

**Valuation Methodology
Town of Wellfleet FY2010
10/13/2009**

1. Valuation Issues:

The Town of Wellfleet is a mid-sized community located halfway between the "tip" and "elbow" of Cape Cod and consists of approximately 3800 residential parcels. The Land Pricing method must incorporate basic street pricing for the typical non-water influence properties, and a more complex scheme for valuing an array of waterfront, water view, proximity, and other specialized influences.

Due to the nature of the Town and the Dor's preferred methodology, we elected to employ a single variate Land Pricing Index (Lpi) scheme, rather than multiple factors such as Neighborhood, Location, and Influence adjustments.

The land value is determined by the Land Pricing Index (Lpi). There are 20 Lpi Factors ranging from .55 to 7.90. We have limited all positive location adjustments to this one field. In the prior scheme it was possible to adjust for location in multiple fields. The 100 LPI or "base" is utilized in the area where the largest amounts of non-waterfront parcels are located. Within this area there are 1,634 Residential parcels with an Lpi Factor of 1.00. This is approximately 43% of all Residential Parcels. Therefore, Lpi 100 is the "Base Land Pricing Neighborhood". Lpi's are used town wide. Waterfront/pondfront parcels include the following LPIs: 3.30, 3.60, 4.10, 4.50, 4.75, 5.25, 7.90.

2. Standard Analytical Techniques utilized by the pkValuation Groupsm

The Valuation process consists of testing the model against current sales. This begins with a careful qualification and review of the sales to be analyzed. Two years of sales (7/01/2007 through 6/30/2009) were required on all classes. Next we analyze the sales to determine if time is an important variable and if time adjusting the sales will be necessary. Time adjusting was necessary on all classes with the exception of the 102 class. Once established, we review and analyze land and "P" sales by Neighborhood and overall to determine the assessment level for this class. We also, after any necessary cost table adjustments, analyze the improved sales by Neighborhood and overall. Comparing the ratios for vacant land and improved land Neighborhood by Neighborhood is the method used to adjust land and building values. Typically, the adjustments will begin with Town-wide (Global Adjustments) and then are refined by areas. The variables that we test include, Sale Date, Sale Price, Land Size, Location, View Influence, Style, NLA, Age, Condition, and Quality. We also utilize Land Residual Analyses to support land values and to test the ratio of the land and building values to the total value and to test the suitability of the land size adjustment table.

3. Building Cost Tables:

Wellfleet licenses the use of the pkAssessment Systemtm. The Cost Tables were originally based on Marshall Valuation Service. However, there have been many adjustments for localities, market conditions, including use of local builder's costs. This has been an ongoing process. The system is not intended to mimic any national cost service. Rather, it is localized to the different areas of Massachusetts. The building cost tables have been updated annually. Since the system is a "Market Adjusted" cost, the building variables will typically change with the Market. These changes will usually differ from those indicated by standard cost trend publications and the CPI, especially on Cape Cod. For Fy10, changes were made to the tables to streamline the number of factors and influences. For all classes, the base year which drives the condition adjustment was changed to 2008. This increases the effective age and thus

lowers the building values by small increments. Also changed were certain Style Factors based on sales analysis.

4 Valuation Model and Calculations

In the *pkAssessment System™* for Wellfleet, the Land value is calculated by multiplying the Town-Wide Base Price by a Size Adjustment Factor (where applicable) and an Lpi (LAND PRICING INDEX)

Table-1. Residential Land Pricing Codes:

Code	Description	Base Lot Value per Acre	Definition
100	BUILDING SITE "PRIME"	\$321,300	Code 100 is used for the "Prime Site". We used 30,000 square feet, .689 Acres, as the base lot size with the exception of parcels located in the Cape Cod National Seashore where 3 acre zoning is required. For parcels less than the base lot size, we apply a Size Adjustment Factor (SAF). The SAF is based on an exponential formula, which prevents overlap and allows for precise control of the base land values at each size increment. A detailed Incremental Land Schedule is attached hereto. The smallest improved lot size is 2,178 sf.
200	SECONDARY	\$162,500	Parcels with enough excess frontage (135' is the zoning requirement), size, and depth to be subdivided "as is" without the need for road construction or other typical development costs are valued at 50% of prime.
300	RESIDUAL	\$18,400	Land greater than the Prime Site not suitable for further development is valued at 6% of prime. This category is not size adjusted due to the limited number of oversized parcels. The Excess land is also adjusted by the LPI factor. All 132s are priced as excess land regardless of frontage.
350	UNBUILDABLE	\$3,000	Unbuildable parcels such as wetland areas are placed in this category.

Table-2. Other Adjustments:

Code	Description	Adjustment Range % Good
T *, S*, E*, O*, R*	TOPOGRAPHY, SHAPE, ACCESS, RESTRICTIONS	5-95%