

Liberty County Appraisal District Mass Appraisal

Appraisal is an opinion and estimate of value based upon the integrity and competence of the appraiser using systematic and logical analysis of data available.

Fee appraisal is defined as an appraisal of properties one at a time for pay (fee). A fee appraisal requires the use of comparable sales which are similar to the subject property. For a valuation analysis of a single subject property, as of a given date, sales are identified that best represent the subject property. An example of this is a fee appraisal based on comparable sales that is typically required by the bank when a homeowner refinances his loan.

Mass appraisal as defined by IAAO is “the systematic appraisal of a group of properties as of a given date (January 1 with the exception of inventory, which may be appraised at its market value as of September 1) using standardized procedures and statistical testing.” Mass appraisal requires the development of a valuation model capable of replicating the forces of supply and demand of over a large area.

A “group of properties” for the purpose of mass appraisal is a collection of properties defined by political boundaries such as a school district, city, county or special purpose district.

Market value as established by the State Property Tax Code differs from the definition established by USPAP, therefore a jurisdictional exception applies. The following definition of market value, sec. 1.04 of the Texas Property Tax Code, 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 purchaser know all of the uses and purposes to which the property is adapted and for which it is capable of being used and of enforceable restrictions on its use,
3. both the seller and purchaser seek to maximize their gains and neither is in a position to take advantage of the other.

Mass appraisal applies the same appraisal principles as an individual appraisal, but applies these principles to groups of properties rather than an individual property. For example, a mass appraisal may be conducted for a group of properties through analyzing the areas that are affected by similar economic influences, such as homes that are located near an airport. Another example would be analyzing similar types of properties, such as good quality homes over 5,000 square feet in size.

For annual revaluation using mass appraisal techniques, the appraiser statistically analyzes groups of sold properties to determine the annual update of values. Conducting annual review and updates to assessed values is required to ensure assessed values are representative of market value as of January 1 of any given year. State law requires that assessed values reflect 100 percent of fair market value. If the appraiser determines there is a change in value, the property owner will receive a change of value notice each year.