

GAP ANALYSIS

Victoria Central Appraisal District (VCAD)

September 2023



PROFESSIONAL
CONSULTING SERVICES
OF IAAO, LLC

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INTRODUCTION

In August 2022 then Victoria Central Appraisal District (VCAD) Chief Appraiser John Haliburton reached out to PCSIAAO staff member Larry Clark with a few questions regarding The Gap Analysis and the processes of the review. Mr. Clark answered several questions and offered to schedule a conference call to speak with any interested parties to answer questions and explain the process more in-depth – however the conversation about the project stalled due to the office entering the revaluation portion of their work cycle and the Chief Appraiser retiring.

In February 2023 the conversation was revived at TAAD’s annual conference in Dallas when then Interim Chief Appraiser Wickliffe sought out PCSIAAO staff member Shannon Hiss to speak about the potential project and seek some additional information. The discussion about the potential project and completion of the Gap Analysis review for the appraisal district began in earnest. Following discussions and emails, the terms and scope of the project were finalized during the following weeks and the district’s Board of Directors approved the terms of the proposed agreement & scope of work at their May 17th meeting.

The questionnaire was submitted to Chief Appraiser Wickliffe on June 7th. Included in several places within the questionnaire were requests for additional supporting documentation from the office. The questionnaire and supporting documents were returned by Chief Appraiser Wickliffe the following week on June 15th. Given the volume of information requested and range of topics covered by the returned documents PCSIAAO needed several weeks to read, review, and make notes. Follow-up & clarifying questions were sent to Chief Appraiser Wickliffe as well as a brief Zoom call for additional information and clarification. Interviews with each member of staff were then scheduled and conducted through the last 3 weeks of July.

We would like to thank all staff for taking the time to meet for interviews over Zoom—without all their insights and comments this project and report would not have been possible. Notes from interviews with leadership and staff as well as the responses to the questionnaire & information gained from the additional requested supporting documents were utilized in creating this report.

IAAO’s Technical Standards will be referenced throughout this report. By necessity, the Technical Standards are broad in nature and assume ideal circumstances under which they will be applied by practitioners who are fully trained and experienced in mass appraisal. Since there are only a few jurisdictions that meet a majority of these standards, it is not unusual to find gaps between the current operations within an office and IAAO’s Technical Standards. The primary purpose of this report is to point out the gaps and where improvements can be made. All recommendations are made with the understanding that their implementation is the responsibility of the client.

SUBJECT 1: Environment

Appraisers are administrators of the laws governing their jurisdiction. Therefore, those laws form the environment in which they work and directly affect their decision making. Other than fiscal resources, the legal framework has the most significant impact on the performance of assessment jurisdictions. It is, therefore, important to begin with an understanding of that environment relative to the subject jurisdiction.

The State of Texas follows an annual reappraisal cycle, with the Texas Property Tax Code stating that all taxable property is to be appraised at its market value as of January 1st each year. In following an annual revaluation cycle, the staff of the Appraisal District are tasked with accomplishing a significant volume of work each year. In addition to completing all routine work tasks on an annual basis, the Appraisal District must comply with all applicable laws and regulations for the operations of the office.

The Comptroller's Office in the State of Texas is tasked with the oversight responsibilities for all appraisal districts. In addition to the appraisal districts participating in a bi-annual methods and assistance program (MAP) review, the appraisal districts are also expected to submit information to ensure compliance with the Property Value Study (SDPVS). Failure to meet performance expectations in either of those oversight reviews results in stricter oversight by the Comptroller's office and a potential loss of critical funding for school districts within the jurisdiction.

Tax & exemption laws must be administered by someone. Even if the only requirement is an annual application, someone must receive and record those applications to track who has become eligible for the favorable tax treatment and who has lost that eligibility. There is always a cost involved, either from the productivity that is lost in managing all exemption related paperwork and tracking or through the need to hire additional staff to cover those specific responsibilities.

In its most recent session, the Texas legislature passed SB 1801, amending the Tax Code to include a requirement for the chief appraiser of the appraisal district to develop a program to periodically review all homestead exemptions within the jurisdiction and compare records against other appraisal districts to prevent property owners from being granted multiple homestead exemptions. Currently there is no formal mechanism or State offered program to perform these newly required reviews—as such, appraisal districts must find funds within their budgets to work with vendors who have the information and capability to provide that service and review of homestead exemptions.

In addition to the time dedicated to the management of property tax exemptions, the appraisal district must also complete their primary functions including data collecting information on new construction and other permits, completing field reviews of sold properties, development of valuation models, annual valuation of property within the jurisdiction, valuation appeals, as well as answering questions from property owners who contact the office whether by phone, email, or personal visit. In summary, staff have quite a lot of work pulling them in many different directions at any given time.

Table 1 best represents the current environment as presented to PCS via the questionnaire and interviews.

TABLE 1. Statistical Environment				
Property Class	Parcel Count	Assessed Value	Sales Per Year	Appeals Per Year
Residential	36,248	\$5,223,133,338	1,359	5,167
Commercial	3,484	\$1,395,689,311	78	853
Industrial	881	\$1,656,329,250	1-2	448
Agricultural	8676	\$77,169,578	22	641
Vacant Land	3,229	\$70,946,366	51	510
Mineral & Utilities	5,533	\$598,473,090	0	364
Total Parcel Count				61,900
Total Land Area of the Jurisdiction (acres)				503,016
Total Taxable Real Estate Value of Jurisdiction *				\$9,579,200,613
Total Number of Personal Property Accounts				3,849
Annual number of building permits issued				1,155
Annual Date of Appraisal				January 1st

* Total Taxable Real Estate Value of Jurisdiction includes property class not included in the major groupings of the table above.

The final matter when considering the environment of Victoria Central Appraisal District is the physical office space utilized. Throughout interviews, a theme became apparent—VCAD’s current office space no longer serves the needs of staff. Office operations have outgrown the physical space, the lack of storage for required documents means boxes of information are stacked in meeting rooms and printers are in whatever space they may fit. On the matter of physical space needs for an appraisal office, the IAAO Standard on Mass Appraisal states:

“The following minimum space standards are suggested for managerial, supervisory, and support staff:

- **Chief assessing officer** (e.g., Assessor, director)—a private office, enclosed by walls or windows extending to the ceiling, of 200 square feet (18 to 19 square meters)
 - **Management position** (e.g., chief deputy assessor, head of a division in a large jurisdiction, and so on)—a private office, enclosed by walls or windows extending to the ceiling, of 170 square feet (15 to 16 square meters)
 - **Supervisory position** (head of a section, unit, or team of appraisers, mappers, analysts, technicians, or clerks)—a private office or partitioned space of 150 square feet (14 square meters)
 - **Appraisers and technical staff**—private offices or at least partitioned, quiet work areas of 50 to 100 square feet (5 to 10 square meters), not including aisle and file space, with a desk and chair
 - **Support staff**—adequate workspace, open or partitioned, to promote intended work functions and access.
- In addition, there should be adequate space for**
- File storage and access
 - Training and meetings
 - Mapping and drafting
 - Public service areas
 - Printing and photocopy equipment
 - Library facilities.”

Additionally, the security of the current office space is less than ideal. Entrances and exits to staff space should be behind secured, locked doors that require staff to utilize key cards (or similar) to unlock and enter doors. Customer service staff should have a secure and safe front counter area that allows members of the community to ask questions and interact with staff, while also ensuring the safety of staff.

SUBJECT 2: Management and Staffing

Management and staffing appear to be one of the most significant areas of concern within the Victoria Central Appraisal District's Office. The office of VCAD manages the valuation of the jurisdiction area of approximately 889 square miles in size including a total of 16 taxing entities within the appraisal district.

It is worth noting here the unique structure of appraisal districts within the government structure of Texas. Specifically, appraisal districts are independent bodies, and not a part of state, county, or municipal government structures. As such, each Chief Appraiser of the appraisal districts in Texas face the unique hurdles and business expenses associated with being an independent employer—costs such as building expenses, health insurance and employment benefits, and data storage and maintenance are borne entirely by the office of the appraisal district.

During interviews, several staff noted the significant costs of benefits for employee's dependents have become a significant factor—staff indicated the costs of dependent benefits are reaching the point that they may not be able to continue to afford to be employed by the appraisal district. PCSIAAO recognizes alleviating this factor would greatly help with overall employee recruitment and retention. PCSIAAO strongly encourages the appraisal district leadership to consider any and all options to help lessen the impact of this significant cost factor for employees.

In addition to the challenges of managing the office budget demands, hiring and training staff, and ensuring data accuracy; the Victoria Central Appraisal District office suffers from the same lack of human resources experienced by many public service offices nationwide. Staff turnover, due in part to a combination of retirements and lack of interest in open positions due to low salaries and costly insurance benefits for families and employee dependents, has left the office understaffed in most departments. That fact has not affected valuation performance, as evidenced by the recent ratio study and value study evaluations completed by the Comptroller. However, should staffing levels remain low, the potential for negative impacts on performance and compliance outcomes in the future is significant.

Personnel

In reviewing the responses to the initial questionnaire and during interviews with staff, it became clear the number of staff currently employed is insufficient to provide the level and quality of service that the local community has come to expect.

Table 2 reflects the current staff numbers within the assessor's office as well as the additional staffing needs as reflected in the returned questionnaire.

TABLE 2. Assessor's Office Staff Breakdown

Function	Current Staff	Needed Staff
Field Data Collection	7	7
Building Permit Review	1	1
Sales Verification	2	2
Income/Expense Analysis	1	1.5
Valuation Modeling	3	4
Statistical Analysis	3	4
Personal Property Valuation	2	2
Personal Property Auditing	1	1
Exemption Processing	3	3
Appeal Clerk	2	4
Mapping/Deeds	2	3
System Administration	1	1
Protest Hearings - Appraisers	7	10

The needed staffing estimates were developed by the appraisal district leadership team based upon historic staffing numbers and current workflow production. The above needed staffing numbers may change as the appraisal district continues to grow.

While the calculation of the number of persons needed to properly conduct typical valuation functions is relatively easy, what is difficult to calculate is the number of additional staff needed now, and in the future, to meet the growing administrative need to monitor changes in the various exemption qualifications—which ultimately tend to reduce rather than generate revenue for the jurisdiction.

For the typical valuation operation, PCSIAAO would recommend the office consider a tool like **Table 3**, which was taken from the textbook *Assessment Administration*. The chart utilizes an annual valuation year which begins in January.

TABLE 3. Calculation of Necessary Staff to Meet Administrative Needs

Appraisal Phase	J	F	M	A	M	J	J	A	S	O	N	D
Map Maintenance	8	16	24	30	38	46	54	62	70	80	90	100
Property Record Maintenance	8	16	24	30	38	46	54	62	70	80	90	100
Clerical/Data Entry	8	16	24	30	38	46	54	62	70	80	90	100
Sales Verification	5	10	15	20	30	40	50	60	70	80	90	100
Index Study						20	50	80	100			
Depreciation Study						20	50	80	100			
New Construction					10	20	40	50	70	80	90	100
Neighborhood Analysis				25	50	100						
Land Valuation							40	80	100			
Data Collection Reinspection				5	15	40	55	80	100			
Quality Control					10	35	50	75	100			
Grade Review					25	50	75	100				
CDU & P/F/E Factor Review				10	25	40	55	80	100			
Market Modeling							20	50	100			
Com/Ind/Apt Income Analysis								50	100			
Agricultural Use Verification						20	40	60	80	100		
Final Review										25	75	100
Informal Conferences				20	70	100						

The chart assumes an annual revaluation cycle, per IAAO best practices. The months of the tax year are displayed at the top, in this case showing a calendar year. The far-left columns display several appraisal phases, and each cell represents the percentage completed each month. Some phases will be conducted all year and are shown as completing one-twelfth each month, while others will be started and completed in a relatively short period of time, such as neighborhood analysis and land valuation.

This chart, or one like it, has been successfully used in assessment jurisdictions nationwide to set assessment goals and allocate staff. Those phases that will be carried out throughout the valuation cycle must have staff constantly assigned to them, while others that have shorter duration may share staff. For example, the staff involved in neighborhood analysis may also perform some of the other analytical functions, such as the market study or income analysis. Staff who perform some of the field data collection may also be involved in calibrating market models.

The formula below illustrates how to calculate the number of staff needed to execute a given phase. Along with the fact that responsibilities for an individual staff member may overlap two or more phases, there are several caveats listed below the formula.

$$9,823 \text{ parcels} \div 114 \text{ workdays} = 86.2 \text{ parcels per day} \div 12 \text{ parcels per day per person} = 7.2 \text{ appraisers}$$

Caveats to the above:

- Assuming the office completes reinspections of all real property within the jurisdiction on a 6-year cycle. Staff would need to inspect 17% of the jurisdiction each year, or approximately 9,823 real property parcels annually.
- An estimate of 12 parcel inspections per day was utilized. It would be a management decision to set production expectations for field staff.
- The preceding chart & above field inspection formula assume a 6-month, or 114-workday window, VCAD may have a longer window of time for field work given the generally favorable weather enjoyed by the jurisdiction.
- The above formula could also be utilized to estimate how many inspections the current staff would have to complete each day to be able to complete the 17% reinspection process within the stated window of time for fieldwork. (In that scenario the current field staff of 7 would have to complete 12.3 real property parcel inspections per day.)

The above calculation would indicate that the assessor's office would need 8 trained field staff to complete the workload, an increase of 1 field appraiser over the current number. Keeping in mind that some or all those additional staff members could be reallocated to other tasks and roles within the office as other phases of the work-cycle through on the calendar. As data collection and field work is completed, some staff could begin analysis of sales or other valuation components such as land valuation or depreciation analysis.

IAAO best practices, and future staff level recommendations within this document are based upon the industry best practices of regular reinspection of every parcel being completed every 4-6 years. Building upon the need of regular reinspection of properties, staff also need formal training (in the office and out in the field) on how to complete reinspection field checks as well as routine permit field checks: what to say to property owners while in the field, what data characteristics need to be confirmed, how to measure and draw properties for entry into the CAMA computer system utilized by the jurisdiction.

Additionally, all appraisal and field staff need formal training on how to complete reviews of sales, and how to complete all data entry related to the sales. Routine quality control checks by the managers and lead appraisers on the fieldwork and data entry work done by staff must be done to ensure the work file of the office is accurate, and the values being produced are both equitable and reliable.

During interviews with staff, it was discovered that job titles and a description of duties for each position within the office do not exist currently. It is PCSIAAO's understanding that former management did not think it necessary to update or create new descriptions as the roles of staff evolved over time. To be able to effectively measure performance and relay the expectations of management, job descriptions for each position must be clearly defined. Appraisal district staff need to know what is expected of them as far as production and performance.

Chief Appraiser Wickliffe indicated one of her top priorities during the remaining months of the calendar year will be to create, update, and revise all job descriptions within the appraisal district. It may be advisable to have all staff review the current job descriptions and work together to make revisions that better reflect current work duties and tasks that are a part of their role within the appraisal district. Once the job descriptions have all been updated, they should be reviewed and reconsidered annually to ensure they continue to match the duties and tasks of each position.

In addition to clearly defined job descriptions & production expectations for each role within the office, routine, and regular check-ins between the leadership of the office and all staff members are both necessary and needed to maintain a productive and professional office. Several staff members mentioned during their interviews that the leadership team has been conducting more regular meetings and check-ins with all staff members. PCS strongly encourages these regular touchpoints and check-in to continue amongst all staff and each team within the staff should also be completing regular meetings and check-ins with office leadership to ensure everyone in the office is kept informed on current project status. Routine meetings provide staff with the opportunity to update the management team about any problems they may be encountering during their routine course of work duties.

Beyond regular meetings to keep communication open, the management team needs to conduct routine performance evaluations for every staff member and position within the office. The final line of communication between office leadership and staff members is to conduct exit interviews when an employee departs. While some of those conversations may not be pleasant, ensuring the leadership team understands the decisions being made by exiting staff, which may help to correct course in areas where support or other areas are lacking. Chief Appraiser Wickliffe indicated that exit interviews were not standard operating procedure in the past, she however intends to conduct exit interviews moving forward.

Additionally, the office and CAD leadership should be conducting an annual assessment of staff compensation levels, this should be completed as part of the performance review process. Ensuring that staff compensation is keeping pace with the marketplace will help to lessen the rate of turnover and help to retain the experienced and knowledgeable staff currently employed.

The *IAAO Standard on Tax Policy* states:

“To accomplish its responsibilities in a fair and professional manner, an assessment or tax office should have a budget that provides for a well-organized and trained staff, sufficient computing resources, and necessary data. ...administrative costs in the range of 2 – 5 percent of property tax revenues are often achieved in developed western countries.”

As with many public service offices, operational budgets may not allow for staff salaries to fully keep pace with the marketplace. This may require the office leadership to come up with other ways to incentivize staff to remain with the appraisal district. An example of one such incentive is a flex schedule—allowing staff to work a schedule other than the standard 8-hour workday. Staff and leadership could work together to develop a schedule that ensures coverage to serve the citizens of the community and meets the workflow needs of the office while also giving staff more flexibility to complete their job duties. Such a schedule has been successfully utilized in many jurisdictions of similar, and larger, size.

All the above requires careful planning carried out by management and clearly conveyed to staff through an up-to-date and comprehensive appraisal district office operations procedures manual. It is understandably difficult to take the time to develop this kind of document when the office is understaffed. However, the

document can be an invaluable aid when facing inevitable turnover in the future. Instead of routinely taking existing staff away from their responsibilities to train new staff, new staff can be given the manual and spend part of their onboarding period studying it and ask senior staff for clarification when needed. The manual could be developed using existing procedure manuals for individual departments within the appraisal district, or manuals borrowed from other jurisdictions and adapted to meet the needs of VCAD, or also by using existing experienced staff to help piece together a comprehensive document utilizing the various documents that cover VCAD's policies and procedures.

Once developed, the procedures manual should be reviewed annually to ensure it accurately reflects the current work climate of the appraisal district. In fact, other jurisdictions have found it helpful to conduct an all staff planning meeting at the conclusion of each tax year to establish what worked and what didn't so that appropriate changes could be made to the manual for the following valuation cycle.

An additional tool that many staff would benefit from is a quick reference document. The document could act as a quick reference tool for staff with dates of important statutory deadlines and a list of staff names, phone extensions, and each person's main tasks and duties. Such a document would allow new staff to be able to quickly route questions from community members. Ideally, the quick reference document should be updated at least annually to reflect changes.

A final note of consideration is the historic lack of professional development opportunities afforded to field and office staff by VCAD's prior leadership. Beyond "on-the-job" training & the state required TAAD specific education for the appraisers, development and implementation of the appraisal district specific policies and procedures for current and future staff would be beneficial. Additionally, all staff should be able to pursue professional designations to better both themselves and the office as a whole.

During interviews with staff, it was noted many times that Chief Appraiser Wickliffe has already scheduled several classes through the end of the year for all staff. This is commendable and it is strongly recommended that professional educational opportunities, both qualifying and continuing education, should become a routine part of the CAD's operations. Offering on-going continuing educational opportunities will ensure all staff are trained and educated to meet the appraisal district's needs into the future.

Many offices provide financial incentives to staff who earn professional designations either in the form of a one-time bonus or an increase in their base rate of pay. Such incentives acknowledge the hard work done to earn and maintain the designations as well as the value brought to the CAD by having staff who hold professional designations. The appendix of this report includes recommendations for professional education for most field and office staff personnel.

SUBJECT 3: Information Technology

According to Merriam-Webster, information technology is “the technology involving the development, maintenance, and use of computer systems, software, and networks for the processing and distribution of data.” The expanded use of technology by assessment offices has increased the importance of a reliable and user-friendly information technology program.

Of significant importance is the need for computer and support hardware to be updated regularly and routinely to ensure appraisal district staff can fully utilize the processing capabilities of the CAMA and GIS mapping software systems. Additionally, routine and regular replacement and updates to technology hardware ensures there is no data loss due to hardware “dying” while in use and further prevents disruption to services provided to members of the community served by the appraisal district. Other hardware items, like printers, scanners, and phone systems must also be maintained and replaced as the useful life of those items reaches an end. It would greatly benefit the appraisal district to have a person on staff whose sole responsibility is the upkeep and repair of the software and hardware of the technology regularly used by staff.

Regarding data processing support and computer hardware, the *IAAO Standard on Mass Appraisal* states, in part:

“CAMAs require considerable data processing support. The hardware should be powerful enough to support applications of the cost, sales comparison, and income approaches, as well as data maintenance and other routine operations. Data downloading, mass calculations, GIS applications, and web support tend to be the most computer-intensive operations. Processing speed and efficiency requirements should be established before hardware acquisition.”

Computer Assisted Mass Appraisal (CAMA)

The appraisal district currently utilizes PACS Appraisal software CAMA system developed and supported by Harris Govern. In interviews with office leadership and staff it became clear that while the CAMA system is not particularly “new” to the office, many of the various functions and services offered by the software system are under or not yet utilized fully. Chief Appraiser Wickliffe indicated it was her intent to request additional training opportunities from Harris Govern so that all staff can learn more about the CAMA system and which ways they might be able to better serve the appraisal district over time. For staff to be able to effectively utilize the CAMA software system, they must first be taught the basic functions that are pertinent to their respective duties within the office.

Overall, staff reported in interviews they were generally satisfied with the performance of the CAMA system. Some issues were reported related to workflow processes and updates to real property records related to protest schedules. However, a way to alleviate potential similar problems in the future is by having very clearly laid out processes and procedures documented within the previously mentioned office operations manual. Ensuring all staff are aware of protocols within the CAMA system is a key to future success.

CAMA software should work in conjunction with various general-purpose software programs, typically including word processing, spreadsheets, and GIS programs. These programs and applications must be able to share data and work together cohesively to reduce redundancies in work for staff and help to increase overall productivity. Utilizing the current and more user-friendly CAMA system should help to make the daily workflow processes less labor intensive in the long term.

A final word regarding the current CAMA system, after completing the already planned training on the PACS CAMA software package it is important the appraisal district staff be given the time to take 'continuing education' from the CAMA software vendor. Ensuring staff have the time to take the vendor-provided ongoing software training and support will help staff to continue to improve their comfort and efficiency as the software grows and adapts to the needs of the office.

SUBJECT 4: Cadastral Mapping

The introduction of the *IAAO Standard on Digital Cadastral Maps* states:

"Cadastral maps for the entire jurisdiction, regardless of taxable status or ownership, are essential to the performance of assessment functions. Digital cadastral maps enable the assessor to more efficiently access parcel location and information, reveal geographic relationships that affect property value, and provide a platform for the visualization of data layers and analytical results. Digital cadastral maps also aid the assessor in meeting the digital demands of other local government users, such as planning and public works departments, and private business users."

The *IAAO Standard on Property Tax Policy* states:

"The assessor should maintain or have access to high-quality land records and an accurate inventory of property. Collection and maintenance of land data are expensive but are critical parts of any property tax valuation system. By establishing multipurpose cadastral systems, many different public officials or agencies can make use of the information that may help to defray the costs of data collection and management. Multipurpose systems can be computerized and can become extremely interactive, providing information on the relationship between location and other property characteristics or influences on value."

The current cadastral mapping program maintained by the appraisal district performs well when evaluated with the above stated parameters from IAAO's technical standards in mind. Currently the appraisal district has a two-person team managing all mapping related duties and tasks. During interviews, it was noted the district does need a third person on the mapping team to ensure all work is being done in a timely and accurate manner. Upon hiring the third mapping staff member, it would be wise for the team to cross-train on all responsibilities to ensure coverage and consistency moving forward.

SUBJECT 5: Property Use Codes, Market Areas, and Neighborhoods

The three main functions of an appraiser are to discover, list, and value real property. Property use codes and delineations of market areas and neighborhoods are critical parts of that process.

Utilizing both the appraisal district's mapping and CAMA systems, staff should be able to define the market areas and neighborhoods throughout the appraisal district. Along with appraiser judgment and knowledge of the communities within the jurisdiction—mapping of validated sales can help staff to identify patterns and trends and may help to lead to a better understanding and refinement of the market areas identified for valuation purposes.

Each community within the appraisal district is unique in its own way, which will mean that neighborhoods, market areas, and trends impacting those will all look different. It is important to model neighborhoods to reflect the actions of the buyers and sellers within the marketplace.

It appears that the system currently utilized by the appraisal district is working well. It's worth noting, as the community continues to grow, neighborhood and market area boundaries will need to be periodically reviewed to ensure they are still accurately reflecting the actions of buyers and sellers in the marketplace of the appraisal district.

SUBJECT 6: Property Data Collection and Maintenance

The *Standard on Mass Appraisal of Real Property* states in part:

“Uniform and accurate valuation of property requires correct, complete, and up-to-date property data. Assessing offices must establish effective procedures for collecting and maintaining property data (i.e., property ownership, location, size, use, physical characteristics, sales price, rents, costs, and operating expenses). Such data are also used for performance audits, defense of appeals, public relations, and management information.”

VCAD has well established and documented policies regarding regular inspection of real property throughout the appraisal district as well as procedures for data collection. Additionally, the State of Texas has very clear and defined expectations for both data quality and accuracy.

As stated in Section 3.3.4 of the *Standard on Mass Appraisal of Real Property*:

“Periodic field inspections can help ensure that property characteristics data are complete and accurate. Assuming that most new construction activity is identified through building permits or other ongoing procedures, a physical review including an on-site verification of property characteristics should be conducted at least every 4 to 6 years. Reinspections should include partial remeasurement of the two most complex sides of improvements and a walk around the improvement to identify additions and deletions. Photographs taken at previous physical inspections can help identify changes.”

Staff properly trained to complete data collection and verification is the primary key to success for any assessor’s office. Without a well-trained staff to ensure data accuracy and quality, the values produced by the office cannot be considered reliable indications of fair market value. Failing to account for property characteristics on all parcels can eventually lead to a lack of uniformity.

Maintaining timely, correct, and complete records for all taxable property within the jurisdiction is the very foundational responsibility of any appraiser’s office. Having a well-trained staff, a modern CAMA system, and complete maps are all important.

IAAO’s *Standard on Tax Policy* States:

“State/provincial and local assessing officers are stewards of public data. These data include property characteristics, assessments, sales data, and tax parcel maps, among other key data used by government, citizens, taxpayers, and private industry. Public access to these data is vital to open and transparent operations. Modern access to these public records should meet the public’s expectations and conform to laws and regulations governing privacy, open records, and public disclosure. Delivering these data in an accessible way increases the public trust and confidence in valuation and property tax operations.”

The data delivered to the public should be current, correct, and usable. Today, assessment jurisdictions are expected to have updated sales and ownership data in just a few days. With the majority of these data having a spatial component, data should be presented in maps and easy-to-use apps.”

Maintaining property data records is a significant task for all appraisal offices worldwide however, the State of Texas does have additional record keeping requirements beyond those that are considered routine for most appraisal offices. Maintaining the historic, original records of properties is no small task. Currently VCAD keeps physical files, in both storage boxes as well as library shelving. In the interest of saving both space, and staff time, PCSIAAO recommends office leadership consider digitizing those physical files for electronic storage purposes as well. Having a secondary, digital “original” file saved in the cloud (or similar) and linked to the property records within the PACS system will ensure that those records can both be preserved in the case of a natural disaster and making locating those records easier for staff (versus having to manually search through the physical files to find a specific record). If compatible with State laws and within the appraisal district’s budgetary parameters, it may also be advisable for the appraisal district to store those records at an offsite and secure document storage facility as an additional layer of security for record keeping of the physical files.

SUBJECTS 7 & 8: Sales Data and Ratio Studies

Accurately recorded sales data is the underpinning to producing statistically reliable and significant results. Per IAAO's *Standard on Verification and Adjustment of Sales*:

"There must be a system of record that tracks and digitally stores information collected from real estate transfer documents (such as deeds, sales contracts, and transfer affidavits), sales questionnaires, follow-up interviews, and third-party sources. Data collection must be administered in a consistent and timely manner, and data collected must be as comprehensive and accurate as possible to ensure that there is sufficient information to verify that the sale price reflects the market value of the real property being transferred and to determine adjustments to the price if necessary. Sales verification should be performed in a timely, uniform, and transparent manner with guidance on when a sale should be considered valid and what methodologies are acceptable for the validation process."

The importance of collecting and maintaining quality sales data cannot be over-emphasized. PCSIAAO understands the difficulty faced by all appraisers in Texas due to the lack of sale price disclosure. One potential source of sale terms and price information as well as property characteristic data would be the local MLS website. Chief Appraiser Wickliffe stated that the office currently does not have access to the local MLS due to the local board of Realtors denying access to the appraisal district. If that policy were to ever change, VCAD should make every effort to ensure the district has room in the budget necessary to enable staff to access and review the local MLS data and website. Gaining access to the local MLS would prove to be highly beneficial for the office in not only giving insights to interior condition, physical characteristics of the improved, but also allow staff to gain more information and insights regarding the terms of sales.

Staff may also review other third-party sales database websites to try to confirm terms of the transaction as well as interior descriptions of properties. However, as these websites are a tool to assist real estate agents, these descriptions should not be the sole source of information utilized by appraisers. Nothing can replace the capabilities of a properly trained data collector reviewing the property characteristics on site and confirming the terms of a sales transaction by interviewing the participating parties.

As it is important to ensure that the terms of sales are recorded correctly along with the physical characteristics—one suggestion for an additional verification effort would be to continue to send the sales confirmation letter to buyers asking them to confirm the sale price, date, and any additional items the office may wish to confirm. Some important physical characteristics should be included in the letter for them to verify along with a tax calendar and an invitation to call the Assessor's office with any questions. While the rate of return for data requests may be low, when worded properly, such a letter could serve both verification and public relations purposes at the same time.

On the occasions when staff can confirm the validity of sale terms and property condition information, it is important to enter all information into the PACS software to enable the staff to be able to complete any future internal ratio studies that may be deemed necessary.

IAAO Standards address the sufficiency of sales data for modeling purposes as follows:

1. Data should be sufficient to produce reasonable valuation models with regard to the property characteristics utilized. In general, the number of sales should be at least five times (fifteen times is desirable) the number of independent variables.
2. Sales used should be valid transactions that reflect market value. Data should be consistent across the population of properties to be valued using the model. Examples include quality, physical condition, and effective age.
3. Property characteristic data should be accurate for use in the model and its application to the population of properties.
4. Sales data and characteristics should be representative of the underlying population or the subset of properties that may be subject to valuation using automated valuation models.

With regards to ratio studies the *Standard on Mass Appraisal of Real Property* states in part:

“Regardless of how values were generated, sales ratio studies provide objective, bottom-line indicators of assessment performance. The IAAO literature contains extensive discussions of this important topic, and the Standard on Ratio Studies (2013) provides guidance for conducting a proper study. It also presents standards for key ratio statistics relating to the two primary aspects of assessment performance: level and uniformity.”

Being a non-disclosure state limits the ability to build a statistically reliable sales data set necessary to perform a ratio study. However, the comptroller’s office does complete a ratio study and property value study for each appraisal district. VCAD was notified in late June they fell within the confidence interval for the 2022 valuation of the appraisal district. In reviewing the results of the 2022 study from the comptroller it is clear the office is doing a good job valuing properties when compared against the limited sale data available to evaluate performance.

SUBJECTS 9 & 10: Valuation and Valuation Defense

This specific section of the report addresses the valuation of property within the appraisal district and the value defense processes. Neither topic are areas of concern for VCAD as the results from the ratio study completed by the comptroller's office and the outcome of the biannual MAPs review for the appraisal district show that performance is meeting or exceeding both the State's and IAAO's established performance standards. Therefore, any suggestions provided within this section will be directed toward enhancing an already well-performing system.

Real Property Valuation

Regarding land valuation, the *Standard on Mass Appraisal of Real Property* states in part (emphasis added):

"The most difficult aspects of the cost approach are estimates of land value and accrued depreciation. These estimates must be based on non-cost data (primarily sales) and can involve considerable subjectivity. Land values used in the cost approach must be current and consistent."

This is especially pertinent to VCAD because of their heavy reliance on the cost approach to value property due to the lack of disclosures regarding sale prices for developed properties and income information. Particular effort must be made by appraisal staff to confirm both sale price and sale validity when vacant land sales occur within the appraisal district. The CAMA system utilized by the appraisal district should give appraisal staff the ability to utilize the computer assisted land pricing tables within the software package to help develop value estimates for all land within the appraisal district.

Regarding the valuation of residential and commercial use properties, the processes, acceptable procedures, and performance expectations within the appraisal district as well as those established by the comptroller's office are clear, concise, and closely mirror both industry best practices and IAAO's standards. VCAD's staff does well given the limited resources (in personnel and disclosed property data) available to them.

Table 4 is provided purely for reference from the *Standard on Mass Appraisal of Real Property*. The table includes ranks reflecting the usefulness of the three approaches to value for major types of property:

TABLE 4. Ranking Usefulness of Property Valuation Approaches

Type of Property	Cost Approach	Sales Comparison Approach	Income Approach
Single-family residential	2	1	3
Multifamily residential	3	1, 2	1, 2
Commercial	3	2	1
Industrial	1, 2	3	1, 2
Nonagricultural land	-	1	2
Agricultural a	-	2	1
Special-purpose b	1	2, 3	2, 3

^a Includes farm, ranch, and forest properties.

^b Includes institutional, governmental, and recreation properties.

Personal Property Valuation

On the matter of the discovery of personal property, the *Standard on Valuation of Personal Property* states in part:

“The extent to which personal property can be assessed depends upon its discovery. Complete discovery requires adequately trained staff and supporting resources. Taxation agencies should be empowered to issue binding rules and regulations covering the discovery of personal property.”

The State of Texas has well-established policies on matters regarding personal property discovery, auditing, and valuation procedures. The personal property appraisers on staff at VCAD do a good job of complying with state guidance on all matters. During interviews with staff, it was noted that some workflow processes and timelines lead to a need for significant extra working hours. It may be worth evaluating the operational procedures, tasks, duties, workflow, and workloads of the personal property team to evaluate if another staff member needs to be hired, or if responsibilities can be better balanced between existing staff.

Valuation Defense

The *Standard on Assessment Appeals* states, in part:

“Assessment appeals are an important component in the assessment process. Appeals provide an opportunity for property owners to meet with the assessor to inquire about their assessments and to learn about assessment and appeal procedures. In the case of disputes about assessments, an appeal system should provide opportunities for both informal meetings with the assessor and formal hearings before independent bodies to resolve disputed issues and thus assure the public that assessments are correct, fair, and equitable.

Key to any assessment appeal system is an open and transparent process that relies on a clearly written set of procedures and provides due process.”

“The appeal procedure should provide adequate time for property owners to inquire informally about their assessments and to file informal protests with the assessor and for the assessor to render a written decision on each such appeal. Time also should be provided for property owners to file formal appeals of those decisions with the appeal board and for the board to act on all such appeals. All appeals to the board should be decided, if possible, before tax bills are issued. However, the period provided for appeals should not be so long as to delay tax collections unreasonably.”

All evidence points toward an adequate value defense procedures within the appraisal district. As with property valuation guidance, the State of Texas has well established and documented policies and procedures regarding valuation disputes that all appraisal districts must follow. However, the current lack of sufficient appraisal staff makes the number of annuals appeals challenging for the appraisal district to meet deadlines established by the State. The ability to dedicate senior staff members to handle the more complex valuation appeals, with the assistance and support from other district staff would be invaluable for office operations.

SUBJECT 11: Communication and Taxpayer Assistance

The introduction to the *Standard on Public Relations* states:

“A public relations program in the assessment profession provides current and useful information on assessment policies and practices, as well as a means of responding to public opinion. A proactive public relations program is essential to public awareness of the assessment process and of the importance of the property tax in funding local government services. A public relations program should be an integral part of every assessment office’s work. A public relations program describes what the office does as well as how, why, and for whom its services are provided. An effective public relations program results in more accurate and thorough coverage from the media and a better-informed constituency.”

Public relations are an ongoing requirement of every public facing government office, especially one that has such a direct impact on tax liability. VCAD could continue to provide its services and general information to the public through the website, handouts with answers to most frequently asked questions at the front counter, and additional staff at the front counter to greet citizens and answer calls during particularly busy times of the year.

The office’s website is one of the greatest tools in the toolbox to help communicate with members of the community. Regular updates to the FAQ section, based on the questions that front counter staff are receiving during a specific cycle of work for the office, would be an excellent way to help take some of the burden off staff from answering the same questions over and over. Customer facing staff could track the topics or specific questions being asked and if trends are noted, those common themes could be added to the website under the FAQ section. That same list of questions and responses should be made available to all staff to ensure that consistent answers and messaging is consistent from all staff members. As with the frequently asked questions, it is very important for every change in the information provided to the public also be rapidly and effectively communicated to every staff member.

It is suggested that the staff take every opportunity to ask property owners to verify the property’s characteristics. One means would be to utilize the annual notice of value, by including a few key physical characteristics on the value notice (i.e., number of bathrooms, bedrooms, square footage, etc.) along with the suggestion they call the office if any of these are incorrect. A lack of follow-up from the property owner could be taken as at least a tacit agreement that the noted physical characteristics are correct.

Staff who receive calls from property owners should be able to immediately access the property information and verify those key characteristics with the property owner. Any information that is returned from property owners as incorrect should warrant a follow-up check in the field to verify the information and make the appropriate data corrections.

CONCLUSIONS

It is important to state at the beginning of this section that the purpose of this review was to perform a gap analysis for this jurisdiction. The gaps, in this case, are between actual operations identified and best practices embodied in the IAAO Technical Standards. This report attempted to highlight some of the challenges the jurisdiction is facing while giving some suggestions for improvement. The hope is to provide suggestions of ways the office can move closer to IAAO Technical Standards as they acquire the resources to do so.

The Victoria Central Appraisal District office is comprised of a group of hard-working people facing several difficulties, some of which are common among assessment jurisdictions, others which are unique to them. This report attempts to highlight some of the challenges the appraisal district is facing while giving some suggestions for improvement.

It is not uncommon for local jurisdictions to be understaffed as this one certainly is. Depending on the ultimate configuration of duties, the provided calculator method within the personnel section should help to estimate the number of staff needed to accomplish the tasks associated with the reappraisal tasks of the jurisdiction.

Further, the need to reevaluate the compensation for current and future staff and the cost of employee benefits is of vital importance. The workload and technical expertise needed from staff necessitate a salary that reflects their significant role within the budgetary process for the entire governmental functions of the Appraisal District and the communities served.

Along with additional staff, the office should adopt a training program that includes the development and implementation of a complete procedures manual that covers every aspect of office operations. The appendix to this report comes from the IAAO Standard on Professional Development and offers a reasonable set of recommendations for personnel education.

APPENDIX

STAFF POSITIONS

Recommended Courses and Experience by Position

The courses, workshops, knowledge, and experience recommended in this appendix are meant to be a guide for the background, preparation, and formal education necessary for assessment administrators, appraisers, and support personnel to achieve competency. They are not all-inclusive, nor should they act as a barrier to the furthering of formal educational knowledge.

Oftentimes, a person's workplace responsibilities dictate further areas of recommended study. Additionally, not all courses may be pertinent, for example, jurisdictions that do not value personal property may not require that course or workshop.

APPRAISER - ENTRY LEVEL

Education

Bachelor's degree or combination of college and experience equivalent to a degree.

Experience

Real estate, building construction, GIS/mapping, or mass appraisal.

Skills and Knowledge

Algebra, mathematical ability, computer literacy, and good written and oral communication skills.

Continuing Education Required

- Course 101. Fundamentals of Real Property Appraisal
- Course 300. Fundamentals of Mass Appraisal
- Course 500. Assessment of Personal Property
- Workshop 150. Mathematics for Assessing Officers
- Workshop 151/191. Uniform Standards of Professional Practice (National)

Continuing Education Recommended

- Course 102. Income Approach to Valuation Course
- Course 112. Income Approach to Valuation II
- Course 201. Appraisal of Land
- Workshop 162. Marshall & Swift Cost Approach (Residential)

APPRAISER - SENIOR

Education

Bachelor's degree in mathematics, communications, economics, statistics, accounting, finance, computer science, business administration, geography, or real estate or combination of college and experience equivalent to a degree.

Experience

Real estate, building construction, GIS/mapping, or mass appraisal.

Skills and Knowledge

Mastery of all three approaches to value, algebra, mathematical ability, computer literacy, and good written and oral communication skills.

Continuing Education Required

- Course 101. Fundamentals of Real Property Appraisal
- Course 102. Income Approach to Valuation
- Course 112. Income Approach to Valuation II
- Course 201. Appraisal of Land
- Course 300. Fundamentals of Mass Appraisal
- Course 500. Assessment of Personal Property
- Workshop 150. Mathematics for Assessing Officers
- Workshop 151/191. Uniform Standards of Professional Practice (National)
- Workshop 162. Marshall & Swift Cost Approach (Residential)
- Workshop 157. The Appraisal Uses of Excel Software
- Workshop 158. Highest and Best Use

Continuing Education Recommended

- Workshop 163. Marshall & Swift Cost Approach (Commercial)
- Everything not listed under required as may pertain to specific job duties

APPRAISER - SUPERVISOR

Education

Bachelor's degree in mathematics, communications, accounting, finance computer science, business administration, or real estate or combination of college and experience equivalent to a degree.

Experience

Real estate, building construction, GIS/mapping, or mass appraisal.

Skills and Knowledge

Mastery of all three approaches to value, algebra, mathematical ability, computer literacy, management and good written and oral communication skills.

Desirable

Master's degree, professional designation, or IAAO Accredited Member Status

Continuing Education Required

- Course 101. Fundamentals of Real Property Appraisal
- Course 102. Income Approach to Valuation
- Course 112. Income Approach to Valuation II
- Course 201. Appraisal of Land
- Course 300. Fundamentals of Mass Appraisal
- Course 500. Assessment of Personal Property
- Workshop 150. Mathematics for Assessing Officers
- Workshop 151/191. Uniform Standards of Professional Practice (National)
- Workshop 162. Marshall & Swift Cost Approach (Residential)
- Workshop 157. The Appraisal Uses of Excel Software
- Workshop 158. Highest and Best Use

Continuing Education Recommended

- Course 400. Assessment Administration
- Course 402. Property Tax Policy
- Workshop 171. IAAO Standards of Practice and Professional Ethics Supplement
- Workshop 452. Fundamentals of Assessment Ratio Studies

CHIEF ASSESSMENT ADMINISTRATOR

Education

Bachelor's degree in mathematics, communications, accounting, finance, computer science, business administration, or real estate or combination of college and experience equivalent to a degree.

Experience

Real estate, building construction, GIS/mapping, or mass appraisal.

Skills and Knowledge

Algebra, mathematical ability, computer literacy, complex problem solving, management, administration, public relations, and good written and oral communication skills.

Desirable

Master's degree, professional designation, or IAAO Accredited Member Status

Continuing Education Required

- Course 101. Fundamentals of Real Property Appraisal
- Course 102. Income Approach to Valuation
- Course 112. Income Approach to Valuation II
- Course 201. Appraisal of Land
- Course 300. Fundamentals of Mass Appraisal
- Course 500. Assessment of Personal Property
- Workshop 150. Mathematics for Assessing Officers
- Workshop 151/191. Uniform Standards of Professional Practice (National)
- Workshop 162. Marshall & Swift Cost Approach (Residential)
- Workshop 157. The Appraisal Uses of Excel Software
- Workshop 158. Highest and Best Use

Continuing Education Recommended

- Workshop 157. The Appraisal Uses of Excel Software
- Workshop 171. IAAO Standards of Practice and Professional Ethics Supplement
- Workshop 403. Property Tax Policy Alternatives and Modules
- Workshop 452. Fundamentals of Assessment Ratio Studies

ASSESSMENT SUPPORT PERSONNEL

Assessment support personnel can cover a myriad of disciplines from the most technical to routine clerical support. All these disciplines have their own requirements and areas of specific expertise. Listing all the possibilities throughout the international community is beyond the scope of this document. For example, certain technical appraisal assignments such as utilities and mines may require additional specialized subject matter expertise.

Education

Ranging from a high school diploma or equivalent to a bachelor's degree in mathematics, statistics, communications, accounting, finance, computer science, business administration, geography, or real estate or combination of college and experience equivalent to a degree.

Experience

Real estate, building construction, GIS/mapping, mass appraisal, financial services, or specific areas of expertise relevant to the position.

Skills and Knowledge

Algebra, mathematical ability, computer literacy, and good written and oral communication skills.

Continuing Education Required

- Course 101 Fundamentals of Real Property Appraisal
- Course 101 Fundamentals of Real Property Appraisal
- Course 500. Assessment of Personal Property
- Workshop 150. Mathematics for Assessing Officers
- Workshop 171. IAAO Standards of Practice and Professional Ethics Supplement

Continuing Education Recommended

- Course 300. Fundamentals of Mass Appraisals



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