

# WEBER COUNTY



# ASSESSOR



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## FIVE YEAR REVIEW OF PROPERTY CHARACTERISTICS PLAN

Revised June 2023

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WEBER COUNTY ASSESSOR

FIVE YEAR CYCLICAL REVIEW OF PROPERTY CHARACTERISTICS PLAN

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Section I:

**Statutory Requirements:**

(1) Beginning January 1, 1994, each county assessor shall annually update property values of property as provided in Utah Code Annotated 59-2-303.1 based on a systematic review of current market data. In addition, the county assessor shall complete a detailed review of property characteristics for each property at least once every five years.

The commission shall take corrective action if the commission determines that:

- (i) a county assessor has not satisfactorily followed the current mass appraisal standards, as provided by law;
- (ii) the sales-assessment ratio, coefficients of dispersion, or other statistical measures of appraisal performance related to the studies required by Section 59-2-704 are not within the standards provided by law; or
- (iii) the county assessor has failed to comply with the requirements of Subsection (4).

(a) For purposes of this section, "corrective action" includes:

- (i) factoring pursuant to Section 59-2-704;
- (ii) notifying the state auditor that the county failed to comply with the requirements of this section; or filing a petition for a court order requiring a county to take action.

(2) (a) By July 1, 2008, each county assessor shall prepare a five-year plan to comply with the requirements of Subsections (2) and (3).

(b) The plan shall be available in the county assessor's office for review by the public upon request.

(b) The plan shall be annually reviewed and revised as necessary.

*Section II:*

**Purpose Statement:**

The main function of the county assessor's office is to value property fairly and equitably. Valuing property fairly demands that assessments on real property be at market value. Valuing equitably requires that similar appraisal uniformity between and within all geographic regions and property types. The purpose of a Five-Year Review of Property Characteristics effort is to provide a vehicle for the assurance of fair and equitable property assessments. If property valuations are accurate across the entire county, inequities in property taxation are greatly reduced. In order to appraise real property correctly, both qualitative and quantitative physical characteristics need to be collected and recorded accurately in order for a mass appraisal system to work as designed.

The Weber County Assessor's office is committed to a quality reappraisal plan and process by adhering to the following standards:

1. Design the plan, process, and methods in order to obtain the most accurate information available while maintaining statutory obligations and authority.
2. Structure the plan with each method/task clearly defined so as to minimize inefficiencies within the plan.
3. Design the plan and methods of reappraisal in a manner that will best utilize existing resources (labor, technology, etc.), while minimizing the need for the acquisition of additional resources.

4. Should the process require additional resources (i.e. labor, technology etc.) strive to obtain such resource in the most proficient manner possible and take all necessary precautions to ensure that such acquisition be the most productive and long-term possible.
  
5. Integrate the plan in all areas possible with the “daily business” of the Assessor’s office as a means to make the plan not only a tool to meet state mandates, but also as a vehicle to better the department’s customary appraisal productivity.

**Mass-Appraisal and Market Value:**

Mass-Appraisal is the systematic valuation of multiple properties as of a given date while utilizing standardized statistical methods and testing to measure quality. In Utah the valuation or assessment of property is based on its current market value as of January 1<sup>st</sup> of a given tax year. The Utah Property Tax Act defines fair market value as: the amount at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of the relevant facts.

Appraisal practice dictates three basic methods to determine market value:

- The Cost Approach: The cost approach is a set of procedures where a value estimate is derived for the fee simple interest in a property by calculating the current cost to construct a replacement for the existing structure; deducting accrued depreciation from the replacement cost; and adding the estimated land value plus an entrepreneurial profit.
- The Sales Comparison Approach: Based on the concept of value in exchange, the sales comparison approach to value is a set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have sold recently, applying appropriate units of comparison, and making adjustments to the sale prices of the comparable sales based on the elements of comparison. This approach may be used to value improved property, vacant land, or land being considered as though vacant. It is the most common and preferred method of valuation when enough comparable sale data is available.

- The Income Approach: A set of procedures through which an appraiser derives a value indication for an income producing property by converting its anticipated benefits into an estimate of value.

The process of determining the market value of real property in Weber County utilizes one or more of the three approaches to value. The valuation approach that provides the most accurate estimate of market value and the type of property dictates the methodology used in the assessment process. Mass-appraisal often utilizes valuation models that depend on multiple variables to predict a value, such as the market value of land or the market value of land and improvements. Valuation models are an integral part of the valuation process in Weber County and rely significantly on accurate appraisal data and sales information. A valuation model is a statistical technique that analyzes the characteristics of sold properties and applies the coefficients derived from such analysis to estimate the value for similar properties.

#### **Assessment Regions and Neighborhood Definition:**

A key element in mass appraisal, particularly when the use of a valuation model is employed, is the development of functional boundaries termed Assessment Regions and Appraisal Neighborhoods. Regions describe broad areas determined by physical and political boundaries within the County. Appraisal Neighborhoods are designed on a more micro-economic level and represent boundaries wherein the improved properties within such boundary are very similar in nature with respect to the following criteria:

- Age
- Size
- Type and Quality of Construction
- Condition
- Land Use and Characteristics

### Methods to Measure the Quality of County Assessments:

Also as a provision of law, counties are required to measure the quality or accuracy of the assessments (appraisals) as they compare to arm's length market transactions. In general discussion statistical methods, also known as ratio studies, are utilized to define the ratio that compares the value determined on a given property or group of properties by the Assessor and such property or group of properties estimated market value as represented by an open market, arm's-length sale. In other words, assessed value / sale price = ratio.

A primary purpose of ratio studies is to test compliance with constitutional and statutory mandates. The Utah State Constitution requires that all tangible property (with exception of age based fee-in-lieu mechanisms) in the state be taxed at a uniform and equal rate in proportion to its value.<sup>1</sup> The Property Tax Act expands upon the constitutional instruction requiring that property be assessed and taxed based upon its fair market value.<sup>2</sup> Fair market value is defined in statute as "[...] *the amount at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of the relevant facts.*"<sup>3</sup>

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<sup>1</sup> [Utah Constitution Article XIII, Section 2\(1\)](#)

<sup>2</sup> [Utah Code Ann. 59-2-103\(1\)](#)

<sup>3</sup> [Utah Code Ann. 59-2-102\(13\)](#)



By example, assume the assessment/sale ratio study covering a number of appraisal neighborhoods indicate a median assessment/sale ratio of 85%. In other words if a property is assessed for \$340,000 the ratio study would indicate a market value of \$400,000 [ $\$340,000 / 85\% = \$400,000$ ]. The standard of practice set forth in tax commission rule is  $\pm 5\%$  of the level of assessment for residential properties, which would equal 95-105%, and  $\pm 10\%$  for nonresidential properties, which would equal 90% - 110%<sup>4</sup>. Given the sale ratio in this example (85%) is outside of the standard, the County is required to reappraise properties in this hypothetical area to a level consistent with standards set forth in rule.

A reappraisal of properties in any given area is almost always preferable to a factor. Blanket adjustments in market values (factors) based on ratio studies tend to magnify inequities in property assessments by disproportionately changing the market value of parcels with higher ratios. For example, the table below illustrates a factor placed on five properties with different assessment/sale ratios. The tables below serve as an example of the results of factoring (Table 1) vs. reappraisal (Table 2).

In the Table 1 example the initial sale ratio is 85%. Utilizing a factor to bring the assessed values into compliance, each value would need to be divided by 85%.

Sale	Sale Price	Pre-Factor Value	Sale Ratio		Factored Value	Sale Ratio
1	\$ 500,000	\$ 275,000	55%		\$ 324,000	65%
2	\$ 500,000	\$ 400,000	80%		\$ 471,000	94%
3	\$ 500,000	\$ 425,000	85%		\$ 500,000	100%
4	\$ 500,000	\$ 500,000	100%		\$ 588,000	118%
5	\$ 500,000	\$ 525,000	105%		\$ 618,000	124%
		Median	85%		Median	100%
		Average	85%		Average	100%
		Range	50%		Range	59%

Table 1

<sup>4</sup> [Utah Tax Commission Rule 884-24P-27\(2\)\(a\)\(i\)](#)

Sale 1 has the lowest sale ratio both pre and post factor. The ratio only increased 10% and is still particularly undervalued compared to its sale and the other properties in the sample. Compare this to Sale #5 whose ratio increased 19% and is now even more overvalued in comparison to its sale price than before. Even though the assessment sale ratio is now a “perfect” 100% post factor, the equity between sales is *worse* than before the factor, as evidenced by the range in assessment ratios increasing from 50% to 59%. This defeats the purpose of the revaluation. While the assessment ratio is now in compliance, there is not assessment equity between like properties.

As a second example, Table 2 illustrates the results of a good reappraisal. Like in Table 1, the initial assessed/sale ratio is 85%. However, instead of applying a uniform percent change across all parcels, a reappraisal was performed.

Sale	Sale Price	Pre-Reappraisal Value	Sale Ratio	Reappraisal Value	Sale Ratio
1	\$ 500,000	\$ 275,000	55%	\$ 485,000	97%
2	\$ 500,000	\$ 400,000	80%	\$ 495,000	99%
3	\$ 500,000	\$ 425,000	85%	\$ 490,000	98%
4	\$ 500,000	\$ 500,000	100%	\$ 510,000	102%
5	\$ 500,000	\$ 525,000	105%	\$ 470,000	94%
		Median	85%	Median	98%
		Average	85%	Average	98%
		Range	50%	Range	8%

Table 2

The results of the reappraisal are much better than those of the factor. Even though the average assessed/sale ratio for this group is not as accurate vs the factor (98% vs. 100%), the resulting property values are much more equitable as the range of the ratios is now down to 8% compared to 59% for the post factor values. The process of site inspection and reappraisal in order to determine accurate market values is fundamental to achieving fairness and equity in assessment.

*Section IV:*

**Public Relations and Notification Methods:**

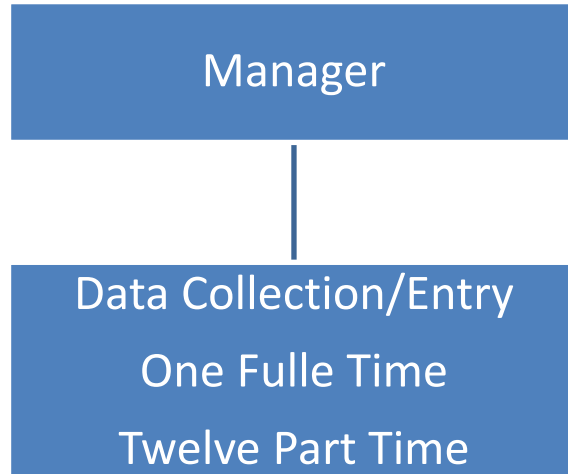
The importance of an informed community cannot be understated, particularly when changes in property values may occur and accordingly, changes in property tax. Recognizing this need while establishing a cost efficient and effective means of informing the population, notification of review of property characteristics is expected to be achieved through the following methods:

1. Notification of last review of property characteristics will be referenced on the annual Property Evaluation notices. This method can provide information directly to those property owners who will experience reappraisal of their property within twelve months from the time of notification.
2. "Door-Hangers" are utilized in an effort to inform the property owner of the reappraisal effort and/or request information about the property otherwise unobtainable.
3. When appropriate, notifications of reappraisal and market conditions will run in local news print media.
4. Assessment information brochures are available at the Assessor's office, which discuss the functions of the Assessor's Office.
5. Copies of this report are available to the public at any time from the Assessor office. As well, the Plan will is also available on the Assessor's web-site at [www.co.weber.ut.us/assessor](http://www.co.weber.ut.us/assessor).

Section V:

**Reappraisal Production ~ Commentary:**

**Department Organization – Residential Property:**



Our Reappraisal Department’s efforts are directed toward the review of property characteristics of all residential property in Weber County. Our commercial property appraisal staff conducts our reappraisal effort. This staff consists of two Certified General Appraisers managed by our Real Estate Division Administrator.

**Residential Production:**

- 2023: 12,900 improved residential parcels  
3,700 vacant noncommercial parcels  
16,600 total

**Commercial Production:**

- 2023: 870 improved commercial parcels  
850 vacant commercial parcels  
1,720 total

**Reappraisal Total:**

Through reappraisal and factoring, in tax year 2023, the Weber County Assessor's Office performed valuation changes in excess of 96% parcels of the taxable parcels in Weber County.

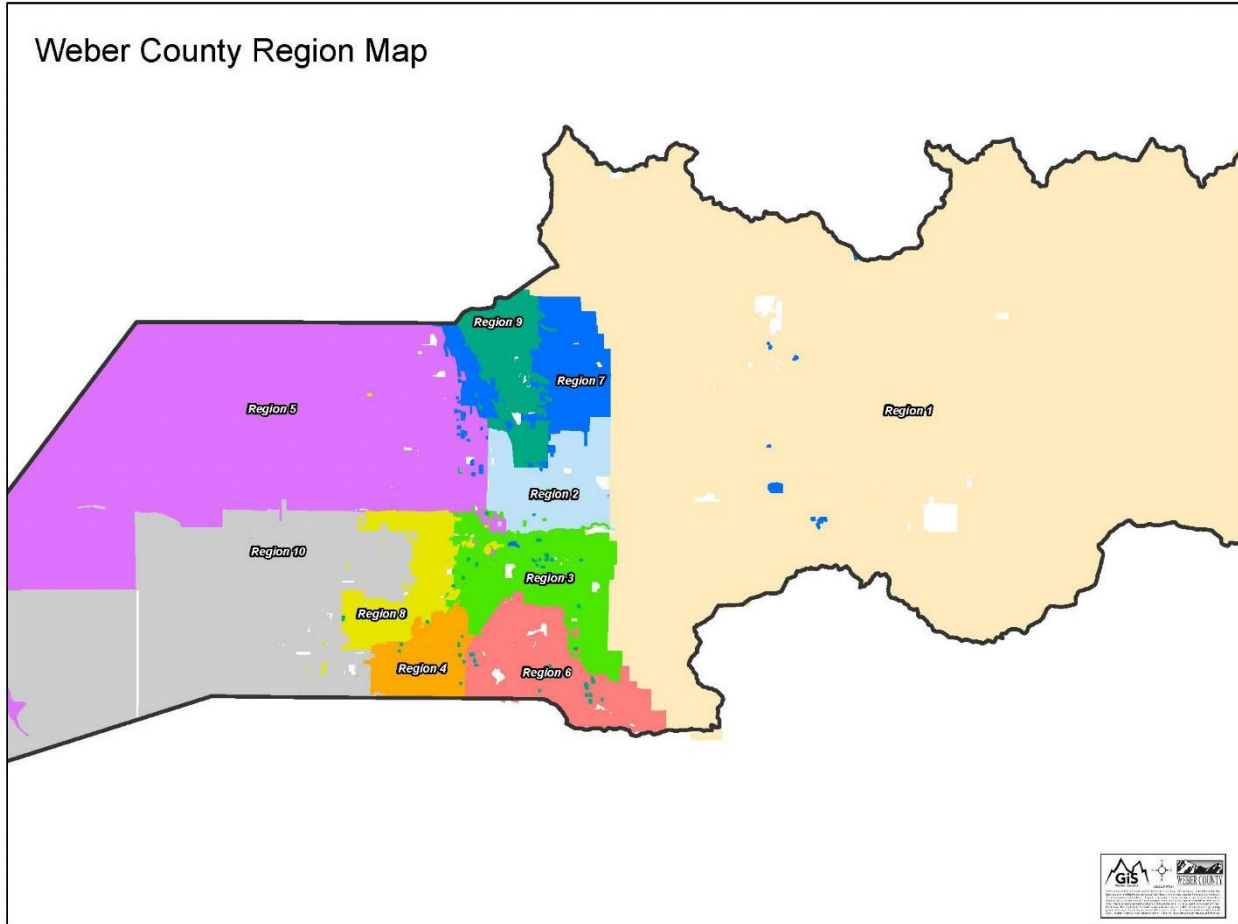


Figure 1

Section VI:

### **Five-Year Plan**

#### **Residential Production:**

Complete the collection of remaining single-family residential properties with a previous review of property characteristics greater than five years. Estimated parcel count: 11,500.

#### **Vacant Noncommercial Land Production:**

Vacant Noncommercial Land: Complete the collection of remaining vacant noncommercial land. Estimated parcel count: 3,300

#### **Commercial Production:**

Commercial: Review commercial parcels with a review date greater than five years. Estimated parcel count: 1,100.

Section VII:

**Summary:**

The County Assessor is charged with the duty of accurately assessing all taxable real and personal property within the boundaries of the county. The total value obtained through the assessment process is the foundation for the property tax. Taxing entities like, Weber County, Ogden City, school districts and others, base their tax rates, in-part, on the total taxable value of all property within the entities boundaries (required operating budget / taxable value = tax rate). If valuations in a given area of the county are out-of-balance, the result is an inequity in property tax due – someone is either paying too much compared to someone else's too little.

*Inherent in the proper assessment (valuation) of property by the county is the accurate collection of qualitative and quantitative characteristics of each property. With respect to the valuation of real property (homes, commercial buildings, apartments, vacant land, etc.), a correct assessment for an improved property requires **at least** the following information: 1. A description of the land which indicates its size and the property's legal use; 2. If improved, type of improvement, construction type, age and size of the improvement(s); 3. If improved, improvement quality and condition. The accurate collection and recording of these characteristics are the building blocks to the determination of market value.*

Two of the most important characteristics of an improved property are condition and quality. Condition alone will expand the value range between like properties significantly. For example; two homes in the same neighborhood, both of the same age, size, construction type and essentially similar in layout and utility. One has recently sold and received modifications and updates in an effort to gain the highest possible sale price. The market has now identified a value of the sold home in its renovated

condition, but that value is not necessarily indicative of the value for the home next door. The most accurate method to develop an estimate of value for the property which did not sell is to review the property characteristics and make an appropriate adjustment for its condition. Cyclical review of property characteristics of all properties improves data quality which in turn is utilized to improve the equity in valuations.

One of the most important tasks in data collection is the uniformity of data collected. To enhance the consistency of qualitative data, Weber County has instituted a more in-depth training process with both the appraisers and data collectors. This promotes better uniformity and accuracy of data collected.

While the Assessor and County Commission are committed to achieving the mandate for reappraisal, it is necessary to consider the cost associated with the process as it relates to the benefit of the results. Under past and current resource levels, the first organized residential reappraisal effort consumed more time than the five-year guideline directed by statute. We continue to review our process to enhance production and are actively seeking cost-effective technologies to improve the same. Given our experience, refining our methods, and the improvements to our assessment database from the prior reappraisal cycles, we completed reappraisal effort within the five-year timeframe without significant increase to costs. The implementation of technologies, such as digital image technology, enhance our ability to timely complete the next review cycle.



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John Ulibarri – Weber County Assessor