



March  
2018

Property Appraisal  
Newsletter

## 2018 VALUES

NOTICES MAILED FEBRUARY 28TH

The Lyon County Appraiser's Office has completed the re-appraisal of real estate properties as of the annual valuation date of January 1<sup>st</sup>, and the resulting 2018 Valuation Notices were mailed to property owners on Wednesday, February 28th. Statutorily, the intent of these notices is to inform property owners of any change in their property value between the appraisal dates of January 1, 2017 and January 1, 2018. Additionally, properties of which the county valuation stayed the same between these effective dates are also issued the same notice, even though the value did not change.

Lyon County real estate values are based upon **SALES** which are the basic building blocks of county valuation models. All sales of real estate properties are reviewed to determine if each meets the statutory definition of being representative of Fair Market Value. Sales that meet that definition are classified as "valid" and are used in creating the models that are necessary to meet the statutory obligation to complete the annual mass appraisal project for Lyon County. The most current year of sales, those occurring in 2017, typically have the greatest impact on model building and trend analysis, and are studied closely in order to gauge as accurately as possible the fair market value of each property in the county.

Additionally, Lyon County sales ratio studies are performed in order to draw conclusions as to whether or not past valuation models have been producing reasonably accurate and/or equitable appraisals. A sale ratio is calculated for each valid sale by dividing the county valuation of a property by the property's sale price. For example, a home valued at \$98,000 that sold for \$100,000 would have a sales ratio of 98%, indicating the home's sale price exceeded its January 1<sup>st</sup> county value by 2%. **A RATIO STUDY** is based upon a grouping of sales and their respective sales ratios to identify valuation accuracy, but also the 2017 sales ratio results provide a general direction of change that may need to be made with current individual appraisals. These ratio studies and their applicable sale properties were heavily weighted in setting final 2018 property values.

For 2017 residential sales ratio study purposes, 389 valid sales (6% fewer than the prior year) were identified for inclusion in the analysis. The most basic ratio statistic is the **AGGREGATE RATIO** which compares the sum of these 389 sale prices to the sum of their respective 2017 county values. This result was a ratio of 97%, indicating that these sale properties as a whole were valued 3% less than the sum for which they actually sold. However, further analysis was conducted to determine trends based upon specific neighborhoods as well as the stratification of sales based upon sale price ranges. For example, homes selling in the range of \$60,000 to \$99,999 had an average sales ratio of 96%, and as-a-whole, represented 27% of the 389 sales.

Additionally, these 389 valid residential sales indicate a general inflationary trend in average sale price per square foot. **COUNTY WIDE**, residential properties sold for an average of \$80 per square foot in 2017, a 5% increase over the \$76 price per square foot for sales in 2016. Certain segments of the housing market increased even more significantly in what is arguably a response to **MARKET SUPPLY AND DEMAND**. For example, homes in the price range of \$150,000 to \$199,999 sold in 2017 for 8.1% above sale prices in 2016 in terms of average price per square foot. This market trend has correspondingly impacted a large number of property values for the current 2018 year.

Real estate values in most neighborhoods in **EMPORIA** have been impacted positively because of the continuation in the recovery of the real estate market, particularly the western half of the city where average sale prices have commonly increased \$3 to \$13 per square foot above the prior year. (continued ...)

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However, most neighborhoods in the east-central and north-east areas of Emporia have experienced a reverse in market growth with average sale prices per square foot dropping \$2 to \$5 below the prior year, while the market has actually improved dramatically in some neighborhoods in the south-eastern part of Emporia. A study of 2017 sales collectively in the **SMALL TOWNS** of Lyon County indicated that the median sale price in 2017 is 1.3% above the 2016 median sale price group statistic.

However, on average, the county's 2017 valuation of the sales in this group were under-estimated by 4% compared to actual sale prices. Consequently, 2018 valuations will reflect an increase in value for roughly 49% of the properties in the small towns, whereas the balance of properties will either decline or stay the same, largely due to poor physical condition issues.

For farmstead and rural residential properties, sale price ratio analysis indicated these property types sold for a total sum of 4% more than the county's valuation sum for these 28 rural sales included in the analysis. As a result, many residential values in the rural increased for the 2018 year, although some were reduced in value due to the influence of several lower-priced sales. Ultimately, the value adjustments, whether up or down, were applied based on the most similar sale properties in relation to each individual subject property.

Regarding improved **COMMERCIAL** class property, the 2018 median sales ratio for the 18 valid sales comprising the county's in-house ratio study was 100%, a statistic that falls within the target of the statutory compliance range of 90% to 110%. Further market analysis resulted in conclusions that identify a relatively stable market with little to no change in value for most commercial properties for the 2018 valuation year.

In general, non-agricultural land values, either as vacant land or as a component of improved property, have largely stabilized. Although some properties have been adjusted significantly to account for either an under-appraisal or an over-appraisal in the prior year.

Agricultural land, for property taxation purposes, is based on **USE-VALUE** appraisal methodology utilizing eight years of data, with calendar year 2016 being the most recent complete year for which data has been compiled and used for the January 1, 2018 valuation date. Per Kansas statutes, land devoted to agricultural use is first identified and classed at the county level, then the acres are segregated based on federal soil surveys, and finally the income and expenses associated with crop and livestock production are analyzed conjunctively between Kansas Division of Property Valuation staff and Kansas State University agricultural production analysts. The agricultural use-values calculated for Lyon County by the state PVD division for the 2018 tax year have increased an average of \$3 per acre for crop land, whereas grass land increased by an average of \$7 per acre. Statistically, these increases indicate a median percentage change of +1% and +8% respectively over the 2017 agricultural use-value rates.

With the exception of agricultural land, valuation of residential, commercial, industrial, apartment, and vacant land properties is based on analysis of valid arms-length sales transactions. These sales contribute to the development of depreciation tables, market models, and capitalization rates. Additionally, some commercial and apartment property owners contributed income and expense information for use in the development of income valuation models. Ultimately, reasonable and fair estimates of market value, **AS DEFINED BY STATUTE**, are sought and assessed as uniformly as possible. Although valuation notices will have been mailed on February 28th, property owners are reminded that the effective appraisal date of their valuation is January 1, 2018. Therefore, sales of properties occurring since January 1 of this year cannot be considered in the establishment of valuation tables for the current tax year, nor can they be used as comparable sales in comp sales selection for residential home appraisals for the current year. Also, property owners should note that values on specific properties may not follow general trends because of changes in the property, correction of a property's descriptive information, or adjustment and equalization of values based on sales of similar properties.

Property owners' notification of the valuation of their property is a requirement of Kansas law. Statutes further allow property owners the opportunity to appeal the county's estimate of value at the time valuation notices are mailed. Property owners have 30 days from the date mailed to request an informal hearing with county appraiser staff. That **DEADLINE is MARCH 27th, 2017** However, questions regarding property values and confirmation of property characteristics are welcome at the appraiser's office at any time.