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TESTIMONY OF CHRISTOPHER BUCKLEY

Members of the Committee, good morning. My name is Christopher Buckley and I am a principal in Buckley Appraisal Services in Niantic, CT. I am a Certified General Real Estate Appraiser, a Certified Connecticut Municipal Assessor, and a Certified Supervisor of Revaluations in the State of Connecticut. In addition to being an instructor at the Connecticut Assessor's School held annually at the University of Connecticut, I have 26 years of experience in the real estate appraisal, revaluation, and property tax consulting business in Connecticut.

I would like to speak very briefly this morning about the pitfalls of conducting a revaluation in the City of Stamford during a recessionary marketplace, specifically, in a marketplace that has witnessed an historic decline in property values over the last several years.

Revaluations, in general, are an exercise in mass appraisal. That is, a group of properties, typically thousands of properties, are valued as of a single date using standardized techniques and methodologies.

Three approaches to value are employed, and may be amplified statistically to fit a mass appraisal model. In the Cost Approach, revaluation companies start by establishing land values ideally through an analysis of comparable sales. Then, buildings and other improvements are analyzed by using nationally recognized construction cost services or other statistical databases.

Plainly, the establishment of underlying land values is of prime import. In a deflationary marketplace, sales of vacant sites tend to occur somewhat infrequently. In Stamford, a municipality of over four (4) thousand commercial and industrially properties, there were FIVE valid sales of similarly zoned sites from October 1, 2009 through December, 2010. Five. This is, quite simply, an insufficient supply of comparable sales from which to draw meaningful conclusions. This low number of sales could encourage a revaluation company to rely on less desirable methods of analyzing all underlying land in Stamford.

Another method of valuation is the Sales Comparison Approach, in which sales of comparable properties and property types are analyzed. It is paramount to have a sufficient supply of improved property sales in order to process a Sales Comparison Approach properly. From October 1, 2009 through December, 2010, there were 11 valid sales of commercial properties and ONE (1) valid sale of an industrial property in Stamford.

With this limited data, a revaluation company would be hard pressed to arrive at accurate value indications.

The final approach to value is the Income Capitalization Approach. The City of Stamford does an excellent job tracking trends in commercial/industrial rental rates, vacancy rates, and operating expenses. However, the formulation of an appropriate capitalization rate is the heart of a fundamentally sound Income Capitalization Approach. Capitalization rates are best developed and extracted from comparable sales of similar property types. With an insufficient supply of comparable sales, extracting capitalization rates becomes difficult and could lead to inaccurate results.

In conclusion, therefore, the current recessionary real estate marketplace could very easily undermine the confidence in a revaluation if it were conducted in 2012 in Stamford. A crisis of confidence in the revaluation process, especially in Stamford, often leads to a lengthy and expensive property tax appeal process, thus adding further to the financial burden on property owners in the City.

Thank you.