



 CENTRAL APPRAISAL DISTRICT
REAPPRAISAL PLAN FOR
TAX YEARS 2007 & 2008
AS ADOPTED BY THE BOARD OF
DIRECTORS

September 15, 2006

This draft of a sample written reappraisal plan is to be used as a guide in preparing the 2007/2008 appraisal district plan. It is not intended to be copied and used “as is” as a final document. The use of this sample will require individual districts to customize this document to fit their appraisal practices and reappraisal cycle. Specific software vendors should be consulted regarding Information System requirements.

NOT A COMPLETE DOCUMENT

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EXECUTIVE SUMMARY

TAX CODE REQUIREMENT

Passage of S. B. 1652 amended the Tax Code to require a written biennial reappraisal plan. The following details the changes to the Tax Code:

The Written Plan

Section 6.05, Tax Code, is amended by adding Subsection (i) to read as follows:

- (i) To ensure adherence with generally accepted appraisal practices, the Board of directors of an appraisal district shall develop biennially a written plan for the periodic reappraisal of all property within the boundaries of the district according to the requirements of Section 25.18 and shall hold a public hearing to consider the proposed plan. Not later than the 10th day before the date of the hearing, the secretary of the board shall deliver to the presiding officer of the governing body of each taxing unit participating in the district a written notice of the date, time, and place of the hearing. Not later than September 15 of each even numbered year, the board shall complete its hearings, make any amendments, and by resolution finally approve the plan. Copies of the approved plan shall be distributed to the presiding officer of the governing body of each taxing unit participating in the district and to the comptroller within 60 days of the approval date.

Plan for Periodic Reappraisal

Subsections (a) and (b), Section 25.18, Tax Code, are amended to read as follows:

- (a) Each appraisal office shall implement the plan for periodic reappraisal of property approved by the board of directors under Section 6.05 (i).
- (b) The plan shall provide for the following reappraisal activities for all real and personal property in the district at least once every three years:
 - (1) Identifying properties to be appraised through physical inspection or by other reliable means of identification, including deeds or other legal documentation, aerial photographs, land-based photographs, surveys, maps, and property sketches;
 - (2) Identifying and updating relevant characteristics of each property

in the appraisal records;

- (3) Defining market areas in the district;
- (4) Identifying property characteristics that affect property value in each market area, including:
 - (A) The location and market area of the property;
 - (B) Physical attributes of property, such as size, age, and condition;
 - (C) Legal and economic attributes; and
 - (D) Easements, covenants, leases, reservations, contracts, declarations, special assessments, ordinances, or legal restrictions;
- (5) Developing an appraisal model that reflects the relationship among the property characteristics affecting value in each market area and determines the contribution of individual property characteristics;
- (6) Applying the conclusions reflected in the model to the characteristics of the properties being appraised; and
- (7) Reviewing the appraisal results to determine value.

REVALUATION DECISION (REAPPRAISAL CYCLE)

The __CAD by policy adopted by the (Chief Appraiser) (Board of Directors) reappraises all property in the district every (year) (__ years). The reappraisal year is a complete appraisal of all properties in the district. Tax year 2007 is (a reappraisal year) (not a reappraisal year) and tax year 2008 is (a reappraisal year) (not a reappraisal year).

REAPPRAISAL AND NON-REAPPRAISAL YEAR ACTIVITIES

1. Performance Analysis – the equalized values from the previous tax year are analyzed with ratio studies to determine the appraisal accuracy and appraisal uniformity overall and by market area within property reporting categories. Ratio studies are conducted in compliance with the current *Standard on Ratio Studies* of the International Association of Assessing Officers.

2. Analysis of Available Resources – staffing and budget requirements for tax year 2007 are detailed in the 2007 budget, as adopted by the board of directors and attached to the written biennial plan by reference. Existing appraisal practices, which are continued from year to year, are identified and methods utilized to keep these practices current are specified. Information Systems (IS) support is detailed with year specific functions identified and system upgrades scheduled. Existing maps and data requirements are specified and updates scheduled.
3. Planning and Organization – a calendar of key events with critical completion dates is prepared for each major work area. This calendar identifies all key events for appraisal, clerical, customer service, and information systems. A calendar is prepared for tax years 2007 and 2008. Production standards for field activities are calculated and incorporated in the planning and scheduling process.
4. Mass Appraisal System – Computer Assisted Mass Appraisal (CAMA) system revisions required are specified and scheduled with Information Systems. All computer forms and IS procedures are reviewed and revised as required.
5. Data Collection Requirements – field and office procedures are reviewed and revised as required for data collection. Activities scheduled for each tax year include new construction, demolition, remodeling, re-inspection of problematic market areas, re-inspection of the universe of properties on a specific cycle (4 – 6 years), and field or office verification of sales data and property characteristics.
6. Pilot study by tax year – new and/or revised mass appraisal models are tested each tax year. Ratio studies, by market area, are conducted on proposed values each tax year. Proposed values on each category are tested for accuracy and reliability in randomly selected market areas.
7. Valuation by tax year – using market analysis of comparable sales and locally tested cost data, valuation models are specified and calibrated in compliance with supplemental standards from the International Association of Assessing Officers and the Uniform Standards of Professional Appraisal Practice. The calculated values are tested for accuracy and uniformity using ratio studies.
8. The Mass Appraisal Report – each tax year the tax code required Mass Appraisal Report is prepared and certified by the Chief Appraiser at the conclusion of the appraisal phase of the ad valorem tax calendar (on or about May 15th). The Mass Appraisal Report is completed in compliance with STANDARD RULE 6 – 8 of the *Uniform Standards of Professional Appraisal Practice*. The signed certification by the Chief Appraiser is

compliant with STANDARD RULE 6 – 9 of *USPAP*. This written reappraisal plan is attached to the report by reference.

9. Value defense – evidence to be used by the appraisal district to meet its burden of proof for market value and equity in both informal and formal appraisal review board hearings is specified and tested.

REVALUATION DECISION

The _____ CAD by policy adopted by the (Chief Appraiser) (Board of Directors) reappraises all property in the district every (year) (____ years). The reappraisal year is a complete appraisal of all properties in the district. The non-reappraisal year is used to pick up new construction, adjust for changes in property characteristics that affect value, and adjust previous year values for equalization.

TAX YEAR 2007

Tax year 2007 is (a reappraisal year) (not a reappraisal year).

TAX YEAR 2008

Tax year 2008 is (a reappraisal year) (not a reappraisal year).

PERFORMANCE ANALYSIS

In each tax year 2007 and 2008 the previous tax year's equalized values are analyzed with ratio studies to determine appraisal accuracy and appraisal uniformity overall and by market area within state property reporting categories. Ratio studies are conducted in compliance with the current *Standard on Ratio Studies* from the International Association of Assessing Officers. Mean, median, and weighted mean ratios are calculated for properties in each reporting category to measure the level of appraisal (appraisal accuracy). The mean ratio is calculated in each market area to indicate the level of appraisal (appraisal accuracy) by property reporting category. In (2007) (2008), the reappraisal year this analysis is used to develop the starting point for establishing the level and accuracy of appraisal performance. In (2007) (2008), the non-reappraisal year this analysis is used to indicate the uniformity or equity of existing appraisals.

ANALYSIS OF AVAILABLE RESOURCES

Staffing and budget requirements for tax year 2007 are detailed in the 2007 appraisal district budget, as adopted by the board of directors and attached to the written biennial plan by reference. This reappraisal plan is adjusted to reflect the available staffing in tax year 2007 and the anticipated staffing for tax year 2008. Staffing will impact the cycle of real property re-inspection and personal property on-site review that can be accomplished in the 2007 – 2008 time period.

Existing appraisal practices, which are continued from year to year, are identified and methods utilized to keep these practices current are specified. In, the reappraisal year, real property appraisal depreciation tables and cost new tables are tested against verified sales data to ensure they represent current market data. The cap rate study by commercial real property type is updated from current market data and market rents are reviewed and updated from local published data. Personal property density schedules are tested and analyzed based on rendition and prior year hearing documentation.

Information Systems (IS) support is detailed with year specific functions identified and system upgrades scheduled. Computer generated forms are reviewed for revisions based on year and reappraisal status. Legislative changes are scheduled for completion and testing. Existing maps and data requirements are specified and updates scheduled.

PLANNING AND ORGANIZATION

A calendar of key events with critical completion dates is prepared for each major work area. This calendar identifies all key events for appraisal, clerical, customer service, and information systems. A separate calendar is prepared for tax years 2007 and 2008. Production standards for field activities are calculated and incorporated in the planning and scheduling process. *Note: field related activities are specified in larger appraisal districts separately while smaller districts typically have consolidated field activities.*

2007 CALENDAR OF KEY EVENTS

2008 CALENDAR OF KEY EVENTS

MASS APPRAISAL SYSTEM

Computer Assisted Mass Appraisal (CAMA) system revisions are specified and scheduled with Information Systems. All computer forms and IS procedures are reviewed and revised as required. The following details these procedures as it relates the 2007 and 2008 tax years:

REAL PROPERTY VALUATION

Revisions to cost models, income models, and market models are specified, updated and tested each tax year.

Cost schedules are tested with market data (sales) to insure that the appraisal district is in compliance with Texas Property Tax Code, Section 23.011. Replacement cost new tables as well as depreciation tables are tested for accuracy and uniformity using ratio study tools and compared with cost data from recognized industry leaders, such as Marshall & Swift.

Land tables are updated using current market data (sales) and then tested with ratio study tools. Value modifiers are developed for property categories by market area and tested on a pilot basis with ratio study tools.

Income, expense, and occupancy data is updated in the income models for each market area and cap rate studies are completed using current sales data. The resulting models are tested using ratio study tools.

PERSONAL PROPERTY VALUATION

Density schedules are updated using data received during the previous tax year from renditions and hearing documentation. Valuation procedures are reviewed, modified as needed and tested.

NOTICING PROCESS

25.19-appraisal notice forms are reviewed and edited for updates and changes signed off on by appraisal district management. Updates include the latest copy of Comptrollers *Taxpayers rights, remedies, and responsibilities*.

HEARING PROCESS

Protest hearing scheduling for informal and formal Appraisal Review Board hearings is reviewed and updated as required. Standards of documentation are reviewed and amended as required. The appraisal district hearing documentation is reviewed and

updated to reflect the current valuation process. Production of documentation is tested and compliance with HB 201 is insured.

DATA COLLECTION REQUIREMENTS

Field and office procedures are reviewed and revised as required for data collection. Activities scheduled for each tax year include new construction, demolition, remodeling, re-inspection of problematic market areas, and re-inspection of the universe of properties on a specific cycle (4-6 years).

NEW CONSTRUCTION /DEMOLITION

New construction field and office review procedures are identified and revised as required. Field production standards are established and procedures for monitoring tested. Source of building permits is confirmed and system input procedures are identified. Process of verifying demolition of improvements is specified. This critical annual activity is projected and entered on the key events calendar for each tax year.

REMODELING

Market areas with extensive improvement remodeling are identified, verified and field activities scheduled to update property characteristic data. Updates to valuation procedures are tested with ratio studies before finalized in the valuation modeling. This field activity when entered in the key events calendar must be monitored carefully.

RE-INSPECTION OF PROBLEMATIC MARKET AREAS

Real property market areas, by property classification, are tested for: low or high protest volumes; low or high sales ratios; or high coefficient of dispersion. Market areas that fail any or all of these tests are determined to be problematic. Field reviews are scheduled to verify and/or correct property characteristic data. Additional sales data is researched and verified. In the absence of adequate market data, neighborhood delineation is verified and neighborhood clusters are identified.

RE-INSPECTION OF THE UNIVERSE OF PROPERTIES

The International Association of Assessing Officers, *Standard on Mass Appraisal of Real Property* specifies that the universe of properties should be re-inspected on a cycle of 4-6 years. The re-inspection includes the re-measurement of at least two sides of each improved property. The annual re-inspection requirements for tax year's 2007 and 2008 are identified by property type and property classification and scheduled on the key events calendar.

FIELD OR OFFICE VERIFICATION OF SALES DATA AND PROPERTY CHARACTERISTICS

Sales information must be verified and property characteristic data contemporaneous with the date of sale captured. The sales ratio tools require that the property that sold must equal the property appraised in order that statistical analysis results will be valid.

PILOT STUDY

New and/or revised mass appraisal models are tested on randomly selected market areas. These modeling tests (sales ratio studies) are conducted each tax year. Actual test results are compared with anticipated results and those models not performing satisfactorily are refined and retested. The procedures used for model specification and model calibration are in compliance with *Uniform Standards of Professional Appraisal Practice*, STANDARD RULE 6.

VALUATION BY TAX YEAR

Valuation by tax year – using market analysis of comparable sales and locally tested cost data, market area specific income and expense data, valuation models are specified and calibrated in compliance with the supplemental standards from the International Association of Assessing Officers and the *Uniform Standards of Professional Appraisal Practice*. The calculated values are tested for accuracy and uniformity using ratio studies. Performance standards are those as established by the *IAAO Standard on Ratio Studies*. Property values in all market areas are updated each reappraisal year. Properties in selected market areas are updated in non-reappraisal years. Tax year 2007 (is) (is not) a reappraisal year. Tax year 2008 (is) (is not) a reappraisal year. *NOTE: Each district will describe its valuation methods by property type.*

RESIDENTIAL REAL PROPERTY

SALES COMPARISON APPROACH TO VALUE

COST APPROACH TO VALUE

INCOME APPROACH TO VALUE

SPECIAL INVENTORY RESIDENTIAL PROPERTY

SALES COMPARISON APPROACH TO VALUE

COST APPROACH TO VALUE

INCOME APPROACH TO VALUE

MULTIFAMILY RESIDENTIAL PROPERTY

SALES COMPARISON APPROACH TO VALUE

COST APPROACH TO VALUE

INCOME APPROACH TO VALUE

COMMERCIAL REAL PROPERTY

SALES COMPARISON APPROACH TO VALUE

COST APPROACH TO VALUE

INCOME APPROACH TO VALUE

VACANT REAL PROPERTY

SALES COMPARISON APPROACH TO VALUE

COST APPROACH TO VALUE

INCOME APPROACH TO VALUE

INDUSTRIAL REAL PROPERTY

SALES COMPARISON APPROACH TO VALUE

COST APPROACH TO VALUE

INCOME APPROACH TO VALUE

UTILITIES

SALES COMPARISON APPROACH TO VALUE

COST APPROACH TO VALUE

INCOME APPROACH TO VALUE

MINERAL INTEREST

SALES COMPARISON APPROACH TO VALUE

COST APPROACH TO VALUE

INCOME APPROACH TO VALUE

SPECIAL VALUATION PROPERTIES

AGRICULTURAL USE

WILDLIFE MANAGEMENT

TIMBER USE

BUSINESS TANGIBLE PERSONAL PROPERTY

SALES COMPARISON APPROACH TO VALUE

COST APPROACH TO VALUE

INCOME APPROACH TO VALUE

INDUSTRIAL TANGIBLE PERSONAL PROPERTY

SALES COMPARISON APPROACH TO VALUE

COST APPROACH TO VALUE

INCOME APPROACH TO VALUE

THE MASS APPRAISAL REPORT

Each tax year the tax code required Mass Appraisal Report is prepared and certified by the Chief Appraiser at the conclusion of the appraisal phase of the ad valorem tax calendar (on or about May 15th). The Mass Appraisal Report is completed in compliance with STANDARD RULE 6-8 of the *Uniform Standards of Professional Appraisal Practice*. The signed certification by the Chief Appraiser is compliant with STANDARD RULE 6-9 of *USPAP*. This written reappraisal plan is attached to the Mass Appraisal Report by reference.

VALUE DEFENSE

Evidence to be used by the appraisal district to meet its burden of proof for market value and equity in both informal and formal appraisal review board hearings is specified and tested. *Note: Each appraisal district identifies the evidence to be used in informal and formal hearings by property type and the steps to be taken to insure compliance with HB 201.*

RESIDENTIAL PROPERTY

SPECIAL INVENTORY RESIDENTIAL PROPERTY

MUTIFAMILY RESIDENTIAL PROPERTY

COMMERCIAL REAL PROPERTY

VACANT REAL PROPERTY

INDUSTRIAL REAL PROPERTY

UTILITIES

MINERAL INTEREST

SPECIAL VALUATION PROPERTIES

BUSINESS TANGIBLE PERSONAL PROPERTY

INDUSTRIAL TANGIBLE PERSONAL PROPERTY