



UVALDE COUNTY APPRAISAL DISTRICT

HOW RESIDENTIAL PROPERTY IS APPRAISED



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ROBERTO VALDEZ, CHIEF APPRAISER
209 NORTH HIGH ST
UVALDE, TX 78801

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The purpose of the following informational document is to help taxpayers understand how residential property is appraised. After reviewing the information, we hope that you will understand the assessment process, and the District's appraisal methodology in following the provisions of the Texas Property Tax Code (TPTC).

The Appraisal District's role in the assessment process, is to appraise property within its jurisdiction at a fair, equal and uniform market value, as of January 1 of each year. Appraisal Districts use mass appraisal techniques to appraise properties efficiently and equitably.

There are three (3) different approaches to value in appraisals: The Market (Sales) Approach, Cost and Income.

Market Value

TPTC requires that all taxable property be appraised at its "market value" as of January 1st of that tax year, and defines it as:

"The price at which a property would transfer for cash under prevailing market conditions if: (A) exposed for sale in the open market with a reasonable amount of time. (b) both the seller and the purchaser know of all the uses and purposes to which the land is adapted and for which it is capable of being used (C) both the seller and purchaser seek to maximize their gains and neither is in a position to take advantage of the other".

*If market conditions are approximately calculated and not changed significantly, a comparable property should sell at a similar price.

Mass Appraisal

The District uses a technique known as "Mass Appraisal" as a standard method to appraise all taxable properties at a fair market value as of January 1st of each year. Mass Appraisal is defined by the International Association of Assessing Officers (IAAO) as: "*The process of valuing a group of properties as of a given date, using standard methods, employing common data, and allowing for statistical testing*".

A mass appraisal system, as established by IAAO, has three (3) main functions; *reappraisal, data maintenance, and value updates*.

Reappraisal process consists of planning and organizing, analyzing current procedures and resources, data collection, and ratio studies.

Data maintenance is the process of capturing, and valuing new construction, new subdivisions, and any changes to existing properties by periodic re-inspections of all properties to verify and re-evaluate their characteristics.

Value updates is the practice of applying annual adjustments to all properties using trending factors based on market analysis. Standardized adjustments typically apply among classes, construction types, neighborhoods, and other property groups

What is Residential Property?

“Residential Property” as defined by IAAO, is “*Real property that might be vacant land or an improved parcel of land devoted to or available for residential use*”. Residential properties are typically zoned for residential use, but can also be found in rural areas.

Inspection and Review of Properties

Appraisal of all Residential Properties are conducted at least once every three years per Sec.25.18(b) of the TPTC. Property appraisals are conducted through physical inspections, including, but not limited to deeds, other legal documentation, aerial photography, satellite imagery, surveys, maps, and property sketches. Property appraisal values are determined by the location of a property, economic influences, and/or physical attributes. Property records are updated to reflect any relevant change of characteristics such as size (sq. ft.), type, quality of construction, condition (depreciation) and any other factors identified by the appraiser.

Cost Approach

This approach values properties based on the estimated cost of replacing that property. This approach derives a “Replacement Cost New Minus Depreciation” (RCNLD) using current cost data from reliable sources (Valuation Guides) that are placed in cost tables and depreciation tables. The cost approach is best used for unique properties where there are no sales and there is no income being derived from the property.

Income Approach

This concept values properties based on their ability to generate Lease or Rental income. It is the the most meaningful value indicator for income producing properties (apartments, hotels/motels, office, other commercial buildings, etc.).