

David L. Quinn, II
City Tax Assessor



Jorge O. Elorza
Mayor

Finance Department
Office of Tax Assessment
"Providence A City That Works"

February 11, 2016

Councilman John J. Igliazzi
Finance Chairman
Providence City Hall
Providence, RI 02903

Dear Chairman Igliazzi,

I am responding to your request for an update on the status of the State Mandated Statistical Revaluation for December 31, 2015.

Vision appraisal is on schedule to provide valuation data in early March. They have completed all residential sales reviews and permits. There is a new crew of six canvassing the City to review all other residential properties. I meet with the project manager weekly for an update on our status, as you can see in the enclosure I have included.

Additionally the commercial, industrial staff have reviewed all I&E reports sent to them along with reviewing and analyzing all sales. From this data they have extracted cap rates for various types of property.

I will be meeting with the Vision staff and my staff to review sales, I&E's, etc. and finalize cap rates on February 18th.

We will prepare an analysis for the Council before any values are released to the public. I am happy to answer any questions or concerns.

Sincerely,

A handwritten signature in black ink, appearing to read "David L. Quinn II".

David L. Quinn II

cc: Brett Smiley
Lawrence Mancini

Enclosures

City Assessor's Office
25 Dorrance St, Room 208
Providence, Rhode Island 02903

(401) 421-7740

Memo

To: David Quinn
From: Stephen Ferreira
RE: Project Status

The project started with the data collection of sales for calendar year 2015 and the data collection of 2015 building permits. Both those tasks are in their final stages as the last batch of data was received from the City at the end of January.

Preliminary analysis of residential sales was performed with a field review of qualified sales through 10/1/2015. This analysis included updated land and building values for the qualified sales and the results of that report were delivered to you on January 5th.

The fill field review of residential properties is currently underway across the city. The estimated completion date for the review is the end of February. Data entry of the review changes will begin this week and last into early March.

Commercial and Industrial valuation began with the mailing of income and expense questionnaires. Additionally, the sales were data collected and permit data collection is well underway. The field review of commercial and industrial properties is also underway across the City.

Income and expense data is currently being entered into the database. This data will be analyzed and new income tables and expense adjustments are under study in conjunction with the analysis of the qualified C & I sales. You are scheduled to meet with the commercial team to discuss progress in the next two weeks.

With the database now being worked on in Vision's Northboro Office, Assessor changes are being sent to that office and changes are being updated on the database.

As per our schedule we are on track. Notices of new assessments are schedule for the end of March and to date, that timeframe remains viable.

PROVIDENCE, RI FY2015 REVALUATION CAP RATE ANALYSIS

FY2015 ESTIMATED TAX FACTOR 3.5%

THE TAX FACTOR IS ONLY TAKEN OFF FOR GROSS OR NET LEASES. NNN LEASE DO NOT HAVE A TAX FACTOR APPLIED
A FEW CAP RATES DID NOT HAVE A SURVEY CATEGORY. IN THIS CASE THE BAND OF INVESTMENT WAS SOLEY USED AS SUPPORT FOR THE BASE CAP RATE.

CAP RATE CODE	DESCRIPTION	REALTY RATE.COM SURVEY		BAND OF INVESTMENT		TYPE OF LEASE	PROPOSED NEW		FY 2012		INVESTOR SURVEY CATEGORY USED
		4TH Q. 2015 CR RANGES	4TH Q. 2015 CR AVERAGE	SEE ADDITIONAL TABS FOR DETAILS	BASE CAP RATE		OVERALL CAP RATE	OVERALL CAP RATE			
ALF	ASSISTED LIVING	4.85% TO 12.38%	8.18%	7.10%	GROSS	7.50%	11.0%	11.6%	HEALTH CARE ASSISTED LIVING		
APTC	APT COMMERCIAL	4.22% TO 13.09%	8.65%	7.00%	GROSS	7.90%	10.8%	11.1%	APT ALL TYPES		
APTR	APT RESIDENTIAL	4.22% TO 11.80%	7.93%	7.00%	GROSS	7.90%	10.8%	11.1%	APT GARDEN TOWN HOUSE		
APTS	APT SUBSIDIZED			5.00%	GROSS	5.00%	8.5%	9.0%			
AUTO	APT LUXURY	5.19% TO 13.09%	8.90%	6.60%	GROSS	6.70%	10.2%	10.5%	APT HI RISE		
AUTO	AUTO DEALER	4.93% TO 14.68%	10.07%	8.00%	NNN	8.35%	8.3%	8.5%	RETAIL ALL TYPES		
BANK	BANK	4.53% TO 13.31%	9.77%	7.70%	NNN	8.00%	8.0%	8.0%	OFFICE ALL TYPES		
BED	NURSING HOME	4.62% TO 16.46%	8.99%	8.10%	GROSS	8.50%	12.0%	12.1%	HEALTH CARE ALL TYPES		
CARC	CAR SERVICE CHAIN	4.51% TO 13.50%	9.72%	7.60%	NNN	8.20%	8.2%	8.5%	IND ALL TYPES		
CARL	CAR SERVICE LOCAL	4.51% TO 13.5%	9.72%	8.00%	NNN	8.70%	8.7%	9.0%	IND ALL TYPES		
CELL	CELL SITE			9.10%	NNN	9.00%	9.0%	8.9%			
CLUB	CLUB	5.91% TO 17.15%	12.70%	10.10%	NNN	10.50%	10.5%	10.8%	REST ALL TYPES		
COM	COMMERCIAL	4.93% TO 14.68%	10.07%	8.00%	NET	8.50%	12.0%	12.1%	RETAIL ALL TYPES		
COM	COMMERCIAL	5.55% TO 14.70%	8.73%	8.50%	NNN	8.50%	8.5%	8.5%	RET CONV STORE/GAS STATION		
CWSH	CAR WASH	5.61% TO 14.70%	8.73%	9.10%	NET	9.00%	12.5%	11.0%	SPECIAL PURPOSE DAY CARE		
DAYC	DAY CARE	5.91% TO 15.74%	11.67%	9.80%	NNN	9.80%	9.8%	8.5%	REST FF		
FFC	FAST FOOD CHAIN	4.51% TO 13.5%	9.72%	7.90%	NNN	8.50%	8.5%	8.8%	IND ALL TYPES		
GAR	GARAGE/STGE	5.85% TO 14.70%	8.73%	9.00%	NNN	8.75%	8.8%	8.8%	RET CONV STORE/GAS STATION		
GAST	GAS STATION	5.55% TO 14.70%	8.73%	8.50%	NNN	8.50%	8.5%	8.5%	RET CONV STORE/GAS STATION		
GSMT	GAS MART	5.55% TO 14.70%	8.73%	8.50%	NNN	8.50%	8.5%	8.5%	LODGING FULL SERVICE		
HOTA	HOTEL CBD	5.01% TO 14.3%	11.00%	8.20%	GROSS	9.50%	13.0%	13.4%	LODGING ALL TYPES		
HOTL	HOTEL AVE	5.01% TO 16.96%	11.15%	9.20%	GROSS	7.75%	11.3%	11.6%	APT ALL TYPES		
ILF	INDEPENDENT LIVING	4.22% TO 13.09%	8.65%	7.00%	GROSS	8.00%	8.0%	8.5%	IND WH DIST		
INDM	IND/WHS MOD	4.51% TO 11.62%	9.72%	11.80%	NNN	11.80%	11.8%	12.6%	IND ALL TYPES		
INDO	IND/WHS OLD	4.51% TO 13.5%	9.72%	9.20%	GROSS	9.50%	13.0%	13.4%	LODGE ALL TYPES		
INN	BB/INN	5.01% TO 15.96%	11.13%	8.10%	NNN	8.80%	8.8%	9.0%	IND ALL TYPES		
JS	JOB SHOP <7500SF	4.51% TO 13.50%	9.72%	8.00%	NNN	8.00%	8.0%	8.0%	IND ALL TYPES		
LAND	LAND LEASE			13.10%	NNN	13.10%	13.1%	13.5%			
MILL	MILL BLDG	4.51% TO 13.50%	9.72%	8.50%	NET	8.50%	12.0%	12.1%			
MISC	MISCELLANEOUS			8.80%	NET	8.80%	12.3%	12.7%			
MIXC	MIX USE COM			8.80%	NET	8.80%	12.3%	12.7%			
MIXR	MIX USE RES			8.80%	NET	8.80%	12.3%	12.7%			
NCLB	NIGHT CLUB	5.91% TO 17.15%	12.70%	10.60%	NNN	10.75%	10.8%	10.8%	REST ALL TYPES		
OFCA	CLASS A OFFICE	5.67% TO 13.31%	10.06%	7.00%	NET	7.00%	10.5%	9.0%	OFFICE BD & SUB		
OFC	OFFICE B/C	4.53% TO 13.31%	9.77%	8.30%	NET	8.75%	12.3%	12.6%	OFFICE ALL TYPES		
OFMD	OFFICE MEDICAL	5.82% TO 12.83%	9.81%	7.00%	NET	7.00%	10.5%	9.0%	OFFICE MEDICAL		
PHARM	PHARMACY	4.93% TO 14.68%	10.07%	8.00%	NNN	8.00%	8.0%	8.5%	RETAIL ALL TYPES		
PKG	PARKING			8.60%	NNN	8.60%	8.6%	12.6%	RET ANCHORED CENTERS		
PLAZA	PLAZA W/ANCHOR	4.93% TO 13.24%	10.22%	7.80%	NET	8.30%	11.8%	12.1%	REST ALL TYPES		
REST	RESTAURANT	5.91% TO 17.15%	12.70%	10.60%	NNN	10.75%	10.8%	10.8%	HEALTH CARE CONGREGATE CARE		
RH	RESTHOME	5.49% TO 13.5%	8.94%	8.20%	GROSS	8.30%	11.8%	12.1%	APT ALL TYPES		
RMHS	ROOMING HOUSE	4.22% TO 13.09%	8.65%	7.90%	GROSS	8.00%	11.5%	11.6%	RETAIL ALL TYPES		
RET	RETAIL	4.93% TO 14.68%	10.07%	8.00%	NET	8.25%	11.8%	12.1%	SELF STORAGE MINI		
SSTG	SELF STORAGE	4.57% TO 11.79%	10.09%	7.60%	NET	8.50%	12.0%	12.6%	RET UN ANCHOR CENTERS		
STRP	STRIP RETAIL	5.31% TO 14.68%	11.05%	8.90%	NET	8.50%	12.0%	12.4%			

RETAIL CAP RATE
PROVIDENCE, RI FY2015

ASSUMPTIONS

Equity Yield Rate (Ye):	13.50%
Mortgage Interest Rate (i):	5.00%
Amortization Period (n):	25 Years
Loan to Value Ratio (m):	70%
Mortgage Constant (Rm):	0.070151
Holding Period (HP):	10 Years
Percent of Principal Paid Off at End of Holding Period (p):	0.260755
Sinking Fund Factor (SFF):	0.052987
Annual Apprtion (A):	0.0%

CALCULATIONS

Rm x m = 0.070151 x	0.70 =	0.049106
Ye x (1-m) : 0.135000 x	0.3 =	0.040500
		~~~~~
Weighted I Rate	=	0.089606
Less Equity Buildup: p x m x SFF	=	-0.00967
		~~~~~
Basic Rate	=	0.079934
Less Appreciation: A x HP x SFF	=	0
		~~~~~
Tax Factor		0
Overall Rate	=	0.079934

Rounded To: 0.080

PLAZA CAP RATE  
PROVIDENCE, RI FY2012

ASSUMPTIONS

Equity Yield Rate (Ye):	12.00%
Mortgage Interest Rate (i):	5.75%
Amortization Period (n):	30 Years
Loan to Value Ratio (m):	70%
Mortgage Constant (Rm):	0.070029
Holding Period (HP):	10 Years
Percent of Principal Paid Off at End of Holding Period (p):	0.168799
Sinking Fund Factor (SFF):	0.056984
Annual Apprtion (A):	0.0%

CALCULATIONS

Rm x m = 0.070029 x	0.70 =	0.04902
Ye x (1-m) : 0.120000 x	0.3 =	0.036000
		~~~~~
Weighted I Rate	=	0.08502
Less Equity Buildup: p x m x SFF	=	-0.00673
		~~~~~
Basic Rate	=	0.078287
Less Appreciation: A x HP x SFF	=	0
		~~~~~
Tax Factor		0
Overall Rate	=	0.078287

Rounded To: 0.078

STRIP RETAIL CAP RATE
PROVIDENCE, RI FY2015

ASSUMPTIONS

Equity Yield Rate (Ye):	12.50%
Mortgage Interest Rate (i):	5.50%
Amortization Period (n):	25 Years
Loan to Value Ratio (m):	65%
Mortgage Constant (Rm):	0.073690
Holding Period (HP):	10 Years
Percent of Principal Paid Off at End of Holding Period (p):	0.24844
Sinking Fund Factor (SFF):	0.055622
Annual Apprtion (A):	0.0%

CALCULATIONS

Rm x m =	0.07369 x	0.65 =	0.047899
Ye x (1-m) :	0.125000 x	0.35 =	0.043750
			~~~~~
Weighted FRate		=	0.091649
Less Equity Buildup:	p x m x SFF	=	-0.00898
			~~~~~
Basic Rate		=	0.082667
Less Appreciation:	A x HP x SFF	=	0
			~~~~~
Tax Factor		=	0
Overall Rate		=	0.082667

Rounded To: 0.083

PHARMACY CAP RATE  
PROVIDENCE, RI FY2015

ASSUMPTIONS

Equity Yield Rate (Ye):	13.50%
Mortgage Interest Rate (i):	5.00%
Amortization Period (n):	25 Years
Loan to Value Ratio (m):	70%
Mortgage Constant (Rm):	0.070151
Holding Period (HP):	10 Years
Percent of Principal Paid Off at End of Holding Period (p):	0.260755
Sinking Fund Factor (SFF):	0.052987
Annual Appx tion (A):	0.0%

CALCULATIONS

Rm x m = 0.070151 x 0.70 =	0.049106
Ye x (1-m) : 0.135000 x 0.3 =	0.040500
Weighted f Rate =	0.089606
Less Equity Buildup: p x m x SFF =	-0.00967
Basic Rate =	0.079934
Less Appreciation: A x HP x SFF =	0
Tax Factor =	0
Overall Rate =	0.079934
Rounded To:	0.080

OFFICE CAP RATE  
PROVIDENCE, RI FY2015

ASSUMPTIONS

Equity Yield Rate (Ye):	13.00%
Mortgage Interest Rate (i):	5.75%
Amortization Period (n):	25 Years
Loan to Value Ratio (m):	70%
Mortgage Constant (Rm):	0.075493
Holding Period (HP):	10 Years
Percent of Principal Paid Off at End of Holding Period (p):	0.242415
Sinking Fund Factor (SFF):	0.05429
Annual Appreciation (A):	0.0%

CALCULATIONS

$R_m \times m = 0.075493 \times 0.70$	=	0.052845
$Y_e \times (1-m) = 0.130000 \times 0.3$	=	0.039000
Weighted F Rate	=	0.091845
Less Equity Buildup: $p \times m \times SFF$	=	-0.00921
Basic Rate	=	0.082633
Less Appreciation: $A \times HP \times SFF$	=	0
Tax Factor	=	0
Overall Rate	=	0.082633

Rounded To: 0.083