

Douglas County Assessor Department Recalculation Procedures Documentation

Introduction

The term recalculation is used to describe the automated valuation model used by the Douglas County Assessor's office to estimate real market values. In general, for family residential real property. The recalculation process in this county requires market studies, developing adjustment tables, electronically storing property characteristics, and computer applications of the adjustment tables to the property characteristics or full CAMA. This is a valuation method that is a combination of both reappraisal and ratio studies. The results of the recalculation studies are entered and stored into adjustment or basic tables in a computer system. Typically, the tables are in a cost per square foot, lump sum, or percentage adjustment code format. The tables are then applied to individual property characteristics databased in the County's assessment program.

Many changes are implemented due to the TSG conversion and recalculation method of appraisals. The TSG transition required starting with complete and accurate data from converted or hand entered appraisals. (Part of the other imps or improvement values are still flat rated from RS6000). The recalculation process involved sales collection/confirmation, appraisal set-up, RMV recalculation and evaluation summary.

The two types of data used with recalculation are general or specific. General data creates the basic foundation for market areas to determine a broad-brush application to the county's market activity. Specific market data is used in mass to formulate new individual update values based on this data. These new individual component values can be analyzed and formatted into new value tables or specified data increases or decreases. Specific data can consist of the property's view, topography, interior components, basements, garages, depreciation, cost modifiers, square foot, etc.

History

The previous method of real market valuation was done strictly through a ratio process. The ratio method was performed through the use of sales data on deeds found in the County Clerks office. A ratio study is done to give the most accurate ratios available for property appraisals. In a ratio study, all property identification information is collected on all sales within the County. Sales information includes property location or situs, name and address of buyer and seller, county map tax lot number, sales date, sales price, property class, condition codes, and current roll RMV (Real Market Value). In order to get an as accurate as possible ratio, the information is used only for those sales that are deemed usable. When the property information has been gathered and the ratio has been set, the entire county is subject to that ratio valuation process method of mass appraisal by property class. This was an appraisal method governed by the Oregon State statute ORS 309.200.

The method used in today's process is through recalculation; a five step procedure. Those five steps are as follows: Sales Collection, Sales Confirmation, Appraisal Set – Up, RMV (Real Market Value) Recalculation, and Evaluation Summary. The starting point begins with the land and LCI studies before the process of recalculation can be started. The information in the two studies will be used as a base for the recalculation process. If that information it is not present when the recalculation process commences, the recalculation process will not be accurate or usable and the studies will have to be done before appraisal valuation goes any further.

Softwares Used in Recalculation

Microsoft Programs:

- ◆ Access 2
- ◆ Access 2000
- ◆ Excel 2000
- ◆ TSG Able Term version 7,5,9,0

Land Study

A land study is one of the key factor in determining a property's value. The main goal of a land study is to establish a base lot value for each piece of property. To establish a base lot value, sales reports are used to determine a typical lot. Once determined, on-site development costs (utilities, site prep, etc.) are added to the homesite value. The next step is to determine any adjustments that need to be applied to the homesite. Adjustments can be made in the form of size, topography, view, or to the external or economic effects of a property such as location next to an industrial or commercial site. When all adjustments and improvements that have been added or subtracted to the land, the improved land value can be used in the LCI study.

LCI Study

An LCI study is a local market adjustment to the Department of Revenue Cost Factor Manual. These factors are based upon data from residential houses in the Portland area. An LCM established the replacement cost level from wise continuation of the land study. At this point in time, the information gathered through the land study will be exercised in conjunction with the information that will be researched for the LCI study. An LCI study is done to determine values for homes and buildings on a parcel of land. The LCI study can be approached in two different ways, with either a sales price or by construction costs.

When there is a representative sampling of the new property sales, the sales price is used to calculate the LCI's. The current land value is established from unimproved homesite sales being subtracted out of the sales price. Once the land value has been extracted from sales, the result is known as the building residual. The building residual is then compared with the replacement cost new, a value for that home if it had to be replaced at 100% good with no depreciation. This is done by dividing the building residual value by the replacement cost new estimate. This indicates the LCI for that particular building or home. Once each house class study has been completed, the average of all of the indicated LCIs within that class are computed. The results are one LCI that is applied to all of the houses that fall under that specified class.

The alternate LCI method is to use new construction costs of custom houses where there are no actual sales. From the total construction cost, the garage and other improvements are subtracted out. After those costs are extracted, the result is known as the house building residual. Once the building residual value is determined, it is divided by the building replacement cost new to arrive at a LCI for that home. After all of the LCI's for a particular class of house are figured, the average is computed. Once the average LCI is determined it is applied to all of the houses within that class. The only difference in computing LCI's in the two different methods is the sales price approach needs the land value extracted out in addition to the other improvements to arrive at the building residual. With only construction costs, there is no land value to be abstracted out.

In the case of Douglas County, both benchmark studies are used as typically there is not enough sales of new class 5, 6 and 7 custom homes to derive at a local modifier otherwise. Once the LCIs have been applied and recalculated, an additional study is done to test the new values verse sales price or construction cost of those samplings used in the study.

Changes to be Documented

The following are implementations and changes made for the 2004-05 assessment year. One or several of these changes may be the cause of a value increase or decrease.

Attachment A

Improvements

Land

CountyWide Rural Acreage land classes (excess homesite useable land) increase average of 12%

Land market area homesite tables increase in a range from 5% to 150% .

Approximately 50 land charts changed

some modifiers now removed based upon market analysis. Views built into base site value

Creation of estate setting homesites to reflect building to imp ratio

Annual countywide LCI study implemented based on sales and construction costs of newly constructed structures countywide – see attachment

Multi-family

County wide rent study and review including updating pictures

LCI Study implemented

Income approach implemented in all other areas

Manufactured Homes

Lineal feet items converted as cost per square – foundations, skirting and gutters.

All foundations (split face, mortared, etc) cost per square foot includes runners @ \$2.75/sf.

2 bath mobile homes increased by \$1,400.

Recalculation adjustments are performed via a Microsoft Access recalc program where land and building ratios are converted and applied.

Recalculation Process (completed March)

Using straddle sales of oct 2003 to Feb 2005 . Approximately 1500 sales are processed through a computer program designed specifically for recalculation. Land tables are restructured with the use of this program and a land to building ratio is created to display (if needed) the weighted adjustments for land or buildings
This program encompasses all the residential and mobile home properties

Trending Process (completed July)

Using 2004 sales

- 1) The Recalculated system or values were now compared to the market for any needed additional trending or adjustments.

Trending as previously used is now a tool to adjust values to reflect the market and the % difference does not reflect the actual market changes.

Countywide depreciation schedule implemented consisted initially of 1056 countywide sales from January 2004 through December 2004. Sales consisted of both 01 & 11 sale disposition codes with ratio parameters not to exceed 10%. This strict ratio parameter was used to limit large differentials in value between sales price and assessment values. Approximately 522 sales were used as valid depreciation indicators-31 fair condition sales; 402 average condition sales; 89 good condition sales.

Analysis of these sales provided residential depreciation indicators for fair, average, and good conditions. Abstracting the contributory value of the land and misc. improvements from the selling price of the property resulted the indicated value of the house. The differential between the indicated value of the house and the house replacement cost new resulted in the percent good for the effective year built. Condition & % good are based upon “EFF YEAR” and are table driven; typically “YR Built” & EFF YR are the same. May differ due to remodel/addition or due to TSG conversion lists. – see attachment

Note this year’s depreciation analysis indicated a slight acceleration in depreciation for some effective years than what was indicated in last years study. Overall most effective years resulted the same depreciation indicators that were typical of last years study. Low interest rates and desirability to live in the Douglas County area continue to fuel this market.

Attachment B

2005 – 2006 Average Depreciation Schedule and LCI Schedule

These schedules are used after studies have been completed, for appraisal valuation purposes

2005-06			
AVERAGE DEPRECIATION TABLE ALL AREAS			
YR BLT	% GOOD	YR BLT	% GOOD
2004	100	cont.	85

2005-06 HOUSE "+" CLASS % & LCI		
HOUSE		
C	"+"	LCI
L		
1	110	124
2	115	124

2003		1970	
2002		1969	
2001		1968	
2000		1967	
1999	95	1966	80
1998		1965	
1997		1964	
1996		1963	
1995		1962	
1994		1961	
1993		1960	
1992		1959	
1991		1958	
1990		1957	75
1989	90	1956	
1988		1955	
1987		1954	
1986		1953	
1985		1952	
1984		1951	
1983		1950	
1982		1949	
1981		1948	70
1980	85	1947	
1979		1946	
1978		1945	
1977		1944	
1976		1943	
1975		1942	
1974		1941	
1973		1940	
1972		1942	
1971		1941	
		1940	

	Excel	Good	Ave	Fair	Poor*
1930 to 1921	Eff Yr	75	65	55	static
1920 & older	Eff Yr	75	60	50	static

+ / - 5 to 10% on good & fair conditions table generated.
 "R" -- remodel/addn use "EFF YEAR" in average cond.
 Existing "E" conditions: 10 to 20% > ave; "P" -5% < fair
 tables entered into the system and vary by year. Use EFF YR instead of "E". Use "F" & "P" with actual YR Blt.
 When an "S" for Static condition is entered, 100% will automatically appear, under the #22 Adjustment field enter code "Static" and the desired depreciation.

* changed hse 64 yr old to 50%; up to 74 yrs 45%, 84 yrs 40%

3	115	124	
4	115	120	
5	120	117	
6	120	120	to 130 8/1/05
7	120	120	to 140 7/26/05
8	120	120	to 140 7/26/05

cl 5 - 8 "+" changed from 125%

MULTI-FAMILY 04 LCI Study

C	"+"	LCI
3	115	110
4	115	105
5	120	105

*All Multi-family units are calculated by both Income and Cost Approaches.

GARAGE / CARPORT
"+" CLASS % & LCI

Apr-05
 * supplemental study

GARAGES

C	"+"	LCI ATT/	LCI DET
2	110	124	76 to 110
3	105	124	76 to 110
4	105	120	91 to 110
5	105	117	91 to 110
6	105	120	120 to 110

"+" splits cost between classes
 bsm't cl 2 same as cl 3 \$/Sq Ft
 class 2 has unfin costs only

CARPORTS

C	"+"	LCI ATT/	LCI DET
3	105	124	76
4	105	120	91
5	105	117	91
6	105	120	120

no height adjustments on CPs
 Gar "+" % doesn't split cost difference --only +5%
 RV Ports have same LCM as Det CP
 Bsm't Gar & CP use house LCM

FARM LCI class 4 & 5 = 100%
 class 6 = 105%
 * All classes GPB,HC,MS,FB,LB to 117%
 * supplemental study updated new LCIs

Attachment C

Cost Factor Codes

2005 Cost Factor Implemented

NOTE: LCI study from fall 2004 updated to reflect sales of new houses Spring 2005. Class 6s to 130% from 120%. There were no 7s built but sales indicated

Class 5 - 7 "+" were changed from 125% to 120%.

CODE	Field	% or Lump	Class	Description	Dave Entered	Date
House Imp						
Cedar	Exter Wall	117%			done	1/6/0
Log	Exter Wall	117%		class 3 & higher log houses		8/12/0
Heating / Cooling						
				note 1: since increase cost per sf do not add for more than 1 heating system	done	1/6/0
				note 2: these heat types have no size adjustments and are at the cost per sq ft indicated.	sa 1-24-05	
				note 3: \$ amount below is based on main floor sf only!		
INFLR	Heat/AC	\$4 / sf	3	typically infloor heating systems require a	to do 1-15-03	
INFLR	Heat/AC	\$4 / sf	4	duct system for A/C	done	
INFLR	Heat/AC	\$5 / sf	5		done	
INFLR	Heat/AC	\$5 / sf	6		done	
INFLR	Heat/AC	\$5 / sf	7	since 2 systems \$/sf lower than actual cost	done	
note 2: these heat types have no size adjustments and are at the cost per sq ft indicated.						
HP / FA.AC	Heat/AC	\$3 / sf	3		no	12/9/0
HP / FA.AC	Heat/AC	\$4 / sf	4	HP was \$.20 to \$.65 higher than FA.AC depending on class		
HP / FA.AC	Heat/AC	\$4 / sf	5	per heating contractor FA.AC is = or more expensive		
HP / FA.AC	Heat/AC	\$4 / sf	6			
HP / FA.AC	Heat/AC	\$4 / sf	7			
SND	Sound System	Lump		\$2000 to \$10000 (\$2 per sq ft possible rule of thumb)		
COMP	Roof Cover			remove "-" adjustment on all classes 5 & up	done	
R4.ADJ	% Adjust			remove R4.ADJ @ 92% on all 4- houses -- basically affects houses in the Sutherlin area	done	
WALL.HT	Exter Comp	\$4/ main flr sf	4+	add on 4+ houses with wall height over 8' \$4 / sf on main floor sq only; class 5 - 7 @ \$7 on main flr		
WALL.HT				added to class 3 houses also for 3+ houses trying to mimic nicer class 4 @ \$4/sf	yes	for 2003
Garage Imp						
gar.cedar	Exter Wall	\$5 / sf		< 1000 sf		
gar.cedar	Exter Wall	\$7.50/sf		> 1000 sf		
CL 7	% Adjust	200%				
				typically appraisers are not adjusting for more doors		
OH.DOOR1	Exter Wall	\$0		OH.DOOR3	Exter Wall	\$1,50
OH.DOOR2	Exter Wall	\$750		OH.DOOR4	Exter Wall	\$2,25
note: WALL.HT does add on class 3 garages -- amount per sq ft depends on height						
no elec	Elect	-\$1,500				
Infloor	Heat/AC	\$4 / sf	4			
Infloor	Heat/AC	\$5 / sf	5-7			
AC	Exter Wall	\$1.25	3	14' doesn't calculate or possibly any heights		
RVPORTS				reduced CP factors by 20% based on supplemental study R68304; cl 3 \$13.63, 4		4/14/0
Other Imps						
PR	Type Segment	\$10.00				
PRCC	Type Segment	\$12.50				
PRDK	Type Segment	\$18.00				
PRH	Type Segment	\$15.00				
PRCCS	Type Segment	\$28.00		house roof ext w/ stamped conc		
PRDKE	Type Segment	\$35.00		house roof ext w/ excellent deck/raised conc		

2005 MISC COMPONENT & INFO

Expensive Kitchens

Date	AA	Prop ID	Imp Seg Type	Description	Construction Costs	Contractor	Appr	CI
1/21/03		R37796		Kit cab & ctops	\$70000 for granite counter and cabinets		JL	6+
10/15/2003	R119690			Stainless Appliances only cost \$15000 for the house per So. Stephens Appl				Jel
Stainless Steel Appliances and ones with wood fronts verses colored appliances								
10/15/2003				Tim's Appliances say there is about a 20% difference in cost of good white or colored appliances verses stainless the warming ovens in stainless cost approx \$700 each.				

APPLIANCE AND COUNTERTOP COSTS

2005-06

gathered by Jan Layton and Tracy Dunn

10/4/2004

Information on appliances were from local merchants and also internet by brand name. Maytag, Whirlpool, GE, Kitchenaid, Frigidaire seem to be most popular brands

Asko, Wolf, Boch, Melie appliances are the tip top of the line at present.

9/4/2004 So. Stephens Appliance say also about 15% to 20% above good white or colored appliances verses stainless on avg large homes with stainless will be \$10000 to \$15000 for the basic appliances

Sub O refrigerators start at \$2000 to \$2500 which are brushed look stainless. The top line stainless steel start at \$4000 to 7000

Refrigerators

	<u>South Stephens</u>		<u>Lowe's</u>	
	<u>Colored</u>	<u>Stainless</u>	<u>Colored</u>	<u>Stainless</u>
Counter Depth	\$2,000	\$2,500	\$1,800	\$2,500
French Door	\$1,600	\$2,400	0	0
Sub O type		4000-7000	0	0

Ranges

Cooktop

Wolf, Aska, Melei, etc

Drop in

\$500-750	\$800-1000	1600 - 1800	\$450 - 600	\$900
600-800	1100-1400	4500 - 7300	500-700	1000-1200

BI-Ovens

Single	\$600 up	750 up	3600-4500	500	1000
Double Micro/oven combo	900 up	2000 to 3500 3000 up	5500 - 6000	800 up	800-3000 3000

Warming Ovens

South Stephens

Lowe's

700	1000	500	700
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Hood and Fan

50 - 300	300-up	32-300
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South Stephens said that the Lg Stainless hoods over center island or commercial type stoves start at \$3000. These are in the higher quality homes and are specialty items.

Space Saver Microwave

\$199-300	400 to 700	170 to 279
off internet whirlpool	up to \$712 + installation	

2005-05 Average RMV change for Residential Accounts.

Resulting percent changes created from 'unchanged' res props, averaged per respective market areas.

Market Code	Average Percent Change
BA	1.28
BAR	1.38
BBR	0.96
BC	1.11
BCM	1.00
BD	1.10
BE	1.02
BF	1.19
BHR	1.14
BK	1.05
BKM	1.01
BLR	1.02
BM	1.12
BMM	1.00
BN	1.23
BPR	1.02
BRR	1.01
BS	1.16
BSM	1.00
F2	1.00
F3	1.03
F4R	1.05
FA	1.10
FB	1.10
FBM	1.10
FCR	1.24
FD	1.11
FDM	1.00
FE	1.12
FF	1.11
FG	1.15
FH	1.07
FHM	1.15
FJ	1.21
FK	1.06
FN	1.11
FP	1.11
FR	1.05
FSR	1.01
GA	1.05
GAM	0.64
GB	1.18
GBM	1.00
GCR	1.51
GDR	1.17

GG	1.28
GGM	1.00
GH	1.14
GJ	1.03
GLR	1.18
GM	1.26
GN	1.27
J1	1.36
J1M	1.00
J2	0.93
J3	0.95
J4W	0.99
J5	1.37
J5M	1.00
J6W	1.09
J7W	1.10
JA	1.18
JB	1.08
JBM	1.07
JCR	1.23
JD	1.30
JFR	1.09
JGR	1.26
JH	1.15
JIR	1.20
JJ	1.24
JJM	1.00
JK	1.12
JL	1.47
JLM	1.00
JM	1.18
JMM	1.00
JN	1.25
JNM	1.00
JP	1.12
JPM	0.99
JQR	0.93
JR	1.09
JS	1.05
JT	1.31
JTM	1.05
JV	1.06
JWR	1.34
JX	1.07
JY	1.13
K1	1.12
K2	1.06
K3	1.12
K4	1.15
K5R	1.24
K6	1.13
K7	1.22
K7C	1.21
K7K	1.08
K7M	1.00
K8	1.20

K9	1.15
KA	1.18
KB	1.06
KBM	1.00
KCR	1.21
KD	1.09
KER	1.25
KF	1.23
KFX	1.15
KGMR	1.10
KGR	1.04
KHR	1.21
KI	1.17
KJ	1.05
KK	1.21
KLR	1.43
KM	1.18
KN	1.20
KOR	1.13
KP	1.09
KQR	1.09
KR	1.22
KS	1.07
KSM	1.01
KUR	1.20
KVR	1.16
KX	1.08
KXM	1.02
KY	1.20
KZ	1.05
KZM	0.97
RA	1.19
RAM	1.00
RB	1.21
RBE	1.13
RC	1.25
RCM	1.00
RD	1.13
RDM	1.00
RDT	1.23
RER	1.33
RF	1.22
RGR	1.14
RH	1.16
RHF	1.06
RHM	1.00
RJ	1.24
RJM	1.19
RK	1.19
RKM	1.00
RKPM	1.02
RKV	1.18
RL	1.17
RM	1.05
RQMR	1.00
RQR	1.24

RR	1.19
RRM	1.01
RT	1.10
RTM	1.02
RW	1.12
RWM	1.00
RXR	1.13
RY	1.11
RYM	1.02
SA	1.30
SB	1.32
SC	1.08
SCM	1.01
SD	1.31
SE	1.27
SFR	1.19
SG	1.10
SGM	1.03
SGX	1.14
SH	1.25
SJ	1.09
SK	1.08
SKM	0.98
SKX	0.97
SL	1.20
SLM	1.00
SM	1.15
SMM	1.00
SMV	1.15
SP	1.03
SRR	1.17
SS	1.15
XX	1.26
Total Average of RMV perct	1.16
Total Count of Property Used	37985

** total results for the entire county indicates a 116% total increase
 ** of the 189 market areas, 68 areas succeeded the overall increase of 116%
 **