

## Mass Appraisal

When a fee appraiser values your property for financing or other purposes, you typically receive an appraisal consisting of three sales that indicate the market value. The sales selected are generally similar in design type, size, age, garage type and size, basement type and size and within the immediate location of your property. In addition, the sales have all occurred within a time frame of 1 –3 months. Adjustments are made to the sales, either positive, negative, or none, based on differences with your property. An indicated market value as of that date is given.

When the Assessor's office values your property for taxation purposes, an analysis consisting of three sales for each property is not an efficient method. The lack of effectiveness is due to time constraints for the number of properties that have to be valued, the number of sales that are used and the resources available. In addition, the law states a specific time frame that the sales must occur. The minimum requirement is 18 months, and depending on the number of sales available for the property type, a maximum of 5 years. Residential and vacant land parcels are valued with 24 months of sales in Douglas County.

Because the market can change gradually or dramatically during that time frame, the law requires that before any values can be calculated, the sales have to be analyzed and adjusted to one point in time, which is the end of June 30<sup>th</sup>, of each even numbered year prior to the reappraisal year. Therefore, before values are calculated, the sales are adjusted for the time from the date of the sale to the reappraisal date of June 30<sup>th</sup> of the even numbered year before the reappraisal.

After the sales are adjusted for time, a technique called Multiple Regression Analysis (MRA) is used to determine market value. MRA is appropriate for mass appraisal purposes because it is essentially an automated application of the sales comparison approach that uses all similar property type sales in geographic areas, not just three. MRA determines the proper adjustment for property characteristics that are important to the market. This is done through an algorithm designed to fit the sale prices as closely as possible. The sales are separated by property types (Single family, Condos, Townhomes) and regional location (economic areas). Then, different value models are used for each property type and their respective economic area. The property characteristics included in the value models are design type, quality, living area size, age, bath type and count, garage type and size, basement type and size, heating type, as well as the neighborhood location. Some characteristics have been collected but are not adjusted, such as bedroom count, because other features, such as total living area and quality type, account for it.