by market sales as outlined in the above sections.

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 to value were not given significant weight.

## Statements & Definitions

### **Type and Definition of Value (Interest Being Appraised)**

The value being assessed is fee simple ownership interest at 100% of market value as of the effective date. Market value is the amount of money a willing buyer, not obligated to purchase, would pay and a willing seller, not obligated to sell, would accept for a property.

### **Highest and Best use Definition**

A property's use may or may not represent its highest and best use. The highest and best use is the most profitable use given the probable legal, physical, and financial constraints.

### **Statement of Assumptions and Limiting Conditions**

1. This report and the associated assessed values are intended for ad valorem taxation purposes and may not be applicable for any other use.
2. The following are general statements. Records pertaining to individual properties may list specific exceptions.
3. It is assumed that:
  - Title is free and clear.
  - There are no encroachments.
  - There are no hidden defects or conformity issues.
  - There is no contamination or hazardous materials present.
4. Property attributes observed upon exterior inspection are assumed to be representative of interior attributes when interior inspections were not feasible.

## Certification Statement

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are the personal, impartial, and unbiased professional analyses, opinions and conclusions of the Assessor's Office.
- I and the Assessor's Office staff have no present or prospective interest in the property that is the subject of this report except any personal real estate holdings we may have within the borough. No individual inspected their own property.
- We have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the reporting of a predetermined value or direction in value, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- Our analyses, opinions and conclusions were developed, and the report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- We have made a personal inspection of the properties that are the subject of this report as outlined in our revaluation plan.
- The Assessor's Office staff provided significant mass appraisal assistance to the person (the Assessor) signing this certification.



- Mary Hammond, City and Borough of Juneau Assessor

# Addendum A – Sales Validation Policy



Assessment Procedures  
Sales Validation and Verification

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## Sales Validation

Sales Validation is the process of determining if a sale occurred and, if so, if it is a market sale.

### The primary classifications for a “transaction” in the validation process are:

- **Non-Sale:** These are things like name corrections, deed corrections, transfers to a trust, foreclosures, etcetera. The current process in Govern is to not create a sales record for the non-sale transactions. If after a sales record is created it is discovered to be a non-sale it can be marked as “Rejected” in the Qualification field.
- **Market Sale:** These are sales that are, to the best of our knowledge, market sales.
- **Non-market Sale:** These are transactions that are sales but are not considered market sales. This would include sales that are:
  - Non-Arms-Length Transactions
  - Purchase of Contiguous Property
  - Family
  - Estate
  - Divorce
  - Bank Sales (Sales After Foreclosure)
  - Tax Sales and Auctions
  - Related Entity
  - Pre-foreclosure and Short Sales
  - Sales that were not listed on the open market or were listed for a shorter than normal period of time
  - Multi-Parcel Sales (Unless the parcels are clearly an economic unit that likely would never be sold separately and there is a mechanism to automatically pull the totals from the CAMA system or there is reasonable opportunity to manually adjust the data such as for a one-time special study)
  - Any sale with known duress

While it is desirable to include as many sales as possible in the sales sample, clean data is paramount. It is well established that the above listed sales conditions often lead to sales that are not representative of the overall market. In certain circumstances the decision may be made to include one of these sales, however, it needs to be well substantiated and documented as to why an exception is being made.

## **Documentation in Govern**

- **Govern Qualification Field**
  - **Unverified** – Continued research. This is the default category for new sales records. Records in this category are sales that are to be researched and categorized.
  - **No Data** – Continued research. These are sales that have been researched and may be market but for which the validation is not complete or we are missing the sales price or other critical data. Typically sales in this category would see some continued effort to finalize the categorization.
  - **Qualified** – These are market sales for which we have verified data including the sales price.
  - **Rejected** – Identified as or suspect of a non-market sale, or sales that due to limitations with the Computer Assisted Mass Appraisal System (CAMA) system are excluded from the overall ratio study but may be used in special studies. These include multi-parcel sales, or improvements on vacant land after the sale.

- **Not Qualified** – Not being further researched. These are sales that have been researched but for which there is inadequate information to make a determination. Typically these sales would not be actively researched further but that, if we came across additional information, could be reclassified. An example would be a property that we know sold but we could not find any listing information for, we don't know if it was marketed, we have no sales price and there has been no response to the buyer/seller letters. If a number of months later it shows up as a comp in an appraisal and from that we figure out that it was marketed (under an alternate address or some other reason that caused us not to be able to find the listing) and we now have all of the information that we need to determine that it was a market sale and to verify the sale price then we could reclassify it to Qualified.
- Notes
  - As validation research is done it should be documented through notes in Govern.
  - If you have a possible but not verified sales price please do not put it in the sales price field but rather document it in the notes. The only prices listed in the sales price field should be verified sales prices.
- Govern Condition Code (Used for State reporting.)
  - For any "Rejected" sales a classification for the rejection needs to be selected.
  - Rejection classifications are:
    - Bank Sale
    - Divorce
    - Family Sale
    - Invalid – This classification is used as a last resort category to capture rejected sales that do not fit in one of the other categories.
    - Related Entity
    - Tax Sale
    - "Valid" – This classification does not need to be filled in for qualified sales. While it is not required it is preferable that it be filled in.
  - In addition, an "Adjustment Reason" needs to be selected in the Adjustment Reason field for each rejected sale.

#### Steps to Sales Validation

- Check document (type of instrument, who signed, considerations, unusual terms, personal property mentioned)
- Review names for relationship potential (if sale involves LLC or other business look up principles)
- Review Notes in Sales Information (under Functions)
- Review Notes in Communication (Notes) Report
- Check for Buyer and Seller Sales Inquiry Letter responses
- Review I drive listings folder
- Review internet for exposure indications and property data

#### Sales Verification

Sales Verification is the process for verifying our records against what actually sold. This usually involves an inspection of the property as close to the time of sale as possible. Making sure that the condition is accurately reflected is a primary focus but attention is also paid to other aspects such as is the quality grade correct and does the GLA appear correct. Also of note would be if any major work is undertaken prior to or soon after the sale.

Currently, Sales Verification Inspections are not being conducted on a routine basis on all sales but rather only in select circumstances. These should be done for all sales.

Currently there is not a sales record where corrections are made to the data related to a sale. Rather the data for the current year is updated and the sales extracts pull property data from the CAMA's "current year." This means that in some cases corrections are necessary to data such as Property Type, SF, and/or even the AV.

Updates of data occur from review of listing data and from the property inspection.

## Addendum B – CBJ Determination of Full and True Value

### CBJ 15.05.100 Determination of full and true value:

Property shall be assessed at its full and true value in money, as of January 1 of the assessment year. In determining the full and true value of property in money, the person making the return, or the assessor, as the case may be, shall not adopt a lower or different standard of value because same is to serve as a basis of taxation, nor shall the assessor adopt as a criterion of value the price for which the property would sell at auction, or at a forced sale, either separately or in the aggregate with all of the property in the taxing district, but the assessor shall value the property at a sum which the assessor believes it is fairly worth in money at the time of assessment.

(CBJ Code 1970, § 15.05.100; Serial No. 70-33, § 3, 1971)

State law reference(s)—Full and true value, AS 29.45.110.