

UPSHUR COUNTY APPRAISAL DISTRICT
RE-APPRAISAL PLAN
FOR
TAX YEARS 2025 & 2026
AS ADOPTED BY THE BOARD OF
DIRECTORS

September 10, 2024

DIRECTORS

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Scope of Responsibility

The Upshur County Appraisal District has prepared and published this appraisal plan to provide our Board of Directors, citizens and taxpayers with a better understanding of the District's responsibilities and activities. This report has several parts: a general introduction and sections describing the appraisal effort by the appraisal district.

The Upshur County Appraisal District (CAD) is a political subdivision of the state of Texas created effective January 1, 1980. The provisions of the Texas Property Tax Code govern the legal, statutory, and administrative requirements of the appraisal district. A Board of Directors, appointed by the taxing units within the boundaries of Upshur County Appraisal District, constitutes the district's governing body. The chief appraiser, appointed by the Board of Directors, is the chief administrator and chief executive officer of the appraisal district.

The appraisal district is responsible for the local property tax appraisal and exemption administration for 20 jurisdictions or taxing units in the district. Each taxing unit, such as the county, cities, school districts, and emergency service districts, sets its own tax rate to generate revenue to pay for such things as police and fire protection, public schools, road and street maintenance, courts, water and sewer systems, and other public services. Property appraisals and estimated values by the appraisal district allocate the year's tax burden on the basis of each taxable property's market value. We also determine eligibility for various types of property tax exemptions such as those for homeowners, the elderly and disabled, disabled veterans, charitable or religious organizations and agricultural and timber productivity valuation.

Except as otherwise provided by the Property Tax Code, all taxable property is appraised at its "market value" as of January first. Under the tax code, "market value" means the price at which a property would transfer for cash or its equivalent under prevailing market conditions if:

- Exposed for sale in the open market with a reasonable time for the seller to find a purchaser;
- Both the seller and the buyer know of all the uses and purposes to which the property is adapted and for which it is capable of being used and of the enforceable restrictions on its use, and;
- Both the seller and the buyer seek to maximize their gains and neither is in a position to take advantage of the needs of the other.

The Property Tax Code defines special appraisal provisions for the valuation of residential homestead property (Sec 23.230), productivity (Sec 23.41), real property inventory (Sec 23.12), dealer inventory (Sec. 23.121, 23.124 and 23.127), nominal (Sec 23.18), or restricted use properties (Sec 23.83) and allocation of interstate property (Sec 23.03). The owner of personal property inventory may elect to have the inventory appraised at its market value as of September 1st of the year preceding the tax year to which the appraisal applies by filing an application with the chief appraiser requesting that the inventory be appraised as of September 1st.

The Texas Property Tax Code, under Sec 25.18, requires each appraisal office to implement a plan to update appraised values for real property at least once every three years. The district's current policy is to conduct a general re-inspection of taxable property every three years. Appraised values are reviewed annually and are subject to change. Business personal properties, minerals and utility properties are appraised every year.

The appraised value of real estate is calculated using specific information about each property. Using computer-assisted mass appraisal programs, and recognized appraisal methods and techniques, we compare that information with the data for similar properties, and with recent cost and market data. The district follows the standards of the International Association of Assessing Officers (IAAO) regarding its appraisal practices and procedures and subscribes to the standards promulgated by the Appraisal Foundation known as the Uniform Standards of Professional Appraisal Practice (USPAP) to the extent they are applicable.

Personnel Resources

The office of the Chief Appraiser is primarily responsible for overall planning, organizing, staffing, coordinating, and controlling of district operations. The administration department's function is to plan, organize, direct and control the business support functions related to human resources, budget, finance, records management, purchasing, fixed assets, facilities and postal services. The appraisal department is responsible for the valuation of all real and personal property accounts. The property types appraised include commercial, residential, business personal, mineral, utilities and industrial. The district's appraisers are subject to the provisions of the Property Taxation Professional Examiners. Support functions including records maintenance, information and assistance to property owners, and hearings are coordinated by personnel in support services.

The appraisal district staff consists of 12 employees with the following classifications:

- 1 – Official/Administrator (executive level administration)
- 4 – Appraisers
- 7 – Administrative Support (executive support, customer service, clerical and other)

Staff Education and Training

All personnel that are performing appraisal work are registered with the Texas Department of Licensing and Regulation and are required to take appraisal courses to achieve the status of Registered Professional Appraiser within five years of employment as an appraiser. After they are awarded their license, a minimum of 30 continuing education hours must be completed in the 24-month period before the expiration of their registration each year. Failure to meet these minimum standards results in the termination or demotion of the employee.

Additionally, all appraisal personnel receive extensive training in data gathering processes including statistical analysis of all types of property to ensure equality and uniformity of appraisal of all types of property. On-the-job training will be delivered by the senior appraiser staff. There will be regular meetings to introduce new procedures and monitor appraisal activity to ensure that standardized appraisal procedures are being followed by all personnel.

Data

The district is responsible for establishing and maintaining approximately 44,500 real and personal property accounts covering 593 square miles within Upshur County. This data includes property characteristics, ownership, and exemption information. Property characteristics data on new construction is updated through an annual field review effort; existing property data is maintained through a field review. General trends in interest rates, new construction trends and cost and market data are acquired through various sources, including internally generated questionnaires to buyers and sellers, and market data centers and vendors.

The district has a geographic information system (GIS) that maintains cadastral maps and various layers of data and aerial photography as well as Pictometry.

Information on certified values and property characteristics data is available on the district's software vendor's website, www.harrisgovern.com.

Shared Appraisal District Boundaries

In 2008, the Legislature adopted HB1010 which cut appraisal district lines at county lines. There are no more shared property issues.

Information systems

Essential to the process and goals of the appraisal program, is reliable, consistent and competent data processing support. It is for this reason that the Upshur CAD Board of Directors foresaw the need to purchase new computer software for implementation in 2005. It is critical that the utmost level of computer support and response time be maintained for timely completion and a successful reappraisal.

The district operates from a SQL server database. The mainframe hardware system is Dell Power Edge T640 database server with dual Intel Xeon Silver 8-Core processors and the Windows Server 2019 Standard Edition operating system. The user base is networked through the mainframe using Windows SQL Server 2019 software. True Automation provides software services for appraisal applications.

REVALUATION DECISION

The Upshur County Appraisal District, by policy adopted by the Board of Directors, re-inspects approximately one third of all properties each year. Each year is a complete reappraisal/re-inspection of the designated area, one year the properties within the boundaries of Union Hill, the portion of Pittsburg that adjoins Union Hill, Union Grove, Gladewater and Big Sandy School Districts. One year the properties within the portion of Pittsburg that adjoins Ore City, New Diana and Harmony School Districts will be inspected and reappraised. The third year of the cycle Gilmer and portion of Pittsburg that adjoins Gilmer School District will be field inspected and reappraised. Our goal is to inspect and update the greater portion of commercial properties in the same year. For the districts that are not being field inspected and appraised, the year is used to pick up new construction, adjust for changes in property characteristics that affect value, and adjust previous year values for building cost updates and land schedule changes based on market sales.

Beginning with the 2025 Tax Year after each full three-year cycle of re-inspection, the appraisers assigned to each area will change. Previously, an appraiser was assigned to the southeast portion of Gilmer, New Diana, and Gladewater ISDs; another was assigned to the city portion of Gilmer, Big Sandy, and Harmony ISDS; and another was assigned to the northern and southwest portions of Gilmer, Union Hill, Union Grove, Ore City and Pittsburg ISDS. Each appraiser will now change to a different area of the county and in 2028, they will change again.

TAX YEAR 2025 Region A

Tax year 2025 is a reappraisal/re-inspection year for properties all properties in Gilmer ISD and the portion of Pittsburg ISD that adjoins Gilmer ISD

The re-inspection timelines for each appraiser's market areas are as follows:

Appraiser #3

All parcels in the City of Gilmer (C11) and some southeast portions of Gilmer ISD

Subsets:

C11-1; C11-2; C11-3; C11-4; C11-5; C11-6; C11-7; C11-8; C11-9; C114A; C117A; C11SQ;
S02E7; S02E8; S02E9; S02EA

Start: September 3, 2024-----End: December 30, 2024

Market areas:

C11 Low (City of Gilmer Low End Market)
C11 (City of Gilmer Residential)
PAT (Patterson Additions)
S265 (North Park Subdivision)
S378 (Western Hills Subdivision)

BS (Barton Springs)
S429 (Creekside Subdivision)
C11DT (Downtown Commercial)
271 (Highway 271 Commercial)
Off Highway 271 Commercial and Industrial

Maintenance Schedule (re-checks new structures, gate hangers, removed structures and taxpayer requests outside of planned re-inspection area)

Start: January 6, 2025-----End: March 14, 2025

Big Sandy ISD (S01) and City of Big Sandy (C39)
Harmony ISD (S05)
Rundowns (Gate hangers, Re-checks from Reappraisal)

Appraiser #2

All parcels in the southeast portion of Gilmer ISD
Subsets: S02E1; S02E2; S02E3; S02E4; S02E5; S02E6; S02EB; S02EC; S02ED; S02EE;
S02EF; S02EG; S02EH; S02EJ; S02EK

Start: September 3, 2024-----End: December 30, 2024

Market areas:

S02SE (Gilmer Southeast)
S413 (Princess Jean-Ann Acres)
S175L (Glenwood Acres)
S175H (Glenwood Acres)
S175M (Glenwood Acres)

Maintenance Schedule (re-checks new structures, gate hangers, removed structures and taxpayer requests outside of planned re-inspection area)

Start: January 6, 2025-----End: March 14, 2025

Mobile Home Parks
Gladewater ISD (S09) and City of Gladewater (C36)
New Diana ISD (S06)

S01 (Outside City of Big Sandy)
C39 (City of Big Sandy Residential)
C39Low (City of Big Sandy Low End)
C39 Commercial

Maintenance Schedule (re-checks new structures, gate hangers, removed structures and taxpayer requests outside of planned re-inspection area)

Start: January 5, 2026-----End: March 13, 2026

Harmony ISD (S05)
City of Gilmer (C11) and some southeast portions of Gilmer ISD
Rundowns (Gate hangers, Re-checks from Reappraisal)

Appraiser #2

All parcels in Gladewater ISD (S09)

Subsets: S09-1; S09-2; S09-3; S091A; S091B; S091C; S092A; S092B; S093A; S093B

Start: September 1, 2025-----End: December 30, 2025

Market areas:

S09 (Outside City of Gladewater)
C36 (City of Gladewater)
LG (Lake Gladewater)
C36Low (City of Gladewater Low)

Maintenance Schedule (re-checks new structures, gate hangers, removed structures and taxpayer requests outside of planned re-inspection area)

Start: January 5, 2026-----End: March 13, 2026

Gilmer ISD (Southeast)
New Diana ISD
Rundowns (Gate hangers, Re-checks from Reappraisal)

Appraiser #1

All parcels in Union Grove ISD (S08), Union Hill ISD, and the portion of Pittsburg ISD that adjoins Union Hill ISD

Subsets: S08-1; S08-2; S08-3; S08-4; S08-5; S08-6; S08-7; S081A; S082A; S083A; S084A;
S085A; S04-1; S04-2; S04-3; S04-4; S04-5; S041A; S041B; S041C; S041D; S042A; S042B;
S042C; S042D

Market areas:

S08 (Union Grove ISD)

S357 (Silk Tree Lake Estates)

S04 (Union Hill ISD)

S425 (Hidden Falls Subdivision)

S370 (Whispering Pines)

S07UH (Portion of Pittsburg ISD adjoining Union Hill ISD)

Maintenance Schedule (re-checks new structures, gate hangers, removed structures and taxpayer requests outside of planned re-inspection area)

Start: January 5, 2026-----End: March 13, 2026

Gilmer ISD (Northeast, Northwest, and Southwest)

Ore City ISD

Remaining areas of Pittsburg ISD (S07)

Rundowns (Gate hangers, Re-checks from Reappraisal)

Appraiser # 4

All Real Industrial, Commercial and Business Personal Properties County-wide

Start: September 1, 2025-----End: December 30, 2025

Market areas:

City of Big Sandy

Union Hill ISD

Big Sandy ISD

Harmony ISD

Gilmer ISD

New Diana ISD

C11DT (Downtown Commercial)

Pittsburg ISD

271 (Highway 271 Commercial)

Union Grove ISD

Off Highway 271 Commercial and Industrial

Gladewater ISD

Ore City ISD

Maintenance Schedule

Real Industrial, Commercial and Business Personal Property accounts may need to be re-visited after the first of the year to check completion, confirm if businesses were open January 1st, and for property owner requests.

Start: January 5, 2026-----End: March 13, 2026

TAX YEAR 2027 Region C

Tax year 2027 is a reappraisal/re-inspection year for properties all properties in Harmony ISD, New Diana ISD, and Ore City ISD and the portion of Pittsburg ISD that adjoins Ore City ISD as well as all real industrial, commercial and business personal property accounts county-wide.

PLANNING AND ORGANIZATION

A calendar of key events with critical completion dates is prepared for each major work area. This calendar identifies all key events for appraisal, clerical, and information systems. A separate calendar is prepared for tax years 2025 and 2026.

2025 and 2026 General Calendar of Events

August

- Start new year reappraisal and re-inspection process
- Collect data, permits, mechanic liens, deeds, etc. all month
- Load property data onto field devices as needed

September

- Begin field inspections
- Collect data, permits, mechanic liens, deeds, etc. all month
- Mail out homestead verification letters per Homestead Audit Procedures
- September 1 – Current year’s taxable values of inventories may be determined as of this date, at property owner’s written option (Sec.23.12)
- September 15 – Last day for CAD board to adopt CAD budget , unless district has changed its fiscal year (Sec. 6.06) and reappraisal plan in even year

October

- Continue field inspections
- Collect data, permits, mechanic liens, deeds, etc. all month

November

- Continue field inspections
- Collect data, permits, mechanic liens, deeds, etc. all month

December

- Conclude primary field inspections
- Collect data, permits, mechanic liens, deeds, etc. all month
- December 27 – 30 Begin preparation for End of Year Processing

January

- Begin maintenance field inspections (new construction, demolition and remodeling)
- Collect data, permits, mechanic liens, deeds, etc. all month
- Mail Business Personal Property Renditions
- Mail special-use applications for new owners and property possibly not eligible for current year after December deed work completed
- Mail Exemption applications for new owners after December deed work completed
- Mail Mobile Home Park letters after December deed work completed
- January 1 – Date renditions period begins; continues through April 15 for those property owners not requesting a filing extension (Sec. 22.23)
- January 1 – Date that half of appraisal review board (ARB) members begin 2-year term (Sec. 6.41)
- January 31 – Last day for chief appraiser to deliver applications for special appraisal and exemptions requiring annual applications (Secs. 11.44, 23.43)
- January 31 – Last day for motor vehicle, boats, and outboard motors, heavy equipment and manufactured housing dealers to file dealer's inventory declarations (Secs. 23.121, 23.124, 23.1241, 12.127)
- Begin updating building cost tables

February

- Continue maintenance field inspections (new construction, demolition and remodeling)
- Collect data, permits, mechanic liens, deeds, etc. all month
- Value analysis, ratio studies, schedule building, testing and adjusting begins

March

- Complete maintenance field inspections (new construction, demolition and remodeling)
- Collect data, permits, mechanic liens, deeds, etc. all month
- Final test all residential schedules with sales ratios for accuracy, run parcel edit, correct errors and check homestead ceilings

April

- Collect data, permits, mechanic liens, deeds, etc. all month
- April 15 – Last day for property owners to file renditions and property information reports unless they requested a filing extension in writing (Sec. 22.23)
- April 15 – Mail real property appraisal notices (if practicable)
- April 30 – Last day for property owners to file these applications or reports with the CAD
 - Some exemption applications (Sec. 11.43)
 - Notice to chief appraiser that property is no longer entitled to an exemption not requiring annual application (Sec. 11.43)

- Application for special appraisal or notices to chief appraiser that property no longer qualifies for 1-d and 1-d-1 agricultural land, timberland, restricted-use timberland, recreational-park-scenic land and public access airport property (Secs. 23.43, 23.54, 23.75, 23.84, 23.94, 23.9804)
- Requests for separate listing of separately owned land and improvements (Sec. 25.08)
- Requests for proportionate taxing of a planned unit development property (Sec. 25.09)
- Requests for separate listing of separately owned standing timber and land (Sec. 25.10)
- Requests for separate listing of undivided interests (Sec. 25.11)
- Requests for joint taxation of separately owned mineral interests (Sec. 25.11)
- Give estimate of value to taxing entities

May

- May 1 – Time that chief appraiser must publish notice about taxpayer protest procedures in the newspaper (Secs. 41.41, 41.70)
- May 15 – Last day for property owners to file renditions and property information reports if they requested, in writing, an extension. For good cause, chief appraiser may extend this deadline another 15 days (Sec. 22.23)
- May 15 – Mail personal property/mineral appraisal notices
- May 31 – Last day for property owners to file protest with ARB (or by 30th day after notice of appraised value is delivered, whichever is later) (Sec. 41.44)
- May 31 – Last day for taxing units to file challenges with ARB (or within 15 days after ARB receives appraisal records, whichever is later) (Sec. 41.04)
- May 31 – Last day for religious organizations to amend charters and file new applications for Sec. 11.20 exemption (or within 60 days of exemption denial, whichever is later) (Sec. 11.421)

June

- June 14 – Last day for chief appraiser to submit next year's budget recommendation to CAD board and taxing units (unless taxing units have changed CAD's fiscal year) (Sec. 6.06)
- Hearings begin
- June 30 – last day for taxing units to adopt local option percentage homestead exemptions (Sec. 11.13)
- June 30 – Last day for private schools to amend charters and file new applications for Sec. 11.21 exemption (or within 60 days of exemption denial, whichever is later) (Sec. 11.422)

- June 30 – Last day for CADs to report formation of reinvestment zones and tax abatement agreements to the Texas Comptroller (Sec. 312.005)

July

- July 20 – ARB must approve records, but may not do so if more than 5 percent of total appraised value remains under protest (Sec. 41.12)
- July 25 – Last day for chief appraiser to certify appraisal roll to each taxing unit (Sec. 26.01)

MASS APPRAISAL SYSTEM

Real Property Valuation

Revisions to cost models, income models, and market models are specified, updated and tested each year.

Cost schedules are tested with market data (sales) to ensure that the appraisal district is in compliance with Texas Property Tax Code, Section 23.011. Replacement cost new tables as well as depreciation tables are tested for accuracy and uniformity using ratio study tools and compared with cost data from recognized industry leaders, such as *Marshall & Swift*.

Land tables are updated using current market data (sales) and then tested with ratio study tools. Value modifiers are developed for property categories by market area and tested on a pilot basis with ratio study tools.

Personal Property Valuation

Density schedules are updated using *Marshall and Swift Valuation Guide* and local renditions to update costs. Valuation procedures are reviewed and modified as needed and tested.

Notice Processing

25.19 – Appraisal notice forms are reviewed and edited for updates. Updates include the latest copy of *Property Taxpayer Remedies* in English and Spanish. Upshur CAD will mail notices between April 1 and May 17.

Hearing Process

Protest hearing scheduling for informal and formal Appraisal Review Board hearing is reviewed and updated as required. Standards of documentation are reviewed and amended as required. The appraisal district hearing documentation is reviewed and updated to reflect the current valuation process. Production of documentation is tested and compliance with HB 201 is insured. Upshur CAD utilizes the automated formal hearing schedule software within PACS and appeals begin with the mailing of notices in April and will continue until all appeals are heard.

The Appraisal Process

The field appraisal staff is responsible for collecting and maintaining property characteristic data for classification, valuation, and other purposes. Accurate valuation of real and personal property by any method requires a comprehensive physical description of personal property, and land and building characteristics. This appraisal activity is responsible for administering, planning and coordinating all activities involving data collection and maintenance of all commercial, residential and personal property types located within the boundaries of Upshur County and the jurisdictions of this appraisal district. The data collection effort involves the field inspection of real and personal property accounts, as well as data entry of all data collected into the existing information system. The goal is to field inspect real property in the district every three years, with the exception of industrial, commercial, and personal properties, the goal is to inspect them every year. Pages five through ten of this document is the inspection schedule for a three year period. This will separate an approximate 44,500 parcel count into 10,000 to 15,200 parcels for each appraisal year.

Properties will be identified through physical inspection, or other reliable means including deeds or other legal documentation, aerial photographs, land-based photographs, surveys, maps, and property sketches. The characteristics of each property will be updated in the appraisal records.

Market areas will be defined by:

- Location and economic attributes
- Physical attributes of properties such as size, age, and condition
- Easements, covenants, leases, special assessments, ordinances, or legal restrictions

The appraisal activities are conducted by four in-house appraisers for 2025 and five in-house appraisers for 2026 going forward. The data used by the field appraisers includes the existing property characteristic information contained in the Computer Assisted Mass Appraisal system (CAMA). The data is printed on property cards or personal property data sheets. Other data includes maps, sales data, fire and damage reports, building permits, photos and actual cost and market information.

For tax year 2025, the appraisal district will do a re-inspection and reappraisal of all real and personal properties in Gilmer ISD and the section of Pittsburg ISD that adjoins Gilmer ISD in Upshur County. Each property will be physically examined with appraisers driving or walking in front of each improvement. Appraisers will note the condition of property and changes that may have occurred since the last on-site check. Exterior pictures will be taken or updated as necessary. Every subdivision will be statistically analyzed to ensure equity and uniformity based on sales during the previous year.

Commercial properties will be inspected for depreciation and change. Photos will be taken. Construction replacement costs and depreciation will be reviewed based on *Marshall and Swift*

Valuation Guides. We continually work on our commercial property classes to better coincide with *Marshall and Swift* classification guides. The income approach to value is also utilized to appraise income producing properties such as shopping centers, apartment complexes, motels, mini-warehouses and other types of property that typically sell based on net operating income.

Business personal properties will be visited, and quality and density observations noted. Renditions will be mailed to each business. New businesses will be discovered using permits, sales, taxpayer numbers issued by the Comptroller's office, vehicle registration information supplied by *Just Texas*, newspaper ads, social media, and visual inspections. Businesses are in the process of being categorized using SIC codes. Rendition laws provide additional information on which to base values of all BPP accounts.

Attached is the re-appraisal plan issued by Capital Appraisal Group Inc (CAGI) outlining their efforts to reappraise minerals, utilities, pipelines and industrial properties.

PRELIMINARY ANALYSIS

Data Collection/Validation

Data collection of real property involves maintaining data characteristics of the property on a CAMA (Computer Assisted Mass Appraisal) system. The information contained in CAMA includes site characteristics, such as land size and topography, and improvement data, such as square foot of living area, year built, quality of construction and condition. Field appraisers are required to use a property classification system that establishes uniform procedures for the correct listing of real property. All properties are coded according to a classification system. The approaches to value are structured and calibrated based on this coding system and property description and characteristics. The field appraisers use property classification references during their initial training and as a guide in the field inspection of properties. The type of information contained in the BPP file includes personal property such as business inventory, furniture and fixtures, machinery and equipment, with details such as cost and location. The field appraisers conducting on-site inspections use a personal property classification system during their initial training and as a guide to correctly list all personal property that is taxable.

Sources of Data

The sources of data collection are property inspection, new construction field effort, data mailer questionnaires, hearings, sales validation efforts, newspapers and publications, and property owner correspondence. A principal source of data comes from taxing jurisdictions that require property owners to take out a building permit. We also use septic system inspection forms obtained from Upshur County. Data surveys of property owners requesting market information and property description information are also valuable data. Various income and rental surveys will be sent to determine operating income and expenses for investment and income producing property.

Property owners are one of the best sources for identifying incorrect data that generates a field check. Frequently the property owner provides reliable data to allow correction of records without having to send an appraiser on-site.

Accuracy and validity in property description and characteristics data is the highest goal and is stressed throughout the appraisal process from year to year. Appraisal opinion quality and validity relies on data accuracy as its foundation.

The field appraiser is responsible for the data entry of his/her fieldwork into the computer file. This responsibility includes not only data entry but also quality assurance.

PERFORMANCE ANALYSIS

In each year (2025 and 2026) the previous year's equalized values are analyzed with ratio studies to determine appraisal accuracy and appraisal uniformity overall and by market area within state property reporting categories. Ratio studies are conducted in compliance with the current Standard on Ratio Studies from the International Association of Assessing Officers. Mean, median, and weighted mean ratios are calculated for properties in each reporting category to measure the level of appraisal (appraisal accuracy). The mean ratio is calculated in each market area to indicate the level of appraisal accuracy by property reporting category. In the reappraisal year this analysis is used to develop the starting point for establishing the level of accuracy of appraisal performance. In the no-appraisal year this analysis is used to indicate the uniformity or equity of existing principals.

ANALYSIS OF AVAILABLE RESOURCES

Staffing and budget requirements for tax year 2025 are detailed in the 2025 appraisal district budget, as adopted by the board of directors and will be attached to the written biennial plan by reference. This reappraisal plan is adjusted to reflect the available staffing in tax year 2025 and the anticipated staffing for tax year 2026. Staffing will impact the cycle of real property re-inspection and personal property on site review that can be accomplished in the 2025-2026 time period.

Existing appraisal practices, which are continued from year to year, are identified and methods utilized to keep these practices current are specified. Information systems support is detailed with year specific functions identified and system upgrades scheduled. Computer generated forms are reviewed for revisions based on year and reappraisal status. Legislative changes are scheduled for completion and testing. Existing maps and data requirements are specified and updates scheduled.

RESIDENTIAL VALUATION PROCESS

Residential appraisers are responsible for estimating equal and uniform market values for residential improved and vacant property. An individualized set of data characteristics for each residential dwelling and multiple family units in this district are collected in the field and data entered into the computer. The property characteristic data drives the application of computer assisted mass appraisal under the cost, market, and income approaches to property valuation.

Land Analysis

Residential land valuation analysis is conducted prior to neighborhood sales analysis. The value of the land component to the property is estimated based on available market sales for comparable and competing land under similar usage. A comparison and analysis of comparable land sales is conducted based on a comparison of land characteristics found to influence the market price of land located in the neighborhood. Computerized land table files store the land information required to consistently value individual parcels within neighborhoods given known land characteristics. Specific land influences are considered where necessary and depending on neighborhood and individual lot or tract characteristics, to adjust parcels outside the neighborhood norm for such factors as access, view, shape, size and topography. The appraisers use abstraction and allocation methods to insure that estimated land values best reflect the contributory market value of the land to the overall property value.

Area Analysis

Data on regional economic forces such as demographic patterns, regional location factors, general trends in real property prices and rents, interest rate trends, availability of vacant land, and construction trends and cost are collected from private vendors and public sources and provide the field appraiser a current economic outlook on the real estate market. Information is gleaned from real estate publications and sources such as continuing education in the form of IAAO and TDLR required classes.

Neighborhood and Market Analysis

Neighborhood analysis involves the examination of how physical, economic, governmental, and social forces and other influences affect property values. The effects of these forces are also used to identify, classify, and stratify comparable properties into smaller, manageable subsets of the universe of properties known as neighborhoods. Residential valuation and neighborhood analysis is conducted on various market areas within each of the political entities known as Independent School Districts. Analysis of comparable market sales forms the basis of estimating market activity and the level of supply and demand affecting market prices for any given market area, neighborhood, or district. Market sales indicate the effects of these market forces and are interpreted by the appraiser into an indication of market price ranges and indications of property component change considering a given time period relative to the date of appraisal. Cost and market approaches to estimate value are the basic techniques utilized to interpret these sales. For

multiple family properties the income approach value is also utilized to estimate an opinion of value for investment level residential property.

The first step in neighborhood analysis is the identification of a group of properties that share certain common traits. A “neighborhood” for analysis purposes is defined as the largest geographic grouping of properties where the property’s physical, economic, governmental, and social forces are generally similar and uniform. Geographic stratification accommodates the local supply and demand factors that vary across a jurisdiction. Once a neighborhood with similar characteristics has been identified, the next step is to define its boundaries. This process is known as delineation. Some factors used in neighborhood delineation include location, sales price range, lot size, age of dwellings, quality of construction and condition of dwellings, square footage of living area and story height. Delineation can involve the physical drawing of neighborhood boundary lines on a map, but it can also involve statistical separation or stratification based on attribute analysis. Part of neighborhood analysis is the consideration of discernible patterns of growth that influence a neighborhood’s individual market. Few neighborhoods are fixed in character. Each neighborhood may be characterized as being in a state of growth, stability or decline. As new neighborhoods in a community are developed, they compete with existing neighborhoods. An added supply of new homes tends to induce a population shift from older homes to newer homes. In the period of stability the forces of supply and demand are about equal. Generally, in the stage of stability, older neighborhoods can be more desirable due to their stability of residential character and proximity to the workplace and other community facilities. The period of decline reflects diminishing demand or desirability. During decline, general property use may change from residential to a mix of residential and commercial uses. Declining neighborhoods may also experience renewal, reorganization, rebuilding, or restoration, which promotes increased demand and economic desirability.

Neighborhood identification and delineation is the cornerstone of the residential valuation system at the district. All the residential analysis work done in association with the residential valuation process is neighborhood specific. Neighborhoods are field inspected and delineated based on observable aspects of homogeneity. Neighborhood delineation is periodically reviewed to determine if further delineation is warranted. Whereas neighborhoods involve similar properties in the same location, a neighborhood group is simply defined as similar neighborhoods in similar locations. Each residential neighborhood is assigned to a neighborhood group based on observable aspects of homogeneity between neighborhoods. Neighborhood grouping is highly beneficial in cost-derived areas of limited or no sales, or use in direct sales comparison analysis. Neighborhood groups, or clustered neighborhood, increase the available market data by linking comparable properties outside a given neighborhood. Sales ratio analysis is performed on a neighborhood basis, and in soft sale areas on a neighborhood group basis.

Highest and Best Use Analysis

The highest and best use of property is the reasonable and probable use that supports the highest present value as of the date of the appraisal. The highest and best use must be physically possible, legal, financially feasible, and productive to its maximum. The highest and best use of residential property is normally its current use. This is due in part to the fact that residential development, in many areas, through use of deed restrictions and zoning, precludes other land uses. Residential valuation undertakes reassessment of highest and best use in transition areas and areas of mixed residential and commercial use. In transition areas with ongoing gentrification, the appraiser reviews the existing residential property use and makes a determination regarding highest and best use. Once the conclusion is made that the highest and best use remains residential, further highest and best use analysis is done to decide the type of residential use on a neighborhood basis. In areas of mixed residential and commercial use, the appraiser reviews properties in these areas on a periodic basis to determine if changes in the real estate market require reassessment of the highest and best use of a select population of properties. Highest and best use rule does not apply to homestead property.

Cost Schedules

All residential parcels in the district are valued with a replacement cost estimated from identical cost schedules based on the improvement classification system using a comparative unit method. The district's residential cost schedules are estimated from *Marshall & Swift*, a nationally recognized cost estimator service. These cost estimates are compared with sales of new improvements and evaluated from year to year and indexed to reflect the local residential building and labor market. Costs may also be indexed for neighborhood factors and influences that affect the total replacement cost of the improvements in a smaller market are based on evidence taken from a sample of the market sales. The cost schedules are reviewed regularly as a result of recent state legislation requiring that the appraisal district cost schedules be within range of plus or minus 10% from nationally recognized cost schedules.

A review of the residential cost schedule is performed annually. As part of this review and evaluation process of the estimated replacement cost, newly constructed sold properties representing various levels of quality of construction are considered. The property data characteristics of these properties are verified and photographs are taken of the samples. Appraisal district replacement costs are compared against *Marshall & Swift*, a nationally recognized cost estimator, and indicated replacement cost abstracted from these market sales of comparably improved structures. The results of this comparison are analyzed using statistical measures, including stratification by quality and reviewing of estimated building costs plus land to sale prices. As a result of this analysis, a new regional multiplier or economic index factor and indications of neighborhood economic factors are developed for use in the district's cost process. This new economic index is estimated and used to adjust the district's cost schedule to be in compliance with local building costs as reflected by the local market.

Sales Information

Residential improved and vacant land sales, along with commercial improved and vacant land sales, are maintained in a sales information system. Residential improved and vacant sales are collected from a variety of sources, including, but not limited to: district questionnaires sent to buyer and seller, field discovery, protest hearings, builders, realtors, and online data. A system of type, source, validity and verification codes has been established to define facts related to a properties purchase or transfer and to help determine relevant market sale prices. Neighborhood sales reports are generated as an analysis tool for the appraiser in the development and estimation of market price ranges and property component value estimates. Abstraction and allocation of property components based on sales of similar property is an important analysis tool to interpret market sales under the cost and market approaches to value. These analysis tools help determine and estimate the effects of change, with regard to price, as indicated by sale prices for similar property within the current market.

Monthly time adjustments are estimated based on comparative analysis using paired comparison of sold property. Sales of the same property were considered and analyzed for an indication of price change attributed to a time change of influence. Property characteristics, financing, and condition of sales were compared for each property sold in the pairing of property to isolate only the time factor as an influence on price.

Statistical Analysis

Upshur County Appraisal District performs statistical analysis annually to evaluate whether estimated values are equitable and consistent with the market. Ratio studies are conducted on each of the residential neighborhoods in the district to judge the two primary aspects of mass appraisal accuracy – level and uniformity of value. Appraisal statistics of central tendency generated from sales ratios are evaluated and analyzed for each neighborhood. The level of appraised values is determined by the weighted mean ratio for sales of individual properties within a neighborhood, and a comparison of neighborhood weighted mean reflects the general level of appraised value between comparable neighborhoods.

The district, through the sales ratio analysis process, reviews every neighborhood annually. The first phase involves neighborhood ratios studies that compare the recent sales prices of neighborhood properties to the appraised values of these sold properties. This set of ratio studies affords the district an excellent means of judging the present level of appraised value and uniformity of the sales. The appraiser makes a preliminary decision as to whether the value level in a neighborhood needs to be updated or whether the level of market value in a neighborhood is at an acceptable level.

Market and Cost Reconciliation and Valuation

Neighborhood analysis of market sales to achieve an acceptable sales ratio or level of appraisal is also the reconciliation of the market and cost approaches to valuation. Market factors are developed from appraisal statistics provided from market analyses and ratio studies are used to ensure that estimated values are consistent with the market and to reconcile cost indicators. The district's primary approach to the valuation of residential properties uses a hybrid cost-sales comparison approach. This type of approach accounts for neighborhood market influences not particularly specified in a purely cost model.

The following equation denotes the hybrid model used:

$$MV = LV + (RCN - AD)$$

Whereas, in accordance with the cost approach, the estimated market value (MV) of the property equals the land value (LV) plus the replacement cost new of property improvements (RCN) less accrued depreciation (AD). As the cost approach separately estimates both land and building contributory values and uses depreciated replacement costs, which reflect only the supply side of the market, it is expected that adjustments to the cost values may be needed to bring the level of appraisal to an acceptable standard as indicated by market sales. Thus, demand side economic factors and influences may be observed and considered. These market, or location adjustments, may be abstracted and applied uniformly within neighborhood to account for location variances between market areas or across a jurisdiction. Whereas, in accordance with the market approach, the estimated market value of the property equals the basic unit of property, under comparison, times the market price range per unit for sales of comparable property. For residential property, the unit of comparison is typically the price per square foot of living area or the price indicated for the improvement contribution. This cost related factor is most appropriately measured by sales of similar property. The market approach, when improvements are abstracted from the sale price, indicates the depreciated value of the improvement component, in effect, measuring changes in accrued depreciation, a cost factor. The level of improvement contribution to the property is measured by abstraction of comparable market sales, which is the property sale price less land value. The primary unknown for the cost approach is to accurately measure depreciation affecting the amount of loss attributed to the improvements as age increases and condition changes. This evaluation of cost results in the depreciated value of the improvement component based on age and condition. The evaluation of this market and cost information is the basis of reconciliation and indication of property valuation under this hybrid model.

When the appraiser reviews a neighborhood, the appraiser reviews and evaluates a ratio study that compares recent sales prices of properties, appropriately adjusted for the effects of time, within a delineated neighborhood, with the value of the properties based on the estimated depreciated replacement cost of improvements plus land value. The calculated ratio derived from the sum of the sold properties' estimated value divided by the sum of the time adjusted sales prices indicates the neighborhood level of appraisal based on sold properties. This ratio is

compared to the acceptable appraisal ratio, 96% to 100%, to determine the level of appraisal for each neighborhood. If the level of appraisal for the neighborhood is outside the acceptable range of ratios, then adjustments to the neighborhood are made.

If reappraisal of the neighborhood is indicated, the appraiser analyzes available market sales, appropriately adjusted for the apparent effects of time, by market abstraction of property components. This abstraction of property components allows the appraiser to focus on the rate of change for the improvement contribution to the property by providing a basis for calculating accrued depreciation attributed to the improvement component. This impact on value is usually the most significant factor affecting property value and the most important unknown to determine by market analysis. Abstraction of the improvement component from the adjusted sale price for a property indicates the effect of overall market suggested influences and factors on the price of improvements that were a part of this property, recently sold. Comparing this indicated price or value allocation for the improvement with the estimated replacement cost new of the improvement indicates any loss in value due to accrued forms of physical, functional, or economic obsolescence. This is a market driven measure of accrued depreciation and results in a true and relevant measure of improvement marketability, particularly when based on multiple sales that indicate the trending of this rate of change over certain classes of improvements within certain neighborhoods. Based on this market analysis, the appraiser estimates the annual rate of depreciation for given improvement descriptions considering age and observed condition. After an acceptable level of appraisal is achieved within the sale sample, the entire neighborhood of property is recalculated utilizing the indicated depreciation rates taken from market sales. This depreciation factor is the basis for trending all improvement values and when combined with any other site improvements and land value, brings the estimated property value through the cost approach closer to actual market prices as evidenced by recent sales prices within a given neighborhood.

COMMERCIAL PROPERTY VALUATION PROCESS

In addition to the processes listed above for residential property valuation, each commercial property will be subjected to:

- The income approach to value
- Appraised value comparison for same class of occupancy code
- Sales comparison

The income approach to value is applied to those real properties which are typically viewed by market participants as “income producing”, and for which the income methodology is considered a leading value indicator. This is calculated using like properties’ typical:

- potential gross rent
- minus vacancy and collection loss allowance

- plus secondary income such as parking, vending, laundry, reimbursements or miscellaneous income
- minus allowable expenses based on prudent management
- divided by a capitalization rate that includes return rates, income multipliers and discount rates

Capitalization analysis is used in the income approach models to form an indication of value. This methodology involves the direct capitalization of net operating income as an indication of market value for a specific property. Sales of improved properties from which an actual income and expense data are obtained provide a very good indication of property return expectations a specific market participant is requiring from an investment at a specific point in time.

BUSINESS PERSONAL PROPERTY VALUATION PROCESS

Business personal Property is classified and utilizes a four digit numeric code, called Standard Industrial Classification (SIC) codes that were developed by the federal government to describe property. These classifications will be used by Upshur CAD to classify personal property by business type.

The district's property characteristic data will be collected through a field data collection effort coordinated by the district and from property owner renditions. Each year re-evaluation activities will permit district appraisers to collect new data via an annual field inspection. This project will result in the discovery of new business, changes in ownership, relocation of businesses and closures of businesses not revealed through other sources. Tax assessors, local newspapers, and the public often provide the district information regarding new personal property and other useful facts related to property valuation.

Vehicles

An outside vendor provides Upshur CAD with a listing of vehicles within the jurisdiction. The vendor develops the listing from the Texas Department of Transportation Title and Registration Division records. Other sources of data include property owner renditions and field inspections.

Upshur County Appraisal District's primary approach to the valuation of business personal property is the cost approach. The replacement cost new (RCN) is either developed from property owner reported historical cost or from CAD developed valuation models. The trending factors used by the CAD to develop RCN are based on published valuation guides. The percent good depreciation factors used by the CAD are also based on published valuation guides.

THE MASS APPRAISAL REPORT

Each tax year, the tax code required Mass Appraisal Report is prepared and certified by the Chief Appraiser at the conclusion of the appraisal phase of the ad valorem tax calendar. The Mass Appraisal Report is completed in compliance with the STANDARD RULE 6-8 of the *Uniform Standards of Professional Appraisal Practice*. The signed certification by the Chief Appraiser is compliant with STANDARD RULE 6-9 of *USPAP*. The written appraisal plan is attached to the Mass Appraisal Report by reference.

UPSHUR COUNTY APPRAISAL DISTRICT

RESOLUTION TO ADOPT
2025 and 2026 REAPPRAISAL PLAN

Whereas, according to Section 6.05(i) of the *Texas Property Tax Code*, the Board of Directors of an Appraisal District shall develop biennially a written plan for the periodic reappraisal of all property within the boundaries of the district according to the requirements of Section 25.18 and Section 6.05(i) shall hold a public hearing to consider the proposed plan.

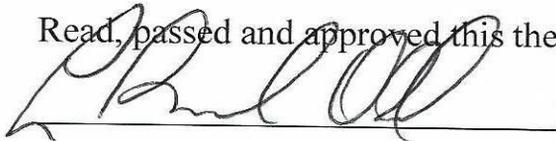
Whereas, the District Board of Directors has notified the presiding officer of the governing body of each taxing unit participating in the District a written notice of the time, date, and place of the public hearing, and

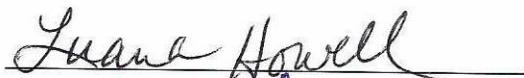
Whereas, the District Board of Directors has held a public hearing to consider any amendments to the written plan, and

Now therefore, be it resolved that the District Board of Directors adopts the written reappraisal plan.

Resolved further, that the Chief Appraiser of the District is authorized and directed to deliver copies of the approved written reappraisal plan in compliance with the remainder of Section 6.05(i) to the presiding officer of the governing body of each taxing unit participating in the District and to the state comptroller of public accounts within 60 days of the approval date.

Read, passed and approved this the 10th day of September, 2024.


Brandon Dodd, Chairman


Luana Howell, Secretary


David Fonteno, Director


Richard Gage, Director


Mike Spencer, Director


John Ussery, Director