

The Mass Appraisal Report

Wood County Appraisal District 2019-2020 Mass Appraisal Report

INTRODUCTION:

Scope of Responsibility

The Wood Central Appraisal District has prepared and published this report to provide our citizens and taxpayers with a better understanding of the district's responsibilities and activities. This report has several parts: a general introduction and then several sections describing the appraisal effort by the appraisal district.

The Wood Central Appraisal District (CAD) is a political subdivision of the State of Texas created effective January 1, 1980. The provisions of the Texas Property Tax Code govern the legal, statutory, and administrative requirements of the appraisal district. A member board of directors, appointed by the taxing units within the boundaries of Wood County, constitutes the district's governing body. The chief appraiser, appointed by the board of directors, is the chief administrator and chief executive officer of the appraisal district.

The appraisal district is responsible for the local property tax appraisal and exemption administration for 20 jurisdictions or taxing units in the county. Each taxing unit, such as the county, a city, school district, municipal utility district, etc., sets its own tax rate to generate revenue to pay for such things as police and fire protection, public schools, road and street maintenance, courts, water and sewer systems, and other public services. Appraisals established by the appraisal district allocate the year's tax burden on the basis of each taxable property's January 1st MARKET VALUE. We also determine eligibility for various types of property tax exemptions such as those for homeowners, the elderly, disabled veterans, and charitable and religious organizations.

Except as otherwise provided by the Property Tax Code, all taxable property is appraised at its "market value" as of January 1st. Under the tax code, "market value" means the price at which a property would transfer for cash or its equivalent under prevailing market conditions if:

1. Exposed for sale in the open market with a reasonable time for the seller to find a purchaser;
2. Both the seller and the buyer know of all the uses and purposes to which the property is adapted and for which it is capable of being used and of the enforceable restrictions on its use, and;

3. Both the seller and buyer seek to maximize their gains and neither is in a position to take advantage of the exigencies of the other.

The Property Tax Code defines special appraisal provisions for the valuation of residential homestead property (23.23), productivity (Sec. 23.41), real property inventory (Sec 23.12), dealer inventory, (Sec. 23.121, 23.124, 23.1241 and 23.127,) nominal (Sec 23.18) or restricted use properties (Sec. 23.83) and allocation of interstate property (Sec. 23.03). The owner of real property inventory may elect to have the inventory appraised at its market value as of September 1st of the year preceding the tax year to which the appraisal applies by filing an application with the chief appraiser requesting that the inventory be appraised as of September 1st.

The Texas Property Tax Code under Sec. 25.18, requires each appraisal office to implement a written plan to update appraised values for real property and personal property at least once every three years. The written plan is adopted by the appraisal district's board of directors as required by section 6.05, Texas Property Tax Code. The approved written plan for this tax year is included as an attachment to the report and can be found in the addenda Section at the end of this mass appraisal report. The district's current policy is to conduct a general reappraisal of real property every year. Appraisal values are reviewed annually and are subject to change for purpose of equalization. Personal property is also appraised every year.

The district follows the standards of the International Association of Assessing Officers (IAAO) regarding its appraisal practices and

procedures, and subscribes to the standards promulgated by the Appraisal Foundation known as the Uniform Standards of Professional Appraisal Practice (USPAP) to the extent they are applicable. In cases where the appraisal districts contracts for professional valuation services, the contract that is entered into by each appraisal firm requires adherence to similar professional standards.

10. Value Defense

A. Informal Appeals—Informal appeals will be held at the Wood Central Appraisal District offices beginning with the mailing of the Notice of Appraised Value. Each appraiser will have the evidence, the schedules and notes made during the scheduling process.

To the best of our abilities, we will explain to the taxpayer how we arrived at the values. At all times employees will strive to attain the highest regard and respect for the taxpayer.

The appraisers may ask the property owners to bring pictures, estimates of repairs, comparable sales, listing prices of homes in the area or anything that might benefit the property owner in an informal hearing.

B Formal Appeals—If after the informal appeals the property owner is not satisfied with the appraisal of his/her properties they may file a written protest notice to appeal to the appraisal review board or may request their hearing be conducted by an arbitrator

chosen by the Comptrollers' Property Tax Division. This process also requires written appeal.

The property owner will be mailed a time and date to appear before the appraisal review board. This notice of time and date will be at least 15 days prior to the hearing date. The taxpayer may waive the 15 day notice.

If the taxpayer appeals to and arbitrator, the arbitrator will contact the property owner and the appraisal district of the time, date and location of the hearing.

C. Burden of proof evidence for market value and equity.—The Texas Property Tax Code places the burden of proof on the appraisal district. The property owner, by request, shall be provided all evidence the appraisal district will use for their hearing.

Wood County Appraisal District

2019-2020

Summary Report

Standard 6

In developing a mass appraisal, an appraiser must be aware of, understand, and correctly employ those generally accepted methods and techniques necessary to produce and communicate credible appraisals.

STANDARD 6 is directed toward the aspect of developing and communicating competent analysis, opinions, and conclusions in the appraisal of a universe of properties. Mass appraisals are used primarily for the purpose of ad valorem taxation. The reporting and jurisdictional exceptions applicable to public mass appraisals prepared for purposes of ad valorem taxation do not apply to mass appraisals prepared for other purposes.

Mass appraisals can be prepared with or without computer assistance and are often developed by teams of people. The validity of mass appraisal conclusions is frequently tested or contested by single-property appraisals. In the context of STANDARD 6, the terms appraisal and mass appraisal both refer to the appraisal of a universe of properties, whether real property, personal property, or both.

The JURISDICTIONAL EXCEPTION may apply to several sections of STANDARD 6 because ad valorem tax administration is subject to various state, county and municipal laws.

Standards Rule 6-1

In developing a mass appraisal, an appraiser must:

(a) be aware of, understand, and correctly employ those generally accepted methods and techniques necessary to produce a credible appraisal;

Mass appraisal uses:

1. Division of tasks-appraisals begin with the field appraisers locating properties. Improvements, if any, are measured to determine the square footage of amenities such as living area, carports, porches, decks, etc. The appraiser must then determine the class for the improvement and make a judgment on the amount of value lost to depreciation.
2. Standardized data collection and analysis-a common set of data characteristics for each residential dwelling in Wood County is collected in the field and data entered to the WCAD mainframe computer. The property characteristic data drives the computer-assisted mass appraisal approach to valuation.
3. Properly specified and calibrated valuation models; and

4. Standards and measurements of the accuracy of the data collected and values produced.--the valuation models were extracted using the comparable classification examples in the Marshall & Swift Residential handbook. Sales of vacant land were used to determine either a square foot or an acreage value. The M & S handbook was used to determine the cost to build using the area modifier of Tyler, Texas. Once the cost to build schedules were determined they were compared and refined to an existing number of samples to determine their accuracy. A sales ratio report was completed during each step of the process for accuracy. The worksheets and ratio studies can be found in the Wood County Appraisal District manual titled Summary, Maps and Pricing Information.

Rule 6-1 recognizes that the principle of change continues to affect the manner in which appraiser perform mass appraisals. Changes and developments in the real estate field have a substantial impact on the appraisal profession. Revisions in appraisal theory and practice result from changes in the cost and manner of constructing and marketing commercial, industrial, residential, and other types of real estate; changes in the legal framework in which real property rights and interests are created, conveyed, mortgaged, and taxed; corresponding changes in appraisal theory and practice; and, social and economic changes.

The appraisal profession is constantly reviewing and revising appraisal methods and techniques and devising new methods and techniques to meet new circumstances. Mass appraisers must continuously improve their skills to remain proficient.

(b) must not commit a substantial error of omission or commission that significantly affects an appraisal--In performing appraisal services an appraiser must be certain that the gathering of factual information is conducted in a manner that is sufficiently diligent to ensure that the data that would have a material or significant effect on the resulting opinions or conclusions are considered. An appraiser must use sufficient care in analyzing such data to avoid errors that would significantly affect his or her opinions and conclusions.

(c) must not render a mass appraisal in a careless or negligent manner-Perfection is impossible to attain and competence does not require perfection. However, an appraiser must not render an appraisal in a careless or negligent manner. This rule requires an appraiser to use due diligence and due care. The fact that carelessness or negligence of an appraiser has not caused an error that significantly affects his or her opinions or conclusions and thereby seriously harms a client or a third party does not excuse such carelessness or negligence.

Standards Rule 6-2

In developing a mass appraisal, an appraiser must observe the following specific appraisal guidelines:

(a) consider the purpose and intended use of the appraisal-While identification of the client's intended use of an appraisal, consulting, or review report is also a business concern, this activity is an essential step to be taken by an appraiser in performing professional appraisal, consulting, or review services.

Although an appraiser bound by USPAP must identify and consider the client's intended use of the appraiser's report appraisal, consulting, or review opinions and conclusions, an appraiser must not allow a client's intended use or the requirements of any user of the report to affect the appraiser's independence and objectivity in performing an assignment. An appraiser must not allow a client's objectives to cause the analysis or report to be biased.**Additional information can be found on Page 87 of USPAP 1998 Edition in Statement On Appraisal Standards No. 9.

(b) identify any special limiting conditions-Expenditure levels for assessment administration are a function of a number of factors. Fiscal constraints may impact data completeness and accuracy, valuation methods, and valuation accuracy. While appraisers should seek adequate funding and disclose the impact of fiscal constraints on the mass appraisal process, they are not responsible for constraints beyond their control.

(c) identify the effective date of the appraisal-The effective date for the appraisal of property for ad valorem purposes is January 1 unless otherwise specified in the Property Tax Code.

(d) define the value being considered; if the value to be estimated is market value, the appraiser must clearly indicate whether the estimate is the most probable price:

(i) in terms of cash

(ii) in terms of financial arrangements equivalent to cash; or

(iii) in such other terms as may be precisely defined; if an estimate of value is based on below market financing or financing with unusual conditions or incentives, the terms of such financing must be clearly set forth, their contributions to or negative influence on value must be described and estimated, and the market data supporting the valuation estimate must be described and explained.

(e) identify the real estate and personal property, as applicable-- The universe of properties should be identified in general terms and each individual property in the universe should be identified with the information on its identity stored or referenced in its property record.

(f) in appraising real property:

(i) identify and consider any personal property, trade fixtures, or intangible items that are not real property but are included in the appraisal--This guideline requires the appraiser to recognize the inclusion of items that are not real property in the overall value estimate. Expertise in personal property or business appraisal may be required to allocate each overall value to its various components. Separate valuation of such items is required when they are significant to the overall value.

(ii) consider whether an appraised physical segment contributes pro rata to the value of the whole--This guideline does not require the appraiser to value the whole when the subject of the appraisal is a fractional interest or a partial holding. However, if the value of the whole is not considered, the

appraisal must clearly reflect that the value of the property being appraised cannot be used to estimate the value of the whole by mathematical extension.

(g) identify the property interest--

(i) consider known easements, restrictions, encumbrances, leases, reservations, covenants, contracts, declarations, special assessments, ordinances, or other items of similar nature.

(ii) consider whether an appraised fractional interest or partial holding contributes pro rata to the value of the whole.

This guideline does not require the appraiser to value the whole when the subject of the appraisal is a fractional interest or a partial holding. However, if the value of the whole is not considered, the appraisal must clearly reflect that the value of the property being appraised cannot be used to estimate the value of the whole by mathematical extension

(h) in appraising real property, consider the effect on use and value of the following factors: existing land use regulations, reasonably probable modifications of such regulations, economic supply and demand, the physical adaptability of the property, neighborhood trends, and the highest and best use of the property. This guideline sets forth a list of factors that affect use and value. In considering neighborhood trends, an appraiser must avoid stereotyped or biased assumptions relating to race, age, color, gender, or national origin or an assumption that race,

ethnic, or religious homogeneity is necessary to maximize value in a neighborhood. Further, an appraiser must avoid making an unsupported assumption or premise about neighborhood decline, effective age,

and remaining life. In considering highest and best use, an appraiser should develop the concept to the extent required for a proper solution of the appraisal problem.

(i) recognize that land is appraised as though vacant and available for development to its highest and best use and that the appraisal of improvements is based on their actual contribution to the site

Standards Rule 6-3

In developing a mass appraisal, an appraiser must:

(a) identify and consider the appropriate procedures and market information required to perform the appraisal, including all physical, functional, and external market factors as they may affect the appraisal--This customarily includes the development of standardized data collection forms, procedures, and training materials which are used uniformly on the universe of properties under consideration.

(b) employ generally accepted techniques for specifying property valuation models--Mass appraisers must develop mathematical models that, with reasonable accuracy, represent the relationship between property value and supply and demand factors, as

represented by quantitative and qualitative property characteristics. The models may be specified using the cost, sales comparison or income approaches to value. The appropriate approaches should be used in appraising a class of properties. The concepts of accepted techniques apply to both real and personal property valuation models.

(c) employ generally accepted techniques for calibrating mass appraisal models-calibration refers to the process of analyzing sets of property and market data to determine the specific parameters of a model. The table entries in a cost manual are examples of calibrated parameters, as well as the coefficients in a linear or non linear model. Models should be calibrated using generally accepted techniques, including, but not limited to, multiple linear regression, non linear regression and adaptive estimation.

Standards Rule 6-4

In developing a mass appraisal, an appraiser must observe the following specific appraisal guidelines, when applicable:

- (a) collect, verify, analyze and reconcile such data as are necessary and appropriate to:
- (i) estimate cost new of the improvements;
 - (ii) estimate accrued depreciation;
 - (iii) estimate value by sales of comparable properties;
 - (iv) estimate value by capitalization of income.

This rule requires appraisers engaged in mass appraisal to take reasonable steps to ensure that the quantity and quality of the factual data that are collected are sufficient to produce credible appraisals. For real property, systems for routinely collecting and maintaining ownership, geographic, sales, income and expense, cost, and property characteristics data

should be established. These systems are in place at the WCAD. Geographic data should be contained in a complete set of maps compiled according to current standards of detail and accuracy. Sale data is collected by sending a sale survey to the new owner and seller on, or about, the first day of each month. The sales from the Multiple Listing Service (MLS) is reviewed quarterly.

(b) base projections of future rental rates, expenses, interest rates, capitalization rates, and vacancy rates on reasonable and appropriate evidence. This guideline requires an appraiser, in developing income and expense statements and cash flow projections, to weigh historical information and trends, current market factors affecting such trends, and reasonably anticipated events, such as competition from developments either planned or under construction.

(c) consider and analyze terms and conditions of any available leases.

(d) consider the need for and extent of any physical inspection.

Standards Rule 6-5

In applying a calibrated mass appraisal model an appraiser must:

(a) value improved parcels by accepted methods or techniques based on the cost approach, the sales comparison approach, and income approach, as applicable:

(b) value sites by generally accepted methods or techniques; such techniques include but are not limited to the sales comparison approach, allocation method, abstraction method, capitalization of ground rent and land residual technique;

(c) when estimating the value of a leased fee estate or a leasehold estate, consider and analyze the effect on value the terms and conditions of the lease--in ad valorem taxation the appraiser may be required by rules or law to appraise the property in fee simple, as though unencumbered by existing leases.

(d) consider and analyze the effect on value, if any, of the assemblage of the various parcels, divided interests, or component parts of a property; the value of the whole should not be estimated by adding together the individual values of the various parcels, divided interests or component parts -when the value of the whole has been established and the appraiser seeks to estimate the value of a part, the value of any such part must be tested by reference to appropriate market data and supported by an appropriate analysis of such data.

(e) consider and analyze the effect on value of anticipated public or private improvements, located on or off the site, to the extent that market actions reflect such anticipated improvements as of the effective appraisal date; appraised proposed improvements only after examining and having available for future examination;

(i) plans, specifications, or other documentation sufficient to identify the scope and character of the proposed improvements;

(ii) evidence indicating the probable time of completion of the proposed improvements; and

(iii) reasonably clear and appropriate evidence supporting development costs, anticipated earnings, occupancy projections and the anticipated competition at the time of the completion.

Proposed improvements are not appraised for ad valorem tax purposes. Appraisers are sometimes asked to provide estimates of value of proposed improvements so that developers can estimate future property tax burdens.

Standards Rule 6-6

In reconciling a mass appraisal an appraiser must:

(a) consider and reconcile the quality and quantity of data available and analyzed within the approaches used and the applicability or suitability of the approaches used.

(b) employ generally accepted mass appraisal testing procedures and techniques to ensure that standard of accuracy are maintained.

It is implicit in mass appraisal that, even when properly specified and calibrated mass appraisal models are used, some individual value estimates will not meet standards of reasonableness, consistency, and accuracy. Appraisers engaged in mass appraisal have a professional responsibility to ensure that, on an overall basis, models produce value estimates that meet attainable standards of accuracy. This responsibility requires appraisers to evaluate the performance of models, using techniques including, but not limited to, goodness of fit statistics, hold out samples, analysis of residuals, and appraisal to sale ratio data.

Standards 6-7

In written summary report of a mass appraisal for ad valorem taxation or a written report of a mass appraisal for any other purpose should clearly communicate the elements, result, opinions, and value conclusions of the appraisal.

Documentation for a mass appraisal for ad valorem taxation may be in the form of (1) property records, (2) reports, (3) manuals, (4) regulations, (5) statutes, and (6) other acceptable forms.

Each written report of a mass appraisal for any purpose other than ad valorem taxation must:

(a). clearly and accurately set forth the appraisal in a manner that will not be misleading;

(b). contain sufficient information to enable the intended users of the appraisal to understand the report properly;

(c). clearly and accurately disclose any extraordinary assumptions, hypothetical conditions, or limiting conditions that directly affects the appraisal and indicate its impact on value.

Furthermore, each written report of a mass appraisal for any purpose other than for ad valorem taxation, and, when provided, a written summary report of a mass appraisal for ad valorem taxation must:

(a). state the purpose and intended use of the appraisal;

(b). disclose any assumptions or limiting conditions that result in deviation from generally accepted methods and techniques or that affect analyses, opinions, and conclusions;

Comment: One limiting condition that must be disclosed is whether or not any physical inspection was made.

(c). set for the effective date of the appraisal;

Comment: In ad valorem taxation the effective date of the appraisal may be prescribed by law. If no effective date is prescribed by law, the effective date of the appraisal, if not stated, is presumed to be contemporaneous with the data and appraisal conclusions.

(d). define the value;

(e). identify the properties appraised including the property rights;

Comment: The report should document the sources for locating, describing, and listing the property. When applicable, included references to legal descriptions, addresses, parcel identifiers, photos, and building sketches. In mass appraisal this information is often included in property records. When the property right to be appraised are specified in a statute or court ruling, the law should be referenced.

(f). describe and justify the model specification(s) considered, data requirements, and the models chosen;

Comments: The user and affected parties must have confidence that the process and procedures used conform to accepted methods and result in credible value estimates. In the case of mass appraisal for ad valorem taxation, stability and accuracy are important to the credibility of value opinions. The summary report should include a discussion of the rationale for each model, the calibration techniques to be used, and the performance measures to be used.

(g). describe the procedure for collecting, validating, and reporting data;

Comment: The summary report should describe the sources of data and the data collection and validation processes. Reference to detailed data collection manuals should be made, including where they may be found for inspection.

(h). describe calibration methods considered and chosen, including the mathematical form of the final model(s); describe how value estimates are reviewed; and, if necessary, describe the availability of individual value estimates.

(i). in the case of real property, discuss how highest and best use was determined;

Comment: The mass appraisal summary report should reference case law, statute, or public policy that describes highest and best-use requirements. When actual use is the requirement,

the report should discuss how use-value opinions were developed.

(j). identify the appraisal performance tests used and set forth the performance measures attained.

(k). provide any additional information necessary to explain the appraisal, more fully, including departures permitted by the DEPARTURE RULE; and

(l). contain a signed certification by the appraiser in a manner consistent with applicable laws, rules, or regulations and generally accepted appraisal practices for mass appraisals prepared for ad valorem taxation; and, for mass appraisals prepared for other purposes, contain a signed certification in accordance with Standards Rule 6-8.

Standards Rule 6-8 (This Standard Rule contains binding requirements from which departure is not permitted.)

Each written mass appraisal for purpose other than ad valorem taxation must

contain a signed certification that is similar in content to the following form:

I certify that, to the best of my knowledge and belief:

* the statements of fact contained in this report are true and correct.

* the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.

* I have no (or the specified) present or prospective interest in the property that is the subject of this report, and I have no (or the specified) personal interest with respect to the parties involved.

* I have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment.

* my compensation for completing this assignment is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

* my analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.

* I have (or have not) made a personal inspection of the property that is the subject of this report. (If more than one person signs the report, this certification must clearly specify which individuals did and which individuals did not make a personal inspection of the appraised property.)

* no one provided significant professional assistance to the person signing this report. (if there are exceptions, the name of each individual providing significant professional assistance must be stated.)