

Cochran Central Appraisal District 2023 Mass Appraisal Report

INTRODUCTION

This report attempts to comply with Standard 6 of the Uniform Standards of Professional Appraisal Practice. This mass appraisal is conducted in accordance with the reappraisal policy of Cochran Central Appraisal

District and the methods and procedures described in the appraisal manual of the District. Further, the District subscribes to the standards of the Appraisal Foundation known as the Uniform Standards of Professional Appraisal practices.

The mass appraisal is made within the provisions of the Texas Property Tax Code.

The purpose of this mass appraisal is to estimate the market value of all taxable property in an equitable and efficient manner for ad valorem tax purposes in accordance with the laws of the State of Texas.

The property subject to this report is all real property and tangible personal property unless specifically exempted, located within the boundaries of the Cochran Central Appraisal District, herein after referred to as “the CAD” or “District”.

The effective date of this mass appraisal is January 1, 2023, unless otherwise specified as in the case of some inventories, which may qualify for appraisal as of September 1, in accordance with Section 23.12, Texas Property Tax Code. The date of this Appraisal is January 1, 2023.

Cochran Central Appraisal District was formed by the Texas Legislature in 1979 and is charged with the appraisal of all taxable property within the taxing entities within the District’s boundaries. Currently these taxing entities are as follows:

1. Cochran County
2. County Wide Road
3. County Wide School
4. County Wide Hospital District
5. High Plains Water District
6. City of Morton
7. City of Whiteface
8. Morton Independent School District
9. Whiteface Consolidated Independent School District
10. Sudan Independent School District
11. South Plains College

Whiteface CISD and South Plains College overlaps into Hockley County. Sudan ISD overlaps into Lamb County.

The Chief Appraiser is the chief administrative and executive officer of the appraisal district. The Chief Appraiser employs and directs the district's staff, oversees all aspects of the appraisal districts operations, and performs either directly or through the district staff a variety of operations.

The Chief Appraiser's responsibilities are as follows:

1. Discover, list and appraise
2. Determine exemption and special use requests
3. Organize periodic reappraisals
4. Notify taxpayers, taxing units and the public about matters that affects property values

Cochran Central Appraisal District is a small office consisting of the Chief Appraiser, First Deputy, and a Clerk. The Chief Appraiser, along with the First Deputy has the responsibility to value the properties assigned. The Chief Appraiser performs most fieldwork on the appraisal of real property.

The District employs the services of Capitol Appraisal Group, an appraisal firm, to appraise all minerals, industrial plants, pipelines, industrial personal property and utilities within the boundaries of the appraisal district. Cochran Central Appraisal District contracts with Pritchard & Abbott for Ag land appraisals. The District does its own data processing of all appraisal records.

The 2023 certified tax roll for Cochran County indicates the breakdown of parcels as follows:

A: Real Property: Single-family Residential	1,194
B: Real Property: Multifamily Residential	3
C1: Real Property: Vacant Lots and Land Tracts	1,480
D1: Real Property: Qualified Open-space Land	2,262
D2: Real Property: Farm and Ranch Improvements on Qualified Land	107
E: Real Property: Non-Qualified Rural Land and Improvements	843
F1: Real Property: Commercial	205
F2: Real Property: Industrial and Manufacturing	64
G1: Real Property: Oil and Gas	10,328
J1: Real and Tangible Personal Property: Water Systems	1
J3: Real and Tangible Personal Property: Electric Company	32
J4: Real and Tangible Personal Property: Telephone Company	13
J5: Real and Tangible Personal Property: Railroad	3
J6: Real and Tangible Personal Property: Pipeline Company	172
L1: Personal Property: Commercial	111
L2: Personal Property: Industrial and Manufacturing	81
M1: Mobile Homes	61
S: Special Inventory	1
X: Totally Exempt Property and subcategories	1,253

Valuation Approach

MARKET VALUE

The definition of market value as established by the Texas Property Tax Code differs from the definition established by USPAP; therefore, a JURISDICTIONAL EXCEPTION applies.

The following definition of market value, § 1.04 of the Texas Property Tax Code, is the price at which a property would transfer for cash or its equivalent under prevailing market conditions if:

1. Exposed for sale in the open market with a reasonable time for the seller to find a purchaser.
2. Both the seller and the purchaser know all of 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 uses.
3. Both the seller and purchaser seek to maximize their gains and neither is in a position to take advantage of the exigencies of the other.

In regard to inventory held for sale in the open market as part of a business, 23.12(a) of The Texas property Tax Code further provided, in part: “the market value of an inventory is the price for which it would sell as a unit to a purchaser who would continue the business:

The purpose of and intended use of the appraisal performed by the Cochran Central Appraisal District is to estimate market value for ad valorem tax purposes for the taxing entities located within the boundaries of the Cochran Central Appraisal District. It is the goal of the District staff to provide the best possible service to the paying public and the taxing entities. The Cochran Central Appraisal District staff promotes and adheres to the professional standards and ethics as set forth by the Texas Association of Appraisal Districts and the Texas Association of Assessing Officers.

AREA ANALYSIS

The universe of properties appraised by the Cochran Central Appraisal District falls within the physical boundaries of Cochran County. Cochran County is located in West Texas and is bordered to the north by Bailey County, to the south by Yoakum County, to east by Hockley County, to the west by New Mexico.

Cochran County is a rural county with two incorporated towns, Morton (the county seat) and Whiteface. Other small towns are Bledsoe and Lehman.

Agriculture and minerals contributed the largest portion of economic wealth to the county. The majority of the land in the county is farming along with some ranching.

With the unstable prices of oil and gas, a large number of oil and gas-based businesses have gone with the minerals. Various companies in the area provide some work and wage base for the

county. Most of the county's wage base is in either local business or federal government employment.

The closest city of any size from Cochran County is Lubbock, Texas, located 60 miles east of Morton. The location of Cochran County has a very large adverse effect on the values of properties within the county.

NEIGHBORHOOD ANALYSIS

Neighborhood analysis examines how economic, social, physical, and governmental forces affect property values. The effects of these factors are used to identify neighborhoods. Properties whose values are influenced by the same economic, social, physical and governmental forces are grouped as neighborhoods. Included in the neighborhood analysis is the consideration of patterns of development and property use. Neighborhoods typically experience a three-stage cycle, development, stability, and decline.

OVERVIEW OF TYPES OF PROPERTIES APPRAISED

There are four major categories of property appraised by the Cochran Central Appraisal District. These categories are:

1. Real Properties: Residential, Multi-Family, Commercial, Vacant Lots, Farm/Ranch Land and Farm/Ranch Improvements
2. Personal Properties: Business Personal Properties and Industrial Personal Properties
3. Utilities: Telephone companies, Television Cable, Gas Companies, etc.
4. Minerals: Oil and Gas Production

The Property Tax Division of the State Comptroller's office requires properties to be identified by type by using a standard identification code. The codes currently used by the District are as follows:

<u>Code</u>	<u>Type of Property</u>
A:	Real Property: Single-family Residential
B:	Real Property: Multifamily Residential
C1:	Real Property: Vacant Lots and Land Tracts
C2:	Real Property: Colonia Lots and Land Tracts
D1:	Real Property: Qualified Open-space Land
	Sub-classifications for Agricultural and Timberland
	Irrigated Cropland
	Dry Land Cropland
	Barren/Wasteland
	Orchards
	Improved Pasture

- Native Pasture
- Temporary Quarantined Land
- Timber at Productivity
- Timberland at 1978 Market Value
- Timberland at Restricted Use
- Transition to Timber
- Wildlife Management
- Other Agricultural Land as defined in
- D2: Real Property: Farm and Ranch Improvements on Qualified Open-Space Land
- E: Real Property: Rural Land, not qualified for open-space land appraisal, and Improvements
- F1: Real Property: Commercial
- F2: Real Property: Industrial and Manufacturing
- G1: Real Property: Oil and Gas
- G2: Real Property: Minerals
- G3: Real Property: Other Sub-Surface Interests in Land
- H1: Tangible Personal Property: Personal Vehicles, not used for business purposes
- H2: Tangible Personal Property: Goods in Transit
- J: Real and Tangible Personal Property: Utilities
- L1: Personal Property: Commercial
- L2: Personal Property: Industrial and Manufacturing
- M1: Mobile Homes
- M2: Other Tangible Personal Property
- N: Intangible Personal Property Only
- O: Real Property: Residential Inventory
- S: Special Inventory
- X: Totally Exempt Property and subcategories

HIGHEST AND BEST USE ANALYSIS

The highest and best use of real estate is defined as the most reasonable and profitable use of the land that will generate the highest return to the property owner over a period of time. This use must be legal, physically possible, economically feasible and most profitable of the potential uses. An appraiser's identification of a property's highest and best use is always a statement of opinion, never a statement of fact.

In order to complete the highest and best use analysis of a property, an appraiser must estimate its highest and best use as if the land were vacant. This estimate ignores the value of improvements and the restrictions created by them. It is the highest value the land could have if it were available for any legal, physically possible and economically feasible kind of development.

In determining highest and best use, preliminary judgments are made in the field by appraisers. The appraisers are normally aware of zoning regulations within the physical boundaries of the city.

The District's appraisal cards contain information regarding lot size and frontage; therefore, appraisers normally make judgments on physically possible uses of sites in the field.

Economically feasible and most profitable uses are determined by observing surrounding property. However, changes in property use require a more detailed and technical highest and best use analysis. These studies are usually performed in the office.

MARKET ANALYSIS

Economic trends, national, regional, and local trends affect the universe of property appraised in Cochran County. An awareness of social, economic, governmental, and environmental conditions is essential in understanding, analyzing and identifying local trends that affect the real estate market.

Market analysis is performed throughout the year. Both general and specific data is collected and analyzed.

Examples of sources of general data include "Trends" issued by The Real Estate Center at Texas A&M University, "The Statement" published by the State Comptroller's Office, and "The Appraiser" published by The Texas Association of Appraisal Districts. When possible, local sources such as lending institutions are used to obtain financing information, demographics, and labor statistics.

Sales information is received from various sources: asking prices are gathered from the local paper and realtor listings; conversations with local real estate appraisers, agents, and brokers; and sending sales letters to both the Grantor and Grantee.

The District office receives copies of all recorded instruments from the Cochran County Clerk's Office on a weekly basis and tracks all deed transactions, deed of trusts and other pertinent information. From this information, sales letters are mailed to the seller and purchaser to obtain information on the sale. This information is not mandatory in the State of Texas and only a small percentage of letters are returned with useful information. This is a serious problem in that there is usually inadequate sales data to perform a thorough analysis of sales data, as USPAP would require. However, every effort is made to use what data is available. The Property Tax Division also sends out sales letters and that data is made available to the Appraisal District at least once a year.

The District currently does revaluation every year of every property, when possible.

The revaluation includes the inspection of properties and the updating of all information on the properties. Sales and market analysis are performed each year on residential properties, as information is available. Each year new properties are inspected, measured and added to the roll. Appraisers will perform detailed field inspections of properties if requested by the owner.

The appraisers performing revaluation in the field have property record cards that contain specific information regarding the property being appraised. These cards contain brief legal descriptions, ownership interest, property use codes, property addresses, land size, sketches of improvements as well as any available detailed information of the improvements.

Revaluation field inspections require the appraisers to check all information on the property record cards and to update if necessary. If physical inspection of the property indicates changes to improvements, the appraiser notes these changes in the field. Examples of types of changes may be condition or effective age of the improvements as well as additions to the improvements. The classification of residential properties is also reviewed during the revaluation process. New improvements are also added at this time.

DATA COLLECTION / VALIDATION

DATA COLLECTION AND SOURCES

The District's cost and valuation schedules include land and residential improvements. Commercial schedules come from sales, Marshall and Swift Valuation Service and personal property schedules come from the Property Tax Division appraisal manual or Marshall and Swift. Personal property renditions provided by property owners are also used in the valuation of business personal and personal property. Marshall and Swift Valuation Service is a national based cost manual and is generally accepted throughout the nation by the real estate industry. The cost manual is based on cost per square foot and also the unit in place method. The unit in place involved the estimated cost by using actual building components. This national based cost information service provides the base price of buildings as per classification with modifications for equipment and additional items. The schedule is the modified for time and location.

Renditions are confidential sources and cannot be used for specific information. However, data from renditions may be compared with data from cost manuals and used to test for their accuracy.

The District's schedules are then formulated from a combination of each of these sources. Schedules may also be modified by use of local market data (sales information) to further insure the accuracy of the cost and value schedules.

Data on individual properties is also collected from the field, compiled and analyzed. Buildings and other improvements are inspected in the field, measured and classified. The appraiser estimates the age of improvements and determines the condition of the improvements. This data is used to compile depreciation (loss of value) tables, and any notes pertaining to the improvements are made at this time.

Currently, single family dwellings are classified for quality and type of construction, whether frame or brick veneer. The classifications range from a class 1 to a class 8. Class 1 being the most basic of structures using the poorest quality materials and lowest workmanship while class 8 structures are of the highest quality using only the best materials and the highest and best quality of workmanship available.

Age of buildings is used to estimate depreciation and based on effective age of improvements. Effective age is the age the property appears to be due to maintenance and upkeep. Effective age for a house that is properly maintained may be actual or chronological age. However, if a structure suffers from deferred maintenance due neglect, its effective age may be older than the actual age. In contrast, if a house is an older structure and has been remodeled or updated, its effective age may be less than its actual age.

Depreciation is also estimated by condition of the improvements. Condition ranges from unsound to excellent. Appraisers in the field usually inspect structures from the exterior perspectives. The interior condition is assumed to be similar to the exterior. However, if the taxpayer requests, an interior inspection will be made by appointment.

Foundation failure may occur in varying degrees and may also result in loss of value. The District makes allowances for foundation problems on a case by case basis.

Additional depreciation may be estimated for a variety of reasons including functional obsolescence resulting from bad floor plans or out of date construction methods. Economic obsolescence results from a loss of value to a property due to adverse influences from outside the physical boundaries of the property. Examples of economic obsolescence may be proximity to correctional facilities, location of residential outside city limits with no access to city amenities, residences located on farm and ranch land, etc.

VALUATION ANALYSIS

Cochran Central Appraisal District's valuation schedules are divided into three main classifications, residential, commercial and personal property. These schedules are based on the most appropriate data available. Miscellaneous special categories such as mobile homes, special inventory and agricultural land are appraised using different techniques, which will be discussed later in this report. Depreciation tables/schedules (loss of value schedules) are also included within these schedules. These tables are calibrated from cost as well as sales data and updated as needed.

RESIDENTIAL SCHEDULES

Residential valuation schedules are cost based tables modified by actual sales data from the county. That is, the cost reflects actual replacement cost new of the subject property. Market research indicates that the common unit of comparison for new residential construction as well as sales of existing housing is the price paid per square foot. The value of extra items is based on their contributory value to the property. This value may be estimated by the price per square foot or a value of the item as a whole. This data is extracted from the market by paired sales analysis and conversations with local appraiser and brokers.

The residential schedule is based on the size, age and condition of structure, quality of construction, contributory value of extra items and land value. Each of these variables has a direct impact on the cost as well as the property. The following is an example of each of the variables and how they may affect market value.

- 1. Quality of construction.** Residential construction may vary greatly in quality of construction. The type of construction effects the quality and cost of material used, the quality of the workmanship as well as the attention paid to detail. The cost and value of residential property will vary greatly depending on the quality of the construction. As stated above, the District's residential schedules currently class houses based on quality of

construction from 1 to 8. This classification schedule is based on the Property Tax Divisions definitions of residential classes of dwelling with modifications for local markets.

2. **Size of structure.** The size of a structure also has a direct impact on its cost as well as value. The larger the structure, the less the cost per square foot. The District's schedules are graduated in size increments from 100 to 200 square feet, depending on market conditions. The Property Tax Division and Marshall and Swift also support the size factor.
3. **Condition of improvements.** The District's rates conditions from unsound to excellent. Properties that in the opinion of the appraiser are unlivable may be taken off schedule and given a fair market value or salvage value.
4. **Age of structure.** The District's residential depreciation schedule group's age categories from 0 to 4, 4 to 8 and in increments of 5 years up to 38 years and 39 to 50 in increments of 10 years. Age 51 and over is given the maximum amount of depreciation. As stated above effective age and chronological age may be the same or different depending on the condition of the structure.
5. **Extra items.** As stated above, extra items are valued according to their contributory value to the whole. Examples of extra items include storage buildings, swimming pools, fireplaces, etc.
6. **Land value.** The District values land based on market transactions when possible. As there is not always market transactions available, other recognized methods of land valuation may be used. The two most common methods are the land residual method and the land ratio method. Land schedules are available at the appraisal district office.

COMMERCIAL SCHEDULES

Commercial properties are valued using sales and Marshall and Swift Valuation schedules for commercial property. Replacement cost new is determined and then adjusted for location. Depreciation is then applied using physical observation of the property.

PERSONAL PROPERTY SCHEDULES

Business personal property values are derived from several sources. Business owners are required by Texas Law to render their business personal property each year. It is the experience of the district that we receive less than one half (1/2) of business renditions each year. Rendered values are used on business personal property if the value is reasonable for the type of business and is within acceptable ranges when compared to the PTD or Marshall and Swift personal property schedules for the type of business rendered. Should the rendered values not be acceptable then PTD or Marshall and Swift schedules are applied to establish a value. Value on all business personal property not rendered is established using PTD or Marshall and Swift schedules for the type of business being valued. Depreciation is determined by the age of the property and its expected life. Schedules are available in the appraisal district office.

Business vehicles are valued based on N.A.D.A. Used Car Guide trade in value for the particular make, model and age of the vehicle. The appraisal district uses a report obtained from Just Texas Vehicle Information and Computer Services which list vehicles registered in Cochran County on January 1, of each year. This report uses the vehicle identification number to determine make, model, and vehicle characteristics to determine N.A.D.A. trade in value. This report along with renditions, physical observations and city reports are used to discover and list vehicles that are taxable within the county and city. When adverse factors such as high mileage are known then the appropriate adjustments are made to value.

STATISTICAL ANALYSIS

Statistics is a way to analyze data and study characteristics of a collection of properties. In general it is not feasible to study the entire population; therefore, statistics are introduced into the process.

The District's statistical analysis of real estate is based on measures of central tendency and measures of dispersion. The measure of central tendency determines the center of a distribution. The measure of central tendency utilized with the aid of computer based programs are the mean, median, mode and weighted mean.

The measure of dispersion calculated is the coefficient of dispersion. This analysis is used to indicate the spread from the measure of central tendency. Statistical bias is measured by the Price Related Differential (PRD). The PRD indicates how high price properties are appraised in relation to low price properties.

INDIVIDUAL VALUE REVIEW PROCEDURES

In order for comparable sales data to be considered reliable it must contain a sales date, sales price, financing information, tract size, and details of the improvements. Sales data is gathered by sending sales letters to both the buyer and seller of properties that the district knows changed ownership. Commercial sales are confirmed from the direct parties involved whenever possible. Confirmation of sales from local real estate appraisers is also considered a reliable source.

Sales data is compiled and the improved properties are physically inspected and photographed. All data listed on the property record card is verified and updated as needed including classification, building size, additions or added out buildings, condition of structures and any type change in data or characteristics that would affect the value of the property.

Individual sales are analyzed to meet the test of market value. Only arm's length transactions are considered. Examples of reasons why sales may be deleted or not considered are:

1. Properties are acquired through foreclosure or auction.
2. Properties are sold between relatives.
3. The buyer or seller is under duress and may be compelled to sell or purchase.
4. Financing may be non-typical or below or above prevailing market sales.

5. Considerable improvements or remodeling have been done since the date of the sale and the appraiser is unable to make judgment on the property's condition at the time of the transaction.
6. Sales may be unusually high or low when compared with typical sales located in the market area. Some sales may be due to relocation or through divorce proceedings.
7. The property is purchased through an estate sale.
8. The sale involves personal property that is difficult to value.
9. There are value-related data problems associated with the sale; i.e., incorrect land size or square footage of living area.
10. Property use changes occurring after the sale.

Due to the population size and nature of Cochran County, it is extremely difficult to obtain sufficient sales data to meet USPAP standards for analysis of sales and an exception is taken to USPAP Standard Six in this area.

PERFORMANCE TESTS

Sales ratio studies are used to evaluate the districts mass appraisal performance. These studies not only provide a measure of performance but also are an excellent means of improving mass appraisal performance. The District uses ratio studies not only to aid in the revaluation of properties, but also to test the Comptroller's Property Tax Division annual value study results.

Sales ratio studies are usually performed year round to test cost schedules. At this time individual properties which have sold are reviewed for accuracy in their data. Property record cards indicating the results of the field inspections are used to further aid in the analysis and decision making.

Ratio studies are usually done on a countywide base of all residential sales in the county and then by residential classification. The median ratio within each classification is then compared to the desired ratio to determine if schedule adjustments should be made. The coefficient of dispersion is also studied to indicate how tight the ratios are in relation to measures of central tendency. The median and coefficient of dispersion are good indicators of the types of changes, if any, that need to be made.

This mass appraisal has been made under the following additional assumptions and limiting conditions:

- It is assumed that the title to the properties is good and merchantable.
- No liability is assumed for matters of a legal nature.
- Assumptions made in the report are based on the best knowledge and judgment of the appraiser and are believed to be typical of the market.
- All properties are appraised as if free and clear of any or all liens or encumbrances, unless otherwise stated.
- Existence of hazardous materials or other adverse environmental conditions are not considered, unless otherwise stated.

- Any drawings, photographs, plan, or plats are assumed to be correct and are included solely to assist in visualizing the property.
- It is assumed that there is full compliance with all applicable federal, state, and local regulations and laws, unless otherwise stated.
- No responsibility is assumed for hidden or unapparent conditions in the property that may affect its value.
- It is assumed that all required licenses, certificates of occupancy, consents or other administrative authority from local, state or federal governments can be obtained or renewed for any use on which the value estimate contained in this report is based.
- A specific survey and analysis of properties to determine compliance with the provisions of the Americans with Disabilities Act has not been performed and possible noncompliance has not been considered in valuing these properties.
- While it is believed all information included in the appraisal is correct and accurate, the appraiser does not guarantee such.

This report may not be used for any purpose or by any person other than the party to which it is addressed without the permission of the Cochran Central Appraisal District.

CERTIFICATION

I certify that, to best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analysis, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the properties that are the subject of this report, except for those properties that are personally owned, and I have no personal interest with respect to the parties involved.
4. I have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment.
5. My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
6. My analyses, opinions, and conclusions were developed, and the report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice.
7. No one provided significant professional assistance to the person signing this report.

David Greener, Chief Appraiser
Cochran Central Appraisal District