

# Assessment Updates



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# Overview

- **Real Estate Market Overview**
- **2026 Updates**
- **Mill Rate Study**

# Real Estate Market Overview 2025

- Market Conditions
  - Low inventory.
  - Overall values appear to be increasing—especially for smaller SF homes.
  - Average increase 4...6 % per year.



# Key Market Influencing Factors

- Supply and Demand – Overall inventory levels and buyer activity continue to shape pricing and market movement.
  - Interest Rates – Higher borrowing costs are impacting affordability and slowing some buyer demand.
  - Construction Costs – New construction remains expensive.
  - Vacant Land & Development Costs – Building on raw land adds significant expenses.
  - Other Considerations – Seasonal timing, personal circumstances, and individual motivations can also influence market activity and decision-making.
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# Real Estate Market Overview

- 28 Confirmed Residential Sales Between 2023...2025
  - None assessed above sales price
  - Median
    - \$500,000 (2025)
    - \$507,500 (2024)
    - \$459,000 (2023)
  - Average
    - \$503,300 (2025)
    - \$508,800 (2024)
    - \$418,800 (2023)



# 2026 Value Updates

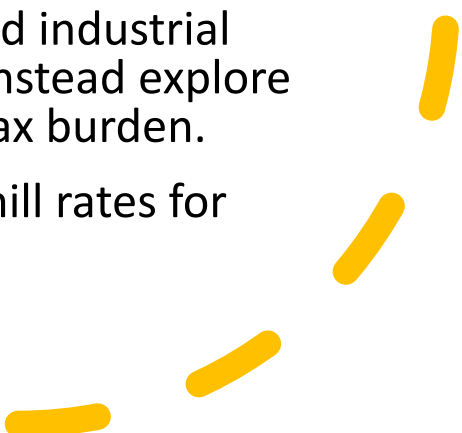
Property Tier	Current Pattern	Recommended Adjustment
Low value (<\$300k)	0.62–0.72	15%
Mid range (\$300–\$450k)	0.70–0.80	8%
Upper mid (\$450–\$550k)	0.83–0.91	3%
High value (\$600k+)	0.94–1.03	No increase

- Appraisal Levels Should be between 90%...110%; Current level 89.13; 84% prior to adjustment.



# Mill Rate Study

- **Residential Properties**
    - Total: **365 properties**
    - Average taxable value: **\$327,000** (after exemptions)
  - **Industrial / Commercial Properties**
    - Total: **222 properties**
    - Average taxable value: **\$1,870,500** (after exemptions)
  - **Mill Rate Analysis**
    - Current mill rate: **10.5**
    - Proposed change: **-0.5 mills (to 10.0)**
  - **Estimated Impact**
    - **Average Residential Savings:** ~\$163.50 per year
    - **Average Industrial/Commercial Savings:** ~\$935.00 per year
  - **Additional Context**

Cities with a higher proportion of commercial and industrial properties often maintain higher mill rates and instead explore optional residential exemptions to balance the tax burden.
  - Attached is the State Assessor presentation on mill rates for additional reference.
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# Appraisal Company of Alaska

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## Assessment Update – Current Year

I am writing to provide an overview of property assessment activity within the **City of Unalaska** for the current assessment year. Based on our analysis of verified residential sales, the overall residential assessment-to-sale ratio was approximately **84% prior to adjustment**, indicating that assessed values were trending below market levels. Following implementation of market-based updates, the ratio has improved to approximately **89.13%**, bringing values closer to statutory market-value requirements while maintaining stability within the tax base.

### State Law Requirement

Under Alaska Statute (AS 29.45.110), municipalities are required to assess property at its “full and true value as of January 1” of each assessment year. “Full and true value” is defined as the estimated market value of the property. This requirement is established by the State of Alaska and is not discretionary at the local level. The assessor is obligated to adjust values when market evidence demonstrates that assessments are not aligned with current market conditions. These adjustments are data-driven and based on verified sales activity.

### Residential Market Analysis and Tiered Adjustments

Recent ratio studies showed variation across price tiers, meaning a flat across-the-board adjustment would not have produced equitable results. Instead, tier-specific adjustments were applied based on observed market patterns:

Property Tier	Prior Ratio	Pattern	Adjustment Applied
Low value (<\$300k)	0.62 – 0.72		+15%
Mid range (\$300k–\$450k)	0.70 – 0.80		+8%
Upper mid (\$450k–\$550k)	0.83 – 0.91		+3%
High value (\$600k+)	0.94 – 1.03		No increase

Lower-priced properties were under-assessed relative to market activity and required larger adjustments, while higher-value properties were already near market levels and did not warrant increases. This calibrated approach improved overall uniformity and moved the median ratio to approximately 89.13%, which is much closer to the ideal range.

### Other Adjustments

In addition to market-based adjustments, routine updates were made for:

- New construction
- Additions or remodels
- Physical changes observed during inspection
- Data corrections

The assessment process is based on verified market evidence and accepted mass appraisal methodology consistent with Alaska statutes and professional standards. The assessor’s responsibility is to estimate market value as of January 1 each year. Tax amounts are determined separately by the mill rate adopted by the City Council. We will continue to monitor market conditions closely and conduct ongoing ratio studies to ensure compliance with state law and

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maintain fairness and equity among taxpayers. Please feel free to contact our office with any questions regarding individual assessments or broader market trends within City of Unalaska.

Sincerely,  
Mike Renfro & Martins Onskulis & Arne Erickson  
Assessors Office, Appraisal Company of Alaska

# BOARD OF EQUALIZATION (BOE) TRAINING



PREPARED BY THE OFFICE OF THE STATE ASSESSOR



**Dan Nelson, State Assessor**

DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT

Board of Equalization

Friday, March 6, 2026

# POINTS OF DISCUSSION

1. Property Assessment and Taxation
2. Tips For Handling Complex Appeals
3. BOE “Do’s” and “Don’ts.”



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# PROPERTY ASSESSMENT AND TAXATION – AS 29.45.110 FULL AND TRUE VALUE

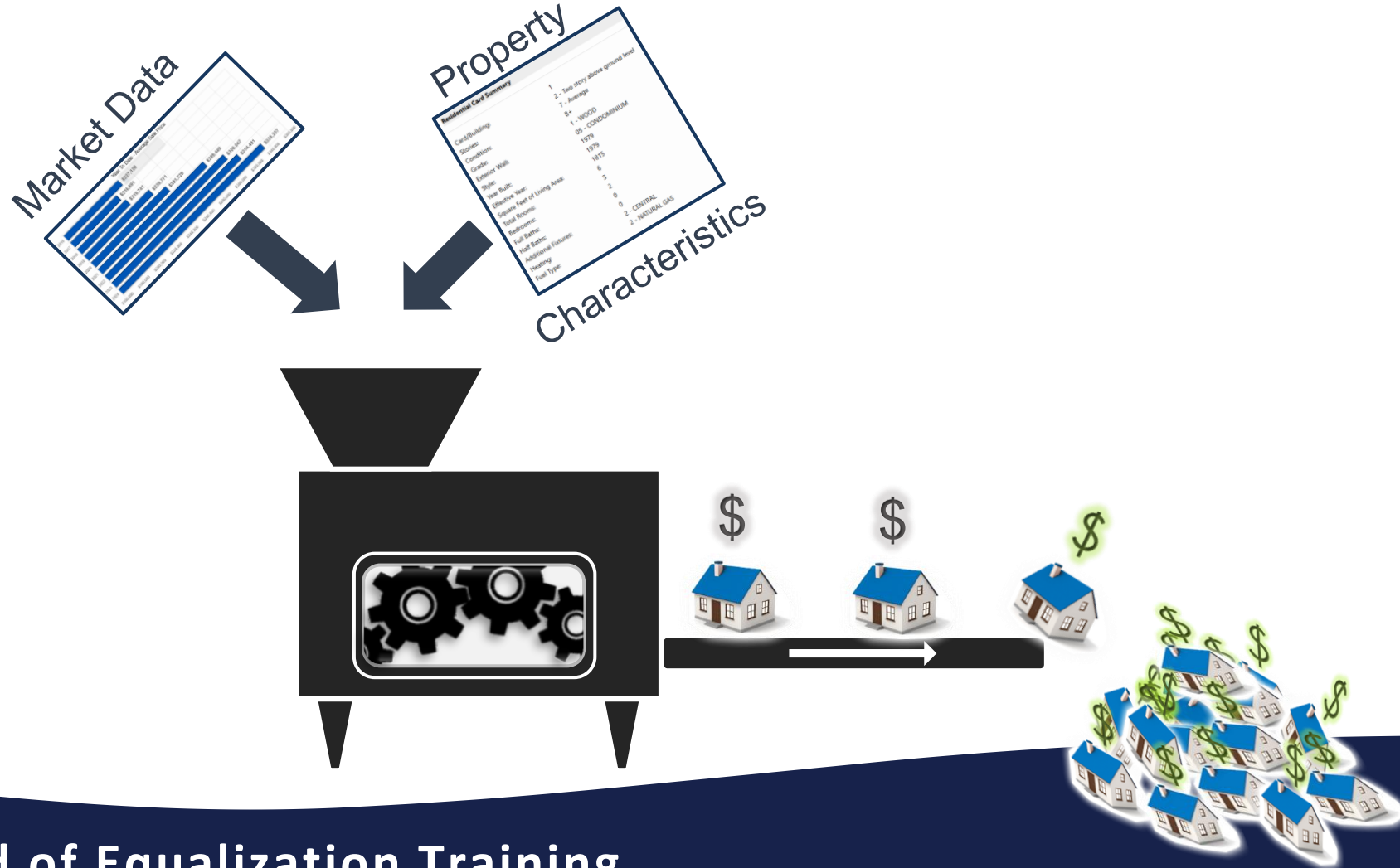
- a) The assessor shall assess property at its full and true value as of January 1 of the assessment year, except as provided in this section, AS 29.45.060, and 29.45.230. The full and true value is the estimated price that the property would bring in an open market and under the then prevailing market conditions in a sale between a willing seller and a willing buyer both conversant with the property and with prevailing general price levels. The assessor shall determine the full and true value as provided in standards adopted by the department under (e) of this section or another set of standards provided by ordinance.



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# HOW ARE PROPERTIES APPRAISED?



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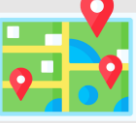




# MASS VS. FEE APPRAISAL

- Mass appraisal is a broad, systematic valuation of many properties at once, while a fee appraisal is the valuation of an individual property.
- Mass appraisers value large number of properties simultaneously using standardized methods (Statistical Analysis).
- Fee appraisers provide a detailed valuation for a single property.
- Mass and fee appraisers follow the same steps to value property and the same approaches to value cost, income, and sales comparison.
- The difference between a mass and fee appraisers is Purpose, Scope, and Methodology.



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Step/Task	Description
 <p>1. Define the Problem</p>	<p>Understand the <b><u>property and property rights to be appraised.</u></b></p>
 <p>2. Identify the Scope of Work</p>	<p>Determine what work is necessary to produce fair and equitable valuations.</p>
 <p>3. Preliminary Survey &amp; Planning</p>	<p>Preliminary analysis to determine necessary data and best approach to value.</p>
 <p>4. Data Collection and Analysis</p>	<p>Collect market trends, specific property data, and specific market data, such as construction costs, sales data, and rent data.</p>
 <p>5. Highest and Best Use</p>	<p>Understand the best use of the property conditional on legal constraints and physical and market forces.</p>
 <p>6. Application of the data and the approaches to value</p>	<p>Three approaches to value: <b><u>Cost, Income, and Sales Approach.</u></b></p>
 <p>7. Correlation &amp; reconciliation of values</p>	<p>Reconciliation of the three approaches to value and reporting final opinion of value.</p>



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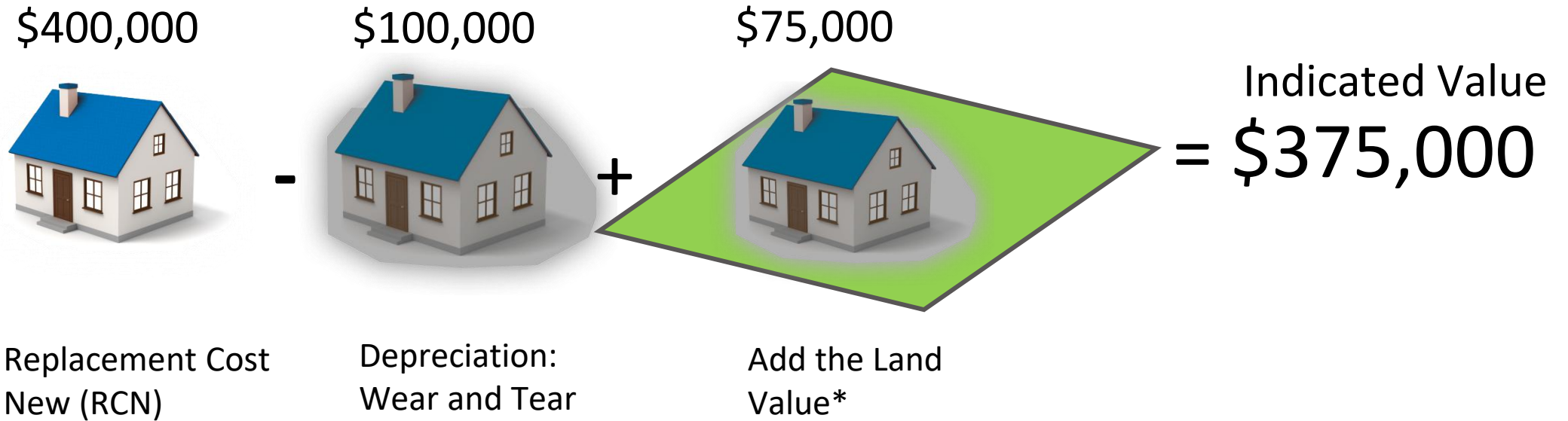
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# THE THREE APPROACHES TO VALUE

- **Cost Approach**
  - ✓ Based on the Principle of Substitution
- **Sales Comparison (Market) Approach**
  - ✓ Primarily based on Supply and Demand
- **Income Approach**
  - ✓ Primarily based on investor expectations and principle of anticipation



# THE COST APPROACH



**\*Note:** *The land value is determined outside of the Cost Approach process and is typically derived using the Sales Comparison Approach.*



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# SALES COMPARISON (MARKET) APPROACH

The process of deriving a value indication for the subject property by comparing similar properties that have recently sold with the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices of the comparable properties based on relevant, market-derived elements of comparison.

Source: The Appraisal of Real Estate, 14th edition



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# SALES COMPARISON (MARKET) APPROACH

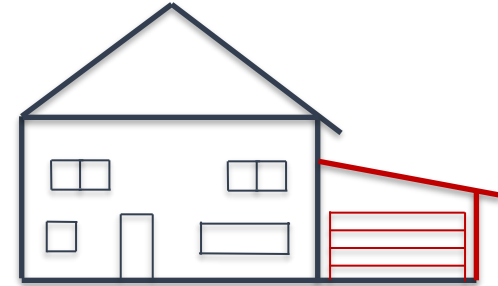
Subject  
No Garage



Comparable #1  
No Garage



Comparable #2  
Garage



Comparable Sale	\$100,000	\$110,000
Adjustment	\$0	-\$10,000
Indicated Value	\$100,000	\$100,000



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# INCOME APPROACH

In the income capitalization approach, an appraiser analyzes a property's capacity to generate future benefits and capitalizes the income into an indication of present value. The principle of anticipation is fundamental to the approach.

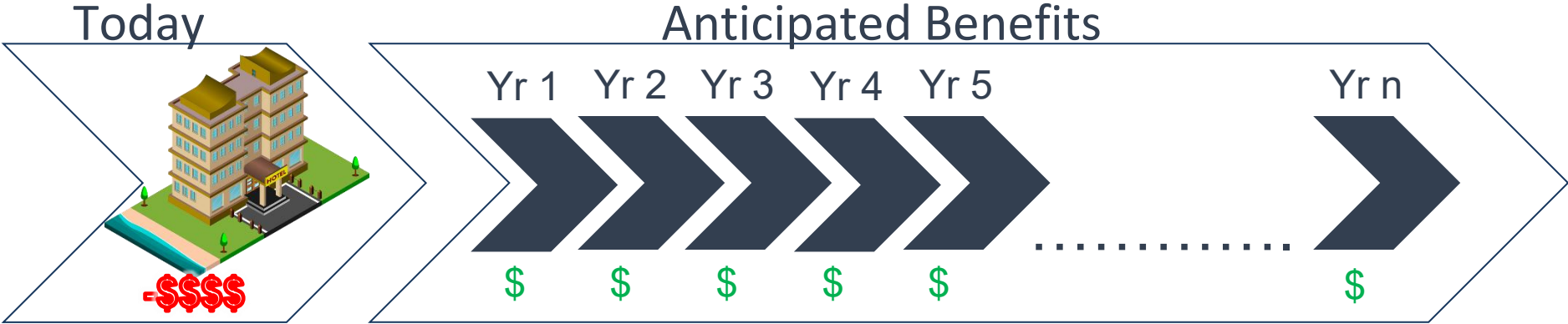
Source: The Appraisal of Real Estate, 14th edition



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# INCOME APPROACH



What is the value of the income stream (i.e. anticipated benefits) today?

Net Operating Income



Cap Rate

= Indicated Property Value



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# PROPERTY ASSESSMENT PROCESS

AS 29.45.160 Assessment Roll

AS 29.45.170 Assessment Notice

AS 29.45.180 Corrections

AS 29.45.190 Appeal

AS 29.45.200 Board of Equalization

AS 29.45.210 Hearing



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# AS 29.45.160 ASSESSMENT ROLL

- a) The assessor shall prepare an annual assessment roll. The roll must contain
- 1) a description of all property subject to an ad valorem tax;
  - 2) the assessed value of all property subject to an ad valorem tax;
  - 3) the names and addresses of persons with property subject to an ad valorem tax.



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# AS 29.45.170 ASSESSMENT NOTICE

- a) The assessor shall give each person named in the assessment roll a notice of assessment showing the assessed value of the person's property that is subject to an ad valorem tax. On each notice is printed a brief summary of the dates when taxes are payable, delinquent, and subject to penalty and interest, and the dates when the board of equalization will sit.
- b) Sufficient assessment notice is given if mailed by first class mail 30 days before the equalization hearings. If the address is not known to the assessor, the notice may be addressed to the person at the post office nearest the property. Notice is effective on the date of mailing.



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# AS 29.45.180 CORRECTIONS

- a) A person receiving an assessment notice shall advise the assessor of errors or omissions in the assessment of the person's property. If requested by the person, the assessor or a person designated by the assessor shall meet with the person and answer reasonable questions relating to the methods used to assess the person's property. The meeting required under this subsection may be virtual or telephonic. The assessor may correct errors or omissions in the roll before the board of equalization hearing.
- b) If errors found in the preparation of the assessment roll are adjusted, the assessor shall mail a corrected notice allowing 30 days for appeal to the board of equalization.



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# AS 29.45.190 APPEAL

- a) A person whose name appears on the assessment roll or the agent or assigns of that person may appeal to the board of equalization for relief from an alleged error in valuation not adjusted by the assessor to the taxpayer's satisfaction.
- b) The appellant shall, within 30 days after the date of mailing of notice of assessment, submit to the assessor a written appeal specifying grounds in the form that the board of equalization may require. Otherwise, the right of appeal ceases unless the board of equalization finds that the taxpayer was unable to comply.



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# AS 29.45.190 APPEAL CONT...

- c) The assessor shall notify an appellant by mail of the time and place of hearing.
- d) The assessor shall prepare for use by the board of equalization a summary of assessment data relating to each assessment that is appealed.
- e) A city in a borough may appeal an assessment to the borough board of equalization in the same manner as a taxpayer. Within five days after receipt of the appeal, the assessor shall notify the person whose property assessment is being appealed by the city.



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# AS 29.45.200 BOARD OF EQUALIZATION

- a) The governing body shall appoint one or more boards of equalization for the purpose of hearing an appeal from a determination of the assessor. An appointed board shall be composed of not less than three persons, who shall be members of the governing body, municipal residents, or a combination of members of the governing body and residents. The governing body shall by ordinance establish the qualifications for membership. The governing body may ordinance appoint itself to sit as a board of equalization.



## Alaska Municipal League 2025 Tax Conference

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# AS 29.45.200 BOARD OF EQUALIZATION CONT...

- b) The board of equalization is governed in its proceedings by rules adopted by ordinance that are consistent with general rules of administrative procedure. The board may alter an assessment of a lot only pursuant to an appeal filed as to the particular lot.
- c) Notwithstanding other provisions in this section, a determination of the assessor as to whether property is taxable under law may be appealed directly to the superior court.



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# AS 29.45.210 HEARING

- a) If an appellant fails to appear, the board of equalization may proceed.
- b) The appellant bears the burden of proof. The only grounds for adjustment of assessment are proof of unequal, excessive, improper, or under valuation based on facts that are stated in a valid written appeal or proven at the appeal hearing. The board of equalization may not raise the assessment in the current year unless requested to do so by the appellant. If the appellant provides a long form fee appraisal to support the appellant's valuation and the board of equalization does not find in favor of the appellant, the board shall make specific findings on the record to support its decision.



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# EXCESSIVE, UNEQUAL, IMPROPER, & UNDERVALUED

## Interpretation of meaning from the court decisions:

**EXCESSIVE** – To show that an assessment is excessive, an Appellant must show that the assessment is more than just overvalued. It must be shown that the assessment is grossly disproportionate when compared to other assessments (*or, it can be shown that there is an intentional or fraudulent purpose to place an excessive valuation on the property*).

**UNEQUAL** – To show that an assessment is unequal, the Appellant must show that there are other properties in the same class as the property being appealed and that there is no basis that would justify different valuations of the property.

**IMPROPER** – To show that an assessment is improper, it must be shown that the assessor used an improper method of valuation, which amounts to fraud or a clear adoption of a wrong principle of valuation.

**UNDERVALUED** – Rare, but yes it does happen from time to time.



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# PROPERTY TAX AND MILLAGE RATE

- Property Taxes are based upon a relatively simple equation
  - The information needed to calculate your property tax bill:
    - Appraised Value
    - Assessed Value
    - Millage Rate.

**Assessed Value X Millage Rate = Tax Bill**



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# APPRAISED VALUED

- AS 29.45.110 - Full and True Value as of January 1 of the Assessment Year.
  - Market value of the property
    - The appraised (market) value of your property varies as the market for real estate fluctuates.
    - If market values decrease, appraised values will decrease and if market values increase your appraised value will increase.
    - Ultimately, the appraised value of your property is a function of transactions of real estate in the local market.



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# ASSESSED VALUED

- Taxable value of your property
  - The value may differ from the appraised (market) value of a property due to exemptions.
    - For example, the appraised value of a property may be \$200,000, but if the property is 10% exempt, the assessed value would only be \$180,000.
    - Property taxes are calculated on the assessed value, not the appraised value.



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# TAX RATE

- Tax rate applied to the assessed value
  - The millage rate or “mill rate” is usually an expression of dollars of tax levied per every \$1,000 of value.
  - Millage rate of 12.5 would mean that for every \$1,000 of assessed value, the taxpayer would pay \$12.50 in tax.
  - A mill rate of 12.5 can also be expressed as 1.25% or 0.0125 in decimal form.



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# CALCULATING THE TAX BILL

- What would the tax bill be for a property with an appraised value of \$200,000, with an exemption of 10% and a millage rate of 12.5?



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# CALCULATING THE TAX BILL CONT...

THE TAX BILL			
Appraised Value:	=	\$	200,000
Exemption - 10%:	-	\$	20,000
Assessed Value:	=	\$	180,000
Millage Rate:	x	\$	0.0125
Property Taxes Due:	=	\$	2,250



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# DETERMINING THE MILLAGE RATE

- The Millage Rate is determined during the budget process of the local taxing authority.
- Each year your community will set a budget that details the expenditures they will make and the sources of revenue that will be collected and used to fund that budget.



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# REVENUES BY SOURCES

- Property Tax
- State & Federal
- Sales Tax
- Other Taxes
- Charges For Services
- Other Miscellaneous Fees



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# MILLAGE RATE CALCULATION EXAMPLE

- Total Expenditures \$10,000,000
- Revenue Sources
  - Property Tax at 15% or \$1,500,000, commonly referred to as the Property Tax Levy.
- Property Tax Base
  - Sum of all Assessed Values in the jurisdiction.
- Assessed Values are used, not the Appraised Values which can be substantially different.



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# MILLAGE RATE CALCULATION EXAMPLE

Let's fill in the blanks in the formula:

Property Tax Levy ÷ Property Tax Base = Millage Rate

**\$1,500,000 (Levy) ÷ \$120,000,000 (Base) = 0.0125 (Millage Rate)**

- Millage rate of 0.0125; also stated as 1.25% or \$12.50 per \$1,000 of assessed value.



# MILLAGE RATE CALCULATION SCENARIO #1

**Scenario #1: Original levy and tax base, no changes from example:**

**$\$1,500,000$  (Levy)  $\div$   $\$120,000,000$  (Base) = 0.0125 (Millage Rate)**

➤ **Taxes on a property assessed at  $\$200,000$ :**

▪  **$\$200,000$  (Assessed Value)  $\times$  0.0125 (Millage Rate) =  $\$2,500$**



# MILLAGE RATE CALCULATION SCENARIO #2

**Scenario #2: Original levy and tax base increase by 5%:**

**$\$1,500,000$  (Levy)  $\div$   $\$126,000,000$  (Base) = 0.0119 (Millage Rate)**

➤ **Taxes on a property assessed at  $\$210,000$  (increase of 5%):**

▪  **$\$210,000$  (Assessed Value)  $\times$  0.0119 (Millage Rate) =  $\$2,499$**



# MILLAGE RATE CALCULATION SCENARIO #3

**Scenario #3: Original levy and tax base decrease by 5%:**

**$\$1,500,000$  (Levy)  $\div$   $\$114,000,000$  (Base) = 0.0132 (Millage Rate)**

- **Taxes on a property assessed at  $\$190,000$  (decrease of 5%):**
  - **$\$190,000$  (Assessed Value)  $\times$  0.0132 (Millage Rate) =  $\$2,508$**



# MILLAGE RATE CALCULATION SCENARIO #4

**Scenario #4: Property tax levy increase by 5%:**

**$\$1,575,000$  (Levy)  $\div$   $\$120,000,000$  (Base) =  $0.0131$  (Millage Rate)**

➤ **Taxes on a property assessed at  $\$200,000$ :**

- **$\$200,000$  (Assessed Value)  $\times$   $0.0131$  (Millage Rate) =  $\$2,620$**



# MILLAGE RATE CALCULATION SCENARIO #5

**Scenario #5: Property tax levy decrease by 5%:**

**$\$1,425,000$  (Levy)  $\div$   $\$120,000,000$  (Base) = 0.0119 (Millage Rate)**

➤ **Taxes on a property assessed at  $\$200,000$ :**

- **$\$200,000$  (Assessed Value)  $\times$  0.0119 (Millage Rate) =  $\$2,380$**



# EXEMPTIONS

- How do exemptions work?
- What overall effects do property tax exemptions have on property taxes?
- Let's look at a very simple example that applies to everyday life.



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# EXEMPTIONS

The restaurant down the street says that for \$500 they will serve all 10 people in the office lunch for \$500.

$$\text{\$500} \div \text{10 people} = \text{\$50.00}$$

But it's the Boss' Birthday! So, we are all going to "chip in" and pay for Boss' lunch.



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# EXEMPTIONS

## We are exempting the Boss from paying!!!

- Original equation was....  
 $\$500 \div 10 \text{ people} = \$50.00$
- But here is the equation now....  
 $\$500 \div 9 \text{ people} = \$55.56$



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# EXEMPTIONS

**Remember Scenario #1: Original levy and tax base**

**$\$1,500,000$  (Levy)  $\div$   $\$120,000,000$  (Base) = 0.0125 (Millage Rate)**

➤ **Taxes on a property assessed at \$200,000:**

▪  **$\$200,000$  (Assessed Value)  $\times$  0.0125 (Millage Rate) = \$2,500**



# EXEMPTIONS

**Tax base decreases \$45,000,000 due to a new exemption**

**$\$1,500,000$  (Levy)  $\div$   $\$75,000,000$  (Base) = 0.020 (Millage Rate)**

- **The required millage rate has increased dramatically due to the change in the Property Tax Base.**
- **What happened to the actual tax bills?**



# EXEMPTIONS

- Taxes on original property value which assessed at \$200,000

Before Exemption:

$$\$200,000 \text{ (Assessed Value)} \times 0.0125 \text{ (Millage Rate)} = \$2,500$$

VS.

After Exemption:

$$\$200,000 \text{ (Assessed Value)} \times 0.0200 \text{ (Millage Rate)} = \$4,000$$



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# TIPS FOR HANDLING COMPLEX CASES

- Listen to the case presented.
- Ask questions on the record.
- Decide based on the evidence presented.
- Establish a record that supports the decision.



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# BAD REASONS FOR A REDUCTION

- Taxes are too high
- Value increase too much
- No improvements made to the property
- Neighbor's house valued less
- Not enough services from Municipality for taxes paid
- Value is excessive, improper, and unequal without supporting evidence
- Didn't receive an assessment notice



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# LEGITIMATE REASONS FOR A REDUCTION

- The property was sold during the assessment year, but the Assessor did not consider the sale price.
- The assessment includes a factual error such as wrong square footage.
- The property was in exceptionally poor condition as of the assessment date i.e. roof was caved in.



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# BOE “DO’S”

- **DO** show both the Appellant and the assessment staff the courtesy of your attention, and discuss weight given to issues.
- **DO** make your decisions based upon ONLY the facts presented at the hearing.
- **DO** make a record by basing the motion on the facts presented and discussing all salient facts.
- **DO** remember that the Assessor’s staff are professional appraisers who have been to schools on appraisal standards and techniques.



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# BOE “DON'TS”

- **DO NOT** offer a small deduction to “help out” the Appellant.
- **DO NOT** bring in your own comparables; you should consider only what is presented at the hearing.
- **DO NOT** attempt to re-appraise the property unless the burden of proof has been met by the Appellant. Then make the determination of value based upon the information provided or you may also remand the appeal back to the Assessor.



## Board of Equalization Training

DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT

# CONCLUSION

1. Property Assessment and Taxation
2. Tips For Handling Complex Appeals
3. BOE “Do’s” and “Don’ts.”



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