



PRINCE GEORGE COUNTY, VIRGINIA REAL ESTATE ASSESSOR'S OFFICE

ASSESSOR'S OFFICE 2021 ANNUAL REPORT



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INTRODUCTION

The Real Estate Assessor's Office is responsible for annually assessing all real property in Prince George County, maintaining and updating ownership records, and administering the County's Agricultural Land Use program. To effectively perform these duties, the Assessor's Office collects and analyzes data pertaining to real estate market indicators.

Equitability and Accuracy are the two guiding principles of the valuation project. All functions of the Assessor's Office, from structure to workflow, are designed to create an equitable and accurate annual assessment. The valuation system begins and ends in market determinants. Valuation models are created by researching sales data, analyzing the contributing elements, testing values with the three generally accepted appraisal approaches (cost, sales comparison, and income), and reassembling the components to produce the market value.

OUR MISSION

To accurately and equitably value all real property parcels in Prince George County employing efficient methodologies with results that:

- Follow the Code of Virginia §58.1-3201, and the Code of Prince George County Code (74-1, 74-193);
- Meet or Exceed the Department of Taxation Standards;
- Meet or Exceed International Association of Assessing Officers (IAAO) Standards;
- Meet or Exceed Standard 6 of the Uniform Standard of Professional Appraisal Practice (USPAP)

Maintain accurate, easily understandable, and readily accessible property tax records.

Provide informative, responsive, solution-oriented customer service.

MESSAGE FROM THE ASSESSOR'S OFFICE

The Real Estate Assessor's office is committed to continually improving our effectiveness and efficiencies in completing and delivering annual real estate assessments. The Assessor's Office continually strives to improve our processes and procedures.

2021 was a very progressive year for the Assessor's Office. The FY2022 Assessment featured increases in fair market value not seen in Prince George County since the mid-2000's. The Assessor's Office continued enhanced sales verifications that helped deliver an accurate and equitable assessment with taxable values in excess of \$3 Billion. The FY2022 Assessment has been extended due to the departure of the Real Estate Assessor. Preliminary research indicates an approximate overall growth of 1.87% since FY2021.

Staff worked diligently to continue setting up the new Vision CAMA software system – and update from the ProVal CAMA system that had been in service since 1999. The Assessor's Office has implemented Vision as the primary web search software for online assessment data and worked with the Commissioner of the Revenue to implement updating of ownership and address changes for more accuracy in getting tax bills to the most recent owner.

Role of the Assessor

The Real Estate Assessor's Office's primary function is to deliver an accurate and equitable annual assessment. The Assessor's Office is required by the Prince George County Code Section 74-193 to conduct annual reassessments of all parcels in the County. To accomplish this task, the Assessor's Office uses Mass Appraisal methodologies and techniques to adjust for changes in prior year assessed values to reflect current market conditions.

The Assessor's Office determines value of all property located in Prince George County at fair market value as of January 1 of each year. The Code of Virginia (Title 58.1-3201) requires all assessments to be 100 % of fair market value.

"All general reassessments or annual assessments in those localities which have annual assessments of real estate, except as otherwise provided in § 58.1-2604, shall be made at 100 percent fair market value..."

The Code of Virginia does not contain a definition of Fair Market Value. The Courts of the Commonwealth of Virginia (Tuckahoe Woman's Club v. City of Richmond) have defined the fair market value of property as:

"... the price which it will bring when it is offered for sale by one who desires but is not obligated to sell it, and is bought by one who is under no necessity of having it."

Assessed values must also be uniform (equitable) within the same property class, which the Courts of Virginia have upheld is preferable when accuracy cannot be fully met.

OUR VISION

To be a model real estate assessment office with a team of dedicated professionals utilizing the best practices by leveraging technological innovations to deliver innovative and effective results.

The Assessor's Office is guided by the operating standard promulgated by the International Association of Assessing Officers (IAAO), the Virginia Association of Assessing Officers (VAAO), and the Uniform Standards of Professional Appraisal Practice (USPAP).



OUR VALUES

The guiding values of the Assessor's Office are equalization, accuracy, and efficiency. These values guide all valuation activities, the maintenance and distribution of information, as well as general administration and technical functions.

Key values that matriculate throughout Prince George County include readily available public information, responsiveness to citizen's requests, high quality of work standards, integrity, teamwork, professionalism, and innovation.

Why is there a Real Estate Assessment?

Real Estate Assessments are mandated by the Constitution of Virginia.

Real Estate Taxation is the largest source of local revenue for County Government.

The goal of every general reassessment:

**EQUITABLY SPREAD THE BURDEN OF
REAL ESTATE TAXATION AMONG
PROPERTY OWNERS!**

When Do Assessed Values Change?

Real Estate values typically change for one of two reasons:

1. There was new construction or a significant change to the structure.
2. After a ratio study is performed by the Assessor's Office, the Real Estate Market has changed enough to move the fair market value out of the acceptable range of statistical relevance as determined by State Code and the International Association of Assessing Officers (IAAO).

The Code of Prince George County requires the Assessor to reassess real property annually. A ratio study is developed by dividing the Current Assessed Value by the Sales Prices for each VALID real estate sale. When the Median Assessment Ratio falls below 95% or above 105%, Valuation Model Changes are studied.

ANNUAL WORKFLOW

In meeting the mission of the Real Estate Assessor's Office, staff must efficiently manage many phases of workflow.

Overview of Operations

The Real Estate Assessor's Office is responsible for annually assessing all real property in Prince George County, maintaining and updating ownership records, and administering the County's Agricultural Land Use program. There were 1,236 transfers in 2021. Approximately 211 properties with building permits were inspected.

To effectively perform these duties, the Assessor's Office collects and analyzes data pertaining to real estate market indicators.

Equitability and Accuracy are the two guiding principles of the valuation project. All functions of the Assessor's Office, from structure to workflow, are designed to create an equitable and accurate annual assessment. The valuation system begins and ends in market determinants. Valuation models are created by researching sales data, analyzing the contributing elements, testing values with the three generally accepted appraisal approaches (cost, sales comparison, and income), and reassembling the components to produce a market-based mass appraisal system.

To achieve this goal, it is imperative to develop and maintain two macro functions:

1. Create and maintain accurate property records for each taxable parcel.
2. Develop and implement mass appraisal methodologies to accurately and equitably value each parcel.

While the two functions appear on the surface to independent in their workflow, they are actually highly interdependent in the development of a successful reassessment program.

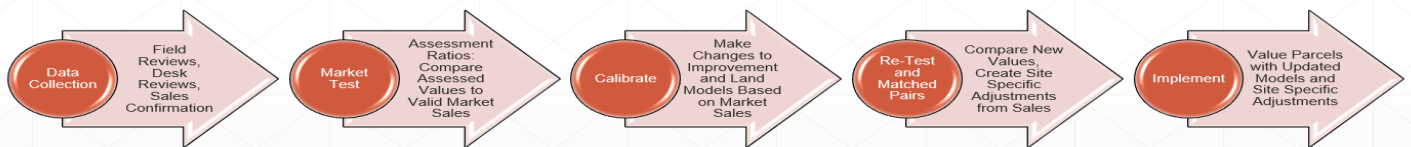
Core Functions

The Core Functions of the Assessor's Office are met by the specific responsibilities and skill requirements of each approved position. Below is a summary of the core functions and the positions that are responsible for those functions. The Core Functions of the Assessor's Office are:

Assessment Administration

- Direction and Management of Assessor's Office
- Plan, Oversee and Direct Annual Reassessment
- Create, Direct, and Oversee Assessment Policy
- Development of Valuation Models
- Analyze Determinants of Value
- Compliance with Code of Virginia and Prince George County Code
- Compliance with Appraisal Principles as promulgated by the Virginia Department of Taxation, Uniform Standards of Profession Practice (USPAP)
- Coordinates Proper Classification of all Tax Parcels
- Create Annual Land Book Utilizing CAMA and ERP Systems that Meets the Requirements of the Code of Virginia
- Mail Reassessment Notices
- Maintain the Assessor's Office Website and Property Information Portal
- Meets Property Owners Explaining and Interpreting Appraisal Procedures and Policies
- Procedures and Policies

ANNUAL REASSESSMENT WORKFLOW



MASS APPRAISAL

Mass Appraisal:

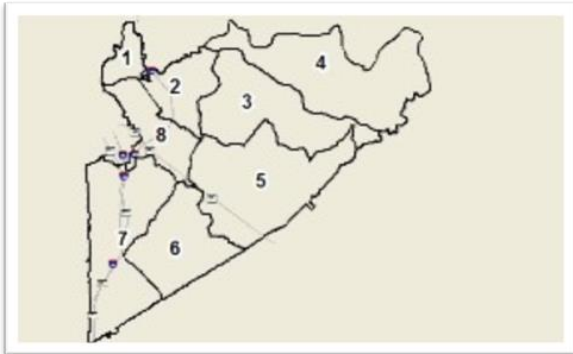


The systematic appraisal of GROUPS of similar properties as of a given date using standardized procedures and statistical testing. Utilizes the three accepted appraisal methods – Cost, Sales, and Income – to create a valuation model that is tested and calibrated with market transactions to equitably predict the Fair Market Value of a group of parcels. Guided by the Uniform Standard of Professional Appraisal Practice (USPAP) and the Standards of the International Association of Assessing Officers (IAAO).

Single Property (Fee) Appraisal:



The process of valuing a SINGLE property at a given time for a specific client for a specific use (private bank appraisal). Utilizes the three accepted appraisal methods – Cost, Sales, and Income – to create a value. The vast majority of single family residences are valued using the Sales Comparison Approach. Guided by the USPAP.



Tax Parcel Identification and Ownership

- Property Ownership (Deeds, Wills, and Transfers)
- Update Property Records in CAMA and ERP Systems
- Coordinates with GIS to Produce and Maintains Tax Maps
- Create New Tax Parcels
- Maintain Address Database in CAMA and ERP Systems

Real Property Valuation

- Inspect all Parcels in a five year rotating schedule
- Maintain Property Characteristics in Mass Appraisal Database (CAMA)
- Value All Parcels in County Utilizing the Three Recognized Approaches to Value: Sales Comparison, Cost, and Income
- Sales Confirmation
- Listing Inspection and Confirmation
- Discover, Inspect, and Value New Construction

ASSESSMENT REVIEW SCHEDULE

Areas of the county are divided and physically inspected every five years. Often this inspection is done from the street, however sometimes we may need updated information on your property and will need to inspect your property more thoroughly. In such a case, we always come to your door before making any inspection on your property. If you are not home, we will leave a yellow note on your door with a notation of what we needed.

You may see our appraisers driving slowing and taking pictures in your neighborhood. If you have any concerns about anybody in your neighborhood, please be proactive and call our office to verify that it is indeed our appraisers in your neighborhood.

Following is a schedule for the next two years of residential areas of the county and what year they will be inspected. This will be rotated every five years. We also inspect all new construction and property transfers as they occur. Commercial and rural areas will also be on a five year rotation.

FY2023

Beechwood Manor
Birchett Estates
River Run
River's Edge
Rural Area 3001

FY2024

Brandywine
Commonwealth Acres
Courthouse Road area
Fairwood
Holdsworth
King/PG Woods
Jefferson Park/Stratford
Rolling Meadows
Warwick Acres
West Quaker area
Rural Area 3100, 6001

Manage the Agricultural Land Use Program

- Compliance with Use Value requirements of Code of Virginia and Prince George County Code
- Manage Applications and Revalidations of Land Use Parcels
- Review Submitted Timber Management and Agricultural Plans as required by the Code of Virginia
- Review and Adopt Land Use Value Rates as produced by the State Land Evaluation Advisory Council (SLEAC)
- Maintain Soil Classifications
- Measure Soil Classes for each Qualifying Parcel
- Classify Each Soil Class within
- Value All Qualifying Land Use Parcels in County Utilizing Adopted Use Value Rates for Each Soil Class
- Inspect and Confirm Each Parcel for Qualification
- Perform Roll-Back Calculations to Recaptured Deferred Taxes upon a Change in Use
- Mail Revalidations to Each Qualifying Parcel Annually

1,347 PARCELS TOTALING 85,091 ACRES

(AVERAGE OF 63 ACRES PER PARCEL)

FY2023

SLEAC RATE HISTORY						
	Type	SLEAC 2022	Actual 2021	Actual 2020	Actual 2019	Actual 2018
AG	Crop Land	\$ 1,340	\$1,350	\$1,720	\$2,150	\$1,780
	Pasture Land	\$ 400	\$400	\$510	\$640	\$530
	Unproductive	\$ 100	\$100	\$130	\$170	\$140
FOREST	EXCELLENT	\$ 730	\$720	\$780	\$770	\$720
	GOOD	\$ 600	\$580	\$640	\$630	\$580
	FAIR	\$ 430	\$420	\$470	\$460	\$430
OTHER	HORTICULTURE 01	\$ 1,100	\$1,100	\$1,400	\$1,760	\$1,430
	HORTICULTURE 02	\$ 830	\$830	\$1,060	\$1,330	\$1,070
	OTHER NON-PROD	\$ 100	\$100	\$130	\$170	\$140
	OPEN SPACE	\$ 1,400	\$1,400	\$1,400	\$1,400	\$1,400

ANNUAL ASSESSMENT

The FY2022 Land Book was produced in 2021 utilizing the 2020 market data. Throughout 2021, the Assessor's Office has analyzed the real estate market for the reassessment that will be effective January 1, 2022 with a Tax Levy date of July 1, 2023. The market has continued the trends that began in 2015 and has shown signs of natural price growth.

Reassessment

Demand has remained strong.

Supply has decreased.

Sales prices have increased because of strong demand and low inventory.

Continues shortage of available lots for sales has increased price of existing homes.

73 new homes were built in 2021. Most homes were custom built. 8 of these new homes were offered on the open market.



Assessment to Sales Ratio

As previously discussed, the Assessment to Sales Ratio is the main tool the Assessor's Office uses to determine when value changes need to occur. The Code of Virginia requires that Assessed Values be at 100% of Fair Market Value. Guidance from the International Association of Assessing Officers (IAAO) expands on this target by accepting the real-world limitations that real estate is an imperfect market. For neighborhoods with similar homes, the acceptable assessment ratio is between 90% to 110% of the sales price all the way up to rural land where the acceptable ratio is between 80% to 120%.

Being proactive, the Assessor's Office will begin the process reviewing and implementing value changes when the median Assessment Ratio falls outside of the 50th percentile for each property type. For example, with residential homes in subdivisions, the Assessor's Office will strongly consider valuation changes when the Assessment Ratio is less than 95% and more than 105%.

FY2022 Residential Ratios – Before Reassessment

Qualified Sales	Median Sales Price	Median Assessment	Assessment Ratio
327	\$275,000	\$224,600	82%

FY 2022 REASSESSMENT YEAR OVER YEAR

<u>Class</u>	<u>Class</u>		<u>Parcels</u>	<u>FY22</u>	<u>FY21</u>
2	Residential	3%	11,781	\$2,362,212,200	\$2,288,886,700
3	Multi-Family	1%	146	\$122,834,900	\$121,073,800
4	Commercial/Industrial	-3%	555	\$500,783,968	\$516,961,100
5	Ag 20>100 acres	1%	813	\$124,338,400	\$122,914,200
6	Ag >100	-2%	295	\$87,555,300	\$89,138,100
Total		2%	13,590	\$3,197,724,768	\$3,138,973,900

Single Family	December			Year to Date		
Key Metrics	2020	2021	% Change	Thru 12-2020	Thru 12-2021	% Change
New Listings	21	22	+ 4.8%	414	400	- 3.4%
Pending Sales	17	25	+ 47.1%	395	372	- 5.8%
Closed Sales	41	35	- 14.6%	389	377	- 3.1%
Days on Market Until Sale	33	23	- 30.3%	40	17	- 57.5%
Median Sales Price*	\$250,000	\$299,500	+ 19.8%	\$239,515	\$275,000	+ 14.8%
Average Sales Price*	\$262,626	\$295,828	+ 12.6%	\$252,818	\$293,439	+ 16.1%
Percent of Original List Price Received*	97.6%	98.0%	+ 0.4%	98.0%	100.8%	+ 2.9%
Inventory of Homes for Sale	33	23	- 30.3%	—	—	—
Months Supply of Inventory	1.0	0.7	- 30.0%	—	—	—

BUDGET PERFORMANCE MEASURES

The Assessor's Office strives to be a good steward of the funds provided to the department by the Annual Budget. Funding is provided through tax revenues and it is important to utilize these funds in an efficient and effective manner.

The Assessor's Office Mission ties into Strategic Initiative Two – Practice Good Governance. The Real Estate Assessor's Office, in compliance with Virginia Constitution, the Code of Virginia, and the Prince George County Code, estimates the fair market value of all real estate within the county. Staff inspects and collects field data on all new construction, including additions and alterations where permits are obtained. The Office conducts annual reassessment of all real property using a computer-assisted mass appraisal system. Staff performs detailed statistical analysis to measure the accuracy, equality and equity of the value estimate using current market data and trends. The office also manages the Agricultural Land Use Program, produces the annual Land Book, processes property transfers, maintains a parcel maintenance inventory system and provides assistance to the public. Several other departments and agencies rely on the property and assessment records, reports, and databases maintained by the Real Estate Assessor's Office.

The constitutional guidance of the Assessor's Office is to equitably spread the burden of Real Estate taxes among property owners. The overall goal of the Real Estate Assessor's Office is to produce and accurate and equitable annual real estate assessments that meets or exceeds the Standards of the International Association of Assessing Officers (IAAO), the Virginia Association of Assessing Officers (VAAO), the Uniform Standards of Professional Appraisal Practice (USPAP), and the Virginia Department of Taxation.

Assessment Ratios are used to compare the sales price of a property to the current assessment and are audited annually by the Department of Taxation. An assessment ratio of 1.00 is the target. The IAAO guideline for the assessment ratio range from .95 to 1.05 but expands to .90 to 1.10 in non-homogenous property types or fast appreciating or declining markets. The **Coefficient of Dispersion (COD)** measures the dispersion of the sales prices around the median. The IAAO Guideline is 10.0 to 20.0 for improved parcels depending on property types (lower is more "accurate"). The **Price Related Differential (PRD)** measures the horizontal equity between property type. The IAAO guideline is 0.98 to 1.03.

CONCLUSION

The Real Estate Assessors Office has continued improving efficiency and effectiveness in meeting the mission of producing an accurate and equitable annual assessment for Prince George County.