

2023
Gaston County



Schedule of Values

GASTON COUNTY SCHEDULE OF VALUES

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COMPONENTS OF A REAPPRAISAL

To accomplish the task of valuing all parcels within a county as of the January 1 revaluation date, the methodology of mass appraisal rather than the methodology of single-property appraisals must be utilized. Mass appraisal is the systematic appraisal of groups of properties as neighborhoods. This is accomplished by using standardized procedures and statistical testing. In a mass appraisal system, the assessor must make valuation judgments about groups of properties rather than single properties. The assessor must be able to develop, support, and explain standardized adjustments in a valuation model among use classes, construction types, neighborhoods, and other property groups. The guide used for this is the uniform schedule of values. The schedule of values is made up of schedules, standards, rules, tables, and other factors used to apply the correct value to parcels. The schedule of values serves as the county's mass appraisal model and is implemented by means of a computer-assisted mass appraisal system (CAMA). The schedule of values sets forth values for appropriate unit of measurement for use in appraising land and buildings. For example, land may be valued by a set amount per square foot, lot, or acre, depending on the highest and best use, while a dwelling is typically valued using an established amount per square foot. The land unit per appropriate unit of measurement also will vary depending on the neighborhood in which the land is situated. Factors that warrant adjustments are also set forth in the schedule of values for various types of property. The schedule typically authorizes adjustments to land value based on factors such as home-site size, excess acreage, road frontage, topography, zoning, the presence of easements, and other factors. A county's schedule also typically prescribes ranges of characteristics and corresponding percentage adjustments for recognized factors.

Mass appraisal for ad valorem purposes entails many of the same principles as an independent fee, single-property appraisal. Mass appraisal techniques, however, emphasize valuation modules (expressed as equations, tables, and schedules), standards of practice, and statistical quality control. A reassessment program consists of these subsystems:

1. A data management system
2. A sales analysis system
3. A valuation system
4. An administrative system

These subsystems are independent of each other. For example, the valuation system uses information maintained in the sales analysis and data management systems and produces output (valuations) required by the administrative system in the production of tax bills.

DATA MANAGEMENT SYSTEM

The data management system has components for collection, entry, editing, organization, conversion, storage, and security of property characteristics and ownership. Quality control of this system is very important because the accuracy of the values determined depends on the reliability of the data from which they are generated. In addition, data collection, conversion,

and maintenance are the most expensive aspect of any reappraisal program. Special care must be given to the thought and planning required of managing logic to minimize cost.

Data maintenance is the protocol for creating new parcels, capturing, and valuing new construction, and making changes to the current property database. The maintenance protocol consists of three components:

1. County land records system: the daily creation of new parcels from the recording of “splits” (dividing of an existing parcel), combining existing parcels, and the recording of new subdivision plats feeds the second component.
2. Permits and inspections: as the appraisal staff receives notice of new permits and inspections, property record cards are pulled, and new data is collected. Staff receives this information and monitors the construction progress and makes determinations of the percentage of construction completed as of January 1 each calendar year.
3. Periodic re-inspection of all properties: routine field visits are supplemented with information obtained from the latest Orthophotography and provided by property owners as part of the annual listing abstracts and requests from taxpayers for review or appeal.

SALES ANALYSIS SYSTEM

The sales system has components for sales data collection, sales screening and processing, ratio studies, and sales reporting. Assessment/sales ratio studies are the primary tool for measuring mass appraisal performance. They are invaluable for monitoring appraisal results, identifying reappraisal priorities, adjusting valuations to the market, and assisting the administrative system in planning and scheduling.

Ratio studies and sales reports draw on values produced by the valuation system and on property characteristics maintained in the data management.

VALUATION SYSTEM

The valuation system (CAMA) consists of mass appraisal applications of the three approaches to value and/or allows for various adjustments that recognize specific aspects of each approach. The three approaches are:

1. Cost Approach: requires maintenance and application of computerized cost schedules and equations, depreciation schedules, and indexing factors. This data comes from contractors, building material suppliers, etc.
2. Sales Comparison Approach: applications include multiple regression analysis and model building for automated comparable sales analysis.
3. Income Approach: will require income multipliers and overall rates. The information to generate this comes from rental, leasing, sales, etc., data provided by owners and tenants.

The optimum results of the valuation system will be to consider all three approaches to value, as appropriate to property type, and determine which method(s) produces the best results for the

final appraisal. Properly executed, any of the three approaches to value will yield creditable results, however the sales comparison and income approaches are highly dependent on available data. Of the three approaches, only the cost approach can be uniformly applied with limited data.

A general county-wide reappraisal depends on data being available from a wide variety of sources in order to properly apply each of the three approaches to value. Even when an abundance of relevant data is available for applying the sales comparison approach and the income approach, that data may also be utilized in refining the cost approach. In the absence of relevant data prior to the final determination of reappraisal values, the cost approach becomes the more reliable approach for all property types. Below is a comparison of the three approaches to value and when best to apply them.

<u>RESIDENTIAL</u>	<u>COMMERICAL</u>	<u>INDUSTRIAL/ SPECIAL PURPOSE</u>
1. Sales Comparison	1. Income	1. Cost
2. Cost	2. Cost	2. Sales Comparison
3. Income	3. Sales Comparison	3. Income

THE ADMINISTRATIVE SYSTEM

The administrative system is comprised of a variety of functions and activities, each of which requires information from sales analysis, valuation, or data management systems and produces products used by the administrative system.

IN-HOUSE REAPPRAISAL

An in-house reappraisal is a major effort requiring careful preparation, the support of county management and the Board of County Commissioners, adequate time, and sufficient funds. In preparing a schedule and reappraisal, the assessor's office should include the relationship between the daily operations of the assessor's office and the reappraisal program. Adequate time to cover probable delays and contingencies to deal with unforeseen problems must be taken into consideration. Even though the reappraisal process should be viewed as separate from daily operations, existing staff, duties, responsibilities, and priorities must be modified and additional staff may be required.

SUMMARY

General reappraisals of real property are required by statutory authority to be performed on an octennial plan (eight-year cycle). Many counties adopt a shorter cycle via a resolution by their respective County Board of Commissioners. The current trend in North Carolina is a four-year cycle for reappraisal with counties to hire and train the staff in order to perform an "In-House" reappraisal as opposed to "contracted" from outside the county lines.

As understood by the assessor's office, an effective reappraisal requires careful planning, a realistic analysis of the present state of the assessment records and values, and the resources needed to conduct the appraisal. As such, reappraisals are a costly, highly visible, and politically

sensitive undertaking. However, since the real property staff in the assessor's office understands its own resources and the technical requirements of the task, they are committed to conducting the most fair and equitable reappraisal possible. The success of this endeavor depends on the leadership of the assessor's office, an informed public awareness, and committed management support.