



Town of Kittery, Maine
200 Rogers Road, Kittery ME 03904

Board of Assessment Review

Meeting Agenda
Kittery Town Hall-
Council Chambers
200 Rogers Road
Kittery ME

**Wednesday, July 28, 2021
4:00 P.M.**

1. CALL TO ORDER: Council Chambers- 4:00 P.M.

2. ROLL CALL

3. PUBLIC HEARING:

a. Appeal 1, 284 US Route 1 (Tax Map 31 Lot 6): Owner/Applicant Jonathan Shafmaster requests consideration of an application of appeal for real commercial property assessment.

- Response: Assessor, Paul McKenney, CMA, CNHA and Ed Tinker, CNHA
- Discussion: Deliberation RE: 284 US Route 1
- Decision: Findings of Fact

b. Appeal 2, 375 US Route 1 (Tax Map 47, Lot 4): Owner/Applicant F/C Kittery Development LLC requests consideration of an application of appeal for real commercial property assessment. Agent is Jonathan Block, Pierce Atwood LLP.

c. Appeal 3, 318 US Route 1 (Tax Map 38, Lot 13A): Owner/Applicant F/C Kittery Development LLC requests consideration of an application of appeal for real commercial property assessment. Agent is Jonathan Block, Pierce Atwood LLP.

d. Appeal 4, 294 US Route 1 (Tax Map 38, Lot 14): Owner/Applicant Ripley Road Associates LLC requests consideration of an application of appeal for real commercial property assessment. Agent is Jonathan Block, Pierce Atwood LLP.

e. Appeal 5, 345 US Route 1 (Tax Map 47, Lot 1): Owner/Applicant CPG Kittery Holdings LLC requests consideration of an application of appeal for real commercial property assessment. Agent is Jonathan Block, Pierce Atwood LLP.

f. Appeal 6, 325 US Route 1 (Tax Map 38, Lot 7): Owner/Applicant CPG Finance II LLC requests consideration of an application of appeal for real commercial property assessment. Agent is Jonathan Block, Pierce Atwood LLP.

- Response: Assessor, Paul McKenney, CMA, CNHA and Ed Tinker, CNHA
- Discussion: Deliberation RE: 375 US Route 1, 318 US Route 1, 294 US Route 1, 345 US Route 1, and 325 US Route 1
- Decision: Findings of Fact, Appeals 2-6

4. OTHER BUSINESS: Approval of Minutes: June 23, 2021

5. ADJOURNMENT

Please direct questions or comments about this hearing to the Kittery Assessing Department at 207-475-1306 or assessing@kitteryme.org.

MEMORANDUM

TO: The Town of Kittery Board of Assessment Review

FROM: James N. Katsiaficas, Emily A. Arvizu

DATE: July 20, 2021

RE: Grounds for Abatement under Maine Law

To assist in the Board's review of the abatement appeals before it, this memorandum provides an overview of the three grounds for granting a property tax abatement under Maine law and the tests developed by the courts for demonstrating each. This memorandum also provides an overview of the three assessment methods used in Maine, focusing primarily on the Income Approach.

I. Three Grounds for Property Tax Abatement under Maine Law

To begin, "a town's tax assessment is presumed to be valid." *Petrin v. Town of Scarborough*, 2016 ME 136, ¶ 14, 147 A.3d 842 (quoting *Ram's Head Partners, LLC v. Town of Cape Elizabeth*, 2003 ME 131, ¶ 9, 834 A.2d 916). To rebut the presumption, the taxpayer must "prov[e] that the assessed value of the property is manifestly wrong". *Id.* The taxpayer may demonstrate this in one of three ways: "(1) that the property was substantially overvalued and an injustice resulted from the overvaluation; (2) that there was unjust discrimination in the valuation of the property; or (3) that the assessment was fraudulent, dishonest, or illegal." *Id.* (quoting *Terfloth v. Town of Scarborough*, 2014 ME 57, ¶ 12, 90 A.3d 1131).

A. Overvaluation

The first ground for abatement is overvaluation. This arises out of the requirement in Article IX, section 8 of the Maine Constitution that “[a]ll taxes upon real and personal estate, assessed by authority of this State, shall be apportioned and assessed equally *according to the just value thereof*.” Me. Const. art. IX, § 8 (emphasis added). To satisfy this constitutional requirement, a valuation must be both “fair (nondiscriminatory) and just (in line with the fair market value of the property).” *Yusem v. Town of Raymond*, 2001 ME 61, ¶ 13, 769 A.2d 865 (internal quotation marks omitted).

For a taxpayer to prevail on an overvaluation claim, the taxpayer must prove that the assessment was “manifestly wrong” by showing that “the property was substantially overvalued and an injustice resulted from the overvaluation.” *Roque Island Gardner Homestead Corporation v. Town of Jonesport*, 2021 ME 21, ¶ 12, 248 A.3d 953 (quotation marks omitted) (hereinafter “*Roque II*”). To satisfy this initial burden, the taxpayer “must demonstrate that the judgment of the assessor was irrational or unreasonable in light of the circumstances”, *id.*, and must present “credible, affirmative evidence of just value”, *Town of Southwest Harbor v. Harwood*, 2000 ME 213, ¶ 9, 763 A.2d 115. “Impeachment of the assessor’s methodology alone is insufficient to meet that burden.” *Roque II*, 2021 ME 21, ¶ 12, 248 A.3d 953 (quotation marks omitted). Once the taxpayer has satisfied its burden, the assessor “must engage in an independent determination of fair market value based on a consideration of all relevant evidence of just value.” *Id.* ¶ 22 (quotation marks omitted).¹

¹ “Assessors in determining just value are to define this term in a manner that recognizes only that value arising from presently possible land use alternatives to which the particular parcel of land being valued may be put.” 36 M.R.S. § 701-A. To determine “just value”, “assessors must consider all relevant factors, including without limitation the effect upon value of any enforceable restrictions to which the use of the land may be subjected including the effect on value of designation of land as significant wildlife habitat . . . , current use, physical depreciation, sales in the secondary market, functional obsolescence and economic obsolescence.” *Id.* However, “the statutory mandate that certain factors be considered does not equate to a mandate that each factor be applied to each property.” *Yusem v. Town of Raymond*, 2001 Me 61, ¶ 11, 769 A.2d 865. “Market value” is defined as “the

Two parties are competent to offer evidence of fair market value for a property – a certified real estate appraiser² and the property owner³; however, the property owner’s own opinion of value may not be credible. *See City of Waterville v. Waterville Homes, Inc.*, 665 A.2d 365, 366 (Me. 1995) (finding that a taxpayer’s unsupported opinion of the value of the property, based on a purchase price from a transaction that was not at arms-length, is insufficient evidence to satisfy the taxpayer’s burden). Additionally, Maine law provides a defense of the assessment if “it is accurate within reasonable limits of practicality,” meaning within 10% of the assessment ratio used within the municipality or the primary assessing area. 36 M.R.S. § 848-A.

In summary, a claim of overvaluation requires a showing that the property’s assessed value is “manifestly wrong” as compared with the just value of the property and supported by credible evidence of that value, and that this overvaluation resulted in an injustice to the taxpayer.

B. Unjust Discrimination

The second ground for an abatement is unjust discrimination. As with overvaluation, the foundation of the claim for unjust discrimination comes from the Maine Constitution, which requires that (1) “each property is assessed at ‘just value,’ which is equivalent to ‘[fair] market value’”⁴ and (2) “the tax burden is ‘apportioned and assessed equally’ in order to prevent unjust discrimination between or among taxpayers.” *Petrin v. Town of Scarborough*, 2016 ME 136, ¶¶ 15, 147 A.3d 842.

price a willing buyer would pay a willing seller at a fair public sale.” *Angell Family 2012 Prouts Neck Trust v. Town of Scarborough*, 2016 ME 152, ¶ 29, 149 A.3d 271 (quotation marks omitted).

² *Williams v. Ubaldo*, 670 A.2d 913, 917 (Me. 1996).

³ *Garland v. Roy*, 2009 ME 86, ¶ 21, 976 A.2d 940.

⁴ Unjust discrimination will only be found where the *total* assessed value, representing the fair market value, is inconsistent with similarly situated properties. *Roberts v. Town of Southwest Harbor*, 2004 ME 132, ¶¶ 3-4, 861 A.2d 617.

Unjust discrimination occurs where two similarly situated properties do not receive roughly equal tax treatment “and is typically demonstrated through evidence of a practice that amounts to intentional underassessment or overassessment of one set of like properties.” *Roque Island Gardner Homestead Corp. v. Town of Jonesport*, 2017 ME 152, ¶ 15, 167 A.3d 564 (internal quotations omitted) (hereinafter “*Roque I*”). Municipalities may “create various classes of property and impose different tax burdens on those respective classes” provided that such classes and burdens are reasonable. *Petrin*, 2016 ME 136, ¶ 24, 147 A.3d 842; *see also Town of Bristol Taxpayers' Ass'n*, 2008 ME 159, ¶ 12, 957 A.2d 977 (“[B]ecause there is no dispute that parcels in the Town were assessed consistently with other parcels in the same class, the Taxpayers have failed to make out a basic claim of unjust discrimination.”). These classes must be based on either the character of the properties or on policy. *Petrin*, 2016 ME 136, ¶ 24, 147 A.3d 842.

To succeed on an unjust discrimination claim, the taxpayer bears the burden of proving that the “assessor’s system necessarily results in unequal apportionment.” *Petrin*, 2016 ME 136, ¶ 16, 147 A.3d 842 (internal quotation marks omitted). The taxpayer “may present evidence that parcels owned by other taxpayers are assessed at drastically lower valuations; that there are no distinctions between the two sets of properties that justify the disparity; and that any rationale offered by the Town for the lower valuations is unfounded or arbitrary.” *Roque I*, 2017 ME 152, ¶ 14, 167 A.3d 564 (quotations omitted).⁵ Unjustly discriminatory valuation methods may be intentional and systematic, but they may also be found in a pattern of arbitrary reductions or increases. *See Ram’s Head Partners, LLC v. Town of Cape Elizabeth*, 2003 ME 131, ¶ 13, 834

⁵ For example, the Town of Scarborough’s valuation methodology was held unjustly discriminatory because “the assessor intentionally and systematically discount[ed] the assessed value of abutting lots in common ownership for the sole reason that there is a common boundary between the two.” *Petrin*, 2016 ME 136, ¶ 26, 147 A.3d 842.

A.2d 916; *see also City of Biddeford v. Adams*, 1999 ME 49, 727 A.2d 346 (holding that a 12.5% reduction in the valuations of properties in one neighborhood but not of properties in another similar neighborhood was unjust discrimination when the reduction was based on the assessor's "gut feeling").

C. Fraudulent, Dishonest, or Illegal

"An illegal assessment is generally understood as one that exceeds the bounds of the taxing entity's authority." *Yusem v. Town of Raymond*, 2001 ME 61, ¶ 14 n.12, 769 A.2d 865.

"An illegality occurs when there is an 'impropriety in the manner in which the property was assessed,' such as when tax-exempt property is assessed taxes, but not when the assessor has made errors in value calculation." *UAH-Hydro Kennebec, L.P. v. Town of Winslow*, 2007 ME 36, ¶ 18, 921 A.2d 146 (quoting *Goldstein v. Town of Georgetown*, 1998 ME 261, ¶ 8, 721 A.2d 180, 182). For example, an illegality occurs when an assessor determines the value of the property based in part on its status as shorefront property when the property is not in fact shorefront. *See Chase v. Town of Machiasport*, 1998 ME 260, 721 A.2d 636. A tax assessment of an inhabitant of another town is also illegal. *Herriman v. Stowers*, 43 Me. 497 (1857). But a mere impeachment of a tax assessor's methodology, absent affirmative evidence that the assessment is manifestly wrong, is insufficient grounds for an abatement. *Yusem v. Town of Raymond*, 2001 ME 61, ¶ 14, 769 A.2d 865.

D. Summary

To qualify for an abatement, the taxpayer must be able to demonstrate that the assessed value of the property is manifestly wrong on one of three bases: overvaluation, unjust discrimination, or illegality. Through case law, the courts have developed clear tests for each claim. Where overvaluation analysis centers on whether the individual property was assessed at

just value, the inquiry in unjust discrimination claims centers on whether the tax burden was imposed in a proportionate and equal manner among and between classes of properties. Illegality occurs when the taxing body has exceeded the bounds of its authority and imposed a tax where it is not authorized to do so. Under all three tests, the municipality enjoys the presumption that its assessment is valid and the taxpayer bears the burden of rebutting that presumption. The court will not find that an assessment is manifestly wrong without an affirmative evidentiary showing by the taxpayer.

II. Assessment Methods

In Maine, assessors use three methods to find the “just value” of a property: (1) the Sales Comparison Approach; (2) the Cost Approach; and (3) the Income Approach. Maine courts “ha[ve] permitted the local assessors considerable leeway in choosing the method or combinations of methods to achieve just valuations.” *Shawmut Inn v. Inhabitants of Town of Kennebunkport*, 428 A.2d 384, 390 (Me. 1981). Additionally, municipalities are not required to use the same appraisal method for all properties. *South Portland Associates v. City of South Portland*, 550 A.2d 363, 369 (Me. 1988). However, an assessor must give due consideration to all three methods in finding “just value.” While all three methods may not be appropriate for every valuation, an assessor cannot simply choose an approach and disregard other approaches when they are appropriate. Instead, an assessor may choose one method as a starting point but then must use other appropriate methods as checks to test the reasonableness of the valuation. *Id.* at 367.

The Sales Comparison Approach “use[s] sale prices of similar properties as evidence of value” and “reflects the actions and reactions of typical buyers and sellers in the marketplace, assuming in similar market conditions a similar property would sell for a similar price,

illustrating principles of supply and demand.”⁶ The Cost Approach bases the value of the property on the amount it would cost to replace the property and “is based on the concept that the likely value of an existing property equates to underlying land value plus the replacement cost of the depreciated improvements.” Lastly, the Income Approach “derives a value by analyzing and determining an income flow from the market, and then capitalizing this stream of income into a value.” It is typically used for commercial properties. This memorandum focuses on the income approach.

Under the Income Approach, the assessor “estimate[s] the potential gross market income for the property at its highest and best use, [and] subtract[s] all appropriate expenses to derive the net operating income (NOI).” “Highest and best use” means “the legally allowable use that will generate the highest return to the property over time” and is determined by considering four criteria: whether the use is (1) physically possible and probable; (2) legally permissible; (3) financially feasible; and (4) most productive.⁷

While the Income Approach may be complex in execution, at its most basic level it measures the value of the property based on its income earning potential by looking to the net income of the property and the capitalization rate needed for a return on investment.

The equation used for the Income Approach is “Income = Rate x Value” where “Income = the estimated income generated by the property;” “Rate = the capitalization rate, or the rate of return for income producing property;” and “Value = the current market value of the property.”⁸

⁶ Unless otherwise specified, the information in this section is drawn from the Kittery, Maine Revaluation Manual 2020, available at:

https://www.kitteryme.gov/sites/g/files/vyhlf3316/f/uploads/kittery_uspap_manual_11.19.20_complete_1.pdf.

⁷ *Introduction to Property Tax Assessment*, Maine Revenue Services p. 32 (June 2020), https://www.maine.gov/revenue/sites/maine.gov.revenue/files/inline-files/pt101_text.pdf.

⁸ *Introduction to Property Tax Assessment*, Maine Revenue Services p. 37 (June 2020), https://www.maine.gov/revenue/sites/maine.gov.revenue/files/inline-files/pt101_text.pdf.

To determine income, an assessor starts with an estimate of the potential gross income by considering the local rental market, rental history, the tenant market and the demand for space.⁹ Then the assessor adds to that a number for “miscellaneous income” which is any income generated from anything other than rent.¹⁰ Once those have been added together, the assessor subtracts an estimate of vacancy and collection loss and operating expenses, including fixed costs (costs that do not change with occupancy), variable costs (e.g. heat, electricity, etc.), and replacement reserves.¹¹ The final result is the net operating income.

To calculate the capitalization rate, an assessor will add together the interest rate, the effective tax rate, and the recapture rate. More specifically, for land, the capitalization rate typically consists of just the interest rate plus the effective tax rate because there is usually no recapture rate since land typically does not depreciate over time. For developed property, the capitalization rate consists of three components: (1) the discount rate, which is the mortgage interest rate (return on borrowed funds) and the equity yield rate (return on investor’s equity); (2) the recapture rate, which “is the annual rate at which an investment is returned over the economic life of property” and only applies to improvements that lose value over time; and (3) the effective tax rate, which is “calculated by multiplying the municipal property tax (mill) rate by that municipality’s declared ratio”, e.g. 90% of market value.¹²

⁹ *Valuation of Real Estate*, Maine Revenue Services p. 98 (May 2020), https://www.maine.gov/revenue/sites/maine.gov.revenue/files/inline-files/pt103_text.pdf.

¹⁰ *Valuation of Real Estate*, Maine Revenue Services p. 98 (May 2020), https://www.maine.gov/revenue/sites/maine.gov.revenue/files/inline-files/pt103_text.pdf.

¹¹ *Valuation of Real Estate*, Maine Revenue Services p. 98 (May 2020), https://www.maine.gov/revenue/sites/maine.gov.revenue/files/inline-files/pt103_text.pdf.

¹² *Valuation of Real Estate*, Maine Revenue Services p. 102 (May 2020), https://www.maine.gov/revenue/sites/maine.gov.revenue/files/inline-files/pt103_text.pdf.

Lastly, the value is calculated by dividing the net operating income by the capitalization rate. Additionally, if the valuation sought is for both land and buildings, the assessor will typically make the above calculations for the land and buildings separately.¹³

The Supreme Judicial Court of Maine has recognized that the income method poses some inherent problems to using the income method: “the ability of the landlord to ‘manipulate’ receipt and expense levels and the instability that the income method might tend to impose on municipal revenues.” *South Portland Associates v. City of South Portland*, 550 A.2d 363, 368 (Me. 1988). To counteract these issues, the Court recommends that “[w]hen assessors employ income analysis they can and should use income and expense figures and capitalization techniques that take into account expected net income for a significant period of time.” *Id.*

¹³ *Valuation of Real Estate*, Maine Revenue Services p. 101 (May 2020), https://www.maine.gov/revenue/sites/maine.gov.revenue/files/inline-files/pt103_text.pdf.

JUN 3 2021 PM 12:03

FEE FOR BOARD OF ASSESSMENT REVIEW
\$100.00

SURNAME Shafmeister
MAP 288 US-1 LOT 31-6

BOARD OF ASSESSMENT REVIEW APPLICATION
FOR APPEAL OF ASSESSMENT
(Please print or type)

INSTRUCTIONS:

1. Before applying to this board, applicants must have been denied an abatement request by the Assessor. All applications shall be on the Board's application form with an answer provided for all 15 items. The original and six copies of all applications together with six copies of supporting documents must be addressed to: Board of Assessment Review, 200 Rogers Road, Kittery, Maine 03904. All material must be mailed or delivered by hand so as to arrive in the Kittery Town Office not later than the close of business on the 60th day following the Assessor's denial of an application for abatement or the day on which the application for abatement is deemed denied. If the 60th day falls on a Saturday, Sunday, or legal holiday, the deadline shall be at the close of business on the next day when the Town offices are open. If delivering the application by hand make sure it is date stamped by a Town Office staff person. Applications with unanswered questions or with insufficient detail to provide an understanding of the problem may be returned with a request for further information.
2. A property owner's personal opinion that his or her property assessment is too high is insufficient basis for granting an abatement. There is a presumption of correctness on the part of the Assessor (*Shawmut Inn v. Town of Kennebunkport*). In order to prevail, the property owner must submit some clear and convincing evidence that the property is disproportionately overvalued relative to comparable properties. This may include, but is not limited to, either or both of the following:
 - A. An independent appraisal(s) is not required but may be helpful. If used the appraisal(s) must be done by an independent professional Maine-licensed appraiser(s) specifically for the purpose of the tax abatement, and effective as of April 1 of the year when abatement is requested. The appraisal must show that the applicant's property valuation is disproportionately higher relative to true value than that of comparable properties.
 - B. Evidence in the form of several examples of neighboring properties similar to applicant's but with substantially lower assessments.

The difference in value between applicant's property and comparable property must exceed a reasonable margin of error. Additional information may be found in Bureau of Taxation Bulletin No. 10, available in the Assessor's Office.

3. Applicants may employ representatives, consultants, or witnesses. Applicant is not required to be present at a hearing if (1) It is impractical because of travel distance and applicant is satisfied that written material presented properly states his case, or (2) if someone of his choice will appear to present his case. Any applicant choosing not to be present should so notify the Board in writing prior to the hearing. Any representative, other than an attorney, who submits an application on behalf of a taxpayer must submit a letter of authorization signed by the taxpayer.

APPLICATION

1. Date of this Application 6-1-2021
2. Date of Application to Assessor 2-5-2021
3. Date of Denial by Assessor 4-8-2021

4. Tax Year covered in Abatement Request 2020 - 2021
(Note: The tax year begins on April 1st of the year in which the tax is first billed and ends on March 31 of the following year.)

5. Name of owner as of April 1 Jonathan S. Shafmaster

6. Current Owner if different from above _____

7. Address of Property 284 US Route 1
Kittery ME 03904

8. Type of Property:

Single Residence

☐

Commercial

☒

Multi Residence

☐

Industrial

☐

Undeveloped Land

☐

Machinery or Equipment

☐

9. Dollar Amount of reduction in Valuation requested \$ 2,032,180

10. State basis for appeal and substantiation for amount of abatement requested (attach pertinent documents). Note: it is important to answer this question fully. In order to prevail at a hearing on an appeal, the person or persons appealing must prove by a preponderance of the evidence that the assessment is in error.

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(Continue on additional sheet(s) if more space is needed.)

11. What does Owner(s) consider to be the market value of the property?

2,676,520

12. Name and address of Representative (if any)

13. Does Owner(s) agree to admit members of the Board of Assessment Review to the lot and building(s) for purposes of inspection or if not living there, arrange for admittance of the Board to the property?

Yes ☒

No ☐

14. Signature of Owner(s) of Property (if in joint ownership, all signatures)

Jonathan S. Shafmaster, Jonathan S. Shafmaster

15. Applicant's Legal Mailing Address

Phone # 603 431-3170

158 Shattuck Way
Newington WA 03801

This appeal does not affect in any way the obligation of the property owner to pay all real estate tax bills rendered against the property.

We have met with the town appraiser and have gone through the appropriate procedure. Based on these meetings the town gave partial relief. In the process of these meetings and the assessment appeals process the town appraiser shared its formula/calculation. Using the towns own "formula" as of the April valuation date, we arrive at a value of \$2,676,520. (See attached).

Our company was a national builder/developer of outlet malls for over twenty years. We understand the appraiser's valuation formula. It is an industry cap based standard calculation.

Rent	367,247
Pass Through Income	
Cam	62,282
Taxes	62,060
Insurance	5,093
Advertising	5,516
Total pass through income	134,951
Total income	502,198
Common Area Expenses	
Cam	68,298
Taxes	79,249
Insurance	16,643
Advertising	6,285
Total Common Area Expenses	170,474
Other	
Professional	2,130
Management Fee	25,110
Structural reserve	10,044
Maintenance	-
Other	22
Total Other	37,306
NOI	294,417
Cap	11%
Value	2,676,520

MISCELLANEOUS PAYMENT RECPT#: 664225
TOWN OF KITTERY - LIVE
200 ROGERS ROAD
KITTERY ME 03904

DATE: 06/03/21 TIME: 12:05
CLERK: 220codeca DEPT:
CUSTOMER#: 0

PARCEL: 284 US ROUTE 1

CHG: 10 DESIGNATED ACCO 100.00

REVENUE:

1 1111 43113 100.00

BOARD OF ASSESSMENT REVIEW

REF1: REF2:

CASH:

1000 11011 100.00

CHECKING

AMOUNT PAID: 100.00

PAID BY: JONATHAN S SHAFMASTE

PAYMENT METH: CHECK

2392

REFERENCE: CV

AMT TENDERED: 100.00

AMT APPLIED: 100.00

CHANGE: .00

Jon Shafmaster

To: Carrie Varao
Subject: backup for Kittery owner valuation

Dear Ms. Varao,

Enclosed is a comparison of tax valuations of the Maine Gate Mall showing the differences between my calculation and that of the Town's assessor. Both are typical cap rate calculations.

Essentially, the Town's Assessor is using income which is inaccurate and overstated and a cap rate which is not applicable to my property primarily because of the strength (or lack thereof) of my tenants and the length of the existing leases. My leases are now all short term and two of the tenants are low grade. In addition two of my leases are percentage rents and not fixed and, as well, not triple net.

My valuation uses actual rental income, expenses, and an appropriate cap rate.

Hopefully this additional information will be useful to your review board.

Regards.

Jon Shafmaster

Tax Valuation

	Town	Shafmaster	Difference
Gross Rent	583,312	502,198	
vacancy	(29,166)	-	
expenses	(55,415)	(207,780)	
	498,731	294,418	
cap rate	9%	11%	
Income Value	5,541,500	2,676,520	2,864,980
adjusted	4,708,700	2,676,520	2,032,180

**ABATEMENT APPEAL TO BOARD OF ASSESSMENT REVIEW
TOWN OF KITTERY - RESPONSE BY THE ASSESSOR**

Date of Hearing: **July 28, 2021**

Owner Name:	JONATHAN S. SHAFMASTER		
Property Address:	284 US Route 1	Map-Lot:	31-6
Preliminary Assessment:	\$5,667,800		
FY2020-21 Assessment:	\$5,280,200		
Abated Assessment:	\$4,708,700		

TABLE OF CONTENTS

TOWN'S RESPONSE TO 2020 TAX ABATEMENT AND APPEAL

DEVELOPMENT OF VALUES AND VALUATION PROCEDURES

FINAL REVALUATION SUMMARY

PROPERTY CARD

QUALIFICATIONS OF THE ASSESSOR & ASSESSING STAFF

Town's Response to 2020 Tax Year Abatement & Appeal:

Maine Gate Outlet / 284 US Route 1:

Map & Lot	Address	2019 Assessment	2020 Assessment	% Change
31-6	284 US Route 1	\$5,188,100	\$4,708,700	(9.24%)

2019 tax burden: \$90,272.94 (\$5,188,100 x 0.01740)

2020 tax burden: \$60,742.23 (\$4,708,700 x 0.01290)

2020 reduction in total taxes due: \$29,531 or (32.71%)

The Maine Gate Outlet consists of 3 tenants:

1. Eddie Bauer
2. Orvis
3. Barbour

The Town of Kittery completed a town wide revaluation in 2020, the last revaluation was completed in 2013.

The 2020 assessments are based on the property's indicated fair market value as of April 1, 2020.

The valuation opinion relied on the three approaches to value:

1. Cost approach
2. Income approach
3. Sales comparison approach

Mass appraisal utilizes all 3 approaches in developing assessments, when applicable.

Assessments are relative to a single date in time, for Kittery this date is April 1, 2020, and follows the assessment year which begins on April 1 and ends on March 31st.

Therefore, in completing the 2020 valuation update it represents assessments as of an effective date of April 1, 2020, and therefore represents the property as of that date in time.

Additionally, any changes both physically and economically that took place after April 1, 2020, would not be considered due to the effective date of the assessments/appraisal report.

These are the reasons that income and expense data is analyzed for a multi-year period prior to the effective date.

As part of the 2020 revaluation, we developed market driven data resulting from a review of data relative to rental rates, income and expense data, vacancy rates and market driven capitalization rates for individual type properties, in the case of the subject properties that would be retail cap rates.

In completing the 2020 revaluation the Town sent out formal requests for 2019 Income and expense data, however in the case of Maine Gate Outlet, we did not receive any of the requested financial data at that time.

Once preliminary valuations were set, notices of the 2020 valuations were sent to the property owner.

An abatement application was submitted on March 1, 2021, and as part of that review process we were able to request and receive a multi-year tenant sales breakdown and copies of the 3 existing leases.

In reviewing the submitted leases we were able to determine each tenant's rental terms for the time period leading up to the 2020 assessment (April 1, 2020)

The following represents each tenant's base rent reflective for the 2019 tax year.

1. Eddie Bauer
Main Floor = 8,825 SF @ \$40.95 per square foot or \$361,383.75
Basement = 1,550 Sf @ \$6.60 per square foot or \$10,230.00
2. Orvis = 10% of gross sales which in 2019 = \$119,978.45
3. Barbour = 10% of gross sales which in 2019 = \$95,333.75

The existing 2019 lease terms represent a gross rental income for 2019 of \$586,925.95.

Additional pass-through income is derived from common area maintenance fees and prorated tax payments.

Utilizing the owners reported pass through income and common area expenses seems reasonable. However, we believe the cap rate estimated by the owner at 11% is artificially high for the 2020 tax year.

In our analysis which included a review of actual income and expense data as well as market derived data, the retail cap rate for 2019 was estimated at 8.93%; in quarter 1 of 2020 it was estimated at 9.22%.

If we were to then use an estimated cap rate of 9.40 which would include the company's portion of the tax burden estimated at (.32), the estimated value opinion would be more in line with the revised 2020 assessment.

Therefore, the Town believes the 2020 assessment is correct, fair and equitable based on the following:

- 1. The existing lease terms for the property support the 2020 assessment.**
- 2. The existing lease terms (Second amendment to the lease) should be the basis for the 2020 assessment.**
- 3. The second addendum of the Eddie Bauer lease outlines the terms and should be the primary basis for the valuation as of April 1, 2020.**
- 4. The Third amendment to the Eddie Bauer lease was not effective until April 1, 2020 and was added to address the effects of store closures due to the pandemic.**
- 5. Therefore, The Town believes the 2020 assessment reflects the property's fair market value as of April 1, 2020.**

SECTION 3

Development of Values and Valuation Procedures

Description of Basic Valuation Theory and Mass Appraisal

Identify Property

The appraiser's first task is to identify what property is being appraised. This includes physical aspects of the property and property rights.

There are six basic property rights associated with the private ownership of property, these include: 1) the right to use, 2) the right to sell, 3) the right to lease or rent, 4) the right to enter or leave the property, 5) the right to give away, and 6) the right to refuse to do any of these. These, and other rights, are known as the full "bundle of rights," which is understood to be attached to an ownership with "fee simple" title which has been described in the preceding section.

Determine Highest and Best Use

The next step is to identify the highest and best use of the property. Refer to the preceding discussion, as well as the preceding section "Identification of Assumptions and Limiting, Hypothetical and Extraordinary Conditions" for more information on highest and best use.

Once the highest and best use has been determined, the appraiser begins the process of data collection, studies the market and accompanying economic forces (such as supply and demand) pertaining to highest and best use, and assembles the relevant data and statistics for incorporation into the analysis.

Collect and Analyze Data

Strategies for data collection will vary with the type of data being sought and may not be the same for every property use. Overall, the comparative data, which may include descriptions and/or confirmations of the property's physical attributes, cost, income and expense, and details of sale or transfer information are collected, if applicable.

At this point, neighborhood boundaries can be established to "stratify" the properties and the property-specific information collected in the field. As a result, statistical information pertaining to the market/economic forces that impact an area can be defined by set boundaries in a meaningful and cohesive way.

This market-derived information, such as sale information, improvement costs, and depreciation, is then entered into the Municipality's CAMA (Computer Assisted Mass Appraisal) system, and

forms the basis for the database “tables” that enable the CAMA system to generate specific property values.

Data Calibration Methods and Approaches to Value

There are primarily three approaches or analytical techniques utilized to develop an opinion of value, and these techniques are incorporated into the CAMA system. Below is a description of each technique descriptions of situations where the approach would be best used. Typically, more than one technique is used. The most applicable approach will be given the most weight in the reconciliation stage. Techniques are reconciled during analysis.

Cost Approach Methodology: The “Cost Approach” is based on a comparison of the subject property to the cost to produce a new subject property or a substitute property. This concept is called the “principle of substitution.”

The Cost Approach is based on the concept that the likely value of an existing property equates to underlying land value plus the replacement cost of the depreciated improvements. Typically, a Cost Approach would not be utilized for an appraisal of vacant land. The replacement cost of any improvements is typically derived from published cost tables, or derived directly from localized information, and should be updated as required by market conditions. Items considered in this estimate are the age, condition, and utility of the property.

Importantly, the assessor typically evaluates existing improvements based on utility and function, rather than attempting to duplicate or exactly reproduce the assessed property. The Cost Approach can be used for commercial and residential property.

Cost Approach Modeling: In applying the Cost Approach, the appraiser, or assessor, will first value the land of the subject based on comparable land sales, sales land residuals or income land residuals. Second, the appraiser will estimate the cost to construct the existing structure, along with any site improvements. Once the cost of the building is developed, depreciation from normal wear and tear and from functional and economic obsolescence is deducted. The remaining value is considered the Replacement Cost Less Depreciation (RCLD).

Sales Comparison Approach Methodology: The “Sales Comparison Approach” is based on the premise that the appraiser can use sale prices of similar properties as evidence of value. In other words, the Sales Comparison Approach reflects the actions and reactions of typical buyers and sellers in the marketplace, assuming in similar market conditions a similar property would sell for a similar

price, illustrating principles of supply and demand. During the process, the appraiser compares a subject property to other comparable properties sold within the analysis period and adjusting the sale prices of comparable properties to compensate for differences. The differences are weighed through value indications developed to arrive at an opinion of market value for the subject property.

As no two properties are ever exactly alike, and market conditions can change, a systematic series of adjustments are made to the sale property to bring it into conformity with the appraised property. A comparative analysis process is completed to determine and define similarities and differences of properties and transactions that can affect value. These elements may include property rights appraised, financing terms, market conditions, size, location, and physical features. The Sales Comparison Approach can be used for commercial, residential, and vacant land types of property.

Sales Comparison Approach Modeling: In the context of mass appraisal performed for assessment purposes, the appraised property begins with a generic property description that is utilized to establish a “baseline” for comparing similar properties. For instance, the recent sale of a single-family residential ranch-style home, approximating 2,000 square feet, three-bedrooms, two-baths, and of average quality construction and condition, could be compared to other similarly situated single-family ranch-style homes. The sales are compared and adjusted to isolate the various market factors and baseline parameters that are then applied to the specific properties being assessed. Like the Cost Approach, the Sales Comparison Approach is based upon the principle of substitution, but it assumes that when several similar properties are available, instead of individual improvements for one property, the property with the lowest price will attract the greatest demand.

Income Approach Methodology: The “Income Approach” is based upon the “principle of anticipation” which recognizes that value is created by the owner’s expectation of future benefits. Typically, these benefits are anticipated in the form of income, and/or in the anticipated increase in the property’s value over time. The approach is based on set of procedures which derives a value by analyzing and determining an income flow from the market, and then capitalizing this stream of income into a value. Generally, the Income Approach is used for commercial properties.

Income Approach Modeling: The Income Approach technique requires that the appraiser estimate the potential gross market income for the property at its highest and best use, subtract all appropriate expenses to derive the net operating income (NOI).

Market Rent Analysis: The first step in analyzing properties income potential is to establish market rent for land and improvements. Market rent is the rental income that a property would most probably command in an open market. Market rent is applicable when the property rights appraised are fee simple. To estimate the property's market rent, rental data from comparable properties are required to be gathered and analyzed.

The net operating income is then divided by a “capitalization rate” (Ro) or the market-derived rate investors would expect on alternative investments that share the same degree of risk as the appraised property. Capitalization is the process of converting a net income stream into an indication of value. The selection of a capitalization rate (Ro) can be developed by several methods including the Direct Capitalization Method and Band of Investment Technique.

Direct Capitalization Method: Direct Capitalization is a method used to convert an estimate of a single year’s income expectancy into an indication of value in one direct step, either by dividing the income estimate by an appropriate rate or by multiplying the income estimate by an appropriate factor. Extraction of a capitalization rate (Ro) from market surveys and by the band of investment technique are the most accepted methods. They will be utilized to determine a direct capitalization rate for each commercial property type. Another method to develop a capitalization rate is through extracting it from comparable sales.

Band of Investment Technique: This is a technique in which the capitalization rates attributable components of a capital investment are weighted and combined to derive a weighted average rate that is attributable to the total investment. The two components are the mortgage position and the equity position. The variables considered are the mortgage interest rate, amortization period, holding period, loan to value ratio and the equity yield rate.

Once the capitalization rate is developed the NOI is divided by this rate to determine a value by the income approach.

A simplified income approach is structured as follows:

Annual Potential Gross Income	
5 apartments @ \$1,000/month =	\$60,000
Annual Vacancy Rate = 5% annually =	(\$3,000)
Annual Effective Gross Income =	\$57,000
Annual Expenses =	(\$23,000)

Net Operating Income = \$34,000

Capitalization Rate = 10%

Property Value = $\$34,000 / 10\% = \$340,000$

Summary of Approaches to Value

Utilizing all three of the preceding independent approaches to value is preferable, since each independent approach provides a useful “test of reasonableness,” and more such tests are preferable to fewer such tests. However, it is not always possible to complete a specific approach due to the unavailability of meaningful data.

At the end of analysis, the different values reached by independent techniques are reconciled by evaluating both the quality of the information utilized in each approach, and a final opinion of value is selected.

In Kittery, all approaches were considered and utilized. There is a summary of approaches to value used in Kittery at the end of this section.

Overview of Mass Appraisal

Mass appraisal utilizes many of the same concepts outlined above. However, due to the necessity to attach values to multiple properties, as opposed to a single property, mass appraisal emphasizes data management, statistical valuation models, and statistical quality control. As a result, the use of an automated valuation model (AVM), also referred to as Computer Assisted Mass Appraisal (CAMA), software is required. The CAMA or AVM is a mathematically based computer software program that produces an estimate of market value based on market analysis of location, market conditions, and real estate characteristics from information that was previously and separately collected. The distinguishing feature of CAMA or AVM software is that it is a market appraisal produced through mathematical modeling. Importantly, as in most if not all data processing systems, the credibility of the results is highly correlated with the quality of the input data utilized, and the skills of the assessor or analyst utilizing the CAMA or AVM software.

Therefore, a mass appraisal system generally relies upon four primary subsystems that include: 1) a data management system, 2) a sales analysis system, 3) a valuation system, and 4) an administration system. Each subsystem is briefly described below:

The “Data Management” system is the core of the mass appraisal system and should be carefully designed and implemented. Fundamentally, the data management system is responsible for the data entry and subsequent editing, as well as the organization, storage, and security oversight of the data. Essential to the data management system is quality control, as the reliability of the data will have a direct and profound impact on the quality of the resulting output and values.

The “Sales Analysis” subsystem is responsible for the collection of sale data, sale screening, various statistical studies and sales reporting. The following statistical techniques are utilized to calibrate and fine-tune the data assumptions:

Ratio: refers to the relationship between the appraised or assessed values and market values as determined by a review of sales. The ratio studies, which are the primary product of this function, typically provide the most meaningful measures of appraisal performance and provide the basis for establishing corrective actions (re-appraisals), adjusting valuations to the market, and planning and scheduling administration. The requirement is to maintain a Median Ratio between 90% and 110% of market value. A ratio of 100% is preferred, indicating the assessed value is identical to the market value.

COD: or Coefficient of Dispersion, is another important statistical tool utilized in mass appraisal and refers to the average percentage deviation from the median ratio. As a measure of central tendency, the COD represents the degree to which the data being analyzed clusters around a central data point, such as the median ratio. The requirement is a COD no greater than 20%. A lower COD is preferable to a higher COD.

PRD: or Price-Related Differential, is calculated by dividing the mean by the weighted mean. A PRD greater than 1.03 indicates assessment regressivity. Regressivity is when high-value properties are assessed lower or disproportionate to, than low value properties. A PRD lower than 0.98 indicates assessment progressivity (when high-value properties are assessed higher, or disproportionate to, low-value properties. The requirement is a PRD no greater than 1.03, and no lower than 0.98. Overall, a PRD equal to 1.0 is preferred.

The “Valuation System” generally comprises the statistical application of the three approaches to value which are identified in the preceding section. For instance, utilization of the Sales Comparison Approach includes a statistical analysis of current market sales data. The Cost Approach utilizes computerized cost and depreciation tables and reconciles these computerized cost-generated values with market-derived sales information. The Income Approach utilizes

computer-generated income multipliers and overall capitalization rates. The Valuation System is also utilized to extract adjustments and/or factors that are utilized in the development of values.

The “Administrative System” includes such core, often automated, functions as development of the property record cards and assessment roll or property tax base, the preparation of the tax notices, and retention of the appeals and other miscellaneous property files.

Period of Time Associated with Sales/Data Collection:

Sale data utilized for the purpose of completing this analysis spanned a two-year period from April 1, 2018 to March 31, 2020. Only sales confirmed to be qualified “arms-length,” or market-oriented transactions, were utilized in the analysis.

Data Collection and Sales Verification Procedures:

The County Registry of Deeds provides the Municipality’s Assessing Department with copies of all recorded property transfers within 30 days of the date of transfer. Each individual sale was analyzed by the Municipality’s assessing staff to determine if the transfer was a qualified sale; i.e., arm’s-length and market oriented. The qualification procedure required either a direct interview with the buyer, seller, or broker/representative familiar with the circumstances surrounding the negotiated transfer of the property or was verified through Real Estate Transfer Tax Declaration (RETTD) forms. Upon final qualification, an attempt was made to inspect the property and the property record cards were updated. As previously mentioned, due to the safety concerns revolving around the COVID-19 outbreak mid-March 2020, sale properties not visited received an exterior inspection and property owners, when applicable, were asked to complete a questionnaire about the sale and interior physical attributes of the property.

Description of Qualified Sales and Sales Analysis Process:

The sale data was verified for accuracy by submitting each sale properties thorough physical measure and list, including interior inspection whenever possible, and market analysis. The sale review process confirms a transaction, or sale, was arm’s length with no unusual circumstances that might have influenced the negotiated sale price. This review process exposed unqualified sales and established the qualified sales available to conduct the analysis. Once sales were verified, and the preliminary benchmarks established, field reviews were conducted to refine the base tables and verify the alignment of properties and the tables by “use type” and location, for example. The preliminary values were further validated by the statistical testing of the sale data

made possible by the CAMA software system. The CAMA software groups and sorts the data by various elements of consideration such as: improvement type, age, size, and neighborhood, and various ratios are developed that reveal discrepancies in the underlying valuation model.

Significance of Adjustments and Factors:

“Adjustments” and “factors” are mathematical changes to basic data (for example data in a base table) to facilitate comparisons and understanding. This process assumes a causal relationship among the various factors for which the adjustments are made. The specific adjustments or factors applied to properties with amenities such as these, are typically derived from a detailed sales analysis. Once the appropriate sales are identified and confirmed or qualified, several techniques are utilized to extract, or isolate, the specific factor the appraiser is trying to identify.

Examples of factors and/or adjustments can include such important elements of consideration as waterfront or view or water access amenities. Importantly, a feature can be a positive influence on property value, or a negative influence on property value.

One technique used to isolate a specific factor is known as “extraction” where the appraiser subtracts the depreciated value of the improvements from the total sale price to arrive at the underlying value of the specific land component being analyzed. This is the most used method. Another technique is known as a “matched-pair” comparison analysis; wherein sales of properties that retain these features are compared to sales of properties that do not retain these features and the specific “contributory” value or factor attributable to the feature is isolated.

Number of Sales Utilized in Analysis:

As of the date of this report, there are 4822 total parcels situated in the Municipality. The breakdown of all property transfers for 4/1/2018 to 3/31/2020 within the Municipality by use type is as follows:

Commercial / Industrial	62
Utilities	0
Current Use	3
Residential	549
Condominium	103
Mobile Home	114

Vacant Residential Land	76
Exempt	<u>13</u>
Total	920

The breakdown of all qualified property transfers within the Municipality by “use type” follows:

Commercial / Industrial	16
Condominium	67
Residential	226
Mobile home	26
Vacant Land	<u>4</u>
Total	339

Income Approach to Value, Income and Expense Data

During the Kittery revaluation, an opinion of the market value for all properties, including commercial, was determined as of 4/1/2020. In the appraisal of commercial real estate, like residential real estate, the three recognized approaches to value are considered: The Cost, Sales Comparison, and Income approaches to value. However, the Income Approach, often referred to as “capitalization of net income” is used for income generating properties (IAAO, *Property Assessment Valuation 2nd Edition*, 1996, p203). In the Municipality of Kittery, the Income approach was considered but due to limited amount of income data, we were unable to utilize the approach and therefore unable to appropriately use the methodology.

Market Rent Analysis: To establish a basis for market rent in Kittery, rentals of comparable properties in the municipality for all property types were considered. Market rent is the rental income that a property would most probably command in an open market; indicated by current rents paid and asked for comparable space as of the date of the appraisal. Market rent may differ from contract rent, which is rent paid because of a specific agreement.

To establish market rent data, publications including the Southern Maine housing rental data and Southern New Hampshire and Southern Maine rental data for 2020 were utilized. Additionally, to collect market rent information, Income and Expense statements were mailed out to all commercial property owners throughout the town. This data once received was examined, qualified, and analyzed to develop market rent schedules and vacancy/expense ratios for each property type (i.e. retail, office, industrial, etc.).

Market Survey of Capitalization Rates: Capitalization is the process of converting a net income stream into an indication of value. The selection of a capitalization rate (Ro) can be developed by several methods, including Direct Capitalization, the Band of investment Technique, and capitalization rate extraction from comparable sales.

Capitalization rates, or cap rates, can be established through the validated data captured through the Income and Expense questionnaires. In Kittery, we established cap rates using the Income and Expense questionnaire data and by analyzing real estate market data of the southern Maine, seacoast New Hampshire, and northern New England.

Regional and national publications are typically used to establish cap rate data and analyze markets. Additionally, extracting a capitalization rate from comparable sales is usually considered when appropriate market data is available.

As a result, the cap rates for various commercial property types, determined as of 4/1/2020, were based on the analysis of market surveys and market data. For more information on the Income Approach please refer to the explanation on pages 21 and 22.

The Cap Rates for Kittery are as follows:

CODES		
CODE	DESC	RATE
APT	APARTMENT	0.0900
BANK	BANK	0.0900
BED	NURSING HOME	0.1050
CARS	AUTO RELATED	0.0900
FF	FAST FOOD	0.0800
GAS	GAS MART	0.0900
IND	IND/WRHSE	0.0900
MHPK	MOBIL HM PARK	0.1050
MIX	MIXED USE	0.1000
OFF	OFFICE	0.0900
OUTL	OUTLET STORES	0.0900
REST	RESTAURANT	0.1000
RET	RETAIL	0.1000
RET3	RETAIL NNN	0.0800
ROOM	HOTEL/MOTEL	0.1000
SELF	SELF STRGE	0.1000
SSTA	SERV STATION	0.0900
STGE	STORAGE	0.1000

Location Adjustment factors for commercial properties:

ADJUSTMENTS		
RATING	DESC	ADJUSTMENT
A	Average	1.00
E	Excellent	0.80
F	Fair	1.10
G	Good	0.90
P	Poor	1.30

Typically, when the Income Approach is used, the capitalization rates determined are for properties of average quality and location. Further adjustments are applied for utility, location, building condition and specific vacancy conditions. Income location adjustment factors are mapped consistently with site index adjustment factors to reconcile between the approaches. Individual quality adjustments are also applied to each property to account for higher or lower utility of the property.

Reconciliation for all Property Types

Final Reconciliation: Reconciliation spreadsheets, sales analysis reports, by property type were developed and analyzed. When possible, all approaches to value were reconciled within a range of 0.90 to 1.10 and the cost model was used as the final value estimate.

Overall, the Cost Approach to value proved the most relevant approach to value for commercial properties. The Sales Comparison approach was most relevant for residential properties.

Land Valuation Models:

Residential land sales were analyzed by neighborhood to derive typical land value ranges. Due to few vacant land sales, the land residual method was used to determine the value of vacant land and establish the land curve. Neighborhood adjustment factors were derived to modify the basic land curve to the market characteristics of each neighborhood. Site Indexes were utilized to further adjust for specific property conditions within the neighborhood.

Cost Approach to Value: The Vision Government Solutions CAMA cost tables were utilized, supported by national cost valuation services, Marshall and Swift, to develop a replacement cost for a building. The Cost Approach to value was used to evaluate residential and commercial properties.

Sales Approach to Value: This Sales Comparison Approach was used when analyzing residential properties and commercial properties.

Income Approach to Value: For commercial properties in Kittery, the Income Approach model was utilized in the reconciliation process.

Town of Kittery, ME
Final Revaluation Summary
9/8/2020

2020 Assessed Value	2,170,586,777
2019 Assessed Value	<u>1,547,533,097</u>
	623,053,680

Overall Change	40%
Residential	45%
Vacant	64%
Manufactured Homes	95%
Condominiums	44%
Commercial	18%

	<u>2 Year</u>	<u>1 Year</u>	<u>IAAO Standards</u>
Median ASR (Assessment to Sales Ratio)	98.05	96.7	90% - 110%
COD(Coefficient of Dispersion)	7.92	7.22	Less than 20.0
PRD(Price Related Differential)	1.004	1.0031	0.98 – 1.03

- Preliminary notices were mailed July 16, 2020.
- We had a total of 468 scheduled hearings from July 30th through August 21st.
- We had in person, phone and Zoom hearings.
- Most people were questioning the large increase in their property value, their property information they were being taxed on, and wanted an explanation how the revaluation would affect the tax rate.
- The last Town wide revaluation was done in 2013, so it's been 7 years of a rising real estate market that has contributed to the 40 % increase in the real property assessment.

CURRENT OWNER				TOPO		UTILITIES		STRT / ROAD		LOCATION		CURRENT ASSESSMENT																							
SHAFMASTER, JONATHAN S 158 SHATTUCK WAY NEWINGTON NH 03801				1	Level	1	All Public	1	Paved	4	Bus. District	Description COMMERC. COM LAND		Code 3230	Appraised Value 309,800		Assessed Value 309,800		4513 KITTERY, ME																
				4	Rolling					7	Waterfront			3230	4,398,900		4,398,900																		
				SUPPLEMENTAL DATA																															
				Alt ID MALL - MAINE GATE Sub-div Flood Zon Overlay Zo OZ-SL TIF 2010 T ADU appro Gis ID 2334				TIF Last TG R Date next Last Farm Condo Ass ASSOC PID#				Total		4,708,700		4,708,700																			
RECORD OF OWNERSHIP												BK-VOL/PAGE		SALE DATE		Q/U		V/I		SALE PRICE		VC		PREVIOUS ASSESSMENTS (HISTORY)											
SHAFMASTER, JONATHAN S WILLEY CREEK CO INC VARNEY CARRIE B SHAFMASTER JON COMB 31/6A												5717		0285		05-28-1991		U		I		0		1		Year 2020		Cod 3230		Assessed 881,300		Year 2020		Type 3230	
				5584		0217		11-30-1990		Q		I		575,000		00																			
				4942		0185		11-29-1988		U		I		1		1A																			
				3006		0333		11-12-1982						0																					
Total														5,280,200		Total		5,667,800		Total		5,188,100													
EXEMPTIONS						OTHER ASSESSMENTS														This signature acknowledges a visit by a Data Collector or Assessor															
Year	Type	Description				Amount		Code	Description				Number		Amount		Comm. Int.																		
				Total															APPRaised VALUE SUMMARY																
						ASSESSING NEIGHBORHOOD														Appraised Bldg. Value (Card)								309,800							
NBHD / SUB				NBHD Name				Street Index Name				Tracing				Batch				Appraised XF (B) Value (Bldg)								0							
0001																				Appraised OB (L) Value (Bldg)								0							
NOTES																		Appraised Land Value (Bldg)								4,398,900									
MAINE GATE OUTLET MALL 100050						CATH-C FULL LOFT AREAS												Special Land Value																	
31/6A COMBINED WITH 31/6 '92 3006/333						UBM USED FOR STORAGE												Total Appraised Parcel Value								4,708,700									
9.19- EDDIE BAUER BARBOUR. ORVIS						LEATHER LOFT, CORNING DESIGNS,												Valuation Method								0									
FY2020-21 ABMT GRANTED						KITCHEN COLLECTION												Total Exemptions								0									
APPROX 50% OF BLDING=NON						ZBA 9/25/07 ZBA 7/22/08 ZBA 10/12/10												Adjustment																	
SUSPEND CEILING																		Net Total Appraised Parcel Value								4,708,700									
BUILDING PERMIT RECORD																		VISIT / CHANGE HISTORY																	
Permit ID	Issue Date	Type	Description		Amount		Insp Date	% Comp	Date Comp		Comments				Date	Type	IS	ID	CD	Purpose / Result															
14-283	09-24-2014	CM	Commercial		10,824			100			VENT UNITS				08-06-2020			ET	41	Field Review Bldg Permit Inspection Bldg Permit Inspection Measur+Listed															
14-181	09-16-2014	CM			92,246			100			REPAIR SIDING				03-26-2020			ET	14																
13-016B	02-06-2013	CM	Commercial		6,131		04-06-2013	100			C-EXPAND ORVIS				09-24-2019			MO	70																
10-313	09-22-2010	CM	Commercial		3,500		05-14-2011	100			Orvis - Fitup				05-15-2013			ST	68																
10-285	09-01-2010	CM	Commercial		439			100	09-15-2010	Barbour - Fitup				04-06-2013			PR	53																	
08-245	07-08-2008	CM	Commercial		0			100	07-08-2008	Barbour Inc. - Fitup				05-14-2011			PR	53																	
08-128	05-09-2008	CM	Commercial		10,000			100			Add roof gable over				01-20-1998			MH	00																
LAND LINE VALUATION SECTION																																			
B	UseC	UseDescription		Zone	D	Front	Depth	Units		UnitPrice	IFacto	S A	AcreD	CFacto	STI	Adj	NotesAdj		SpecialPricing		S Adj	Adj UnitPric	LandValue												
1	3230	SHOPNGMALL		C-1		0	0	43,560	SF	3.67	8.000	A	1.000	1.00	KO	1.00	SITE			0	1.000	29.36	1,278,900												
1	3230	SHOPNGMALL		C-1		0	0	2.600	AC	150,000	8.000	0	1.000	1.00	KO	1.00	SITE			0	1.000	1,200,000	3,120,000												
Total Card Land Units								4	A									Total Land Value								1,278,900									

[illegible]

PAUL R. McKENNEY, CNHA,CMA
1 Ruthie's Run
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603-534-2118 (Cell)
mckenneyp@comcast.net
pmckenney@mrigov.com

MASS APPRAISAL EXPERIENCE

Municipal Resources Inc.

10/14-
Present

Project Manager: Responsible for planning, implementing and running revaluation projects for various municipalities. Specific duties include the mass appraisal of residential properties. Duties include property sales review and verification, statistical analysis, model calibration, the supervision of data collectors and field review appraisers, taxpayer hearings and all reporting requirements as they relate to project certification. Provide assessing services to multiple municipalities. Review and process abatements, Exemption applications, And other assessing

VISION GOVERNMENT SOLUTIONS, NORTHBORO, MA

12/10-
10/14

District Manager:

Primary responsibility is the allocation of personnel and resources to effectively execute contracts assigned to district. Also responsible for producing revenue projections, cost ratio studies and project billing reports. Interact with other departments within the company regarding contract specifications and implementation. Responsible for the direct supervision of project managers and appraisers within a district encompassing Connecticut, Maine, Massachusetts, New Hampshire and Vermont.

06/05-
12/10

Project Manager:

Responsible for planning, implementing and running revaluation projects for various municipalities. Specific duties include the mass appraisal of residential properties. Duties include property sales review and verification, statistical analysis, model calibration, the supervision of data collectors and field review appraisers, taxpayer hearings and all reporting requirements as they relate to project certification.

06/04-
06/05

Staff Appraiser:

Review residential and commercial properties for revaluation purposes. Responsibilities include setting neighborhood factors for land based on sales and income analysis; review and analyze income and expense reports on commercial and industrial properties; market research and formulation of cap rates; commercial and industrial review and reconciliation.

06/03- **Crew Chief:**

06/04 Manage overall supervision of all aspects of data collection. Work directly with tax assessor's office to coordinate inspections of residential properties. Organize and delegate daily workload to data collector team and review all information collected for accuracy and completeness. Oversee data entry, notification of the public regarding revaluation processes and handle taxpayer concerns. Prepare for sales analysis and field review phases of revaluation projects. Hire and train new data collectors when necessary.

12/01 - **Data Collector:** Responsibilities include accurately locating, identifying, and measuring the
06/03 exterior dimensions of assigned properties. Making a thorough inspection of the interior of the property and accurately recording all pertinent data used in the valuation of the property.

PROFESSIONAL EXPERIENCE

1993- **VXI Corporation, Rollinsford, NH (Manufacturer of Telecommunications**
2001 **Equipment)**

Director of Materials: Coordinated activities of production department for materials processing and product manufacturing. Managed activities and personnel involved in the purchasing and distribution of materials, equipment and supplies. Provided analysis and reporting regarding availability, delivery and future requirements. Developed, implemented and ensured compliance with instructions, policies, systems and procedures. Reviewed purchase orders and contracts for compliance with established requirements. Planned production operations, including priorities and sequences for manufacturing. Implemented, coordinated and maintained Quality Control Systems. Oversaw employee performance and assisted in resolution of personnel issues.

1985- **Eagle Realty, Dover, NH**

1993 **Principle Broker:** Real Estate sales, customer service and residential/commercial property management. Real Estate Appraisal, Commercial & Residential.

1985- **Superior Property Management, Dover, NH**

1993 **Property Manager:** Residential and commercial property management, Appraisal.

EDUCATION

University of New Hampshire – Business Management

McCarthy Real Estate Academy – Real Estate Law, Practices, Appraisal.

Nathaniel Hawthorne College – Business - Management

New Hampshire College - Business Management

New Hampshire Vocational Technical Institute - Electronics

Vision Appraisal Technology - 80 Hour In-house Training Program, V6 Training

IAAO - Course 101, Course 5, USPAP 15 Hr core course

IAAO – Course 112, Income Approach to Valuation II

IAAO – Course 400, Assessment Administration

USPAP – 15 Hours Classroom Class

USPAP – 7-Hour Update 2018-2020

MAAO – Course 5, Mass Appraisal of Real Property

JMB Real Estate Academy - Appraising Income Properties

New Hampshire State Statues Classes 1 & 2

New Hampshire Dept. of Revenue – Excel for Assessors

New Hampshire Dept. of Revenue – Excavation and Timber Tax 10/31/17

New Hampshire Dept. of Revenue – Exemptions & Credits 11/2/17

New Hampshire Dept. of Revenue – Current Use Criteria & Rules

Cornell Consultants – Advanced Excel for Appraisers/Assessors

New Hampshire Licensed Real Estate Broker License # 568

State of New Hampshire – DRA Certified Property Assessor Supervisor

State of New Hampshire – Certified New Hampshire Assessor #199

State of Maine Certified Maine Assessor # 738

State of Connecticut - Land/Residential Certification # 918

State of Vermont - Project Supervisor

MEMBERSHIP/ PROFESSIONAL AFFILIATIONS

IAAO - International Association of Assessing Officials

MAAO - Maine Association of Assessing Officials

NHAAO – New Hampshire Association of Assessing Officials

New Hampshire – Justice of the Peace

New Hampshire – Notary Public

National Association of Realtors

New Hampshire Association of Realtors

Strafford County Board of Realtors

Defense of Values- I have defended assessed values and testified before the following boards;

NH Board of Tax and Land Appeal

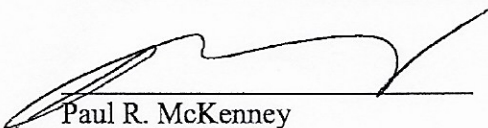
York County Maine County Commissioners

Ogunquit, ME. Board of Assessment Review

Kittery ME. Board of Assessment Review

Cumberland County Maine – Board of Assessment Review

Wells, ME Board of Assessment Review



Paul R. McKenney

CERTIFICATE
NO. **199**

DATE ISSUED
1-20-15

STATE OF NEW HAMPSHIRE
N.H. ASSOCIATION OF ASSESSING OFFICIALS



RECERTIFICATION
DATES

THE NEW HAMPSHIRE ASSESSORS CERTIFICATION COMMITTEE
AND
DEPARTMENT OF REVENUE ADMINISTRATION

BE IT KNOWN THAT

Paul McKenney C.N.H.A.
HAVING MET THE NECESSARY REQUIREMENTS AND STANDARDS IS HEREBY APPROVED
AS A DRA CERTIFIED PROPERTY ASSESSOR AND DESIGNATED AS A

CERTIFIED NEW HAMPSHIRE ASSESSOR

IN WITNESS THEREOF AND CERTIFIED BY

Commissioner
STATE OF NEW HAMPSHIRE
DEPARTMENT OF REVENUE
ADMINISTRATION

President
NEW HAMPSHIRE ASSOCIATION
OF ASSESSING OFFICIALS

Chairman
CERTIFICATION COMMITTEE

**NEW HAMPSHIRE DEPARTMENT OF
REVENUE ADMINISTRATION**

THIS CERTIFIES THAT

Paul McKenney

Has successfully completed and submitted the required documentation as
required by state law to obtain status as a

DRA-CERTIFIED PROPERTY ASSESSOR SUPERVISOR

Which shall remain valid until December 31, 2023

Given this day of August 13, 2018



Stephan W. Hamilton, Director

State of Maine

Having successfully demonstrated proficiency in the field of Property Tax Administration

this is to certify that

Paul McKenney

is hereby issued this Certificate of Eligibility
as a

Certified Maine Assessor

As evidence of qualification to perform the assessment function in any assessing Jurisdiction in the State of Maine.

James D. Lord
State Tax Assessor, Maine Revenue Services

David L. Lord
Director, Property Tax Division, Maine Revenue Services

No. 738

Date

2/15/2006

Edward C. Tinker
351 Post Rd
Greenland, NH 03840
Hm: 603-294-0294 / Cell: 603-545-1761
etinker@mrigov.com

Professional Experience e

Contract Assessor, Municipal Resources, Inc. September 2018 -Present

- Residential/Commercial Contract Assessor for multiple communities including Hampton, Rye, Exeter, and Newington.
- Worked on multiple revaluations including Exeter 2019, Newmarket 2019, Hampton 2019, Durham 2019, Epping 2020, Fremont 2020, Jaffrey 2020, Dunbarton 2020, Windham 2020 & Kittery, Me. 2020.
- Extensive Work with Vision CAMA System
- Administer Exemptions & Credits
- Current Use, Land Use Change Tax, Timber & Excavation Activities
- BTLA, / Court Preparation & Defense
- Prepare the MS 1, all tax warrants.
- Extensive public interaction regarding the assessing process

Chief Assessor, Town of Hampton, NH September 2009 -Present

- Since taking over this position I have reorganized the assessing department and completed a 2011 & 2016 revaluation in conjunction with Vision Appraisal.
- Extensive Work with Vision CAMA System
- Administer Exemptions & Credits
- Current Use, Land Use Change Tax, Timber & Excavation Activities
- BTLA / Court Preparation & Defense
- Prepare the MS 1, all tax warrants
- Extensive public interaction regarding the assessing process

Chief Assessor, City of Claremont, NH September 2007 - September 2009

- With the assistance of staff we completed an in-house revaluation in 2009.
- Extensive Work with Vision CAMA System
- Administer Exemptions & Credits
- Current Use, Land Use Change Tax, Timber & Excavation Activities
- BTLA / Court Preparation & Defense
- Prepare the MS 1, all tax warrants
- Extensive public interaction regarding the assessing process

Planning & Development Director, City of Claremont, NH October 2008 - September 2009

- Oversee a staff of 7, including Planning, Zoning, Building Codes, & Economic Development
- Planning Board: preparation & presentation
- Zoning Board of Adjustment: preparation & presentation
- Boards & Commissions: oversight and assistance

District Manager, Avitar Associates of NE, Inc. Chichester, NH June 2002 -August 2007

- Contract Assessor/ Administrator to Misc. Communities in NH
- Oversee all Facets of Revaluation Work & Staff, having been involved in approximately 20 Revaluations and/or Updates
- Measure & List All Classes of Property
- Building Permit Work - New Construction & Pick Up Work
- Sales Analysis & Sales Verification.
- DRA Sales Ratio Study
- Report Writing

Review Appraiser, Cole-Layer-Trumble Co. Tolland, CN January 1999 -June 2002

- Worked on numerous revaluations as a review appraiser within New Hampshire, Massachusetts, Connecticut, Pennsylvania, and Nassau Co. Long Island, N Y.

Education

- Appraisal Institute - Course 110
- IAAO Course 101 - Principles in Mass Appraisal
- IAAO Course 102 - Income Approach to Value
- IAAO Course 311 - Residential Modeling Concepts
- IAAO Course 400 - Assessing Administration
- IAAO Course 257 - Fundamentals of Industrial Valuation
- New Hampshire State Statutes (2004 & 2010)
- Uniform Standards of Professional Appraisal Practice (USPAP 2005 & 2007)

Designations

- **Certified New Hampshire Assessor (CNHA #157)**
- **NH Dept of Revenue, Certified Assessor Supervisor # 365**
- **Member in Good Standing of NHAAO**
- **NHAAO -Rockingham County director**
- **NHAAO - Legislative Committee**
- **NHAAO -Ethics Committee**
- **NHAAO -Nominating Committee**
- **State of Connecticut Residential &Commercial Valuation Certification (expired)**

2014 -2nd Vice President - NHAAO

2015 – 1st Vice President -NHAAO

2016 -President Elect -NHAAO

2017 - Past President - NHAAO

JUN 3 2021 AM 10:41

BY FEDEX DELIVERY

June 2, 2021

Board of Assessment Review
Town of Kittery
200 Rogers Road
Kittery, ME 03904

Re: Kittery Premium Outlets (Tax Year 4/1/2020)

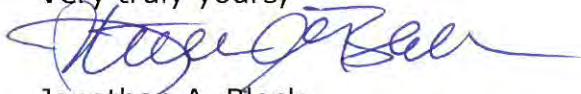
Dear Board of Assessment Review:

Please find enclosed originals and six copies of the Applications for Appeal of Assessment, together with Attachment A, for each of the following properties:

1. F/C Kittery Development LLC (aka Kittery Premium Outlets LLC)
(Map 47, Lot 4)
2. F/C Kittery Development LLC (aka Kittery Premium Outlets LLC)
(Map 38, Lot 13A)
3. Ripley Road Associates LLC (aka Kittery Premium Outlets LLC)
(Map 38, Lot 14)
4. CPG Kittery Holdings LLC (aka SPG Kittery Holdings LLC) (Map
47, Lot 1)
5. CPG Finance II LLC (aka SPG Finance II LLC) (Map 38, Lot 7)

Please also find enclosed 5 checks for \$100 each in payment of the filing fee for each of the above appeals.

Very truly yours,



Jonathan A. Block
Co-counsel to the above-named Taxpayers
cc: Anthony Ambriano, Esq. (via email)

JONATHAN A. BLOCK

Merrill's Wharf
254 Commercial Street
Portland, ME 04101

P 207.791.1173
F 207.791.1350
jblock@pierceatwood.com
pierceatwood.com

Admitted in: MA, ME, NH

JUN 3 2021 AM 10:29

FEE FOR BOARD OF ASSESSMENT REVIEW
\$100.00

SURNAME F/C Kittery Development LLC
MAP 47 LOT 4

BOARD OF ASSESSMENT REVIEW APPLICATION
FOR APPEAL OF ASSESSMENT
(Please print or type)

INSTRUCTIONS:

1. Before applying to this board, applicants must have been denied an abatement request by the Assessor. All applications shall be on the Board's application form with an answer provided for all 15 items. The original and six copies of all applications together with six copies of supporting documents must be addressed to: Board of Assessment Review, 200 Rogers Road, Kittery, Maine 03904. All material must be mailed or delivered by hand so as to arrive in the Kittery Town Office not later than the close of business on the 60th day following the Assessor's denial of an application for abatement or the day on which the application for abatement is deemed denied. If the 60th day falls on a Saturday, Sunday, or legal holiday, the deadline shall be at the close of business on the next day when the Town offices are open. If delivering the application by hand make sure it is date stamped by a Town Office staff person. Applications with unanswered questions or with insufficient detail to provide an understanding of the problem may be returned with a request for further information.
2. A property owner's personal opinion that his or her property assessment is too high is insufficient basis for granting an abatement. There is a presumption of correctness on the part of the Assessor (*Shawmut Inn v. Town of Kennebunkport*). In order to prevail, the property owner must submit some clear and convincing evidence that the property is disproportionately overvalued relative to comparable properties. This may include, but is not limited to, either or both of the following:
 - A. An independent appraisal(s) is not required but may be helpful. If used the appraisal(s) must be done by an independent professional Maine-licensed appraiser(s) specifically for the purpose of the tax abatement, and effective as of April 1 of the year when abatement is requested. The appraisal must show that the applicant's property valuation is disproportionately higher relative to true value than that of comparable properties.
 - B. Evidence in the form of several examples of neighboring properties similar to applicant's but with substantially lower assessments.

The difference in value between applicant's property and comparable property must exceed a reasonable margin of error. Additional information may be found in Bureau of Taxation Bulletin No. 10, available in the Assessor's Office.

3. Applicants may employ representatives, consultants, or witnesses. Applicant is not required to be present at a hearing if (1) It is impractical because of travel distance and applicant is satisfied that written material presented properly states his case, or (2) if someone of his choice will appear to present his case. Any applicant choosing not to be present should so notify the Board in writing prior to the hearing. Any representative, other than an attorney, who submits an application on behalf of a taxpayer must submit a letter of authorization signed by the taxpayer.

APPLICATION

1. Date of this Application June 2, 2021
2. Date of Application to Assessor March 16, 2021
3. Date of Denial by Assessor April 8, 2021

- See Attachment A.

11. What does Owner(s) consider to be the market value of the property?
\$13,257,136

12. Name and address of Representative (if any)
Anthony M. Ambriano, Esq., Sassoon Cymrot Law, LLC, 160 Old Derby Street, Ste. 227, Hingham, MA 02043
Jonathan A. Block, Esq., Pierce Atwood LLP, 254 Commercial Street, Portland, ME 04101

13. Does Owner(s) agree to admit members of the Board of Assessment Review to the lot and building(s) for purposes of inspection or if not living there, arrange for admittance of the Board to the property?
 Yes ☒ No ☐

14. Signature of Owner(s) of Property (if in joint ownership, all signatures)
E/C Kittery Development LLC
(aka Kittery Premium Outlets LLC)
by its attorney
J Am Amb

15. Applicant's Legal Mailing Address
Simon Property Group; Attn: Aaron Carter
PO Box 6120, Indianapolis, IN 46206

Phone # _____

Revised 10/21/20

Question 10 – Basis of Appeal

1. This is an Application for Abatement pursuant to 36 M.R.S.A. §. 841. The subject property is one of 5 parcels making up the complex known as Kittery Premium Outlets.

2. In support of its application for abatement, the Taxpayer states that the Assessment is manifestly wrong for the reasons outlined below:

A. All property in Maine is valued according to its status as of April 1st of each year. 36 M.R.S.A. § 708.

B. Governor Mills declared a Civil State of Emergency on March 15, 2020 which was followed by several additional Declarations and Executive Orders resulting from the crisis caused by the COVID-19 pandemic.

C. Due to the pandemic, Kittery Premium Outlets was closed to the public beginning on March 19th and remained closed until June 1, 2020, a total of 74 days or 20% of the year. Beginning June 1, 2020, tenants were allowed to begin reopening at reduced capacity as long as proper safety protocols were in place. Only 20% of the tenants had reopened by June 1. By July 1, only about 70% of the tenants had reopened their stores.

D. Many tenants were unable to reopen their stores or chose not renew their leases due to the hardships the pandemic has caused to the brick and mortar retail industry.

E. As of the end of 2020, more than 50,000 square feet of space at the Subject Property remained vacant, which represents about 20% of the total available square footage.

F. We expect that the pandemic will have a long lasting and devastating impact on brick and mortar retail operations.

G. For 2020 alone, retailer sales volume at Kittery Premium Outlets had plummeted by 43%.

H. Many of the tenants will not survive the impact of COVID-19 as evidenced by the numerous retailer bankruptcies that have occurred in the last year. Tenants such as Gymboree, J. Crew, Motherhood Maternity, Movado, Hanna Andersson and Ann Taylor have all either filed for bankruptcy or simply closed their stores as they are no longer able to afford the occupancy costs of running their brick and mortar stores at Kittery Premium Outlets. The property owner has been

Attachment A

Kittery Premium Outlets

working hard with each of the retailers on rent deferments, payment arrangements and other forms of rent relief in order to retain tenants at the property so that they remain open to serve the community and to provide employment, but these efforts come at a large financial cost that affects the value of the property.

I. Despite these devastating economic challenges, the Town has actually *increased* the assessed value of the subject property in 2020, which has in turn increased the tax burden borne by our tenants.

J. While the COVID-19 pandemic has been devastating to Kittery Premium Outlets for both landlord and tenant alike, many of the issues plaguing brick and mortar retail have been developing for the past several years. New technologies and changing consumer habits have shifted sales from brick and mortar stores to online outlets such as Amazon and Wayfair. This dynamic shift in consumer retail habits has led to decreased sales for brick and mortar retail, increased occupancy costs for retailers and record store closures in 2019. According to CoStar, 2019 had 9,300 store closures nationally which is more than any other time in history including the Great Recession. This number was eclipsed once again in 2020 with 12,200 total store closures. The impacts of COVID-19 have only served to expedite the perils of brick and mortar retail which were already in motion. The Assessment fails to recognize this severe economic obsolescence.

K. The assessor did not use proper valuation techniques to value the property. The applicable valuation approaches do not support the Assessment.

L. The City Assessor failed to consider all relevant factors to determine just value as required under 36 M.R.S.A. § 701-A, such as the severe economic obsolescence and diminution in value of brick and mortar retail outlets described above.

5. For all of these reasons, the Subject Property is substantially overvalued and the Assessment is manifestly wrong.

6. The Assessment on the Subject Property is not in conformity with the law, results in unjust discrimination and results in unequal apportionment of the tax burden in violation of Article 9, Section 8 of the Maine Constitution, for reasons, among others, that the Subject Property is assessed at a higher percentage of just value than other property in the Town of Kittery.

MISCELLANEOUS PAYMENT RECPT#: 664138
TOWN OF KITTERY - LIVE
200 ROGERS ROAD
KITTERY ME 03904

DATE: 06/03/21 TIME: 10:32
CLERK: 220codeca DEPT:
CUSTOMER#: 0

PARCEL: 375 US ROUTE 1

CHG: 10 DESIGNATED ACCO 100.00

REVENUE:
1 1111 43113 100.00
BOARD OF ASSESSMENT REVIEW
REF1: REF2:

CASH:
1000 11011 100.00
CHECKING

AMOUNT PAID: 100.00

PAID BY: PIERCE ATWOOD LLP
PAYMENT METH: CHECK
051677
REFERENCE: CV

AMT TENDERED: 100.00
AMT APPLIED: 100.00
CHANGE: .00

JUN 3 2021 AM 10:33

FEE FOR BOARD OF ASSESSMENT REVIEW
\$100.00

SURNAME F/C Kittery Development LLC
MAP 38 LOT 13A

BOARD OF ASSESSMENT REVIEW APPLICATION
FOR APPEAL OF ASSESSMENT
(Please print or type)

INSTRUCTIONS:

1. Before applying to this board, applicants must have been denied an abatement request by the Assessor. All applications shall be on the Board's application form with an answer provided for all 15 items. The original and six copies of all applications together with six copies of supporting documents must be addressed to: Board of Assessment Review, 200 Rogers Road, Kittery, Maine 03904. All material must be mailed or delivered by hand so as to arrive in the Kittery Town Office not later than the close of business on the 60th day following the Assessor's denial of an application for abatement or the day on which the application for abatement is deemed denied. If the 60th day falls on a Saturday, Sunday, or legal holiday, the deadline shall be at the close of business on the next day when the Town offices are open. If delivering the application by hand make sure it is date stamped by a Town Office staff person. Applications with unanswered questions or with insufficient detail to provide an understanding of the problem may be returned with a request for further information.
2. A property owner's personal opinion that his or her property assessment is too high is insufficient basis for granting an abatement. There is a presumption of correctness on the part of the Assessor (*Shawmut Inn v. Town of Kennebunkport*). In order to prevail, the property owner must submit some clear and convincing evidence that the property is disproportionately overvalued relative to comparable properties. This may include, but is not limited to, either or both of the following:
 - A. An independent appraisal(s) is not required but may be helpful. If used the appraisal(s) must be done by an independent professional Maine-licensed appraiser(s) specifically for the purpose of the tax abatement, and effective as of April 1 of the year when abatement is requested. The appraisal must show that the applicant's property valuation is disproportionately higher relative to true value than that of comparable properties.
 - B. Evidence in the form of several examples of neighboring properties similar to applicant's but with substantially lower assessments.

The difference in value between applicant's property and comparable property must exceed a reasonable margin of error. Additional information may be found in Bureau of Taxation Bulletin No. 10, available in the Assessor's Office.

3. Applicants may employ representatives, consultants, or witnesses. Applicant is not required to be present at a hearing if (1) It is impractical because of travel distance and applicant is satisfied that written material presented properly states his case, or (2) if someone of his choice will appear to present his case. Any applicant choosing not to be present should so notify the Board in writing prior to the hearing. Any representative, other than an attorney, who submits an application on behalf of a taxpayer must submit a letter of authorization signed by the taxpayer.

APPLICATION

1. Date of this Application June 2, 2021
2. Date of Application to Assessor March 16, 2021
3. Date of Denial by Assessor April 8, 2021

4. Tax Year covered in Abatement Request April 1, 2020
(Note: The tax year begins on April 1st of the year in which the tax is first billed and ends on March 31 of the following year.)
5. Name of owner as of April 1 F/C Kittery Development LLC (aka Kittery Premium Outlets LLC)
6. Current Owner if different from above _____
7. Address of Property 318 U.S. Route 1
8. Type of Property:
- | | | | |
|------------------|--------------------------|------------------------|-------------------------------------|
| Single Residence | <input type="checkbox"/> | Commercial | <input checked="" type="checkbox"/> |
| Multi Residence | <input type="checkbox"/> | Industrial | <input type="checkbox"/> |
| Undeveloped Land | <input type="checkbox"/> | Machinery or Equipment | <input type="checkbox"/> |
9. Dollar Amount of reduction in Valuation requested \$1,630,671
10. State basis for appeal and substantiation for amount of abatement requested (attach pertinent documents). Note: it is important to answer this question fully. In order to prevail at a hearing on an appeal, the person or persons appealing must prove by a preponderance of the evidence that the assessment is in error.

See Attachment A.

(Continue on additional sheet(s) if more space is needed.)

11. What does Owner(s) consider to be the market value of the property?
\$3,065,229
12. Name and address of Representative (if any)
Anthony M. Ambriano, Esq., Sassoon Cymrot Law, LLC, 160 Old Derby Street, Ste. 227, Hingham, MA 02043
Jonathan A. Block, Esq., Pierce Atwood LLP, 254 Commercial Street, Portland, ME 04101
13. Does Owner(s) agree to admit members of the Board of Assessment Review to the lot and building(s) for purposes of inspection or if not living there, arrange for admittance of the Board to the property?
Yes ☒ No ☐
14. Signature of Owner(s) of Property (if in joint ownership, all signatures)
F/C Kittery Development LLC
(aka Kittery Premium Outlets LLC)
By its attorney
Am/mba
15. Applicant's Legal Mailing Address
Simon Property Group; Attn: Aaron Carter
PO Box 6120, Indianapolis, IN 46206
- Phone # _____

This appeal does not affect in any way the obligation of the property owner to pay all real estate tax bills rendered against the property.

Question 10 – Basis of Appeal

1. This is an Application for Abatement pursuant to 36 M.R.S.A. §. 841. The subject property is one of 5 parcels making up the complex known as Kittery Premium Outlets.

2. In support of its application for abatement, the Taxpayer states that the Assessment is manifestly wrong for the reasons outlined below:

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Attachment A

Kittery Premium Outlets

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MISCELLANEOUS PAYMENT RECPT#: 664139
TOWN OF KITTERY - LIVE
200 ROGERS ROAD
KITTEY ME 03904

DATE: 06/03/21 TIME: 10:35
CLERK: 220codeca DEPT:
CUSTOMER#: 0

PARCEL: 318 US ROUTE 1

CHG: 10 DESIGNATED ACCO 100.00

REVENUE:
1 1111 43113 100.00
BOARD OF ASSESSMENT REVIEW
REF1: REF2:

CASH:
1000 11011 100.00
CHECKING

AMOUNT PAID: 100.00

PAID BY: PIERCE ATWOOD LLP
PAYMENT METH: CHECK
051678
REFERENCE: CV

AMT TENDERED: 100.00
AMT APPLIED: 100.00
CHANGE: .00

JUN 3 2021 AM 10:36

FEE FOR BOARD OF ASSESSMENT REVIEW
\$100.00

SURNAME Ripley Road Associates LLC
MAP 38 LOT 14

BOARD OF ASSESSMENT REVIEW APPLICATION
FOR APPEAL OF ASSESSMENT
(Please print or type)

INSTRUCTIONS:

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(Note: The tax year begins on April 1st of the year in which the tax is first billed and ends on March 31 of the following year.)
5. Name of owner as of April 1 Ripley Road Associates LLC (aka Kittery Premium Outlets LLC)
6. Current Owner if different from above _____
7. Address of Property 294 U.S. Route 1
8. Type of Property:
- | | | | |
|------------------|--------------------------|------------------------|-------------------------------------|
| Single Residence | <input type="checkbox"/> | Commercial | <input checked="" type="checkbox"/> |
| Multi Residence | <input type="checkbox"/> | Industrial | <input type="checkbox"/> |
| Undeveloped Land | <input type="checkbox"/> | Machinery or Equipment | <input type="checkbox"/> |
9. Dollar Amount of reduction in Valuation requested \$2,130,196
10. State basis for appeal and substantiation for amount of abatement requested (attach pertinent documents). Note: it is important to answer this question fully. In order to prevail at a hearing on an appeal, the person or persons appealing must prove by a preponderance of the evidence that the assessment is in error.

See Attachment A.

(Continue on additional sheet(s) if more space is needed.)

11. What does Owner(s) consider to be the market value of the property?
\$4,004,204
12. Name and address of Representative (if any)
Anthony M. Ambriano, Esq., Sassoon Cymrot Law, LLC, 160 Old Derby Street, Ste. 227, Hingham, MA 02043
Jonathan A. Block, Esq., Pierce Atwood LLP, 254 Commercial Street, Portland, ME 04101
13. Does Owner(s) agree to admit members of the Board of Assessment Review to the lot and building(s) for purposes of inspection or if not living there, arrange for admittance of the Board to the property?
Yes ☒ No ☐
14. Signature of Owner(s) of Property (if in joint ownership, all signatures)
Ripley Road Associates LLC
(aka Kittery Premium Outlets LLC)
By its attorney
JAmbriano
15. Applicant's Legal Mailing Address
Simon Property Group; Attn: Aaron Carter
PO Box 6120, Indianapolis, IN 46206
- Phone # _____

This appeal does not affect in any way the obligation of the property owner to pay all real estate tax bills rendered against the property.

Revised 10/21/20

Question 10 – Basis of Appeal

1. This is an Application for Abatement pursuant to 36 M.R.S.A. §. 841. The subject property is one of 5 parcels making up the complex known as Kittery Premium Outlets.

2. In support of its application for abatement, the Taxpayer states that the Assessment is manifestly wrong for the reasons outlined below:

A. All property in Maine is valued according to its status as of April 1st of each year. 36 M.R.S.A. § 708.

B. Governor Mills declared a Civil State of Emergency on March 15, 2020 which was followed by several additional Declarations and Executive Orders resulting from the crisis caused by the COVID-19 pandemic.

C. Due to the pandemic, Kittery Premium Outlets was closed to the public beginning on March 19th and remained closed until June 1, 2020, a total of 74 days or 20% of the year. Beginning June 1, 2020, tenants were allowed to begin reopening at reduced capacity as long as proper safety protocols were in place. Only 20% of the tenants had reopened by June 1. By July 1, only about 70% of the tenants had reopened their stores.

D. Many tenants were unable to reopen their stores or chose not to renew their leases due to the hardships the pandemic has caused to the brick and mortar retail industry.

E. As of the end of 2020, more than 50,000 square feet of space at the Subject Property remained vacant, which represents about 20% of the total available square footage.

F. We expect that the pandemic will have a long lasting and devastating impact on brick and mortar retail operations.

G. For 2020 alone, retailer sales volume at Kittery Premium Outlets had plummeted by 43%.

H. Many of the tenants will not survive the impact of COVID-19 as evidenced by the numerous retailer bankruptcies that have occurred in the last year. Tenants such as Gymboree, J. Crew, Motherhood Maternity, Movado, Hanna Andersson and Ann Taylor have all either filed for bankruptcy or simply closed their stores as they are no longer able to afford the occupancy costs of running their brick and mortar stores at Kittery Premium Outlets. The property owner has been

Attachment A

Kittery Premium Outlets

working hard with each of the retailers on rent deferments, payment arrangements and other forms of rent relief in order to retain tenants at the property so that they remain open to serve the community and to provide employment, but these efforts come at a large financial cost that affects the value of the property.

I. Despite these devastating economic challenges, the Town has actually *increased* the assessed value of the subject property in 2020, which has in turn increased the tax burden borne by our tenants.

J. While the COVID-19 pandemic has been devastating to Kittery Premium Outlets for both landlord and tenant alike, many of the issues plaguing brick and mortar retail have been developing for the past several years. New technologies and changing consumer habits have shifted sales from brick and mortar stores to online outlets such as Amazon and Wayfair. This dynamic shift in consumer retail habits has led to decreased sales for brick and mortar retail, increased occupancy costs for retailers and record store closures in 2019. According to CoStar, 2019 had 9,300 store closures nationally which is more than any other time in history including the Great Recession. This number was eclipsed once again in 2020 with 12,200 total store closures. The impacts of COVID-19 have only served to expedite the perils of brick and mortar retail which were already in motion. The Assessment fails to recognize this severe economic obsolescence.

K. The assessor did not use proper valuation techniques to value the property. The applicable valuation approaches do not support the Assessment.

L. The City Assessor failed to consider all relevant factors to determine just value as required under 36 M.R.S.A. § 701-A, such as the severe economic obsolescence and diminution in value of brick and mortar retail outlets described above.

5. For all of these reasons, the Subject Property is substantially overvalued and the Assessment is manifestly wrong.

6. The Assessment on the Subject Property is not in conformity with the law, results in unjust discrimination and results in unequal apportionment of the tax burden in violation of Article 9, Section 8 of the Maine Constitution, for reasons, among others, that the Subject Property is assessed at a higher percentage of just value than other property in the Town of Kittery.

MISCELLANEOUS PAYMENT RECPT#: 664140
TOWN OF KITTERY - LIVE
200 ROGERS ROAD
KITTERY ME 03904

DATE: 06/03/21 TIME: 10:37
CLERK: 220codeca DEPT:
CUSTOMER#: 0

PARCEL: 294 US ROUTE 1

CHG: 10 DESIGNATED ACCO 100.00

REVENUE:
1 1111 43113 100.00

BOARD OF ASSESSMENT REVIEW

REF1: REF2:

CASH:
1000 11011 100.00

CHECKING

AMOUNT PAID: 100.00

PAID BY: PIERCE ATWOOD LLP

PAYMENT METH: CHECK

051676

REFERENCE: CV

AMT TENDERED: 100.00

AMT APPLIED: 100.00

CHANGE: .00

JUN 3 2021 AM 10:38

FEE FOR BOARD OF ASSESSMENT REVIEW
\$100.00

SURNAME CPG Kittery Holdings LLC
MAP 47 LOT 1

BOARD OF ASSESSMENT REVIEW APPLICATION
FOR APPEAL OF ASSESSMENT
(Please print or type)

INSTRUCTIONS:

1. Before applying to this board, applicants must have been denied an abatement request by the Assessor. All applications shall be on the Board's application form with an answer provided for all 15 items. The original and six copies of all applications together with six copies of supporting documents must be addressed to: Board of Assessment Review, 200 Rogers Road, Kittery, Maine 03904. All material must be mailed or delivered by hand so as to arrive in the Kittery Town Office not later than the close of business on the 60th day following the Assessor's denial of an application for abatement or the day on which the application for abatement is deemed denied. If the 60th day falls on a Saturday, Sunday, or legal holiday, the deadline shall be at the close of business on the next day when the Town offices are open. If delivering the application by hand make sure it is date stamped by a Town Office staff person. Applications with unanswered questions or with insufficient detail to provide an understanding of the problem may be returned with a request for further information.
2. A property owner's personal opinion that his or her property assessment is too high is insufficient basis for granting an abatement. There is a presumption of correctness on the part of the Assessor (*Shawmut Inn v. Town of Kennebunkport*). In order to prevail, the property owner must submit some clear and convincing evidence that the property is disproportionately overvalued relative to comparable properties. This may include, but is not limited to, either or both of the following:
 - A. An independent appraisal(s) is not required but may be helpful. If used the appraisal(s) must be done by an independent professional Maine-licensed appraiser(s) specifically for the purpose of the tax abatement, and effective as of April 1 of the year when abatement is requested. The appraisal must show that the applicant's property valuation is disproportionately higher relative to true value than that of comparable properties.
 - B. Evidence in the form of several examples of neighboring properties similar to applicant's but with substantially lower assessments.

The difference in value between applicant's property and comparable property must exceed a reasonable margin of error. Additional information may be found in Bureau of Taxation Bulletin No. 10, available in the Assessor's Office.

3. Applicants may employ representatives, consultants, or witnesses. Applicant is not required to be present at a hearing if (1) It is impractical because of travel distance and applicant is satisfied that written material presented properly states his case, or (2) if someone of his choice will appear to present his case. Any applicant choosing not to be present should so notify the Board in writing prior to the hearing. Any representative, other than an attorney, who submits an application on behalf of a taxpayer must submit a letter of authorization signed by the taxpayer.

APPLICATION

1. Date of this Application June 2, 2021
2. Date of Application to Assessor March 16, 2021
3. Date of Denial by Assessor April 8, 2021

4. Tax Year covered in Abatement Request April 1, 2020
(Note: The tax year begins on April 1st of the year in which the tax is first billed and ends on March 31 of the following year.)

5. Name of owner as of April 1 CPG Kittery Holdings LLC (aka SPG Kittery Holdings LLC)

6. Current Owner if different from above _____

7. Address of Property 345 U.S. Route 1

8. Type of Property:

Single Residence

☐

Commercial

☒

Multi Residence

☐

Industrial

☐

Undeveloped Land

☐

Machinery or Equipment

☐

9. Dollar Amount of reduction in Valuation requested \$9,047,327

10. State basis for appeal and substantiation for amount of abatement requested (attach pertinent documents). Note: it is important to answer this question fully. In order to prevail at a hearing on an appeal, the person or persons appealing must prove by a preponderance of the evidence that the assessment is in error.

See Attachment A.

(Continue on additional sheet(s) if more space is needed.)

11. What does Owner(s) consider to be the market value of the property?

\$17,006,573

12. Name and address of Representative (if any)

Anthony M. Ambriano, Esq., Sassoon Cymrot Law, LLC, 160 Old Derby Street, Ste. 227, Hingham, MA 02043

Jonathan A. Block, Esq., Pierce Atwood LLP, 254 Commercial Street, Portland, ME 04101

13. Does Owner(s) agree to admit members of the Board of Assessment Review to the lot and building(s) for purposes of inspection or if not living there, arrange for admittance of the Board to the property?

Yes ☒

No ☐

14. Signature of Owner(s) of Property (if in joint ownership, all signatures)

CPG Kittery Holdings LLC
(aka SPG Kittery Holdings LLC)

by its attorney
Am Amb

15. Applicant's Legal Mailing Address

Simon Property Group; Attn: Aaron Carter

PO Box 6120, Indianapolis, IN 46206

Phone # _____

This appeal does not affect in any way the obligation of the property owner to pay all real estate tax bills rendered against the property.

Revised 10/21/20

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Attachment A

Kittery Premium Outlets

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MISCELLANEOUS PAYMENT RECPT#: 664143
TOWN OF KITTERY - LIVE
200 ROGERS ROAD
KITTERY ME 03904

DATE: 06/03/21 TIME: 10:40
CLERK: 220codeca DEPT:
CUSTOMER#: 0

PARCEL: 345 US ROUTE 1

CHG: 10 DESIGNATED ACCO 100.00

REVENUE:
1 1111 43113 100.00
BOARD OF ASSESSMENT REVIEW
REF1: REF2:

CASH:
1000 11011 100.00
CHECKING

AMOUNT PAID: 100.00

PAID BY: PIERCE ATWOOD LLP
PAYMENT METH: CHECK
051679
REFERENCE: CV

AMT TENDERED: 100.00
AMT APPLIED: 100.00
CHANGE: .00

JUN 3 2021 AM 10:41

FEE FOR BOARD OF ASSESSMENT REVIEW
\$100.00

SURNAME CPG Finance II LLC
MAP 38 LOT 7

BOARD OF ASSESSMENT REVIEW APPLICATION
FOR APPEAL OF ASSESSMENT
(Please print or type)

INSTRUCTIONS:

1. Before applying to this board, applicants must have been denied an abatement request by the Assessor. All applications shall be on the Board's application form with an answer provided for all 15 items. The original and six copies of all applications together with six copies of supporting documents must be addressed to: Board of Assessment Review, 200 Rogers Road, Kittery, Maine 03904. All material must be mailed or delivered by hand so as to arrive in the Kittery Town Office not later than the close of business on the 60th day following the Assessor's denial of an application for abatement or the day on which the application for abatement is deemed denied. If the 60th day falls on a Saturday, Sunday, or legal holiday, the deadline shall be at the close of business on the next day when the Town offices are open. If delivering the application by hand make sure it is date stamped by a Town Office staff person. Applications with unanswered questions or with insufficient detail to provide an understanding of the problem may be returned with a request for further information.
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5. Name of owner as of April 1 CPG Finance II LLC (aka SPG Finance II LLC)
6. Current Owner if different from above _____
7. Address of Property 325 U.S. Route 1
8. Type of Property:
- | | | | |
|------------------|--------------------------|------------------------|-------------------------------------|
| Single Residence | <input type="checkbox"/> | Commercial | <input checked="" type="checkbox"/> |
| Multi Residence | <input type="checkbox"/> | Industrial | <input type="checkbox"/> |
| Undeveloped Land | <input type="checkbox"/> | Machinery or Equipment | <input type="checkbox"/> |
9. Dollar Amount of reduction in Valuation requested \$1,418,742
10. State basis for appeal and substantiation for amount of abatement requested (attach pertinent documents). Note: it is important to answer this question fully. In order to prevail at a hearing on an appeal, the person or persons appealing must prove by a preponderance of the evidence that the assessment is in error.

See Attachment A.

(Continue on additional sheet(s) if more space is needed.)

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\$2,666,858
12. Name and address of Representative (if any)
Anthony M. Ambriano, Esq., Sassoon Cymrot Law, LLC, 160 Old Derby Street, Ste. 227, Hingham, MA 02043
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Attachment A

Kittery Premium Outlets

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MISCELLANEOUS PAYMENT RECPT#: 664147
TOWN OF KITTERY - LIVE
200 ROGERS ROAD
KITTERY ME 03904

DATE: 06/03/21 TIME: 10:43
CLERK: 220codeca DEPT:
CUSTOMER#: 0

PARCEL: 325 US ROUTE 1

CHG: 10 DESIGNATED ACCO 100.00

REVENUE:
1 1111 43113 100.00
BOARD OF ASSESSMENT REVIEW
REF1: REF2:

CASH:
1000 11011 100.00
CHECKING

AMOUNT PAID: 100.00

PAID BY: PIERCE ATWOOD LLP
PAYMENT METH: CHECK
051680
REFERENCE: CV

AMT TENDERED: 100.00
AMT APPLIED: 100.00
CHANGE: .00



16 March 2021

Town of Kittery Assessing Department
Attn: Mr. Paul McKenney
200 Rogers Rd
Kittery, ME 03904

RE: Tax Year 2020 Application for Abatement of Property Taxes as of April 1, 2020

The shopping center commonly referred to as Kittery Premium Outlets is comprised of 5 separate tax parcels. Simon Property Group, L.P. is the parent owner of this center. These parcels include the following:

Map 47 Block 4;	Property ID: 2969; F/C Kittery Development Company c/o Simon Property Group
Map 38 Block 13A;	Property ID: 2601; F/C Kittery Development Company c/o Simon Property Group
Map 38 Block 14;	Property ID: 2606; Ripley Road Associates LLC c/o Simon Property Group
Map 38 Block 7;	Property ID: 2597; CPG Finance II LLC c/o Simon Property Group
Map 47 Block 1;	Property ID: 2965; CPG Kittery Holdings LLC c/o Simon Property Group

1. Ownership believes Kittery Premium Outlets has not been assessed in accordance with Just Value.
2. Ownership believes Kittery Premium Outlets has been assessed in excess of Just Value (Market Value) as of April 1, 2020.
3. Ownership believes Kittery Premium Outlets has been over valued for assessment purposes in comparison to similar properties.

As you are aware, Governor Mills declared a Civil State of Emergency on March 15th, 2020 which was followed by several additional Declarations and Executive Order resulting from the crisis caused by the COVID-19 Pandemic. Kittery Premium Outlets was closed to the public beginning on March 19th and remained closed until June 1st, a total of 74 days. At which time, tenants were allowed to begin reopening at reduced capacity so long as proper safety protocols were in place. Only 20% of our retailers had reopened by June 1st. By July 1st, 2020 about 70% of our retailers had reopened. Sadly, many retailers were unable to reopen or chose not to renew their leases due to the hardships the Pandemic has caused to the brick and mortar industry. As of year-end 2020, more than 50,000 sqft remained vacant or about 20% of our total available square footage. While it is too early to know the full extent of disruption created by this pandemic, it will, without a doubt, have a devastating and long-lasting impact on brick and mortar retail operations. For 2020 alone, retailer sales volume at Kittery Premium Outlets are down 43%. Unfortunately, many of our retailers will not survive the impact COVID-19 has caused as evidenced by the record retail bankruptcies flooding the news. Kittery retailers such as Gymboree, J.Crew, Motherhood Maternity, Movado, Hanna Andersson and Ann Taylor have all either filed for bankruptcy or simply closed stores as they are no longer able to afford the occupancy costs of running their brick and mortar stores at Kittery Premium Outlets. The Landlord, has been working very hard with each of our retailers on rent deferments, payment arrangements and other forms of rent relief in order to retain our tenants at the property so they remain open to serve the Kittery community.

However, during these most troubling times, the assessed value of Kittery Premium Outlets has increased from a combined Market Value of \$58.3M in 2019 to \$61.6M in 2020, which has in turn increased the tax burden carried by our retailers. This represents a blended average increase of nearly 6% as of April 1st, 2020.

While the COVID-19 Pandemic has been devastating to Kittery Premium Outlets for both tenant and landlord alike, many of the issues plaguing retail have been developing for the past several years. New technologies and changing consumer preferences have shifted retail sales to online outlets such as Amazon and Wayfair. In support of these points, confidential information including a rent roll, property financials and sales figures



have been included with this submission along with a Market Value Proforma reflecting the Market Value we believe more appropriate as of April 1st, 2020.

Within the next few weeks, we hope to work with the Assessor's Office to discuss these issues in hopes of bringing a swift and equitable resolution to this matter.

Thank you,

A handwritten signature in blue ink, appearing to read "Aaron Carter", is written over the printed name.

Aaron Carter, Sr. Tax Manager
Kittery Premium Outlets c/o Simon Property Group
317-685-7240
acarter@simon.com

CC: Michael Larson, Vice President Property Tax
Enclosures: Abatement Applications x 5, Tax Notices, Abatement Support Material

APPLICATION FOR ABATEMENT OF PROPERTY TAXES

36 M.R.S. § 841

See Property Tax Bulletin No. 10 for more information

This application must be signed and filed with the municipal assessor. A separate application should be filed for each separately assessed parcel of real estate claimed to be overvalued.

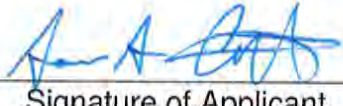
1. Name of applicant: F/C Kittery Development LLC
2. Mailing address: PO BOX 6120 Indianapolis, IN 46206
3. Property address or map/lot: ID:2969 Map 47 Block 4
4. Telephone number for applicant: 317-685-7240
5. Email address for applicant: acarter@simon.com
6. Tax year for which abatement is requested: 2020
7. Assessed valuation of real estate: \$20,309,800 (\$61,553,800 Combined all Parcels)
8. Assessed valuation of personal property: _____
9. Abatement of real estate valuation requested: \$40,000,000 (Combined all Parcels)
10. Abatement of personal property valuation requested: _____
11. Reasons for requesting abatement (please be specific, stating grounds for belief that property is overvalued for tax purposes): _____
Please See Attached Cover Letter
Please See Attached Cover Letter
Please See Attached Cover Letter
Please See Attached Cover Letter
Please See Attached Cover Letter
Please See Attached Cover Letter

To the assessing authority of the Municipality of Town of Kittery

In accordance with the provisions of 36 M.R.S. § 841, I hereby make written application for abatement of property taxes as noted above. The above statements are correct to the best of my knowledge and belief.

03/16/2021

Date


Signature of Applicant

Sim Tax Mgr. Simon Property Corp

Town of Kittery, ME
Assessing Department
200 Rogers Rd
Kittery ME 03904

RECEIVED
PROPERTY TAX

SEP 21 2020

Received
Scanned

14
7861



F/C KITTERY DEVELOPMENT LLC'S Input
JOHN AUZO MANAGER
PO BOX 6120
INDIANAPOLIS, IN 46206

Dear Property Owner,

September 16, 2020

Municipal Resources, Inc., has completed the informal hearing and review process for Kittery's revaluation update. This second notification is to inform you, that based on information received during the informal hearing process, your preliminary assessment has been reviewed again.

Most property owners receiving this notice had an in-person or phone informal hearing with a representative from MRI and requested a review. Those property owners who did not request a review, may also be receiving this notification because an adjustment has been made to their assessment based on information received during the informal review process. As a result of the review, some property assessments have either increased, decreased, or remained the same. **Please note that the assessment does not include any personal exemptions or applicable tax credits.**

The purpose of the revaluation is to update Kittery's property assessments to reflect market value as of April 1, 2020. If you still believe that your assessment does not reflect fair market value, you have the right to file a formal abatement request with the Kittery Assessor's Office. The application needs to be submitted on or before **March 18, 2021** which is 185 days after Tax Commitment per 36 MRS §841. Applications for abatement are available from the Assessor's Office or online on the Town's website <https://www.kitteryme.gov/assessor>.

We would like to take this opportunity to thank you for your assistance during this process.

Sincerely,
Municipal Resources, Inc.

Property ID: 2969 **47-4**
Parcel Location: 375 US ROUTE 1

PRELIMINARY 2020 ASSESSMENT: \$20,309,800
REVISED 2020 ASSESSMENT: \$20,309,800

APPLICATION FOR ABATEMENT OF PROPERTY TAXES

36 M.R.S. § 841

See Property Tax Bulletin No. 10 for more information

This application must be signed and filed with the municipal assessor. A separate application should be filed for each separately assessed parcel of real estate claimed to be overvalued.

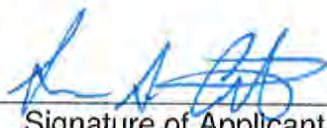
1. Name of applicant: F/C Kittery Development LLC
2. Mailing address: PO BOX 6120 Indianapolis, IN 46206
3. Property address or map/lot: ID:2601 Map 38 Block 13A
4. Telephone number for applicant: 317-685-7240
5. Email address for applicant: acarter@simon.com
6. Tax year for which abatement is requested: 2020
7. Assessed valuation of real estate: \$4,695,900 (\$61,553,800 Combined all Parcels)
8. Assessed valuation of personal property: _____
9. Abatement of real estate valuation requested: \$40,000,000 (Combined all Parcels)
10. Abatement of personal property valuation requested: _____
11. Reasons for requesting abatement (please be specific, stating grounds for belief that property is overvalued for tax purposes): _____
Please See Attached Cover Letter
Please See Attached Cover Letter
Please See Attached Cover Letter
Please See Attached Cover Letter
Please See Attached Cover Letter
Please See Attached Cover Letter

To the assessing authority of the Municipality of Town of Kittery

In accordance with the provisions of 36 M.R.S. § 841, I hereby make written application for abatement of property taxes as noted above. The above statements are correct to the best of my knowledge and belief.

03/16/2021

Date


Signature of Applicant

Town of Kittery, ME
Assessing Department
200 Rogers Rd
Kittery ME 03904

RECEIVED
PROPERTY TAX

SEP 21 2020

Received
Scanned
OS line



F/C KITTERY DEVELOPMENT LLC
JOHN AUZO MANAGER
PO BOX 6120
INDIANAPOLIS, IN 46206

Dear Property Owner,

September 16, 2020

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We would like to take this opportunity to thank you for your assistance during this process.

Sincerely,
Municipal Resources, Inc.

Property ID: 2601 **38-13A**
Parcel Location: 318 US ROUTE 1

PRELIMINARY 2020 ASSESSMENT: \$4,695,900
REVISED 2020 ASSESSMENT: \$4,695,900

APPLICATION FOR ABATEMENT OF PROPERTY TAXES

36 M.R.S. § 841

See Property Tax Bulletin No. 10 for more information

This application must be signed and filed with the municipal assessor. A separate application should be filed for each separately assessed parcel of real estate claimed to be overvalued.

1. Name of applicant: Ripley Road Associates LLC
2. Mailing address: PO BOX 6120 Indianapolis, IN 46206
3. Property address or map/lot: ID:2606 Map 38 Block 14
4. Telephone number for applicant: 317-685-7240
5. Email address for applicant: acarter@simon.com
6. Tax year for which abatement is requested: 2020
7. Assessed valuation of real estate: \$6,134,400 (\$61,553,800 Combined all Parcels)
8. Assessed valuation of personal property: _____
9. Abatement of real estate valuation requested: \$40,000,000 (Combined all Parcels)
10. Abatement of personal property valuation requested: _____
11. Reasons for requesting abatement (please be specific, stating grounds for belief that property is overvalued for tax purposes): _____
Please See Attached Cover Letter
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To the assessing authority of the Municipality of Town of Kittery

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03/16/2021

Date



Signature of Applicant

St. Town Mgr. Simon Property Group

KPOI

Town of Kittery, ME
Assessing Department
200 Rogers Rd
Kittery ME 03904

RECEIVED
PROPERTY TAX

SEP 21 2020



Received
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OS Inp

Handwritten initials and numbers: "K", "1861", and a signature.

RIPLEY ROAD ASSOCIATES LLC
JOHN AUZO MANAGER
PO BOX 6120
INDIANAPOLIS, IN 46206

Dear Property Owner,

September 16, 2020

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Sincerely,
Municipal Resources, Inc.

Property ID: 2606 **38-14**
Parcel Location: 294 US ROUTE 1

PRELIMINARY 2020 ASSESSMENT: \$6,134,400
REVISED 2020 ASSESSMENT: \$6,134,400

APPLICATION FOR ABATEMENT OF PROPERTY TAXES

36 M.R.S. § 841

See Property Tax Bulletin No. 10 for more information

This application must be signed and filed with the municipal assessor. A separate application should be filed for each separately assessed parcel of real estate claimed to be overvalued.


1. Name of applicant: CPG Finance II LLC
2. Mailing address: PO BOX 6120 Indianapolis, IN 46206
3. Property address or map/lot: ID:2597 Map 38 Block 7
4. Telephone number for applicant: 317-685-7240
5. Email address for applicant: acarter@simon.com
6. Tax year for which abatement is requested: 2020
7. Assessed valuation of real estate: \$4,085,600 (\$61,553,800 Combined all Parcels)
8. Assessed valuation of personal property: _____
9. Abatement of real estate valuation requested: \$40,000,000 (Combined all Parcels)
10. Abatement of personal property valuation requested: _____
11. Reasons for requesting abatement (please be specific, stating grounds for belief that property is overvalued for tax purposes): _____
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To the assessing authority of the Municipality of Town of Kittery

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03/16/2021

Date


Signature of Applicant *Simon Property Group*

KPO II

Town of Kittery, ME
Assessing Department
200 Rogers Rd
Kittery ME 03904

RECEIVED
PROPERTY TAX

SEP 21 2020



Received
Scanned
OS Input

Handwritten signature and number 7862

CPG FINANCE II LLC
PO BOX 6120
INDIANAPOLIS, IN 46206

Dear Property Owner,

September 16, 2020

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We would like to take this opportunity to thank you for your assistance during this process.

Sincerely,
Municipal Resources, Inc.

Property ID: 2597 **38.7**
Parcel Location: 325 US ROUTE 1

PRELIMINARY 2020 ASSESSMENT: \$4,359,800
REVISED 2020 ASSESSMENT: \$4,058,600

APPLICATION FOR ABATEMENT OF PROPERTY TAXES

36 M.R.S. § 841

See Property Tax Bulletin No. 10 for more information

This application must be signed and filed with the municipal assessor. A separate application should be filed for each separately assessed parcel of real estate claimed to be overvalued.

1. Name of applicant: CPG Kittery Holdings LLC
2. Mailing address: PO BOX 6120 Indianapolis, IN 46206
3. Property address or map/lot: ID:2965 Map 47 Block 1
4. Telephone number for applicant: 317-685-7240
5. Email address for applicant: acarter@simon.com
6. Tax year for which abatement is requested: 2020
7. Assessed valuation of real estate: \$26,053,900 (\$61,553,800 Combined all Parcels)
8. Assessed valuation of personal property: _____
9. Abatement of real estate valuation requested: \$40,000,000 (Combined all Parcels)
10. Abatement of personal property valuation requested: _____
11. Reasons for requesting abatement (please be specific, stating grounds for belief that property is overvalued for tax purposes): _____
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03/16/2021

Date

 Sr. Tax Mgr. Simon Property Group
Signature of Applicant

Town of Kittery, ME
Assessing Department
200 Rogers Rd
Kittery ME 03904

RECEIVED
PROPERTY TAX

SEP 21 2020



CPG KITTERY HOLDINGS LLC
C/O CHELSEA PROPERTY GROUP
PO BOX 6120
INDIANAPOLIS, IN 46206-6120

Received
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GIS Input

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Dear Property Owner,

September 16, 2020

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We would like to take this opportunity to thank you for your assistance during this process.

Sincerely,
Municipal Resources, Inc.

Property ID: 2965 **47-1**
Parcel Location: 345 US ROUTE 1

PRELIMINARY 2020 ASSESSMENT: \$26,053,900
REVISED 2020 ASSESSMENT: \$26,053,900

[illegible]

0 125 250



Kittery Premium Outlets
306 US Route 1
Kittery, ME 03904
CORP # 7661

SIMON



Green Street Advisors Summary

Publication	Q2 2020 Data (3.31.20)				Q4 2020 Data (12.11.2020)			
	Quality Grade	Sales / SF	Cap Rate		Quality Grade	Sales / SF	Cap Rate	
Green Street Advisors	A+	\$750+	5.1%		A+	\$900+	5.6%	
	A	\$600	6.1%		A	\$700	6.6%	
	A-	\$500	7.2%		A-	\$550	7.8%	
	B+	\$400	8.1%		B+	\$440	8.6%	
	B	\$350	8.9%		B	\$380	9.4%	
	B-	\$300	11.0%		B-	\$325	11.1%	
	C+	\$250	12.3%		C+	\$275	11.9%	
	C	\$200	15.3%		C	\$225	14.4%	
	C	Kittery 1	15.3%		Kittery 1		14.4%	
	C+	Kittery 2	12.3%		Kittery 2		14.4%	
Green Street Property Specific Rates	C+	Kittery Outlets	12.3%		Kittery Outlets		11.9%	



Green Street Advisors

Properties

Date Download: March 31, 2020

MALL CAP RATES BY QUALITY				OUTLET CAP RATES BY QUALITY			
Grade	Sales/S.F.	Cap Rate	Assumed IRR	Grade	Sales/S.F.	Cap Rate	Assumed IRR
A++	\$1,000	5.1%	5.7%	A++	\$750	5.1%	6.0%
A+	\$780	5.8%	5.9%	A	\$600	6.1%	6.1%
A	\$635	7.2%	6.4%	A-	\$500	7.2%	6.1%
A-	\$485	8.6%	6.5%	B+	\$400	8.1%	6.1%
B+	\$425	10.2%	6.5%	B	\$350	8.0%	6.1%
B	\$385	12.2%	6.6%	B-	\$300	11.0%	6.5%
B-	\$355	14.0%	6.7%	C+	\$250	12.3%	6.5%
C+	\$320	19.9%	8.6%	C	\$200	15.3%	6.9%
C	\$250	24.4%	10.9%				
C-	\$185	30.2%	12.8%				
D	\$130	36.3%	14.8%				

Property id	Property	Type	Address	City	State	GLA Shop (SF)	GLA Mall (SF)	Grade	TAP Score	GSA Cap Rate	Est % NOI*
1208	Kittery Outlet Center	Outlet Center	283 US Route 1	Kittery	ME	51,737	51,737	C	52	15.3%	0.0%
1544	Kittery Outlet Center II	Outlet Center	283 US Route 1	Kittery	ME	24,619	24,619	C+	45	12.3%	0.0%
1242	Kittery Premium Outlets	Outlet Center	375 U.S. Route 1, Suite 220, Box 6	Kittery	ME	259,221	259,221	C+	45	12.3%	0.0%

Irrelevant news and conversations with market participants and Green Street Advisors estimates.

Not listed in the database should not be applied to reported NOI to derive property specific NOI estimates due to the numerous assumptions involved.



Green Street

Mall Properties

Date Download: December 11, 2020

property_id Property
1208 Kittery Outlet Center
1544 Kittery Outlet Center II
1242 Kittery Premium Outlets

Type Address City
Outlet Center 283 US Route 1 Kittery
Outlet Center 283 US Route 1 Kittery
Outlet Center 375 U.S. Route 1, Suite 220, Box 6 Kittery

MALL-OUTLET CENTER QUALITY				OUTLET-OUTLET CENTER QUALITY			
Grade	Area (sq. ft.)	Cap Rate	Assessment (sq. ft.)	Grade	Area (sq. ft.)	Cap Rate	Assessment (sq. ft.)
A+	11,210	5.0%	5,173	A+	11,210	5.0%	5,173
A	11,210	5.0%	5,173	A	11,210	5.0%	5,173
A-	11,210	5.0%	5,173	A-	11,210	5.0%	5,173
B+	11,210	5.0%	5,173	B+	11,210	5.0%	5,173
B	11,210	5.0%	5,173	B	11,210	5.0%	5,173
B-	11,210	5.0%	5,173	B-	11,210	5.0%	5,173
C+	11,210	5.0%	5,173	C+	11,210	5.0%	5,173
C	11,210	5.0%	5,173	C	11,210	5.0%	5,173
C-	11,210	5.0%	5,173	C-	11,210	5.0%	5,173
D	11,210	5.0%	5,173	D	11,210	5.0%	5,173
D-	11,210	5.0%	5,173	D-	11,210	5.0%	5,173
E	11,210	5.0%	5,173	E	11,210	5.0%	5,173
E-	11,210	5.0%	5,173	E-	11,210	5.0%	5,173
F	11,210	5.0%	5,173	F	11,210	5.0%	5,173
F-	11,210	5.0%	5,173	F-	11,210	5.0%	5,173
G	11,210	5.0%	5,173	G	11,210	5.0%	5,173
G-	11,210	5.0%	5,173	G-	11,210	5.0%	5,173
H	11,210	5.0%	5,173	H	11,210	5.0%	5,173
H-	11,210	5.0%	5,173	H-	11,210	5.0%	5,173
I	11,210	5.0%	5,173	I	11,210	5.0%	5,173
I-	11,210	5.0%	5,173	I-	11,210	5.0%	5,173
J	11,210	5.0%	5,173	J	11,210	5.0%	5,173
J-	11,210	5.0%	5,173	J-	11,210	5.0%	5,173
K	11,210	5.0%	5,173	K	11,210	5.0%	5,173
K-	11,210	5.0%	5,173	K-	11,210	5.0%	5,173
L	11,210	5.0%	5,173	L	11,210	5.0%	5,173
L-	11,210	5.0%	5,173	L-	11,210	5.0%	5,173
M	11,210	5.0%	5,173	M	11,210	5.0%	5,173
M-	11,210	5.0%	5,173	M-	11,210	5.0%	5,173
N	11,210	5.0%	5,173	N	11,210	5.0%	5,173
N-	11,210	5.0%	5,173	N-	11,210	5.0%	5,173
O	11,210	5.0%	5,173	O	11,210	5.0%	5,173
O-	11,210	5.0%	5,173	O-	11,210	5.0%	5,173
P	11,210	5.0%	5,173	P	11,210	5.0%	5,173
P-	11,210	5.0%	5,173	P-	11,210	5.0%	5,173
Q	11,210	5.0%	5,173	Q	11,210	5.0%	5,173
Q-	11,210	5.0%	5,173	Q-	11,210	5.0%	5,173
R	11,210	5.0%	5,173	R	11,210	5.0%	5,173
R-	11,210	5.0%	5,173	R-	11,210	5.0%	5,173
S	11,210	5.0%	5,173	S	11,210	5.0%	5,173
S-	11,210	5.0%	5,173	S-	11,210	5.0%	5,173
T	11,210	5.0%	5,173	T	11,210	5.0%	5,173
T-	11,210	5.0%	5,173	T-	11,210	5.0%	5,173
U	11,210	5.0%	5,173	U	11,210	5.0%	5,173
U-	11,210	5.0%	5,173	U-	11,210	5.0%	5,173
V	11,210	5.0%	5,173	V	11,210	5.0%	5,173
V-	11,210	5.0%	5,173	V-	11,210	5.0%	5,173
W	11,210	5.0%	5,173	W	11,210	5.0%	5,173
W-	11,210	5.0%	5,173	W-	11,210	5.0%	5,173
X	11,210	5.0%	5,173	X	11,210	5.0%	5,173
X-	11,210	5.0%	5,173	X-	11,210	5.0%	5,173
Y	11,210	5.0%	5,173	Y	11,210	5.0%	5,173
Y-	11,210	5.0%	5,173	Y-	11,210	5.0%	5,173
Z	11,210	5.0%	5,173	Z	11,210	5.0%	5,173
Z-	11,210	5.0%	5,173	Z-	11,210	5.0%	5,173

JLL Outlet Center Sales Comps													
Date	Property	City	State	GLA (SF)	YOC	Sales	Price	Price / SF	Cap Rate	Occupancy	Buyer	Seller	Anchor - Comments
Subject Property													
Sept 2019	The Shops at Hamilton	Trenton	NJ	150,000 (est)	2008	\$	8,500,000	\$ 57	NA	estimated at less than 25%	Penwood REIM	Hamilton Shops LLC	Purchased 20 acres for conversion to industrial space. All value to the land - \$10.21 psf.
July 2019	Liberty Village Outlets	Flemington	NJ	236,143		\$	2,700,000	\$ 11	27%	48%	Mason Asset MGT	Simon Property Group	Polo, Coach, Ann Taylor, Nautica, Bass, Le Creuset, Brooks Brothers. All value to the 21 acres of land - \$3.00 psf.
July 2019	Lebanon Outlets	Lebanon	TN	227,559		\$	4,500,000	\$ 20	51%	52%	Mason Asset MGT	Simon Property Group	Nike (vacated), Polo, Ann Taylor, Talbots, Gap, American Eagle, Zales, Eddie Bauer. All value to the 25 acres of land - \$2.20 psf.
June 2019	Morrisville Outlets	Morrisville	NC	237,537	1982	NA	\$ 15,500,000	\$ 65	na	Vacant	Equator Capital Mgt	Private Investor	Vacant - Proposed conversion to creative office workplace. Outlets failed prior to 2006. Traded for \$26 psf in 2006. All value to the 25 acres of land - \$14.50 psf.
April 2019	Horizon Outlet Center	Tular	CA	226,413	1999	\$	39,750,000	\$ 176	9.25%		Craig Realty	Garrison	Banana Republic, Coach, Express Factory Outlet, Gap, Levi's, Nike, Zumiez; partial leasehold; prior sale: Sep-14 (\$44.6m); Cap rate is based on written down NOI
March 2019	Outlets at Williamsburg	Williamsburg	IA	277,230	1991	\$	11,820,000	\$ 43	92%		Singerman	Tanger	Nike, Eddie Bauer, Gap
March 2019	Outlets at Ocean City	Ocean City	MC	203,136	1995	\$	25,600,000	\$ 126	11.60%		Singerman	Tanger	Coach, Old Navy, Famous Footwear, Bass. Prior sales July 1995 \$49M
March 2019	Outlets at Park City	Park City	UT	320,000	1	\$	78,300,000	\$ 245	12.60%	98%	Singerman	Tanger	Polo, Columbia, Gap
March 2019	Outlets Nags Head	Nags Head	NC	82,178	1997	\$	14,800,000	\$ 180	12.60%	100%	Singerman	Tanger	Polo, Banana Republic, Rack Room
October 2018	Fashion Outlets of Las Vegas	Las Vegas	NV	375,722	1998	\$	25,540,000	\$ 68			Torchlight	AWE Tallman	H&M, Polo, Nike, Tommy Bahama, Old Navy, Resort & Casino. \$125M appraisal in 2012
May 2018	Fashion Outlets of Santa Fe	Santa Fe	NM	120,000	1993	\$	9,000,000	\$ 75			CW Capital	AWE Tallman	Foreclosure (\$9.0M loan amount); Polo, Eddie Bauer, Guess, LeCreuset. Oct. 2012 - Prior appraisal
May 2018	Festival Flea Market	Pompano Beach	FL	383,858	1986	\$	25,000,000	\$ 65	90%		IMC Equity Group	Daniel Shooter	Outlet property purchased for Renovation
March 2018	Factory Stores of America	Georgetown	KY	172,209	1991	\$	4,500,000	\$ 26			S. Tamiami Trail LLC	Georgetown Village Shops LLC	Peddler's Mall, Rack Room Shoes. Prior sales by SPG. Chelsea Property was the original developer.
Dec 2017	Penn's Purchase	New Hope	PA	97,271	1994	\$	3,572,000	\$ 37			Stone Haven Homes	Cohen Equities	Bass, Brooks Brothers, Coach, Jones New York
Dec 2017	Prime Outlets Ohio	Burbank	OH	313,000	1996	\$	3,500,000	\$ 11			Namdar Realty	Elad Mgt. Corp.	Tear down for SF development re-use.
Totals				3,422,256		\$	272,582,000	\$ 80					Gap Outlet, Bon Worth, Justice, Kitchen Collection
Tanger Sales to Singerman				882,544			130,520,000	\$ 148					
Total excluding Tanger sale to Singerman				2,539,712			142,062,000	\$ 56					

Tanger Sale was a blended 12.6% cap rate, or over 16.0% after appropriate tenant rent write-downs for high occupancy costs. Average Sales for the portfolio was \$295 psf.



CBRE



Q1 2020 U.S. RETAIL FIGURES - EXECUTIVE SUMMARY

CONSUMERS BECOME CAUTIOUS AS VIRUS SPREADS

Availability Rate
6.1%



Net Absorption
3.4 MSF



Completions
6.0 MSF



Net Asking Rent
\$18.07 PSF

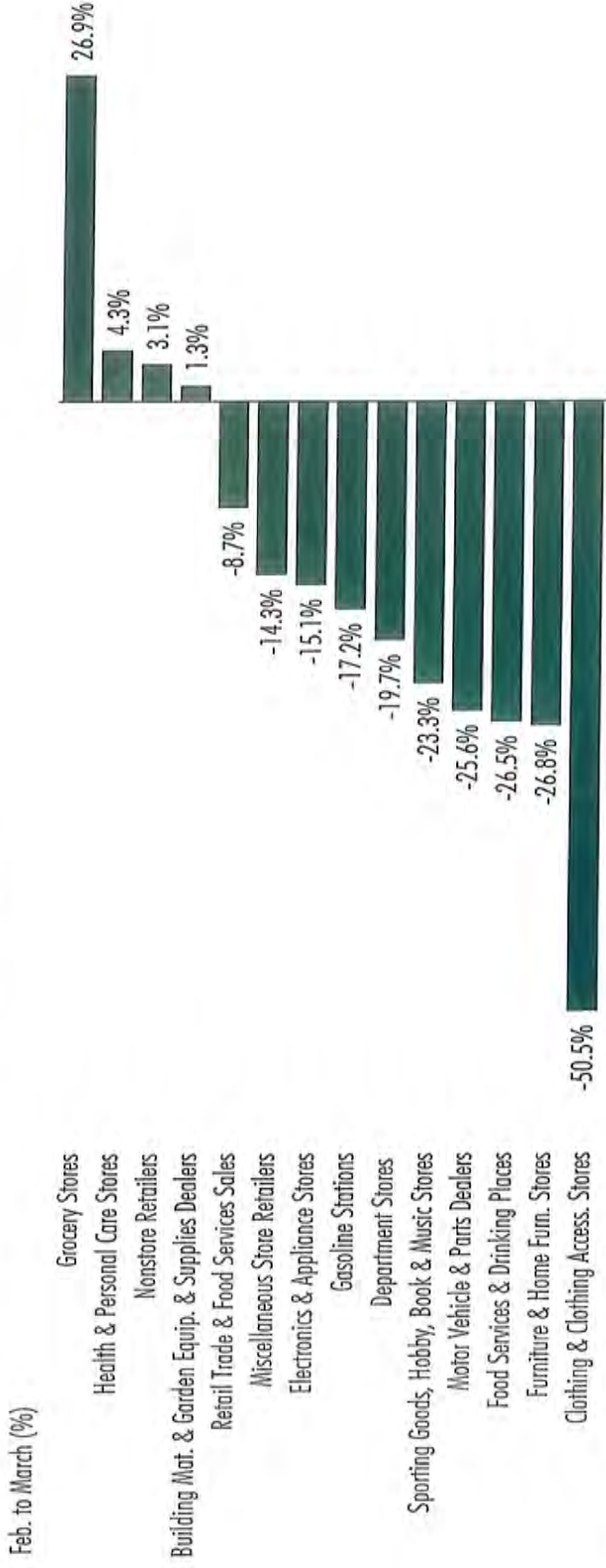


Arrows indicate change from previous quarter.

- The COVID-19 pandemic has forced some states to impose strict stay-at-home orders that are adversely affecting many industries. This is leading the U.S. economy into a recession that will result in very sharp declines in GDP for H1 2020 and in job losses, particularly in the retail, food & beverage and transportation sectors.
- Retail is one of the sectors hit hardest by COVID-19 as evident by the abrupt drop in March retail sales. Although, the cascading effect of shutdowns and store closures in the second half of March did not materially impact retail real estate fundamentals in Q1, fundamentals in Q2 are expected to weaken.
- Assuming the coronavirus peaks this summer in the U.S., the federal government's fiscal and monetary stimulus will begin to bear fruit. This will be paired with pent-up private demand that could help the U.S. economy return to growth by year-end and drive stronger than previously expected growth in 2021.

FIGURE 1

MARCH RETAIL SALES IMPACTED BY COVID-19

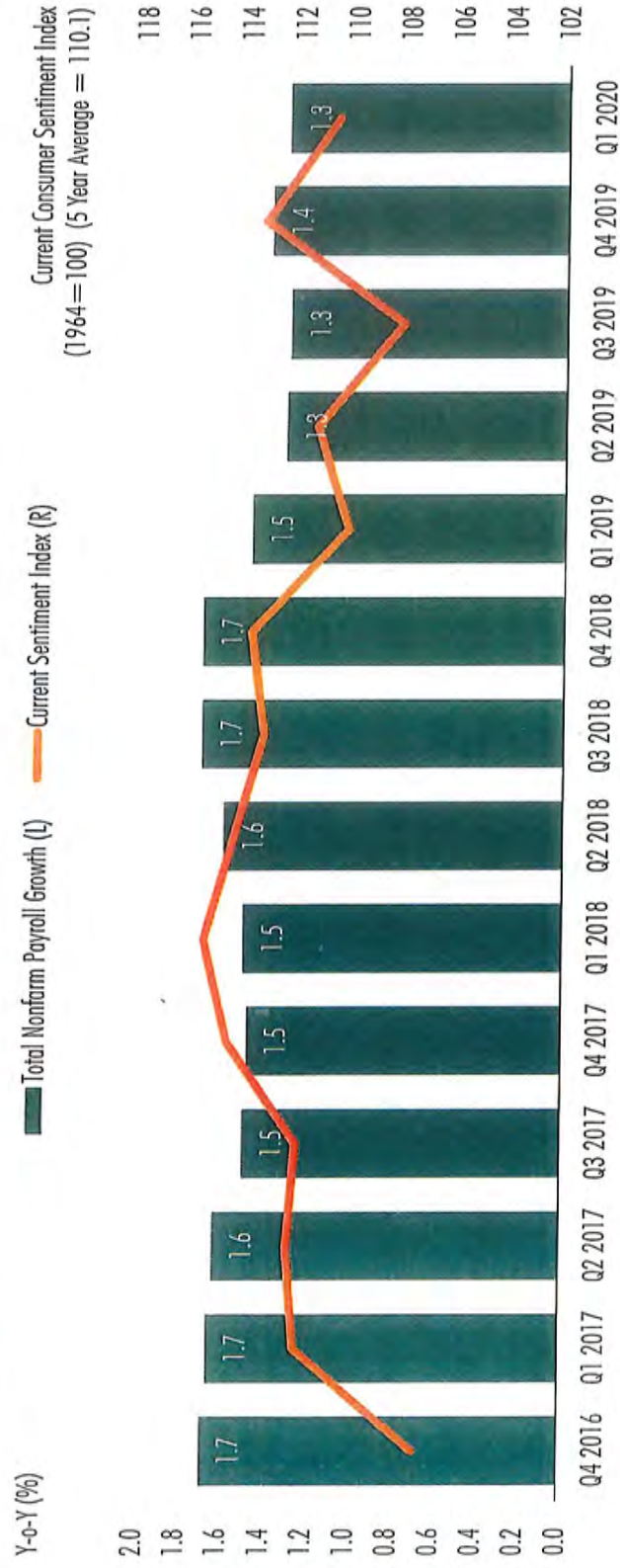


Source: U.S. Census Bureau, Q1 2020.

- March retail sales, including food & beverage, were down 8.7% from February—the largest monthly decline since the Census Bureau began tracking retail sales.
- Nonessential retail categories, including clothing & accessory and furniture stores, saw the greatest declines in sales, while essential categories such as grocery and health & personal care stores had the highest sales growth.

FIGURE 2

CONSUMER SENTIMENT DECLINES

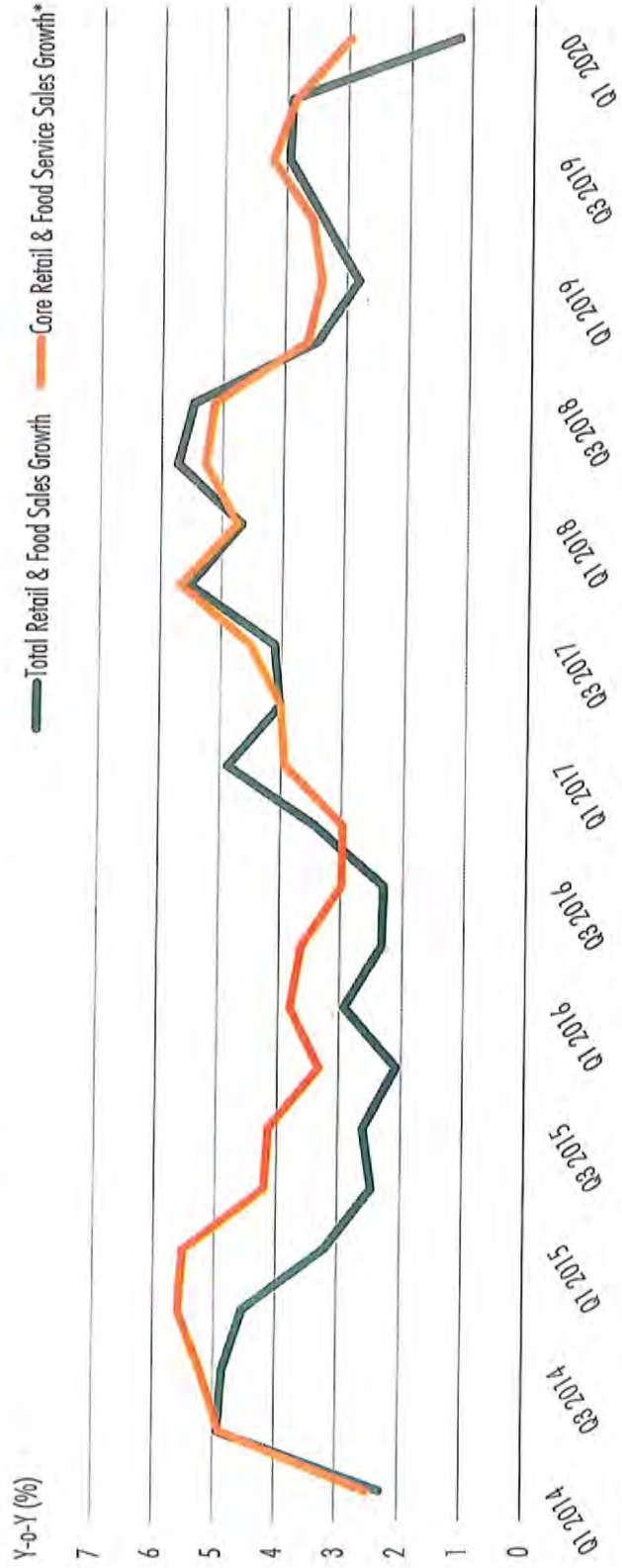


Source: University of Michigan, FRED, Q1 2020.

- Consumer sentiment declined slightly in Q1, largely due to the spread of COVID-19 in late March.

FIGURE 3

TOTAL RETAIL SALES GROWTH DECLINES



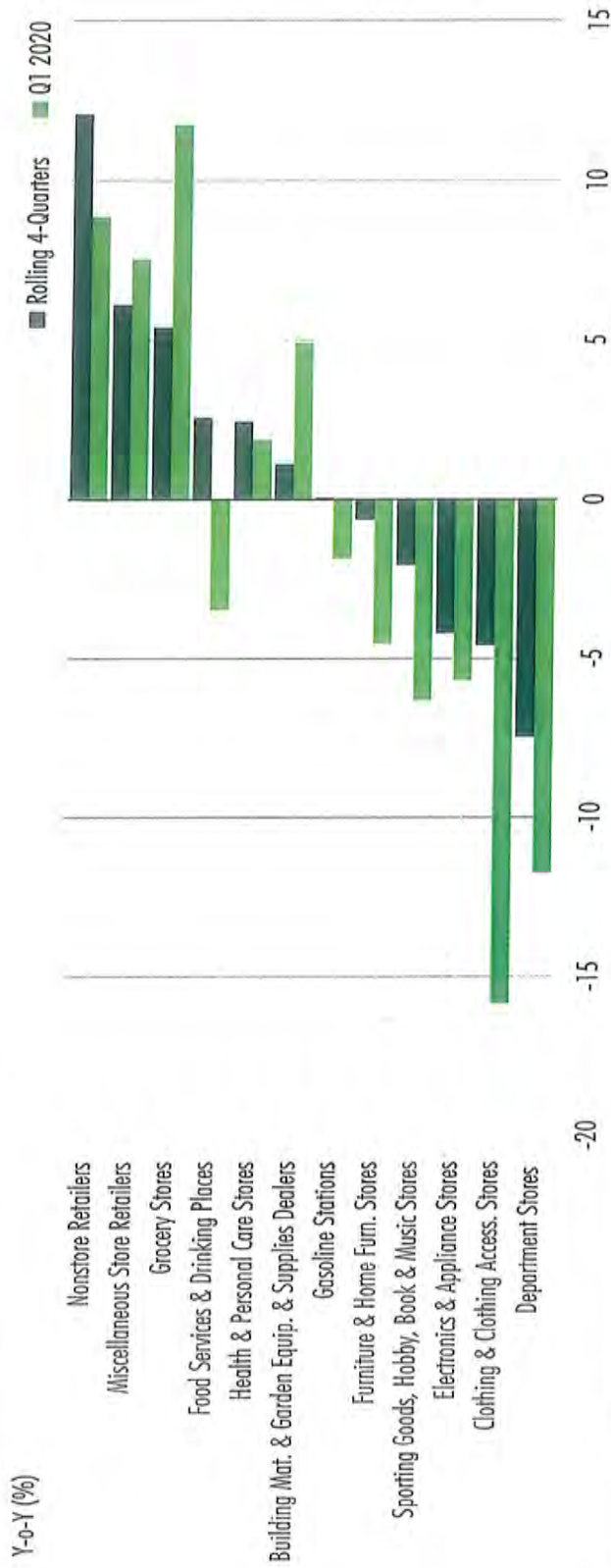
Note: Sales figures are seasonally adjusted.
 *Core Retail & Food Service Sales excludes gasoline stations and motor vehicle & parts dealers.
 Source: U.S. Census Bureau, Q1 2020.

- Total retail sales increased by 1.2% year-over-year in Q1, down from 3.9% in Q4—largely due to declines in gasoline and auto sales.
- Core retail sales (excluding gasoline stations and motor vehicle & parts dealers) grew by 3.0% year-over-year in Q1.



FIGURE 4

RETAIL SALES BY CATEGORY

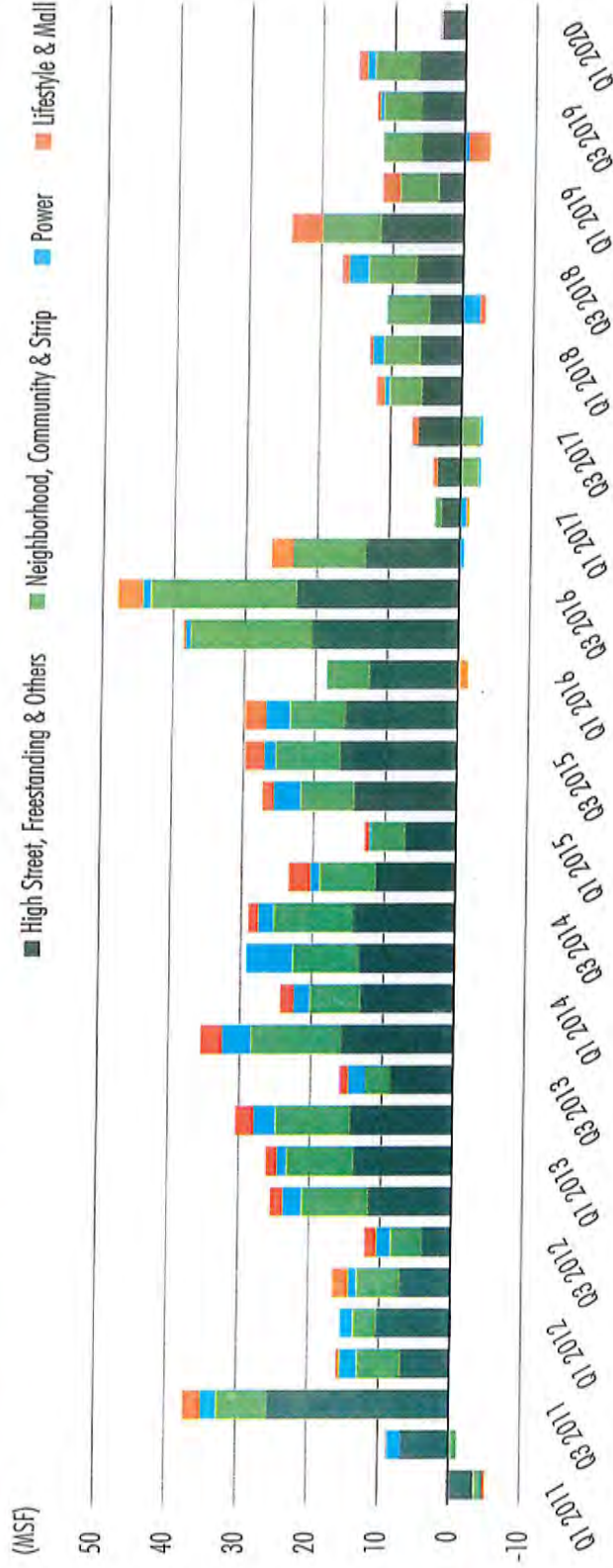


Source: U.S. Census Bureau, Q1 2020.

- Grocery stores had the highest year-over-year sales growth in Q1, up by 12%. Sales growth was primarily driven by panic buying in March as a result of the COVID-19 outbreak.
- Clothing & accessory stores posted the largest year-over-year decline, as many stores were closed to limit the spread of COVID-19.

FIGURE 5

TOTAL RETAIL RECORDS POSITIVE NET ABSORPTION

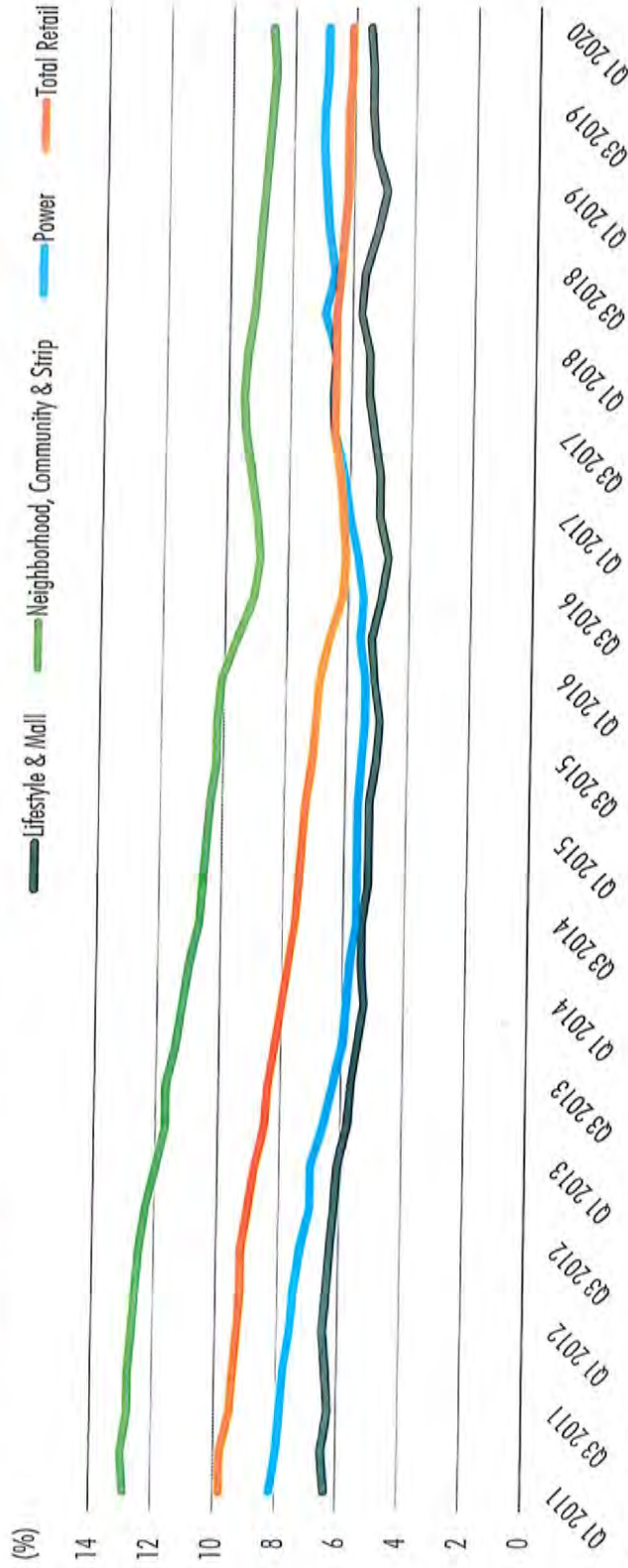


Source: CBRE Econometric Advisors, Q1 2020.

- More than 3.4 million sq. ft. of retail space was absorbed in Q1, despite a significant decline in new retail completions.
- All asset classes, except for neighborhood, community & strip centers, posted absorption gains.
- The neighborhood, community and strip center segment posted a slight decline in absorption of 148,000 sq. ft.

FIGURE 6

TOTAL RETAIL AVAILABILITY REMAINS UNCHANGED

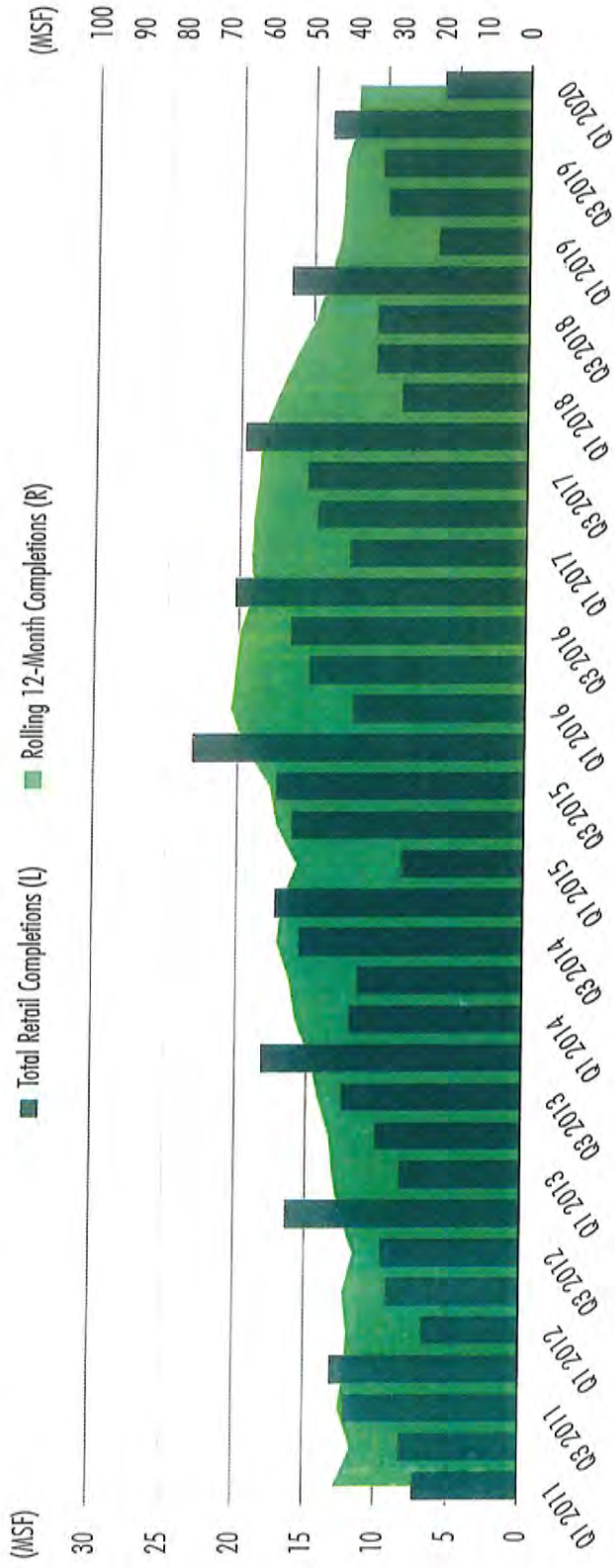


Source: CBRE Econometric Advisors, Q1 2020.

- The overall retail availability rate remained unchanged in Q1 at 6.1%.
- The neighborhood, community & strip center and lifestyle & mall segments both had a 10-basis-point increase in availability.

FIGURE 7

TOTAL RETAIL COMPLETIONS

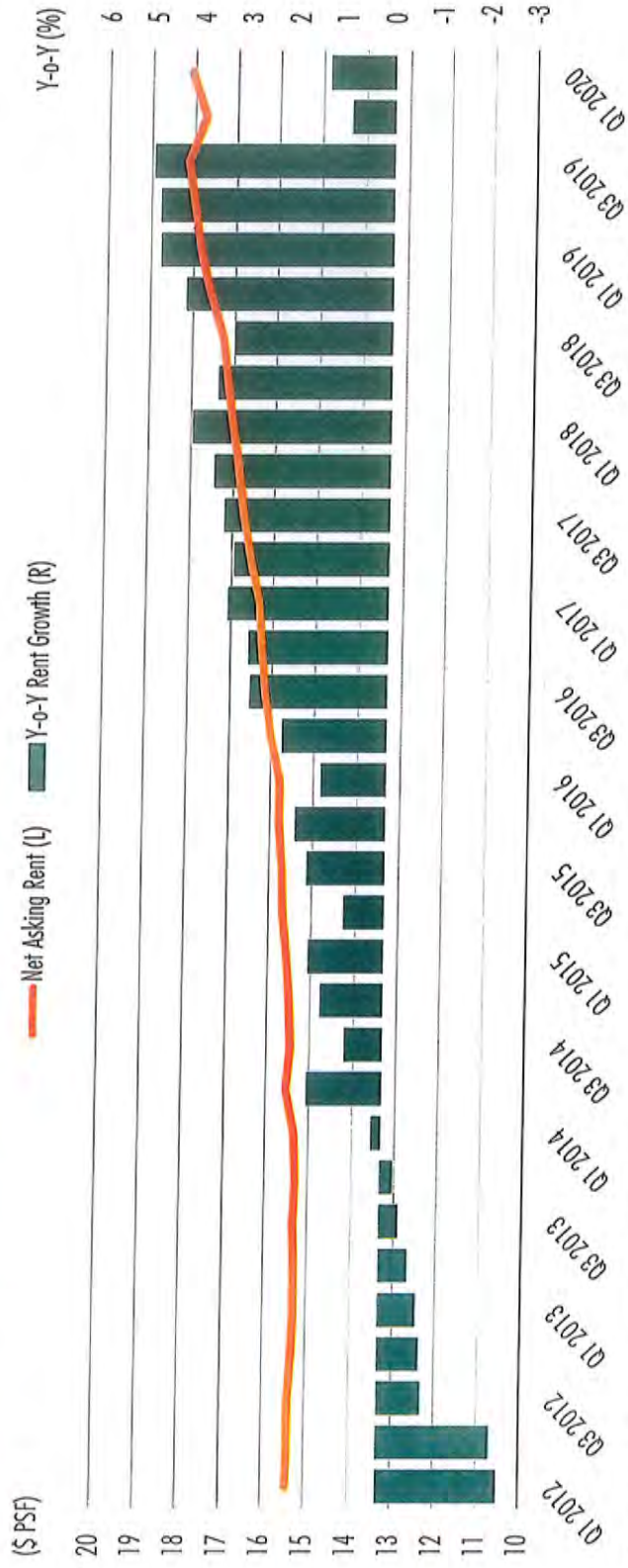


Source: CBRE Econometric Advisors, Q1 2020.

- Total retail completions declined in Q1 to approximately 6.0 million sq. ft., down by 5% year-over-year.
- Among the markets tracked by CBRE Research, Miami had the highest amount of completions in Q1 with 873,000 sq. ft. An auto showroom in North Miami accounted for 91% of that total.

FIGURE 8

AVERAGE RETAIL NET ASKING RENT INCREASES



Source: CBRE Econometric Advisors, Q1 2020.

- Average retail net asking rent increased in Q1 to \$18.07 per sq. ft.
- For the first time since Q1 2019, average net asking rents increased for each property type.



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Checkout

Mall Values Plunge 60% After Reappraisals Triggered by Bad Debt

By [John Gittelsohn](#)

March 1, 2021, 11:19 AM EST

-
- ▶ Landlords looking to walk away from some struggling centers
 - ▶ Pandemic shutdowns hurt properties with pre-existing problems
-

U.S. mall values plunged an average 60% after appraisals in 2020, a sign of more pain to come for retail properties even as the economy emerges from pandemic-enforced lockdowns.

About \$4 billion in value was erased from 118 retail-anchored properties with commercial mortgage-backed securities debt after reappraisals triggered by payment delinquencies, defaults or foreclosures, according to data compiled by Bloomberg.

That average drop -- which reflects the change in value since the debt was originated years ago -- may underestimate losses when the properties come up for sale because so much retail real

estate is in distress. And few buyers are willing to take risks on aging shopping centers as e-commerce continues to grab market share.

“It’s an eye-popping decline,” Gwen Roush, an analyst with DBRS Morningstar rating service who tracks commercial real estate, said in an interview. “When we’re forecasting a loss on these malls, we’re even further haircutting that value.”

The biggest owners, such as Simon Property Group Inc., Brookfield Asset Management Inc. and Starwood Capital Group, have started to triage properties, walking away from money-losers while reinvesting in viable locations.

Hard-hit centers were already decimated by department store bankruptcies and high vacancy rates, before Covid-19 accelerated Americans’ taste for online shopping. Vaccines and herd immunity are unlikely to lure visitors back to deserted gallerias perfumed with Cinnabon bakery treats.

Quality Gap

Only about half of the 1,100 U.S. indoor malls have a good chance of survival, according to Floris van Dijkum, a real estate analyst with Compass Point Research & Trading. The strong will get stronger while the weakest face abandonment, he said.

“There’s a huge bifurcation between good and bad quality,” van Dijkum said. “By value, 80% is in the top 300 malls.”

Simon, the country’s largest mall owner, is working with loan managers to restructure debt on underperforming centers or hand back the keys.

“Hope to make deals in some,” Chief Executive Officer David Simon said on the company’s latest earnings call . “If not, then they will no longer be part of our portfolio and we wish that new owner the best of luck.”

BIGGEST LOSERS

Owner	Shopping Center	2020 Appraisal	Decrease
Kushner Cos.	229 W. 43rd St.	\$92.5 million	-\$377.5 million

CBL & Associates Properties	Triangle Town Center	\$27.7 million	-\$257.3 million
Simon Property Group	Town Center at Cobb	\$130.4 million	-\$191.6 million
Pyramid Management Group	Poughkeepsie Galleria	\$68.6 million	-\$168.5 million
Simon Property Group	Square One Mall	\$50.5 million	-\$150.5 million

Source: Bloomberg CMBS data

Outside Atlanta, Simon's Town Center at Cobb, once appraised at \$322 million, received no bids at a courthouse foreclosure auction in February, according to a local news report. The company's Montgomery Mall, near Philadelphia, was appraised at \$61 million last year, a 69% drop from its 2014 value.

For the few malls that sold, prices were down just 1.8% in January from a year earlier, data from Real Capital Analytics Inc. show. That's because most of what traded was high-quality, according to Jim Costello, senior vice president at the research firm.

Awaiting Recovery

Some mall sellers are waiting for the economy to recover before unloading properties, hoping for higher prices.

Unibail-Rodamco-Westfield, owner of 37 U.S. shopping centers, said in its fourth-quarter earnings statement that it's looking to 2022 to "significantly reduce our financial exposure to the U.S. when the investment market reopens."

For many lower-end centers, the value is the land minus the cost of demolition, according to Costello.

"The orange tile and brown carpeting is just going to be torn down and plowed under and eventually trade at a price someone can build something else there," he said.

Several mall operators have sought to escape their debt burdens while vacancies rise and tenants withhold rents. Washington Prime Group Inc. skipped a February interest payment and hired

restructuring advisers. Pennsylvania Real Estate Investment Trust and CBL & Associates Properties Inc. filed for bankruptcy last year.

Debt management on about 17% of retail properties with CMBS loans has been transferred to workout specialists because of delinquencies or other financial issues, second only to hospitality properties, with 24.5% in special servicing, data from Trepp show.

Rating services have downgraded hundreds of bond tranches, many of them on mall debt, as concern rises that investors won't get repaid, according to Roy Chun, senior managing director at Kroll Bond Rating Agency. It's only a matter of time before the money stops flowing, he said.

"It's the sixth or seventh inning of a game," Chun said. "But you already know the winner and the loser."

In this article

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PRO BANKRUPTCY

U.S. Retail Store Closures Hit Record in First Half

Through June, 18 retailers have filed for chapter 11, mostly those selling apparel, footwear and home furnishings



A Pier 1 store in Santa Clarita, Calif., holding a going-out-of-business sale this summer amid the coronavirus pandemic.

PHOTO: MARCIO JOSE SANCHEZ/ASSOCIATED PRESS

By [Aisha Al-Muslim](#)

Updated Sept. 29, 2020 4:12 pm ET

Retail store closings in the U.S. reached a record in the first half of 2020 and the year is on pace for record bankruptcies and liquidations as the Covid-19 pandemic accelerates industry changes, particularly the shift to online shopping, according to a report on the downturn's severity.

This year's collapse in American retail could overtake that of 2010, when 48 retailers filed for bankruptcy in the wake of the 2007-09 recession, according to [the report by professional-services firm BDO USA LLP](#). Including filings through mid-August, BDO said

29 retailers have sought bankruptcy protection in 2020, surpassing the 22 such filings recorded last year.

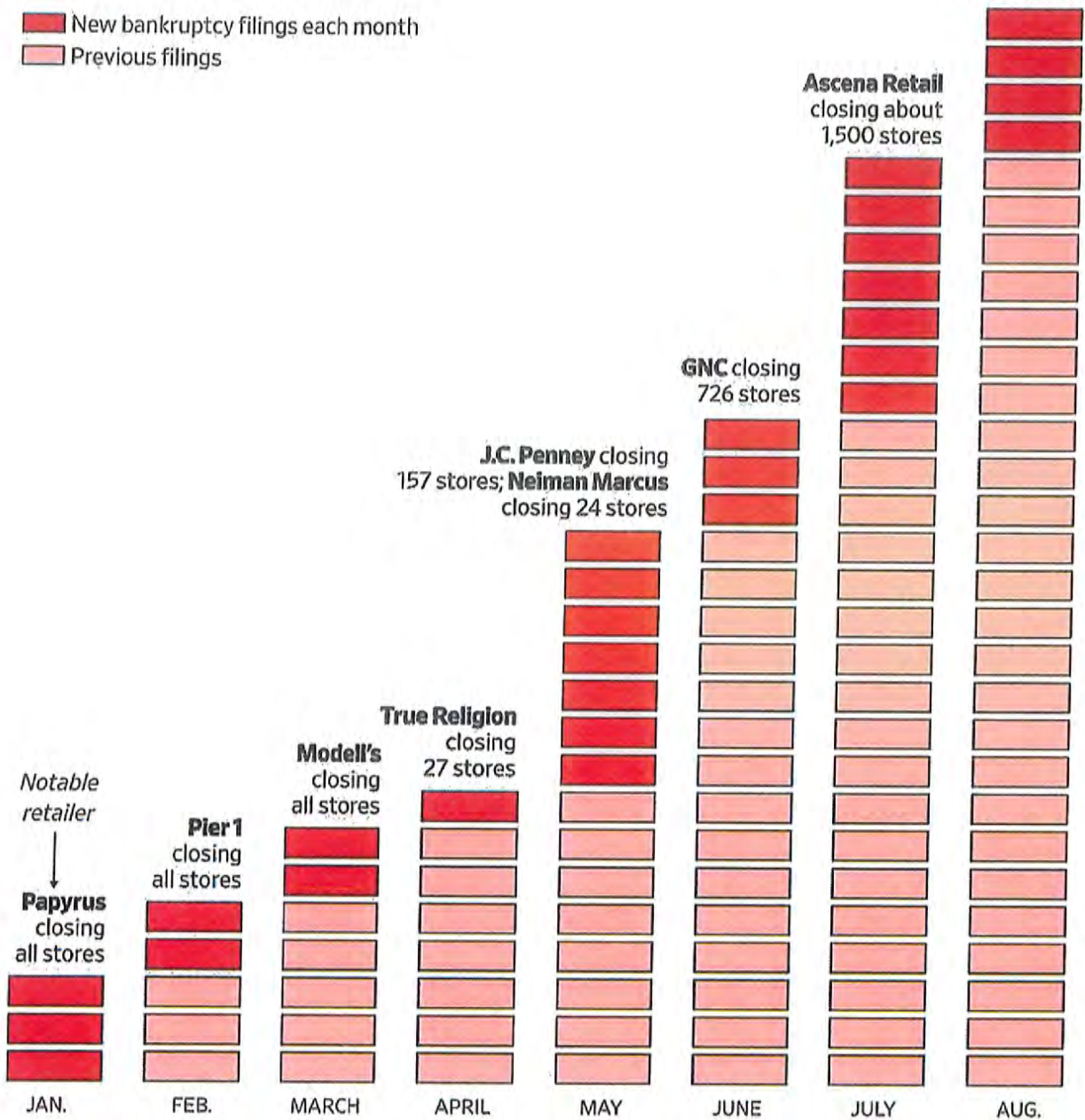
Temporary government-mandated store closures and social-distancing measures have intensified challenges that bricks-and-mortar retailers had faced before the pandemic, according to BDO. Consumers stuck at home are buying more online than ever, with rising internet sales expected to partially offset losses from physical stores, the report said.

That trend has put more pressure on bricks-and-mortar locations, compounded by excessive debt, store saturation, high unemployment and changing shopper behaviors. In particular, demand has cratered for business attire and outfits for social occasions—weddings, graduations and other milestones.

“This is almost certainly the worst year in recent history for retail,” said Kyle Sturgeon, a managing partner at Atlanta-based turnaround advisory firm Meru LLC.

This year is on pace to rival the 48 total bankruptcy filings by retailers in 2010, following the 2007-09 recession. Retail bankruptcies in 2020 have already surpassed the 22 total filings in 2019.

Cumulative number of retail bankruptcies in 2020. Each block represents a company*



Announced store closings from retail bankruptcies, by type: 5,998

Apparel/Footwear 39%	Home Furnishings 24%	Dept. stores 15%	Other 22%
-------------------------	-------------------------	---------------------	--------------

*Bankruptcy filings through mid-August
 Sources: BDO; staff reports

In the first six months, 18 retailers filed for chapter 11 protection, mostly concentrated in apparel and footwear, home furnishings, grocery and department stores, BDO said. They

include department-store operators Neiman Marcus Group Ltd., J.C. Penney Co. and Stage Stores Inc., home-goods retailers Pier 1 Imports Inc. and Tuesday Morning Corp. and vitamin seller GNC Holdings Inc.

“The trend is still a lot of liquidations and asset sales, and some of them are still trying to reorganize and emerge,” said David Berliner, a partner in the firm’s business restructuring and turnaround services practice.

From July through mid-August, 11 more retailers filed, including apparel retailers Lucky Brand Dungarees LLC, Brooks Brothers Inc., Ann Taylor parent Ascena Retail Group Inc., Stein Mart Inc. and Tailored Brands Inc., the parent of Men’s Wearhouse and Jos. A. Bank.

MORE

Consumers Grow More Confident About U.S. Economy

“I don’t think it’s going to stop anytime soon,” said Andy Graiser, co-president of commercial real-estate advisory firm A&G Real Estate Partners, who advises Tailored Brands, Ascena, Neiman Marcus and Stein Mart, among others.

Before the pandemic, department-store chains such as Lord & Taylor, J.C. Penney and Neiman Marcus were already struggling as shoppers bought more online, defected to startups and shifted their preferences to small specialty stores.

Men’s Wearhouse and Jos. A. Bank parent Tailored Brands, which filed for bankruptcy in August, partly blamed its struggles on missteps such as underinvesting in casual clothes and e-commerce. J.Crew also signaled that it was unable to overcome the shifts to fast fashion and online shopping.

Discount home-goods retailer Tuesday Morning, which filed for bankruptcy in May, was hurt by its lack of e-commerce presence as more shopping shifted online.

Upscale retailer Neiman Marcus filed for chapter 11 in May. “We had a business that was on track prior to Covid-19,” Chief Executive Geoffroy van Raemdonck said at the time. “Everything was going well in our transformation, but we had massive interest payments. Covid threw everything off track. This is an opportunity to reset our financial structure.”

High rates of bricks-and-mortar store closures are expected to continue, BDO said. From January through mid-August, retailers had announced they would close more than 10,000 stores in the U.S., including locations of solvent companies such as Macy’s Inc., Bed Bath & Beyond Inc. and Gap Inc.

That has already topped last year's record 9,500 store closures. Many of the closings through mid-August 2020 were due to retail bankruptcies, which accounted for nearly 6,000 closures.

Retailers have said so far this year that they plan to close more than 130 million square feet of store space in the U.S. Of that total, more than half belongs to five retailers: Penney, Macy's, Stein Mart, Bed Bath & Beyond and Pier 1 Imports, according to real-estate data firm [CoStar Group Inc.](#)

Retailers are likely to decide to close as many as 25,000 U.S. stores in 2020, according to global market-research firm Coresight Research.

Many of the stores going dark are anchors and other tenants in shopping malls. Real-estate research firm Green Street Advisors LLC has forecast that more than half of all mall-based department stores in the U.S. will close by the end of 2021.

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[Senator Questions Drugmaker Purdue's Bankruptcy Venue Choice](#) September 29, 2020

[Retail Store Closures Hit Record in First Half](#) September 19, 2020

[Opoid Victims Seek Chance to Take Purdue's Owners to Court](#) September 28, 2020

Landlords including mall owners [Simon Property Group Inc.](#) and [Brookfield Property Partners LP](#) have been stepping up, [buying troubled tenants like J.C. Penney](#) out of chapter 11, their third acquisition in four years of a bankrupt tenant.

More retailers are expected to seek bankruptcy protection in the second half of the year, though the pace could slow in the fourth quarter as some hold off until early next year in hopes of a profitable holiday season.

"If the holidays don't go as planned, there's going to be some real cash flow and income hits to these retailers," said Mr. Berliner, who has advised on the bankruptcies of Tuesday Morning and Lord & Taylor. "For some of these, still distressed retailers with a lot of debt, may be their last straw."

Some companies that have waited too long to file for bankruptcy might simply liquidate if they keep burning cash and don't have enough money to fund a restructuring through the courts.

"That's not the norm and I think we're gonna see a lot more of those," said Mr. Graiser, pointing to Stein Mart and off-price retailer Century 21 Department Stores LLC, which

filed for bankruptcy in August and September, respectively, and are liquidating their assets.

Shaky companies that make it through the holiday season might survive only to encounter landlords that had agreed to rent deferrals but now want payment in full. The added pressure might force more retailers to close stores and file for bankruptcy, Mr. Graiser said.

“That’s a huge bubble that is going to burst for a lot of retailers with the inability to pay that back,” he added.

Write to Aisha Al-Muslim at aisha.al-muslim@wsj.com

Appeared in the September 30, 2020, print edition as 'Retail Store Closures Hit Record.'

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Virus Response Shuttters 55% of U.S. Retail Space

Large-scale furloughs underscore the challenges in the industry as chains like T.J. Maxx temporarily close their doors.

APR
10
2020

By Greg Isaacson (/author/greg-isaacson/)



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The coronavirus response has snared American retailers in [an unprecedented crisis \(https://www.cpexecutive.com/post/bracing-for-a-wave-of-missed-retail-rents/\)](https://www.cpexecutive.com/post/bracing-for-a-wave-of-missed-retail-rents/), with more than three-fifths of the nation's stores now sitting dark amid mandatory business closures and stay-at-home orders. Nearly 4.8 billion square feet of

retail floorspace has closed across the U.S., or 54.8 percent of the total, according to the latest figures



T.J. Maxx store. Image courtesy of Michael Rivera via Wikimedia Commons

(<https://twitter.com/NeilRetail/status/1248379271808081931/photo/1>) from industry intelligence provider GlobalData.

That represents more than 258,366 store units that have shuttered, or 60.8 percent of the total—not including food service or service operators like gyms or spas. But there are winners and losers in the new environment. Needs-based retailers are ramping up hiring to the tune of hundreds of thousands of staff, while apparel chains and restaurants have been hardest hit by the economic freeze.

READ ALSO: Unemployment Claims Hit 16.8M in 3 Weeks

(<https://www.cpexecutive.com/post/unemployment-claims-hit-16-8m-in-3-weeks/>)

"The ones that are able to remain open, the essential businesses—groceries in particular—are benefiting the most, and the ones that were struggling prior to closures are going to be suffering the most," said Zachary Klein, associate director at Fitch Ratings covering the real estate and leisure sector.

Klein told *Commercial Property Executive* that businesses deemed non-essential are rapidly cutting whatever costs they can to weather the lockdowns, for example by furloughing employees and curbing management salaries. Many retailers, including restaurant chain The Cheesecake Factory, have notified their landlords that they are unable to make rent payments this month.

Restaurants that have been able to earn cash by offering take-out and delivery service are in better shape. *"Those that aren't, in particular, are most exposed and trying to see what they can do with their landlords to adjust those costs,"* Klein noted.

FURLOUGHS SWEEP INDUSTRY

TJX Cos., owner of clothing chains T.J. Maxx and Marshalls, said this week it would furlough most of its U.S. employees at stores and distribution centers, paying furloughed workers through April 11, while those eligible will retain their benefits. The majority of the company's global workforce of 286,000 people is based in the U.S.

The retail industry has now stopped issuing paychecks to well over 1 million employees across the country, Bloomberg reported, with some of the largest retail chains including Macy's, Kohl's Corp. and Gap Inc. shuttering stores and suspending workers. Purveyors of "essential" goods such as food, medicine and home improvement products, however, are experiencing a surge in demand.

"It's a tale of two markets right now," said Scott Holmes, senior vice president & national director of retail at Marcus & Millichap. *"Going into this, the categories of retail that everybody wanted and that were doing really well, were the things that were seen as internet-resistant, like bars and restaurants, entertainment, fitness, even the so-called treasure hunt model of discount apparel."*

Ironically, those categories are now feeling the most pain in a locked-down America, Holmes said, while necessity retailers like Costco, BJ's Wholesale Club, Walmart, Sam's Club and Target are thriving.

Walmart, Amazon and CVS are taking on a collective total of 300,000 additional staff, according to company announcements tracked by Marcus & Millichap. Discount chains like Dollar General and Dollar Tree/Family Dollar as well as hardware stores Home Depot and Lowe's are also hiring more workers.

Holmes noted that he expects the macro-trend of the increasing popularity of restaurants to continue after the coronavirus storm passes. In 2015, dining out expenditures exceeded grocery sales for the first time. *"It's those small, privately owned businesses, especially in the restaurant space, that are the most concerning right now,"* he added.

[Coronavirus \(/tag/coronavirus/\)](#) [Fitch Ratings Inc. \(/tag/fitch-ratings-inc/\)](#) [Marcus & Millichap \(/tag/marcus-millichap/\)](#)
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Governor Mills Takes Further Steps to Respond to COVID-19, Protect Health and Safety of Maine People

March 18, 2020

Governor prohibits dine-in service at bars and restaurants; bans gatherings more than 10 people & signs emergency legislation to respond to COVID-19

Under authority granted to her in a civil state of emergency, Governor Janet Mills today issued an Executive Order mandating that all restaurants and bars statewide close to dine-in customers effective today, March 18, 2020 at 6:00 p.m. for a period of 14 days until midnight, March 31, 2020. Take-out, delivery, and drive-through options can continue. In her order, the Governor also prohibited all gatherings of more than 10 people until further notice, mandating the latest U.S. CDC's guidance on gatherings. In addition, Governor Mills strongly urged non-essential public-facing businesses, such as gyms, hair salons, theatres, casinos, shopping malls, to close their doors for the next two weeks to minimize public gatherings. These new actions come as Governor Mills seeks to significantly strengthen social distancing measures in Maine. Social distancing is considered one of the most effective methods to help mitigate the spread of COVID-19.

"I do not take these steps lightly. Maine's small businesses and their workers are the backbone of our economy, and I understand that these actions will not only impact them, they will also disrupt the lives of Maine people," said Governor Janet Mills. "However, COVID-19 continues to spread across Maine and more aggressive action is required to mitigate that spread and to protect the health and welfare of Maine people. My Administration is committed to working with businesses whose operations are affected by COVID-19. I continue to strongly urge all Maine people to take seriously the threat of this virus and to practice social distancing. We all have a responsibility to do our part."

"We are continuing our work to find ways that we can support both Maine businesses and Maine workers during this challenging time," said Department of Economic and Community Development Commissioner Heather Johnson. "DECD, in partnership with other departments in Governor Mills' Administration, is committed to finding solutions and to partnering with other entities that can offer support to ensure that there are resources available for businesses impacted by the changes in the market as a result of the Coronavirus."

Governor Mills' Executive Order:

- **Prohibits gatherings of more than 10 people statewide.** Gatherings subject to this Order are those that are primarily social, personal, and discretionary events not work-related events. Such gatherings include, without limitation, community, civic, public, leisure, faith-based events; social clubs; sporting events with spectators; concerts, conventions, fundraisers, parades, fairs, and festivals; and any similar event or activity in a venue such as an auditorium, stadium, arena, large conference room, meeting hall, theater, gymnasium, fitness center or private club.

- **Closes dine-in facilities at all restaurants and bars statewide.** All restaurants and bars shall close their dine-in facilities. Such businesses that offer carry-out, delivery, and drive-through food and beverage service may continue to do so but eating and drinking inside restaurants and bars is temporarily prohibited. Such businesses offering carry-out, delivery, and drive-through food and beverage should employ social distancing best practices and minimize gathering of customers. The Governor urges Maine people to continue to support our establishments by purchasing take-out meals or by buying gift cards or other measures of support.

The Order will be reviewed prior to its expiration date for a determination of the need for revision and renewal.

In addition, Governor Mills strongly urged non-essential public-facing businesses, such as gyms, hair salons, theatres, casinos, shopping malls, to close their doors for the next two weeks to minimize public gatherings.

This does not include businesses that provide essential services including, but not limited to: food processing, agriculture, industrial manufacturing, construction, trash collection, grocery and household goods (including convenience stores), home repair and hardware and auto repair, pharmacy and other medical facilities, biomedical and health care, child care, post offices and shipping outlets, insurance, banks, gas stations, laundromats, veterinary clinics and animal feed and supply stores, shipping stores, public transportation, and hotel and commercial lodging.

Although these businesses may remain open, Governor Mills strongly urged Maine people to implement social distancing measures and to be thoughtful about the need to visit these businesses.

Other businesses, including but not limited to legal services, business and management consulting, professional services and insurance services, are encouraged to have employees work remotely. If that is not possible, Governor Mills urges employees to implement social distancing measures.

Governor Mills also signed into law today an emergency bill granting her access to at least \$11 million in State funding to respond to COVID-19 and an omnibus emergency bill expanding authorities of State and local officials to allow them greater flexibility to respond to the virus. The bipartisan supplemental budget also provides \$1 million to the Maine Centers for Disease Control and Prevention (CDC) to support public health nurses and cover costs of lab tests and other response efforts not otherwise federally funded.

Governor Janet Mills has also taken strong steps to protect Maine workers and small businesses impacted by COVID-19. Upon Governor Mills' request, the Small Business Administration (SBA) declared that Maine businesses are now eligible to apply for economic support loans to help them overcome any temporary loss of revenue due to COVID-19. Additionally, the emergency omnibus package she signed today temporarily revises eligibility for unemployment insurance to extend it to individuals whose employment has been impacted by COVID-19. It also temporarily waives the one week waiting period for benefits so that workers may obtain benefits faster and ensures that claims for UI will not affect an employer's experience rating. It also establishes a consumer loan guarantee program through FAME, in partnership with financial institutions, to provide low- or no- interest loans for eligible people in Maine.

These new steps from the Governor build on the work done by the Mills Administration to prepare for and respond to COVID-19, including:

- Convening a Coronavirus Response Team, led by Maine CDC Director Dr. Nirav Shah and comprised of key individuals in the Mills Administration, to coordinate State government's response across departments and local agencies and health authorities;
- Signing a proclamation of civil emergency to bring the State of Maine to highest alert and allowing her to deploy all available state resources to protect the health and safety of Maine people and to take every action she reasonably deems necessary to help respond to and protect against the spread of COVID-19 in Maine. The proclamation also eased Maine's access to critical federal aid to boost response efforts.
- Signing into law a \$73 million supplemental budget proposal that protects the health and well-being of Maine people as the State responds to COVID-19;
- Signing into law a package of emergency measures granting her access to at least \$11 million in State funding to respond to COVID-19, expanding authorities of State and local officials to allow them greater flexibility to respond to the virus, and provide support to Maine workers impacted by the virus.
- Issuing a Declaration of Abnormal Market Disruption, drafted in close consultation with Attorney General Aaron M. Frey, to prohibit price gouging of certain necessities;

- [Declaring a health insurance emergency](#) to require health insurance carriers providing health care coverage in Maine's commercial market to cover costs related to coronavirus testing and increase access to care.
- [Directing the Maine Department of Health and Human Services](#) to issue emergency rules to ensure MaineCare does not charge copays for office visits and prescription drugs that may be needed for COVID-19 diagnosis and treatment, and to allow for a prescription refill of up to 90 days so people have to make fewer visits to pharmacies.
- [Recommending ending classroom instruction](#) in all public schools as soon as reasonably practical
- [Applying for and receiving a waiver](#) from the U.S. Department of Agriculture to allow schools the ability to provide meals offsite to students, if the school or community currently has, or qualifies for, a USDA Summer Food Service Program.
- [Recommending hospital systems and health care providers](#) across Maine postpone non-urgent medical procedures, elective surgeries, and appointments until further notice.
- [Recommending all long-term care providers](#) prohibit all visitors and non-essential health care personnel; except for certain compassionate care situations such as an end of life situation, until further notice.
- Distributing personal protective equipment to first responders and health care professionals across Maine as it becomes available.
- [Temporarily suspending](#) non-essential, out-of-state travel for all State employees and reviewing leave policies and telecommuting options.
- [Launching a 211 option for Mainers to get answers](#) to questions about COVID-19 at any time. This service is available by dialing 211 (or 1-866-811-5695), texting your ZIP code to 898-211, or emailing info@211maine.org.

For more information on Maine's response to COVID-19 and updated testing results, visit the Maine CDC [website](#). Additionally, Maine CDC and 211 Maine have launched a new option for Mainers to get answers to questions about COVID-19 at any time. This service is available by dialing 211 (or 1-866-811-5695), texting your ZIP code to 898-211, or emailing info@211maine.org.

The best thing that Maine people can do to protect their health is to practice social distancing and take the same preventive measures that avoid catching a cold: Wash your hands often for 20 seconds. Cover coughs and sneezes. Stay home if you are sick. Symptoms of COVID-19 include fever, shortness of breath, and lower respiratory distress. Call ahead to a health care professional if you develop a fever and symptoms of respiratory illness. Health care providers will make the initial determination on whether COVID-19 testing is advisable. As appropriate, health providers will take samples and submit them to Maine CDC.

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Governor Mills Orders Further Steps to Protect Public Health

March 24, 2020

Governor also urges large essential businesses to limit in-store customers, enhance curbside pick-up and delivery services, and implement physical distancing measures to protect customer and employee health

Under the authority granted to her during a State of Civil Emergency, Governor Janet Mills today [issued an Executive Order \(PDF\)](#) mandating that all non-essential businesses and operations in Maine close their physical locations that are public facing, meaning those that allow customer, vendor or other in-person contact. The Order also closes non-essential business sites that require more than ten workers to convene in a space where physical distancing is not possible. Non-essential businesses and operations may continue activities that do not involve these types of in-person contact and convenings, and should facilitate the maximum number of employees working remotely.

The Order is effective tomorrow, March 25, 2020 at 12:01 a.m. and extends for a period of 14 days through April 8, 2020 at 12:00 a.m.

It solidifies as a mandate her previous recommendation to close non-essential business sites.

Governor Mills also strongly urged all large, essential, public-facing businesses to immediately employ strategies to reduce congestion in their stores, including limiting the number of customers in the store at any one time and enhancing curbside pick-up and delivery services. These measures, aimed specifically at high-traffic retail stores in Maine that provide essential goods and services, seek to better protect both customers and employees from the threat of COVID-19.

"Today, I am taking further action to mitigate the spread of the virus, to protect the health of our loved ones and fellow citizens, and to safeguard the capacity of our health care system," said Governor Mills. "I recognize these decisions will create significant difficulties for people and businesses across our state, but we are confronting an unprecedented challenge that is threatening the health and safety of our people."

"Maine people should live their lives as if COVID-19 is in their community," said Nirav D. Shah, Director of the Maine Center for Disease Control and Prevention. "Physical distancing in every part of Maine is crucial to limit potential spread of the virus. You can be there for loved ones without being in the same place."

Governor Mills continues to strongly urge all Maine people to practice physical distancing. She particularly urged Maine residents who are considered at higher risk from COVID-19, such as older Mainers and those with underlying health conditions, to limit physical interactions with other people as much as possible.

Non-essential businesses and operations subject to the Governor's Executive Order include, but are not limited to, shopping malls, fitness and exercise gyms, spas, barber shops, hair salons, tattoo and piercing parlors, massage facilities, nail technicians, cosmetologists and estheticians, electrolysis services, laser hair removal services, and similar personal care and treatment facilities and services.

The Executive Order excludes businesses that provide essential services including, but not limited to: food processing, agriculture, industrial manufacturing, construction, trash collection, grocery and household goods

(including convenience stores), home repair and hardware and auto repair, pharmacy and other medical facilities, biomedical, behavioral health and health care providers, child care, post offices and shipping outlets, insurance, banks, gas stations, laundromats, veterinary clinics and animal feed and supply stores, shipping stores, public transportation, and hotel and commercial lodging.

State government remains open, but offices have significantly moved to telework and dispatch from home, limited client engagement, and have required physical distancing within office buildings. The Department of Administrative and Financial Services estimates that 70 percent of state government employees, not including 24/7, emergency, and public safety personnel, are working remotely. The Governor urges Maine people to avail themselves of the state's online services and resources.

For those essential businesses that remain open, Governor Mills strongly urged them to implement physical distancing measures. She specifically urged high-traffic retail stores in Maine that provide essential goods and services to immediately employ strategies to reduce congestion in their stores, including:

- For stores with a physical retail space of more than 5,000 feet, limiting customers to no more than 100 at any one time;
- Enhancing their curbside pick-up and delivery services;
- Staggering their hours for shoppers of a certain age;
- Closing fitting rooms;
- Cautioning customers against handling merchandise they are not purchasing;
- Marking six-foot measurements by the cashier stations and reminding customers to remain six feet apart while in store;
- Staggering break times for employees and require frequent hand-washing;
- Frequently sanitizing high-touch areas, such as shopping carts.

These measures come as Governor Mills seeks to strengthen physical distancing measures in Maine to better protect both customers and employees from the threat of COVID-19. Physical distancing is considered one of the most effective methods to help mitigate the spread of COVID-19.

If the function of your business is not listed, but you believe that it is essential, you may request designation as an essential business at <https://www.maine.gov/essentialservice>

Questions may also be directed to business.answers@maine.gov.

To align with today's Executive Order, Governor Mills today also renewed her previous Executive Order prohibiting gatherings of more than ten people and the closure of dine-in service at restaurants and bars in Maine to extend its timeframe to April 8, 2020 at 12:00 a.m. Today's Executive Order does not modify the previous Executive Order in any other manner.

Governor Mills is taking into consideration all COVID-19 response options, including a stay-at-home restriction. She is consulting with the Maine CDC, other clinicians and health system leaders, other states that have invoked this option, and other members of her Coronavirus Response Team. Those discussions are ongoing, and include, but are not limited to the public health efficacy of such orders compared to existing measures, Maine-specific factors, and their potential secondary health and economic implications. The Governor will make recommendations based upon their advice and what she deems is in the best interest of the health and safety of Maine people.

The Governor [has taken steps to protect Maine workers and small businesses](#) impacted by COVID-19. Upon Governor Mills' request, [the Small Business Administration \(SBA\)](#) declared that Maine businesses are now eligible to apply for economic support loans to help them overcome any temporary loss of revenue due to COVID-19. Additionally, the emergency omnibus package she signed temporarily revises eligibility for unemployment insurance to extend it to individuals whose employment has been impacted by COVID-19. It also temporarily waives the one week waiting period for benefits so that workers may obtain benefits faster and ensures that claims for UI will not affect an employer's experience rating. It also establishes a consumer loan guarantee program through FAME, in partnership with financial institutions, to provide low- or no-interest loans for eligible people in Maine.

These new steps from the Governor build on the work done by the Mills Administration to respond to COVID-19, including:

- [Convening a Coronavirus Response Team](#), led by Maine CDC Director Dr. Nirav Shah and comprised of key individuals in the Mills Administration, to coordinate State government's response across departments and local agencies and health authorities;
- [Signing a proclamation of civil emergency](#) to bring the State of Maine to highest alert and allowing her to deploy all available state resources to protect the health and safety of Maine people and to take every action she reasonably deems necessary to help respond to and protect against the spread of COVID-19 in Maine. The proclamation also eased Maine's access to critical federal aid to boost response efforts.
- [Signing into law a \\$73 million supplemental budget proposal](#) that protects the health and well-being of Maine people as the State responds to COVID-19;
- [Signing into law a package of emergency measures](#) granting her access to at least \$11 million in State funding to respond to COVID-19, expanding authorities of State and local officials to allow them greater flexibility to respond to the virus, and provide support to Maine workers impacted by the virus.
- [Mandating that all restaurants and bars statewide close](#) to dine-in customers until midnight, March 31, 2020 and prohibiting all gatherings of more than 10 people until further notice.
- Distributing personal protective equipment (PPE) to first responders and health care professionals across Maine as it becomes available and [pressing the Federal government](#) to provide more PPE and testing supplies to the State of Maine.
- [Issuing a Declaration of Abnormal Market Disruption](#), drafted in close consultation with Attorney General Aaron M. Frey, to prohibit price gouging of certain necessities;
- [Declaring a health insurance emergency](#) to require health insurance carriers providing health care coverage in Maine's commercial market to cover costs related to coronavirus testing and increase access to care.
- [Directing the Maine Department of Health and Human Services](#) to issue emergency rules to ensure MaineCare does not charge copays for office visits and prescription drugs that may be needed for COVID-19 diagnosis and treatment, and to allow for a prescription refill of up to 90 days so people have to make fewer visits to pharmacies.
- [Recommending ending classroom instruction](#) in all public schools as soon as reasonably practical
- [Applying for and receiving a waiver](#) from the U.S. Department of Agriculture to allow schools the ability to provide meals offsite to students, if the school or community currently has, or qualifies for, a USDA Summer Food Service Program.
- [Recommending hospital systems and health care providers](#) across Maine postpone non-urgent medical procedures, elective surgeries, and appointments until further notice.
- [Recommending all long-term care providers](#) prohibit all visitors and non-essential health care personnel; except for certain compassionate care situations such as an end of life situation, until further notice.
- [Pressing President Trump to marshal](#) the resources of the federal government to support Maine's vital fishing and seafood industries.
- [Convening a call with Maine's Congressional delegation](#) to discuss the State's response to COVID-19 and the Congressional delegation's ongoing work to support those efforts.
- [Temporarily suspending](#) non-essential, out-of-state travel for all State employees and reviewing leave policies and telecommuting options.
- [Launching a 211 option for Mainers to get answers](#) to questions about COVID-19 at any time. This service is available by dialing 211 (or 1-866-811-5695), texting your ZIP code to 898-211, or emailing info@211maine.org.

For more information on Maine's response to COVID-19 and updated testing results, visit the [Maine CDC website](#).

The best thing that Maine people can do to protect their health is to practice physical distancing and take the same preventive measures that avoid catching a cold: Wash your hands often for 20 seconds. Cover coughs and sneezes. Stay home if you are sick. Symptoms of COVID-19 include fever, shortness of breath, and lower respiratory distress. Call ahead to a health care professional if you develop a fever and symptoms of

respiratory illness. Health care providers will make the initial determination on whether COVID-19 testing is necessary.

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OFFICE OF
THE GOVERNOR



NO. 19 FY 19/20
DATE March 24, 2020

AN ORDER REGARDING ESSENTIAL BUSINESSES AND OPERATIONS

WHEREAS, I proclaimed a state of emergency on March 15, 2020 to authorize the use of emergency powers in order to expand and expedite the State's response to the serious health and safety risks of COVID-19; and

WHEREAS, Executive Order No. 14 FY 19/20 dated March 18, 2020 restricted certain social gatherings and certain use of restaurants and bars, and strongly recommended use of social distancing to reduce the transmission of COVID-19, which is highly contagious; and

WHEREAS, the Maine Center for Disease Control and Prevention advises that additional social distancing measures are warranted to slow the spread of this life-threatening virus in order to save lives and improve the ability of the health care system to respond; and

WHEREAS, a governor's emergency powers expressly include the authorities to:

- a. Control the movement of persons and occupancy of premises within the State pursuant to 37-B M.R.S. §742(1)(C)(8);
- b. Enlist the aid of any person to assist in the effort to control the emergency and aid in the caring for the safety of persons pursuant to 37-B M.R.S. §742(1)(C)(5) and 37-B M.R.S. §827;
- c. Utilize all available resources of the State as reasonably necessary to cope with the emergency pursuant to 37-B M.R.S. §742(1)(C)(2); and
- d. Take whatever action is necessary to mitigate a danger that may exist within the State pursuant to 37-B M.R.S. §742(1)(C)(12);

NOW, THEREFORE, I, Janet T. Mills, Governor of the State of Maine, pursuant to 37-B M.R.S. Ch. 13, including but not limited to the provisions referenced above, do hereby Order as follows:

I. EFFECTIVE DATE

This Order takes effect at 12:01 AM on March 25, 2020 and terminates at 12:00 AM on April 8, 2020 unless amended, rescinded or renewed.

II. ORDERS

A. BUSINESSES AND OPERATIONS COVERED BY THIS ORDER

For purposes of this Order, covered businesses include any for-profit, non-profit, or entities, regardless of the nature of the service, the function it performs, or its corporate or entity structure and their operations.

B. ACTIVITIES OF ESSENTIAL BUSINESSES AND OPERATIONS

All Essential Businesses and Operations shall continue their activities consistent with the guidance on social distancing set forth below. For purposes of this Order, Essential Businesses and Operations are those:

1. Identified by the United States Department of Homeland Security, Cybersecurity & Infrastructure Security Agency Memorandum on Identification of Essential Critical Infrastructure Workers During COVID-19 Response dated March 19, 2020. A copy thereof is attached and incorporated herein by this reference; and
2. In addition or for clarity here in Maine, include the following: food processing and agriculture; fishing and aquaculture; industrial manufacturing; construction and maintenance of essential infrastructure; trash collection and transfer stations; grocery and household goods (including convenience stores); forest products; essential home repair, hardware and auto repair; pharmacy and other medical, psychiatric, and long-term care facilities; group homes and residential treatment facilities; biomedical, life science, behavioral health, health care, dental care, and long-term services and supports providers and organizations; child care providers; post offices and shipping outlets; banks and credit unions; gas stations and laundromats; veterinary clinics, animal welfare and animal feed and supply stores; truck delivery and distribution of goods; public transportation; legal, business, professional, environmental permitting and insurance services; hotel and commercial lodging; and all utilities such as electricity, water, wastewater, and telecommunications.

Essential Businesses and Operations shall to maximum extent practicable have their employees work remotely and otherwise comply with social distancing requirements set forth below, including maintaining six-foot social distancing for both employees and members of the public at all times, including but not limited to, when customers are standing in line.

As urged in Maine Center for Disease Control and Prevention guidance on March 15, 2020, non-urgent medical and dental procedures, elective surgeries, and appointments should be postponed based on consultations between individuals and providers; the use of telehealth and telephone consultation is strongly encouraged.

C. ACTIVITIES OF NON-ESSENTIAL BUSINESS AND OPERATIONS

All Non-Essential Businesses and Operations must cease activities at sites that are public facing and thereby allow customer, vendor or other in-person contact; or are at sites that require more than 10 workers to convene in space where social distancing is not possible. Non-Essential Businesses and Operations may continue those activities that:

1. do not allow customer, vendor or other visitor in-person contact;
2. do not require more than 10 workers to convene in space where social distancing is not possible; and
3. are facilitated to the maximum extent practicable by employees working remotely.

Such permitted activities may include taking orders by phone, email or other remote means and preparing such orders by delivery; maintaining the value of the business's inventory; preserving the condition of the business's physical plant and equipment; ensuring security; and processing payroll, employee benefits and related functions.

For clarity, Non-Essential Business and Operations include, but are not limited to, shopping malls, theaters, casinos, fitness and exercise gyms, spas, barber shops, hair salons, tattoo and piercing parlors, parlors, massage facilities, nail technicians, cosmetologists and estheticians, electrolysis services, laser hair removal services, and similar personal care and treatment facilities and services.

D. SOCIAL DISTANCING REQUIREMENTS FOR ALL BUSINESSES

Businesses covered by this Order, especially "big box" stores that attract more people, shall make all best efforts to implement and actively enforce social distancing requirements in and around their facilities including but not limited to:

1. Designate with signage, tape, or by other means six-foot spacing for employees and customers in line to maintain appropriate distance;
2. Have hand sanitizer and sanitizing products readily available for employees and customers;
3. Implement separate operating hours for elderly and vulnerable customers; and
4. Post online whether a facility is open and how best to reach the facility and continue services by phone or remotely.

III. EXECUTIVE 14 FY 19/20 CONTINUED


Executive 14 FY 19/20 dated March 18, 2020, restricting certain gatherings of more than 10 people and closure of certain services by restaurants and bars is hereby renewed and extended to apply until April 8, 2020 unless otherwise directed.

IV. INTERPRETATION

The Department of Economic and Community Development is designated as the lead agency for addressing questions regarding the interpretation and application of this Order.

V. ENFORCEMENT

This Order may be enforced by any governmental department or official that regulates licenses, permits or any other authorization to operate a business or occupy a building. A violation of this Order may be construed a violation of any such license, permit and other authorization to which pertinent penalties may be assessed. This Order may also pursuant to 37-B M.R.S. Section 786 be enforced by law enforcement if necessary.



Janet T. Mills
Governor



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Governor Mills Issues Stay Healthy at Home Mandate

March 31, 2020

Also orders a series of additional requirements to protect public health and safety in the face of COVID-19

Governor Janet Mills today issued a series of substantial new mandates to protect public health and safety in the face of COVID-19, including a Stay Healthy at Home directive that requires people living in Maine to stay at home at all times unless for an essential job or an essential personal reason, such as obtaining food, medicine, health care, or other necessary purposes.

The Governor also mandated a series of other new restrictions, including:

- For essential businesses and operations that remain open, limiting the number of customers in their buildings at any one time, implementing curb-side pickup and delivery options as much as possible, and enforcing U.S. CDC-recommended physical distancing requirements for their customers and employees in and around their facilities.
- Prohibiting the use of public transportation unless for an essential reason or job that cannot be done from home and limiting the number of people traveling in private vehicles to persons within the immediate household unless transporting for essential activities.
- Mandating the continued termination of classroom or other in-person instruction until at least May 1, 2020.
- Mandating that, when out of the home or when at work at an essential business, individuals shall maintain a minimum distance of six feet from other persons.

The Executive Order takes effect at 12:01 a.m. on April 2, 2020 and will last until at least April 30, 2020. The Governor may amend, rescind, or renew this timeline at her discretion. The Governor also extended the closure of restaurants and bars statewide for dine-in customers until at least April 30, 2020 to align with today's Executive Order.

"We are in the midst of one of the greatest public health crises this world has seen in more than a century. This virus will continue to sicken people across our state; our cases will only grow, and more people will die. I say this to be direct, to be as honest with you as I can. Because saving lives will depend on us," said Governor Mills. "I implore you – look to yourself, your family, your friends, your loved ones, your neighbors on the front lines, first responders and health care workers fighting the virus, those who can't stay home; the children who live around the corner, the farmer who grows your food, the grocer and the pharmacist who sell you goods, the teachers who are missing their kids; the fisherman, the sailor, the truck driver, the janitor, the waitress at your favorite diner; these are the people you are protecting by staying home. This is who you are saving."

The Governor's Executive Order enacts the following:

Stay Healthy at Home Directive

Governor Mills' "Stay Healthy at Home" Executive Order requires that Maine people remain at home unless to leave for an essential job or an essential activity.

Essential jobs are defined under Governor Mills' March 24 Executive Order outlining essential businesses and operations.

Essential personal activities include the following with relation to an individual, their family, household members, pets, or livestock:

1. Obtaining necessary supplies for household consumption or use, such as groceries, and supplies and equipment needed to work from home, laundry, and products needed to maintain safety, sanitation, and essential maintenance of the home or residence.
2. Obtaining medication or medical supplies and seeking medical or behavioral health or emergency services.
3. Providing care, including transportation, of oneself, a family member, friend, pet or livestock in another household or location for essential health and safety activities and to obtain necessary supplies and services.
4. Traveling to and from an educational institution for purposes of receiving meals or instructional materials for distance learning.
5. Engaging in outdoor exercise activities, such as walking, hiking, running, or biking, but, only in compliance with the social gathering restriction in Executive Order 14 and all applicable social distancing guidance published by the U.S. and Maine Centers for Disease Control and Prevention.
6. Travel required by a law enforcement officer or court order; and
7. Traveling to and from a federal, State, or local government building for a necessary purpose.

Travel Restrictions

The Order prohibits the use of public transportation unless for an essential reason or job that cannot be done from home and limits the number of people traveling in private vehicles to persons within the immediate household unless transporting for essential personal activities.

Termination of In-Person Instruction at Schools

Public and private schools and higher education institutions statewide have terminated in-classroom instruction in accordance with the Governor's March 15 recommendation. The Governor today ordered that all such schools shall continue to cease classroom or other in-person instruction until at least May 1, 2020, or until further Order.

Restricting Number of People in Essential Stores

Governor Mills' Executive Order restricts the number of people allowed at essential businesses at any one time, mandates that they conduct as much business as possible by curbside order and pick up or delivery to limit in-person contact, and enforce physical distancing in and around their facilities by prominently posting signs at public entrances and on the floor to notify customers to stay six-feet apart. It also requires that they disinfect the handles of every cart and basket between uses, minimize customer handling of unpurchased merchandise and offer separate operating hours for Maine people over the age of 60 and those with underlying medical conditions.

Under the Executive order, essential stores with retail spaces of:

- *Less than 7,500 square feet limit the number of customers in the store at one time to 5.* Examples of such stores include gas stations and convenience and specialty food stores.
- *More than 7,500 and less than 25,000 square feet limit the number of customers in the store at one time to 15.* Examples of such stores include stand-alone pharmacies and certain hardware stores.
- *More than 25,000 and less than 50,000 square feet limit the number of customers in the store at one time to 50.* Examples of such stores include mid-sized and locally owned grocery stores.
- *More than 50,000 and less than 75,000 square feet limit the number of customers in the store at one time to 75.* Examples of such stores include chain grocery stores.

- *More than 75,000 square feet limit the number of customers in the store at one time to 100* and install protective shields between customers and checkout clerks as soon as practicable. Examples of such stores include Lowe's, Wal-Mart, Target and Home Depot.

Retailers must enforce these limits and a six-foot separation between any customers waiting in lines. Any essential business which violates this Order will be subject to further on-site restrictions or closure until those violations are addressed. These new requirements adjust and mandate prior recommendations from the Governor regarding essential businesses and operations.

Preemption

The Order preempts any local ordinance or emergency order of the same subject matter that is less restrictive than or otherwise inconsistent with this Order.

Enforcement

This Order shall be enforced by law enforcement as necessary and violations are a class E crime subject to up to six months in jail and a \$1000 fine. In addition, compliance with Section IV of this Order may also be enforced by government officials who regulate licenses, permits or any other authorization to operate a business or occupy a building. It is the Governor's hope that compliance will be voluntary, and that formal enforcement will not be necessary.

[Read the full Executive Order.](#)

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OFFICE OF
THE GOVERNOR

NO. 28 FY 19/20
 DATE March 31, 2020
 Corrected

**AN ORDER REGARDING FURTHER RESTRICTIONS ON
PUBLIC CONTACT AND MOVEMENT, SCHOOLS, VEHICLE TRAVEL
AND RETAIL BUSINESS OPERATIONS**

WHEREAS, I proclaimed a state of emergency on March 15, 2020 to authorize the use of emergency powers in order to expand and expedite the State's response to the serious health and safety risks of the highly contagious COVID-19; and

WHEREAS, Executive Order No. 14 FY 19/20 dated March 18, 2020 restricted certain social gatherings and certain use of restaurants and bars, prohibited gatherings of more than ten people that are primarily social, personal or discretionary events, and strongly recommended use of social distancing to reduce the transmission of COVID-19; and

WHEREAS, Executive Order No. 19 FY 19/20 dated March 25, 2020 restricted the operations of essential and non-essential business in order to further reduce the transmission of COVID-19; and

WHEREAS, because of unhealthy crowds, the Maine Department of Agriculture, Conservation and Forestry has closed many state-owned beaches and other public venues; and

WHEREAS, other New England states have seen a dramatic rise in positive COVID-19 tests and deaths related to the COVID-19 virus in recent days; and

WHEREAS, the Maine Center for Disease Control and Prevention advises that additional social/physical distancing measures are warranted to slow the spread of this life-threatening virus in order to save lives and improve the ability of the health care system to respond; and

WHEREAS, on March 28, 2020, the President of the United States and his Coronavirus Response Team extended the national guidelines for social distancing and other measures to quell the virus to April 30; and

WHEREAS, a governor's emergency powers expressly include the authorities to:

- a. Control the movement of persons and occupancy of premises within the State pursuant to 37-B M.R.S. §742(1)(C)(8);

- b. Enlist the aid of any person to assist in the effort to control the emergency and aid in the caring for the safety of persons pursuant to 37-B M.R.S. §742(1)(C)(5) and 37-B M.R.S. §827;
- c. Utilize all available resources of the State as reasonably necessary to cope with the emergency pursuant to 37-B M.R.S. §742(1)(C)(2); and
- d. Take whatever action is necessary to mitigate a danger that may exist within the State pursuant to 37-B M.R.S. §742(1)(C)(12);

NOW, THEREFORE, I, Janet T. Mills, Governor of the State of Maine, pursuant to 37-B M.R.S. Ch. 13, including but not limited to the provisions referenced above, do hereby Order as follows:

I. STAY AT HOME

A. ORDER

All persons living in the State of Maine are hereby ordered, effective as of 12:01AM on April 2, 2020 to stay at their homes or places of residence (“homes”) except:

- 1. To conduct or participate in Essential Activities (defined below);
- 2. Workers at Essential Businesses and Operations that are not required to close pursuant to Executive Orders 19 FY 19/20 may travel:
 - a. between their Homes and those businesses and organizations;
 - b. to and from child care; and
 - c. to and from customers for the purpose of delivering goods or performing services; and
- 3. Workers of Non-Essential Businesses and Operations under Executive Orders 19 FY 19/20 may travel:
 - a. between their Homes and those Non-Essential Businesses for the purpose of engaging in Minimal Operations; and
 - b. to and from customers for the purpose of delivering goods.

B. ESSENTIAL ACTIVITIES

For purposes of this section, “Essential Activities” means:

- 1. Obtaining necessary supplies or services for one’s self, family, household members, pets, or livestock, including, without limitation: groceries, supplies for household consumption or use, supplies and equipment needed

- to work from home, laundry, and products needed to maintain safety, sanitation, and essential maintenance of the home or residence;
2. Engaging in activities essential for the health and safety of one's self, one's family, household members, pets, or livestock, including such things as accessing child care, seeking medical or behavioral health or emergency services, and obtaining medication or medical supplies;
 3. Caring for a family member, friend, pet, or livestock in another household or location, including, without limitation, transporting a family member, friend, pet, or livestock animal for essential health and safety activities, and obtaining necessary supplies and services;
 4. Traveling to and from an educational institution for purposes of receiving meals or instructional materials for distance learning;
 5. Engaging in outdoor exercise activities, such as fishing, walking, hiking, running or biking, but only in compliance with the gathering restriction in Executive Order 14 FY 19/20 and all applicable social distancing guidance published by the U.S. and Maine Centers for Disease Control and Prevention;
 6. Travel required by a law enforcement officer or court order; and
 7. Traveling to and from a federal, State, or local government building for a necessary purpose.

When out of the home or when at work at an essential business, all individuals shall maintain a minimum distance of six feet from other persons.

II. VEHICLE TRAVEL

- A. No one shall use public transportation unless absolutely necessary, for an essential reason or for an essential job that cannot be done from home.
- B. Persons traveling in private vehicles shall limit passengers to persons within their immediate household, unless transporting for medical necessity.

III. SCHOOL CLOSURES

Public and private k-12 schools statewide have terminated in-classroom instruction in accordance with my recommendation of March 15, 2020. It is hereby Ordered that all such schools shall remain closed for classroom or other in-person instruction until at least May 1, 2020 unless otherwise ordered.

IV. ESSENTIAL RETAIL BUSINESSES AND OPERATIONS

A. APPLICATION

This section applies to those retailers identified as Essential Businesses and Operations by the Department of Economic and Community Development. All Non-Essential Businesses and Operations must continue to limit their activities consistent with Executive Order 19 FY 19/20 and this Order.

B. PRIORITIZING REMOTE ORDER AND CURBSIDE PICK-UP

To reduce the risk of community spread, essential stores shall:

1. Prioritize opportunities to offer and transact as much business as possible by curbside order-pick up or other like limited in-person contact method.
2. Broadly advertise and promote this method, including how to best reach the facility and continue services by telephone or remotely.

C. IN-STORE GATHERING LIMITS

To reduce the risk of community spread, essential stores with retail space of:

1. Less than 7,500 square feet shall limit the number of customers in the store at one time to 5. Examples of such stores typically include gas stations and convenience and specialty food stores
2. More than 7,500 and less than 25,000 square feet shall limit the number of customers in the store at one time to 15. Examples of such stores typically include stand-alone pharmacies and certain hardware stores.
3. More than 25,000 and less than 50,000 square feet shall limit the number of customers in the store at one time to 50. Examples of such stores typically include mid-sized and locally owned grocery stores.
4. More than 50,000 and less than 75,000 square feet shall limit the number of customers in the store at one time to 75. Examples of such stores typically include chain grocery stores.
5. More than 75,000 square feet shall limit the number of customers in the store at one time to 100. Examples of such stores typically include Lowes, Wal-Mart, Target and Home Depot.

Such retailers shall actively monitor and enforce these limits. Any customer lines outside the store must enforce the six-foot separation requirement between waiting customers and such line areas shall be marked with signage and ground lines designed to impose that distancing.

D. ADDITIONAL IN-STORE REQUIREMENTS

To reduce the risk of community spread, essential stores shall:

1. Implement and actively enforce social distancing requirements in and around their facilities.
2. Prominently post signage at all public entrances instructing customers to remain six feet away from other people inside and outside the store.
3. Mark every customer line with signage and floor lines designed to impose social distancing.
4. Disinfect the handles of every used cart and basket prior to customer reuse.
5. Take all reasonable steps to minimize customer handling of unpurchased merchandise.
6. Offer separate operating hours for persons over the age of 60 and customers with medical conditions to be the only customers in the store.

E. ADDITIONAL REQUIREMENT FOR ESSENTIAL STORES WITH MORE THAN 75,000 SQUARE FEET

Essential stores with more than 75,000 square feet shall as soon as practicable install protective shields between the customer and checkout and pharmacy personnel.

F. COMPLIANCE

A violation of this Order may be construed to be a violation of any such license, permit and other authorization to which pertinent penalties may be assessed. Failure to comply may result in further on-site restrictions or closure until the violations are remedied.

G. INTERPRETATION

The Department of Economic and Community Development is designated as the lead agency for addressing questions regarding the interpretation and application of this section of the Order.

V. PREEMPTION

This Order preempts any local ordinance or emergency order of the same subject matter that is less restrictive than or otherwise inconsistent with this Order.

VI. ENFORCEMENT


Pursuant to 37-B M.R.S. §786, this Order shall be enforced by law enforcement as necessary and violations are a class E crime subject to up to six months days in jail and a \$1000 fine. In addition, compliance with Section IV of this Order may also be enforced by government officials who regulate licenses, permits or any other authorization to operate a business or occupy a building.

VII. EXECUTIVE ORDER 14 FY 19/20 EXTENDED

The previous requirement that all restaurants and bars shall close their dine-in facilities remains in effect until at least April 30, 2020 unless otherwise ordered.

VIII. EFFECTIVE DATE

This Order takes effect at 12:01 AM on April 2, 2020 and shall remain in effect until at least April 30, 2020 unless otherwise ordered.


Janet T. Mills
Governor

**ABATEMENT APPEAL TO BOARD OF ASSESSMENT REVIEW
TOWN OF KITTERY - RESPONSE BY THE ASSESSOR**

Date of Hearing: July 28, 2021

Owner Name: F/C Kittery Development LLC

Property Address: 375 US Route 1 **Map-Lot:** 47-4

Preliminary Assessment: \$20,309,800

FY2020-21 Assessment: \$20,309,800

Property Address: 318 US Route 1 **Map-Lot:** 38-13A

Preliminary Assessment: \$4,695,900

FY2020-21 Assessment: \$4,695,900

Owner Name: Ripley Road Associates LLC

Property Address: 294 US Route 1 **Map-Lot:** 38-14

Preliminary Assessment: \$6,134,400

FY2020-21 Assessment: \$6,134,400

Owner Name: CPG Kittery Holdings LLC

Property Address: 345 US Route 1 **Map-Lot:** 47-1

Preliminary Assessment: \$26,053,900

FY2020-21 Assessment: \$26,053,900

Owner Name: CPG Finance II LLC

Property Address: 325 US Route 1 **Map-Lot:** 38-7

Preliminary Assessment: \$4,359,800

FY2020-21 Assessment: \$4,058,600

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Town's Response to the 2020 Abatement and Appeal:

The Kittery Premium Outlets / Simon Property Group consisting of the following properties:

Map & Lot	Address	2019 Assessment	2020 Assessment	% Change
38-7	325 US Route 1	\$3,516,600	\$4,359,800	13.35%
38-13-A	318 US Route 1	\$4,415,000	\$4,695,900	5.98%
38-14	294 US Route 1	\$5,885,700	\$6,134,400	4.05%
47-1	345 US Route 1	\$25,822,100	\$26,053,900	0.89%
47-4	375 US Route 1	<u>\$18,643,900</u>	<u>\$20,309,800</u>	<u>8.20%</u>
Total Assessment change for 2020		\$58,283,300	\$61,252,600	4.85%

The properties in aggregate represent an increase of 4.85% over the 2019 assessments.

The 2019 tax burden for the properties amounted to \$1,014,129.42.

The 2020 tax burden for the properties resulting from their 2020 revised assessments amount to \$790,158.54.

The 2020 tax burden represents an overall decrease of \$223,970.88, representing a tax burden decrease of (28.35%)

The Town of Kittery completed a town wide revaluation in 2020, the last revaluation was completed in 2013.

The 2020 assessments are based on each property's improvements and their condition as they existed as of April 1, 2020.

The valuation methodology relies on the three approaches to value:

1. Cost approach
2. Income approach
3. Sales comparison approach

Mass appraisal utilizes all 3 approaches in developing assessments, when applicable.

Assessments are relative to a single date in time, for Kittery this date is April 1, 2020, and follows the assessment year which begins on April 1 and ends on March 31st.

Therefore, in completing the 2020 valuation update it represents assessments as of an effective date of April 1, 2020, and therefore represents the property as of that date in time.

Additionally, any changes both physically and economically that took place after April 1, 2020, would not be considered due to the effective date of the assessments/appraisal report.

These are the reasons that income and expense data is analyzed for a multi-year period prior to the effective date.

As part of the 2020 revaluation, we developed market driven data as a result of reviewing data relative to rental rates, income and expense data, vacancy rates and market driven capitalization rates for individual type properties, in the case of the subject properties that would be retail cap rates.

In completing the 2020 revaluation the Town sent out formal requests for 2019 Income and expense data, however in the case of Simon Properties, we did not receive any of the requested financial data at that time.

Once preliminary valuations were set, notices of the 2020 valuations were sent to the property owner.

We were then contacted by Aaron Carter, Sr. Tax Manager for Simon Property Group and through several emails the valuation process including income data was discussed.

Abatement applications were submitted and dated March 16, 2021, and at that point we were able to receive and analysis income and expense data for tax years 2016 thru 2020.

In reviewing the I & E data from 2016 thru 2019 it was very consistent in the resulting net operating income from the five properties. **The average NOI for those 4 years was \$6,798,254.**

Utilizing an average cap rate of 9.58 (9.19 + .39) for this period would result in a fair market value opinion via the income approach of \$70,962,985.

Utilizing both the 2018 (\$7,056,804) and 2019 (\$6,382,689) NOI's result in an average NOI of \$6,719,747, utilizing a blended cap rate of 9.32 (8.93 + 0.39) results in an indicated market value opinion for tax 2019 of \$72,100,289.

SECTION 3

Development of Values and Valuation Procedures

Description of Basic Valuation Theory and Mass Appraisal

Identify Property

The appraiser's first task is to identify what property is being appraised. This includes physical aspects of the property and property rights.

There are six basic property rights associated with the private ownership of property, these include: 1) the right to use, 2) the right to sell, 3) the right to lease or rent, 4) the right to enter or leave the property, 5) the right to give away, and 6) the right to refuse to do any of these. These, and other rights, are known as the full "bundle of rights," which is understood to be attached to an ownership with "fee simple" title which has been described in the preceding section.

Determine Highest and Best Use

The next step is to identify the highest and best use of the property. Refer to the preceding discussion, as well as the preceding section "Identification of Assumptions and Limiting, Hypothetical and Extraordinary Conditions" for more information on highest and best use.

Once the highest and best use has been determined, the appraiser begins the process of data collection, studies the market and accompanying economic forces (such as supply and demand) pertaining to highest and best use, and assembles the relevant data and statistics for incorporation into the analysis.

Collect and Analyze Data

Strategies for data collection will vary with the type of data being sought and may not be the same for every property use. Overall, the comparative data, which may include descriptions and/or confirmations of the property's physical attributes, cost, income and expense, and details of sale or transfer information are collected, if applicable.

At this point, neighborhood boundaries can be established to "stratify" the properties and the property-specific information collected in the field. As a result, statistical information pertaining to the market/economic forces that impact an area can be defined by set boundaries in a meaningful and cohesive way.

This market-derived information, such as sale information, improvement costs, and depreciation, is then entered into the Municipality's CAMA (Computer Assisted Mass Appraisal) system, and

forms the basis for the database “tables” that enable the CAMA system to generate specific property values.

Data Calibration Methods and Approaches to Value

There are primarily three approaches or analytical techniques utilized to develop an opinion of value, and these techniques are incorporated into the CAMA system. Below is a description of each technique descriptions of situations where the approach would be best used. Typically, more than one technique is used. The most applicable approach will be given the most weight in the reconciliation stage. Techniques are reconciled during analysis.

Cost Approach Methodology: The “Cost Approach” is based on a comparison of the subject property to the cost to produce a new subject property or a substitute property. This concept is called the “principle of substitution.”

The Cost Approach is based on the concept that the likely value of an existing property equates to underlying land value plus the replacement cost of the depreciated improvements. Typically, a Cost Approach would not be utilized for an appraisal of vacant land. The replacement cost of any improvements is typically derived from published cost tables, or derived directly from localized information, and should be updated as required by market conditions. Items considered in this estimate are the age, condition, and utility of the property.

Importantly, the assessor typically evaluates existing improvements based on utility and function, rather than attempting to duplicate or exactly reproduce the assessed property. The Cost Approach can be used for commercial and residential property.

Cost Approach Modeling: In applying the Cost Approach, the appraiser, or assessor, will first value the land of the subject based on comparable land sales, sales land residuals or income land residuals. Second, the appraiser will estimate the cost to construct the existing structure, along with any site improvements. Once the cost of the building is developed, depreciation from normal wear and tear and from functional and economic obsolescence is deducted. The remaining value is considered the Replacement Cost Less Depreciation (RCLD).

Sales Comparison Approach Methodology: The “Sales Comparison Approach” is based on the premise that the appraiser can use sale prices of similar properties as evidence of value. In other words, the Sales Comparison Approach reflects the actions and reactions of typical buyers and sellers in the marketplace, assuming in similar market conditions a similar property would sell for a similar

price, illustrating principles of supply and demand. During the process, the appraiser compares a subject property to other comparable properties sold within the analysis period and adjusting the sale prices of comparable properties to compensate for differences. The differences are weighed through value indications developed to arrive at an opinion of market value for the subject property.

As no two properties are ever exactly alike, and market conditions can change, a systematic series of adjustments are made to the sale property to bring it into conformity with the appraised property. A comparative analysis process is completed to determine and define similarities and differences of properties and transactions that can affect value. These elements may include property rights appraised, financing terms, market conditions, size, location, and physical features. The Sales Comparison Approach can be used for commercial, residential, and vacant land types of property.

Sales Comparison Approach Modeling: In the context of mass appraisal performed for assessment purposes, the appraised property begins with a generic property description that is utilized to establish a “baseline” for comparing similar properties. For instance, the recent sale of a single-family residential ranch-style home, approximating 2,000 square feet, three-bedrooms, two-baths, and of average quality construction and condition, could be compared to other similarly situated single-family ranch-style homes. The sales are compared and adjusted to isolate the various market factors and baseline parameters that are then applied to the specific properties being assessed. Like the Cost Approach, the Sales Comparison Approach is based upon the principle of substitution, but it assumes that when several similar properties are available, instead of individual improvements for one property, the property with the lowest price will attract the greatest demand.

Income Approach Methodology: The “Income Approach” is based upon the “principle of anticipation” which recognizes that value is created by the owner’s expectation of future benefits. Typically, these benefits are anticipated in the form of income, and/or in the anticipated increase in the property’s value over time. The approach is based on set of procedures which derives a value by analyzing and determining an income flow from the market, and then capitalizing this stream of income into a value. Generally, the Income Approach is used for commercial properties.

Income Approach Modeling: The Income Approach technique requires that the appraiser estimate the potential gross market income for the property at its highest and best use, subtract all appropriate expenses to derive the net operating income (NOI).

Market Rent Analysis: The first step in analyzing properties income potential is to establish market rent for land and improvements. Market rent is the rental income that a property would most probably command in an open market. Market rent is applicable when the property rights appraised are fee simple. To estimate the property's market rent, rental data from comparable properties are required to be gathered and analyzed.

The net operating income is then divided by a “capitalization rate” (Ro) or the market-derived rate investors would expect on alternative investments that share the same degree of risk as the appraised property. Capitalization is the process of converting a net income stream into an indication of value. The selection of a capitalization rate (Ro) can be developed by several methods including the Direct Capitalization Method and Band of Investment Technique.

Direct Capitalization Method: Direct Capitalization is a method used to convert an estimate of a single year’s income expectancy into an indication of value in one direct step, either by dividing the income estimate by an appropriate rate or by multiplying the income estimate by an appropriate factor. Extraction of a capitalization rate (Ro) from market surveys and by the band of investment technique are the most accepted methods. They will be utilized to determine a direct capitalization rate for each commercial property type. Another method to develop a capitalization rate is through extracting it from comparable sales.

Band of Investment Technique: This is a technique in which the capitalization rates attributable components of a capital investment are weighted and combined to derive a weighted average rate that is attributable to the total investment. The two components are the mortgage position and the equity position. The variables considered are the mortgage interest rate, amortization period, holding period, loan to value ratio and the equity yield rate.

Once the capitalization rate is developed the NOI is divided by this rate to determine a value by the income approach.

A simplified income approach is structured as follows:

Annual Potential Gross Income	
5 apartments @ \$1,000/month =	\$60,000
Annual Vacancy Rate = 5% annually =	(\$3,000)
Annual Effective Gross Income =	\$57,000
Annual Expenses =	(\$23,000)

Net Operating Income = \$34,000

Capitalization Rate = 10%

Property Value = $\$34,000 / 10\% = \$340,000$

Summary of Approaches to Value

Utilizing all three of the preceding independent approaches to value is preferable, since each independent approach provides a useful “test of reasonableness,” and more such tests are preferable to fewer such tests. However, it is not always possible to complete a specific approach due to the unavailability of meaningful data.

At the end of analysis, the different values reached by independent techniques are reconciled by evaluating both the quality of the information utilized in each approach, and a final opinion of value is selected.

In Kittery, all approaches were considered and utilized. There is a summary of approaches to value used in Kittery at the end of this section.

Overview of Mass Appraisal

Mass appraisal utilizes many of the same concepts outlined above. However, due to the necessity to attach values to multiple properties, as opposed to a single property, mass appraisal emphasizes data management, statistical valuation models, and statistical quality control. As a result, the use of an automated valuation model (AVM), also referred to as Computer Assisted Mass Appraisal (CAMA), software is required. The CAMA or AVM is a mathematically based computer software program that produces an estimate of market value based on market analysis of location, market conditions, and real estate characteristics from information that was previously and separately collected. The distinguishing feature of CAMA or AVM software is that it is a market appraisal produced through mathematical modeling. Importantly, as in most if not all data processing systems, the credibility of the results is highly correlated with the quality of the input data utilized, and the skills of the assessor or analyst utilizing the CAMA or AVM software.

Therefore, a mass appraisal system generally relies upon four primary subsystems that include: 1) a data management system, 2) a sales analysis system, 3) a valuation system, and 4) an administration system. Each subsystem is briefly described below:

The “Data Management” system is the core of the mass appraisal system and should be carefully designed and implemented. Fundamentally, the data management system is responsible for the data entry and subsequent editing, as well as the organization, storage, and security oversight of the data. Essential to the data management system is quality control, as the reliability of the data will have a direct and profound impact on the quality of the resulting output and values.

The “Sales Analysis” subsystem is responsible for the collection of sale data, sale screening, various statistical studies and sales reporting. The following statistical techniques are utilized to calibrate and fine-tune the data assumptions:

Ratio: refers to the relationship between the appraised or assessed values and market values as determined by a review of sales. The ratio studies, which are the primary product of this function, typically provide the most meaningful measures of appraisal performance and provide the basis for establishing corrective actions (re-appraisals), adjusting valuations to the market, and planning and scheduling administration. The requirement is to maintain a Median Ratio between 90% and 110% of market value. A ratio of 100% is preferred, indicating the assessed value is identical to the market value.

COD: or Coefficient of Dispersion, is another important statistical tool utilized in mass appraisal and refers to the average percentage deviation from the median ratio. As a measure of central tendency, the COD represents the degree to which the data being analyzed clusters around a central data point, such as the median ratio. The requirement is a COD no greater than 20%. A lower COD is preferable to a higher COD.

PRD: or Price-Related Differential, is calculated by dividing the mean by the weighted mean. A PRD greater than 1.03 indicates assessment regressivity. Regressivity is when high-value properties are assessed lower or disproportionate to, than low value properties. A PRD lower than 0.98 indicates assessment progressivity (when high-value properties are assessed higher, or disproportionate to, low-value properties. The requirement is a PRD no greater than 1.03, and no lower than 0.98. Overall, a PRD equal to 1.0 is preferred.

The “Valuation System” generally comprises the statistical application of the three approaches to value which are identified in the preceding section. For instance, utilization of the Sales Comparison Approach includes a statistical analysis of current market sales data. The Cost Approach utilizes computerized cost and depreciation tables and reconciles these computerized cost-generated values with market-derived sales information. The Income Approach utilizes

computer-generated income multipliers and overall capitalization rates. The Valuation System is also utilized to extract adjustments and/or factors that are utilized in the development of values.

The “Administrative System” includes such core, often automated, functions as development of the property record cards and assessment roll or property tax base, the preparation of the tax notices, and retention of the appeals and other miscellaneous property files.

Period of Time Associated with Sales/Data Collection:

Sale data utilized for the purpose of completing this analysis spanned a two-year period from April 1, 2018 to March 31, 2020. Only sales confirmed to be qualified “arms-length,” or market-oriented transactions, were utilized in the analysis.

Data Collection and Sales Verification Procedures:

The County Registry of Deeds provides the Municipality’s Assessing Department with copies of all recorded property transfers within 30 days of the date of transfer. Each individual sale was analyzed by the Municipality’s assessing staff to determine if the transfer was a qualified sale; i.e., arm’s-length and market oriented. The qualification procedure required either a direct interview with the buyer, seller, or broker/representative familiar with the circumstances surrounding the negotiated transfer of the property or was verified through Real Estate Transfer Tax Declaration (RETTD) forms. Upon final qualification, an attempt was made to inspect the property and the property record cards were updated. As previously mentioned, due to the safety concerns revolving around the COVID-19 outbreak mid-March 2020, sale properties not visited received an exterior inspection and property owners, when applicable, were asked to complete a questionnaire about the sale and interior physical attributes of the property.

Description of Qualified Sales and Sales Analysis Process:

The sale data was verified for accuracy by submitting each sale properties thorough physical measure and list, including interior inspection whenever possible, and market analysis. The sale review process confirms a transaction, or sale, was arm’s length with no unusual circumstances that might have influenced the negotiated sale price. This review process exposed unqualified sales and established the qualified sales available to conduct the analysis. Once sales were verified, and the preliminary benchmarks established, field reviews were conducted to refine the base tables and verify the alignment of properties and the tables by “use type” and location, for example. The preliminary values were further validated by the statistical testing of the sale data

made possible by the CAMA software system. The CAMA software groups and sorts the data by various elements of consideration such as: improvement type, age, size, and neighborhood, and various ratios are developed that reveal discrepancies in the underlying valuation model.

Significance of Adjustments and Factors:

“Adjustments” and “factors” are mathematical changes to basic data (for example data in a base table) to facilitate comparisons and understanding. This process assumes a causal relationship among the various factors for which the adjustments are made. The specific adjustments or factors applied to properties with amenities such as these, are typically derived from a detailed sales analysis. Once the appropriate sales are identified and confirmed or qualified, several techniques are utilized to extract, or isolate, the specific factor the appraiser is trying to identify.

Examples of factors and/or adjustments can include such important elements of consideration as waterfront or view or water access amenities. Importantly, a feature can be a positive influence on property value, or a negative influence on property value.

One technique used to isolate a specific factor is known as “extraction” where the appraiser subtracts the depreciated value of the improvements from the total sale price to arrive at the underlying value of the specific land component being analyzed. This is the most used method. Another technique is known as a “matched-pair” comparison analysis; wherein sales of properties that retain these features are compared to sales of properties that do not retain these features and the specific “contributory” value or factor attributable to the feature is isolated.

Number of Sales Utilized in Analysis:

As of the date of this report, there are 4822 total parcels situated in the Municipality. The breakdown of all property transfers for 4/1/2018 to 3/31/2020 within the Municipality by use type is as follows:

Commercial / Industrial	62
Utilities	0
Current Use	3
Residential	549
Condominium	103
Mobile Home	114

Vacant Residential Land	76
Exempt	<u>13</u>
Total	920

The breakdown of all qualified property transfers within the Municipality by “use type” follows:

Commercial / Industrial	16
Condominium	67
Residential	226
Mobile home	26
Vacant Land	<u>4</u>
Total	339

Income Approach to Value, Income and Expense Data

During the Kittery revaluation, an opinion of the market value for all properties, including commercial, was determined as of 4/1/2020. In the appraisal of commercial real estate, like residential real estate, the three recognized approaches to value are considered: The Cost, Sales Comparison, and Income approaches to value. However, the Income Approach, often referred to as “capitalization of net income” is used for income generating properties (IAAO, *Property Assessment Valuation 2nd Edition*, 1996, p203). In the Municipality of Kittery, the Income approach was considered but due to limited amount of income data, we were unable to utilize the approach and therefore unable to appropriately use the methodology.

Market Rent Analysis: To establish a basis for market rent in Kittery, rentals of comparable properties in the municipality for all property types were considered. Market rent is the rental income that a property would most probably command in an open market; indicated by current rents paid and asked for comparable space as of the date of the appraisal. Market rent may differ from contract rent, which is rent paid because of a specific agreement.

To establish market rent data, publications including the Southern Maine housing rental data and Southern New Hampshire and Southern Maine rental data for 2020 were utilized. Additionally, to collect market rent information, Income and Expense statements were mailed out to all commercial property owners throughout the town. This data once received was examined, qualified, and analyzed to develop market rent schedules and vacancy/expense ratios for each property type (i.e. retail, office, industrial, etc.).

Market Survey of Capitalization Rates: Capitalization is the process of converting a net income stream into an indication of value. The selection of a capitalization rate (Ro) can be developed by several methods, including Direct Capitalization, the Band of investment Technique, and capitalization rate extraction from comparable sales.

Capitalization rates, or cap rates, can be established through the validated data captured through the Income and Expense questionnaires. In Kittery, we established cap rates using the Income and Expense questionnaire data and by analyzing real estate market data of the southern Maine, seacoast New Hampshire, and northern New England.

Regional and national publications are typically used to establish cap rate data and analyze markets. Additionally, extracting a capitalization rate from comparable sales is usually considered when appropriate market data is available.

As a result, the cap rates for various commercial property types, determined as of 4/1/2020, were based on the analysis of market surveys and market data. For more information on the Income Approach please refer to the explanation on pages 21 and 22.

The Cap Rates for Kittery are as follows:

CODES		
CODE	DESC	RATE
APT	APARTMENT	0.0900
BANK	BANK	0.0900
BED	NURSING HOME	0.1050
CARS	AUTO RELATED	0.0900
FF	FAST FOOD	0.0800
GAS	GAS MART	0.0900
IND	IND/WRHSE	0.0900
MHPK	MOBIL HM PARK	0.1050
MIX	MIXED USE	0.1000
OFF	OFFICE	0.0900
OUTL	OUTLET STORES	0.0900
REST	RESTAURANT	0.1000
RET	RETAIL	0.1000
RET3	RETAIL NNN	0.0800
ROOM	HOTEL/MOTEL	0.1000
SELF	SELF STRGE	0.1000
SSTA	SERV STATION	0.0900
STGE	STORAGE	0.1000

Location Adjustment factors for commercial properties:

ADJUSTMENTS		
RATING	DESC	ADJUSTMENT
A	Average	1.00
E	Excellent	0.80
F	Fair	1.10
G	Good	0.90
P	Poor	1.30

Typically, when the Income Approach is used, the capitalization rates determined are for properties of average quality and location. Further adjustments are applied for utility, location, building condition and specific vacancy conditions. Income location adjustment factors are mapped consistently with site index adjustment factors to reconcile between the approaches. Individual quality adjustments are also applied to each property to account for higher or lower utility of the property.

Reconciliation for all Property Types

Final Reconciliation: Reconciliation spreadsheets, sales analysis reports, by property type were developed and analyzed. When possible, all approaches to value were reconciled within a range of 0.90 to 1.10 and the cost model was used as the final value estimate.

Overall, the Cost Approach to value proved the most relevant approach to value for commercial properties. The Sales Comparison approach was most relevant for residential properties.

Land Valuation Models:

Residential land sales were analyzed by neighborhood to derive typical land value ranges. Due to few vacant land sales, the land residual method was used to determine the value of vacant land and establish the land curve. Neighborhood adjustment factors were derived to modify the basic land curve to the market characteristics of each neighborhood. Site Indexes were utilized to further adjust for specific property conditions within the neighborhood.

Cost Approach to Value: The Vision Government Solutions CAMA cost tables were utilized, supported by national cost valuation services, Marshall and Swift, to develop a replacement cost for a building. The Cost Approach to value was used to evaluate residential and commercial properties.

Sales Approach to Value: This Sales Comparison Approach was used when analyzing residential properties and commercial properties.

Income Approach to Value: For commercial properties in Kittery, the Income Approach model was utilized in the reconciliation process.

Town of Kittery, ME
Final Revaluation Summary
9/8/2020

2020 Assessed Value	2,170,586,777
2019 Assessed Value	<u>1,547,533,097</u>
	623,053,680

Overall Change	40%
Residential	45%
Vacant	64%
Manufactured Homes	95%
Condominiums	44%
Commercial	18%

	<u>2 Year</u>	<u>1 Year</u>	<u>IAAO Standards</u>
Median ASR (Assessment to Sales Ratio)	98.05	96.7	90% - 110%
COD(Coefficient of Dispersion)	7.92	7.22	Less than 20.0
PRD(Price Related Differential)	1.004	1.0031	0.98 – 1.03

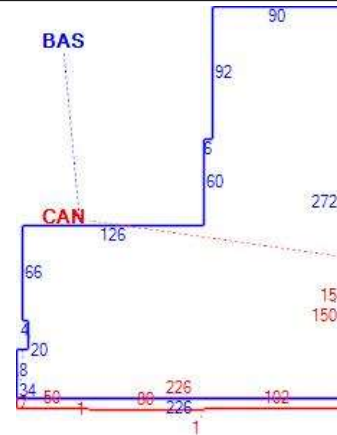
- Preliminary notices were mailed July 16, 2020.
- We had a total of 468 scheduled hearings from July 30th through August 21st.
- We had in person, phone and Zoom hearings.
- Most people were questioning the large increase in their property value, their property information they were being taxed on, and wanted an explanation how the revaluation would affect the tax rate.
- The last Town wide revaluation was done in 2013, so it's been 7 years of a rising real estate market that has contributed to the 40 % increase in the real property assessment.

CURRENT OWNER				TOPO		UTILITIES		STRT / ROAD		LOCATION		CURRENT ASSESSMENT														
F/C KITTERY DEVELOPMENT LLC JOHN AUZO MANAGER PO BOX 6120 INDIANAPOLIS IN 46206				1	Level	1	All Public	1	Paved	4	Bus. District	Description COMMERC. COM LAND		Code 3230 3230	Appraised Value 5,513,500 14,796,300	Assessed Value 5,513,500 14,796,300	4513 KITTERY, ME									
				SUPPLEMENTAL DATA																						
				Alt ID MALL - TIDEWATER O		TIF																				
				Sub-div		Last TG R																				
Flood Zon		Date next																								
Overlay Zo OZ-SL		Last Farm																								
TIF 2010 T		Condo Ass																								
ADU appro																										
Gis ID 2969		ASSOC PID#										Total		20,309,800		20,309,800										
RECORD OF OWNERSHIP				BK-VOL/PAGE		SALE DATE		Q/U		V/I		SALE PRICE		VC		PREVIOUS ASSESSMENTS (HISTORY)										
F/C KITTERY DEVELOPMENT LLC OUTLET VILLAGE OF KITTERY LTD GAGNER FAMILY LIMITED PART GAGNER, TERRY & JANET (LAND) GAGNER, TERRY L & JANET A				10381	81	12-22-2000	U	I			24,417,000	1	Year	Cod	Assessed	Year	Type	Assessed	Year	Code	Assessed					
				8497	296	10-29-1997	U	I			14,200,000	1	2020	3230	5,513,500	2020	3230	5,513,500	2019	3230	6,477,300					
				7975	44	08-28-1996	U	I			0	1A		3230	14,796,300		3230	14,796,300		3230	11,893,700					
				6051	49	04-14-1992	Q	V			1,000	00							3230	272,900						
				3069	179	04-15-1983					0															
												Total		20309800		Total		20309800		Total		18643900				
EXEMPTIONS				OTHER ASSESSMENTS								This signature acknowledges a visit by a Data Collector or Assessor														
Year	Type	Description		Amount		Code	Description		Number		Amount													Comm. Int.		
				Total																						
ASSESSING NEIGHBORHOOD												Appraised Bldg. Value (Card)														

CONSTRUCTION DETAIL			CONSTRUCTION DETAIL (CONTINUED)		
Element	Cd	Description	Element	Cd	Description
Style	15	Regnl Shop Cnt			
Model	96	Ind/Com Open			
Grade	06	Good			
Stories:	1				
Occupancy	3.00				
Exterior Wall 1	25	Vinyl Siding			
Exterior Wall 2					
Roof Structure	01	Flat			
Roof Cover	04	T&G/Rubber			
Interior Wall 1	05	Drywall/Sheet			
Interior Wall 2					
Interior Floor 1	03	Concr-Finished			
Interior Floor 2	14	Carpet			
Heating Fuel	03	Gas			
Heating Type	04	Forced Air-Duc			
AC Type	03	Central			
Prim Bldg Use	3230	SHOPNGMALL			
Total Rooms					
Total Bedrms	00				
Total Baths	0				
Heat/AC	01	HEAT/AC PKGS			
Frame Type	02	WOOD FRAME			
Baths/Plumbing	02	AVERAGE			
Ceiling/Wall	06	CEIL & WALLS			
Rooms/Prtns	02	AVERAGE			
	12.00	-1.3000			
	0.00				

OB - OUTBUILDING & YARD ITEMS(L) / XF - BUILDING EXTRA FEATURES(B)												
Code	Description	Su	Sub Desc	L/B	Units	Unit Price	Yr	Gd	Dp Rt	Cd	%Cd	Apr Value
SPR1	SPRINKLER			B	42,4	1.63	199	64	2.00		0.00	44,300
PAV1	PAVING-ASP			L	200,	1.76	199	60	0.00		0.00	211,200
LT9	HGH PRE-S			L	5	2080.00	199	60	0.00		0.00	6,200
LT10	W/DOUBLE FOUNDATIO			L	18	3120.00	199	60	0.00		0.00	33,700
				L	5,81	5.00	199	75	0.00		1.00	21,800

BUILDING SUB-AREA SUMMARY SECTION						
Code	Description	Living Area	Gross Area	Eff Area	Unit Cost	Undeprec Value
BAS	First Floor	40,736	40,736	40,736		
CAN	Canopy	0	2,604	521		
Ttl Gross Liv / Lease Area		40,736	43,340	41,257		



CURRENT OWNER		TOPO		UTILITIES		STRT / ROAD		LOCATION		CURRENT ASSESSMENT								4513 KITTERY, ME							
F/C KITTERY DEVELOPMENT LLC JOHN AUZO MANAGER PO BOX 6120 INDIANAPOLIS IN 46206		1	Level	1	All Public	1	Paved	4	Bus. District	Description	Code	Appraised Value		Assessed Value											
										COMMERC.	3230	5,513,500		5,513,500											
										COM LAND	3230	14,796,300		14,796,300											
SUPPLEMENTAL DATA																									
		Alt ID MALL - TIDEWATER O				TIF																			
		Sub-div				Last TG R																			
		Flood Zon				Date next																			
		Overlay Zo OZ-SL				Last Farm																			
		TIF 2010 T				Condo Ass																			
		ADU appro																							
		Gis ID 2969				ASSOC PID#																			
										Total		20,309,800		20,309,800											
RECORD OF OWNERSHIP				BK-VOL/PAGE		SALE DATE		Q/U V/I		SALE PRICE		VC		PREVIOUS ASSESSMENTS (HISTORY)											
F/C KITTERY DEVELOPMENT LLC OUTLET VILLAGE OF KITTERY LTD GAGNER FAMILY LIMITED PART GAGNER, TERRY & JANET (LAND) GAGNER, TERRY L & JANET A				10381	81	12-22-2000		U	I	24,417,000		1		Year	Cod	Assessed	Year	Type	Assessed	Year	Code	Assessed			
				8497	296	10-29-1997		U	I	14,200,000		1		2020	3230	5,513,500	2020	3230	5,513,500	2019	3230	6,477,300			
				7975	44	08-28-1996		U	I	0		1A			3230	14,796,300		3230	14,796,300		3230	11,893,700			
				6051	49	04-14-1992		Q	V	1,000		00									3230	272,900			
				3069	179	04-15-1983				0				Total		20309800		Total		20309800		Total		18643900	
EXEMPTIONS						OTHER ASSESSMENTS						This signature acknowledges a visit by a Data Collector or Assessor													
Year	Type	Description			Amount	Code	Description	Number	Amount	Comm. Int.															
Total																									
ASSESSING NEIGHBORHOOD												APPRAISED VALUE SUMMARY Appraised Bldg. Value (Card) 5,137,400 Appraised XF (B) Value (Bldg) 103,200 Appraised OB (L) Value (Bldg) 272,900 Appraised Land Value (Bldg) 14,796,300 Special Land Value Total Appraised Parcel Value 20,309,800 Valuation Method C Total Exemptions 0 Adjustment Net Total Appraised Parcel Value 20,309,800													
NBHD / SUB		NBHD Name			Street Index Name			Tracing			Batch														
0001																									
NOTES																									
TIDEWATER MALL HANNA ANDERSON/COACH/TUMI COLUMBIA/CLARK'S BOSTONIAN CHICOS/ADIDAS																									
BUILDING PERMIT RECORD												VISIT / CHANGE HISTORY													
Permit ID	Issue Date	Type	Description	Amount	Insp Date	% Comp	Date Comp	Comments				Date	Type	IS	ID	CD	Purpose / Result								
LAND LINE VALUATION SECTION																									
B	UseC	UseDescription	Zone	D	Front	Depth	Units	UnitPrice	IFacto	S A	AcreD	CFacto	STI	Adj	NotesAdj	SpecialPricing	S Adj	Adj UnitPric	LandValue						
2	3230	SHOPNGMALL	C-1		0	0	0.000	AC	1	1.000	0	1.000	1.00		1.00		0	1.000	1	0					
Total Card Land Units							14.8200	A											Total Land Value	0					

Property Location 375 US ROUTE 1
 Vision ID 2969 Account # 47/4

Map ID 47/ 4 / /
 Bldg # 2

Bldg Name
 Sec # 1 of 1

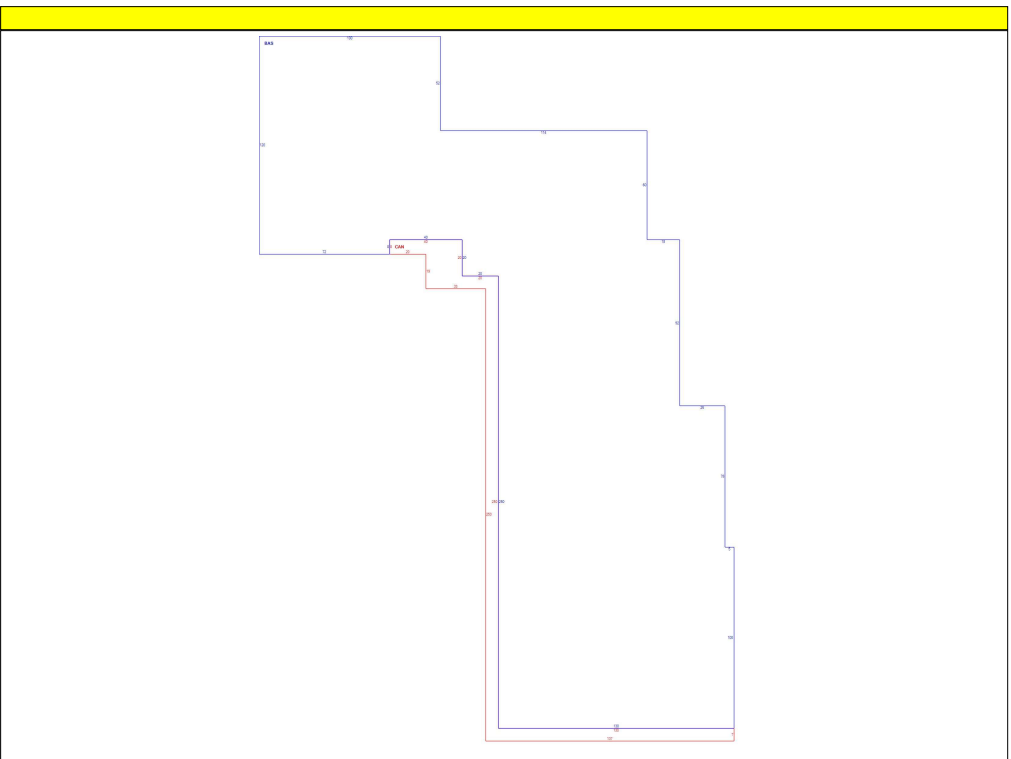
Card # Carof 2

State Use 3230
 Print Date 7/13/2021 11:59:17 A

CONSTRUCTION DETAIL			CONSTRUCTION DETAIL (CONTINUED)		
Element	Cd	Description	Element	Cd	Description
Style	15	Regnl Shop Cnt			
Model	96	Ind/Com Open			
Grade	06	Good			
Stories:	1				
Occupancy	11.00				
Exterior Wall 1	25	Vinyl Siding			
Exterior Wall 2					
Roof Structure	01	Flat			
Roof Cover	04	T&G/Rubber			
Interior Wall 1	05	Drywall/Sheet			
Interior Wall 2					
Interior Floor 1	14	Carpet			
Interior Floor 2					
Heating Fuel	03	Gas			
Heating Type	04	Forced Air-Duc			
AC Type	03	Central			
Prim Bldg Use	3230	SHOPNGMALL			
Total Rooms					
Total Bedrms	00				
Total Baths	0				
Heat/AC	01	HEAT/AC PKGS			
Frame Type	02	WOOD FRAME			
Baths/Plumbing	02	AVERAGE			
Ceiling/Wall	05	SUS-CEIL & WL			
Rooms/Prtns	02	AVERAGE			
	12.00	-1.3000			
	0.00				

OB - OUTBUILDING & YARD ITEMS(L) / XF - BUILDING EXTRA FEATURES(B)												
Code	Description	Su	Sub Desc	L/B	Units	Unit Price	Yr	Gd	Dp Rt	Cd	%Cd	Apr Value
SPR1	SPRINKLER			B	53,1	1.63	199	68	2.00		0.00	58,900

BUILDING SUB-AREA SUMMARY SECTION							
Code	Description	Living Area	Gross Area	Eff Area	Unit Cost	Undeprec Value	
BAS	First Floor	50,966	50,966	50,966	0.00		
CAN	Canopy	0	3,500	700	0.00		
Ttl Gross Liv / Lease Area		50,966	54,466	51,666			



CURRENT OWNER				TOPO		UTILITIES		STRT / ROAD		LOCATION		CURRENT ASSESSMENT													
F/C KITTERY DEVELOPMENT LLC JOHN AUZO MANAGER PO BOX 6120 INDIANAPOLIS IN 46206				1	Level	1	All Public	1	Paved	4	Bus. District	Description COMMERC. COM LAND		Code 3230 3230	Appraised Value 1,003,800 3,692,100		Assessed Value 1,003,800 3,692,100		4513 KITTERY, ME						
				4	Rolling					7	Waterfront														
				SUPPLEMENTAL DATA																					
				Alt ID		MALL - MANUFACTUR		TIF																	
				Sub-div				Last TG R																	
Flood Zon				Date next																					
Overlay Zo		OZ-SL		Last Farm																					
TIF 2010 T		4510100		Condo Ass																					
ADU appro																									
Gis ID		2601		ASSOC PID#								Total		4,695,900		4,695,900									
RECORD OF OWNERSHIP				BK-VOL/PAGE		SALE DATE		Q/U		V/I		SALE PRICE		VC		PREVIOUS ASSESSMENTS (HISTORY)									
F/C KITTERY DEVELOPMENT LLC OUTLET VILLAGE OF KITTERY LTD GAGNER FAMILY LIMITED PART GAGNER, TERRY L & JANET A				10381	81	12-22-2000	U	I			24,417,000	1	Year	Cod	Assessed	Year	Type	Assessed	Year	Code	Assessed				
				8497	301	10-29-1997	Q	I			4,600,000	00													
				7975	42	08-28-1996	U	I			0	1A													
				4550	159	12-04-1987	U	I			0														
												Total		4695900		Total		4695900		Total		4415000			
EXEMPTIONS								OTHER ASSESSMENTS				This signature acknowledges a visit by a Data Collector or Assessor													
Year	Type	Description		Amount		Code	Description		Number	Amount														Comm. Int.	
				Total																					
ASSESSING NEIGHBORHOOD																APPRAISED VALUE SUMMARY Appraised Bldg. Value (Card) 961,000 Appraised XF (B) Value (Bldg) 0 Appraised OB (L) Value (Bldg) 42,800 Appraised Land Value (Bldg) 3,692,100 Special Land Value Total Appraised Parcel Value 4,695,900 Valuation Method C Total Exemptions 0 Adjustment Net Total Appraised Parcel Value 4,695,900									
NBHD / SUB		NBHD Name		Street Index Name		Tracing		Batch																	
0001																									
NOTES																									
EXPRESS 4.20- SGN 20-8 NS																									
CANDLE																									
SAUCONY/ECCO CLEARANCE																									
MANUFACTURERS OUTLET MALL																									
ZBA 5/14/02 ZBA 8/27/02																									
BUILDING PERMIT RECORD																VISIT / CHANGE HISTORY									
Permit ID	Issue Date	Type	Description	Amount	Insp Date	% Comp	Date Comp	Comments		Date	Type	IS	ID	CD	Purpose / Result										
BUC-20-5	04-09-2020	CM		100,000		0	05-21-2020	BREWERY-BUS. US		08-20-2020			ET	40											
SGN-20-8	03-23-2020	CM			04-16-2020	0		2 BM SGNS		04-16-2020			MO	53											
SGN-19-31	11-09-2016	CM			04-01-2020	100		1 FS SGN, 1 BM SG		04-01-2020			MO	53											
C16-068	11-09-2016	EL	Electric	15,000	11-06-2017	100		REPLACE GAS/ECT		03-26-2020			ET	14											
C16-007	02-18-2016	RE	Remodel	315,000	06-13-2016	100		COMMERCIAL REFI		09-23-2019			MO	70											
15-060	03-31-2015	CM	Commercial	9,000		100	04-16-2015	REPLACE RTU		11-06-2017			MO	53											
13-073	04-25-2013	CM	Commercial	75,000		100	05-09-2013	NEW FLOOR LAYO		04-20-2017			PP	53											
LAND LINE VALUATION SECTION																									
B	UseC	UseDescription	Zone	D	Front	Depth	Units	UnitPrice	IFacto	S A	AcreD	CFacto	STI	Adj	NotesAdj	SpecialPricing		S Adj	Adj UnitPric	LandValue					
1	3230	SHOPNGMALL	C-1		0	0	43,560 SF	3.67	8.000	A	1.000	1.00	KO	1.00	SITE		0	1.000	29.36	1,278,900					
1	3230	SHOPNGMALL	C-3		0	0	2.000 AC	150,000	8.000	0	1.000	1.00	KO	1.00	SITE		0	1.000	1,200,000	2,400,000					
1	3230	SHOPNGMALL	C-3		0	0	0.220 AC	7,500	8.000	0	1.000	1.00		1.00	EXCESS		0	1.000	60,000	13,200					
Total Card Land Units							3.2200	A								Total Land Value					1,278,900				

Property Location 318 US ROUTE 1
 Vision ID 2601

Account # 38/13A

Map ID 38/ 13/A / /

Bldg # 1

Bldg Name
 Sec # 1 of 1

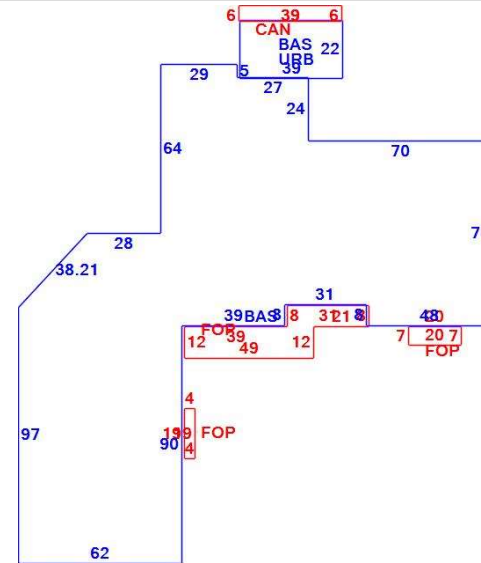
Card # Carof 1

State Use 3230
 Print Date 7/13/2021 12:04:19 P

CONSTRUCTION DETAIL			CONSTRUCTION DETAIL (CONTINUED)		
Element	Cd	Description	Element	Cd	Description
Style	15	Regnl Shop Cnt			
Model	96	Ind/Com Open			
Grade	05	Average +20			
Stories:	1				
Occupancy	5.00				
Exterior Wall 1	25	Vinyl Siding			
Exterior Wall 2					
Roof Structure	03	Gable/Hip			
Roof Cover	03	Asph/F GlS/Cmp			
Interior Wall 1	05	Drywall/Sheet			
Interior Wall 2					
Interior Floor 1	14	Carpet			
Interior Floor 2					
Heating Fuel	03	Gas			
Heating Type	04	Forced Air-Duc			
AC Type	03	Central			
Prim Bldg Use	3230	SHOPNGMALL			
Total Rooms					
Total Bedrms	00				
Total Baths	0				
Heat/AC	01	HEAT/AC PKGS			
Frame Type	02	WOOD FRAME			
Baths/Plumbing	02	AVERAGE			
Ceiling/Wall	05	SUS-CEIL & WL			
Rooms/Prtns	02	AVERAGE			
	12.00	-1.3000			
	0.00				

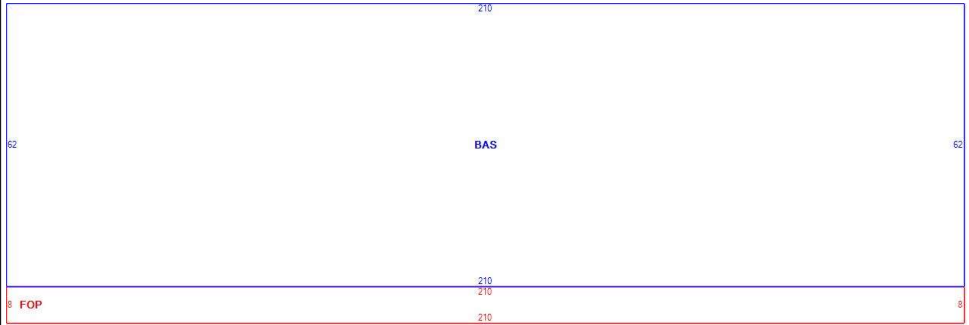
OB - OUTBUILDING & YARD ITEMS(L) / XF - BUILDING EXTRA FEATURES(B)												
Code	Description	Su	Sub Desc	L/B	Units	Unit Price	Yr	Gd	Dp Rt	Cd	%Cd	Apr Value
PAV1	PAVING-ASP			L	40,0	1.76	199	60	0.00		0.00	42,200
LT1	LIGHTS-IN			L	1	1040.00	199	60	0.00		0.00	600

BUILDING SUB-AREA SUMMARY SECTION						
Code	Description	Living Area	Gross Area	Eff Area	Unit Cost	Undeprec Value
BAS	First Floor	18,025	18,025	18,025		
CAN	Canopy	0	234	47		
FOP	Porch, Open, Finished	0	1,052	263		
URB	Basmnt,Raised,Unfinished	0	858	300		
Ttl Gross Liv / Lease Area		18,025	20,169	18,635		



CURRENT OWNER				TOPO		UTILITIES		STRT / ROAD		LOCATION		CURRENT ASSESSMENT															
RIPLEY ROAD ASSOCIATES LLC JOHN AUZO MANAGER PO BOX 6120 INDIANAPOLIS IN 46206				1	Level	1	All Public	1	Paved	4	Bus. District	Description COMMERC. COM LAND		Code 3230 3230	Appraised Value 1,645,500 4,488,900		Assessed Value 1,645,500 4,488,900		4513 KITTERY, ME								
										7	Waterfront																
				SUPPLEMENTAL DATA																							
				Alt ID		MALL - KITTERY OUT		TIF				Total		6,134,400		6,134,400											
				Sub-div				Last TG R																			
Flood Zon				Date next																							
Overlay Zo		OZ-SL		Last Farm																							
TIF 2010 T				Condo Ass																							
ADU appro																											
Gis ID		2606		ASSOC PID#																							
RECORD OF OWNERSHIP				BK-VOL/PAGE		SALE DATE		Q/U		V/I		SALE PRICE		VC		PREVIOUS ASSESSMENTS (HISTORY)											
RIPLEY ROAD ASSOCIATES LLC RIPLEY ROAD ASSOCIATES				9013	150	07-28-1998	U	I	500,000		1B	Year	Cod	Assessed	Year	Type	Assessed	Year	Code	Assessed							
				5023	33-6	12-09-1988	U	V			1B	2020	3230	1,645,500	2020	3230	1,645,500	2019	3230	1,866,600							
													3230	4,488,900		3230	4,488,900		3230	3,936,300							
																			3230	52,800							
												Total		6134400		Total		6134400		Total		5855700					
EXEMPTIONS						OTHER ASSESSMENTS						This signature acknowledges a visit by a Data Collector or Assessor															
Year	Type	Description			Amount	Code	Description		Number	Amount	Comm. Int.																
				Total																							
ASSESSING NEIGHBORHOOD														APPRaised VALUE SUMMARY Appraised Bldg. Value (Card) 1,562,400 Appraised XF (B) Value (Bldg) 30,300 Appraised OB (L) Value (Bldg) 52,800 Appraised Land Value (Bldg) 4,488,900 Special Land Value Total Appraised Parcel Value 6,134,400 Valuation Method C Total Exemptions 0 Adjustment Net Total Appraised Parcel Value 6,134,400													
NBHD / SUB		NBHD Name			Street Index Name			Tracing			Batch																
0001																											
NOTES																											
KITTERY OUTLET VILLAGE CALVIN KLIEN, CREWCUTE, JCREW BLDG2																											
BLDING ANGLED																											
CHELSEA GCA REALTY LEASES																											
LAND & OWNS BUILDING																											
POLO, SWAROVSK- BLDG1																											
BUILDING PERMIT RECORD														VISIT / CHANGE HISTORY													
Permit ID	Issue Date	Type	Description		Amount	Insp Date	% Comp	Date Comp	Comments		Date	Type	IS	ID	CD	Purpose / Result											
10-286	09-08-2010	CM	Commercial		175,000	05-14-2011	100	11-01-2010	Crew Cuts - Fitup		08-20-2020			ET	40	Field Review Bldg Permit Inspection Bldg Permit Inspection Bldg Permit Inspection											
3712	05-04-2009	PL	Plumbing				100		Internal - Swarovski		03-26-2020			ET	14												
09-040	03-03-2009	CM	Commercial		90,000		100	05-12-2009	Swarovski - Fitup		09-23-2019			MO	70												
08-244	07-08-2008	CM	Commercial		0		100	07-08-2008	Swarovski - Fitup		05-15-2013			ST	68												
3308	03-06-2006	PL	Plumbing				100		Internal		05-14-2011			PR	53												
05-133	05-16-2005	CM	Commercial		100,000		100	02-17-2006	Ralph Lauren - Fitup		06-19-2010	02		PR	53												
05-024	02-03-2005	CM	Commercial		35,000		100	03-17-2005	Anne Klein fitup		06-06-2002			BK	53												
LAND LINE VALUATION SECTION																											
B	UseC	UseDescription	Zone	D	Front	Depth	Units	UnitPrice	IFacto	S A	AcreD	CFacto	STI	Adj	NotesAdj	SpecialPricing		S Adj	Adj UnitPric	LandValue							
1	3230	SHOPNGMALL	C-1		0	0	43,560	SF	3.67	8.000	A	1.000	1.00	KO	1.00	SITE		0	1.000	29.36	1,278,900						
1	3230	SHOPNGMALL	C-1		0	0	2.500	AC	150,000	8.000	0	1.000	1.00	KO	1.00	SITE		0	1.000	1,200,000	3,000,000						
1	3230	SHOPNGMALL	C-1		0	0	3.500	AC	7,500	8.000	0	1.000	1.00		1.00	EXCESS		0	1.000	60,000	210,000						
Total Card Land Units							7.0000	A									Total Land Value							1,278,900			

CONSTRUCTION DETAIL						CONSTRUCTION DETAIL (CONTINUED)						
Element		Cd	Description			Element		Cd	Description			
Style	15		Regnl Shop Cnt									
Model	96		Ind/Com Open									
Grade	06		Good									
Stories:	1											
Occupancy	3.00											
Exterior Wall 1	25		Vinyl Siding									
Exterior Wall 2												
Roof Structure	03		Gable/Hip									
Roof Cover	03		Asph/F GlS/Cmp									
Interior Wall 1	05		Drywall/Sheet									
Interior Wall 2												
Interior Floor 1	14		Carpet									
Interior Floor 2												
Heating Fuel	03		Gas									
Heating Type	04		Forced Air-Duc									
AC Type	02		Heat Pump									
Prim Bldg Use	3230		SHOPNGMALL									
Total Rooms												
Total Bedrms	00											
Total Baths	0											
Heat/AC	01		HEAT/AC PKGS									
Frame Type	02		WOOD FRAME									
Baths/Plumbing	02		AVERAGE									
Ceiling/Wall	05		SUS-CEIL & WL									
Rooms/Prtns	02		AVERAGE									
	12.00		-1.3000									
	0.00											
OB - OUTBUILDING & YARD ITEMS(L) / XF - BUILDING EXTRA FEATURES(B)												
Code	Description	Su	Sub Desc	L/B	Units	Unit Price	Yr	Gd	Dp Rt	Cd	%Cd	Apr Value
SPR1	SPRINKLER			B	14,7	1.63	199	66	2.00		0.00	15,800
PAV1	PAVING-ASP			L	50,0	1.76	199	60	0.00		0.00	52,800
BUILDING SUB-AREA SUMMARY SECTION												
Code	Description	Living Area		Gross Area		Eff Area		Unit Cost		Undeprec Value		
BAS	First Floor	13,020		13,020		13,020						
FOP	Porch, Open, Finished	0		1,680		420						
Ttl Gross Liv / Lease Area												
		13,020		14,700		13,440						



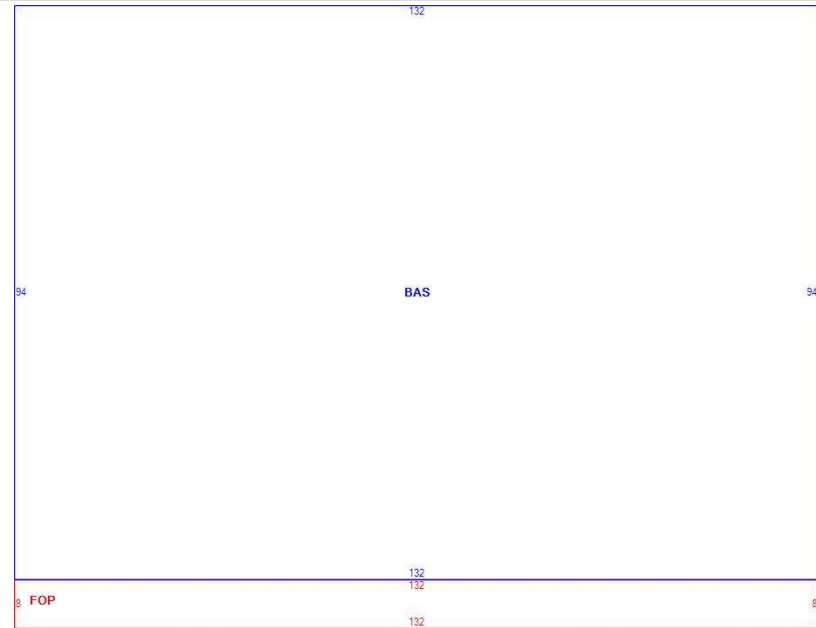
State Use 3230
Print Date 7/13/2021 12:05:52 P

CURRENT OWNER				TOPO		UTILITIES		STRT / ROAD		LOCATION			CURRENT ASSESSMENT																				
RIPLEY ROAD ASSOCIATES LLC JOHN AUZO MANAGER PO BOX 6120 INDIANAPOLIS IN 46206				1	Level	1	All Public	1	Paved	4	Bus. District	Description		Code	Appraised Value	Assessed Value	4513 KITTERY, ME																
										7	Waterfront	COMMERC.	3230	1,645,500	1,645,500																		
												COM LAND	3230	4,488,900	4,488,900																		
				SUPPLEMENTAL DATA																													
				Alt ID		MALL - KITTERY OUT			TIF																								
Sub-div					Last TG R																												
Flood Zon					Date next																												
Overlay Zo		OZ-SL			Last Farm																												
TIF 2010 T					Condo Ass																												
ADU appro																																	
Gis ID		2606			ASSOC PID#							Total		6,134,400	6,134,400																		
RECORD OF OWNERSHIP				BK-VOL/PAGE		SALE DATE		Q/U		V/I		SALE PRICE		VC		PREVIOUS ASSESSMENTS (HISTORY)																	
RIPLEY ROAD ASSOCIATES LLC RIPLEY ROAD ASSOCIATES				9013	150	07-28-1998	U	I	500,000		1B	Year	Cod	Assessed	Year	Type	Assessed	Year	Code	Assessed													
				5023	33-6	12-09-1988	U	V			1B	2020	3230	1,645,500	2020	3230	1,645,500	2019	3230	1,866,600													
												3230	4,488,900	3230	4,488,900	3230	3,936,300																
												3230	52,800																				
				Total							Total		6134400	Total		6134400	Total		5855700														
EXEMPTIONS						OTHER ASSESSMENTS										This signature acknowledges a visit by a Data Collector or Assessor																	
Year	Type	Description			Amount		Code	Description		Number	Amount		Comm. Int.																				
				Total																													
ASSESSING NEIGHBORHOOD												APPRAISED VALUE SUMMARY																					
NBHD / SUB		NBHD Name		Street Index Name		Tracing		Batch																									
0001																																	
NOTES												APPRAISED VALUE SUMMARY																					
CRATE + BARREL																																	
BAG MAKERS																																	
ETIENNE AIGNER																																	
CRATE+BARREL=NON SUSPEND																																	
CEILING W/CONCRETE FLRS																																	
BUILDING PERMIT RECORD												VISIT / CHANGE HISTORY																					
Permit ID		Issue Date		Type	Description		Amount	Insp Date	% Comp	Date Comp	Comments		Date	Type	IS	ID	CD	Purpose / Result															
LAND LINE VALUATION SECTION																																	
B	UseC	UseDescription		Zone	D	Front	Depth	Units		UnitPrice	IFacto	S A	AcreD	CFacto	STI	Adj	NotesAdj		SpecialPricing		S Adj	Adj UnitPric	LandValue										
2	3230	SHOPNGMALL		C-1		0	0	1	SF	1	1.000	0	1.000	1.00		1.00				0	1.000	1	0										
Total Card Land Units																				7.0000	A							Total Land Value					

CONSTRUCTION DETAIL						CONSTRUCTION DETAIL (CONTINUED)					
Element	Cd	Description	Element	Cd	Description						
Style	15	Regnl Shop Cnt									
Model	96	Ind/Com Open									
Grade	06	Good									
Stories:	1										
Occupancy	3.00										
Exterior Wall 1	25	Vinyl Siding									
Exterior Wall 2											
Roof Structure	03	Gable/Hip									
Roof Cover	03	Asph/F GlS/Cmp									
Interior Wall 1	05	Drywall/Sheet									
Interior Wall 2											
Interior Floor 1	14	Carpet									
Interior Floor 2	03	Concr-Finished									
Heating Fuel	03	Gas									
Heating Type	04	Forced Air-Duc									
AC Type	02	Heat Pump									
Prim Bldg Use	3230	SHOPNGMALL									
Total Rooms											
Total Bedrms	00										
Total Baths	0										
Heat/AC	01	HEAT/AC PKGS									
Frame Type	02	WOOD FRAME									
Baths/Plumbing	02	AVERAGE									
Ceiling/Wall	05	SUS-CEIL & WL									
Rooms/Prtns	02	AVERAGE									
	12.00	-1.3000									
	0.00										

OB - OUTBUILDING & YARD ITEMS(L) / XF - BUILDING EXTRA FEATURES(B)												
Code	Description	Su	Sub Desc	L/B	Units	Unit Price	Yr	Gd	Dp Rt	Cd	%Cd	Apr Value
SPR1	SPRINKLER			B	13,4	1.63	199	66	2.00		0.00	14,500

BUILDING SUB-AREA SUMMARY SECTION							
Code	Description	Living Area	Gross Area	Eff Area	Unit Cost	Undeprec Value	
BAS	First Floor	12,408	12,408	12,408			
FOP	Porch, Open, Finished	0	1,056	264			
Ttl Gross Liv / Lease Area		12,408	13,464	12,672			



Property Location 345 US ROUTE 1
Vision ID 2965

Account # 47/1

Map ID 47/ 1 / /

Bldg # 1

Bldg Name MAINE OUTLET MALL
Sec # 1 of 1 Card # 1 of 2

State Use 3230
Print Date 7/13/2021 12:07:41 P

CURRENT OWNER				TOPO		UTILITIES		STRT / ROAD		LOCATION		CURRENT ASSESSMENT						4513 KITTERY, ME							
CPG KITTERY HOLDINGS LLC C/O CHELSEA PROPERTY GROUP PO BOX 6120 INDIANAPOLIS IN 46206-612				1	Level	1	All Public	1	Paved	4	Bus. District	Description		Code	Appraised Value	Assessed Value									
												COMMERC.	3230	5,860,000	5,860,000										
												COM LAND	3230	20,193,900	20,193,900										
SUPPLEMENTAL DATA												Total		26,053,900		26,053,900									
Alt ID MALL - MAINE OUTLE				TIF				Last TG R																	
Sub-div				Last TG R																					
Flood Zon				Date next																					
Overlay Zo				Last Farm																					
TIF 2010 T				Condo Ass																					
ADU appro																									
Gis ID 2965				ASSOC PID#																					
RECORD OF OWNERSHIP				BK-VOL/PAGE		SALE DATE		Q/U		V/I		SALE PRICE		VC		PREVIOUS ASSESSMENTS (HISTORY)									
CPG KITTERY HOLDINGS LLC KITTERY COMM ASSOC LAND COMBIN KITTERY COMMERCIAL ASSOCIATES				15116	946	03-25-2007		Q	I		45,200,000		00	2020	3230 3230	5,860,000 20,193,900	2020	3230 3230	5,860,000 20,193,900	2019	3230 3230 3230	7,458,900 18,104,200 259,000			
				6051	42	04-14-1992		Q	V		450,000		00												
				3439	2	12-31-1984					0														
														Total		26053900		Total		26053900		Total		25822100	
EXEMPTIONS						OTHER ASSESSMENTS						This signature acknowledges a visit by a Data Collector or Assessor													
Year	Type	Description			Amount	Code	Description			Number	Amount											Comm. Int.			
				Total																					
ASSESSING NEIGHBORHOOD																									
NBHD / SUB		NBHD Name			Street Index Name			Tracing			Batch														
0001																									
NOTES																									
THE MAINE OUTLET MALL 100550						25 OCC																			
(AKA KITTERY PREMIUM OUTLET MALL)						MIKASA/HILFIGER/TIMBERLND ETC																			
LEASE TO MCDONALDS 38/1						FREE STANDING BLDG BAS 813 SF																			
47/2 DELETED & COMBINED						6-16 NEW BALANCE STORE																			
2.61AC WITH 47/1 SEE 6051/42 4/14/92						10.18- BP-628=60%																			
ZBA 11/8/95 ZBA 9/25/07																									
BUILDING PERMIT RECORD												VISIT / CHANGE HISTORY													
Permit ID	Issue Date	Type	Description		Amount	Insp Date	% Comp	Date Comp	Comments			Date	Type	IS	ID	CD	Purpose / Result								
BUC-20-10	01-07-2021	FT	Commercial Fit Up		0		0		LUGG. LOFT RELO			08-20-2020			ET	40									
BP-20-260	09-22-2020	CM	Commerical		20,980		0		REPL ROOFTOP U			03-26-2020			ET	14									
SGN-20-12	07-08-2020	FT	Commercial Fit Up				0		1 SIGN, BUILD MOU			12-19-2019			MO	53									
SGN-19-26	12-21-2018	FT				09-30-2019	100		SIGN PERMIT FOR			09-30-2019			MO	53									
559	12-21-2018	CM			140,000	09-30-2019	100		RE TOWER EXT			04-10-2019			MO	53									
1157	12-20-2018	CM			14,232	04-10-2019	100		ROOF TOP UNIT FE			02-12-2019			MO	53									
750	10-18-2018	CM				02-12-2019	100	12-18-2018	REFIT FOR MAINEL			10-29-2018			MO	53									
LAND LINE VALUATION SECTION																									
B	UseC	UseDescription	Zone	D	Front	Depth	Units	UnitPrice	IFacto	S A	AcreD	CFacto	STI	Adj	NotesAdj	SpecialPricing		S Adj	Adj UnitPric	LandValue					
1	3230	SHOPNGMALL	C-1		0	0	43,560 SF	3.67	8.000	A	1.000	1.00	KO	1.00				0	1.000	29.36	1,278,900				
1	3230	SHOPNGMALL	C-1		0	0	12.610 AC	150,000	8.000	0	1.000	1.25	KO	1.00	SITE			0	1.000	1,500,000	18,915,000				
Total Card Land Units					13.6100		A									Total Land Value				1,278.900					

Account # 47/1

Bldg # 1

Bldg Name MAINE OUTLET MALL
Sec # 1 of 1 Card # Carof 2

State Use 3230
Print Date 7/13/2021 12:07:42 P

CONSTRUCTION DETAIL (CONTINUED)		
Element	Cd	Description
MIXED USE		
Code	Description	Percentage
3230	SHOPNGMALL	100 0 0
COST / MARKET VALUATION		
Adj Base Rate		60.09
Bldg Replace Cost		
Net Other Adj		
RCN		6,372,426
AYB		1983
Effective Year Built		2002
Depreciation Code		G
Remodel Rating		
Year Remodeled		
Depreciation %		36
Functional Obsol		0
Economic Obsol		0
Cost Trend Factor		
Condition		
% Complete		64
RCNLD		4,078,400
Dep % Ovr		
Dep Ovr Comment		
Misc Imp Ovr		
Misc Imp Ovr Comment		
Cost to Cure Ovr		
Cost to Cure Ovr Comment		

7 XF - BUILDING EXTRA FEATURES(B)						
nit Price	Yr	Gd	Dp Rt	Cd	%Cd	Apr Value
1.63	199	64	2.00		0.00	86,200
7800.00	199	64	2.00		0.00	5,000
1.76	199	60	0.00		0.00	211,200
1040.00	199	60	0.00		0.00	1,900
3120.00	199	60	0.00		0.00	26,200
5460.00	199	60	0.00		0.00	19,700

SUMMARY SECTION			
Gross Area	Eff Area	Unit Cost	Undeprec Value
84,273	84,273		
16,848	3,370		
101,121	87,643		



State Use 3230
Print Date 7/13/2021 12:07:42 P

Account # 47/1

Bldg # 2

Bldg Name MAINE OUTLET MALL
Sec # 1 of 1 Card # Carof 2

State Use 3230
Print Date 7/13/2021 12:07:43 P

CURRENT OWNER				TOPO		UTILITIES		STRT / ROAD		LOCATION		CURRENT ASSESSMENT																	
CPG FINANCE II LLC				1	Level	1	All Public	1	Paved	4	Bus. District	Description		Code	Appraised Value		Assessed Value		4513 KITTERY, ME										
									7	Waterfront	COMMERC.	3230	1,244,800		1,244,800														
											COM LAND	3230	2,813,800		2,813,800														
SUPPLEMENTAL DATA																													
PO BOX 6120				Alt ID		MALL - FACTORY STO		TIF																					
				Sub-div				Last TG R																					
				Flood Zon				Date next																					
INDIANAPOLIS IN 46206				Overlay Zo		OZ-SL		Last Farm																					
				TIF 2010 T				Condo Ass																					
				ADU appro																									
				Gis ID		2597		ASSOC PID#																					
Total												4,058,600		4,058,600															
RECORD OF OWNERSHIP				BK-VOL/PAGE		SALE DATE		Q/U		V/I		SALE PRICE		VC		PREVIOUS ASSESSMENTS (HISTORY)													
CPG FINANCE II LLC KPT REMIC LOAN LLC FSA PROPERTIES INC FACTORY STORES OF AMERICA INC RAH & ASSOCIATES				11014	213	09-25-2001		U		I		2,757,386		00		Year	Cod	Assessed	Year	Type	Assessed	Year	Code	Assessed					
				9247	175	12-22-1998		U		I				1B		2020	3230	1,244,800	2020	3230	1,362,100	2019	3230	1,198,700					
				7302	7	12-29-1994		U		I		0		1B			3230	2,813,800		3230	2,997,700		3230	2,274,200					
				6885	52	12-28-1993		Q		I		2,780,362		00									3230	43,700					
				4007	119	09-17-1986		U		I		1		1		Total		4058600		Total		4359800		Total		3516600			
EXEMPTIONS						OTHER ASSESSMENTS						This signature acknowledges a visit by a Data Collector or Assessor																	
Year	Type	Description				Amount		Code	Description		Number													Amount		Comm. Int.			
				Total																									
ASSESSING NEIGHBORHOOD												APPRAISED VALUE SUMMARY																	
NBHD / SUB		NBHD Name				Street Index Name				Tracing														Batch					
0001																													
NOTES												Appraised Bldg. Value (Card) 1,173,300 Appraised XF (B) Value (Bldg) 27,800 Appraised OB (L) Value (Bldg) 43,700 Appraised Land Value (Bldg) 2,813,800 Special Land Value Total Appraised Parcel Value 4,058,600 Valuation Method C Total Exemptions 0 Adjustment Net Total Appraised Parcel Value 4,058,600																	
BANANA REPUBLIC =30%																													
GAP= 70% 2008																													
RENOVATED 2007 OCC 10/07																													
BUILDING PERMIT RECORD												VISIT / CHANGE HISTORY																	
Permit ID		Issue Date		Type	Description		Amount		Insp Date		% Comp		Date Comp		Comments		Date		Type		IS	ID	CD	Purpose / Result					
384		07-26-2018		CM			45,000		02-11-2019		100				LHI- RENO GAP FA		08-20-2020					ET	41	Field Review Bldg Permit Inspection Bldg Permit Inspection					
13-014A		01-31-2013		CM	Commercial		11,500		04-06-2013		100				COMMERCIAL REN		03-26-2020					ET	14						
10-010		01-13-2010		CM	Commercial		158,000				100		03-16-2010		Levi's Store - Fitup		09-23-2019					MO	70						
09-441		12-03-2009		CM	Commercial		9,000				100				8'x8' indoor illuminiat		02-11-2019					MO	53						
3518		08-31-2007		PL	Plumbing						100				Internal - BANANA R		05-15-2013					ST	68						
3517		08-31-2007		PL	Plumbing						100				Internal - GAP		04-06-2013					PR	53						
07-314		08-28-2007		CM	Commercial		412,500				100		11-07-2007		Gap Outlet - Fitup		05-28-2008		01		2	BK	53						
LAND LINE VALUATION SECTION																													
B	UseC	UseDescription			Zone	D	Front	Depth	Units		UnitPrice	IFacto	S A	AcreD	CFacto	STI	Adj	NotesAdj		SpecialPricing		S Adj	Adj UnitPric	LandValue					
1	3230	SHOPNGMALL			C-1		0	0	43,560	SF	3.67	8.000	A	1.000	0.75	KO	1.00	LIMITED FTG				0	1.000	22.02	959,200				
1	3230	SHOPNGMALL			C-1		0	0	2.000	AC	150,000	8.000	0	1.000	0.75	KO	1.00	LIMITED FTG				0	1.000	900,000	1,800,000				
1	3230	SHOPNGMALL			C-1		0	0	0.910	AC	7,500	8.000	0	1.000	1.00		1.00	LIMITED FTG				0	1.000	60,000	54,600				
Total Card Land Units								3.9100	A								Total Land Value										959,200		

Property Location 325 US ROUTE 1
 Vision ID 2597 Account # 38/7

Map ID 38/ 7 / / /
 Bldg # 1

Bldg Name
 Sec # 1 of 1

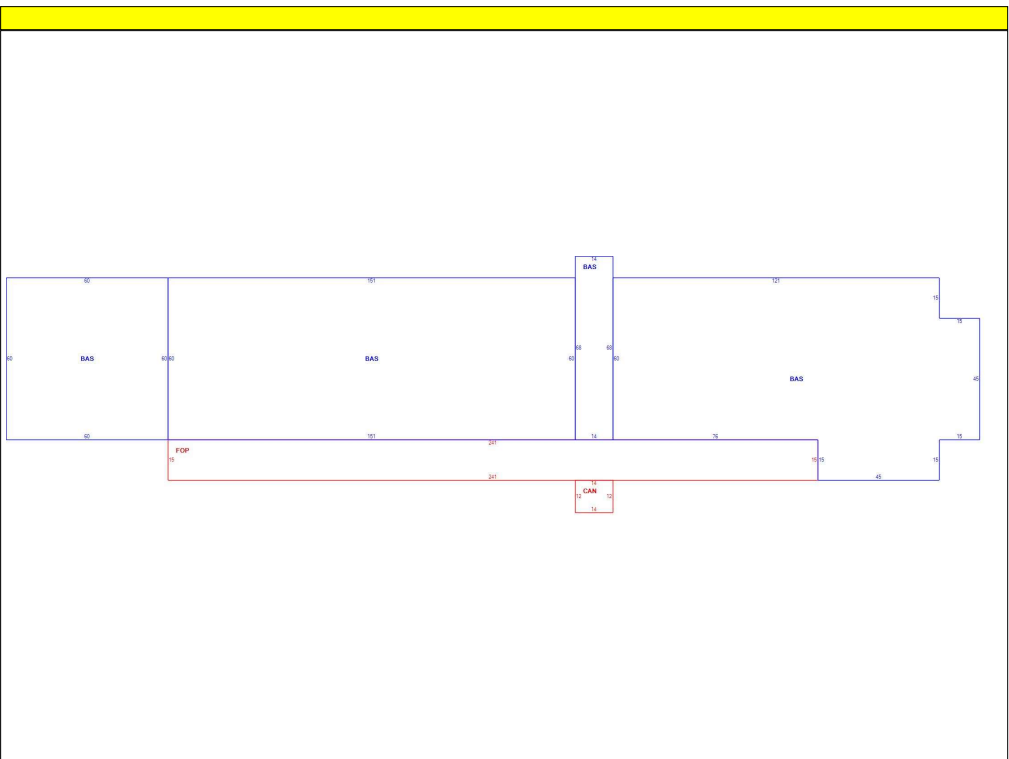
Card # Carof 1

State Use 3230
 Print Date 7/13/2021 12:06:48 P

CONSTRUCTION DETAIL			CONSTRUCTION DETAIL (CONTINUED)		
Element	Cd	Description	Element	Cd	Description
Style	15	Regnl Shop Cnt			
Model	96	Ind/Com Open			
Grade	04	Average +10			
Stories:	1				
Occupancy	2.00				
Exterior Wall 1	25	Vinyl Siding			
Exterior Wall 2					
Roof Structure	03	Gable/Hip			
Roof Cover	03	Asph/F GlS/Cmp			
Interior Wall 1	05	Drywall/Sheet			
Interior Wall 2					
Interior Floor 1	04	Concr Abv Grad			
Interior Floor 2					
Heating Fuel	03	Gas			
Heating Type	04	Forced Air-Duc			
AC Type	03	Central			
Prim Bldg Use	3230	SHOPNGMALL			
Total Rooms					
Total Bedrms	00				
Total Baths	0				
Heat/AC	01	HEAT/AC PKGS			
Frame Type	02	WOOD FRAME			
Baths/Plumbing	02	AVERAGE			
Ceiling/Wall	05	SUS-CEIL & WL			
Rooms/Prtns	02	AVERAGE			
	12.00	-1.3000			
	0.00				

OB - OUTBUILDING & YARD ITEMS(L) / XF - BUILDING EXTRA FEATURES(B)												
Code	Description	Su	Sub Desc	L/B	Units	Unit Price	Yr	Gd	Dp Rt	Cd	%Cd	Apr Value
SPR1	SPRINKLER			B	25,8	1.63	199	66	2.00		0.00	27,800
PAV1	PAVING-ASP			L	35,0	1.76	199	60	0.00		0.00	37,000
LT9	HGH PRE-S			L	4	2080.00	199	80	0.00		0.00	6,700

BUILDING SUB-AREA SUMMARY SECTION						
Code	Description	Living Area	Gross Area	Eff Area	Unit Cost	Undeprec Value
BAS	First Floor	22,222	22,222	22,222		
CAN	Canopy	0	168	34		
FOP	Porch, Open, Finished	0	3,615	904		
Ttl Gross Liv / Lease Area		22,222	26,005	23,160		



PAUL R. McKENNEY, CNHA,CMA
1 Ruthie's Run
Dover, NH 03820
603-534-2118 (Cell)
mckenneyp@comcast.net
pmckenney@mrigov.com

MASS APPRAISAL EXPERIENCE

Municipal Resources Inc.

10/14-
Present

Project Manager: Responsible for planning, implementing and running revaluation projects for various municipalities. Specific duties include the mass appraisal of residential properties. Duties include property sales review and verification, statistical analysis, model calibration, the supervision of data collectors and field review appraisers, taxpayer hearings and all reporting requirements as they relate to project certification. Provide assessing services to multiple municipalities. Review and process abatements, Exemption applications, And other assessing

VISION GOVERNMENT SOLUTIONS, NORTHBORO, MA

12/10-
10/14

District Manager:

Primary responsibility is the allocation of personnel and resources to effectively execute contracts assigned to district. Also responsible for producing revenue projections, cost ratio studies and project billing reports. Interact with other departments within the company regarding contract specifications and implementation. Responsible for the direct supervision of project managers and appraisers within a district encompassing Connecticut, Maine, Massachusetts, New Hampshire and Vermont.

06/05-
12/10

Project Manager:

Responsible for planning, implementing and running revaluation projects for various municipalities. Specific duties include the mass appraisal of residential properties. Duties include property sales review and verification, statistical analysis, model calibration, the supervision of data collectors and field review appraisers, taxpayer hearings and all reporting requirements as they relate to project certification.

06/04-
06/05

Staff Appraiser:

Review residential and commercial properties for revaluation purposes. Responsibilities include setting neighborhood factors for land based on sales and income analysis; review and analyze income and expense reports on commercial and industrial properties; market research and formulation of cap rates; commercial and industrial review and reconciliation.

06/03- **Crew Chief:**

06/04 Manage overall supervision of all aspects of data collection. Work directly with tax assessor's office to coordinate inspections of residential properties. Organize and delegate daily workload to data collector team and review all information collected for accuracy and completeness. Oversee data entry, notification of the public regarding revaluation processes and handle taxpayer concerns. Prepare for sales analysis and field review phases of revaluation projects. Hire and train new data collectors when necessary.

12/01 - **Data Collector:** Responsibilities include accurately locating, identifying, and measuring the
06/03 exterior dimensions of assigned properties. Making a thorough inspection of the interior of the property and accurately recording all pertinent data used in the valuation of the property.

PROFESSIONAL EXPERIENCE

1993- **VXI Corporation, Rollinsford, NH (Manufacturer of Telecommunications**
2001 **Equipment)**

Director of Materials: Coordinated activities of production department for materials processing and product manufacturing. Managed activities and personnel involved in the purchasing and distribution of materials, equipment and supplies. Provided analysis and reporting regarding availability, delivery and future requirements. Developed, implemented and ensured compliance with instructions, policies, systems and procedures. Reviewed purchase orders and contracts for compliance with established requirements. Planned production operations, including priorities and sequences for manufacturing. Implemented, coordinated and maintained Quality Control Systems. Oversaw employee performance and assisted in resolution of personnel issues.

1985- **Eagle Realty, Dover, NH**

1993 **Principle Broker:** Real Estate sales, customer service and residential/commercial property management. Real Estate Appraisal, Commercial & Residential.

1985- **Superior Property Management, Dover, NH**

1993 **Property Manager:** Residential and commercial property management, Appraisal.

EDUCATION

University of New Hampshire – Business Management

McCarthy Real Estate Academy – Real Estate Law, Practices, Appraisal.

Nathaniel Hawthorne College – Business - Management

New Hampshire College - Business Management

New Hampshire Vocational Technical Institute - Electronics

Vision Appraisal Technology - 80 Hour In-house Training Program, V6 Training

IAAO - Course 101, Course 5, USPAP 15 Hr core course

IAAO – Course 112, Income Approach to Valuation II

IAAO – Course 400, Assessment Administration

USPAP – 15 Hours Classroom Class

USPAP – 7-Hour Update 2018-2020

MAAO – Course 5, Mass Appraisal of Real Property

JMB Real Estate Academy - Appraising Income Properties

New Hampshire State Statues Classes 1 & 2

New Hampshire Dept. of Revenue – Excel for Assessors

New Hampshire Dept. of Revenue – Excavation and Timber Tax 10/31/17

New Hampshire Dept. of Revenue – Exemptions & Credits 11/2/17

New Hampshire Dept. of Revenue – Current Use Criteria & Rules

Cornell Consultants – Advanced Excel for Appraisers/Assessors

New Hampshire Licensed Real Estate Broker License # 568

State of New Hampshire – DRA Certified Property Assessor Supervisor

State of New Hampshire – Certified New Hampshire Assessor #199

State of Maine Certified Maine Assessor # 738

State of Connecticut - Land/Residential Certification # 918

State of Vermont - Project Supervisor

MEMBERSHIP/ PROFESSIONAL AFFILIATIONS

IAAO - International Association of Assessing Officials

MAAO - Maine Association of Assessing Officials

NHAAO – New Hampshire Association of Assessing Officials

New Hampshire – Justice of the Peace

New Hampshire – Notary Public

National Association of Realtors

New Hampshire Association of Realtors

Strafford County Board of Realtors

Defense of Values- I have defended assessed values and testified before the following boards;

NH Board of Tax and Land Appeal

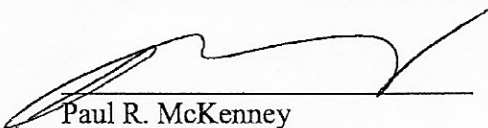
York County Maine County Commissioners

Ogunquit, ME. Board of Assessment Review

Kittery ME. Board of Assessment Review

Cumberland County Maine – Board of Assessment Review

Wells, ME Board of Assessment Review



Paul R. McKenney

CERTIFICATE
NO. **199**

DATE ISSUED
1-20-15

STATE OF NEW HAMPSHIRE
N.H. ASSOCIATION OF ASSESSING OFFICIALS



RECERTIFICATION
DATES

THE NEW HAMPSHIRE ASSESSORS CERTIFICATION COMMITTEE
AND
DEPARTMENT OF REVENUE ADMINISTRATION

BE IT KNOWN THAT

Paul McKenney C.N.H.A.

HAVING MET THE NECESSARY REQUIREMENTS AND STANDARDS IS HEREBY APPROVED
AS A DRA CERTIFIED PROPERTY ASSESSOR AND DESIGNATED AS A

CERTIFIED NEW HAMPSHIRE ASSESSOR

IN WITNESS THEREOF AND CERTIFIED BY

Arthur

COMMISSIONER
STATE OF NEW HAMPSHIRE
DEPARTMENT OF REVENUE
ADMINISTRATION

Richard Bullock

PRESIDENT
NEW HAMPSHIRE ASSOCIATION
OF ASSESSING OFFICIALS

William J. Sullivan

CHAIRMAN
CERTIFICATION COMMITTEE

**NEW HAMPSHIRE DEPARTMENT OF
REVENUE ADMINISTRATION**

THIS CERTIFIES THAT

Paul McKenney

Has successfully completed and submitted the required documentation as
required by state law to obtain status as a

DRA-CERTIFIED PROPERTY ASSESSOR SUPERVISOR

Which shall remain valid until December 31, 2023

Given this day of August 13, 2018



Stephan W. Hamilton, Director

State of Maine

Having successfully demonstrated proficiency in the field of Property Tax Administration

this is to certify that

Paul McKenney

is hereby issued this Certificate of Eligibility
as a

Certified Maine Assessor

As evidence of qualification to perform the assessment function in any assessing Jurisdiction in the State of Maine.

James D. Lord
State Tax Assessor, Maine Revenue Services

David L. L...
Director, Property Tax Division, Maine Revenue Services

No. 738

Date 2/15/2006

Edward C. Tinker
351 Post Rd
Greenland, NH 03840
Hm: 603-294-0294 / Cell: 603-545-1761
etinker@mrigov.com

Professional Experience e

Contract Assessor, Municipal Resources, Inc. September 2018 -Present

- Residential/Commercial Contract Assessor for multiple communities including Hampton, Rye, Exeter, and Newington.
- Worked on multiple revaluations including Exeter 2019, Newmarket 2019, Hampton 2019, Durham 2019, Epping 2020, Fremont 2020, Jaffrey 2020, Dunbarton 2020, Windham 2020 & Kittery, Me. 2020.
- Extensive Work with Vision CAMA System
- Administer Exemptions & Credits
- Current Use, Land Use Change Tax, Timber & Excavation Activities
- BTLA, / Court Preparation & Defense
- Prepare the MS 1, all tax warrants.
- Extensive public interaction regarding the assessing process

Chief Assessor, Town of Hampton, NH September 2009 -Present

- Since taking over this position I have reorganized the assessing department and completed a 2011 & 2016 revaluation in conjunction with Vision Appraisal.
- Extensive Work with Vision CAMA System
- Administer Exemptions & Credits
- Current Use, Land Use Change Tax, Timber & Excavation Activities
- BTLA / Court Preparation & Defense
- Prepare the MS 1, all tax warrants
- Extensive public interaction regarding the assessing process

Chief Assessor, City of Claremont, NH September 2007 - September 2009

- With the assistance of staff we completed an in-house revaluation in 2009.
- Extensive Work with Vision CAMA System
- Administer Exemptions & Credits
- Current Use, Land Use Change Tax, Timber & Excavation Activities
- BTLA / Court Preparation & Defense
- Prepare the MS 1, all tax warrants
- Extensive public interaction regarding the assessing process

Planning & Development Director, City of Claremont, NH October 2008 - September 2009

- Oversee a staff of 7, including Planning, Zoning, Building Codes, & Economic Development
- Planning Board: preparation & presentation
- Zoning Board of Adjustment: preparation & presentation
- Boards & Commissions: oversight and assistance

District Manager, Avitar Associates of NE, Inc. Chichester, NH June 2002 -August 2007

- Contract Assessor/ Administrator to Misc. Communities in NH
- Oversee all Facets of Revaluation Work & Staff, having been involved in approximately 20 Revaluations and/or Updates
- Measure & List All Classes of Property
- Building Permit Work - New Construction & Pick Up Work
- Sales Analysis & Sales Verification.
- DRA Sales Ratio Study
- Report Writing

Review Appraiser, Cole-Layer-Trumble Co. Tolland, CN January 1999 -June 2002

- Worked on numerous revaluations as a review appraiser within New Hampshire, Massachusetts, Connecticut, Pennsylvania, and Nassau Co. Long Island, N Y.

Education

- Appraisal Institute - Course 110
- IAAO Course 101 - Principles in Mass Appraisal
- IAAO Course 102 - Income Approach to Value
- IAAO Course 311 - Residential Modeling Concepts
- IAAO Course 400 - Assessing Administration
- IAAO Course 257 - Fundamentals of Industrial Valuation
- New Hampshire State Statutes (2004 & 2010)
- Uniform Standards of Professional Appraisal Practice (USPAP 2005 & 2007)

Designations

- **Certified New Hampshire Assessor (CNHA #157)**
- **NH Dept of Revenue, Certified Assessor Supervisor # 365**
- **Member in Good Standing of NHAAO**
- **NHAAO -Rockingham County director**
- **NHAAO - Legislative Committee**
- **NHAAO -Ethics Committee**
- **NHAAO -Nominating Committee**
- **State of Connecticut Residential &Commercial Valuation Certification (expired)**

2014 -2nd Vice President - NHAAO

2015 – 1st Vice President -NHAAO

2016 -President Elect -NHAAO

2017 - Past President - NHAAO

1 1. Call to Order / Attendance

2 Chair Afienko called the meeting to order at 6:00 P.M.

3 Members present: Joe Afienko, Chair; William Peirce, Alternate Member; Alan Rindler;
4 Member; and Kristin Collins, attorney from Preti-Flaherty.

5 Other people present in roll call, Karen Fortier, Kittery Contract Assessor; Paul
6 McKenney, Kittery Contract Assessor; and Michael Tremblay.

7 2. New Business/Public Hearing: Appeal 1, 84 Goodwin Road (Tax Map 58 Lot 61).
8 Owner/Applicant Michael & Maureen Tremblay requests consideration of an application
9 of appeal for real property assessment.

10 Chair Afienko opened the public hearing and requested the property owner to proceed
11 with his presentation.

12 Michael Tremblay clarified that the Board has received and reviewed the submitted
13 application and packet. He added that the three real estate companies did not have the
14 updated and correct lot size of the property, and that they had it listed as 20% higher.
15 Mr. Tremblay asked if the Board had any questions.

16 Mr. Rindler clarified the Assessors will present and then the hearing will be opened for
17 questions. The Assessors did not have any questions for the applicant at this time.

18 The Board was asked if they had any questions of the applicant.

19 Chair Afienko verified the amount of the requested abatement, \$301,800.00.

20 Mr. Tremblay agreed and explained that the land value is so much higher than the
21 building value, that the lot size adjustment makes a big difference to the value.

22 Mr. Peirce asked if he received an abatement after the survey performed by Easterly
23 Surveying showed his property was smaller than the Town had on record.

24 Mr. Tremblay replied that he did receive a letter from the Assessors that the value was
25 reduced, but he did not feel it was reduced enough.

26 Mr. Peirce confirmed that the Real Estate brokers did not have this updated information,
27 and Mr. Tremblay confirmed that they were unaware.

28 Ms. Fortier asked if Mr. Tremblay went back to the brokers with the updated lot size for
29 an adjustment, and he replied that he did not.

30 Mr. Tremblay commented on the neighbor's huge house newly built that decreases the
31 value of his property because it overlooks his property and results in little privacy.

32 Mr. Rindler asked Mr. Tremblay if he knew the height of this house in terms of the
33 second floor overlooking his property.

34 Mr. Tremblay did not have exact measurements but gave the Board an estimate of the
35 height. He commented that it doesn't block the sun.

36 Mr. Rindler asked for more description on how it has affected his property.

37 Mr. Tremblay discussed the angles of the property on the site in relation to his property.
38 He clarified there is no shrubbery between the properties due to the right of way for
39 water access. Discussion continued on the neighbor's house, the sight lines, and the
40 effects of the construction on Mr. Tremblay. He commented on the "monstrous" houses
41 lack of fitting in with the character of the neighborhood.

42 Mr. Peirce asked the Assessors if they used a criterion for their assessments in relation
43 to the properties next to the applicant. Paul McKenney replied they did not, and
44 explained the three criteria used when adjusting the land: the neighborhood, the site
45 index, and the condition factor. He further clarified that the neighbor's property was a
46 subjective factor that may or may not affect the value of the applicant's property.

47 Mr. Tremblay commented that there were no covenants or restrictions on the properties
48 that limit the buildings orientation on the lots that he was aware of.

49 Mr. Peirce asked questions regarding the liability versus the asset of the property, since
50 Mr. Tremblay reports that the house is an actual liability in terms of future development.
51 It would cost at least \$25,000 to tear down in order to rebuild. However, the property
52 generates a rental income which is an asset. Mr. Peirce asked the Assessors if they
53 take a negative value as a factor. Mr. McKenney replied that they can only assess what
54 is on the property as of April 1, not what may happen, such as a tear down.

55 Mr. Tremblay commented on the structure of the house, with the quality of the
56 construction due to the age. Discussion continued on the repairs done and the
57 improvements needed to keep the house intact.

58 Chair Afienko commented on the differences of a market analysis and an appraisal.

59 Chair Afienko asked the Assessors to proceed with their presentation as there were no
60 more questions of Mr. Tremblay.

61 Paul McKenny reviewed the timeline of the property to the Board, and mentioned the
62 town-wide revaluation. Mr. Tremblay received an adjustment at the informal hearing,
63 and another adjustment for his abatement. Mr. McKenney reported that the Assessors
64 do not feel Mr. Tremblay has met the burden of proof and that there was not sufficient
65 evidence submitted. Mr. McKenney asked if there were any questions of the Board.

66 Mr. Rindler asked about the physical inspection of the property, and the impression of
67 the neighboring house and the value of the applicant's property.

68 Ms. Fortier directed the Board to review the photos to understand the property. She
69 reviewed the photos with the views of the neighbor's house, and remaining photos of
70 the lot and views of the ocean.

71 Mr. Tremblay corrected that the ocean view was not affected by the neighbor's house,
72 but the privacy was the issue.

73 Mr. Rindler restated his question, asking the Assessor's if a neighbor's property affected
74 the value of an adjoining property. Mr. McKenney said that it can, but it is hard to prove
75 that with comparable sale data.

76 Mr. Rindler followed up with lot size questions, and the Tower Road comparables. He
77 asked if there is a value of privacy in appraising. Ms. Fortier replied it is a value of
78 opinion, and that the oceanfront factor is the value in the market. Discussion continued
79 regarding the comparables and the values of the lot size and privacy, noting that the
80 comparables have larger lots than the applicant. Mr. McKenney replied that an
81 adjustment was made in the condition factor for the applicant. This adjustment was
82 reviewed.

83 Mr. Rindler and Mr. Peirce asked again about the issue of privacy, and Mr. McKenney
84 replied that it is a hard factor to adjust for due to the market. Building restrictions were
85 discussed for the lot.

86 Mr. Peirce asked if the Town has any control over the orientation of a new home, and
87 Mr. McKenney replied that his opinion is that the Town would only oversee the setbacks
88 for the lot but not orientation. Ms. Collins agreed since the neighbor's home was able to
89 orient differently than the replaced building. Mr. Peirce asked Mr. Tremblay if the lack of
90 privacy was taken into account during the abatement and he replied no. Mr. Tremblay
91 continued to discuss the lack of privacy due to the neighbor's house.

92 Ms. Fortier continued the Assessors' presentations, stating that the backyard and lawn
93 was noted as exceptional. The lawn was described as level and exceptional. Ms. Fortier
94 reviewed the comparable properties and explained the reasoning for including them in
95 their analysis. The comparables that included homes that were torn down and rebuilt
96 were included to show the value of the land. Other comparables included waterfront
97 properties with homes on them. These comparables show that their assessment is in
98 line with the market value.

99 Mr. Rindler asked a question regarding the Pocahontas comp and the time adjustment
100 factor. Ms. Fortier reviewed the time adjustment since the property sold in 2019.

101 Mr. Peirce asked Mr. Tremblay about the leaning/unlevel floors in the sunroom. Mr.
102 Tremblay noted that the house would require extensive work to level the floors. Mr.
103 Peirce asked if the Assessors were informed of this and he was not sure. Roof sagging

104 was also discussed by Mr. Peirce and Mr. Tremblay. Ms. Fortier commented that she
105 did note some settling when she toured the property that is common of homes of that
106 age. The condition of the property was discussed in terms of assessing.

107 Chair Afienko asked if there were any other questions. There being none, the Board
108 closed the public hearing.

109 3. Deliberation

110 Mr. Peirce discussed that the Board has rules for what an applicant needs to do to
111 overturn an assessment. He explained that on the application it is suggested that an
112 outside appraisal with comparables is done, and that he has not done that. He has
113 provided opinions of value, but has not provided enough evidence. Mr. Peirce
114 sympathized with the situation since he bought the property a long time ago and the
115 taxes have increased since then. The right of way between the properties was briefly
116 discussed. Mr. Peirce does not feel a reduction is warranted unless the view and
117 privacy factor is not accounted for in the re-assessment and figured.

118 Mr. Rindler addressed the question of the neighbor's property affecting the value of the
119 applicants as a true and present issue. He disagreed with the Assessor's conclusion
120 that no evidence was given, and feels that the neighbor's new home could be a factor
121 and that the testimony of Mr. Tremblay is evidence as well as the photographs. Mr.
122 Rindler discussed the comparables and the lack of them addressing the issue of
123 privacy. He recommends that a further abatement of \$100,000 be given.

124 Mr. Peirce asked about the rental income he receives, and that it mitigates the issue
125 since the tenants tolerate the lack of privacy. Mr. Tremblay replied he has not raised the
126 rent amount since they are repeat tenants but he may see an adjustment from the short-
127 term renters this summer. Mr. Peirce remarked that if they made the adjustment due to
128 the neighbor's house, they would have to make that adjustment for everyone because
129 of the potential of "McMansions" anywhere.

130 Mr. Afienko expressed that he feels the assessment is accurate. There was a large
131 difference in the types of properties in the comparables, but not a large difference in the
132 assessment, showing the accuracy of the assessment.

133 Mr. Peirce asked the Assessors what they thought of another \$100,000 adjustment. Mr.
134 McKenney replied that if there had been an appraisal done, and the assessment is
135 within 10% of that appraisal, then the assessment is correct. Since there was no
136 appraisal done, they cannot determine if the \$100,000 adjustment is valid.

137 Ms. Collins reviewed that if the applicant has proven there has been overvaluation, then
138 they must also find evidence in the record of what the right value would be. It is on the
139 appellant to show what the right value should be.

140 Mr. Afienko concluded that based on the evidence it has not been proven that the
141 assessment is wrong. He explained that Mr. Tremblay could appeal to the Superior

142 Court within 60 days of this hearing. Mr. Afienko reviewed with Mr. Tremblay the
143 usefulness of an appraisal, and whether it is considered an opinion or evidence.

144 Mr. Tremblay confirmed for Ms. Collins that the taxes were paid for the property.

145 The Board took a recess at 7:12 PM, and reconvened at 7:20 PM.

146 Ms. Collins read the findings of fact and the Board discussed and voted for each one as
147 follows:

148 1. This appeal was timely filed and the appellant testified that the taxes have been
149 paid for the tax year. The appellant has not presented any comparables by which to
150 prove that the assessment is not in line with market value or to dispute the validity of
151 the comparables presented by the Assessor. 3-0

152 2. It is possible here that the neighboring home and resulting lack of privacy
153 negatively impacts the value. The photograph provided by Ms. Fortier is evidence of
154 this effect. The Assessors presented comparables which all have larger lots do not
155 address the issue of lack of privacy. However, the appellant did not present
156 evidence demonstrating true market effect of lack of privacy. 2-1

157 3. The Assessor has presented a range of comparables in the vicinity and there is no
158 demonstrated reason to believe that the adjustments made for difference in date of
159 sale, quality or size of lot, or quality or size of building are not reasonable. 2-1

160 4. The Assessor did grant a reduction in assessed valuation of \$69,300 to account
161 for limitation in utility based on the smaller lot size. The Assessor notes that the level
162 nature of the backyard going toward the water positively affects the value of the lot.
163 3-0

164 5. The comparative market analyses presented by the appellant which were
165 performed around August 2020 suggest a list price of \$900,000 to \$1,200,000.
166 These suggested prices are within close range of and not substantially lower than
167 the assessed valuation. 3-0

168 6. Because the appellant has not met his burden to present credible evidence to
169 prove that the assessed value of the property is manifestly wrong, the appeal is
170 hereby denied. 2-1

171 Ms. Collins corrected the record to state that the appellant could appeal this Board's
172 decision to the State of Maine Property Tax Review Board since the property is valued
173 at over \$1,000,000. He would have 60 days from the decision of the hearing, and would
174 be able to present new evidence to the State.

175 Mr. Afienko moved to approve the findings of fact as written, and deny the appeal. Mr.
176 Peirce seconded. The motion passed 2-1.

177 Mr. Peirce moved to authorize the Chair to sign a written notice of decision and findings.
178 Seconded by Mr. Rindler. The motion passed 3-0.

179 Mr. Afienko moved to adjourn the hearing 7:32 P.M., seconded by Mr. Rindler. The
180 motion passed 3-0.

181 4. Other Business

182 Approval of Minutes- May 5, 2021

183 Chair Afienko moved to approve the minutes as written. Seconded by Mr. Rindler.
184 Motion passed 3-0.

185 5. Adjournment

186 Mr. Rindler moved to adjourn the meeting at 7:34 PM.

Submitted by Carrie Varao on June 28, 2021.

Disclaimer: The following minutes constitute the author's understanding of the meeting. Whilst every effort has been made to ensure the accuracy of the information, the minutes are not intended as a verbatim transcript of comments at the meeting, but a summary of the discussion and actions that took place. For complete details, please refer to the video of the meeting on the Town of Kittery website.