

# Residential Property Valuation

Your home is likely the most important investment you have, and the Douglas County Assessor's Office is committed to helping you understand your rights as a property owner and the process of valuation. The assessor determines the actual value of residential property every two years in odd-numbered years. This is called a reappraisal. As with any appraisal, value is established as of a specific date, and for ad valorem appraisal this date is dictated by statute to be June 30<sup>th</sup> of the year preceding the reappraisal. For example, the appraisal date for the 2021 Reappraisal is June 30, 2020. There is another important date for property valuation, which is the assessment date, which is January 1<sup>st</sup> of each year. Although property is valued as of the appraisal date, it is valued given the property characteristics and use that exist as of the assessment date.

Beginning with the TABOR Amendment to the Colorado constitution in 1992, the assessor may only consider the market, or sales comparison, approach to determine the actual value of residential property. The market approach uses arm's length market sales of similar properties which are analyzed, compared, and adjusted, to arrive at a value for a property. Colorado law requires that market value for residential property is established using sales from a specific time frame. This time frame, known as the study period, consists of the eighteen months preceding the appraisal date. However, Colorado law allows the assessor to extend the study period in six month increments. Beginning with the 2003 reappraisal the Douglas County Assessor's Office adopted a 24-month study period.



There are many things that have to take place in the assessor's office to make a reappraisal successful. Information that is reliable and relevant has to be gathered, such as property characteristics and sales data. That information is then analyzed to understand market trends and influences. As a part of the "mass appraisal" process we next create mathematical models based on the contribution made to sale prices by various characteristics such as location, size and age, just to name a few. After that, the value of each property in the county is calculated based on those models. Values are then reviewed and tested to make sure they are as fair and equitable as possible before the final Notices of Valuation are mailed on May 1st.

The value stated on the Notice of Value will be used to calculate property taxes for two years unless a change is made to the physical characteristics of the home, or the value is adjusted through appeals. Frequently homeowners decide to improve their property by building a deck, finishing their basement, or adding to the size of the house. The assessor's office is notified of these changes through the building permit process. Whether a project is "do-it-yourself" or contracted with a professional, it is important for property owners to obtain building permits for safety and re-sale purposes. Not all changes will result in an increase in property value because they are considered proper maintenance and are required to maintain the home's condition, but new characteristics are added to the property record as of January 1 the following year.