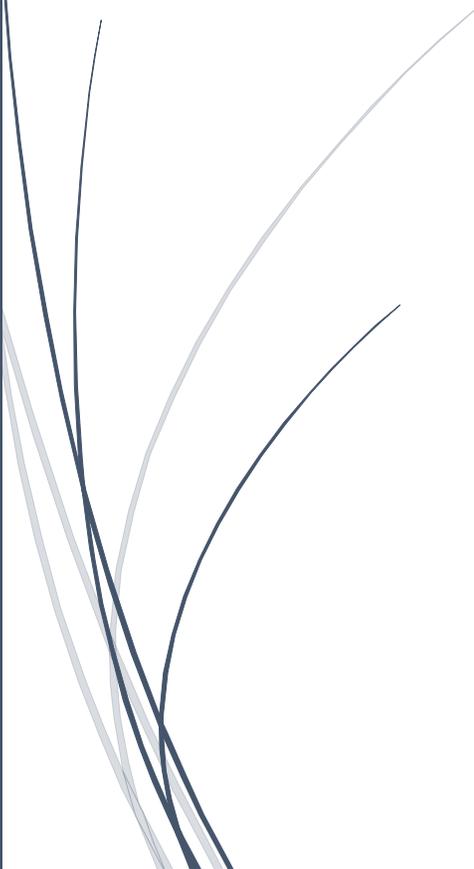August 14, 2020

2021-2022

Blanco CAD Reappraisal Plan

Blanco County Appraisal District
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Chief Appraiser

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INTRODUCTION

Scope of Responsibility

The Blanco County Appraisal District has prepared and published this reappraisal plan and appraisal report to provide our Board of Directors, 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.

Texas property tax law is established by the Texas Constitution and by statutes enacted by the Texas Legislature, primarily the Property Tax Code, the Local Government Code, and the Government Code, which includes the Open Meeting Act, the Public Information Act, and the Public Funds Investment Act. These laws are supplemented by rules issued by the Texas Comptroller of Public Accounts, as well as by court rulings and by opinions of the Texas Attorney General.

The Blanco County Appraisal District (BCAD) is a political subdivision of the State of Texas established effective January 1, 1980, whose jurisdiction is currently the same as the geographical boundaries of Blanco County. BCAD's primary responsibility is to appraise property within the district for each taxing unit that imposes ad valorem taxes on property within the district. The BCAD board of directors serves as the decision-making body for appraisal district operations and is responsible for ensuring that the appraisal district operates in a fair and efficient manner. 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 Blanco County, constitutes the district's governing body. The Chief Appraiser, appointed by the Board of Directors, is the chief administrator of the appraisal district.

The mission of BCAD is to courteously and efficiently serve the property owners and taxing units of Blanco County by timely producing an accurate, complete, and equitable appraisal roll that ensures each taxpayer pays their fair share of the property tax burden.

The appraisal district is responsible for local property tax appraisal and exemption administration for 8 jurisdictions or taxing units in the district. Each taxing unit, such as the county, city, school districts, emergency service districts, 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. Property appraisals and estimated values by the appraisal district allocate the year's tax burden on the basis of each taxable property's market value. The district also determines eligibility for various types of property tax exemptions such as those for homeowners, the elderly, disabled veterans, charitable or religious organizations and agricultural productivity valuation.

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:

- exposed for sale in the open market with a reasonable time for the seller to find a purchaser;

- 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;

- 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 (Sec. 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 proceeding 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 plan to update appraised values for real property at least once every three years. The district's current policy is to conduct a general reappraisal of taxable property every three years. Appraised values are reviewed every three years and are subject to change. Business personal properties, minerals and utility properties are appraised every year.

The appraised value of real estate is calculated using specific information about each property. Using computer-assisted mass appraisal programs and recognized appraisal methods and techniques, the district compares that information with the data for similar properties, and with recent cost and market data. 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.

Tax Code Requirement

Sec. 6.05. Appraisal Office

(a) Except as authorized by Subsection (b) of this section, each appraisal district shall establish an appraisal office. The appraisal office must be located in the county for which the district is established. An appraisal district may establish branch appraisal offices outside the county for which the district is established.

(b) The board of directors of an appraisal district may contract with an appraisal office in another district or with a taxing unit in the district to perform the duties of the appraisal office for the district.

(c) The Chief Appraiser is the chief administrator of the appraisal office. The Chief Appraiser is appointed by and serves at the pleasure of the appraisal district board of directors. If a taxing unit performs the duties of the appraisal office pursuant to a contract, the assessor for the unit is the Chief Appraiser.

(d) The Chief Appraiser is entitled to compensation as provided by the budget adopted by the board of directors. She may employ and compensate professional, clerical, and other personnel as provided by the budget.

(e) The Chief Appraiser may delegate authority to her employees.

(f) The Chief Appraiser may not employ any individual related to a member
of the board of directors within the second degree by affinity or within the third degree by consanguinity, as determined under Chapter 573, Government Code. A person commits an offense if the person intentionally or knowingly violates this subsection. An offense under this subsection is a misdemeanor punishable by a fine of not less than $100 or more than $1,000.

(g) The Chief Appraiser is an officer of the appraisal district for purposes of the nepotism law, Chapter 573, Government Code. An appraisal district may not employ or contract with an individual or the spouse of an individual who is related to the Chief Appraiser within the first degree by consanguinity or affinity, as determined under Chapter 573, Government Code.

(h) The board of directors of an appraisal district by resolution may prescribe that specified actions of the Chief Appraiser relating to the finances or administration of the appraisal district are subject to the approval of the board.

(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 for 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.

Covid-19 Response
The Blanco County Appraisal District has implemented a plan to deal with the risks and impacts of Covid-19. The objective(s) are to protect community and employees while ensuring operating continuity where possible. BCAD's objectives include continuing business operations in a safe and healthy manner while preventing and reducing the risk of transmission among personnel and the taxpayers of our county. Meeting the challenges of preventing the spread of COVID-19 requires everyone to be vigilant. We must consistently follow the protocols recommended by the Centers for Disease Control (CDC) and state/local guidelines for practicing good hygiene, social distancing, and using personal protective equipment as appropriate. BCAD will provide various personal protective equipment (PPE) as appropriate or anyone may choose to wear your own PPE if such complies with BCAD approval.

Sec. 25.18. Periodic Reappraisals.

(a) Each appraisal office shall implement a 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 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 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.

INDEPENDENT PERFORMANCE TEST

According to Chapter 5 of the TPTC and Section 403.302 of the Texas Government Code, the State Comptroller's Property Tax Division (PTD) conducts a bi-annual property value study (PVS) of each Texas school district and each appraisal district. Beginning in 2010, the PTD conducted annual property value studies on approximately half of the school districts/appraisal districts in the state and conducted a Methods and Assistance Program (MAP) on the appraisal districts that a property value study was not conducted. For 2021, BCAD will have a PVS conducted. For the future, in even number years the district will have a MAP and in odd number years will have a PVS. As part of this annual study, the code requires the Comptroller to use sales and recognized auditing and sampling techniques; review each appraisal district's appraisal methods, standards and procedures to determine whether the district used recognized standards and practices (MAP review); test the validity of school district taxable values in each appraisal district and presume the appraisal roll values are correct when values are valid; and, determine the level and uniformity of property tax appraisal in each appraisal district. The methodology used in the property value study includes stratified samples to improve sample representativeness and techniques or procedures of measuring uniformity. This study utilizes statistical analysis of sold properties (sale ratio studies) and appraisals of unsold properties (appraisal ratio studies) as a basis for assessment ratio reporting. For appraisal districts, the reported measures include median level of appraisal, coefficient of dispersion (COD), and price-related differential (PRD) for properties overall and by state category.

There are 2 independent school districts in BCAD for which appraisal rolls are annually developed. The preliminary results of the PVS are released February 1 in the year following the year of appraisement. The final results of this study are certified to the Education Commissioner of the Texas Education Agency (TEA) the following July of each year. This outside (third party) ratio study provides additional assistance to the BCAD in determining areas of market activity or changing market conditions. The final MAP report is released in December. Any recommendations will be addressed immediately.

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REVALUATION DECISION

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According to the Texas Property Tax Code Section 25.18, the plan shall provide for the following reappraisal activities of all real and personal property in the district at least once every three years. Blanco County Appraisal District is located in an area known as the Texas Hill Country. This area has been showing significant increases in market value over the last ten years. The 281 corridor has become more populated in recent years due to the expansion of San Antonio northward and the 290 corridor has shown significant growth due to being part of the Texas Wine Trail. The county has seen multiple wineries and other types of breweries and distilleries open in recent years and we expect to see that trend continue. There are also many new residential developments throughout the county, but the trend seems to be focused on the southern portion of the county. To maintain the level of appraisal accuracy within the district, 2021 and 2022 will be reappraisal years with specific areas being physically reviewed as set out in the universe of properties later in this plan and

others being reviewed using the standards of mass appraisal. The district will have to analyze market activity closely over the next two years to correctly determine the impacts of the COVID-19 pandemic. Recent sales data has shown that activity here continues to be strong and initial analysis does not seem to indicate a slowing in market value increases. There is also construction underway of a large natural gas pipeline transecting the southern portion of the county that will likely have some impact on market values in the 2021 appraisal year. This will be another focus as it will need to be determined how this will impact market values of those property owners within a close proximity to this pipeline.

APPRAISAL RESPONSIBILITIES

The field appraisal staff is responsible for collecting and maintaining property characteristic data for classification, valuation, and other purposes. Accurate valuation of real and personal property by any method requires a comprehensive physical description of personal property, and land and building characteristics. This appraisal activity is responsible for administering, planning and coordinating all activities involving data collection and maintenance of all commercial, residential and personal property types located within the boundaries of Blanco County Appraisal District. The data collection effort involves the field inspection of real and personal property accounts, as well as data entry of all data collected into the existing information system. The goal is to periodically field inspect or inspect via Pictometry all residential, commercial, and personal properties in the district every third year. The appraisal opinion of value for all property located in the district is reviewed and evaluated each year.

Appraisal Resources

- **Personnel** - The district has four employees registered as appraisers with the Texas Department of Licensing and Regulation including the Chief Appraiser. Three of these appraisers have received the RPA (Registered Professional Appraiser) designation. One appraiser is at the Level II designation and is working toward their RPA as well. The collector is a registered RTC (Registered Tax Collector).

- **Data** - The data used by field appraisers includes the existing property characteristic information contained in PACS, a computer assisted mass appraisal system from the district's computer system. The data is printed on a property record card (PRO), or personal property data sheets. Other data used includes maps, sales data, fire and damage reports, building permits, photos and actual cost and market information. Sources of information are gathered using excellent reciprocal relationships with other participants in the real estate market place. The district cultivates sources and gathers information from both buyers and sellers participating in the real estate market.

Appraisal Frequency and Method Summary

- **Residential Property-** Residential property is physically examined every three years with appraisers inspecting each home as entry is allowed, noting condition of the improvement and looking for changes that might have occurred to the property since the last on-site check. In some subdivisions and neighborhoods where change of condition is frequent, homes are examined annually. Blanco CAD takes exterior pictures of homes upon inspection as allowed. Every subdivision and neighborhood is statistically analyzed annually to ensure that the sales that have occurred in the subdivision during the past 12 months are within an acceptable range of appraised value. If the sales do not indicate that range, adjustments are made to the subdivision and neighborhood using a process outlined in detail in the Residential Appraisal section of this report.

- **Commercial Property-** Commercial and industrial real estate is observed annually to verify class and condition. Real estate accounts are analyzed against sales of similar properties in Blanco CAD as well as similar communities in the Hill Country of Texas that have similar economies. The income approach to value will be utilized to appraise larger valued commercial properties such as shopping centers, apartment complexes, office buildings, restaurants, motels and hotels, and other types of property that typically sell based on net operating income as those types of properties are infiltrated into what are now rural communities. The income approach is utilized on low income properties as outlined in the Texas Property Tax Code. During, 2020 the district initiated using the income approach to value on Mini Warehouse properties and plans to implement the value method for RV Park in the 2021 tax year. The district plans to contract out for assistance in updating our commercial schedules in future years as well.

- **Farm and Ranchland** – Farm and Ranchland is reappraised annually based on sales data that is accumulated. Current staffing limitations do not allow us to physically examine every piece of raw land every three years. Area factors and terrain attributes are considered when analyzing the market data that is obtained through various sources. Satellite imagery is very beneficial to analyze terrain and other land characteristics. Specific attributes of properties that have sold are also analyzed to determine how those attributes may have alternately affected that piece of property's market value against the other farm and ranchland properties that are being appraised.

- **Business Personal Property-** Business personal property is appraised annually. Every business is required by state law to file a rendition of

their property used to produce income. Similar businesses to a subject are analyzed annually to determine consistency of appraisal per square foot. Businesses are categorized using SIC codes. Rendition laws provide additional information on which to base values of all BPP accounts. As specified in the Texas Property Tax Code, all businesses that fail to file a rendition by the specified date or an extension as required, will be assessed a penalty.

Minerals- Blanco CAD has minimal mineral accounts and these are appraised by the district.

- **Utilities and Pipelines-** Utility companies and pipelines are appraised annually by Pritchard and Abbott, a subcontractor of Blanco CAD. See attached plan.

THE SEVEN REAPPRAISAL PLAN DETAILS

1. Identifying properties to be appraised through physical inspection or by other reliable means of identification, including deeds or other legal documentation, aerial photographs (Eagle View), land-based photographs, surveys, maps, and property sketches;

The Blanco County Appraisal District by policy has established three regions in the county being referred to as Region 1, Region 2 and Region 3. Tax year 2021 is a reappraisal year for Region 3 and tax year 2022 will be a reappraisal year Region 1. Exhibit "A" defines each of the three regions and projects the year each region will be reappraised.

2. Identifying and updating relevant characteristics of each property in the appraisal records;

The Texas Property Tax Code, under Sec. 25.18, requires each appraisal office to implement a plan to update relevant characteristics for each real property at least once every three years. Appraised values are reviewed annually and are subject to change. Business personal properties and utility properties are appraised every year.

The appraised value of real estate is calculated using specific information about each property. Using computer-assisted mass appraisal programs, and recognized appraisal methods and techniques, the district compares that information with the data for similar properties, and with recent cost and market data. 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.

The district is responsible for establishing and maintaining approximately 15,428 real and personal property accounts covering 754 square miles within Blanco County. Property characteristic data on new construction is updated through an annual field effort; existing property data is maintained through a field review.

Sales are routinely validated during a separate field effort; however, numerous sales are validated as part of the new construction and field inspections. General trends in employment, interest rates, new construction trends, cost, and market data are acquired through various sources, including internally generated questionnaires to buyer and sellers, university research centers, and market data centers and vendors.

Information Systems

The information systems of the district are managed by the district staff in conjunction with the services provided by True Automation, Inc. The district operates in a PC environment, networked through a Dell server. The district's branch office is connected to the server by internet cable modem. True Automation, Inc provides software support services for appraisal and collections applications. The Appraisal District contracts with BIS to provide our mapping data to the public which has been very popular with the taxpayers of the county.

3. Defining market areas in the district;

Neighborhood analysis involves the examination of how physical, economic, governmental and social forces and other influences affect property values. The effects of these forces are also used to identify, classify, and stratify comparable properties into smaller, manageable subsets of the universe of properties known as neighborhoods. Valuation and neighborhood analysis is conducted on various market areas within each of the political entities known as Independent School Districts (ISD). Analysis of comparable market sales forms the basis of estimating market activity and the level of supply and demand affecting market prices for any given market area, neighborhood or district. Market sales indicate the effects of these market forces and are interpreted by the appraiser into an indication of market price ranges and indications of property component change considering a given time period relative to the date of appraisal. Cost and Market Approaches to estimate value are the basic techniques utilized to interpret these sales. For multiple family properties the Income Approach to value is also utilized to estimate an opinion of value for investment level residential property.

The first step in neighborhood analysis is the identification of a group of properties that share certain common traits. A "neighborhood" for analysis purposes is defined as the largest geographic grouping of properties where the property's physical, economic, governmental and social forces are generally similar and uniform. Geographic stratification accommodates the local supply and demand factors that vary across a jurisdiction. Once a neighborhood with similar characteristics has been identified, the next step is to define its boundaries. This process is known as "delineation". Some factors used in neighborhood delineation include location, sales price range, lot size, age of dwelling, quality of construction and condition of dwellings, square footage of living area, and story height. Delineation can involve the physical drawing of neighborhood boundary lines on a map, but it can also involve statistical separation or stratification based on attribute analysis. Part of neighborhood analysis is the consideration of discernible patterns of growth that influence a neighborhood's individual market. Few neighborhoods are fixed in character. Each neighborhood may be characterized as being in a stage of growth, stability or decline. The growth period is a time of development and construction. As new neighborhoods in a community are developed, they compete with existing neighborhoods. An added supply of new homes tends to

induce population shift from older homes to newer homes. In the period of stability, or equilibrium, the forces of supply and demand are about equal. Generally, in the stage of equilibrium, older neighborhoods can be more desirable due to their stability of character and proximity to the workplace and other community facilities. The period of decline reflects diminishing demand or desirability. During decline, general property use may change from residential to a mix of residential and commercial uses. Declining neighborhoods may also experience renewal, reorganization, rebuilding, or restoration, which promotes increased demand and economic desirability.

Neighborhood identification and delineation is the cornerstone of the residential valuation system at the district. All the residential analysis work done in association with the residential valuation process is neighborhood specific. Neighborhoods are inspected and delineated based on observable aspects of homogeneity. Neighborhood delineation is periodically reviewed to determine if further neighborhood delineation is warranted. Whereas neighborhoods involve similar properties in the same location, a neighborhood group is simply defined as similar neighborhoods in similar locations. Each residential neighborhood is assigned to a neighborhood group based on observable aspects of homogeneity between neighborhoods. Neighborhood grouping is highly beneficial in cost-derived areas of limited or no sales, or use in direct sales comparison analysis. Neighborhood groups, or clustered neighborhoods, increase the available market data by linking comparable properties outside a given neighborhood. Sales ratio analysis, discussed below, is performed on a neighborhood basis, and in soft sale areas on a neighborhood group basis.

Market Area Acronym	Market Area Defined	Explanation
SSAI	Southern San Antonio Influence	Area South of 1623 to the West and South of 165 to the East that is heavily influenced by San Antonio growth patterns
RNDI	Rural No Direct Influence	Area North of 1623 to the West and West of 281 to the North that does not have any direct metropolitan influence
NEAI	Northeast Austin Influence	Area North of 165 to the East and East of 281 to the North that is influenced by Austin growth patterns
RJR-VAC	Rocking J Ranch-vacant lots	Vacant lots in Rockin J Ranch

RJR-RES	Rockin J Ranch- Residential Lots	Residentially improved lots in Rockin J Ranch

These market areas give the Appraisal District the ability to analyze sales data and ownership regardless of the subdivision or abstract. Each property in these areas are coded with their respective acronym and then these property codes can be used to run reports to test the validity of the ratio studies. They are also used to distribute workload and map out sections among the appraisers for reappraisal. These areas also follow the reappraisal plan sections as seen in Appendix A of this document. The sales ratio and comparative analysis of sale property to appraised property determines the basis for updating property valuation for the entire area to be evaluated. Field appraisers may conduct inspections to ensure accuracy of the property descriptions at the time of sale. Ratio studies are then conducted by the chief appraiser and staff on these market areas to determine the accuracy of appraisals to market value. During 2020 we added the last two neighborhoods as we were seeing that Rockin J Ranch was a completely different market area than any of the others. We plan for further delineation over the next two years which will likely be reflected on future reappraisal plans.

4. Identifying property characteristics that affect property value in each market area, including:

A. the location and market area of 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 restrictions, or legal

Data Collection Validation

Data collection of real property involves maintaining data characteristics of the property on CAMA (Computer Assisted Mass Appraisal). The information contained in CAMA includes site characteristics, such as land size and topography, and improvement data, such as square foot of living area, year built, quality of construction, and condition. Field appraisers are required to use a property classification system that establishes uniform procedures for the correct listing of real property. All properties are coded according to a classification system. The approaches to value are structured and calibrated based on this coding system and property description and characteristics. The field appraisers use property classification references during their initial training and as a guide in the field inspection of properties. Data collection for personal property involves maintaining information on software designed to record and appraise business personal property. The type of information contained in the BPP file includes personal property such as business inventory, furniture and fixtures, machinery and equipment, with details such as cost and location. The field appraisers conducting on-site inspections use a personal property classification system during their initial training and as a guide to correctly list all personal property that is taxable.

The listing procedure utilized by the field appraisers is available in the district offices. Appraisers periodically update the classification system with input from the valuation group.

As the district's parcel count has increased through new home construction and division of larger parcels of land, and the homes constructed in prior years experience remodeling, the appraisers are required to perform the field activity associated with transitioning and high demand neighborhoods. Increased sales activity has also resulted in a more substantial field effort on the part of the appraisers to review and resolve sales outliers. Additionally, the appraiser frequently field reviews subjective data items such as quality of construction, condition, and physical, functional and economic obsolescence, factors contributing significantly to the market value of the property. After preliminary estimates of value have been determined in targeted areas, the appraiser takes valuation documents to the field to test the computer-assisted values against his own appraisal judgment. During this review, the appraiser is able to physically inspect both sold properties and unsold properties for comparability and consistency of values.

Sec. 25.02. Form and Content.

(a) The appraisal records shall be in the form prescribed by the comptroller and shall include:

(1) the name and address of the owner or, if the name or address is unknown, a statement that it is unknown;

(2) real property;

(3) separately taxable estates or interests in real property, including taxable possessory interests in exempt real property;

(4) personal property;

(5) the appraised value of land and, if the land is appraised as provided by Subchapter C, D, E, or H, Chapter 23, the market value of the land;

(6) the appraised value of improvements to land;

(7) the appraised value of a separately taxable estate or interest in land;

(8) the appraised value of personal property;

(9) the kind of any partial exemption the owner is entitled to receive, whether the exemption applies to appraised or assessed value, and, in the case of an exemption authorized by Section 11.23, the amount of the exemption;

(10) the tax year to which the appraisal applies; and

(11) an identification of each taxing unit in which the property is taxable.

This and relevant additional information are maintained through the district's PACS computer appraisal system.

Sources of Data

The sources of data collection are through property inspection, new construction field effort, data review field effort, data mailer questionnaires, hearings, sales validation field effort, commercial sales verification and field effort, newspapers and publications, and property owner correspondence by mail or via the Internet. A principal source of data comes from building permits received from taxing jurisdictions that require property owners to take out a building permit. Where available, permits are received and matched manually with the property's tax account number for data entry. The Multiple Listing Service, if access is available, is a reliable source of data, for both property description and market sales data. It has been more difficult in recent years to obtain this data as the realtors and agents are not likely to share this information any longer. Area and regional real estate brokers and managers are also sources of market and property information. Data surveys of property owners requesting market information and property description information is also valuable data. Agricultural surveys of farming and ranching property owners and industry professionals are helpful for productivity value calibration. Improvement cost information is gathered from local building contractors and Marshall and Swift Valuation Service. Interviewing property managers and operators to determine operating income and expenses for investment and income producing real property performs various income and rental surveys.   A valuable source of data is Eagle View. This is an ariel photography service that will fly the entire county every three years. Eagle View's *Changefinder* program will highlight any new construction, changes, and demolitions.

Data review of entire neighborhoods is generally a good source for data collection. Appraisers work entire neighborhoods to review the accuracy of our data and identify properties that have to be reviewed. Much of this is done with the Changefinder program as it highlights any changes that have occurred since the previous flight on every property in the market area. The sales validation effort in real property pertains to the collection of market data for properties that have sold. In residential, the sales validation effort involves on-site inspection by field appraisers to verify the accuracy of the property characteristics and confirmation of the sales price. In commercial, the field appraiser is responsible for contacting sales participants to confirm sales prices and to verify pertinent data.

Property owners are one of the best sources for identifying incorrect data that generates a field check. Frequently, the property owner provides reliable data to allow correction of records without having to send an appraiser on-site. As the district has increased the amount of information available on the Internet, property owners have the opportunity to review information on their property and forward corrections via e-mail. For the property owner without access to the Internet, letters are sometimes submitted notifying the district of inaccurate data. Properties identified in this manner are added to a work file and inspected at the earliest

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opportunity. Accuracy and validity in property descriptions and characteristics data is the highest goal and is stressed throughout the appraisal process from year to year. Appraisal opinion quality and validity relies on data accuracy as its foundation.

Field Review

The field appraisal staff is responsible for collecting and maintaining property characteristic data for classification, valuation, and other purposes. Accurate valuation of real and personal property by any method requires a comprehensive physical description of personal property, and land and building characteristics. This appraisal activity is responsible for administering, planning and coordinating all activities involving data collection and maintenance of all commercial, residential and personal property types located within the boundaries of BCAD and the jurisdictions of this appraisal district. The data collection effort involves the field inspection of real and personal property accounts, as well as data entry of all data collected into the existing information system.

The appraiser identifies individual properties in critical need of field review through sales ratio analysis. Sold properties are field reviewed on a monthly and periodic basis to check for accuracy of data characteristics.

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;

All residential parcels in the district are valued with a replacement cost estimated from identical cost schedules based on the improvement classification system using a comparative unit method. The district's residential cost schedules are estimated from Marshall and Swift, a nationally recognized cost estimator service. These cost estimates are compared with sales of new improvements and evaluated from year to year and indexed to reflect the local residential building and labor market. Costs may also be indexed for neighborhood factors and influences that affect the total replacement cost of the improvements in a smaller market area based on evidence taken from a sample of market sales.

A review of the residential cost schedule is performed annually. As part of this review and evaluation process of the estimated replacement cost, newly constructed sold properties representing various levels of quality of construction in district are considered. The property data characteristics of these properties are verified and photographs are taken of the samples. BCAD replacement costs are compared against Marshall & Swift, a nationally recognized cost estimator, and the indicated replacement cost abstracted from these market sales of comparably improved structures. The results of this comparison are analyzed using statistical measures, including stratification by quality and reviewing of estimated building costs plus land to sales prices. As a result of this analysis, a new regional multiplier or economic index factor and indications of neighborhood economic factors are developed for use in the district's cost process. This new economic index estimated and used to adjust the district's cost schedule to be in compliance with local building costs as reflected by the local market.

Highest and Best Use Analysis

The highest and best use of property is the reasonable and probable use that supports the highest present value as of the date of the appraisal. The highest and best use must be physically possible, legal, financially feasible, and productive to its maximum. The highest and best use of residential property is normally its current use. This is due in part to the fact that residential development, in many areas, through use of deed restrictions and zoning, precludes other land uses. Residential valuation undertakes reassessment of highest and best use in transition areas and areas of mixed residential and commercial use. In transition areas with ongoing gentrification, the appraiser reviews the existing residential property use and makes a determination regarding highest and best use. Once the conclusion is made that the highest and best use remains residential, further highest and best use analysis is done to decide the type of residential use on a neighborhood basis. As an example, it may be determined in a transition area that older, non-remodeled homes are economic misimprovements, and the highest and best use of such property is the construction of new dwellings. In areas of mixed residential and commercial use, the appraiser reviews properties in these areas on a periodic basis to determine if changes in the real estate market require reassessment of the highest and best use of a select population of properties. Effective 1/1/2010, the market value of a residence homestead shall be determined solely on the basis of the property's value as a residence homestead, regardless of whether the residential use of the property by the owner is considered to be the highest and best use of the property.

6. Applying the conclusions reflected in the model to the characteristics of the properties being appraised; and

Once field review is completed, the appraiser conducts a routine valuation review of all properties as outlined in the discussion of ratio studies and market analysis. Valuation reports comparing previous values against proposed and final values are generated for all residential improved and vacant properties. The percentage of value difference are noted for each property within a delineated neighborhood allowing the appraiser to identify, research and resolve value anomalies before final appraised values are released. Previous values resulting from a hearing protest are individually reviewed to determine if the value remains appropriate for the current year.

Once the appraiser is satisfied with the level and uniformity of value for each neighborhood within his area of responsibility, the estimates of value go to noticing.

7. Reviewing the appraisal results to determine value.

PERFORMANCE TESTS

The Chief Appraiser is responsible for conducting ratio studies and comparative analysis. Ratio studies are conducted on property located within certain neighborhoods or market areas by appraisal staff.   The sale ratio and comparative analysis of sale property to appraised property forms the basis for determining the level of appraisal and market influences and factors for the neighborhood. This information is the basis for updating property valuation for the entire area of property to be evaluated.   Field appraisers, in many cases, may conduct field inspections to ensure the accuracy of the property descriptions at the time of sale for this study. This inspection is to ensure that the ratios produced are accurate for the property sold and that appraised values utilized in the study are based on accurate property data characteristics observed at the time of sale. Also, property inspections are performed to discover if property characteristics had changed as of the sale date or subsequent to the sale date. Sale ratios should be based on the value of the property as of the date of sale, not after a subsequent or substantial change was made to the property after the negotiation and agreement in price was concluded. Properly performed ratio studies are a good reflection of the level of appraisal for the district.

RATIO STUDIES

Ratio studies are conducted by the Chief Appraiser and appraisal staff to determine the accuracy of appraisals to market value. A ratio study compares the appraised value to market value. Typically, a sample of properties is compared to sales of comparable property. In some instances, independent appraisals are compared to the district's appraised values of like property. To compute this ratio the following formula is utilized.

Appraised Value / Market Value = Ratio

The district is required to appraise most properties at 100% of market value. There are several exceptions, such as agricultural productivity value.

The district is independently audited bi-annually by the Texas Comptroller's Property Tax Division. According to their Property Value Study results the district has historically been appraising property at the following ratios:

District Wide

Year	Ratio
2019	1.01
2017	1.01
2015	1.01
2013	1.00
2011	1.00

APPRAISAL UNIFORMITY

Appraisal accuracy is used to gauge ratio study performance. According to the International Association of Assessing Officers (IAAO), the Coefficient of Dispersion (COD) is the most used measure of uniformity in ratio studies. The COD is based on the average absolute deviation, but expresses it as a percentage. Low COD's tend to be associated with good appraisal uniformity. The IAAO has set standards for COD's based on the type of property in the ratio study. The formula for computing the COD is as follows:

(Average Absolute Deviation) / (Median assessment / sale price) x 100 = COD

(AAD / Median A/S)100 = COD

Type of Property	COD
Single-family residential	
Newer, more homogenous areas	10.0 or less
Older, more heterogeneous areas	15.0 or less
Rural, residential and seasonal	20.0 or less
Income-producing properties	
Larger, urban jurisdictions	15.0 or less
Smaller, rural jurisdictions	20.0 or less
Vacant land	20.0 or less

The district receives COD's as part of the Property Value Study which is conducted independently by the PTD. Historical overall COD's for the district are as follows:

Year	C.O.D.
2019	12.96
2017	9.22
2015	10.72
2013	12.33
2011	9.23

Management Review Process

Once the proposed value estimates are finalized, the appraiser reviews the sales ratios by neighborhood and presents pertinent valuation data, such as weighted sales ratio and pricing trends, to the appraisal supervisors and the Chief Appraiser for final review and approval. This review includes comparison of level of value between related neighborhoods within and across jurisdiction lines. The primary objective of this review is to ensure that the proposed values have met preset appraisal guidelines appropriate for the tax year in question.

ANALYSIS OF AVAILABLE RESOURCES

PERSONNEL RESOURCES

The office of the Chief Appraiser is primarily responsible for overall planning, organizing, staffing, coordinating, and controlling district operations. The administration department's function is to plan, organize, direct and control the business support functions related to human resources, budget, finance, records management, purchasing, fixed assets, facilities and postal services. The appraisal department is responsible for the valuation of all real and personal property accounts. The property types appraised include commercial, residential, farm and ranch, business personal, mineral, utilities, and industrial. The district's appraisers are subject to the provisions of the Property Taxation Professional Certification Act and must be duly registered with the Texas Board of Tax Professional Examiners. Support functions including records maintenance, information and assistance to property owners, and hearings are coordinated by personnel in support services.

The appraisal district staff consists of 6 employees with the following classifications:

- 1 - Official/Chief Administrator (executive level
    administration) Candice Fry, RPA,RTA, Certified
    Chief Appraiser

- 3 - Technicians (appraisers, program appraisers and network support)
    - Kathy Willingham, RPA, Business Personal Property Appraiser
    - Amy Hulburt, Exemptions Manager
    - Mason Moreland, RPA
    - Jessica Sowell, Level 2 Appraiser
- 3 - Administrative Support (professional, customer service, clerical and other)
    - Amy Hulburt, Deed Abstractor, Office Manager, Tax Liason Officer
    - Anny Weed, RTC, Receptionist, Collections Mgr.
    - Lee Gay Saxton, Contract Mapping

According to the IAAO (International Association of Assessing Officers) *Guide to Assessment Administration Standard,* small taxing units run from 1,500 to 1,700 parcels per staff member and large taxing units run from 3,000 to 3,500 parcels per staff member with an average of 2,250. BCAD currently has 15,428 and 5 staff members with one mapper. This equates to 3085 parcels per staff member for appraisals and about 2500 per staff member for collections. Utilizing the IAAO average standard with the district appraising for both small and large taxing units the district has appropriate staff to effectively handle our parcel count although there are times when staff may be overloaded. Note: BCAD also collects property taxes and all staff members do assist in this activity, placing more work-load on employees than in districts which only appraise.

FINANCIAL RESOURCES

According to Section 6.06 of the Texas Property Tax Code, the district must annually prepare and adopt a Budget. This budget must then be submitted and approved by the voting taxing units within the district. The current 2020 budget for BCAD for appraisal and collections is $695,932 or $45.10 per parcel. This figure again includes the dollars per parcel to appraise and collect. The 2020 budget has been approved and the 2021 budget that was recently adopted is $728,307 for appraisal and collections.

INFORMATION TECHNOLOGY RESOURCES

The district's primary computer system is provided by True Automation. The district uses the PACS appraisal and collection modules to maintain all of the real, personal and mineral properties. This computer is accessed by individual workstations on Dell PC's on a local network. PACS maintains an individual property account with all information required by the Tax Code, such as; owner name, legal description, physical, legal and economic attributes. This system also allows the district to produce ratio studies and appraisal uniformity tests on demand. As part of the district's True Automation relationship, the public has access to www.trueautomation.com. This website allows property owners full access to all of the ownership and valuation records of the Blanco County Appraisal District. The district has also created a website which has all of the information relevant to the operations of the Blanco County Appraisal District. This can be located at www.blancocad.com.

The district also utilizes MapInfo to maintain a set of property maps. This software allows for tracking of property ownership, roads, aerial photography, water influence, and topography. This software is very beneficial in locating property and analyzing the uniformity of appraisal. BCAD uses BIS Consulting to integrate our parcel maps with our website for public access. True Automation integrates our maps into our PACS appraisal system to assist appraisers on a daily basis and aid in schedule adjustments on market areas. BCAD utilizes Eagle View. The next flight will occur December of 2021. The district also utilizes the change-finder option to assist with finding changes to improvements throughout the county.

Beginning in 2013, as part of legislation, property owners began taking advantage of an online protest system. To date we have not had an overwhelming response to this option but feel that these protests will increase in the future.

DATA RESOURCES

The district subscribes to the following data resources to obtain information for appraisal of property. The Marshall & Swift cost guides are national cost guides to residential and commercial structures. The district utilizes these guides for the cost approach for valuation. The NADA value book is utilized in valuing vehicles which are appraised as business personal property. The Austin, Highland Lakes and San Antonio Multiple Listing Services provide information on real estate sales as well as attributes to property often not available to field appraisers. This MLS data is becoming harder to obtain due to confidentiality clauses. Local professionals provide the district with local construction costs and rental information. Septic permits and construction applications are gathered from city, county, and state offices and used for the discovery of new property.

Ownership information is obtained from deed records from the county clerks of Blanco, Kendall, Hays, Gillespie, and Travis counties. Additional ownership

information is obtained from the over-lap appraisal districts in said counties. Unrecorded Contracts for Deed are provided by grantors and grantees of the transactions. The internet is also becoming a valuable tool in providing sales and cost information, as well as market economy analysis.

PLANNING AND ORGANIZATION

Tax Calendar 2021	
January 1	General Appraisal Date
January 31	Map Review results released Last day for taxpayer to file 25.25 protest
February 1	Deadline for delivery of applications for special appraisal and exemptions requiring annual applications
April 1	Mail notices of appraised value for properties with homesteads
April 15	Deadline to file Business Personal Property Rendition
April 30	Deadline to file Agricultural-Use Application
April 15	Publish newspaper notice of taxpayer protest procedures
April 15	Mail Notices of Appraised Value other than homestead properties
May 1	Begin informal staff review with taxpayers
May 15	Submit records to Appraisal Review Board
May 15	Last Day to file renditions if extension requested
May 15	Last day to file written Protest of Appraised Value
July 20	ARB must approve Appraisal Records
July 25	Chief Appraiser must certify Appraisal Roll to entities
August 1	Last day for taxpayer to file for September 1 Inventory
September 15	Last day for BOD to submit 2022 Budget to entities

TARGET COMPLETION DATES 2021

Begin working on indicated region on Changefinder	August 15, 2020
Begin physical inspection of all improved property in Region 1 shown on Appendix A and all other new construction.	September 1, 2020
Mail Wildlife Management Updates Mail	November 30, 2020
Business Personal Property Renditions	January 4, 2021
Mail Agricultural - Use Application resets	January 4, 2021
Mail Homestead and Exemption resets	January 4, 2021
Appraisal Field work completed	April 09, 2021
Generate Notices for Printing	April 12, 2021
Mail Notices of Appraisal Value	April 15, 2021
Deadline to file 1-D-1 Applications	April 30, 2021
Appraisal Review Board Hearings Begin	May 3, 2021
Appraisal Review Board approve records	July 20, 2021
Chief Appraiser certify Appraisal Roll	July 20, 2021
Begin Next year's fields work	August 15, 2021

Tax Calendar 2022	
January 1	General Appraisal Date
January 31	Property Value Study results released Last day for taxpayer to file 25.25 protest
February 1	Deadline for delivery of applications for special appraisal and exemptions requiring annual applications
April 1	Mail notices of appraised value for properties with homesteads
April 15	Deadline to file Business Personal Property Rendition
April 30	Deadline to file Agricultural-Use Application
April 15	Publish newspaper notice of taxpayer protest procedures
April 15	Mail Notices of Appraised Value other than homestead properties
May 1	Begin informal staff review with taxpayers
May 15	Submit records to Appraisal Review Board
May 15	Last Day to file renditions if extension is requested
May 15	Last day to file written Protest of Appraised Value
July 20	ARB must approve Appraisal Records
July 25	Chief Appraiser must certify Appraisal Roll to entities
July 31	Last day for taxpayer to file for September 1 Inventory
September 15	Last day for BOD to submit 2023 Budget to entities

TARGET COMPLETION DATES 2022

Begin working on indicated region on Changefinder	August 16, 2021
Begin physical inspection of all improved property in Region 2 on Appendix A and all other new construction	September 1, 2021
Mail Wildlife Management Updates	November 30, 2021
Mail Business Personal Property Renditions	January 3, 2022
Mail Agricultural - Use Application resets	January 3, 2022
Mail Homestead and Exemption resets	January 3, 2022
Appraisal Field work completed	April 8, 2022
Generate Notices for Printing	April 11, 2022
Mail Notices of Appraisal Value	April 15, 2020
Deadline to file 1-D-1 Applications	April 30, 2022
Appraisal Review Board Hearings Begin	May 2, 2022
Appraisal Review Board approve records	July 20, 2022
Chief Appraiser certify Appraisal Roll	July 20, 2022
Begin next year's field work	August 15, 2022

MASS APPRAISAL SYSTEM

The district has been utilizing the True Automation PACS appraisal software previously mentioned, since December 2007. PACS has great functionality and is continually helping the appraisal district become more efficient.

All computer forms and procedures are reviewed and revised as required. The following details these procedures as it relates to the 2021 and 2022 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 ensure 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.

PERSONAL PROPERTY VALUATION

Appraisals and schedules are updated using data received from renditions, discovery, and hearing documentation. Valuation procedures are reviewed modified as needed and tested.

NOTICE PROCESS

Notices of Appraised Value (25.19) notice forms are reviewed and edited for updates and changes approved by the Chief Appraiser. Updates include the latest version of the Comptroller's *Taxpayer Rights, Remedies, and Responsibilities* and the arbitration procedures.

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.

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 changing market areas, and re-inspection of the universe of properties on a specific cycle (3 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 CHANGING 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 in need of reappraisal. 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 3 years. The re-inspection includes the re-measurement of at least two sides of each improved property. The annual re-inspection requirements for tax years 2021 and 2022 are identified by property type and property classification. In the year 2021, a physical inspection will be completed on all improved properties within Region 1 of Appendix A. In the year 2022, all improved properties will be inspected that are within Region 2 of Appendix A.

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.

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 PROPERTY TYPE

The district is required to categorize property according to the Comptroller's rules on property classification. The following table is a summary of the district's property types based on 2020 certified totals.

State (Description		Count	Market Value	Taxable Value
A	SINGLE FAMILY RESIDENCE	1,572	$333,700,979	$319,964,332
B	MULTIFAMILY RESIDENCE	27	$6,916,265	$6,904,265
C1	VACANT LOTS AND LAND TRACTS	2,352	$96,407,497	$95,748,973
D1	QUALIFIED OPEN-SPACE LAND	6,867	$4,072,729,161	$39,659,420
D2	IMPROVEMENTS ON QUALIFIED OP	788	$30,352,220	$30,244,883
E	RURAL LAND, NON QUALIFIED OPE	5,604	$1,145,334,547	$1,125,671,061
F1	COMMERCIAL REAL PROPERTY	537	$147,657,145	$147,645,145
F2	INDUSTRIAL AND MANUFACTURIN	4	$1,928,280	$1,928,280
J1	WATER SYSTEMS	4	$234,910	$234,910
J2	GAS DISTRIBUTION SYSTEM	4	$106,830	$106,830
J3	ELECTRIC COMPANY (INCLUDING C	15	$21,988,870	$21,988,870
J4	TELEPHONE COMPANY (INCLUDI	65	$5,513,880	$5,513,880
J5	RAILROAD	1	$11,870	$11,870
J6	PIPELAND COMPANY	3	$4,343,830	$4,343,830
J7	CABLE TELEVISION COMPANY	1	$50,770	$50,770
J8	OTHER TYPE OF UTILITY	4	$797,750	$797,750
L1	COMMERCIAL PERSONAL PROPER	713	$164,575,170	$164,575,170
L2	INDUSTRIAL AND MANUFACTURIN	2	$3,834,600	$3,834,600
M1	TANGIBLE OTHER PERSONAL, MOB	169	$5,380,000	$5,255,143
O	RESIDENTIAL INVENTORY	312	$6,146,110	$6,146,110
S	SPECIAL INVENTORY TAX	2	$21,820	$21,820
X	TOTALLY EXEMPT PROPERTY	273	$115,721,973	$0
		Totals	$6,163,754,477	$1,980,647,912

Residential Real Property, Single Family (Cat A)
Residential Real Property, Multi-Family (Cat B)
Farm and Ranch Improvements (Cat E)
Vacant Land, Platted Lots and Tracts (Cat C)
Land Acreage (Cat D)

Cost Schedules

All residential parcels in the district are valued with a replacement cost estimated from identical cost schedules based on the improvement classification system using a comparative unit method. The district's residential cost schedules are estimated from <u>Marshall & Swift,</u> a nationally recognized cost estimator service. These cost estimates are compared with sales of new improvements and evaluated from year to year and indexed to reflect the local residential building and labor market.   Costs may also be indexed for neighborhood factors and influences that affect the total replacement cost of the improvements in a smaller market area based on evidence taken from a sample of market sales.

A review of the residential cost schedule is performed annually. As part of this review and evaluation process of the estimated replacement cost, newly constructed sold properties representing various levels of quality of construction in district are considered. The property data characteristics of these properties are verified and photographs are taken of the samples.   BCAD replacement costs are compared against Marshall & Swift, a nationally recognized cost estimator, and the indicated replacement cost abstracted from these market sales of comparably improved structures. The results of this comparison are analyzed using statistical measures, including stratification by quality and reviewing of estimated building costs plus land to sales prices. As a result of this analysis, a new regional multiplier or economic index factor and indications of neighborhood economic factors are developed for use in the district's cost process. This new economic index is estimated and used to adjust the district's cost schedule to be in compliance with local building costs as reflected by the local market.

Sales Information

A sales file for the storage of sales data at the time of sale is maintained for real property. Residential vacant land sales, along with commercial improved and vacant land sales are maintained in a sales information system. Residential improved and vacant sales are collected from a variety of sources, including: district questionnaires sent to buyer and seller, field discovery, protest hearings, Board of Realtor's MLS, builders, and realtors. A system of type, source, validity and verification codes has been established to define salient facts related to a property's purchase or transfer and to help determine relevant market sale

prices. The effect of time as an influence on price was considered by paired comparison and applied in the ratio study to the sales as indicated within each neighborhood area. Neighborhood sales reports are generated as an analysis tool for the appraiser in the development and estimation of market price ranges and property component value estimates.   Abstraction and allocation of property components based on sales of similar property is an important analysis tool to interpret market sales under the cost and market approaches to value. These analysis tools help determine and estimate the effects of change, with regard to price, as indicated by sale prices for similar property within the current market.

Monthly time adjustments are estimated based on comparative analysis using paired comparison of sold property.   Sales of the same property were considered and analyzed for any indication of price change attributed to a time change or influence.   Property characteristics, financing, and conditions of sale were compared for each property sold in the pairing of property to isolate only the time factor as an influence on price.

Statistical Analysis

The Chief Appraiser performs statistical analysis annually to evaluate whether estimated values are equitable and consistent with the market. Ratio studies are conducted on each of the residential valuation neighborhoods in the district to judge the two primary aspects of mass appraisal accuracy-level and uniformity of value. Appraisal statistics of County tendency generated from sales ratios are evaluated and analyzed for each neighborhood.   The level of appraised values is determined by the weighted mean ratio for sales of individual properties within a neighborhood, and a comparison of neighborhood weighted means reflect the general level of appraised value between comparable neighborhoods.

The Chief Appraiser, through the sales ratio analysis process, reviews every neighborhood annually. The first phase involves neighborhood ratio studies that compare the recent sales prices of neighborhood properties to the appraised values of these sold properties. This set of ratio studies affords the appraiser an excellent means of judging the present level of appraised value and uniformity of the sales. The appraiser, based on the sales ratio statistics and designated parameters for valuation update, makes a preliminary decision as to whether the value level in a neighborhood needs to be updated or whether the level of market value in a neighborhood is at an acceptable level.

Market and Cost Reconciliation and Valuation

Neighborhood analysis of market sales to achieve an acceptable sale ratio or level of appraisal is also the reconciliation of the market and cost approaches to valuation. Market factors are developed from appraisal statistics provided from market analyses and ratio studies and are used to ensure that estimated values are consistent with the market and to reconcile cost indicators. The district's primary approach to the valuation of residential properties uses a hybrid cost-sales comparison approach. This type of approach accounts for neighborhood market influences not particularly specified in a purely cost model.

When the appraiser reviews a neighborhood, the appraiser reviews and evaluates a ratio study that compares recent sales prices of properties, appropriately adjusted for the effects of time, within a delineated neighborhood, with the value of the properties' based on the estimated depreciated replacement cost of improvements plus land value. The calculated ratio derived from the sum of the sold properties' estimated value divided by the sum of the time adjusted sales prices indicates the neighborhood level of appraisal based on sold properties. This ratio is compared to the acceptable appraisal ratio, 96% to 100%, to determine the level of appraisal for each neighborhood. If the level of appraisal for the neighborhood is outside the acceptable range of ratios, adjustments to the neighborhood are made.

Commercial and Industrial Real Property (Cat F)

INTRODUCTION

This mass appraisal assignment includes all of the commercially described real property which falls within the responsibility of the Blanco County Appraisal District and is located within the boundaries of this taxing jurisdiction. Appraisers appraise the fee simple interest of properties according to statute. However, the affect of easements, restrictions, encumbrances, leases, contracts or special assessments are considered on an individual basis, as is the appraisement of any non exempt taxable fractional interests in real property (i.e. certain multi-family housing projects). Fractional interests or partial holdings of real property are appraised in fee simple for the whole property and divided programmatically based on their prorated interests.

Data - The data used by the commercial appraisers includes verified sales of vacant land and improved properties and the pertinent data obtained from each (sales price levels, capitalization rates, income multipliers, equity dividend rates, marketing period, etc.). Other data used by the appraisers includes actual

income and expense data when available, actual contract rental data, leasing information (commissions, tenant finish, length of terms, etc.), and actual construction cost data. In addition to the actual data obtained from specific properties, market data publications are also reviewed to provide additional support for market trends.

PRELIMINARY ANALYSIS

Market Study

Market studies are utilized to test new or existing procedures or valuation modifications in a limited sample of properties located in the district and are also considered and become the basis of updating whenever substantial changes in valuation are made. These studies target certain types of improved property to evaluate current market prices for rents and for sales of commercial and industrial real property. These comparable sale studies and ratio studies reveal whether the valuation system is producing accurate and reliable value estimates or whether procedural and economic modifications are required. The appraiser implements this methodology when developing cost approach, market approach, and income approach models.

Blanco CAD coordinates its discovery and valuation activities with adjoining appraisal districts. Field trips, interviews and data exchanges with adjacent appraisal districts have been conducted to ensure compliance with state statutes. In addition, Blanco CAD administration and personnel interact with other assessment officials through professional trade organizations including the International Association of Assessing Officers, Texas Association of Appraisal Districts and the Texas Association of Assessing Officers. District staff strives to maintain appraisal skills and professionalism by continuing education in the form of courses that are offered by several professional associations such as International Association of Assessing Officers (IAAO), Texas Association of Assessing Officers (TAAO), Texas Association of Appraisal Districts (TAAD) and Texas Department of Licensing and Regulation (TDLR).

VALUATION APPROACH

Land Value

Commercial land is analyzed annually to compare appraised values with recent sales of land in the market area. If appraised values differ from sales prices being paid, adjustments are made to all land in that region. Generally, commercial property is appraised on a price per square foot basis. Factors are placed on individual properties based on corner influence, depth of site, shape of site, easements across site, and other factors that may influence value. The land

is valued as though vacant at the highest and best use.

Area Analysis

Area data on regional economic forces such as demographic patterns, regional location factors, employment and income patterns, general trends in real property prices and rents, interest rate trends, availability of vacant land, and construction trends and costs are collected from private vendors and public sources.

Neighborhood and Market Analysis (pursuant to Sec 25.18(b)(3,4)

Neighborhood analysis involves the examination of how physical, economic, governmental and social forces and other influences affect property values. The effects of these forces are also used to identify, classify, and stratify comparable properties into smaller, manageable subsets of the universe of properties known as neighborhoods. Valuation and neighborhood analysis is conducted on various market areas within each of the political entities known as Independent School Districts (ISD).   Analysis of comparable market sales forms the basis of estimating market activity and the level of supply and demand affecting market prices for any given market area, neighborhood or district.   Market sales indicate the effects of these market forces and are interpreted by the appraiser into an indication of market price ranges and indications of property component change considering a given time period relative to the date of appraisal. Cost and Market Approaches to estimate value are the basic techniques utilized to interpret these sales.   For multiple family properties the Income Approach to value is also utilized to estimate an opinion of value for investment level residential property.

The first step in neighborhood analysis is the identification of a group of properties that share certain common traits. A "neighborhood" for analysis purposes is defined as the largest geographic grouping of properties where the property's physical, economic, governmental and social forces are generally similar and uniform. Geographic stratification accommodates the local supply and demand factors that vary across a jurisdiction. Once a neighborhood with similar characteristics has been identified, the next step is to define its boundaries. This process is known as "delineation". Some factors used in neighborhood delineation include location, sales price range, lot size, age of dwelling, quality of construction and condition of dwellings, square footage of

living area, and story height. Delineation can involve the physical drawing of neighborhood boundary lines on a map, but it can also involve statistical separation or stratification based on attribute analysis. Part of neighborhood analysis is the consideration of discernible patterns of growth that influence a neighborhood's individual market. Few neighborhoods are fixed in character. Each neighborhood may be characterized as being in a stage of growth, stability or decline. The growth period is a time of development and construction. As new neighborhoods in a community are developed, they compete with existing neighborhoods. An added supply of new homes tends to induce population shift from older homes to newer homes. In the period of stability, or equilibrium, the forces of supply and demand are about equal. Generally, in the stage of equilibrium, older neighborhoods can be more desirable due to their stability of character and proximity to the workplace and other community facilities. The period of decline reflects diminishing demand or desirability. During decline, general property use may change from residential to a mix of residential and commercial uses. Declining neighborhoods may also experience renewal, reorganization, rebuilding, or restoration, which promotes increased demand and economic desirability.

Neighborhood identification and delineation is the cornerstone of the residential valuation system at the district. All the residential analysis work done in association with the residential valuation process is neighborhood specific. Neighborhoods are field inspected and delineated based on observable aspects of homogeneity. Neighborhood delineation is periodically reviewed to determine if further neighborhood delineation is warranted. Whereas neighborhoods involve similar properties in the same location, a neighborhood group is simply defined as similar neighborhoods in similar locations. Each residential neighborhood is assigned to a neighborhood group based on observable aspects of homogeneity between neighborhoods. Neighborhood grouping is highly beneficial in cost-derived areas of limited or no sales or use in direct sales comparison analysis. Neighborhood groups, or clustered neighborhoods, increase the available market data by linking comparable properties outside a given neighborhood. Sales ratio analysis, discussed below, is performed on a neighborhood basis, and in soft sale areas on a neighborhood group basis.

DATA COLLECTION / VALIDATION

Sources of Data

In terms of commercial sales data, Blanco CAD receives a copy of the deeds recorded in Blanco County and adjoining counties that convey commercially classed properties. These deeds involving a change in commercial ownership are entered into the sales information system and researched in an attempt to obtain the pertinent sale information. Other sources of sale data include the protest hearings process and local, regional, and national real estate and financial publications.

VALUATION ANALYSIS

Cost Schedules

The cost approach to value is applied to improved real property utilizing the comparative unit method. This methodology involves the utilization of national cost data reporting services as well as actual cost information on local comparable properties whenever possible. Cost models are typically developed based on the Marshall Valuation Service which indicates estimated hard or direct costs of various improvement types. Cost models include the derivation of replacement cost new (RCN) of all improvements represented within the district. These include comparative base rates, per unit adjustments and lump sum adjustments for variations in property description, design, and types of improvement construction. This approach and analysis also employs the sales comparison approach in the evaluation of soft or indirect costs of construction. Evaluating market sales of newly developed improved property is an important part of understanding total replacement cost of improvements. What total costs may be involved in the development of the property, as well as any portion of cost attributed to entrepreneurial profit can only be revealed by market analysis of pricing acceptance levels.   In addition, market related land valuation for the underlying land value is important in understanding and analyzing improved sales for all development costs and for the abstraction of improvement costs for construction and development. Time and location modifiers are necessary to adjust cost data to reflect conditions in a specific market and changes in costs over a period of time. Because a national cost service is used as a basis for the cost models, location modifiers and estimates of soft cost factors are necessary to adjust these base costs specifically for various types of improvements located in Blanco County. Local modifiers are additional cost factors applied to replacement cost estimated by the national cost service.   Estimated replacement cost new will reflect all costs of construction and development for various improvements located in Blanco CAD as of the date of appraisal.

Accrued depreciation is the sum of all forms of loss affecting the contributory value of the improvements.   It is the measured loss against replacement cost new taken from all forms of physical deterioration, functional and economic

obsolescence. Accrued depreciation is estimated and developed based on losses typical for each property type at that specific age. Depreciation estimates have been implemented for what is typical of each major class of commercial property by economic life categories. Estimates of accrued depreciation have been calculated for improvements with a range of variable years expected life based on observed condition considering actual age. These estimates are continually tested to ensure they are reflective of current market conditions. The actual and effective ages of improvements are noted in PACS. Effective age estimates are based on the utility of the improvements relative to where the improvement lies on the scale of its total economic life and its competitive position in the marketplace. Effective age estimates are considered and reflected based on five levels or rankings of observed condition, given actual age. Additional forms of depreciation such as external and/or functional obsolescence can be applied if observed. A depreciation calculation override can be used if the condition or effective age of a property varies from the norm by appropriately noting the physical condition and functional utility ratings on the properly data characteristics. These adjustments are typically applied to a specific condition adequacy or deficiency, property type or location and can be developed via ratio studies or other market analyses.

The result of estimating accrued depreciation and deducting that from the estimated   replacement cost new of improvements indicates the estimated contributory value of the improvements. By adding the estimated land value, as if vacant, to the contributory value of the improvements indicates a property value by the cost approach.   Given relevant cost estimates and market related measures of accrued depreciation, the indicated value of the property by the cost approach becomes a very reliable valuation technique.

Income Models

Sometimes, the income approach to value is applied to those real properties which are typically viewed by market participants as "income producing", and for which the income methodology is considered a leading value indicator. The first step in the income approach pertains to the estimation of market rent on a per unit basis. This is derived primarily from actual rent data furnished by property owners and from local market surveys conducted by the district and by information from area rent study reviews. This per unit rental rate multiplied by the number of units results in the estimate of potential gross rent.

A vacancy and collection loss allowance is the next item to consider in the income approach. The projected vacancy and collection loss allowance is established from actual data furnished by property owners and local market survey trends. This allowance accounts for periodic fluctuations in occupancy, both above and below an estimated stabilized level. This feature may also provide for a reasonable lease-up period for multi-tenant properties, where applicable. The market derived stabilized vacancy and collection loss allowance is subtracted from the potential gross rent estimate to yield an indication of estimated annual effective gross rent to the property.

Next, a secondary income or service income is considered and, if applicable, calculated as a percentage of stabilized effective gross rent. Secondary income represents parking income, escalations, reimbursements, and other miscellaneous income generated by the operations of real property. The secondary income estimate is derived from actual data collected and available market information. The secondary income estimate is then added to effective gross rent to arrive at an effective gross income, when applicable.

Allowable expenses and expense ratio estimates are based on a study of the local market, with the assumption of prudent management. An allowance for non-recoverable expenses such as leasing costs and tenant improvements may

be included in the expenses. A non-recoverable expense represents costs that the owner pays to lease rental space. Relevant expense ratios are developed for different types of commercial property based on use and market experience. For instance, retail properties are most frequently leased on a triple-net basis, whereby the tenant is responsible for all operating expenses, such as ad valorem taxes, insurance, and common area and property maintenance. In comparison, a general office building is most often leased on a base year expense stop. This lease type stipulates that the owner is responsible for all expenses incurred during the first year of the lease. As a result, expense ratios are implemented and estimated based on observed market experience in operating various types of commercial property.

Another form of allowable expense is the replacement of short-lived items (such as roof or floor coverings, air conditioning or major mechanical equipment or appliances) requiring expenditures of lump sum costs. When these capital expenditures are analyzed for consistency and adjusted, they may be applied on an annualized basis as stabilized expenses. When performed according to local market practices by commercial property type, these expenses when annualized are known as replacement reserves. For some types of property, typical management does not reflect expensing reserves and is dependent on local and industry practices.

Subtracting the allowable expenses (inclusive of non-recoverable expenses and replacement reserves when applicable) from the annual effective gross income yields an estimate of annual net operating income to the property.

Return rates and income multipliers are used to convert operating income expectations into an estimate of market value for the property under the income approach. These include income multipliers, overall capitalization rates, and discount rates. Each of these multipliers or return   rates are considered and used in specific applications. Rates and multipliers may vary between property types, as well as by location, quality, condition, design, age, and other factors. Therefore, application of the various rates and multipliers must be based on a thorough analysis of the market for individual income property types and uses. These procedures are supported and documented based on analysis of market sales for these property types.

Capitalization analysis is used in the income approach models to form an indication of value. This methodology involves the direct capitalization of net operating income as an indication of market value for a specific property. Capitalization rates applicable for direct capitalization method and yield rates for estimating terminal cap rates for discounted cash flow analysis are derived from the market. Sales of improved properties from which actual income and expense

data are obtained provide a very good indication of property return expectations a specific market participant is requiring from an investment at a specific point in time. In addition, overall capitalization rates can be derived and estimated from the built-up method (band-of-investment). This method relates to satisfying estimated market return requirements of both the debt and equity positions in a real estate investment. This information is obtained from available sales of property, local lending sources, and from real estate and financial publications.

Rent loss concessions are estimated for specific properties with vacancy problems. A rent loss concession accounts for the impact of lost rental income while the building is moving toward stabilized occupancy. The rent loss is calculated by multiplying the rental rate by the percent difference of the property's stabilized occupancy and its actual occupancy. Build out allowances (for first generation space or retrofit/second generation space as appropriate) and leasing expenses are added to the rent loss estimate. The total adjusted loss from these real property operations is discounted using an acceptable risk rate. The discounted value (inclusive of rent loss due to extraordinary vacancy, build out allowances and leasing commissions) becomes the rent loss concession and is deducted from the value indication of the property at stabilized occupancy. A variation of this technique allows a rent loss deduction to be estimated for every year that the property's actual occupancy is less than stabilized occupancy. In Blanco County most retail spaces are owner occupied. In the future there most likely will be a trend toward renting these to second parties where this method will be more utilized.

Sales Comparison (Market) Approach

Although all three of the approaches to value are based on market data, the Sales Comparison Approach is most frequently referred to as the Market Approach. This approach is utilized not only for estimating land value but also in comparing sales of similarly improved properties to parcels on the appraisal roll. As previously discussed in the Data Collection / Validation section of this report, pertinent data from actual sales of properties, both vacant and improved, is pursued throughout the year in order to obtain relevant information which can be used in all aspects of valuation. Sales of similarly improved properties can provide a basis for the depreciation schedules in the Cost Approach, rates and multipliers used in the Income Approach, and as a direct comparison in the Sales Comparison Approach. Improved sales are also used in ratio studies, which afford the appraiser an excellent means of judging the present level and uniformity of the appraised values.

Final Valuation Schedules

Based on the market data analysis and review discussed previously in the cost, income and sales approaches, the cost and income models are calibrated and finalized. The calibration results are keyed to the schedules and models in the PACS system for utilization on all commercial properties in the district. Market factors reflected within the cost and income approaches are evaluated and confirmed based on market sales of commercial and industrial properties.   The appraisers review the cost, income, and sales comparison approaches to value for each of the types of properties with available sales information.   The final valuation of a property is estimated based on reconciling these indications of value considering the weight of the market information available for evaluation and analysis in these approaches to value.

Statistical and Capitalization Analysis

Statistical analysis of final values is an essential component of quality control. This methodology represents a comparison of the final value against the standard and provides a concise measurement of the appraisal performance. Statistical comparisons of many different standards are used including sales of similar properties, the previous year's appraised value, audit trails, value change analysis and sales ratio analysis.

Appraisal statistics of County tendency and dispersion generated from sales ratios are calculated for each property type with available sales data. These summary statistics including, but not limited to, the weighted mean, provide the appraisers an analytical tool by which to determine both the level and uniformity of appraised value of a particular property type. The level of appraised values can be determined by the weighted mean for individual properties within a specific type, and a comparison of weighted means can reflect the general level of appraised value.

The appraisers review every commercial property type annually through the sales ratio analysis process. The first phase involves ratio studies that compare the recent sales prices of properties to the appraised values of the sold properties. This set of ratio studies affords the appraiser an excellent means of judging the present level of appraised value and uniformity of the appraised values. The appraiser, based on the sales ratio statistics and designated parameters for valuation update, makes a preliminary decision as to whether the value level of a particular property type needs to be updated in an upcoming reappraisal, or whether the level of market value is at an acceptable level.

Potential gross rent estimates, occupancy levels, secondary income, allowable expenses, net operating income and capitalization rate and multipliers are continuously reviewed. Income model estimates and conclusions are compared to actual information obtained on individual commercial and industrial income properties during the protest hearings process, as well as with information from published sources and area property managers and owners.

INDIVIDUAL VALUE REVIEW PROCEDURES

Field Review

The date of last inspection, extent of that inspection, and the Blanco CAD appraiser responsible are listed in the PACS system. If a property owner disputes the district's records concerning this data in a protest hearing, PACS may be altered based on the credibility of the evidence provided. Normally, a new field check is then requested to verify this information for the current year's valuation or for the next year's valuation. In addition, if a building permit is filed for a particular property indicating a change in characteristics, that property is added to a work file for review

A major effort is made by appraisers to field review as many properties as possible or economic areas experiencing large numbers of remodels, renovations, or retrofits, changes in occupancy levels or rental rates, new leasing activity, new construction, or wide variations in sale prices. Field review of real property accounts are accomplished while business personal property is reviewed and inspected in the field.   Additionally, the appraisers frequently field review subjective data items such as building class, quality of construction, condition, and physical, functional and economic obsolescence factors contributing significantly to the market value of the property. In some cases field reviews are warranted when sharp changes in occupancy or rental rate levels occur between building classes or between economic areas. With preliminary estimates of value in these targeted areas, the appraisers test computer assisted values against their own appraisal judgment. While in the field, the appraisers physically inspect sold and unsold properties for comparability and consistency of values.

Office Review

Office reviews are completed on properties subject to field inspections and are performed in compliance with the guidelines required by the existing

classification system. The appraiser may review methodology for appropriateness to ascertain that it was completed in accordance with USPAP or more stringent statutory and district policies. This review is performed after preliminary ratio statistics have been applied. If the ratio statistics are generally acceptable overall the review process is focused primarily on locating skewed results on an individual basis. Previous values resulting from protest hearings are individually reviewed to determine if the value remains appropriate for the current year based on market conditions. Once the appraiser is satisfied with the level and uniformity of value for each commercial property within their area of responsibility, the estimates of value go to noticing. Each parcel is subjected to the value parameters appropriate for its use type.

PERFORMANCE TESTS

The primary tool used to measure mass appraisal performance is the ratio study. A ratio study compares appraised values to market prices. In a ratio study, market values (value in exchange) are typically represented with the range of sale prices, i.e. a sales ratio study. Independent, expert appraisals may also be used to represent market values in a ratio study, i.e. an appraisal ratio study. If there are not enough examples of market price to provide necessary representativeness, independent appraisals can be used as indicators for market value. This can be particularly useful for commercial or industrial real property for which sales are limited. In addition, appraisal ratio studies can be used for properties statutorily not appraised at market value but reflect the use-value requirement.

Sales Ratio Studies

Sales ratio studies are an integral part of estimating equitable and accurate market values, and ultimately property assessments for these taxing jurisdictions. The primary uses of sale ratio studies include the determination of a need for general reappraisal; prioritizing selected groups of property types for reappraisal; identification of potential problems with appraisal procedures; assist in market analyses; and, to calibrate models used to estimate appraised values during valuation or reappraisal cycles. However, these studies cannot be used to judge the accuracy of an individual property appraised value. The Blanco County Appraisal Review Board may make individual value adjustments based on unequal appraisal (ratio) protest evidence submitted on a case-by-case basis during the hearing process.

Comparative Appraisal Analysis

The commercial appraiser performs an average unit value comparison in addition to a traditional ratio study. These studies are performed on commercially classed

properties by property use type (such as apartment, office, retail and warehouse usage or special use). The objective to this evaluation is to determine appraisal performance of sold and unsold properties. Appraisers average unit prices of sales and average unit appraised values of the same parcels and the comparison of average value changes of sold and unsold properties. These studies are conducted on substrata such as building class and on properties located within various economic areas. In this way, overall appraisal performance is evaluated geographically, by specific property type to discern whether sold parcels have been selectively appraised. When sold parcels and unsold parcels are appraised equally, the average unit values are similar. These sales and equity studies are performed prior to final appraisal and to annual noticing.

Mineral Properties (Cat G)

Blanco CAD has a minimal number of mineral properties. These properties are appraised by utilizing standard procedures.

Utilities (Cat J)

Blanco CAD contracts with Pritchard & Abbott to appraise utilities. A copy of their appraisal plan is attached.

Business Personal Property (Cat L)

VALUATION APPROACH

SIC Code Analysis

Business personal property is classified and utilizes a four digit numeric codes, called Standard Industrial Classification (SIC) codes that were developed by the federal government to describe property.   These classifications are used by Blanco CAD to classify personal property by business type

SIC code identification and delineation is the cornerstone of the personal property valuation system at the district. All of the personal property analysis work done in association with the personal property valuation process is SIC code specific. SIC codes are delineated based on observable aspects of homogeneity and business use.

Sources of Data

The district's property characteristic data was collected through a field collection effort coordinated by the district over the recent past and from property owner renditions. From year to year, reevaluation activities permit district appraisers to collect new data via an annual field inspection. This project results in the discovery of new businesses, changes in ownership, relocation of businesses, and closures of businesses not revealed through other sources. County Clerk records, state sales tax, local advertisements, and the public often provide the district information regarding new personal property and other useful facts related to property valuation.

<u>Vehicles</u>

Blanco CAD relies on information rendered from property owners and field inspections. There are TxDot reports available, but the information is not always reliable.

<u>Leased and Multi-Location Assets</u>

The primary source of leased and multi-location assets is property owner renditions of property. Other sources of data include field inspections.

Cost *Schedules*

Cost schedules are developed based on the SIC code by the Property Tax Division of the Comptroller's Office and by the district's personal property appraiser. The cost schedules are developed by analyzing cost data from property owner renditions, hearings, state schedules, and published cost guides. The cost schedules are reviewed as necessary to conform to changing market conditions. The schedules are typically in a price per square foot format, but some exception SIC codes are in an alternate price per unit format, such as per room for hotels.

Statistical Analysis

Summary statistics including, but not limited to, the median, weighted mean, and standard deviation provide the appraisers an analytical tool by which to determine both the level and uniformity of appraised value by SIC code. Review of the standard deviation can discern appraisal uniformity within SIC codes.

Depreciation Schedule and Trending Factors:

Blanco CAD's primary approach to the valuation of business personal property is the cost approach. The replacement cost new (RCN) is either developed from property owner reported historical cost or from BCAD developed valuation models. The trending factors used by the BCAD to develop RCN are based on published valuation guides. The percent good depreciation factors used by Blanco CAD are also based on published valuation guides.

Real Property Inventory (Cat O)

Certain residential property that is being held for resale can qualify for a special valuation. This property is typically vacant residential lots that are held by a developer for sale. However, a speculative home being held by a homebuilder can also qualify under certain restrictions. An example of this discount might be a builder purchasing several lots within a subdivision could expect a "bulk discount" from the developer for purchasing several lots.

In arriving at a value for special inventory, a discounted cash flow analysis utilizing actual comparable lot sales, and projected holding periods, is prepared by the Chief Appraiser.

Special Inventory (Cat S)

The property tax code has a provision for special valuation of vehicle, trailer, and manufactured housing dealer inventory. The district utilizes the formula as set forth in the code for qualified properties.

LIMITING CONDITIONS

The appraised value estimates provided by the district are subject to the following conditions:

1. The appraisals were prepared exclusively for ad valorem tax purposes.

2. The property characteristic data upon which the appraisals are based is assumed to be correct. Exterior inspections of the property appraised were performed as staff resources and time allowed. Some interior inspections of property appraised were performed at the request of the property owner and required by the district for clarification purposes and to correct property descriptions.

3. Validation of sales transactions was attempted through questionnaires to buyer and seller, telephone survey and field review. In the absence of such confirmation, residential sales data obtained from vendors was considered reliable.

4. I have attached a list of staff providing significant mass appraisal assistance to the person signing this certification.

Certification Statement:

"I, Candice Fry, Chief Appraiser for the Blanco County Appraisal District, solemnly swear that I have made or caused to be made a diligent inquiry to ascertain all property in the district subject to appraisal by me, and that I have included in the records all property that I am aware of at an appraised value which, to the best of my knowledge and belief, was determined as required by law."

Candice Fry

Candice Fry, RPA

Chief Appraiser

# STAFF PROVIDING SIGNIFICANT
MASS APPRAISAL ASSISTANCE

Candice Fry, RPA,RTA	Chief Appraiser
Kathy Willingham, RPA	Appraiser
Amy Hulburt	Office Manager
Mason Moreland	Field Appraiser
Jessica Sowell	Field Appraiser
Lee Gay Saxton	Contract Mapping
Anny Weed, RTC	Data, Collections

2021 Region 1-RNDI

2022 Region 2-NEAI

2020 Region 3- SSAI

2021
Region 1
RNDI

2022
Region 2
NEAI

2020
Region 3
SSAI

APPENDIX A
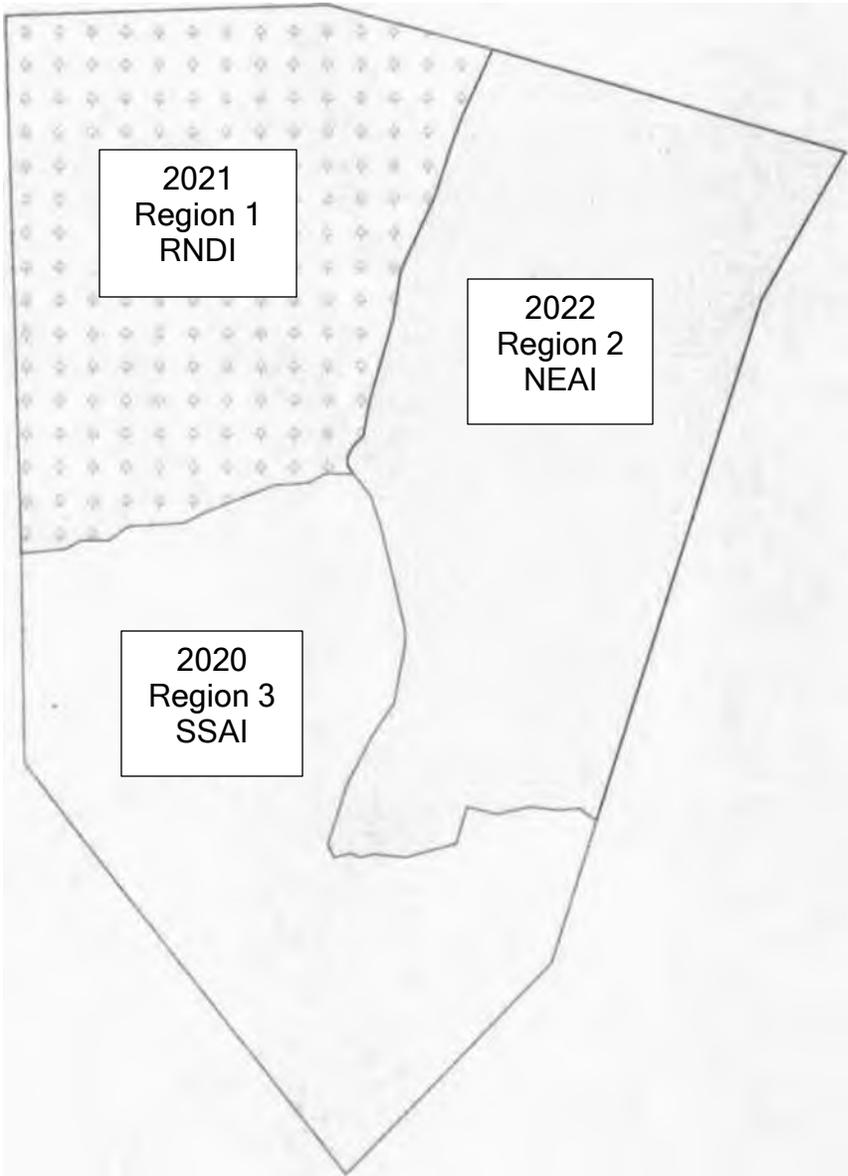
2022 Region 1-RNDI

2023 Region 2-NEAI

2021 Region 3- SSAI
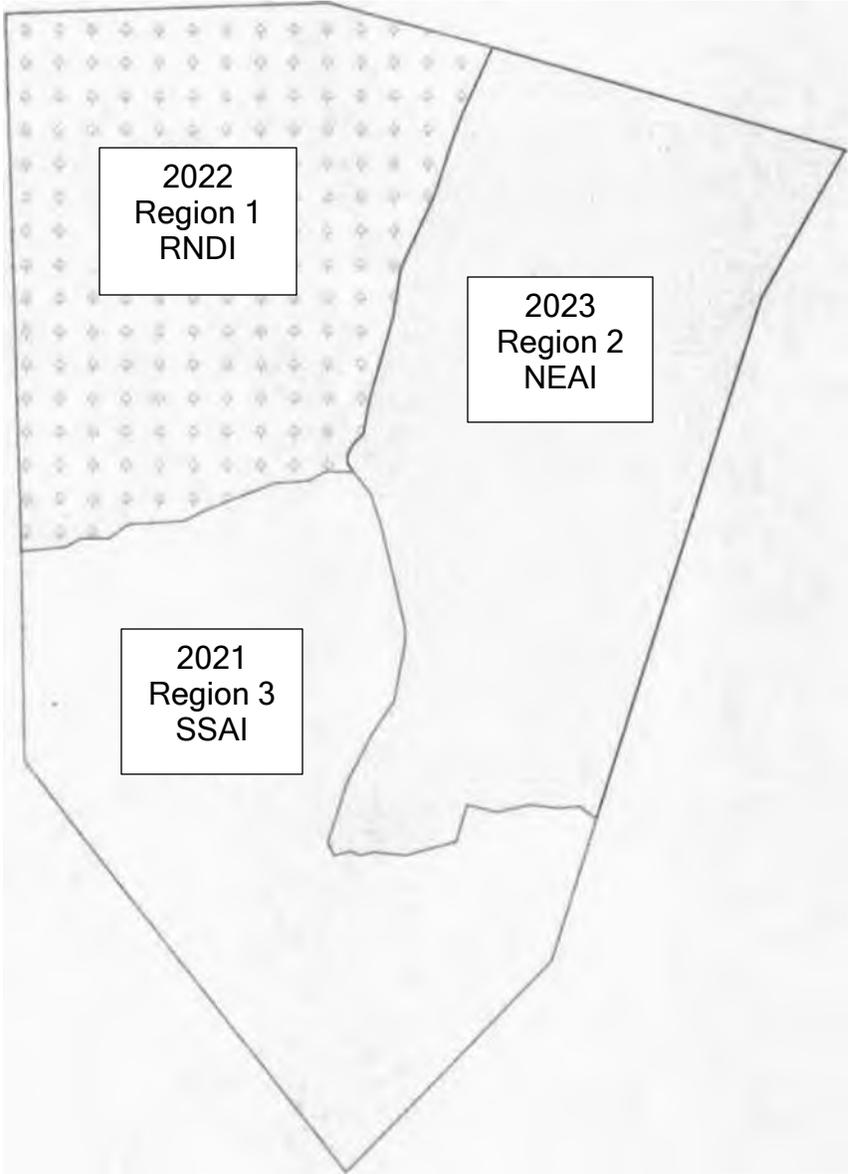
AMMENDED

*See Pg 11

2022
Region 1
RNDI

2023
Region 2
NEAI

2021
Region 3
SSAI

APPENDIX A

RESOLUTION No. 2020-9-15

### RESOLUTION APPROVING PERIODIC APPRAISAL PLAN

WHEREAS, the Legislature of the State of Texas has required each appraisal district to adopt a periodic reappraisal plan; and

WHEREAS, the Board of Directors of the Blanco County Appraisal District finds it to be in the public interest to adopt a reappraisal plan for the property appraisal by the Blanco County Appraisal District;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE BLANCO COUNTY APPRAISAL DISTRICT, THAT:

The reappraisal plan proposed by the Chief Appraiser, as amended, and attached hereto is adopted for the 2021 and 2022 tax appraisal years.

On Tuesday, September 15, 2020, a Public Hearing was held in conjunction with a regular scheduled meeting at 101 East Cypress, The Hoppe Room, Johnson City, Tx 78636 by the Board of Directors for the Blanco County Appraisal District. The motion to approve the Reappraisal Plan for 2021/2022 was moved and seconded and adopted by a unanimous vote by the Board of Directors for the Blanco County Appraisal District.
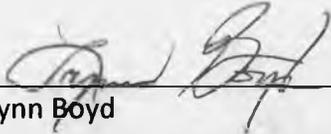
_____   9|15|20

Lynn Boyd   Date
Chairman, Blanco County Appraisal District