

Appendix 9

Resolution 2013-41

RESOLUTION 2013-41

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OCALA, FLORIDA; FINDING THE EXISTENCE OF ONE OR MORE SLUM AND BLIGHTED AREAS IN THE CITY OF OCALA REFERRED TO AS THE "EAST OCALA REDEVELOPMENT AREA"; FINDING THE CONDITIONS IN THE EAST OCALA REDEVELOPMENT AREA MEET THE CRITERIA DESCRIBED IN SECTION 163.340(8), FLORIDA STATUTES, FOR A BLIGHTED AREA; FINDING THAT THE REHABILITATION, CONSERVATION, OR REDEVELOPMENT, OR COMBINATION THEREOF, OF THE EAST OCALA REDEVELOPMENT AREA, IS NECESSARY IN THE INTEREST OF PUBLIC HEALTH, SAFETY, MORALS OR WELFARE OF THE RESIDENTS OF THE CITY; FINDING THAT THE NEED TO AMEND THE CURRENT COMMUNITY REDEVELOPMENT PLAN MAY EXIST; PROVIDING FOR THE CITY COUNCIL TO CONSIDER WHETHER TO RECOMMEND AND ADOPT AN AMENDMENT OR MODIFICATION OF THE CURRENT COMMUNITY REDEVELOPMENT PLAN TO CHANGE THE BOUNDARIES OF THE EXISTING COMMUNITY REDEVELOPMENT AREAS; DIRECTING CITY STAFF TO COOPERATE IN SUCH EFFORT; PROVIDING AN EFFECTIVE DATE.

WHEREAS:

- A. As used herein, the terms defined in Section 163.340, Florida Statutes, have the meanings as set forth therein. Further, as used herein, the "Act" refers to Part III, Chapter 163, Florida Statutes.
- B. By Resolution No. 88-37, adopted by the City Council (the "City Council") of the City of Ocala, Florida (the "City") on March 15, 1988, the City Council found that one or more slum or blighted areas existed within the City in the area described in the Resolution (the "Downtown Redevelopment Area"), and that the rehabilitation, conservation or redevelopment, or combination thereof, of such area was necessary in the interest of public health, safety, morals or welfare of the residents of the City. Pursuant to such Resolution, the Downtown Redevelopment Area became the City's Community Redevelopment Area.
- C. Pursuant to Resolution No. 88-48, adopted by the City Council on April 12, 1988, the City Council created the Community Redevelopment Agency of the City of Ocala, Florida (the "Agency"), and designated the City Council as the Agency pursuant to Section 163.357, Florida Statutes.
- D. By Resolution No. 88-52, adopted by the City Council on May 24, 1988, the City adopted a Community Redevelopment Plan for the Downtown Redevelopment Area.
- E. By Ordinance 2009, adopted by City Council on June 1988, the City Council established the redevelopment trust fund (the "Fund") and provided for the deposit therein of tax increment revenues (as described in Section 163.387(1) Florida Statutes).
- F. By Resolution No. 93-66, adopted by the City Council on June 29, 1993, the City designated the City of Ocala Downtown Development Commission (the "DDC") as the Agency pursuant to

Section 163.356, Florida Statutes.

- G. By Resolution No. 99-01, adopted by the City Council on June 22, 1999, the City designated the Ocala City Council as the Agency pursuant to Section 163.357, Florida Statutes, and named the DDC as the advisory board to the Agency.
- H. By Resolution No. 99-121, adopted by the City Council on August 10, 1999, the City found that one or more slum and blighted areas existed within the area described therein (the "North Magnolia Redevelopment Area"), that the rehabilitation, conservation or redevelopment, or combination thereof, of the North Magnolia Redevelopment Area was necessary in the interest of public of health, safety, morals or welfare of the residents of the City, and that the need existed to amend the Community Redevelopment Plan to include the North Magnolia Redevelopment Area.
- I. By Resolution No. 2000-07, adopted by the City Council on November 2, 1999, the City adopted a modification to the Community Redevelopment Plan. The modification included a change to the Community Redevelopment Area boundary designating a part of the Redevelopment Area as the "Downtown Redevelopment Area" and the other part as the "North Magnolia Redevelopment Area," and the adoption of the "North Magnolia Redevelopment Area Community Redevelopment Plan" dated June 22, 1999, as the redevelopment plan for the North Magnolia Redevelopment Area.
- J. By Resolution No. 2006-43, adopted by the City Council on March 28, 2006, the City adopted a further modification to the Community Redevelopment Plan, amended the Community Redevelopment Plan as set forth therein, and extended the duration of the Community Redevelopment Plan, as more particularly set forth therein.
- K. Administrative officials of the City have undertaken and completed a review of portions of East Ocala for purposes of determining if slum or blighted condition, or both, exist within all or part of such area.
- L. The City Council has received a recommendation from City staff, including a Finding of Necessity Report, that a finding of the existence of one or more slum and blighted areas within portions of East Ocala should be made, that such portions of East Ocala should be added to the existing Community Redevelopment Area, and that the current Community Redevelopment Plan should be amended.
- M. The City Council has received the City Staff recommendation and has received a presentation by administrative officials of the City of the conditions in portions of East Ocala.
- N. As required by Section 163.346, Florida Statutes, the City Council provided public notice of its proposed adoption of this Resolution pursuant to Section 166.041(3)(a), Florida Statutes, and, at least fifteen (15) days before the adoption of this Resolution, mailed by registered mail a notice to each taxing authority which levies ad valorem taxes on taxable real property contained within the geographic boundaries of the Community Redevelopment Area and the portions of East Ocala described below.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF OCALA, FLORIDA:

1. The above matters are incorporated herein.
2. The City Council hereby finds, based upon information presented to the City Council in a public

meeting, that one or more slum and blighted areas exist within the area as described and depicted on the attached Finding of Necessity (the "East Ocala Redevelopment Area"), and that the conditions in the East Ocala Redevelopment Area meet the criteria described in Section 163.340(8), Florida Statutes, as a "blighted area."

- 3. The City Council further finds and determines that the rehabilitation, conservation, or redevelopment, or combination thereof, of the East Ocala Redevelopment Area, is necessary in the interest of public health, safety, morals or welfare of the residents of the City.
- 4. This Resolution constitutes a finding of necessity by the City Council concerning the East Ocala Redevelopment Area pursuant to Section 163.355, Florida Statutes.
- 5. As a result of the findings of the existence of a slum or blighted area in Section 2 hereof, and of the necessity for the rehabilitation, conservation, or redevelopment or combination thereof, in Section 3 hereof, the City does hereby find that a need may exist to amend the Current Community Redevelopment Plan to include the East Ocala Redevelopment Area.
- 6. The City Council shall consider whether it should recommend and adopt an amendment or modification of the Current Community Redevelopment Plan to change the boundaries of the existing Community Redevelopment Area to add the East Ocala Redevelopment Area.
- 7. City staff is hereby directed and authorized to take all action necessary and appropriate to assist the City Council in making such recommendation, and, upon such recommendation, to present appropriate documents to City Council to amend or modify the Current Community Redevelopment Plan and to notify all taxing authorities pursuant to the Act.
- 8. The City Clerk is hereby authorized and directed to notify all taxing authorities of the adoption of this Resolution.
- 9. This Resolution shall take effect immediately upon its adoption.

This resolution adopted this 7 day of May, 2013.

CITY OF OCALA

By: Mary S. Rich
Mary S. Rich
President, Ocala City Council

ATTEST:
By: Angel B. Jacobs
Angel B. Jacobs
City Clerk

Approved as to form and legality:
By: Patrick D. Gilligan
Patrick D. Gilligan
City Attorney

Appendix 10

East Ocala CRA - Finding of
Necessity

2013

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FINDING OF NECESSITY EAST OCALA CRA

This document contains background information and evaluative data required to support the development of a proposed Community Redevelopment Area along major segments of transportation corridors and in an inner core neighborhood of Ocala.

Table of Contents

	<u>Page</u>
Overview	5
Sections	
I. Community Redevelopment Act of 1969	6
II. CRA Description	9
III. Project Methodology	11
IV. Analysis	12
• Section 163.340 (8) Substantial Number of Deteriorated or Deteriorating Structures	12
• Section 163.340 (8) Economic Distress or Endanger Life or Property	18
• Additional Factors Under 163.340 (8)	18
• Section 163.340 (8) (c) Faulty Lot Layout	18
• Section 163.340 (8) (b) No Appreciable Increase in Aggregate Assessed Values Over Last Five Years	21
• Section 163.340 (8) (d) Unsanitary or Unsafe Conditions	23
• Section 163.340 (8) (e) Deterioration of Site or Other Improvements	23
V. Conclusion	24

List of Tables

	<u>Page</u>
Table 1. Blight Conditions and Indicators, Recommended East Ocala CRA.....	11
Table 2. Citywide vs. Proposed East Ocala - Structural Conditions	13
Table 3. Citywide vs. Proposed East Ocala CRA - Quality of Structures	14
Table 4. Proposed East Ocala CRA - Vacant/Undeveloped Lots.....	14
Table 5. Citywide vs. East Ocala CRA - Actual Age.....	16
Table 6. Proposed East Ocala CRA - Quality of Structure and Age.....	16
Table 7. Citywide vs. Proposed East Ocala CRA - Effective Age	17
Table 8. Citywide vs. Proposed East Ocala - Faulty Lot Layout.....	20
Table 9. Citywide vs. Proposed East Ocala CRA - Assessed Property Values.....	22
Table 10. Citywide vs. Proposed East Ocala CRA - Mean Home Value	22

List of Maps (Appendix B)

Map 1. Proposed East Ocala CRA Boundary - Existing Land Use

Map 2. Proposed East Ocala CRA Boundary - Blighted Conditions

Map 3. Proposed East Ocala CRA Boundary

Map 4. Proposed East Ocala CRA Boundary - Below-Average Quality of Structures

Map 5. Proposed East Ocala CRA Boundary - Vacant/Undeveloped Lots

Map 6. Proposed East Ocala CRA Boundary - Years Built

Map 7. Proposed East Ocala CRA Boundary - Faulty Lot Layout

Map 8. Proposed East Ocala CRA Boundary - Unsafe and Unsanitary Violations

Map 9. Proposed East Ocala CRA Boundary - Properties w/ Septic Tanks

Overview

The City of Ocala, located in Marion County, is situated 35 miles south of Gainesville and 70 miles northwest of Orlando and is directly connected to Tampa and Atlanta via Interstate 75. The City's location in the north central region of Florida, less than 80 miles from Interstate 10, makes it easily accessible to Tallahassee and Jacksonville. State Road 40 runs directly through Ocala providing proximity to both the east and west coasts in one hour.

While the City has invested significant resources in revitalizing its Downtown and historic neighborhoods, several of its inner core neighborhoods and commercial corridors are experiencing challenges such as deteriorated buildings and structures, code violations, economic distress and poor housing conditions. The City of Ocala embarked upon its Ocala Vision 2035 process to actively engage citizens in the future community development process. Since 2004, the City has initiated several community planning efforts including, the Downtown Master Plan, Comprehensive Plan Update, Vision 2035 Plan, and the Evaluation and Appraisal Report (EAR).

East Ocala and particularly, the portion thereof that is included within the proposed East Ocala CRA¹ can be characterized by a number of matters including its lack of private investment, small parcel size, vacant lots, deteriorated signs and a substantial number of deteriorated properties. State Road 40, also known as Silver Springs Boulevard, is its major traffic corridor which carries approximately 26,466 vehicles per day at peak hours in and out of downtown. The proposed East Ocala CRA is bounded by NE 39th Avenue on the east, Pine Avenue on the northwest, E Fort King Street on the south, and NE 28th Street to the north. The plan to designate the proposed East Ocala CRA is perhaps the first comprehensive effort to focus on the physical improvement and economic sustainability in the area.

Tax Increment Financing (TIF) is a mechanism to fund infrastructure and redevelopment activities within the designated boundaries of a CRA. A tax increment is the difference between the amount of property tax revenue generated before TIF district designation and the amount of property tax revenue generated after TIF designation. It is one of the few remaining tools that local governments can use to attract new business, invest in infrastructure and rebuild blighted areas.

The above mentioned plans recommended the employment of TIF as a mechanism to fund infrastructure and redevelopment activities within the designated boundaries of each plan.

Based on these recommendations, City staff has conducted a "Finding of Necessity Study" and determined the existence of "blight" conditions in the proposed East Ocala CRA, as defined by Section 163 of the Florida Statutes.

¹ "CRA" is frequently used by local governments to refer either to a community redevelopment area or to the community redevelopment agency. It is used in the former sense in this Report.

Determining the existence of “slum” or “blight” within an area is the initial step in evaluating the appropriateness of an area for designation as a Community Redevelopment Area.

This document provides data and analysis to be analyzed to determine whether City Council should make a finding of necessity, pursuant to Section 163.355, Florida Statutes, that the conditions in the proposed East Ocala CRA meet the criteria for a blighted area as defined in Florida Statutes, as well as additional matters that must be set forth in such a resolution. Please note, that in making such consideration, City Council should also consider additional evidence presented at public hearings at which the issue will be considered, as well as its own knowledge of the proposed East Ocala CRA.

This Report begins with an overview of the Community Redevelopment Act of 1969, Section 163 of the Florida Statutes that provides a definition for the terms “slum” and “blight” as per the Florida Statutes. Following the overview, Section II describes the boundaries, composition, land area and number of parcels in the proposed East Ocala CRA. It also outlines the conditions of blight and other indicators in tabular form as identified by state statute which exist in the proposed East Ocala CRA. Section III discusses the research methodology undertaken. Section IV presents an analysis of the data derived from the Marion County Property Appraiser and other sources demonstrating existing conditions of blight. Section V presents conclusions and recommendations relating to the CRA designation proposed for the East Ocala CRA.

Appendix A contains the legal description of the proposed East Ocala CRA in accordance with the boundaries approved for study by Ocala City Council on December 4, 2012. Appendix B illustrates the criteria and indicators used to determine the proposed East Ocala CRA for designation as a CRA through GIS based maps and data. Appendix C includes a photo inventory of the blighted conditions compiled during the fieldwork stage of the study.

I. Community Redevelopment Act of 1969

The Community Redevelopment Act of 1969, Chapter 163 Part III, Florida Statutes, authorizes local governments to establish community redevelopment agencies to improve slum and blighted areas within their jurisdiction. The Act sets forth the legal process by which local governments may establish community redevelopment agencies and provides financing and regulatory tools to undertake the complex task of correcting the conditions that contribute to the causes of slum and blight in distressed areas of the City.

Section 163.355 F.S. requires local governments desiring to establish a community redevelopment agency to adopt, by resolution, a finding that one or more “slum” or “blighted” areas exist within its jurisdiction and that the rehabilitation, conservation, or redevelopment of such areas is necessary in the interest of the public health, safety,

morals, or welfare of the residents of the area. Upon adoption of a redevelopment plan, the City's redevelopment agency can begin implementing the plan, including creation of a tax increment trust fund for the redevelopment area. The following paragraphs discuss "slum" and "blight" as defined in the Florida State Statute.

Section 163.335(1), F.S.... Slum and blighted areas constitute a serious and growing menace, injurious to the public health, safety, morals, and welfare of the residents of the state; that the existence of such areas contributes substantially and increasingly to the spread of disease and crime, constitutes an economic and social liability imposing onerous burdens which decrease the tax base and reduce tax revenues, substantially impairs or arrests sound growth, retards the provision of housing accommodations, aggravates traffic problems, and substantially hampers the elimination of traffic hazards and the improvement of traffic facilities; and that the prevention and elimination of slum and blight is a matter of state policy and state concern in order that the state and its counties and municipalities shall not continue to be endangered by areas which are focal centers of disease, promote juvenile delinquency, and consume an excessive proportion of its revenues because of the extra services required for police, fire, accident, hospitalization, and other forms of public protection, services, and facilities.

Section 163.335(2), F.S.... certain slum or blighted areas, or portions thereof, may require acquisition, clearance, and disposition subject to use restrictions, as provided in this part, since the prevailing condition of decay may make impracticable the reclamation of the area by conservation or rehabilitation in such a manner that the conditions and evils enumerated may be eliminated, remedied, or prevented; and that salvageable slum and blighted areas can be conserved and rehabilitated through appropriate public action as herein authorized and the cooperation and voluntary action of the owners and tenants of property in such areas.

Section 163.335(3), F.S.... powers conferred by this part are for public uses and purposes for which public money may be expended and police power exercised, and the necessity in the public interest for the provisions herein enacted is declared as a matter of legislative determination.

Section 163.335(5), F.S.... the preservation or enhancement of the tax base from which a taxing authority realizes tax revenues is essential to its existence and financial health; that the preservation and enhancement of such tax base is implicit in the purposes for which a taxing authority is established; that tax increment financing is an effective method of achieving such preservation and enhancement in areas in which such tax base is declining; that community redevelopment in such areas, when complete, will enhance such tax base and provide increased tax revenues to all affected taxing authorities, increasing their ability to accomplish their other respective purposes; and that the preservation and enhancement of the tax base in such areas through tax increment financing and the levying of taxes by such taxing authorities therefore and the appropriation of funds to a redevelopment trust fund bears a substantial relation to the purposes of such taxing authorities and is for their respective purposes and concerns.

Section 163.335(7), F.S. ...prevention or elimination of a slum area of blighted area as defined in this part and the preservation or enhancement of the tax base are not public uses or purposes for which private property may be taken by eminent domain and do not satisfy the public purpose requirement of s. 6(a). Article X of the State Constitution.

Section 163.340 (8), Florida Statutes, states:

“Blighted area” means an area in which there are a substantial number of deteriorated, or deteriorating structures, in which conditions, as indicated by government-maintained statistics or other studies, are leading to economic distress or endanger life or property, and in which two or more of the following factors are present:

- a. Predominance of defective or inadequate street layout, parking facilities, roadways, bridges, or public transportation facilities;
- b. Aggregate assessed values of real property in the area for ad valorem tax purposes have failed to show any appreciable increase over the 5 years prior to the finding of such condition;
- c. Faulty lot layout in relation to size, adequacy, accessibility, or usefulness;
- d. Unsanitary or unsafe conditions;
- e. Deterioration of site or other improvements;
- f. Inadequate and outdated building density patterns;
- g. Falling lease rates per square foot of office, commercial, or industrial space compared to the remainder of the county or municipality;
- h. Tax or special assessment delinquency exceeding the fair value of the land;
- i. Residential and commercial vacancy rates higher in the area than in the remainder of the county or municipality;
- j. Incidence of crime in the area higher than in the remainder of the county or municipality;
- k. Fire and emergency medical service calls to the area proportionately higher than in the remainder of the county or municipality;
- l. A greater number of violations of the Florida Building Code in the area than the number of violations recorded in the remainder of the county or municipality;
- m. Diversity of ownership or defective or unusual conditions of title which prevent the free alienability of land within the deteriorated or hazardous area; or
- n. Governmentally owned property with adverse environmental conditions caused by a public or private entity.

This definition imposes three requirements:

(1) There must be a substantial number of deteriorated or deteriorating structures. In this regard, “structures” includes not only buildings, but also roads and other infrastructure.

(2) Conditions within such structures, as indicated by government–maintained statistics or other studies, must be leading to economic distress or endanger life or property. In this regard, the statute is not clear as to whether the conditions must be

found in the structures, or in the area (in which the structures are located). Although, grammatically, it is most likely that the Legislature intended that the conditions be found in the area, the Florida Supreme Court has held, in dicta, that the conditions must be found in the structures, and this Report will assume that the latter is the case. This distinction is somewhat academic given the broad definition of structures and the fact that, by establishing that the conditions exist in the structures, the conditions must necessarily also exist in the area; and

(3) Two or more of the factors in subsections (a) through (n) also exist.

II. CRA Description

This Report is focused on portions of the area bounded by NE 36th Avenue on the east, Pine Avenue on the northwest, the E Fort King Street on the South, and NE 28th Street to the north. The major corridors included in the Finding of Necessity include State Road 40 from SE Watula Ave on the west and NE 39th Ave on the east and NE 14th Street from NE 8th Road on the west to NE 25th Ave on the east, a northern segment of Pine Ave which extends from NW 28th Street on the north to NE Jacksonville Rd on the south, and NE Jacksonville Rd west from Pine Ave to NE 8th Road on the east.

As illustrated in the Existing Land Use Map (Map 1) the proposed East Ocala CRA consists of primarily commercial lots along SR 40; a mixture of commercial, office, and residential parcels along 14th Street; and a majority of commercially developed lots along north Pine Avenue and NE Jacksonville Road. In the areas north of NE 14th Street, there are several large industrially zone lots. Fort King Street is scattered with office and residential uses, including a deteriorated mobile home park. The areas west of NE 12th Ave and east of NE 8th Ave are residential neighborhoods with a lack of sidewalks, drainage problems, and inadequate street layout. The area is also comprised of many small single family residential parcels, large industrial parcels, large undeveloped lots, with several institutional uses and places of worship scattered throughout. The commercial development can be characterized by strip shopping centers, gas and automobile service stations, run-down motels with deteriorated swimming pools, and fast food restaurants.

Map 2 depicts certain blighted conditions, including structures with Below-Average Quality of Structure conditions (discussed below), faulty lot layout, vacant/undeveloped parcels, and unsafe and unsanitary conditions. Maps 4, 5, 6, 7, 8 and 9 depict the locations of deteriorated structures and other locations of blight indicators in the proposed East Ocala CRA discussed in more detail in Section IV. Governmental uses have been deleted from the area (including the Municipal Golf Course, Marion County's Library and Governmental Complex, and Veteran's Park).

Generally, the proposed boundary of the area that was studied was determined based on the following criteria:

- Statutory criteria pertaining to site and economic conditions that warrant the use of redevelopment powers provided by Statute.
- Consideration of future redevelopment potential.
- Consideration of sound planning principles for future land use based on land attributes, transportation systems, and the efficient provision of government utilities and services.
- Deteriorating commercial corridors, vacant lots, commercial lots and manufacturing parcels.

In 2011, City Council appointed East and West Ocala property owners, residents and business representatives to recommend boundaries following the consideration of the criteria mentioned above. Following a workshop with City Council in 2012, City Council members expressed concerns with the boundaries proposed by advisory committees with respect to size. Each elected official worked with senior staff to recommend alternative boundaries, and based upon his and/or her own knowledge of conditions in the recommended area submitted a recommended boundary.

Staff discovered commonalities among these individual submissions and developed a map comprised of the areas City Council members had in common. This map showed that City Council members considered the City's major gateway corridors and portions of neighborhoods closest to the urban core as potential areas requiring redevelopment efforts.

Based on the definitions in the Statute and analysis of "blight" conditions discussed in this study, the recommended East Ocala CRA boundaries are described in Appendix A (Legal Description) and are depicted in Map 3.

The Marion County Property Appraiser records indicate the recommended proposed East Ocala CRA contains 1,957 parcels encompassing an area of 1,197.12 acres excluding right-of-ways. There are 24,459 parcels in the City of Ocala encompassing an unofficial area of 25,160.6 acres excluding right-of-ways. The proposed East Ocala CRA represents approximately 4.76 percent of the City's total land area and 8 percent of the total parcel count.

As set forth above, under the definition of "blighted area" set forth in Florida Statutes, in addition to the substantial number of deteriorating structures and conditions leading to economic distress, or endanger to life or property, two or more of the fourteen (14) listed additional factors must be present. This study documents that in addition to the existence of a substantial number of deteriorated, or deteriorating structures, in which conditions, as indicated by government-maintained statistics or other studies, are leading to economic distress or endanger life or property, at least four of these additional factors exist in the proposed East Ocala CRA.

The conditions are summarized in Table 1:

Table 1. Blight Conditions and Indicators, Recommended East Ocala CRA

Criteria	Information Considered
163.340 (8) Substantial number of deteriorated or deteriorating structures	Quality of Structure, Actual Age and Effective Age of Structures (Marion County Property Appraiser Data) Field surveys
163.340 (8) (b) No Appreciable increase in aggregate assessed property values over last five years	Property Values (Marion County Property Appraiser Data)
163.340 (8) (c) Faulty Lot Layout in relation to size, adequacy, accessibility, or usefulness	Parcel Sizes (Marion County Property Appraiser Data and City of Ocala Code of Ordinances)
163.340 (8) (d) Unsanitary or Unsafe conditions	City of Ocala Trak-IT reporting from Code Enforcement Violations
163.340 (8) (e) Deterioration of site or other improvements	Age and Condition of Structures (Marion County Property Appraiser Data) Field surveys

III. Project Methodology

Meetings and discussions among senior management and staff contributed significantly to the consideration of the proposed East Ocala CRA.

Following these discussions, GIS databases provided to the City by the Marion County Property Appraiser were analyzed to determine whether the statutory criteria for a “blighted area” existed.

Additionally, staff conducted two field surveys to characterize, at a block and parcel level, the types and extent of physical and economic blight existing within the area. These field surveys were both windshield surveys and pedestrian surveys performed from the right-of-way. These surveys took place on December 3, 2012 and March 26, 2013.

Following the initial field surveys, each parcel in the proposed East Ocala CRA was individually evaluated through GIS-based analysis with respect to physical condition, age, size, and market value. Parcels reflecting City of Ocala unsafe and unsanitary violations were identified through the City's Trak-IT program. Additional information, including records from the Municipal Code Enforcement Board, was examined.

Several of the conditions revealed by such analysis were then mapped separately to illustrate their existence or location in the proposed East Ocala CRA. An additional map was then prepared showing the locations, within which some blighted conditions occur,

including: vacant/undeveloped lots, unsanitary/unsafe conditions, faulty lot layout parcels, and deteriorated structure by quality grade.

The information was then analyzed to determine whether the statutory criteria for a blighted area exist in the proposed East Ocala CRA.

IV. Analysis

Section 163.340 (8) Substantial Number of Deteriorated or Deteriorating Structures

The first requirement for a blighted area under Section 163.340 (8) is the presence of a substantial number of deteriorated or deteriorating structures in the area.

The Act provides little specific criteria or guidance in Section 163.340 (8), F.S. regarding the definition or attributes of deteriorated or deteriorating structures. Specifically, the Act does not define “deteriorated,” or “deteriorating,” or, for that matter “deteriorate.” A resort to dictionary definitions is therefore appropriate.

“Deteriorate” has been defined in a number of ways. Merriam Webster Dictionary defines it as “to make inferior in quality or value impaired.” American College Dictionary defines it as “to make or become worse; make or become lower in character or quality.” Black’s Law Dictionary defines deterioration as a “hurt or impairment, involving some degeneration in the substance of the thing, such as that arising from decay, corrosion, or disintegration.” And Dictionary.com defines it as “to make or become worse or inferior in character, quality, value, etc.,” or “to disintegrate or wear away.” The common characteristic of these definitions indicates a deteriorating structure is one that is becoming worse or inferior, typically in character, quality and value, and that a deteriorated structure is one that has already suffered such conditions. In any event, under these definitions, it is appropriate to focus on a number of factors, including quality, character and value of the structure, and similar matters.

For the purpose of assessing deterioration, staff considered the following information from the Marion County Property Appraiser:

- (1) Quality of Structure – This information is generated by the Marion County Property Appraiser pursuant to its “Field Operations Real Property Residential Quality Grade Manual.” The manual discusses how construction quality is used in the valuation process through the assignment of grade factors. It provides guidelines for determining the quality grade of improvement based upon types of materials, design features and workmanship characteristics of each quality grade. The manual and pictures of graded improvements are included in Appendix E.
- (2) Actual Age – According to the Florida Real Property Appraisal Guidelines, adopted by the Florida Department of Revenue, “Actual age is the

chronological age of real property improvements.” The Florida Real Property Appraisal Guidelines are located in Appendix D for review.

- (3) **Effective Age** – Also according to the Florida Real Property Appraisal Guidelines, “Effective age is the age indicated by the physical condition of real property improvements. Effective age is determined by consideration of the actual age of the property, the quality of maintenance, any renovation, and any observed deferred maintenance.”

Staff also considered the information derived from its field surveys.

The foregoing and following data indicates the presence of deteriorated and deteriorating structures in the recommended CRA.

Table 2 analyzes the Quality of Structure information as to each parcel within the proposed East Ocala CRA. It lists the number of parcels that contain improvements with Quality of Structure ratings between “Unusable (001)” and “Fair + (500),” because such ratings represent below-average Quality of Structure characteristics.

Table 2. Citywide vs. Proposed East Ocala CRA – Quality of Structure

Structures with Fair to Poor Quality of Structure				
	Citywide	% of Total Citywide	East Ocala CRA	% of Total East Ocala CRA
Total Structures	21,643	100.00%	2,035	100.00%
Unusable (001)	72	0.33%	8	0.39%
Very Poor (025)	4	0.02%	0	0.00%
Poor (050)	11	0.05%	1	0.05%
Poor + (100)	149	0.69%	12	0.59%
Low (200)	187	0.86%	16	0.79%
Low + (300)	1,305	6.03%	199	9.78%
Fair (400)	2,403	11.10%	443	21.77%
Fair + (500)	5,306	24.52%	713	35.04%
	9,437	43.60%	1,392	68.40%

Source: Marion County Property Appraiser Database (2012)

Table 2 indicates that 1,392 structures, representing approximately 68.4 percent of the structures in the CRA have issues concerning Quality of Structure. In comparison, only 43.6 percent of the total number of structures in the City was found to have such issues.

Although the Quality of Structures alone is obviously not determinative of whether a structure has deteriorated or is deteriorating, logic indicates that a structure that is constructed of poor materials or with poor workmanship is much more likely to have deteriorated, or to be deteriorating, than is a structure that was constructed of quality materials and with quality workmanship.

The Quality of Structures information is also significant in that, according to the Property Appraiser, the Effective Age analysis can only depreciate a parcel's original value down to 40 percent of its original value. When additional depreciation must be applied to a parcel, the Property Appraiser makes a downward adjustment in the Quality of Structure grade. Thus, the parcels with Quality of Structure issues may have problems with, not only construction materials or workmanship, but also extensive depreciation.

Table 3 compares the Quality of Structures information depicted on Table 2 within the proposed East Ocala CRA, with other information concerning all structures within the City.

Table 3. Citywide vs. Proposed East Ocala CRA - Quality of Structures

	Citywide	East Ocala CRA	Percentage Citywide
Total Structures	21,643	2,035	9.40%
Unusable (010)	72	8	11.11%
Very Poor (025)	4	0	0.00%
Poor (050)	11	1	9.09%
Poor + (100)	149	12	8.05%
Low (200)	187	16	8.56%
Low + (300)	1,305	199	15.25%
Fair (400)	2,403	443	18.44%
Fair + (500)	5,306	713	13.44%
Total	9,437	1,392	14.75%

Source: Marion County Property Appraiser Database (2012)

The Table indicates that, although the proposed East Ocala CRA accounts for approximately 9.4 percent of all City structures, 14.75 percent of the City structures with sub-standard Quality of Structure conditions are located within the area.

As shown in Map 4, the structures with Quality of Construction negative characteristics are concentrated in numerous areas throughout the proposed East Ocala CRA.

Table 4 and Map 5 illustrate the vacant/undeveloped properties in the proposed East Ocala CRA.

Table 4. Proposed East Ocala CRA - Vacant/Undeveloped Lots

Total East Ocala CRA Parcels	East Ocala CRA Vacant	East Ocala CRA Vacant % of Total CRA Parcels
1,957	211	10.78%

Source: Marion County Property Appraiser Database (2012)

Based on data provided by the Property Appraiser's Office, 10.78 percent of all parcels located within the proposed East Ocala CRA are undeveloped. Although not directly

indicative of deteriorated or deteriorating structures within the area, it is indicative, however, of the fact that such structures have resulted in economic distress.

Based upon a study sponsored by the Journal of Urban Health in 2012, vacant lands represent lost economic opportunity and erosion of a city's tax base. While the study set out to understand the impact of vacant land on health (to highlight the importance of this impact to policy makers), the results of the study are particularly relevant to the vacant lands data presented in the table above. A majority of the study participants described their neighborhood as a decaying physical environment characterized by vacant lots and abandoned homes, and based on the interview data, the themes related to vacant lots included: 1) overshadows positive neighborhood characteristics, 2) loss of community control, 3) fracturing community ties, 4) financial strain, and 5) fear of crime.

The age of buildings, both residential and commercial, is a potential indicator to the declining conditions documented in the proposed East Ocala CRA. Aging buildings typically require increased maintenance and repair. Additionally, the interior space, exterior appearance, and functional aspects of older buildings may be considered obsolete for modern market demands. Of course, the age of a building in and of itself is not a blighting condition. If adequate investment and maintenance are made, older buildings can remain viable and desirable in the real estate market. However, because of their age, older buildings are more difficult to properly maintain and their value typically does not support additional investment. Further, a concentration of older, poorly maintained and deteriorated buildings creates many negative influences in an area including a loss of economic status, a lack of interest in new development, an increased occurrence of crime, and decreased revenues for businesses. This negative influence will not diminish should the trend continue. Thus, it is safe to assume that, as to many buildings, those with an older actual age are more likely to be deteriorated or deteriorating than newer structures.

The foregoing also establishes that the age of buildings may create economic distress and endanger life and/or property, particularly given their impact on property values and lack of fire safety improvements.

Table 5 depicts the buildings within the proposed East Ocala CRA and throughout the City based upon Actual Age (i.e., their chronological age, as noted above).

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Table 5. Citywide vs. Proposed East Ocala CRA - Actual Age

Structures by Year Built	Citywide	City Wide Percentage	East Ocala CRA	Percentage in East Ocala CRA
Total Structures	21,643	100.00%	2,035	100.00%
Built 2000 to present	4,755	21.97%	109	5.36%
Built 1990 to 1999	1,857	8.58%	105	5.16%
Built 1980 to 1989	3,675	16.98%	322	15.82%
Built 1970 to 1979	3,901	18.02%	337	16.56%
Built 1960 to 1969	3,419	15.80%	298	14.64%
Built 1950 to 1959	2,214	10.23%	437	21.47%
Built 1940 to 1949	858	3.96%	200	9.83%
Built 1930 to 1939	384	1.77%	78	3.83%
Built 1929 or earlier	580	2.68%	149	7.32%
Total built in 1979 or earlier	11,356	52.47%	1,499	73.66%

Source: Marion County Property Appraiser Database (2012)

Table 5 shows that approximately 73.66 percent of the structures within the proposed East Ocala CRA are over 30 years old (built 1979 or earlier). In comparison, 52.47 percent of the City's total structures are over 30 years old. Thus, not only are there a significant number of older structures within the proposed East Ocala CRA, but there is a relatively higher number of such structures within the CRA than in the City as a whole.

Table 6 compares the information concerning Quality of Structure (see Table 2) with the Actual Age of structures (as depicted in Table 5).

Table 6. Proposed East Ocala CRA - Quality of Structure and Age

Age	Total East Ocala CRA Structures	Structures with Quality of Structure issues	Percent of Structures within East Ocala CRA with Quality of Structure issues
0-22 Years old (1990 - 2012)	214	53	24.77%
23-32 Years old (1980 - 1989)	322	135	41.93%
33-42 Years old (1970 - 1979)	337	188	55.79%
43-52 Years old (1960 - 1969)	298	247	82.89%
More than 53 years old (1959)	864	769	89.00%
Total Structures	2,035	1,392	68.40%

Source: Marion County Property Appraiser Database (2012)

This table shows the age of structures in the CRA and illustrates a high correlation between sub-standard Quality of Structure and the age of structures.

Table 7 analyzes the Effective Age of structures within the proposed East Ocala CRA and compares them to the information concerning the City as a whole.

Table 7. Citywide vs. Proposed East Ocala CRA – Effective Age

Structures by Effective Age	City of Ocala	%	East Ocala CRA	%
Total Structures	21,643	100.00%	2,035	100.00%
1. 00-04 Yrs (2012-2008)	4,185	19.30%	101	4.96%
2. 05-09 Yrs (2007-2003)	2,685	12.38%	136	6.68%
3. 10-14 Yrs (2002-1998)	3,229	14.89%	329	16.17%
4. 15-19 Yrs (1997-1993)	3,873	17.86%	459	22.56%
5. 20-24 Yrs (1992-1988)	3,774	17.40%	555	27.27%
6. 25-29 Yrs (1987-1983)	2,888	13.32%	352	17.30%
7. 30-34 Yrs (1982-1978)	566	2.61%	35	1.72%
8. 35-39 Yrs (1977-1973)	223	1.03%	34	1.67%
9. 40-99 Yrs (1972-1913)	220	1.01%	34	1.67%
Total built in 1987 or earlier	3,897	17.97%	455	22.36%

Although, at first glance, the concept of Effective Age would seem to be helpful in determining whether a structure is in distress, the following information that City staff obtained from the Property Appraiser indicates that its usefulness is very limited:

- (1) Although Effective Age is supposed to include depreciation as an element, the Property Appraiser's methodology limits the amount of depreciation that may be applied to one parcel, for valuation purposes, to 40 percent of the original value.
- (2) Staff noted significant discrepancies between the Effective Ages and Actual Ages of structures for which there was no apparent logical explanation.

Therefore, City staff places the most weight, in this analysis, upon the Quality of Structure and Actual Age criteria, as well as the analysis discussed above and the field surveys conducted by City staff. Even then, however, Table 7 does show that the proposed East Ocala CRA has a higher percentage of structures with an Effective Age of more than 24 years than does the City as a whole.

Finally, additional information examined in this Report, including those concerning whether the "additional factors" set forth in subsections (b) through (e) of subsection 163.340 (8), Florida Statutes, present additional information that establishes that the proposed East Ocala CRA contains a substantial number of deteriorated or deteriorating structures. Although these are separate criteria to determine whether the area is blighted, they are also relevant to a determination of deterioration.

Based upon such information, there are a substantial number of deteriorated or deteriorating structures within the proposed East Ocala CRA.

Section 163.340 (8) Economic Distress or Endanger Life or Property.

The second requirement for a blighted area under section 163.340 (8) is that the conditions within the deteriorated or deteriorating structures (and therefore the area – see above discussion), as indicated by government-maintained statistics or other studies, are leading to economic distress or endanger life or property.

A plethora of government-maintained statistics and studies indicate that deteriorated and deteriorating structures have a negative impact on the investment potential of a community. They impair economic growth, and contribute to a lack of private investment to maintain the integrity and value of existing development, depreciation in property values, decreased potential for new development, and a reduced tax base for the City. Additionally, deteriorated structures create added expense for the community, generated by increased code enforcement and inspection resources, fire hazards, and community policing, and can provide a strain on such services. The structures also present an increased fire hazard potential.

The information included in this Report includes other government-maintained statistics, or other studies, establishing the relationship between deteriorated or deteriorating structures and economic distress or danger to life or property. Rather than repeat some such discussions here, reference to this requirement is included in other portions of this Report.

For example, as set forth in greater detail elsewhere in this Report, the proposed area's property values have declined significantly and such decline has been greater than the decline in property values within the City as a whole; this is indicative of economic distress. There have been extensive code enforcement proceedings involving unsafe and unsanitary conditions; this shows that the deteriorated structures with such conditions endanger life or property. And the large number of vacant parcels depicts not only the absence of development, but also the lower potential for new development and, of course, a reduced tax base for the City with resulting economic distress.

Additional Factors Under 163.340 (8) (at least two are required).

The following information provides data reflecting four of the Act's fourteen factors that must be present to determine that blight conditions exist in the area.

Section 163.340 (8) (c) Faulty Lot Layout

The size of parcels has a significant impact on their development or redevelopment potential.

Parcels that are too small under current zoning regulations are obviously unsuitable for new development. Even already-developed small parcels may have limited redevelopment potential because of their non-conformance with current zoning regulations. Further, contemporary development trends favor larger sites for

redevelopment as they offer the flexibility to provide a variety of uses and a mix of activities. Larger sites also reduce the complexities involved with assembly of smaller parcels to support large scale redevelopment projects.

Map 8 identifies parcels within the proposed East Ocala CRA to the applicable lot size requirements contained in the City's Code of Ordinances. Disparities between lot sizes and lot size requirements by zoning area can be identified by comparing the minimum lot area requirements contained in the zoning code to the existing lot parcel sizes.

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Table 8. Citywide vs. Proposed East Ocala CRA - Faulty Lot Layout

Zoning Districts (A)	Minimum Lot Size (B)	Citywide Parcel Count (C)	Citywide Faulty Lots (D)	% of Parcels in Citywide-Faulty Lots (D/C)	East Ocala CRA Parcel Count (E)	East Ocala CRA Faulty Lots (F)	% of Parcels in CRA - Faulty Lots (F/E)
A-1	44,000	322	161	50.00%	8	7	87.50%
B-1	10,000	106	36	33.96%	20	11	55.00%
B-1A	10,000	53	23	43.40%	-	-	-
B-2	10,000	655	114	17.40%	224	56	25.00%
B-2A	10,000	144	37	25.69%	63	10	15.87%
B-3 & B-3A - C	-	343	-	-	4	-	-
B-4	10,000	767	194	25.29%	99	9	9.09%
B-5	7,000	201	18	8.96%	19	-	-
G-U	-	135	-	-	22	-	-
IC	-	13	-	-	-	-	-
INST	44,000	76	12	15.79%	10	2	20.00%
M-1	10,000	910	82	9.01%	46	-	-
M-2	20,000	138	5	3.62%	10	1	10.00%
M-3	44,000	44	24	54.55%	-	-	-
MH	-	199	-	-	4	-	-
MISC	-	1	-	-	-	-	-
O-1	12,500	215	96	44.65%	1	-	-
OH	-	5	-	-	2	-	-
OP	-	104	-	-	-	-	-
PDO - PD16	-	2,466	-	-	37	-	-
PDRO	-	32	-	-	-	-	-
PMH	-	4	-	-	-	-	-
PRV	-	1	-	-	-	-	-
PUD	-	1,811	-	-	-	-	-
R1	13,500	6,319	1,403	22.20%	40	11	27.50%
R1A	8,000	3,783	240	6.34%	706	75	10.62%
R1AA	6,000	311	2	0.64%	-	-	-
R-2	7,000	2,901	977	33.68%	26	1	3.85%
R-3	7,500	1,942	928	47.79%	487	170	34.91%
R-4	-	47	-	-	-	-	-
RBH - RBH3	-	7	-	-	4	-	-
RE	-	1	-	-	-	-	-
RO	12,500	267	97	36.33%	122	48	39.34%
RZL	5,000	67	6	8.96%	-	-	-

Zoning Districts (A)	Minimum Lot Size (B)	Citywide Parcel Count (C)	Citywide Faulty Lots (D)	% of Parcels in Citywide-Faulty Lots (D/C)	East Ocala CRA Parcel Count (E)	East Ocala CRA Faulty Lots (F)	% of Parcels in CRA - Faulty Lots (F/E)
SC - SC3	-	35	-	-	2	-	-
TRO	-	3	-	-	1	-	-
No Zone Assigned	-	50	-	-	-	-	-
Total		24,478	4,455	18.20%	1,957	401	20.49%

Source: Marion County Property Appraiser Database (2012) and City of Ocala Code of Ordinance

As can be seen, 55 percent of parcels within the B-1 zone in the proposed East Ocala CRA are less than 10,000 square feet in area and therefore do not meet the minimum lot size requirement under the City's Code of Ordinances. 25 percent of the 224 proposed East Ocala CRA lots within the B-2 zone do not meet the minimum lot size requirements. Additionally, the R-3 zone has a minimum lot size of 7,500; however, 34.91 percent of parcels zoned R-3 in the proposed East Ocala CRA do not meet such minimum requirements.

A similar pattern is displayed when the parcels are grouped into commercial and residential categories. Approximately 20.04 percent of the commercially zoned properties (B-1 to B-5) in the proposed East Ocala CRA, have lot sizes below those required by the zoning code. Approximately 22.02 percent of all residentially zoned (R-1 to RO) properties in the proposed East Ocala CRA are considered faulty due to their lot size.

Therefore, a significant number of parcels within the proposed East Ocala CRA are too small for new development or redevelopment.

Further, these properties do not meet contemporary design standards in terms of size and usefulness. The development of commercial uses on substandard lots also has a negative impact on neighboring residential uses due to traffic hazards caused by business parking located in the front of the property, encroachments into residential areas, inadequate buffering, and overflow parking. These properties are further limited by their size in relation to parking, setback, and landscaping requirements.

Section 163.340 (8) (b) No Appreciable Increase in Aggregate Assessed Values Over Last Five Years

Table 9 analyzes the assessed property values of parcels within the proposed East Ocala CRA.

Table 9. Citywide vs. Proposed East Ocala CRA - Assessed Property Values

Year	Citywide Assessed Values	Citywide Yearly Change	City Limits Percent Change	East Ocala CRA Assessed Values	East Ocala Yearly Change	East Ocala CRA Percent Change
2007	\$5,191,990,931			\$378,936,705		
2008	\$5,447,981,783	\$255,990,852	4.7%	\$390,450,804	\$11,514,099	2.9%
2009	\$5,166,318,219	(\$281,663,564)	-5.5%	\$357,959,618	(\$32,491,186)	-9.1%
2010	\$4,548,671,367	(\$617,646,852)	-13.6%	\$304,511,205	(\$53,448,413)	-17.6%
2011	\$4,333,963,523	(\$214,707,844)	-5.0%	\$282,795,530	(\$21,715,675)	-7.7%
2012	\$4,146,531,969	(\$187,431,554)	-4.5%	\$269,030,450	(\$13,765,080)	-5.1%
Net			-20.14%			-29%

Source: 2007-2012 Marion County Property Appraiser

While property values increased within the proposed East Ocala CRA by 2.9 percent from 2007 to 2008, they declined in the next four years by 31.10 percent, resulting in a net decline of 29 percent. Because most properties within the City as a whole declined in value during this time period, it is appropriate to compare this decline in value with the trend in property values within the entire City during the same time period.

As noted above, the City as a whole experienced a net decrease in property values of 20.14 percent during this time period, compared to the decline within the proposed East Ocala CRA of a net 29 percent. Further, in the only year in which property values increased (2007), the increase within the proposed East Ocala CRA was substantially below the increase in the City as a whole, and in each of the subsequent years, the decrease in property values within the proposed East Ocala CRA was greater than the decrease in values in the City as a whole.

Table 10 compares the mean home value for residential improvements within the proposed East Ocala CRA to those within the City as a whole.

Table 10. Citywide vs. Proposed East Ocala CRA - Mean Home Value

Year	Citywide	East Ocala CRA	Percent of Citywide Mean Value
2012	\$75,992.38	\$53,608.64	70.5 %

Source: 2012 Marion County Property Appraiser

The declining property values depicted in Table 9 support the conclusion that the deteriorated or deteriorating structures within the proposed East Ocala CRA are resulting in economic distress, particularly when one considers the fact that the net worth of many persons is represented by the values of their properties. Further, although Table 10 is not directly relevant to the criteria under Section 163.340 (8) (b) (which focuses on lack of an increase on assessed values), it too supports a conclusion

that the deteriorated or deteriorating structures within the area are resulting in economic distress, particularly when one realizes that for many individuals, their primary net worth is represented by the equity they have in their homes.

Section 163.340 (8) (d) Unsanitary or Unsafe Conditions

The percentage of unsafe and unsanitary conditions is also an indicator of the blight in the proposed East Ocala CRA.

According to the City of Ocala Code Enforcement Manager, the following City Code violations are indications of unsafe and unsanitary conditions: Abandoned/Derelict Vehicles, Dilapidated Structures, Illicit Discharge, Job Abandonment, Junk & Debris, Litter-yard Waste, Misc. Nuisances (including animal waste), Nuisances Generally (including septic tank discharges, garbage, etc.), Pool Barriers, Vacant Building, Vacant/Unsecured Building, Water Collections, Water/Sewer Violations, and Weeds.

Map 8, depicts the areas within the proposed East Ocala CRA where such unsanitary or unsafe conditions during the time period 2007 through 2012 were found. The map indicates that such conditions were found consistently throughout the proposed East Ocala CRA.

During such time period, there were 985 code violations based upon such unsanitary or unsafe conditions.

Further, Map 9 indicates that there are 76 septic tanks in the proposed East Ocala CRA presently.

Many government studies – including the Wekiva Springs Study prepared by the Florida Department of Environmental Protection (FDEP), the Marion County Springs Protection Report, and FDEP's analysis pursuant to which it established nutrient TMDL's (Total Maximum Daily Load) for Silver Springs, established that septic tanks - particularly if they are not properly maintained to ensure that they are properly functioning (and many of the studies concluded that they are not), can contribute to unsafe and unsanitary conditions. Some such studies also indicated that, because of their contribution of excess nitrogen to the groundwater, septic tanks (again, particularly if they are not properly maintained), may be contributing to the water quality problems at Silver Springs; given the significance of the Springs to the area's economy, deteriorated septic tanks are likely contributing to economic distress.

Section 163.340 (8) (e) Deterioration of Site or Other Improvements.

The information discussed above – analyzing the data that supports the conclusion that there are a substantial number of deteriorated or deteriorating structures within the proposed East Ocala CRA - also supports the conclusion that there has been deterioration of site or other improvements.

Such deterioration is also indicated by a number of the photographs included in Appendix C depicting rusted signs, broken sidewalks, improperly maintained yards, and other examples of other deterioration.

V. Conclusion

This study has identified and documented conditions in the recommended proposed East Ocala CRA that are consistent with the definition of blight contained in Florida Statutes.

The analysis in this Report provides a basis for the City of Ocala to adopt a resolution acknowledging the existence of blight in the proposed East Ocala CRA. These findings also provide justification for using the tools provided to local governments through Chapter 163 Part III of the Florida Statutes, The Community Redevelopment Act.

Specifically:

- Approximately 68.40 percent of the structures in the area have below-average Quality of Structure, significantly higher than the 43.60 percent of such structures within the City as a whole that have such characteristics. Further, 14.75 percent of all City structures with Quality of Structure issues are located within the proposed East Ocala CRA.
- Almost 11 percent of the parcels located within the proposed East Ocala CRA are vacant/undeveloped.
- 73.66 percent of the structures in the proposed East Ocala CRA were built before 1979. There is a high correlation between the age of such structures and the Quality of Structure grade for the properties. Of the 864 structures built prior to 1959, 769 (or 89 percent) have a sub-standard Quality of Structure.
- Approximately one in five of all residential and commercial parcels in the proposed East Ocala CRA have lot sizes below those required by the City's Code of Ordinances, and do not meet contemporary design standards.
- Since 2007, the assessed property values within the proposed East Ocala CRA have declined almost 29 percent (compared to a net decline of only approximately 20 percent within the City as a whole).
- The assessed value of residences in the proposed East Ocala CRA is approximately two-thirds the values of homes within the City as a whole.
- There have been almost one thousand code violations based upon unsanitary or unsafe conditions within the proposed East Ocala CRA between 2007 and 2012.
- There are 76 septic tanks in the proposed East Ocala CRA.

- The deteriorated or deteriorating structures have resulted in economic distress, endanger life or property.

Therefore, this Report establishes that, within the proposed East Ocala CRA:

- (1) There are a substantial number of deteriorated or deteriorating structures.
- (2) Conditions within such structures, as indicated by government-maintained statistics or other studies, are leading to economic distress or endanger life or property.
- (3) The following additional factors exist:
 - a. The aggregate assessed values of real property in the proposed East Ocala CRA for ad valorem tax purposes have failed to show any appreciable increase over the previous 5 years prior to the finding of such condition;
 - b. Faulty lot layout in relation to size, adequacy, accessibility, or usefulness;
 - c. Unsanitary or unsafe conditions;
 - d. Deterioration of site or other improvements;

Further, the foregoing establishes the necessity for the rehabilitation, conservation or redevelopment, or combination thereof, of the proposed East Ocala CRA, is necessary in the interest of public health, safety, morals or welfare of the residents of the City.

The purpose of the Community Redevelopment Act is to provide local governments the ability to combat deteriorating urban conditions which retard development of other areas. The intent of the legislation is to reduce or eliminate the conditions found in the area; conditions, which hinder sound future growth and development.

Redevelopment and infill development, by nature, is generally more costly than the development of vacant land. Improved property is invariably more expensive than vacant property, as the cost of demolition and the preparation of build-out must be added. Additionally, when developing or redeveloping property, it is often necessary to assemble more than one parcel of land. Redevelopment activity also triggers mandatory compliance with more costly, modern development standards. Often environmental clean-up is required which adds expense.

The higher costs associated with property redevelopment will have significant implications for attempts to redevelop the proposed East Ocala CRA. The private sector is not likely to absorb the risks and costs of such an undertaking alone. Therefore, the creation of a Community Redevelopment Area is the most appropriate tool for the City of Ocala to use when planning, designing and participating with the private sector to revitalize East Ocala.

Appendix A - Legal Description

EAST OCALA CRA

AS SET FORTH HEREIN, THE TAX PARCEL NO.'S ARE AS SET FORTH IN THE MARION COUNTY PROPERTY APPRAISER'S RECORDS AS OF MARCH, 2013.

BEGIN AT THE INTERSECTION OF THE SOUTH RIGHT-OF-WAY LINE OF EAST FORT KING STREET WITH THE WEST RIGHT-OF-WAY LINE OF SE WATULA AVENUE; THENCE NORTH ALONG SAID WEST RIGHT-OF-WAY LINE OF SE WATULA AVENUE AND CONTINUING ALONG THE WEST RIGHT-OF-WAY LINE OF NE WATULA AVENUE TO THE INTERSECTION WITH THE NORTH RIGHT-OF-WAY LINE OF NE 3RD ST; THENCE EAST ALONG SAID NORTH RIGHT-OF-WAY LINE TO THE INTERSECTION WITH THE WEST RIGHT-OF-WAY LINE OF NE SANCHEZ AVENUE; THENCE NORTH ALONG SAID WEST RIGHT-OF-WAY LINE TO THE INTERSECTION OF THE SOUTH RIGHT-OF-WAY LINE OF NE 9TH STREET; THENCE WEST ALONG SAID SOUTH RIGHT-OF-WAY LINE TO THE INTERSECTION WITH THE EAST RIGHT-OF-WAY LINE OF THE CSX RAILROAD; THENCE NORTHEASTERLY ALONG SAID EAST RIGHT-OF-WAY LINE OF THE CSX RAILROAD TO THE INTERSECTION WITH THE WEST RIGHT-OF-WAY LINE OF NE 8TH AVENUE; THENCE NORTH ALONG SAID WEST RIGHT-OF-WAY LINE OF NE 8TH AVENUE AND CONTINUING NORTHEASTERLY ALONG THE WESTERLY RIGHT-OF-WAY LINE OF NE 8TH ROAD TO THE INTERSECTION WITH THE SOUTH RIGHT-OF-WAY LINE OF NE 20TH STREET; THENCE WEST ALONG SAID SOUTH RIGHT-OF-WAY LINE TO ITS TERMINUS POINT AT THE INTERSECTION WITH THE WEST RIGHT-OF-WAY LINE NE 6TH AVENUE, BEING ALSO THE EAST BOUNDARY LINE OF TAX PARCEL NO. 26121-000-00; THENCE NORTH ALONG THE EAST BOUNDARY LINE OF SAID PARCEL TO THE NORTHEAST CORNER THEREOF, BEING ON THE SOUTH BOUNDARY LINE OF TAX PARCEL NO. 25042-000-00; THENCE WEST ALONG THE NORTH BOUNDARY LINE OF SAID TAX PARCEL NO. 26121-000-00, BEING ALSO THE SOUTH BOUNDARY LINES OF TAX PARCEL NO.'S 25042-000-00, 25040-000-00 AND 25040-001-00, AND CONTINUING ALONG THE WESTERLY EXTENSION THEREOF TO THE WEST RIGHT-OF-WAY LINE OF NE 4TH COURT; THENCE NORTH ALONG SAID WEST RIGHT-OF-WAY LINE AND ITS NORTHERLY EXTENSION THEREOF TO THE INTERSECTION WITH THE CENTERLINE OF NE 20TH STREET; THENCE WESTERLY ALONG SAID CENTERLINE OF NE 20TH STREET AND CONTINUING ALONG THE CENTERLINE OF NW 20TH STREET TO THE INTERSECTION WITH THE EAST RIGHT-OF-WAY LINE OF NORTH PINE AVENUE; THENCE NORTHERLY ALONG SAID EAST RIGHT-OF-WAY LINE TO THE INTERSECTION WITH THE NORTH RIGHT-OF-WAY LINE OF NW 28TH STREET; THENCE EAST ALONG SAID NORTH RIGHT-OF-WAY LINE OF NW 28TH STREET TO THE INTERSECTION WITH THE NORTHWESTERLY EXTENSION OF THE NORTHEASTERLY RIGHT-OF-WAY LINE OF NW 8TH AVENUE; THENCE SOUTHEASTERLY ALONG SAID NORTHWESTERLY EXTENSION AND NORTHEASTERLY RIGHT-OF-WAY LINE TO THE INTERSECTION WITH THE NORTHEASTERLY EXTENSION OF THE NORTHWESTERLY BOUNDARY LINE OF TAX PARCEL NO. 25119-000-00; THENCE SOUTHWESTERLY ALONG SAID NORTHWESTERLY EXTENSION AND THE NORTHWESTERLY BOUNDARY LINES OF TAX PARCEL NO.'S 25119-000-00 AND

25125-001-00, BEING ALSO THE SOUTHEASTERLY BOUNDARY LINE OF TAX PARCEL NO. 25126-000-00, AND CONTINUING ALONG THE SOUTHWESTERLY EXTENSION THEREOF TO THE INTERSECTION WITH THE NORTHEASTERLY RIGHT-OF-WAY LINE OF NORTH MAGNOLIA AVENUE; THENCE SOUTHEASTERLY ALONG SAID NORTHEASTERLY RIGHT-OF-WAY LINE TO THE INTERSECTION WITH THE NORTH RIGHT-OF-WAY LINE OF NW 21ST STREET; THENCE EAST ALONG SAID NORTH RIGHT-OF-WAY LINE TO THE WEST RIGHT-OF-WAY LINE OF NW 1ST AVENUE; THENCE NORTH ALONG SAID WEST RIGHT-OF-WAY LINE TO THE INTERSECTION WITH THE WESTERLY EXTENSION OF THE CENTERLINE OF NW 21ST PLACE; THENCE EAST ALONG SAID WESTERLY EXTENSION AND THE CENTERLINE TO THE INTERSECTION WITH THE SOUTHERLY EXTENSION OF THE WEST BOUNDARY LINE OF TAX PARCEL NO. 25111-008-000, BEING THE SAME AS LOT 8, NORTH ROADS PARK, ACCORDING TO THE PLAT THEREOF AS RECORDED IN PLAT BOOK T, PAGE 70, OF THE PUBLIC RECORDS OF MARION COUNTY, FLORIDA; THENCE NORTHERLY ALONG SAID SOUTHERLY EXTENSION AND WEST BOUNDARY LINE TO THE NORTHWEST CORNER OF LOT 8; THENCE EAST ALONG THE NORTH BOUNDARY LINE OF SAID LOT 8 TO THE INTERSECTION WITH THE WEST BOUNDARY LINE OF TAX PARCEL NO. 25116-006-00, BEING ALSO THE EAST BOUNDARY LINES OF TAX PARCEL NO.'S 25116-004-00 AND 25116-001-01; THENCE NORTH ALONG SAID WEST BOUNDARY LINE TO THE NORTHERLY BOUNDARY LINE THEREOF; THENCE NORTHEASTERLY ALONG SAID NORTHERLY BOUNDARY LINE OF TAX PARCEL NO. 25116-006-00 AND ALONG THE NORTHERLY BOUNDARY LINE OF TAX PARCEL NO. 25116-003-00 TO THE NORTHEAST CORNER THEREOF; THENCE NORTHEASTERLY TO THE SOUTHWEST CORNER OF TAX PARCEL NO. 24968-000-00; THENCE NORTH ALONG THE WEST BOUNDARY LINE OF SAID PARCEL TO THE NORTHWEST CORNER THEREOF; THENCE NORTH ALONG THE WEST BOUNDARY LINE OF TAX PARCEL 24966-000-00 TO THE NORTHWEST CORNER THEREOF, BEING ALSO THE SOUTHWEST CORNER OF FOX HOLLOW, AS RECORDED IN PLAT BOOK W, PAGE 42, OF THE PUBLIC RECORDS OF MARION COUNTY, FLORIDA; THENCE ALONG THE WEST BOUNDARY LINE OF SAID FOX HOLLOW TO THE INTERSECTION WITH THE WESTERLY EXTENSION OF THE NORTH RIGHT-OF-WAY LINE OF NE 26TH STREET; THENCE EAST ALONG SAID WESTERLY EXTENSION AND ALONG SAID NORTH RIGHT-OF-WAY LINE TO THE WEST RIGHT-OF-WAY LINE OF NE 8TH AVENUE; THENCE NORTH ALONG SAID WEST RIGHT-OF-WAY LINE AND ITS NORTHERLY EXTENSION THEREOF TO THE NORTH RIGHT-OF-WAY LINE OF NE 28TH STREET; THENCE EAST ALONG SAID NORTH RIGHT-OF-WAY LINE TO THE WEST RIGHT-OF-WAY LINE OF NE 8TH TERRACE; THENCE NORTH ALONG SAID WEST RIGHT-OF-WAY LINE TO THE INTERSECTION WITH THE WESTERLY EXTENSION OF THE NORTH BOUNDARY LINE OF TAX PARCEL NO. 24850-000-00; THENCE EAST ALONG SAID WESTERLY EXTENSION AND SAID NORTH BOUNDARY LINE OF TAX PARCEL NO. 24850-000-00 TO THE WEST RIGHT-OF-WAY LINE OF NE JACKSONVILLE ROAD; THENCE NORTHEASTERLY ALONG SAID WEST RIGHT-OF-WAY LINE TO THE INTERSECTION WITH THE WESTERLY EXTENSION OF THE NORTH BOUNDARY

LINE OF TAX PARCEL NO. 24862-000-00; THENCE EAST ALONG SAID WESTERLY EXTENSION AND ALONG SAID NORTH BOUNDARY LINE OF TAX PARCEL NO. 24862-000-00 TO THE NORTHEAST CORNER OF SAID PARCEL; THENCE SOUTH ALONG THE EAST BOUNDARY LINE OF SAID TAX PARCEL NO. 24862-000-00 TO THE SOUTHEAST CORNER THEREOF; THENCE WEST ALONG THE SOUTH BOUNDARY LINE OF TAX PARCEL NO. 24862-000-00 TO THE NORTHWEST CORNER OF TAX PARCEL NO. 24861-000-00; THENCE SOUTH ALONG THE WEST BOUNDARY LINE OF SAID TAX PARCEL NO. 24861-000-00 TO THE SOUTHWEST CORNER THEREOF ON THE NORTH RIGHT-OF-WAY LINE OF NE 28TH STREET; THENCE EAST ALONG SAID NORTH RIGHT-OF-WAY LINE TO THE INTERSECTION WITH THE NORTHERLY EXTENSION OF THE EAST RIGHT-OF-WAY LINE OF NE 12TH COURT; THENCE SOUTH ALONG SAID NORTHERLY EXTENSION AND ALONG SAID EAST RIGHT-OF-WAY LINE TO THE INTERSECTION WITH THE EASTERLY EXTENSION OF THE SOUTH BOUNDARY LINE OF TAX PARCEL NO. 24651-000-00; THENCE WEST ALONG SAID EASTERLY EXTENSION AND ALONG SAID SOUTH BOUNDARY LINE OF TAX PARCEL NO. 24651-000-00 TO THE EAST RIGHT-OF-WAY LINE OF NE 11TH COURT; THENCE SOUTH ALONG SAID EAST RIGHT-OF-WAY LINE AND ALONG THE SOUTHERLY EXTENSION THEREOF TO THE SOUTH RIGHT-OF-WAY LINE OF NE 24TH STREET; THENCE WEST ALONG SAID SOUTH RIGHT-OF-WAY LINE TO THE EAST RIGHT-OF-WAY LINE OF NE 10TH COURT; THENCE SOUTH ALONG SAID EAST RIGHT-OF-WAY LINE TO THE NORTH RIGHT-OF-WAY LINE OF NE 22ND PLACE; THENCE EAST ALONG SAID NORTH RIGHT-OF-WAY LINE AND ITS EASTERLY EXTENSION THEREOF TO THE EAST RIGHT-OF-WAY LINE OF NE 11TH AVENUE; THENCE SOUTH ALONG SAID EAST RIGHT-OF-WAY LINE TO THE SOUTHWEST CORNER OF TAX PARCEL NO. 26189-000-00; THENCE EAST ALONG THE SOUTH BOUNDARY LINE OF SAID PARCEL AND ITS EASTERLY EXTENSION THEREOF TO THE EAST RIGHT-OF-WAY LINE OF NE 12TH AVENUE; THENCE SOUTH ALONG SAID EAST RIGHT-OF-WAY LINE AND ITS SOUTHERLY EXTENSION THEREOF TO THE SOUTH RIGHT-OF-WAY LINE OF NE 19TH STREET; THENCE WEST ALONG SAID SOUTH RIGHT-OF-WAY LINE TO THE EAST RIGHT-OF-WAY LINE OF NE 10TH AVENUE; THENCE SOUTH ALONG SAID EAST RIGHT-OF-WAY LINE AND ITS SOUTHERLY EXTENSION THEREOF TO THE SOUTHERLY RIGHT-OF-WAY LINE OF NE 16TH STREET; THENCE SOUTHWESTERLY AND THEN WESTERLY ALONG SAID SOUTHERLY RIGHT-OF-WAY LINE TO THE NORTHWEST CORNER OF TAX PARCEL NO. 2600-027-000, ALSO BEING THE NORTHWEST CORNER OF LOT 27 OF ANTHONY INDUSTRIAL PARK, ACCORDING TO THE PLAT THEREOF AS RECORDED IN PLAT BOOK S, PAGE 11, OF THE PUBLIC RECORDS OF MARION COUNTY, FLORIDA; THENCE SOUTH ALONG THE WEST BOUNDARY LINE OF SAID PARCEL TO THE SOUTHWEST CORNER THEREOF; THENCE EAST TO THE SOUTHEAST CORNER OF TAX PARCEL NO. 2600-026-000, ALSO BEING THE SOUTHEAST CORNER OF LOT 26 OF AFORESAID ANTHONY INDUSTRIAL PARK; THENCE SOUTH ALONG THE WEST BOUNDARY LINE OF TAX PARCEL NO. 2600-024-000, ALSO BEING THE WEST BOUNDARY LINE OF LOT 24 OF SAID ANTHONY INDUSTRIAL PARK, TO THE SOUTHWEST CORNER OF SAID PARCEL; THENCE EAST ALONG THE

SOUTH BOUNDARY LINE OF SAID PARCEL AND LOT AND ITS EASTERLY EXTENSION THEREOF TO THE CENTERLINE OF RIGHT-OF-WAY OF THE CSX RAILROAD; THENCE NORTHEASTERLY ALONG SAID CENTERLINE TO THE EAST RIGHT-OF-WAY LINE OF NE 25TH AVENUE; THENCE SOUTH ALONG SAID EAST RIGHT-OF-WAY LINE TO THE NORTH RIGHT-OF-WAY LINE OF NE 14TH STREET; THENCE EAST ALONG SAID NORTH RIGHT-OF-WAY LINE TO THE INTERSECTION WITH THE NORTHERLY EXTENSION OF THE EAST RIGHT-OF-WAY LINE OF NE 28TH AVENUE; THENCE SOUTH ALONG SAID NORTHERLY EXTENSION AND ALONG SAID EAST RIGHT-OF-WAY LINE AND ITS SOUTHERLY EXTENSION THEREOF TO THE INTERSECTION WITH THE EASTERLY EXTENSION OF THE SOUTH RIGHT-OF-WAY LINE OF NE 10TH STREET; THENCE WEST ALONG SAID EASTERLY EXTENSION AND SOUTH RIGHT-OF-WAY LINE AND ITS WESTERLY EXTENSION THEREOF TO THE INTERSECTION WITH THE SOUTHERLY EXTENSION OF THE WEST RIGHT-OF-WAY LINE OF NE 23RD AVENUE; THENCE NORTH ALONG SAID SOUTHERLY EXTENSION AND SAID WEST RIGHT-OF-WAY LINE TO THE NORTHEAST CORNER OF TAX PARCEL NO. 26634-001-00; THENCE WEST ALONG THE NORTH LINE OF SAID PARCEL TO THE NORTHWEST CORNER THEREOF ON THE WEST BOUNDARY LINE OF AUTUMN OAKS, AS RECORDED IN PLAT BOOK 4, PAGE 197, OF THE PUBLIC RECORDS OF MARION COUNTY, FLORIDA; THENCE NORTH ALONG SAID WEST BOUNDARY LINE TO THE NORTHEAST CORNER OF TAX PARCEL NO. 26692-004-11, SAID PARCEL BEING THE SAME AS LOT 11, BLOCK D, OF SAID AUTUMN OAKS; THENCE WEST ALONG THE NORTH BOUNDARY LINE OF SAID PARCEL TO THE NORTHWEST CORNER THEREOF ON THE EAST RIGHT-OF-WAY LINE OF NE 22ND AVENUE; THENCE NORTH AND THEN NORTHEAST ALONG SAID RIGHT-OF-WAY LINE TO THE NORTH RIGHT-OF-WAY LINE OF NE 13TH PLACE; THENCE WEST ALONG SAID NORTH RIGHT-OF-WAY LINE AND ITS WESTERLY EXTENSION THEREOF TO THE WEST RIGHT-OF-WAY LINE OF NE 21ST TERRACE; THENCE SOUTH ALONG SAID WEST RIGHT-OF-WAY LINE TO THE NORTHEAST CORNER OF TAX PARCEL NO. 26692-001-02, BEING THE SAME AS LOT 2, BLOCK A, OF AFORESAID AUTUMN OAKS; THENCE ALONG THE NORTH BOUNDARY LINE OF SAID PARCEL TO THE NORTHWEST CORNER THEREOF ON THE WEST BOUNDARY LINE OF SAID AUTUMN OAKS; THENCE SOUTH ALONG SAID WEST BOUNDARY LINE TO THE NORTHEAST CORNER OF TAX PARCEL NO. 2665-001-020, BEING THE SAME AS LOT 20, BLOCK 1, WEDGEWOOD ESTATES, ACCORDING TO THE PLAT THEREOF AS RECORDED IN PLAT BOOK T, PAGE 25, OF THE PUBLIC RECORDS OF MARION COUNTY, FLORIDA; THENCE WESTERLY ALONG THE NORTH BOUNDARY LINE OF SAID PARCEL AND ITS WESTERLY EXTENSION THEREOF TO THE WEST RIGHT-OF-WAY LINE OF NE 12TH PLACE; THENCE SOUTH AND THEN SOUTHWESTERLY ALONG THE WEST AND NORTH RIGHT-OF-WAY LINE OF SAID NE 12TH PLACE AND THE SOUTHWESTERLY EXTENSION THEREOF TO THE WEST RIGHT-OF-WAY LINE OF NE 20TH AVENUE; THENCE NORTH AND THEN NORTHWESTERLY ALONG SAID WEST RIGHT-OF-WAY LINE TO THE MOST NORTHERLY CORNER OF TAX PARCEL NO. 2665-002-001, BEING THE SAME AS LOT 1, BLOCK 2, OF AFORESAID WEDGEWOOD ESTATES; THENCE SOUTH ALONG THE WEST

BOUNDARY LINE OF SAID PARCEL TO THE NORTHEAST CORNER OF TAX PARCEL NO. 2667-004-008, BEING THE SAME AS LOT 8, BLOCK D, CHAZAL DALE, ACCORDING TO THE PLAT THEREOF AS RECORDED IN PLAT BOOK F, PAGE 48, OF THE PUBLIC RECORDS OF MARION COUNTY, FLORIDA; THENCE WEST ALONG THE NORTH BOUNDARY LINE OF SAID PARCEL TO THE NORTHWEST CORNER THEREOF ON THE EAST RIGHT-OF-WAY LINE OF NE 19TH AVENUE; THENCE NORTH ALONG SAID EAST RIGHT-OF-WAY LINE TO THE NORTH RIGHT-OF-WAY LINE NE 13TH STREET; THENCE WEST ALONG SAID NORTH RIGHT-OF-WAY LINE TO THE EAST RIGHT-OF-WAY LINE OF NE 17TH AVENUE; THENCE NORTH ALONG SAID EAST RIGHT-OF-WAY LINE TO THE INTERSECTION WITH THE EASTERLY EXTENSION OF THE NORTH RIGHT-OF-WAY LINE OF NE 13TH STREET; THENCE WEST ALONG SAID EASTERLY EXTENSION AND SAID NORTH RIGHT OF WAY LINE TO THE WEST RIGHT-OF-WAY LINE OF NE 16TH AVENUE; THENCE SOUTH ALONG SAID WEST RIGHT-OF-WAY LINE TO THE NORTH RIGHT-OF-WAY LINE OF NE 12TH STREET; THENCE WEST ALONG SAID NORTH RIGHT-OF-WAY LINE TO ITS POINT OF TERMINUS ON THE EAST BOUNDARY LINE OF TAX PARCEL NO. 26579-000-00; THENCE SOUTH ALONG SAID EAST BOUNDARY LINE TO THE SOUTHEAST CORNER THEREOF; THENCE WEST ALONG THE SOUTH BOUNDARY LINE OF SAID PARCEL AND ITS WESTERLY EXTENSION TO THE EAST BOUNDARY LINE OF SPRINGHILL REPLAT AS RECORDED IN PLAT BOOK R, PAGE 29, OF THE PUBLIC RECORDS OF MARION COUNTY, FLORIDA; THENCE NORTH ALONG SAID EAST BOUNDARY LINE AND ITS NORTHERLY EXTENSION THEREOF TO THE NORTH RIGHT-OF-WAY LINE OF NE 14TH STREET; THENCE WEST ALONG SAID NORTH RIGHT-OF-WAY LINE TO THE WEST RIGHT-OF-WAY LINE OF NE 12TH AVENUE; THENCE SOUTH ALONG SAID WEST RIGHT-OF-WAY LINE TO THE NORTH RIGHT-OF-WAY LINE OF NE 3RD STREET; THENCE EAST ALONG SAID NORTH RIGHT-OF-WAY LINE TO THE WEST RIGHT-OF-WAY LINE OF NE 28TH AVENUE; THENCE NORTH ALONG SAID WEST RIGHT-OF-WAY LINE TO THE NORTH RIGHT-OF-WAY LINE OF NE 7TH STREET; THENCE EAST ALONG SAID NORTH RIGHT-OF-WAY LINE TO THE WEST RIGHT-OF-WAY LINE OF NE 30TH AVENUE; THENCE NORTH ALONG SAID WEST RIGHT-OF-WAY LINE TO THE INTERSECTION WITH THE SOUTHWESTERLY EXTENSION OF THE NORTHWESTERLY RIGHT-OF-WAY LINE OF NE 7TH LANE; THENCE NORTHEASTERLY ALONG SAID SOUTHWESTERLY EXTENSION AND SAID NORTHWESTERLY RIGHT-OF-WAY LINE AND ITS NORTHEASTERLY EXTENSION TO THE NORTH RIGHT-OF-WAY LINE OF NE 10TH STREET; THENCE EAST ALONG SAID NORTH RIGHT-OF-WAY LINE TO THE SOUTHEAST CORNER OF TAX PARCEL NO. 2688-004-000, ALSO BEING THE SAME AS THE SOUTHEAST CORNER OF LOT 9, BLOCK D, OCALA GARDENS, ACCORDING TO THE PLAT THEREOF AS RECORDED IN PLAT BOOK F, PAGE 39, OF THE PUBLIC RECORDS OF MARION COUNTY, FLORIDA; THENCE NORTH ALONG THE EAST BOUNDARY LINE OF SAID PARCEL, ALSO BEING THE EAST BOUNDARY LINE OF SAID LOT 9 AND THE EAST BOUNDARY LINE OF LOT 2, BLOCK D, OF SAID OCALA GARDENS AND CONTINUING ALONG THE NORTHERLY EXTENSION THEREOF TO THE NORTH RIGHT-OF-WAY LINE OF NE 11TH STREET; THENCE EAST ALONG SAID NORTH RIGHT-OF-WAY LINE TO THE

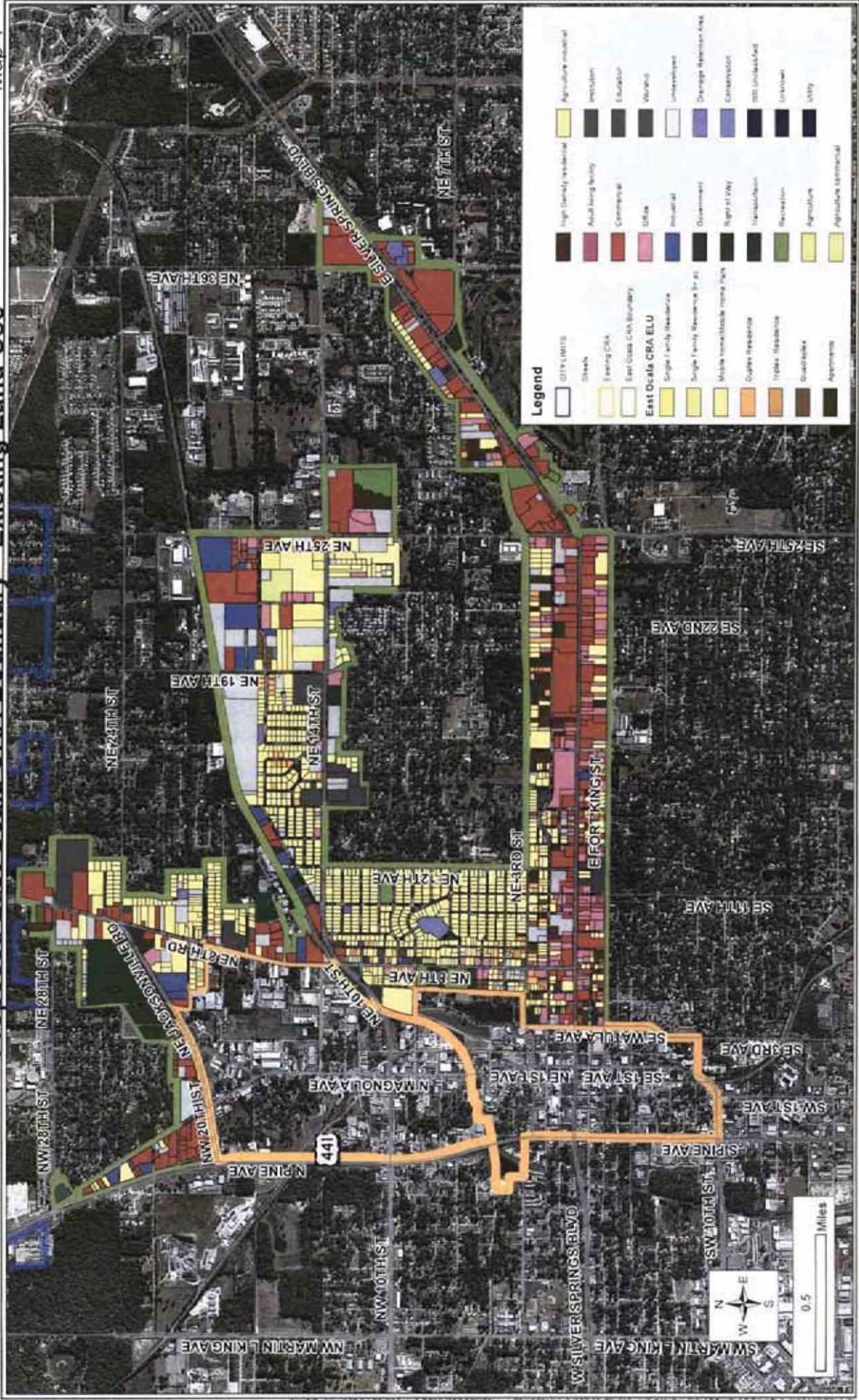
WEST RIGHT-OF-WAY LINE OF NE 36TH AVENUE; THENCE NORTH ALONG SAID WEST RIGHT-OF-WAY LINE TO THE NORTH RIGHT-OF-WAY LINE OF NE 14TH STREET; THENCE EAST ALONG SAID NORTH RIGHT-OF-WAY LINE TO THE NORTHWESTERLY RIGHT-OF-WAY LINE OF EAST SILVER SPRINGS BOULEVARD; THENCE SOUTHWESTERLY ALONG SAID NORTHWESTERLY RIGHT-OF-WAY LINE TO THE INTERSECTION OF THE NORTHERLY PROJECTION OF THE WEST LINE OF TAX PARCEL NO. 2731-002-000, SAID PARCEL ALSO BEING THE SAME AS LOT 2, OCALA SQUARE, ACCORDING TO THE PLAT THEREOF AS RECORDED IN PLAT BOOK S, PAGE 34, OF THE PUBLIC RECORDS OF MARION COUNTY, FLORIDA; THENCE SOUTH ALONG SAID NORTHERLY PROJECTION AND THE WEST BOUNDARY LINE OF SAID PARCEL AND LOT 2 TO THE SOUTHWEST CORNER THEREOF; THENCE CONTINUE SOUTH ALONG THE WEST RIGHT-OF-WAY LINE OF NE 36TH TERRACE AND ITS SOUTHERLY EXTENSION TO THE SOUTH RIGHT-OF-WAY LINE OF NE 8TH PLACE; THENCE WEST ALONG SAID SOUTH RIGHT-OF-WAY LINE TO THE EAST RIGHT-OF-WAY LINE OF NE 36TH AVENUE; THENCE SOUTH ALONG SAID EAST RIGHT-OF-WAY LINE TO THE NORTH RIGHT-OF-WAY LINE OF NE 7TH STREET; THENCE WEST ALONG SAID NORTH RIGHT-OF-WAY LINE TO THE INTERSECTION OF THE NORTHEASTERLY EXTENSION OF THE SOUTHERLY BOUNDARY LINE OF TAX PARCEL NO. 26879-000-19; THENCE SOUTHWESTERLY ALONG SAID NORTHEASTERLY EXTENSION AND SOUTHERLY BOUNDARY LINE TO THE SOUTHWEST CORNER (MOST SOUTHERLY CORNER) OF SAID PARCEL; THENCE NORTHWESTERLY ALONG THE WESTERLY BOUNDARY LINE OF SAID PARCEL TO THE SOUTHEASTERLY RIGHT-OF-WAY LINE OF EAST SILVER SPRINGS BOULEVARD; THENCE SOUTHWESTERLY ALONG SAID SOUTHEASTERLY RIGHT-OF-WAY LINE TO THE NORTHEAST CORNER (MOST NORTHERLY CORNER) OF TAX PARCEL NO. 2782-005-004; THENCE SOUTHERLY AND WESTERLY ALONG THE EASTERLY AND SOUTHERLY BOUNDARY LINES OF SAID PARCEL AND CONTINUING ALONG THE SOUTHERLY BOUNDARY LINE OF TAX PARCEL NO. 2782-006-003 TO THE EAST RIGHT-OF-WAY LINE OF NE 28TH AVENUE; THENCE SOUTH ALONG SAID EAST RIGHT-OF-WAY LINE TO THE NORTHWEST CORNER OF TAX PARCEL NO. 2782-008-003; THENCE WEST TO THE NORTHEAST CORNER OF TAX PARCEL NO. 2782-007-007; THENCE WEST ALONG THE NORTH BOUNDARY LINE OF SAID PARCEL TO THE NORTHWEST CORNER THEREOF; THENCE SOUTH ALONG THE WEST BOUNDARY LINE OF SAID PARCEL TO THE MOST SOUTHERLY CORNER OF TAX PARCEL NO. 2782-007-001; THENCE NORTHWESTERLY ALONG THE SOUTHWESTERLY BOUNDARY LINE OF SAID PARCEL TO THE MOST EASTERLY CORNER OF TAX PARCEL NO. 28164-002-01; THENCE SOUTHWESTERLY, NORTHWESTERLY AND NORTHEASTERLY ALONG THE SOUTHEASTERLY, SOUTHWESTERLY AND NORTHWESTERLY BOUNDARY LINES OF SAID PARCEL TO THE AFORESAID SOUTHWESTERLY BOUNDARY LINE OF PARCEL NO. 2782-007-001; THENCE NORTHWESTERLY ALONG SAID SOUTHWESTERLY BOUNDARY LINE TO THE AFORESAID SOUTHEASTERLY RIGHT-OF-WAY LINE OF EAST SILVER SPRINGS BOULEVARD; THENCE SOUTHWESTERLY ALONG SAID RIGHT-OF-WAY LINE TO THE

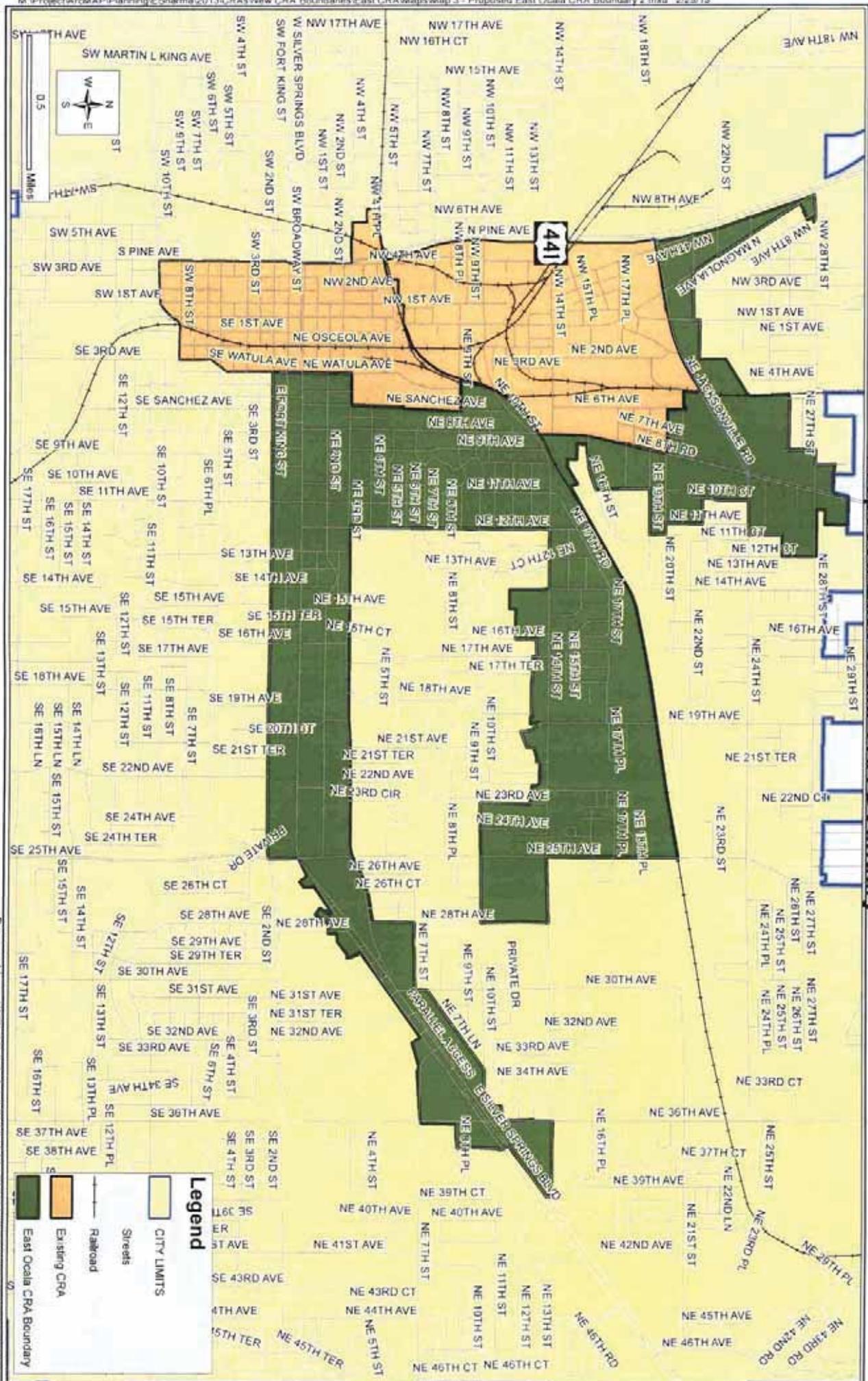
NORTHEAST CORNER (MOST NORTHERLY CORNER) OF TAX PARCEL NO. 28164-002-02; THENCE DEPARTING SAID RIGHT-OF-WAY LINE, RUN SOUTHERLY, SOUTHWESTERLY AND NORTHWESTERLY ALONG THE EASTERLY, SOUTHEASTERLY AND SOUTHWESTERLY BOUNDARY LINES OF SAID PARCEL TO RETURN TO THE SAID SOUTHEASTERLY RIGHT-OF-WAY LINE OF EAST SILVER SPRINGS BOULEVARD; THENCE SOUTHWESTERLY ALONG SAID RIGHT-OF-WAY LINE TO THE EAST RIGHT-OF-WAY LINE OF NE 25TH AVENUE; THENCE SOUTH ALONG SAID EAST RIGHT-OF-WAY LINE TO THE SOUTH RIGHT-OF-WAY LINE OF EAST FORT KING STREET; THENCE WEST ALONG SAID SOUTH RIGHT-OF-WAY LINE TO THE POINT OF BEGINNING.

Appendix B - Maps

Proposed East Ocala CRA Boundary - Existing Land Use

Map 1



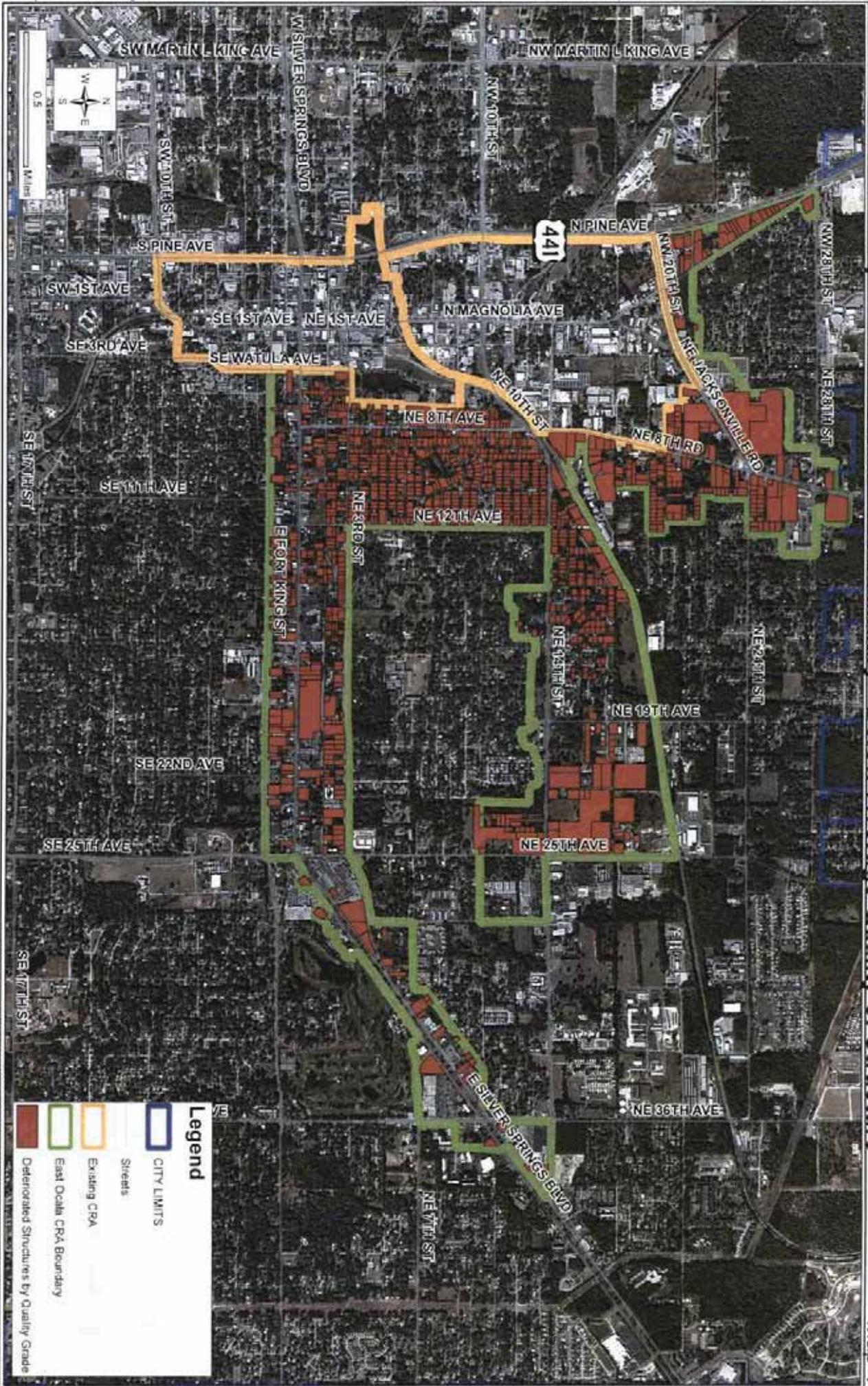


Proposed East Ocala CRA Boundary

Prepared by CITY OF OCALA RETAILIZATION STRATEGIES DEPARTMENT

Legend

- CITY LIMITS
- Streets
- Railroad
- Existing CRA
- East Ocala CRA Boundary

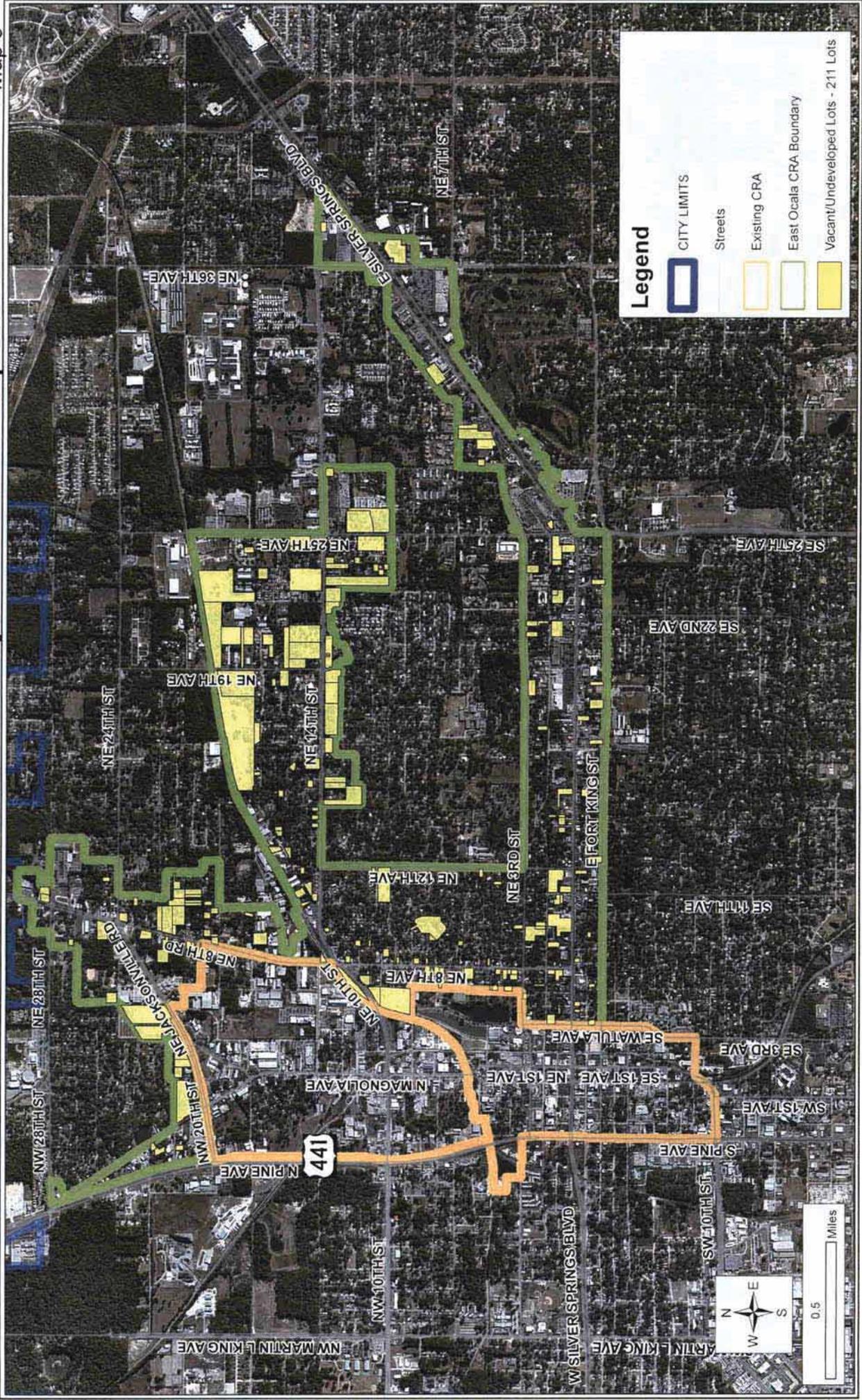


Proposed East Ocala CRA Boundary - Below-Average Quality of Structure

Map 4

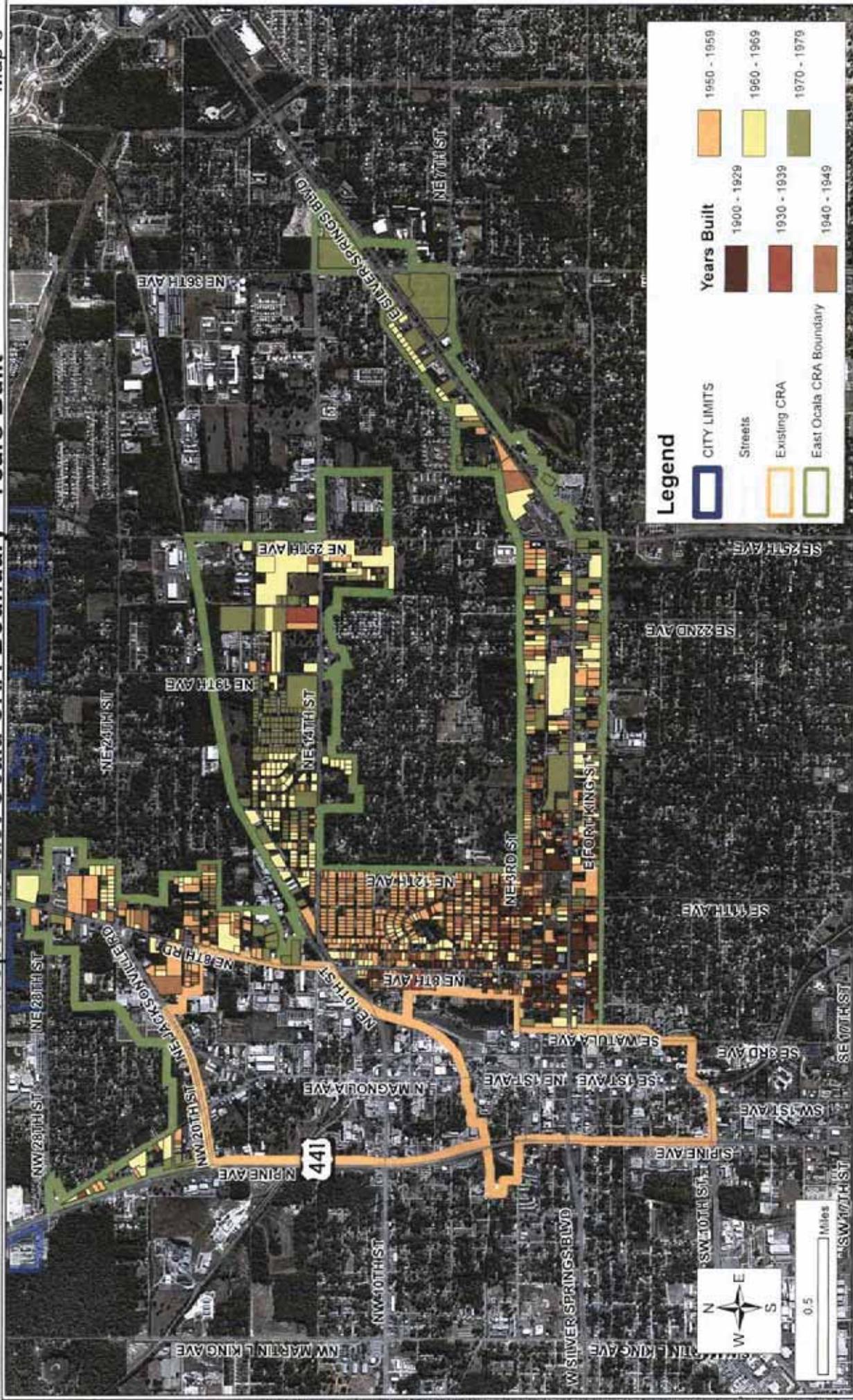
Proposed East Ocala CRA Boundary - Vacant/Undeveloped Lots

Map 5



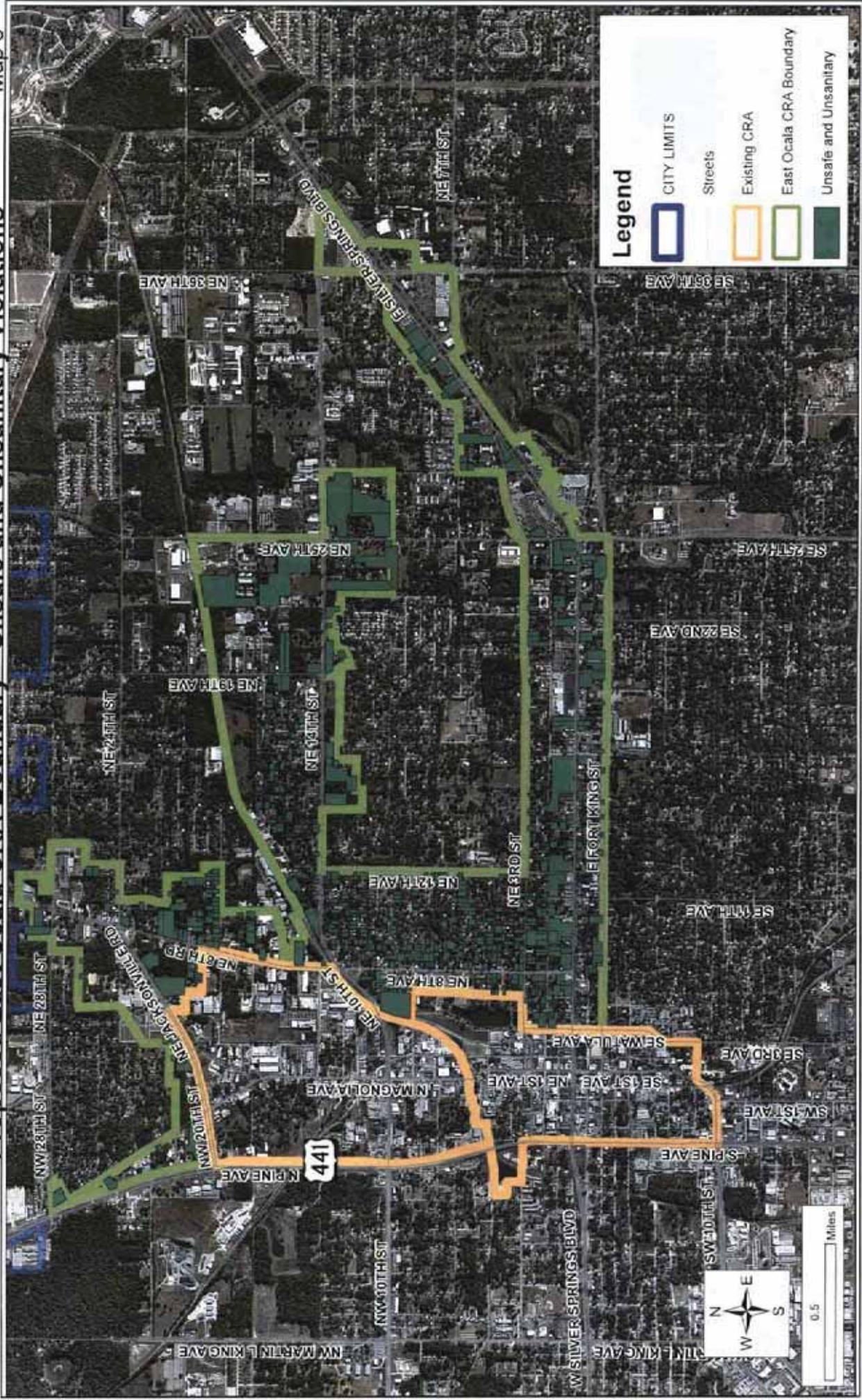
Proposed East Ocala CRA Boundary - Years Built

Map 6



Proposed East Ocala CRA Boundary - Unsafe and Unsanitary Violations

Map 8



Appendix C - Field Survey Results

Appendix C, Field Survey and Photographic Evidence of Blighting Factors

Indicator F.S 163.340 (8)

Deterioration of Site and Other Improvements

The presence of a significant number of deteriorated structures, sites and other improvements is readily apparent to business interests, including developers, lenders, potential new residents and people traveling through the proposed CRA. These represent a lack of private investment in maintenance and upkeep, a serious problem in maintaining property values and a major impediment to private redevelopment and new development.

Under this indicator, Florida case law defines the term "structures," as used in the Community Redevelopment Act, is not limited to buildings. It includes transportation infrastructure, parking lots, power (utility lines and boxes, etc), water and wastewater systems, fences, poles and signs necessary to economic activity. Deterioration of site and other improvements is evidenced by an accumulation of dumped household appliances and furniture, tires, construction materials, deteriorating pavement and horticultural overgrowth. Standing water in the streets, as well as soil, on the depressed portions of lots reflects site deterioration.

Major corridors within the proposed CRA have been improved and are adequate for vehicular traffic although during heavy rain incidents, portions of east SR 40 and NE 14th Street incur street flooding as serious as to necessitate street closures and detours for extended periods of time. Many of the collector streets and neighborhood roadways near where flooding occurs lack continuous sidewalks, paved shoulders, curbs, gutters and catch basins. A lack of sidewalk connectivity, intermittent gaps in pavement, or absence of sidewalk result in an inconsistent network of facilities rendering surfaces that are not usable by pedestrians, especially the disabled.

Marion County Property Appraiser data does not directly identify or rate the site characteristics highlighted above. Deteriorating and deteriorated commercial and residential structures were identified through a windshield and pedestrian survey from the right-of-way. For the purpose of establishing an objective determination of the condition of sites and structures, each parcel photographed was externally inspected. The deteriorating structures were evaluated according to two criteria: deteriorating and deteriorated. The primary characteristics observed to identify and note deteriorating and deteriorated conditions were: exterior roofs, door/windows, foundation, pavement, sign, fence, and overgrowth.

Deteriorating structures show multiple signs of deterioration. These properties exhibit worn roofs; missing tiles or shingles; several roof patches, at least one boarded up or

broken window or door; littered properties; overgrown grass; faded paint; rust; ponding of water; broken and falling fences, cracked sidewalks and walkways.

Deteriorated structures are in severe decline such that rehabilitation may be impracticable or not economically feasible. Observed from the right-of-way, a deteriorated structure is one that is not safe for occupation; exhibits structural damage; more than one window or door is boarded up; exterior paint has eroded; exposing stucco and cracks; rotted wood and/or property abandonment.

Photographic evidence obtained during fieldwork of this indicator, and other criteria are given below:



Deteriorating Structure - Rusted Sign & Base



Deteriorating Structure - Abandoned Pool, Rusted Fence, Deteriorating Paving



Deteriorating Fence, Rusted Sign



Deteriorated Structure, Deteriorated Parking Lot



Deteriorating Structure, Rusted Exterior, Deteriorating Paving



Deteriorating Structure, Deteriorating Sign, Deteriorating Paving



Deteriorating Structure, Inadequate Drainage from Roof, Overgrowth



Deteriorated Sign



Deteriorated Structure, Boarded Windows, Littered Lot



Deteriorating Structure, Long-Term Vacant, Boarded Door, Faded and Peeling Facade



Broken Curb, Intermittent Gaps



Deteriorated Structure, Overgrowth,
Boarded Windows and Doors



Absence of Sidewalk, Deteriorating
Pavement, Lack of Curb or Gutter



Deteriorating Structure, Rusty Sign and
Base



Vacant Lot, Parking Overflow



Faulty Lot Size, Parking Overflow, Lack
of Curb or Gutter



Poor Drainage, Absence of Sidewalks, Lack of Curb or Gutter



Faulty Lot Size, Parking Overflow



Faulty Lot Size, Parking Overflow



Narrow Right-of-Way, Lack of Curb or Gutter. Absence of Sidewalks



Narrow Right-of-Way, Traffic Direction Deficiency



Deteriorating Site, Faulty Lot Size, Deteriorating Paving,



Faulty Lot Size, Parking Overflow, Lack of Curb or Gutter, Absence of Sidewalks



Narrow Right-of-Way, Faulty Lot Size



Deteriorating Pavement, Absence of Sidewalks, Lack of Curb or Gutter



Absence of Sidewalks, Lack of Curb or Gutter



Street and Site Flooding



Overgrown Lot



Example of Water Damage behind Shopping Center after Flooding



Site Flooding



MARION COUNTY PROPERTY APPRAISER

FIELD OPERATIONS REAL PROPERTY
RESIDENTIAL QUALITY GRADE MANUAL

Introduction

The compilation of this manual describes the concept of construction quality grade as it pertains to assessing residential dwellings located within Marion County.

Furthermore, it discusses how construction quality is a necessary determinant of cost new and how it is used in the valuation process through the assignment of grade factors. Guidelines are included for determining the quality grade of improvements. This manual also describes the types of materials, design features, and workmanship characteristic of each quality grade. Pictures of graded improvements are provided to help the deputy appraiser determine the grade of actual improvements.

Upon review of this manual, the deputy appraiser will have an understanding as to the importance of accurately reflecting quality grade.

Table of Contents

Understanding the Concept of Construction Quality	4
Understanding Quality Grade Factors	6
Components of Frame Construction	8
Components of Masonry Construction	8
Components of Masonry Veneer Construction	9
Exterior Walls.....	9
Exterior Wall Types.....	10
Grade 001 (Unusable)	12
Grade 025 (Very Poor Quality)	13
Examples 025 (Very Poor Quality).....	14
Grade 050 – 100 (Poor Quality)	15
Examples 050 (Poor Quality)	16
Examples 100 (Poor Quality)	17
Grade 200 – 300 (Low Quality)	18
Examples 200 (Low Quality)	19
Examples 300 (Low Quality)	20
Examples 300 (Low Quality)	21
Grade 400 – 500 (Fair Quality)	22
Examples 400 (Fair Quality).....	23
Examples 500 (Fair Quality).....	25
Grade 600 (Average Quality)	27
Examples 600 (Average Quality)	28
Grade 700 (Good Quality)	29
Examples 700 (Good Quality).....	30
Grade 800 – 850 (Very Good Quality)	31
Examples 800 (Very Good Quality).....	33
Examples 850 (Very Good Quality).....	34
Grade 900 - 999 (Excellent/Custom/Superior)	35
Examples 900 (Excellent).....	36
Examples 950 (Excellent/Custom).....	39
Examples 975 (Excellent/Custom).....	43
Examples 990 (Superior)	46
Examples 995 (Superior)	49
Examples 997 (Superior).....	51
Examples 999 (Superior)	54

Understanding the Concept of Construction Quality

The quality represents a composite judgment of overall quality and design for each individual property. Generally, the quality of materials and workmanship is fairly consistent throughout the construction of a dwelling. It is important to judge the quality of each property on its own merits and not to the overall quality of properties in the neighborhood itself. It is, however, common for neighborhoods and subdivisions to be characterized by similar construction.

Do not confuse “quality” with “condition”. Quality drives the adjusted base rate whereas condition drives the EFF Age (effective age).

Grading is of upmost importance and properties in any given neighborhood will have approximately the same grade and effective age group. There can and probably will be varying grades within any neighborhood, but the variance should be small.

Large grade variances within a neighborhood indicate the need for additional neighborhood definition and reassignment of properties to other neighborhoods.

Quality levels against which buildings and their component parts are rated range from very poor to superior.

The basic descriptions are not designed to serve as detailed specifications; they emphasize the important characteristics of all types of structures in each quality group without encouraging detailed consideration of all minor characteristics.

When considering classification for quality, look at the entire building. If the materials and other features generally fit the description at a specific quality level, it usually follows the quality of workmanship will be equivalent.

One or two components of a different quality are normal and should be largely disregarded as influencing the classification for general quality.

Quality of workmanship should be viewed in the overall perspective. As the building is inspected, the appraiser should mentally note such things as: are the walls plum; is the floor level; are concrete and plastered surfaces smooth and true; how well do mitered joints in exterior and interior woodwork fit; do the doors and windows fit well and operate properly.

Most flaws in workmanship are superficial and apparent. An appraiser should be able to make a reasonably good estimate of the overall quality of workmanship by visual inspection.

The number of plumbing fixtures, amount of built-in appliances and size are not always reliable indicators of quality. Newer structures tend to contain more plumbing fixtures and built-

in appliance than their other counterparts. An appraiser giving these items a heavy weighting in his quality consideration might inadvertently classify newer properties too high or older properties too low.

First, to judge quality, it is suggested cheapness or expensiveness of materials to be observed first.

Second, see if workmanship is at a level normal to the type and grade of material used.

Third, resist the tendency to over or under classify for quality on the basis of size, number of plumbing fixtures or amount of built-in appliances.

The appraiser should reserve the final classification for quality until he has completed his examination of both the ¹interior and exterior of the structure.

Fenestration, roof pitch, design (*shape of outside perimeter significant influence on cost*), **material, and workmanship** are the major indicators of quality from an exterior view.

In most cases, the interior improvements will be commensurate with the exterior. When they are not the exterior design and finish have a great effect on the quality.

The components of a structure's overall quality include, but are not limited to:

- Foundation
- Floor Construction
- Roof Cover
- Exterior Doors and Windows
- Interior Partitions
- Interior Finishes
- Specialties
- Design
- Plumbing

¹ If Requested

Understanding Quality Grade Factors

Each year residential building rates are determined by utilizing various construction elements, along with other national and local market data. The most important element that is utilized in the determination of building rates are the quality grade factors. All other building sections carry its own Base/SQFT rate, which the quality grade Base/SQFT adjustments will be applied to those section rates.

For Marion County, quality grade 600 (Average), is used to calculate the Base/SQFT rate, all other grades will carry an upward or downward adjustment to that base rate. For example, a residential living area Base/SQFT rate will be at 100% if the quality grade assigned to the residential dwelling is a 600 (Average). Currently the quality grade adjustments are as follows²:

Table 1-Quality Grade Factors

Quality Grade	Grade Description	Adjustment
001	Unusable	.01
025	Very Poor	.25
050	Poor	.35
100	Poor	.50
200	Low	.60
300	Low	.75
400	Fair	.80
500	Fair	.90
600	Average	1.00
700	Good	1.10
800	Very Good	1.25
850	Very Good	1.35
900	Excellent	1.60
950	Excellent / Custom	1.80
975	Excellent / Custom	2.00
990	Superior	2.40
995	Superior	3.00
997	Superior	3.50
999	Superior	4.00

² Quality Grade Adjustments may be adjusted on an annual basis.

Let us assume that the Base/SQFT rate is \$45.00, *Quality Grade 600 (Average)* and the quality grade assigned to the residential dwelling is 400 (Fair). Looking at **Table 1** (located on page 6), the assigned adjustment factor is .80. The calculation will be the following:

Formula: Base/SQFT multiplied by adjustment factor = Adjusted Base/SQFT rate

$$(\$45.00 * .80 = \$36.00)$$

Quality Grade 400 (Fair) indicates that the quality grade assigned is lower than Average. Therefore, the base/SQFT rate is adjusted downward.

Keeping the same Base/SQFT rate of \$45.00, *Quality Grade 600 (Average)*, a residential dwelling has a quality grade of 975 (Excellent/Custom), which has an adjustment factor of 2.00. The calculation will be the following:

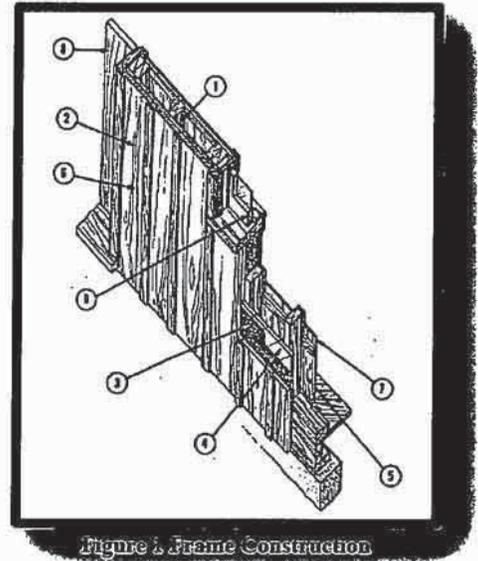
Formula: Base/SQFT multiplied by adjustment factor = Adjusted Base/SQFT rate

$$(\$45.00 * 2.00 = \$90.00)$$

Quality Grade 975 (Excellent/Custom) indicates that the quality grade assigned is a higher quality grade than the Average. Therefore, the base/SQFT rate is adjusted upward.

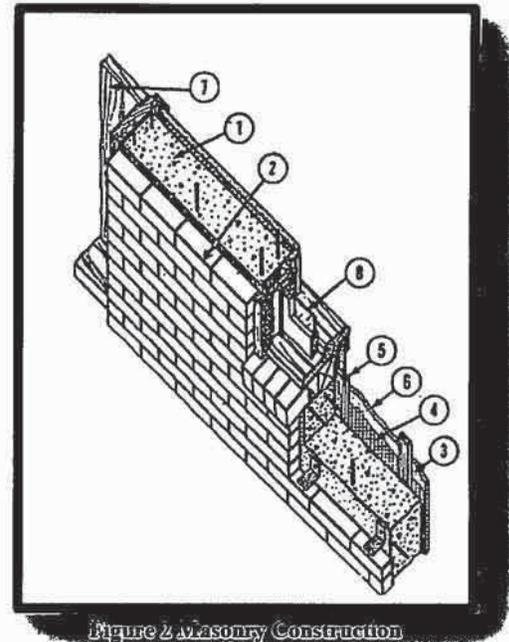
Components of Frame Construction

1. Stud framing (wood or metal)
2. Wood or composition facing or siding
3. Felt or building paper
4. Sheathing
5. Interior facing, wallboard, wood panel or lath and plaster
6. Exterior paint or stain
7. Interior paint, stain, or wallpaper
8. Exterior door
9. Window



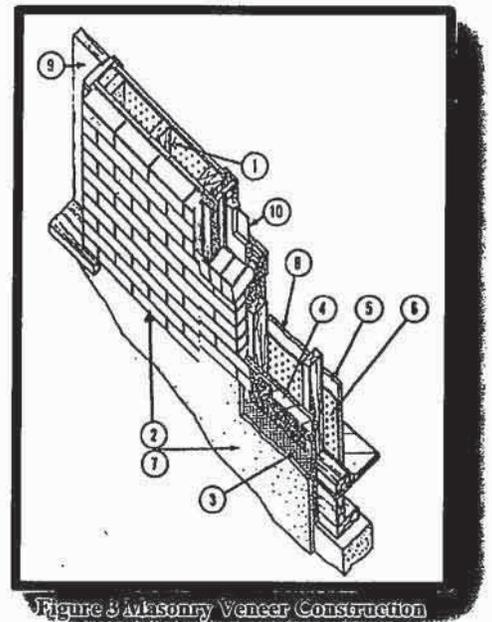
Components of Masonry Construction

1. Concrete block, reinforced concrete, brick or tile back-up
2. Exterior surface, stucco, brick, tile, stone or other
3. Interior facing, wallboard, wood panel or plaster
4. Expanded metal lath or gypsum lath
5. Furring
6. Interior wall paint
7. Exterior door
8. Window



Components of Masonry Veneer Construction

1. Stud framing (wood or metal)
2. Tile, stucco, brick or stone facing
3. Wire lath for stucco surface, felt or building paper for tile, brick or stone
4. Sheathing, wood or composition
5. Interior facing, wallboard, wood panel or plaster
6. Gypsum lath
7. Exterior paint or stucco
8. Interior wall paint
9. Exterior door
10. Window



Exterior Walls

Exterior walls are parts of the principal structure, which support the roof and are exposed to the elements. There are many types of exterior construction present in the market place.

Exterior walls represent the greatest portion of a structure visible from the exterior. The exterior wall type reflects much of the quality and construction technique. *See Table 2 on the next page, for the list and definition of exterior wall types.*

Exterior Wall Types

Table 2 Exterior Wall Types

Code	Wall Type	Definition
01	No Exterior	The building section being described is not enclosed and the area being measured is exposed to the weather.
02	Corrugated Metal	Exterior wall finish is of low cost corrugated metal placed over a stud frame, with or without sheathing. Other than paint, the metal has no rust preservative.
03	Galvanized Metal	Usually manufactured in sheets, which have been coated in zinc--can be fastened to wood or metal framing, with or without sheathing.
04	Pre-Fab Panel	This type generally is used in the construction of modular wooden structures where the exterior and interior walls are assembled as a unit and the installed on the foundation.
06	Composition	Refers to composition siding which comes in varied thickness's and rolls. It can also be any of the various man-made materials on wood or metal framing such as "HOMOSOTE" or "CELOTEX". These must be treated or painted to withstand weather.
08	Minimum Type	Used to describe infrequent and unusual combinations not otherwise described AND REFLECTS VERY LOW QUALITY.
10	Asbestos Shingles	Refers to asbestos shingles laid over wood frame with sheathing. The principal composition of these shingles is asbestos--a mineral occurring in long and delicate fibers, or fibrous masses. It is non-combustible, non-conducting and is chemically resistant. Typically, these shingles are hard and brittle with a noticeable grain or texture.
12	Corrugated Asbestos	Sometimes called by trade- names such as "Transite". This is asbestos manufactured in corrugated sheets, which can be fastened to wood or metal framing.
14	Wall Board	Any of the artificially prepared sheet materials or panels, which are used as a covering for walls.
16	Board & Batten	Sheathing placed on walls in a vertical position and the joints covered by battens. Can also be reverse board and batten and plywood siding.
18	Prefinished Metal	This refers to the type or skin generally found on metal/steel warehouses, includes- in higher quality grades--prefabricated metal panels where the exterior and interior wall skin are separated with a layer of insulation bonded together. The structure is generally supported by members separate from the exterior wall.
20	MH Aluminum Siding	Flat or corrugated aluminum sheets installed vertically in 18" wide by 8' long sections.
22	Below Average Type	Used to describe infrequent and unusual combinations not otherwise described and reflects slightly less than average quality.
23	Porcelain Metal	A porcelain coating is generally bonded to a metal panel, which is then fastened to a steel or wood frame.
24	Concrete Block Paint	Standard 8" x 8" x 16" concrete block sealed or painted.
26	Siding No Sheathing	Denotes wood framing and siding without sheathing.
27	Masonite	Trade-name of an artificially prepared exterior wall covering generally applied in horizontal strips over stud frame or concrete block. Is of a dense material, with molded, slick, or scored surface.
28	SF Aluminum Siding	Flat or corrugated aluminum sheets fastened horizontally to a wood or metal frame as a direct replacement or cover for wood siding.
29	Vinyl Siding	Very similar to wood or aluminum siding applied horizontally over stud frame or concrete block, except is coated with a bonded-on vinyl or is solid vinyl.
30	Wood Shingles	Usually cedar or redwood shingles installed over sheathing and left unfinished or stained.
32	Concrete Block Stucco	A wall of concrete block with cement stucco applied to the exterior, creating a textured surface.

*Code 24, 29, and 32 are the most common.

Residential Quality Grade Manual

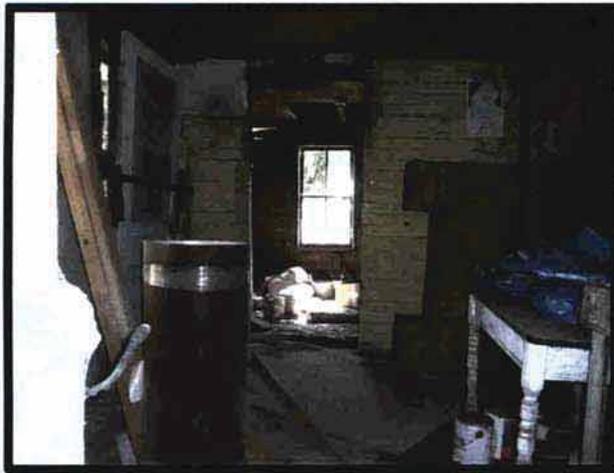
Code	Wall Type	Definition
34	Wood Frame Stucco	Wood frame stucco is a type of wall, which is formed by applying cement stucco to a framework of wood sheathing with wire or wood lath.
36	Average Type	Used to describe infrequent and unusual combinations not otherwise described and reflects average quality material and workmanship.
38	Wood Siding Sheathing	A type of wood frame using horizontal wood siding, which is normally lapped over the sheathing and painted. The siding is usually pine or other soft woods.
39	Hardie Board	Fiber cement siding can mimic other types, i.e., wood lap board, cedar siding and wood shake.
40	Precast Panel	A modular concrete type construction material usually with a washed pebble finish. Such panels are precast on--or brought to--the site to be erected. Normally used as the major exterior wall finish. It is most often found as the exterior wall of commercial/industrial buildings.
42	Common Brick Veneer Block	Common brick covering installed with concrete block backup.
44	Face Brick Block	The better quality brick such as is used on exposed parts of a building and is usually color treated, finished, and has a rough texture. Installed with concrete block backup.
46	Reinforced Concrete	Structural frame of concrete which has been reinforced with steel bars.
48	Cedar Siding	Cedar siding normally unfinished or stained which is desirable because of color and maintenance-free characteristics. Usually this type of siding is found in structures of above average quality, and is installed over sheathing.
50	Above Average Type	An above average exterior wall is used to describe infrequent and unusual combinations of types not otherwise described. It reflects better than average quality.
52	Cement Brick	Brick commonly used for construction purposes primarily made for building and not specially treated for color. They are made from concrete and molded into blocks which are then hardened in the sun or bakes in a kiln.
54	Ocala Block	A molded limestone-cement base, generally with a light tan cast. Generally sized 6" x 8" x 16". The exterior is very rough and many times the block itself is the finished interior wall.
56	Common Brick Veneer Wood	Common brick covering installed on wood frame.
58	Redwood Siding	Redwood siding normally unfinished or stained which is desirable because of color and maintenance-free characteristics. Usually this type of siding is found in structures of above average quality and is installed over sheathing.
59	Solid Log	Trees are debarked and the resulting logs are generally sized, dried and prepared for fitting into a solid structure with or without caulking material between individual logs.
60	Common Brick	Brick commonly used for construction purposes primarily made for building and not specially treated for color. They are made from clay and molded into blocks, which are bakes in a kiln.
62	Face Brick Wood	The better quality brick such as is used on exposed parts of a building and is usually color treated, finished, and has a rough texture. Is installed over wood sheathing.
64	Excellent Type	Used to describe infrequent and unusual combinations not otherwise described and reflects excellent quality material and workmanship.
66	Stone Veneer Block	Refers to various stone veneer usually installed with concrete block backup.
68	Stone Veneer Wood	Refers to various stone veneer usually installed on wood sheathing.
70	Stone	A hard, solid, non-metallic natural mineral usually installed with masonry cement joints.
72	Exterior Insulation Finish System Block	Is a synthetic plaster on rigid insulation installed on concrete blocks for masonry exterior wall construction. Trade name DRYVIT.
74	Exterior Insulation Finish System Wood	Is a synthetic plaster on rigid insulation installed on studs for frame exterior wall construction. Trade name DRYVIT.
99	Unknown Type	Type of exterior wall is not known.

Grade 001 (Unusable)

Basic Description

Structures of this quality are considered to be unusable and not suited for human habitation. Typically, they will have **no or very damaged** following features:

- Wall Coverings
- Floor Coverings
- Fixtures
- Windows
- Electrical
- Roof



The use of this code should be approved by the Director of Operations of Real Property or by the Review Appraiser.

Grade 025 (Very Poor Quality)

Basic Description

Structures of this quality are competitive, low cost buildings. They are specifically designed to minimum building requirements. Interior and exterior finishes are plain and inexpensive with little attention given to detail. Architectural design is primarily concerned with function, not appearance. **One or more of the poor quality descriptions are below the minimum requirements.**

Basic Structure Description

Foundation - Minimum concrete perimeter foundation and piers.

Floor Structure- Concrete slab or wood structure and subfloor on first and upper story floors.

Floor Cover - Inexpensive carpeting, asphalt, vinyl asbestos tile or exposed concrete slab (no covering).

Exterior Wall - Some or no trim present.

Roof - Rafters or pre-fab trusses with plywood or inexpensive wood sheathing. Lightweight asphalt shingles or built-up roofing with gravel. Roof slope averages less than 4 in 12. Little or no eave. Includes tin or metal coverings.

Interior Finish - Walls are inexpensive drywall with paint or textured finish. Some enamel painted walls and ceilings in kitchens and baths. Low grade stock hollow core doors. Inexpensive moldings and casings. Low quality hardware. Inexpensive paint grade cabinets, linoleum or plastic countertops.

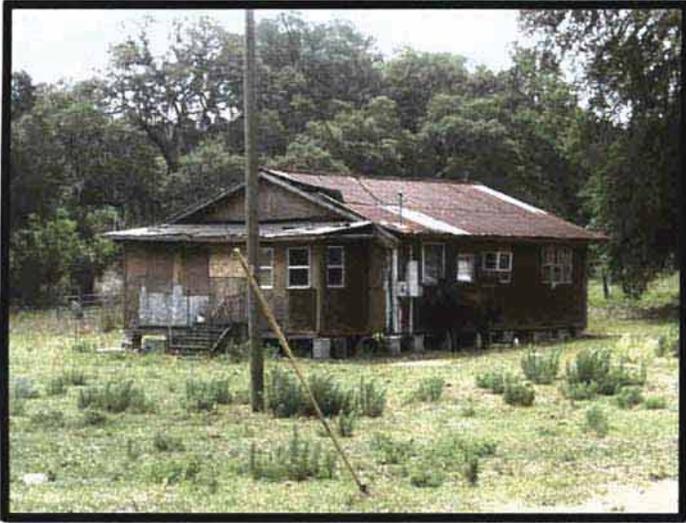
Heating – Typical heating source is gas or oil and typical heating method is convection, space heaters, or fireplace/woodstove.

Electrical - Minimum number of outlets. Minimum amount of low cost fixtures.

Plumbing - Competitively priced plain white fixtures and a plumbing rough-in are included. The fixtures can include any of the following: water heater, laundry tray, stall shower, toilet, lavatory, tub with shower over, kitchen sink.

Insulation - Wall and ceiling insulation are included.

Examples 025 (Very Poor Quality)



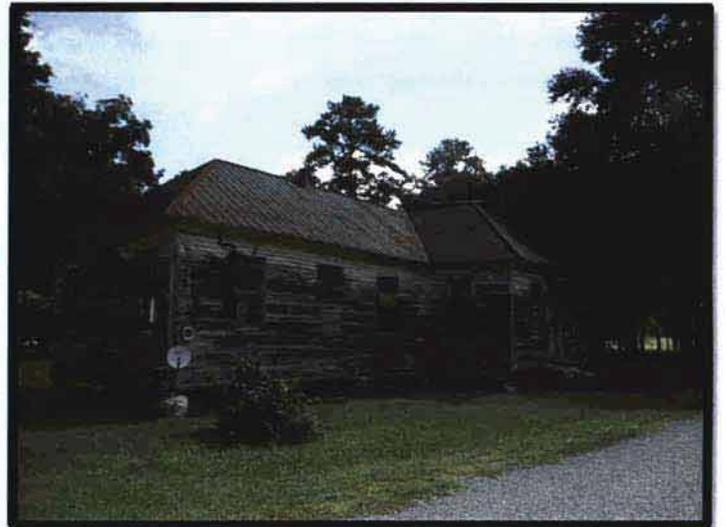
Year Built 1940



Year Built 1945



Year Built 1966



Year Built 1973

Grade 050 - 100 (Poor Quality)

Basic Description

Structures of this quality are competitive, low cost buildings. They are specifically designed to minimum building requirements. Interior and exterior finishes are plain and inexpensive with little attention given to detail. Architectural design is primarily concerned with function, not appearance.

Basic Structure Description

Foundation - Minimum concrete perimeter foundation and piers.

Floor Structure- Concrete slab or wood structure and subfloor on first and upper story floors.

Floor Cover - Inexpensive carpeting, asphalt, vinyl asbestos tile or exposed concrete slab (no covering).

Exterior Wall - Some or no trim present.

Roof - Rafters or pre-fab trusses with plywood or inexpensive wood sheathing. Lightweight asphalt shingles or built-up roofing with gravel. Roof slope averages less than 4 in 12. Little or no eave. Includes metal for typical covering.

Interior Finish - Walls are inexpensive drywall with paint or textured finish. Some enamel painted walls and ceilings in kitchens and baths. Low grade stock hollow core doors. Inexpensive moldings and casings. Low quality hardware. Inexpensive paint grade cabinets, linoleum or plastic countertops.

Heating - Typical heating source is gas or oil and typical heating method is convection, space heaters, or fireplace/woodstove.

Electrical - Minimum number of outlets. Minimum amount of low cost fixtures.

Plumbing - Competitively priced plain white fixtures and a plumbing rough-in are included. The fixtures can include any of the following: water heater, laundry tray, stall shower, toilet, lavatory, tub with shower over, kitchen sink.

Insulation - Wall and ceiling insulation are included.

Examples 050 (Poor Quality)



Year Built 1918

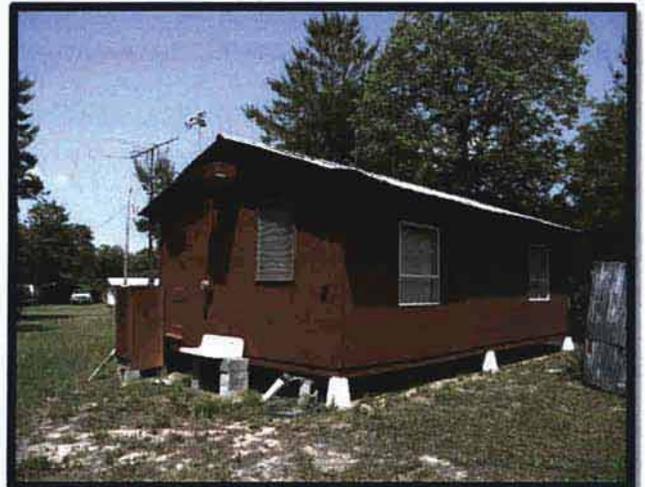


Year Built 1956

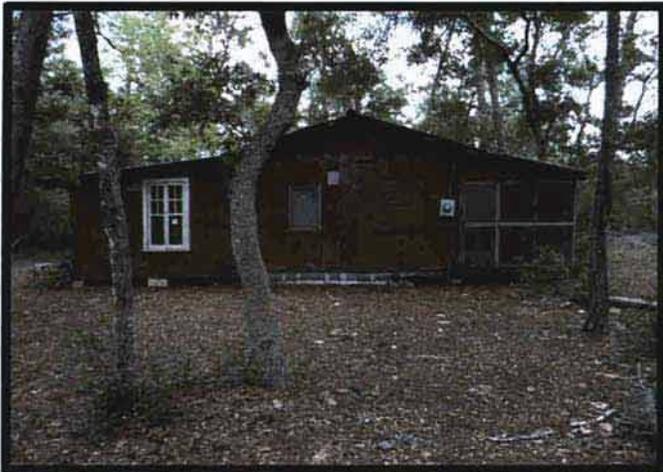
Examples 100 (Poor Quality)



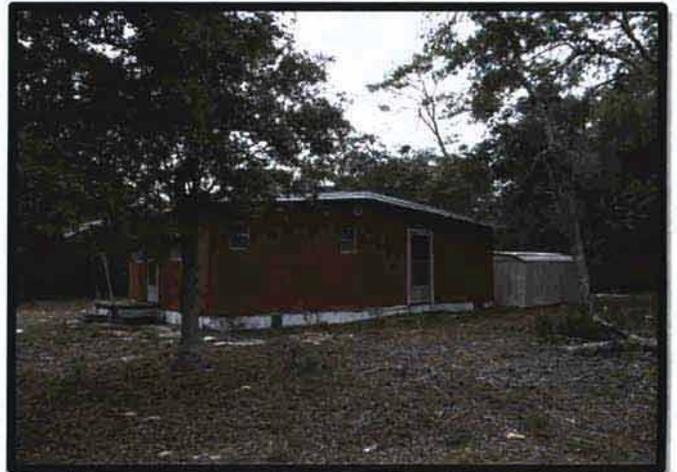
Year Built 1938



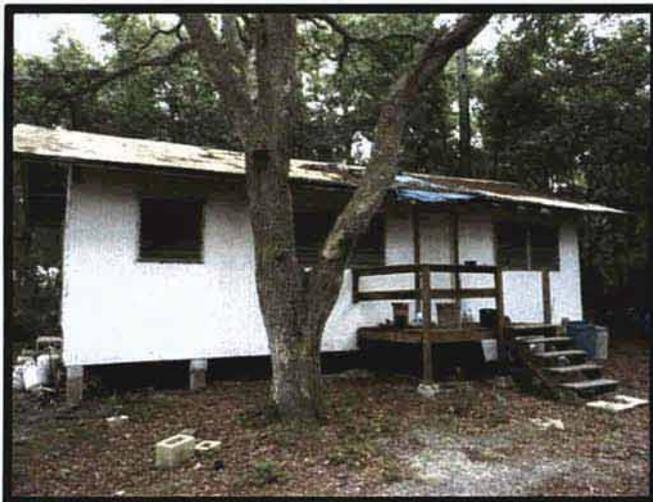
Year Built 1963



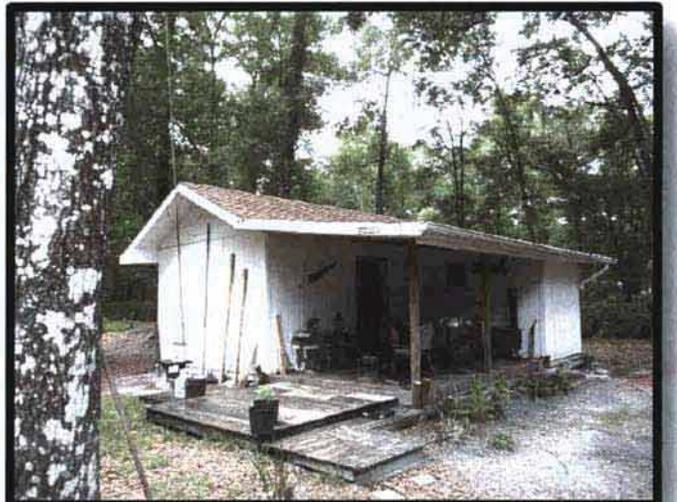
Year Built 1963



Year Built 1967



Year Built 1973



Year Built 2003

Grade 200 – 300 (Low Quality)

Basic Description

Structures of Low Quality are of low –cost construction and meet minimum building code requirements. Interior and exterior finishes are plain and inexpensive with little or no attention given to detail. The architectural design is concerned with function, not appearance.

Basic Structure Description

Foundation - Minimum concrete perimeter foundation and piers.

Floor Structure- Concrete slab or wood structure and subfloor on first and upper story floors.

Floor Cover - Inexpensive carpeting, asphalt or vinyl asbestos tile.

Exterior Wall - Minimum fenestration using low grade sash. Some trim. Low quality materials and workmanship.

Roof - Rafters or pre-fab trusses with plywood or inexpensive wood sheathing. Lightweight asphalt shingles or built-up roofing with gravel. Roof slope averages less than 4 in 12. Little or no eave. Includes metal for typical covering.

Interior Finish - Walls are inexpensive drywall with paint or textured finish. Some enamel painted walls and ceilings in kitchens and baths. Low grade stock hollow core doors. Inexpensive moldings and casings. Low quality hardware. Inexpensive paint grade cabinets, linoleum or plastic countertops.

Heating - Typical heating source is gas or oil and typical heating method is convection, space heaters, or fireplace/woodstove.

Electrical - Minimum number of outlets. Minimum amount of low cost fixtures.

Plumbing - Competitively priced plain white fixtures and a plumbing rough-in are included. The fixtures can include any of the following: water heater, laundry tray, stall shower, toilet, lavatory, tub with shower over, kitchen sink.

Insulation - Wall and ceiling insulation are included.

Examples 200 (Low Quality)



Year Built 1938



Year Built 1939



Year Built 1955



Year Built 1962

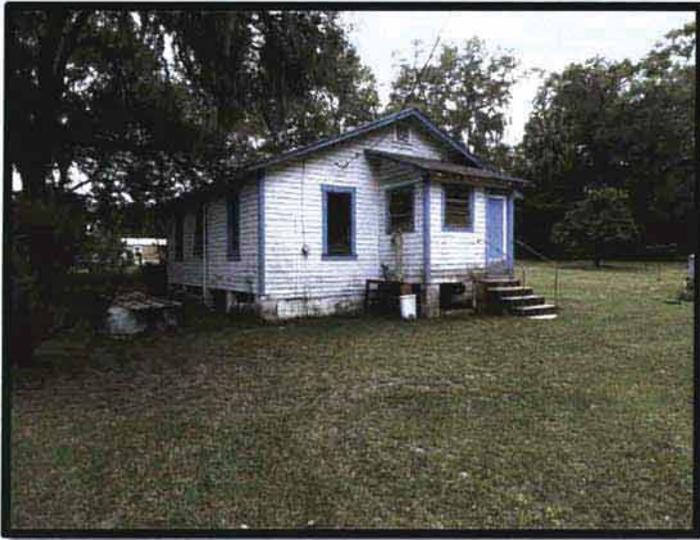


Year Built 1970

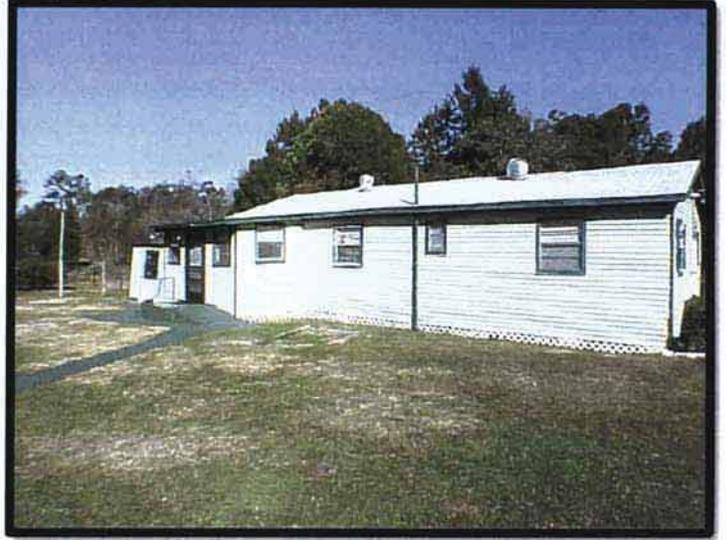


Year Built 1972

Examples 300 (Low Quality)



Year Built 1948



Year Built 1961

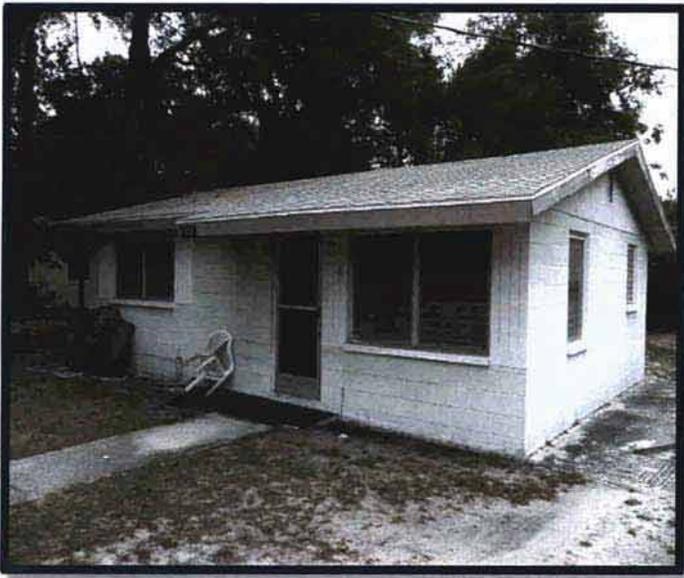


Year Built 1962

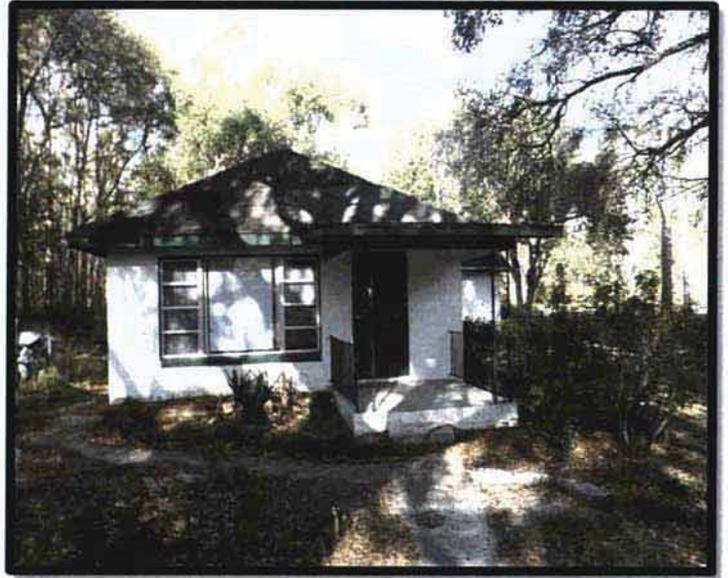


Year Built 1964

Examples 300 (Low Quality)



Year Built 1966



Year Built 1975



Year Built 1980



Year Built 1994

Grade 400 – 500 (Fair Quality)

Basic Description

Structures of fair quality are frequently mass produced. Low cost production is a primary consideration. Although overall quality of materials and workmanship is below average, these buildings are not substandard and will meet minimum requirements of lending institutions, mortgage insuring agencies and building codes. Architectural detail is limited by the low cost aspect. Interior finish is plain with few refinements. The exterior front elevation may have inexpensive finish materials, which only add to appearance.

Basic Structure Description

Foundation - Continuous concrete perimeter foundation and piers.

Floor Structure – Concrete slab or wood structure and subfloor on first and upper floors.

Floor Cover - Carpet, asphalt or vinyl asbestos tile.

Exterior Wall - Moderate fenestration using inexpensive sash. Front elevations may have some inexpensive trim.

Roof - Rafters or pre-fab trusses with plywood or inexpensive wood sheathing. Lightweight asphalt shingles or built-up roofing with small rock. Roof slope is usually 4 in 12 or less. Small eave.

Interior Finish - Walls are taped and painted drywall. Enamel painted walls and ceilings in kitchens and baths. Inexpensive stock cabinets of paint grade wood. Small pullman or vanity in bath. Countertops of laminated plastic with low splash. Low cost hardware. Stock, hollow core doors with inexpensive hardware. Stock base and casing.

Heating – Typical heat source is gas, oil, or electric. Heat method is typically convection, ducted FHA, or Heat pump.

Electrical - Minimum number of outlets and inexpensive fixtures.

Plumbing - Competitively priced white fixtures and a plumbing rough-in are included. The fixtures can include any of the following: water heater, laundry tray, stall shower, toilet, lavatory, tub with shower over, kitchen sink.

Insulation - Wall and ceiling insulation are included.

Examples 400 (Fair Quality)



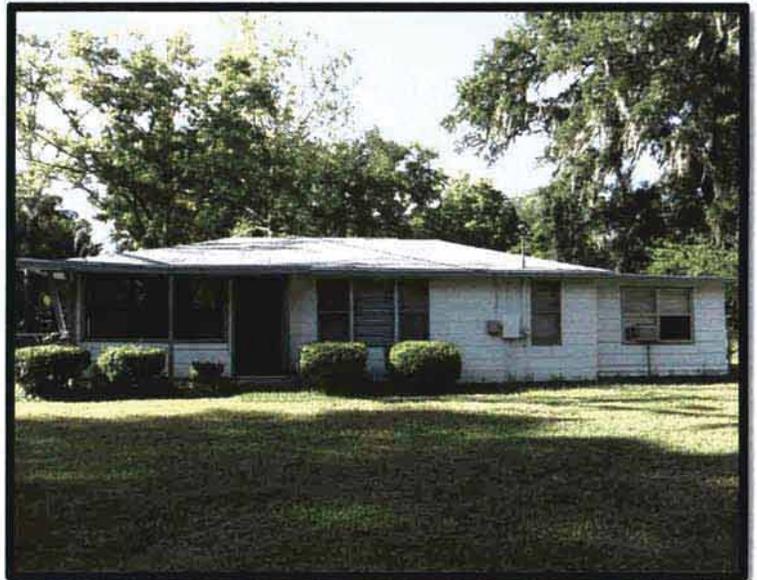
Year Built 1940



Year Built 1953



Year Built 1958



Year Built 1958

Examples 400 (Fair Quality)



Year Built 1973



Year Built 1980



Year Built 1981



Year Built 1986

Examples 500 (Fair Quality)



Year Built 1923



Year Built 1948



Year Built 1960



Year Built 1965



Year Built 1977

Examples 500 (Fair Quality)



Year Built 1983



Year Built 1985



Year Built 1994



Year Built 2002



Year Built 2005

Grade 600 (Average Quality)

Basic Description

Average quality will be encountered more frequently than any other quality. These types of structures are usually mass produced and meet or exceed the minimum construction requirements of lending institutions, mortgage insuring agencies and building codes. By most standards, the quality of materials and workmanship are acceptable, but do not reflect custom craftsmanship. Cabinets, doors, hardware, plumbing and heating are usually stock items. Architectural design will include ample fenestration and some ornamentation.

Basic Structure Description

Foundation – Typical foundation is block perimeter, concrete slab, or monolithic slab.

Floor Structure – Concrete slab or wood structure and subfloor on first and upper floors.

Floor Cover - Carpet, ceramic tile, laminate, hardwood, or sheet vinyl flooring.

Exterior Wall - Ample fenestration using standard aluminum or wood sash. Front elevations usually have some wall ornamentation.

Roof - Rafters or pre-fab trusses with exterior grade plywood sheathing.. Medium weight fiberglass shingles or medium weight asphalt shingles or built-up roofing with a rock surface. Roof slope averages 5 in 12 or less. Moderate eave.

Interior Finish - Walls are taped and painted drywall, with some inexpensive wall paper or paneling. Enamel painted walls and ceilings in kitchen and baths. Stock prefinished plywood cabinets. Laminated plastic or ceramic tile countertops. Medium grade hollow core doors with average grade hardware. Stock base and casing.

Heating - Typical heat source is gas, oil, or electric. Heat method is typically convection, ducted FHA, or Heat pump.

Electrical - Adequate number of outlets. Some luminous fixtures in kitchen or bath area.

Plumbing - Average white or colored fixtures and a plumbing rough-in are included. The fixtures can include any of the following: water heater laundry tray, tiles or modular plastic stall shower, toilet, lavatory, tub with shower over, kitchen sink.

Insulation - Wall and ceiling insulation are included.

Examples 600 (Average Quality)



Year Built 1974



Year Built 1995



Year Built 2001



Year Built 2005



Year Built 2007

Grade 700 (Good Quality)

Basic Description

Good quality structures may be custom built for individual owners or mass produced in above average developments. Good quality buildings exceed the minimum building requirements of lending institutions, mortgage insuring agencies and building codes. Architectural design is attractive with attention given to refinements and detail. Interiors are well finished, usually having some good quality wallpaper or wood paneling. Exteriors frequently have an appealing combination of ornamental materials and other refinements.

Basic Structure Description

Foundation - Reinforced concrete perimeter foundation with continuous foundation of piers under interior bearing walls.

Floor Structure – Concrete slab and subfloor on first and upper floors. Wood structure and subfloor on first and upper floors.

Floor Cover – Typical cover to include carpeting, real hardwood, or better quality tile.

Exterior Wall - Good fenestration using good quality sash.

Roof - Wood rafters and sheathing with hips and valleys. Good quality shingles. Roof slope averages 5 in 12. Large eave.

Interior Finish - Walls are taped and painted drywall with good quality wall paper or wood paneling. Enamel painted walls and ceilings in kitchen and baths. An ample amount of cabinets with natural hardwood veneer finish. Ceramic tile, laminated plastic, or simulated marble countertops and splash. Good quality veneered hollow core doors with attractive hardware. Hard or softwood base and casing with mitered corners. Good quality workmanship throughout.

Heating – Typical heat source is gas or electric. Typical heat method is heat pump, and ducted FHA. Duct work typically runs throughout the living area to include utility areas.

Electrical - Good amount of convenience outlets. Luminous fixtures in kitchen and bath areas.

Plumbing - Good quality fixtures, white or colored and a plumbing rough-in are included. The fixtures can include any of the following: water heater, laundry tray, tiled or modular stall shower, toilet, lavatory, tub with shower over, kitchen sink.

Insulation - Wall and ceiling insulation are included.

Examples 700 (Good Quality)



Year Built 1901



Year Built 1980



Year Built 1987



Year Built 1994



Year Built 2000

Examples 700 (Good Quality)



Year Built 2002



Year Built 2003



Year Built 2003



Year Built 2004



Year Built 2006

Grade 800 – 850 (Very Good Quality)

Basic Description

Very Good Quality structures are generally built in the better districts of a community and are typical of high quality developments. They are also frequently individually designed structures. Particular attention has been given to interior refinements and detail. Cabinet work, paneling, molding and trim are well finished woods. Care has been taken in the selection of better quality fixtures. Exteriors are attractive with good fenestration and some custom ornamental features.

Basic Structure Description

Foundation - Reinforced concrete perimeter foundations with continuous foundations under interior bearing walls.

Floor Structure – Concrete slab or subfloor on the first and upper floors.

Floor Cover – Typical covering is carpet, high quality hardwoods, imported tile, and marble.

Exterior Walls - Well designed fenestration with high quality sash. Uses some custom ornamental features and trim on street exposures.

Roof - Wood rafters and sheathing. Heavy wood shake. Roof slope averages 5 in 12 or more. Large eave.

Interior Finish - Taped and painted drywall, hardwood paneling and high grade paper or vinyl wall covering. Enamel painted walls and ceilings in baths and kitchen. Ample cabinets which may include cooking island, bar, or desk. High quality pullman or vanity cabinets. Ceramic tile, marble or highest quality laminated plastic countertops and splash. Hardwood veneer or enameled doors with good hardware. Base, casings and moldings with tight mitered corners.

Heating – Typical heat source is gas or electric. Typical heat method is heat pump, and ducted FHA. Duct work typically runs throughout the living area to include utility areas.

Electrical - Well positioned outlets. High quality fixtures throughout. Good luminous fixtures in kitchen and bath areas.

Plumbing - High quality white or colored fixtures and a plumbing rough-in are included. The fixtures can include any of the following: water heater, laundry tray, tiled stall shower, toilet, lavatory, tub with shower over, kitchen sink, wet bar.

Insulation - Wall and ceiling insulation are included.

Examples 800 (Very Good Quality)



Year Built 1997



Year Built 1998



Year Built 2005



Year Built 2008



Year Built 2009

Examples 850 (Very Good Quality)



Year Built 1986



Year Built 1995



Year Built 1998



Year Built 2000



Year Built 2006

Grade 900 - 999 (Excellent/Custom/Superior)

Basic Description

Excellent buildings are designed individually and reflect top workmanship. They are characterized by fine finish and appointments with considerable attention to detail. This class of structure includes special design, top quality materials and many luxury items.

Basic Structure Description

Foundation - Reinforced concrete perimeter foundations with continuous foundations under interior bearing walls.

Floor Structure – Concrete slab and subfloor on first and upper floors.

Floor Cover - Fine carpeting or hardwood, parquet or plank, terrazzo, or best vinyl sheet or tile. Ceramic or quarry tile in baths.

Exterior Wall - Well designed fenestration with high quality sash. Use of custom ornamental features and trim--best brick, cut stone, half-timber, etc.

Roof - Heavy trusses or wood rafters and sheathing. Concrete tile, Clay tile, shingle, or slate cover. Roof slope averages 6 to 12. Large eaves with quality gutters and downspouts.

Interior Finish - Taped and painted drywall, high quality hardwood paneling, ceramic tile, and paper or vinyl wall covering. Enamel painted walls and ceilings in baths and kitchen. Built-in book shelving and ample cabinets which may include cooking island, bar, or desk. High quality pullman or vanity cabinets. Ceramic tile, marble or highest quality laminated plastic countertops and splash. Raised panel hardwood veneer or enameled doors with good hardware. Base, casings and moldings with tight mitered corners.

Heating - Typical heat source is gas or electric. Typical heat method is heat pump, and ducted FHA. Duct work typically runs throughout the living area to include utility areas.

Electrical - Many well positioned outlets. High quality fixtures throughout. Large luminous fixtures in kitchen, bath and dressing areas.

Plumbing - High quality white or colored fixtures and a plumbing rough-in are included. The fixtures can include any of the following: water heater, laundry tray, tiled stall shower, toilet, bidet, lavatory, tub with shower over, kitchen sink, wet bar.

Insulation - Wall and ceiling insulation are included.

Examples 900 (Excellent)



Year Built 1994



Year Built 1999

Examples 900 (Excellent)



Year Built 2002



Year Built 2008

Examples 900 (Excellent)



Year Built 2009



Year Built 2011

Examples 950 (Excellent/Custom)



Year Built 1997

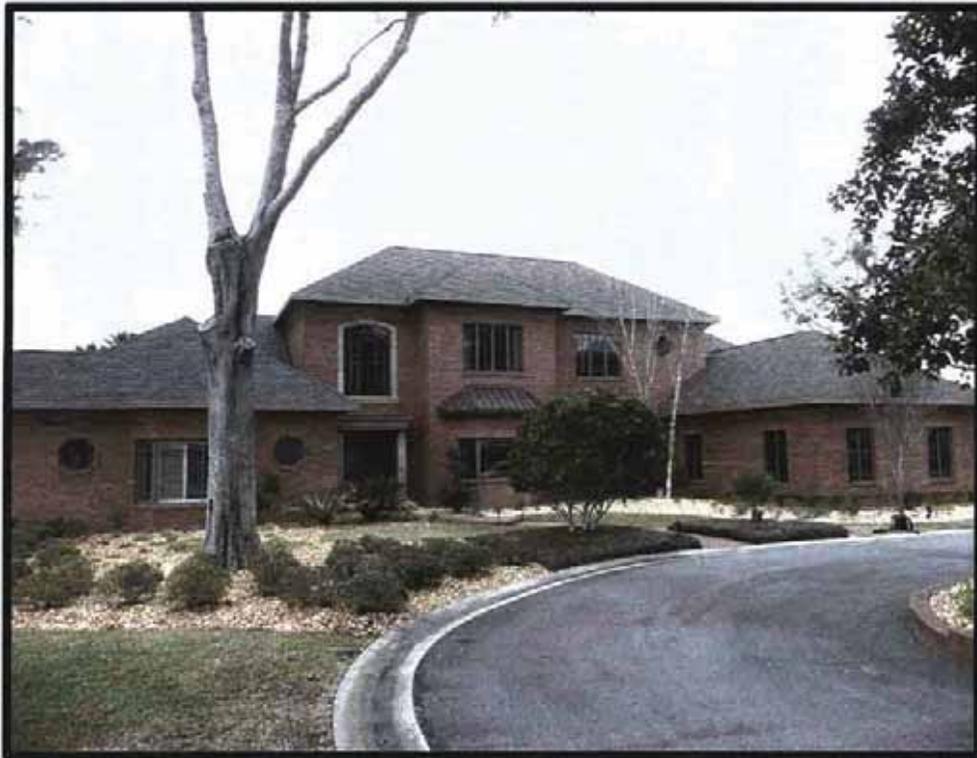


Year Built 2003

Examples 950 (Excellent/Custom)



Year Built 2004

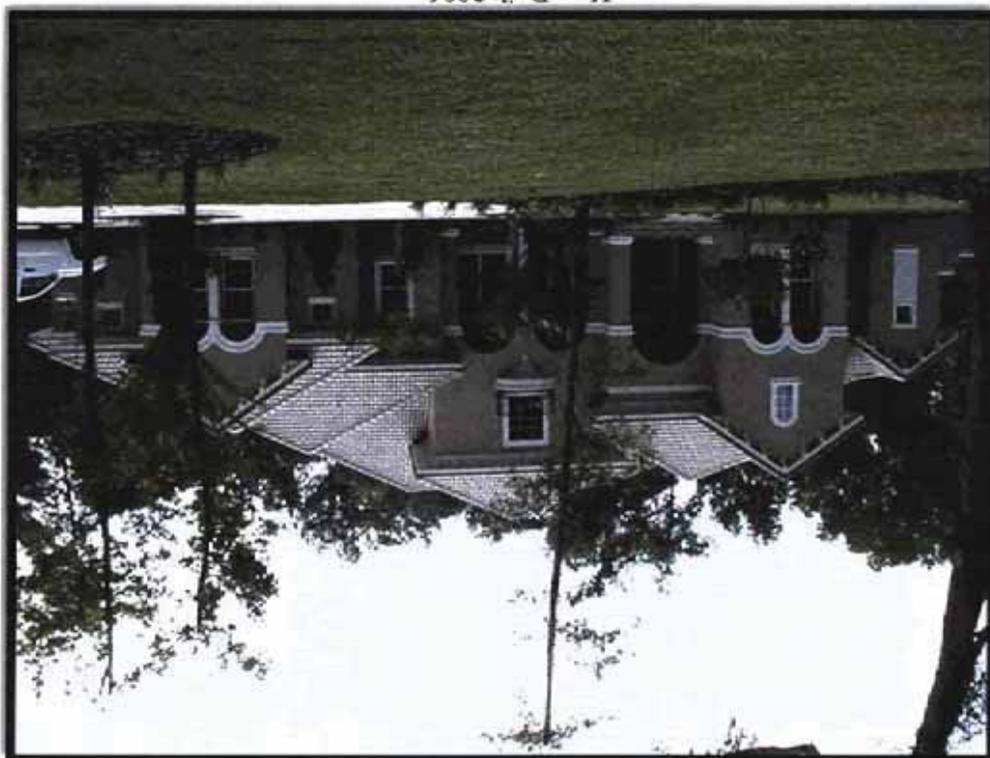


Year Built 2004

Year Built 2007



Year Built 2006



Examples 950 (Excellent/Custom)

Examples 950 (Excellent/Custom)



Year Built 2007



Year Built 2009

Examples 975 (Excellent/Custom)



Year Built 1967



Year Built 2001

Examples 975 (Excellent/Custom)



Year Built 2004



Year Built 2004

Examples 975 (Excellent/Custom)



Year Built 2007

Examples 990 (Superior)



Year Built 1995



Year Built 1999

Examples 990 (Superior)

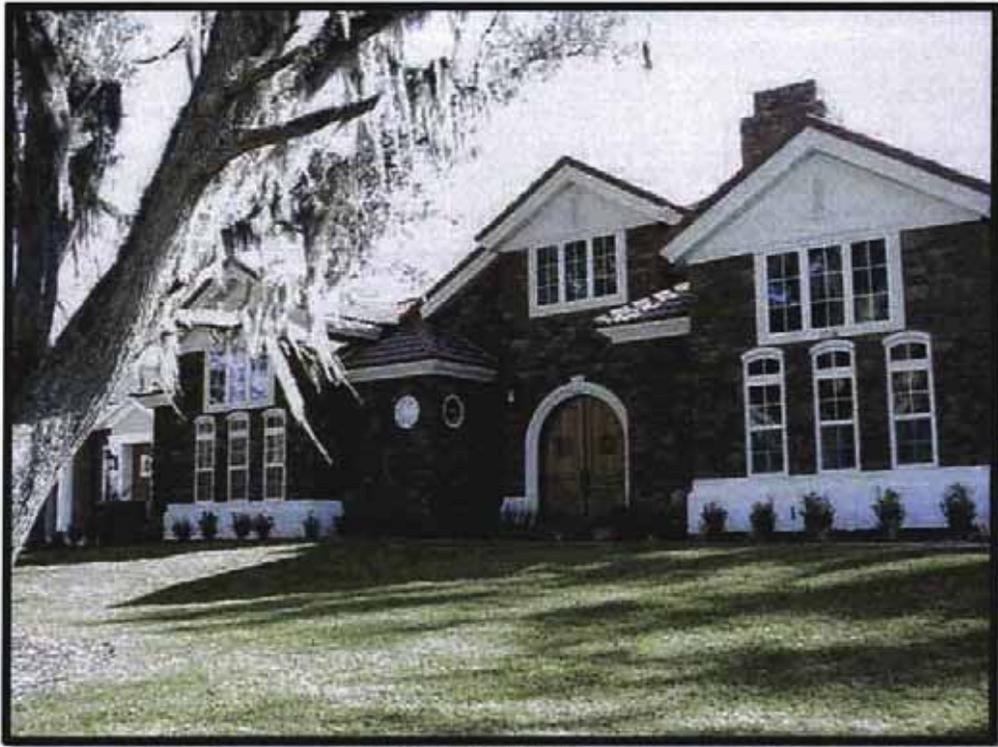


Year Built 2004



Year Built 2005

Examples 990 (Superior)



Year Built 2006



Year Built 2006

Examples 995 (Superior)

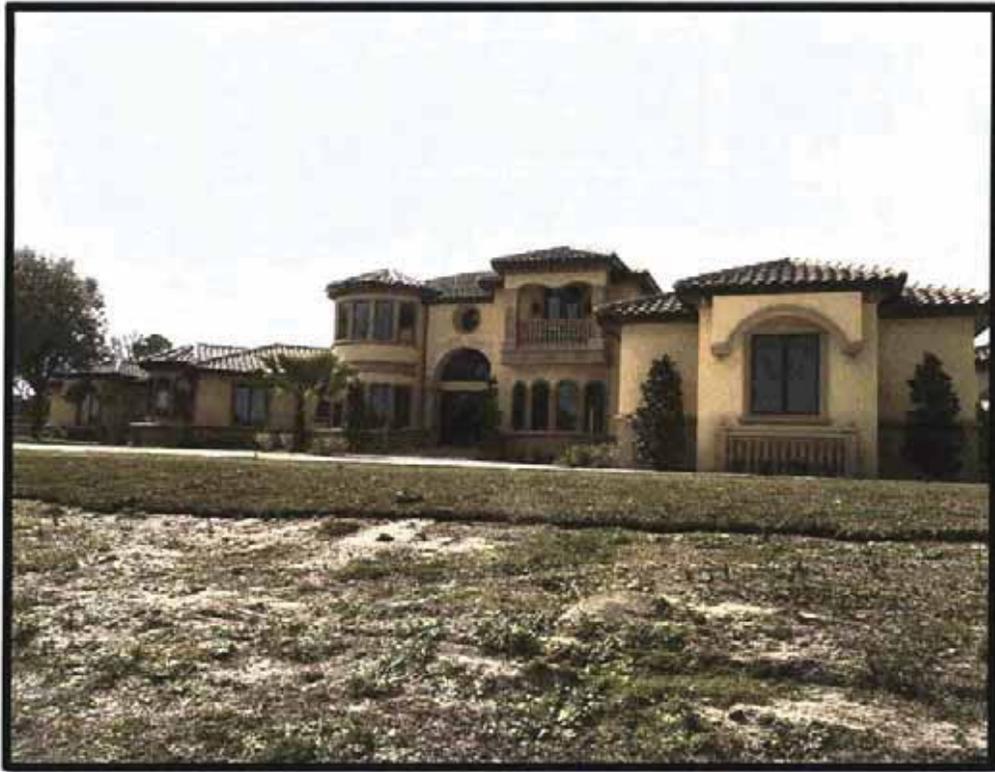


Year Built 1995



Year Built 2002

Examples 995 (Superior)



Year Built 2008



Year Built 2009

Examples 997 (Superior)



Year Built 1990

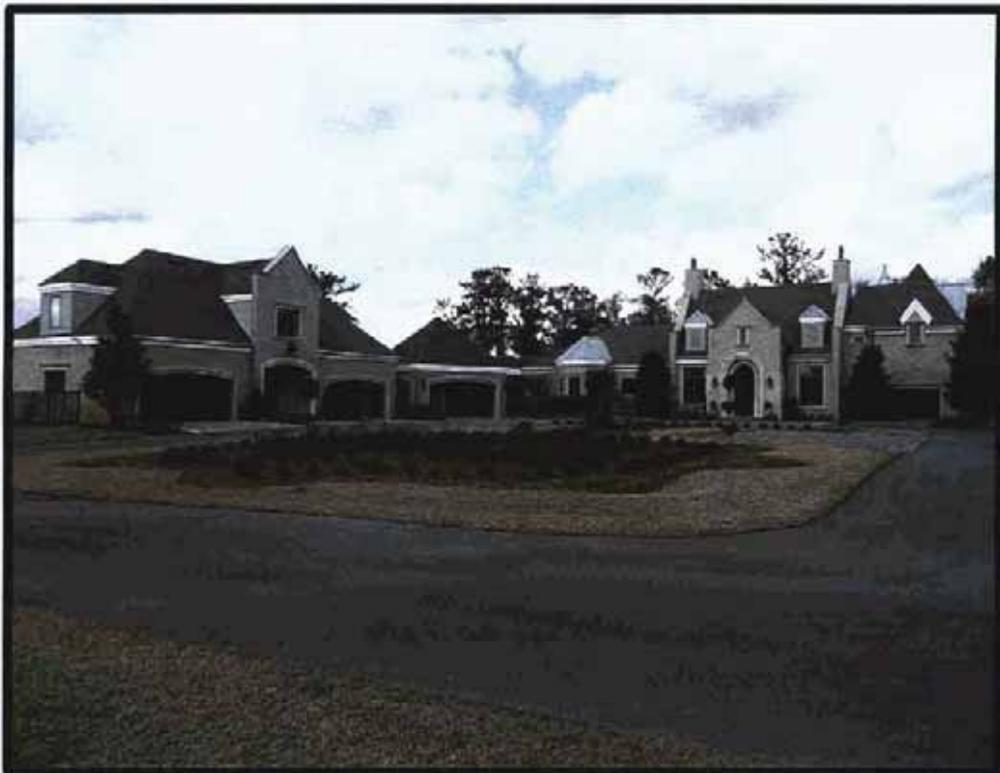


Year Built 2005

Examples 997 (Superior)



Year Built 2007

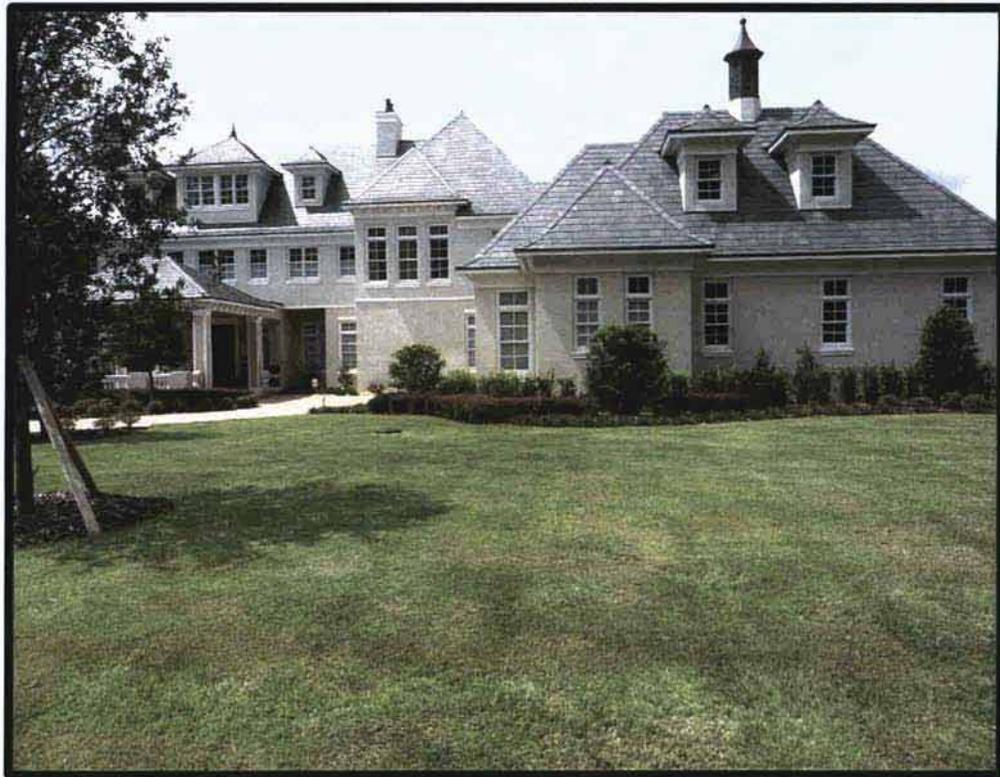


Year Built 2007

Examples 997 (Superior)

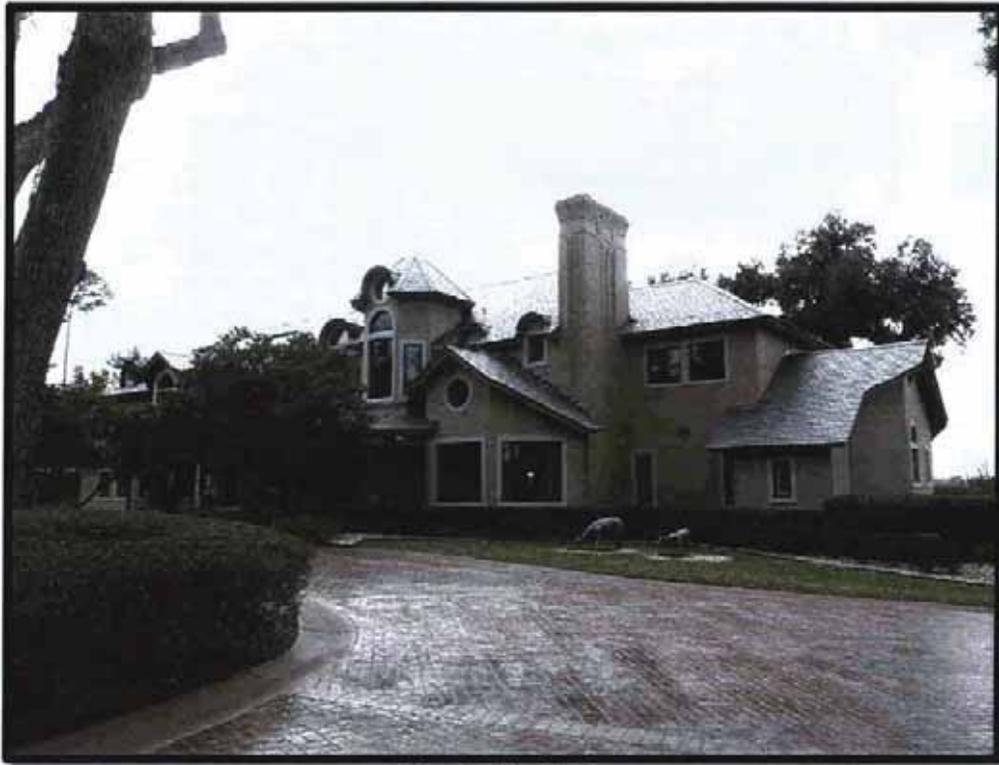


Year Built 2010



Year Built 2010

Examples 999 (Superior)

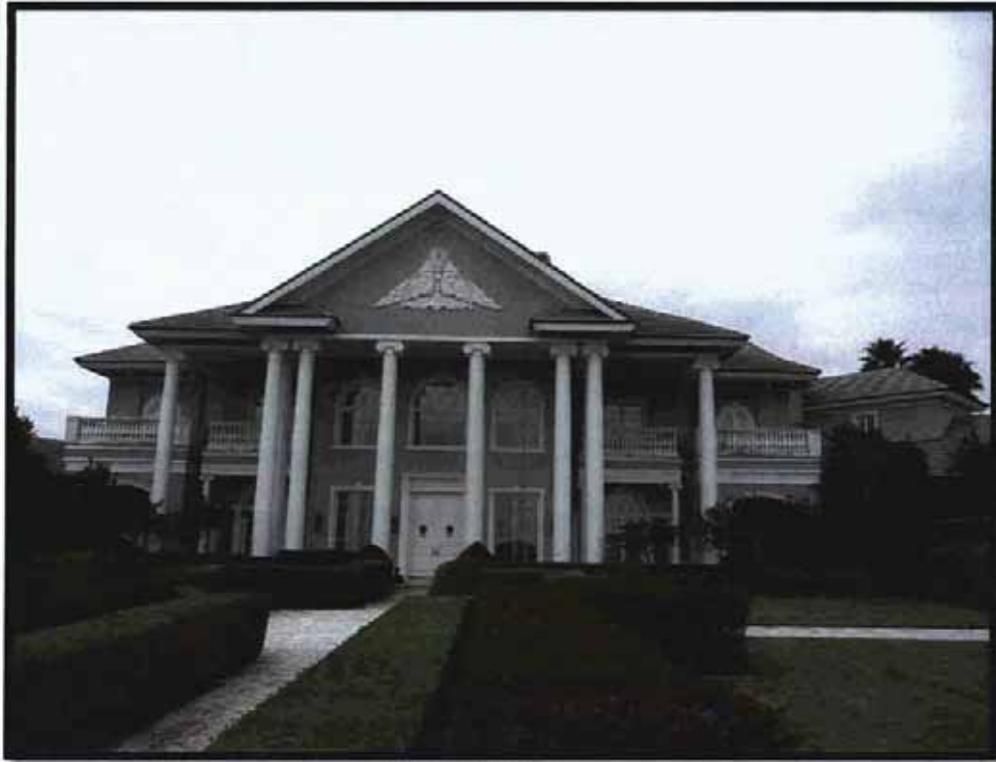


Year Built 1988



Year Built 1992

Examples 999 (Superior)

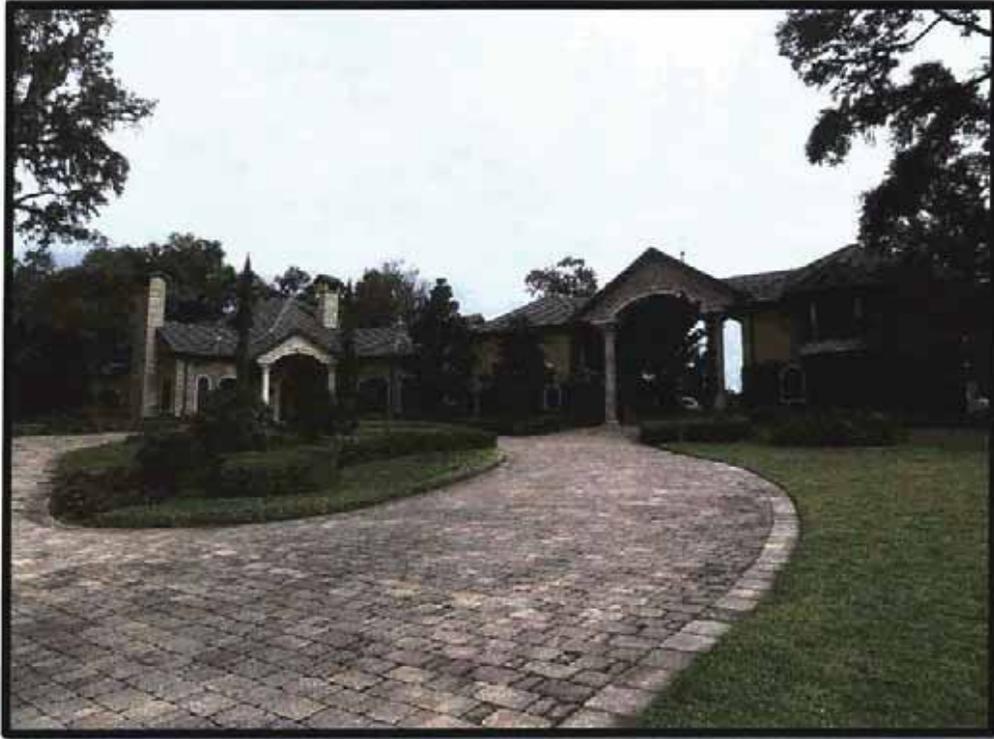


Year Built 2001



Year Built 2005

Examples 999 (Superior)



Year Built 2006



Year Built 2011

The Florida Real Property Appraisal Guidelines

Adopted
November 26, 2002

FLORIDA DEPARTMENT OF REVENUE
PROPERTY TAX ADMINISTRATION PROGRAM

TABLE OF CONTENTS

1.0 INTRODUCTION

- 1.1 Overview and Specific Authority
- 1.2 Statutory Focus on the Mass Appraisal Process
- 1.3 Description of Guidelines
- 1.4 Purposes of These Guidelines
- 1.5 Intended Users of These Guidelines
- 1.6 Intended Uses of These Guidelines
- 1.7 Uses for Which These Guidelines Are Not Intended
- 1.8 Organization and Content of These Guidelines
- 1.9 Sources of Information and Expertise for These Guidelines
- 1.10 Other Sources of Appraisal Guidance

2.0 FOUNDATIONS OF MASS APPRAISAL IN FLORIDA

- 2.1 Legal and Regulatory Foundations
 - 2.1.1 Florida Constitution
 - 2.1.2 Florida Statutes
 - 2.1.3 Florida Administrative Code
 - 2.1.4 Florida Case Law
 - 2.1.5 The Florida Real Property Appraisal Guidelines
- 2.2 Comparison of Single-Property Appraisal and Mass Appraisal
- 2.3 History and Evolution of Mass Appraisal
- 2.4 The Four Forces That Influence Real Property Value
 - 2.4.1 Legal/Regulatory Forces
 - 2.4.2 Physical/Environmental Forces
 - 2.4.3 Economic Forces
 - 2.4.4 Social Forces
- 2.5 Education and Training of Assessment Personnel

3.0 IMPORTANT DEFINITIONS AND CONCEPTS

- 3.1 Important Definitions
 - 3.1.1 Ad Valorem Tax
 - 3.1.2 Assessment Roll
 - 3.1.3 Real Property
 - 3.1.4 Personal Property
 - 3.1.5 Just Value
 - 3.1.6 Fair Market Value
 - 3.1.7 Market Value
 - 3.1.8 Arm's-Length Transaction
 - 3.1.9 Distinctions Between Cost, Price, and Value
 - 3.1.10 Market Participants
 - 3.1.11 Stratification
 - 3.1.12 Quality Assurance

- 3.2 Relevant Concepts
 - 3.2.1 Concept of Fairness in Real Property Ad Valorem Taxation
 - 3.2.2 Concept of Anticipation
 - 3.2.3 Concept of Substitution
 - 3.2.4 Concept of Change
 - 3.2.5 Concept of Real Property Markets
 - 3.2.6 Concept of Appraisal Judgment

4.0 THE MASS APPRAISAL PROCESS IN FLORIDA

- 4.1 Overview
- 4.2 Mass Appraisal Systems
- 4.3 Computer-Assisted Mass Appraisal Systems
- 4.4 Market Variation Between Counties
- 4.5 The Annual Just Valuation Cycle for Florida Property Appraisers

5.0 DEFINING THE MASS APPRAISAL PROCESS

- 5.1 Identification of Real Property
 - 5.1.1 Regulatory Identification of Real Property
 - 5.1.2 Administrative Identification of Real Property
 - 5.1.3 Identification of Property Groups for Mass Appraisal
- 5.2 Real Property Rights to be Appraised
- 5.3 Purpose and Intended Use of the Appraisal
- 5.4 Intended Users of the Appraisal
- 5.5 Date of Appraisal

6.0 COLLECTING AND MANAGING MASS APPRAISAL DATA

- 6.1 The Importance of Data Completeness and Accuracy
- 6.2 Legal, Physical, and Economic Data
- 6.3 Considerations for the Scope of Data Collection
- 6.4 General Data
- 6.5 Specific Categories of Real Property Appraisal Data
- 6.6 Collecting and Managing Title Transfer Documents
- 6.7 Collecting and Managing Cadastral Mapping Data
- 6.8 Collecting and Managing Aerial Photographs
- 6.9 Collecting and Managing Regulatory Data
- 6.10 Collecting and Managing Data on Physical Characteristics
- 6.11 Collecting and Managing Cost and Depreciation Data
- 6.12 Collecting and Managing Sale Data
 - 6.12.1 Arm's Length Transactions
 - 6.12.2 Sale Coding and Reporting Requirements
 - 6.12.3 Additional Sale Coding
 - 6.12.4 Using Sale Data
 - 6.12.5 Separate Maintenance of Sale Characteristics
 - 6.12.6 Special Considerations in Sale Data Management
- 6.13 Collecting and Managing Income Capitalization Data
 - 6.13.1 Accessibility and Confidentiality of Financial Records

- 6.14 The Role of Property Owners in Data Collection
- 6.15 The Coding of Mass Appraisal Data
- 6.16 Quality Assurance for Data Collection and Management
 - 6.16.1 Data Collection Manuals
 - 6.16.2 Education and Training for Management and Staff
 - 6.16.3 Internal Procedural Reviews
 - 6.16.4 Internal Quality Audits
 - 6.16.5 Data Entry Edits Within CAMA Systems
 - 6.16.6 Data Edit Reports From CAMA Systems
 - 6.16.7 Exploratory Data Analysis

7.0 GEOGRAPHIC STRATIFICATION FOR MASS APPRAISAL

- 7.1 Description and Importance
- 7.2 Geographic Stratification for Mass Appraisal
- 7.3 Market Areas
- 7.4 Other Levels of Geographic Stratification
- 7.5 Types of Geographic Units
- 7.6 Boundaries for Geographic Units
- 7.7 Uses of Geographic Stratification in the Mass Appraisal Process

8.0 EXPLORATORY ANALYSIS OF MASS APPRAISAL DATA

- 8.1 Description and Importance
- 8.2 Variation in Applicability
- 8.3 The Importance of Coding and Stratification
- 8.4 Data Analysis Techniques
 - 8.4.1 Measures of Central Tendency
 - 8.4.2 Measures of Dispersion
 - 8.4.3 One-Variable Profiles, Charts, and Graphs
 - 8.4.4 Two-Variable Profiles, Charts, and Graphs
- 8.5 Uses of Exploratory Data Analysis

9.0 CONSIDERATION OF HIGHEST AND BEST USE

- 9.1 Overview of Highest and Best Use
- 9.2 The Two Components of Highest and Best Use
- 9.3 The Tests of Highest and Best Use
- 9.4 Market Activity and Highest and Best Use
- 9.5 Present Use and Highest and Best Use
- 9.6 Changes in Highest and Best Use

10.0 VALUATION PLANNING

- 10.1 Description and Importance
- 10.2 Internal Communication
- 10.3 Sale Ratio Studies
 - 10.3.1 Matching Property Data on Sale Date and Appraisal Date
 - 10.3.2 The Importance of Stratification

- 10.3.3 Statistical Indicators in Sale Ratio Studies
- 10.3.4 Sale Ratio Study Applications

11.0 CONSIDERATION OF VALUATION APPROACHES

- 11.1 Overview of Valuation Approaches
- 11.2 Considerations for Selecting a Valuation Approach
- 11.3 Mass Appraisal Model Structure, Specification, and Calibration

12.0 LAND VALUATION

- 12.1 Land Valuation Overview
- 12.2 Stratification for Land Valuation
- 12.3 Units of Comparison for Land Valuation
- 12.4 Land Market Analysis
- 12.5 Factors to Consider in Just Valuations
- 12.6 Land Valuation Methods
 - 12.6.1 The Sales Comparison Approach to Land Valuation
 - 12.6.2 The Abstraction or Extraction Method
 - 12.6.3 The Allocation Method
 - 12.6.4 The Capitalization of Ground Rent Method
 - 12.6.5 The Land Residual Technique
- 12.7 Special Considerations in Land Valuation
 - 12.7.1 Legal Changes to Land
 - 12.7.2 Physical Changes to Land

13.0 THE COST LESS DEPRECIATION APPROACH

- 13.1 Description of the Approach
- 13.2 The Importance of Stratification
- 13.3 Units of Cost
- 13.4 Factors to Consider in Just Valuations
- 13.5 Replacement Cost New
 - 13.5.1 The Comparative Unit Method
 - 13.5.2 The Unit-in-Place Method
- 13.6 Published Cost Manuals
- 13.7 Application of Replacement Cost New
- 13.8 Market Adjustments to Replacement Cost New
- 13.9 Description of Accrued Depreciation
 - 13.9.1 Actual Age and Effective Age
 - 13.9.2 Physical Deterioration
 - 13.9.3 Functional Obsolescence
 - 13.9.4 External Obsolescence
- 13.10 Application of Accrued Depreciation
- 13.11 Market Adjustments to Depreciation Tables
- 13.12 Land Valuation
- 13.13 Just Valuation From the Cost Less Depreciation Approach
- 13.14 Quality Assurance in the Cost Less Depreciation Approach

14.0 THE SALES COMPARISON APPROACH

- 14.1 Description of the Approach
- 14.2 The Importance of Stratification
- 14.3 Units of Comparison
- 14.4 Factors to Consider in Just Valuations
- 14.5 Applications of the Sales Comparison Approach
 - 14.5.1 Relative Comparison Analysis
 - 14.5.2 Multiple Regression Analysis
 - 14.5.3 Adaptive Estimation Procedure
- 14.6 Quality Assurance in the Sales Comparison Approach

15.0 THE INCOME CAPITALIZATION APPROACH

- 15.1 Description of the Approach
- 15.2 The Importance of Stratification
- 15.3 Units of Comparison for Income and Operating Expenses
- 15.4 Factors to Consider in Just Valuations
- 15.5 Market Rent and Fee Simple Estate
- 15.6 Market Rent and Expense Analysis
- 15.7 Income and Operating Expenses
- 15.8 Potential Gross Income
- 15.9 Vacancy and Collection Loss
- 15.10 Effective Gross Income
- 15.11 Operating Expenses
- 15.12 Reserves for Replacement of Short-Lived Items
- 15.13 Net Operating Income, Before and After Reserves
- 15.14 Direct Capitalization
- 15.15 Overall Capitalization Rates
- 15.16 Gross Income Multiplier Method
- 15.17 Yield Capitalization
- 15.18 Quality Assurance in the Income Capitalization Approach

16.0 QUALITY ASSURANCE FOR FLORIDA MASS APPRAISAL

- 16.1 The Quality Assurance Process
- 16.2 Florida Law, Administrative Rules, and Regulatory Requirements
- 16.3 Effective Education and Training
- 16.4 Mass Appraisal Data and the Mass Appraisal Process
- 16.5 Just Valuation Edits Within CAMA Systems
- 16.6 Desk Reviews and Field Reviews
- 16.7 Sale Ratio Studies
 - 16.7.1 Uses of Sale Ratio Studies
 - 16.7.2 Inappropriateness of Selective Reappraisal
 - 16.7.3 Matching Property Data on Sale Date and Appraisal Date
 - 16.7.4 The Importance of Stratification
 - 16.7.5 Graphic Displays of Sale Ratio Study Results
 - 16.7.6 Statutory Real Property Strata

- 16.7.7 Measures of Appraisal Level in Sale Ratio Studies
- 16.7.8 Adjustment for the First and Eighth Criteria
- 16.7.9 Level of Assessment
- 16.7.10 Measures of Appraisal Uniformity in Sale Ratio Studies
- 16.7.11 Coefficient of Dispersion
- 16.7.12 Price-Related Differential
- 16.7.13 Horizontal Equity
- 16.7.14 Vertical Equity
- 16.7.15 Statistical Indicators for Regulatory Purposes
- 16.8 Reconciliation of the Mass Appraisal
- 16.9 Evaluating Appraisal Performance for Unsold Property
- 16.9.1 Percent Change in Just Value Methods
- 16.9.2 Unit Just Value Method
- 16.10 Taxpayer Feedback

1.0 INTRODUCTION

1.1 Overview and Specific Authority. Section 4, Article VII, of the Florida Constitution, requires a just valuation of all real property for ad valorem taxation, with certain exceptions. Section 1(d), Article VIII, of the Florida Constitution, provides for the voters of each county to elect a Property Appraiser every four years. Florida Property Appraisers have the statutory responsibility to list and appraise all real property in each county each year for purposes of ad valorem taxation. The Florida Department of Revenue is a state administrative agency with the statutory responsibility of general supervision of the assessment and valuation of real property for purposes of ad valorem taxation. The functions of Property Appraisers and the Department of Revenue are distinct and separate. Sections 195.062(1), 195.002(1), and 195.032, Florida Statutes, contain a requirement for the Department of Revenue to develop and promulgate real property appraisal guidelines to aid and assist Florida Property Appraisers in the performance of their valuation responsibilities. These statutes describe the specific authority and legislative intent for the development and promulgation of these real property appraisal guidelines, as well as the scope of their legislatively intended use.

Section 195.062(1), Florida Statutes, states the following: *“The department shall prepare and maintain a current manual of instructions for property appraisers and other officials connected with the administration of property taxes. This manual shall contain all:*

- (a) Rules and regulations.*
- (b) Standard measures of value.*
- (c) Forms and instructions relating to the use of forms and maps.*

Consistent with section 195.032, the standard measures of value shall be adopted in general conformity with the procedures set forth in section 120.54, but shall not have the force or effect of such rules and shall be used only to assist tax officers in the assessment of property as provided by section 195.002.”

Section 195.002(1), Florida Statutes, states the following: *“The Department of Revenue shall have general supervision of the assessment and valuation of property so that all property will be placed on the tax rolls and shall be valued according to its just valuation, as required by the constitution. It shall also have supervision over tax collection and all other aspects of the administration of such taxes. The supervision of the department shall consist primarily of aiding and assisting county officers in the assessing and collection functions, with particular emphasis on the more technical aspects. In this regard, the department shall conduct schools to upgrade assessment skills of both state and local assessment personnel.”*

Section 195.032, Florida Statutes, states the following: *“In furtherance of the requirement set out in section 195.002, the Department of Revenue shall establish and promulgate standard measures of value not inconsistent with those standards*

provided by law, to be used by property appraisers in all counties, including taxing districts, to aid and assist them in arriving at assessments of all property. The standard measures of value shall provide guidelines for the valuation of property and methods for property appraisers to employ in arriving at the just valuation of particular types of property consistent with sections 193.011 and 193.461. The standard measures of value shall assist the property appraiser in the valuation of property and be deemed prima facie correct, but shall not be deemed to establish the just value of any property. However, the presumption of correctness accorded an assessment made by a property appraiser shall not be impugned merely because the standard measures of value do not establish the just value of any property."

Section 193.011, Florida Statutes, contains the eight factors (see section 2.1.2) that Property Appraisers shall consider in arriving at just valuation as required by the Florida Constitution, and Section 193.461, Florida Statutes, pertains to classified use of agricultural property. In the standard measures of value section of the manual of instructions referenced above, there are four components: 1) the tangible personal property appraisal guidelines; 2) the classified use guidelines for agricultural property; 3) the real property appraisal guidelines; and 4) the real property market area guidelines. The first two of these four documents have been recently updated by the Department of Revenue, and this document is the real property appraisal guidelines. The last of these four documents, the real property market area guidelines, is planned for development after promulgation of the real property appraisal guidelines.

1.2 Statutory Focus on the Mass Appraisal Process. Section 193.023(3), Florida Statutes, states the following: *"In revaluating property in accordance with constitutional and statutory requirements, the property appraiser may adjust the assessed value placed on any parcel or group of parcels based on mass data collected, on ratio studies prepared by an agency authorized by law, or pursuant to regulations of the Department of Revenue."* Section 195.095(2), Florida Statutes, refers to *"mass data reappraisals"* in the context of Property Appraisers contracting with persons or firms for assessment services. These statutory references to *"mass data collected," "ratio studies,"* and *"mass data reappraisals"* reflect legislative recognition that the valuation activities of Florida Property Appraisers should be focused on the mass appraisal process. See sections 2.2 and 2.3 for additional information on the applicability of mass appraisal.

1.3 Description of Guidelines. The term "guideline" is defined as an indication or outline of policy or conduct. Section 195.062(1), Florida Statutes, states that these real property appraisal guidelines shall not have the force or effect of administrative rules. Therefore, these guidelines are not rules as defined by the Florida Administrative Code, and it is not the intent of the Department of Revenue for these guidelines to be interpreted as rules. Other than the applicable provisions of Florida law, manual of instructions, and regulatory requirements, the use of these guidelines is left to the discretion of Property Appraisers.

There is considerable latitude for implementing these real property appraisal guidelines. They are not meant to infringe on the administrative processes necessary to perform the annual real property appraisal process in substantial compliance with

Florida law, administrative rules, and regulatory requirements. There are different ways to achieve valid just valuations of real property without violating generally accepted appraisal methods. The required scope of the components of the appraisal process will vary among the diverse real property markets within Florida's 67 counties. It is recognized that resources (e.g., availability of information, equipment, and personnel) differ among Florida counties and may affect how the appraisal process is specifically applied. However, other factors being equal, general application of these guidelines in Florida counties having different market situations and different resources should yield substantially similar results.

1.4 Purposes of These Guidelines. There are three purposes of these real property appraisal guidelines: 1) to aid and assist Florida Property Appraisers in determining just valuations of real property for ad valorem tax purposes; 2) to promote and help facilitate the accuracy and equity of just valuations of real property for ad valorem tax purposes, both within and between counties; and 3) to meet the Florida Department of Revenue's statutory obligation to aid and assist Florida Property Appraisers by promulgating appraisal guidelines as referenced in Sections 195.062(1), 195.002(1), and 195.032, Florida Statutes.

1.5 Intended Users of These Guidelines. Based on the provisions in Sections 195.062(1), 195.002(1), and 195.032, Florida Statutes, the primary intended users of these real property appraisal guidelines are Florida Property Appraisers and their staff. Secondary users of these guidelines may include taxpayers, other government agencies, and other interested parties. See sections 1.6, 1.7, and 1.8 below.

1.6 Intended Uses of These Guidelines. The primary intended use of these real property appraisal guidelines is for Florida Property Appraisers and their staff to use them as a training document and as aid and assistance to enhance the accuracy and equity of just valuations of real property, both within and between counties, for ad valorem tax purposes. Subject to the provisions and limitations specified in sections 1.7 and 1.8, the secondary intended use is for both primary and secondary users to consider these guidelines as a source of basic knowledge and understanding of real property appraisal for ad valorem tax purposes in the State of Florida.

1.7 Uses For Which These Guidelines Are Not Intended. These real property appraisal guidelines were not developed and are not intended to be used as the complete reference source on any of the following or similar subjects: valuation theory, approaches, methods, or procedures; assessment administration; or applicable provisions of Florida law, manual of instructions, or regulatory requirements. Further, these guidelines were not developed and must not be used as the basis for the legal rights and responsibilities of participants in the real property appraisal process for ad valorem tax purposes in the State of Florida.

1.8 Organization and Content of These Guidelines. In order to facilitate relevance and understandability, much of this document is organized around the annual real property mass appraisal process as influenced by the applicable provisions of Florida law, manual of instructions, and regulatory requirements. This document is organized into 16 sections addressing the background knowledge and

steps for producing just valuations of real property in substantial compliance with Florida law, administrative rules, and regulatory requirements. These guidelines are not intended to replicate existing textbooks on real property appraisal and, therefore, do not contain all of the knowledge required by the primary intended users. This document should be used in conjunction with other applicable sources of professional knowledge.

1.9 Sources of Information and Expertise for These Guidelines. The footnotes and addendum to this document reference the primary sources of published information, from both the appraisal and legal perspectives, used to develop these guidelines. The reference to information from a particular source does not imply that all information from such source is applicable to the appraisal of real property for ad valorem tax purposes in the State of Florida. Other sources of information considered in the development of these guidelines include the following: 1) professional consultants hired by the Department of Revenue; 2) the Property Tax Administration Task Force (included representatives of a wide variety of Florida stakeholders); 3) Florida taxpayers and their representatives; 4) Florida Property Appraisers and their representatives; and 5) Department of Revenue appraisal staff and legal staff.

1.10 Other Sources of Appraisal Guidance. Florida Property Appraisers may use other sources of appraisal guidance such as Standard 6 on Mass Appraisal of the Uniform Standards of Professional Appraisal Practice (USPAP), published by the Appraisal Foundation, but only to the extent that such other sources do not conflict with Florida law, manual of instructions, and regulatory activities. Users of USPAP Standard 6 are cautioned that parts of that standard apply only to the mass appraisal of personal property or only to the mass appraisal of real property for purposes other than ad valorem taxation. The distinction between the mass appraisal of real property for ad valorem purposes and for other purposes is relevant because the USPAP Jurisdictional Exception may apply to several sections of Standard 6 and because the mass appraisal reporting provisions within Standard 6 are different for mass appraisals done for ad valorem tax purposes.¹

2.0 FOUNDATIONS OF MASS APPRAISAL IN FLORIDA

2.1 Legal and Regulatory Foundations. Since the annual real property appraisal process in the State of Florida for ad valorem tax purposes is necessarily a governmental function, this process has foundations in Florida law, administrative rules, and regulatory activities.

2.1.1 Florida Constitution. The Florida Constitution is an organized system of fundamental principles for the government of the state; it is of a permanent and general nature and originates from the people rather than from the Legislature. Section 1(d), Article VIII, of the Florida Constitution, provides for the voters of each county to elect a Property Appraiser every four years. Section 4, Article VII, of the

¹ Appraisal Standards Board, *Uniform Standards of Professional Appraisal Practice, 2002 Edition* (Washington, DC: The Appraisal Foundation, 2002), pages 45 and 52.

Florida Constitution, requires a just valuation of all real property for ad valorem taxation.

2.1.2 Florida Statutes. The Florida Statutes are a permanent collection of state laws organized by subject area into a code made up of titles, chapters, parts, and sections. Chapters 192, 193, and 195, Florida Statutes, contain provisions relevant to the development and use of these real property appraisal guidelines. As described in section 1.1 of this document, Sections 195.062(1), 195.002(1), and 195.032, Florida Statutes, provide the specific authority and legislative intent for the development and use of these guidelines. Section 193.011, Florida Statutes, provides direction to Florida Property Appraisers for the just valuation of real property for ad valorem tax purposes; this section is presented below in its entirety.²

“Factors to consider in deriving just valuation.–In arriving at just valuation as required under s. 4, Art. VII of the State Constitution, the property appraiser shall take into consideration the following factors:

(1) The present cash value of the property, which is the amount a willing purchaser would pay a willing seller, exclusive of reasonable fees and costs of purchase, in cash or the immediate equivalent thereof in a transaction at arm's length;

(2) The highest and best use to which the property can be expected to be put in the immediate future and the present use of the property, taking into consideration any applicable judicial limitation, local or state land use regulation, or historic preservation ordinance, and considering any moratorium imposed by executive order, law, ordinance, regulation, resolution, or proclamation adopted by any governmental body or agency or the Governor when the moratorium or judicial limitation prohibits or restricts the development or improvement of property as otherwise authorized by applicable law. The applicable governmental body or agency or the Governor shall notify the property appraiser in writing of any executive order, ordinance, regulation, resolution, or proclamation it adopts imposing any such limitation, regulation, or moratorium;

(3) The location of said property;

(4) The quantity or size of said property;

(5) The cost of said property and the present replacement value of any improvements thereon;

(6) The condition of said property;

(7) The income from said property; and

² This statute requires the Property Appraiser to consider each of these eight criteria, but it does not necessarily require the Property Appraiser to use any particular criteria. These criteria are to be *considered*, but need not be *used*, by the Property Appraiser in just valuations of real property. See Bystrom v. Whitman, 488 So.2d 520, 521 (Fla. 1986).

(8) The net proceeds of the sale of the property, as received by the seller, after deduction of all of the usual and reasonable fees and costs of the sale, including the costs and expenses of financing, and allowance for unconventional or atypical terms of financing arrangements. When the net proceeds of the sale of any property are utilized, directly or indirectly, in the determination of just valuation of realty of the sold parcel or any other parcel under the provisions of this section, the property appraiser, for the purposes of such determination, shall exclude any portion of such net proceeds attributable to payments for household furnishings or other items of personal property.”

The weight given to each of these factors is left to the discretion of Property Appraisers.³ The addendum to this document contains descriptions of Florida case law applicable to each of the eight factors listed above. Other relevant statutes are presented elsewhere in this document where appropriate.

2.1.3 Florida Administrative Code. The Florida Administrative Code is a compilation of the rules and regulations of state agencies that have been filed with the Department of State pursuant to the provisions of Chapter 120, Florida Statutes. Section 195.027(1), Florida Statutes, requires the Department of Revenue to prescribe rules and regulations for Property Appraisers, who must substantially comply with these rules and regulations. Chapter 12D, Florida Administrative Code, pertains to the administration of the ad valorem property tax.

2.1.4 Florida Case Law. Florida lawsuits over the issue of property valuation for ad valorem tax purposes sometimes result in legal decisions known as case law. Florida case law may offer useful guidance for the just valuation of real property for ad valorem tax purposes in the State of Florida. Applicable Florida case law is addressed and footnoted where appropriate within this document. Additionally, the addendum to this document contains descriptions of Florida case law applicable to each of the eight factors which Property Appraisers must consider in the just valuation of real property. These case law discussions are summaries of court rulings. Care should be taken to consult the actual cases, along with legal advice where necessary, in their application.

2.1.5 The Florida Real Property Appraisal Guidelines. These guidelines supersede previous real property appraisal guidelines other than classified use real property guidelines. This document is intended by statute to provide aid and assistance to Florida Property Appraisers for producing annual just valuations of real property in substantial compliance with Florida law, administrative rules, and regulatory requirements. Also, see sections 1.5, 1.6, 1.7, and 1.8. These guidelines are advisory. By Florida law they are not intended to be binding or determinative, nor should they be so interpreted. Other than the applicable provisions of Florida law, manual of instructions, and regulatory requirements, the use of these guidelines is left to the discretion of Property Appraisers.

³ See Valencia Center Inc. v. Bystrom, 543 So.2d 214 (Fla. 1989). Also, see Bystrom v. Bal Harbour 101 Condominium Association, Inc., 502 So.2d 1312 (Fla. 3d DCA 1987).

2.2 Comparison of Single-Property Appraisal and Mass Appraisal. Single-property appraisal is the valuation of an individual property as of a specified date. Mass appraisal is the valuation of groups of properties as of a specified date, using standardized procedures and statistical testing.⁴ Single-property appraisal and mass appraisal are similar and follow a similar process; they differ primarily in scope and quality control. *“Both mass and single-property appraisal are exercises in applied economic analysis. They represent logical, systematic methods for collecting, analyzing, and processing data to produce intelligent, well-reasoned value estimates.”*⁵ Through the use of computers, many single-property appraisal techniques may be used effectively within the mass appraisal process and vice versa.

Mass appraisal has an organizational context since teams of people are generally required to complete a mass appraisal project. Mass appraisal for ad valorem tax purposes is concerned with equity of values and systematically considers the just values of other property within groups for equity reasons, subject to variation in property characteristics within such groups. Since the just valuations of real property for ad valorem tax purposes in the State of Florida are generally performed using the mass appraisal process, these guidelines are focused on the real property mass appraisal process. Also, see the discussion on legislative recognition in section 1.2. However, at their discretion and depending upon the circumstances and available resources, Florida Property Appraisers may use single-property appraisal techniques for individual properties. The methods and procedures in these guidelines are also generally applicable to single-property appraisal of real property for ad valorem tax purposes in the State of Florida. The references to single-property appraisal in this document are for informational purposes only and do not imply and must not be interpreted as the Department’s specific recommendation for the use of single-property appraisal for purposes of ad valorem taxation.

2.3 History and Evolution of Mass Appraisal. Mass appraisal started in the United States in the 1920s, and continues to evolve.⁶ The following excerpts from a recent mass appraisal handbook provide a useful perspective on the current state of mass appraisal as viewed from both within and outside the ad valorem appraisal profession.

“There has long existed a dichotomy within the appraisal profession: essentially the partitioning of the appraisal worldview between mass appraisal and single-property appraisal. Both disciplines, to some extent, have been myopic with respect to the techniques and perspectives of the other. In many ways, this partitioning inhibits the transference of knowledge between the two. Assessment practitioners, charged with the simultaneous valuation of thousands of commercial and residential properties, have had to develop perspectives and techniques that enable them to process myriad data points into a reasonable and defensible framework. Conversely, fee appraisers have traditionally focused on fewer data points to develop their estimates of value.

⁴ International Association of Assessing Officers, *Mass Appraisal of Real Property* (Chicago: International Association of Assessing Officers, 1999), page 12.

⁵ *Ibid*, page 13.

⁶ *Ibid*, pages 24-27.

There is clear evidence that the roles of the two disciplines are rapidly converging with the integration of statistical techniques and data availability.”

“Assessment practitioners were among the very first to realize the benefits and potentials of technology, and the first to embrace it, as much out of necessity as desire. Technology became the bridging mechanism, allowing for the timely and accurate valuation of the assessment database, often totaling hundreds of thousands of properties. Assessment practitioners made significant advances in computer-assisted mass appraisal (CAMA) in the 1970s and 1980s, technologies that are now referred to in the field as automated valuation models, and they continue to be leaders in the field through innovative and ever more accurate valuation methodologies. In addition, they have also made significant advances in other related areas such as public databases and cadastral mapping/GIS.”

“The need for mass appraisal techniques in the private sector has never been more prevalent. Current uses range from instantaneous property valuations for lending purposes to portfolio valuations for asset management.”⁷

2.4 The Four Forces That Influence Real Property Value. There are four interactive forces that generally influence real property value. These are legal/regulatory, physical/environmental, economic, and social forces. These four forces provide a useful analytical framework for data collection and analysis, highest and best use considerations, valuation applications, and quality assurance. The combined influence of these four forces is reflected in real property market activities such as land sales, improved sales, rentals, new subdivisions of land, new construction, renovation, maintenance, demolition, annexations, and changes in zoning or future land use classifications.

2.4.1 Legal/Regulatory Forces. These forces include items such as zoning codes, future land use classifications, and building codes.

2.4.2 Physical/Environmental Forces. These forces include significant natural or man-made features that characterize a geographic area. Examples of these forces include the following: land uses; bodies of water; public improvements such as roads; building type and quality; and building age and condition.

2.4.3 Economic Forces. Economic forces include items such as employment, personal income trends, and business revenue and earnings. Economic influences on real property value are revealed in the costs, prices, rents, and expenses paid for real property.

2.4.4 Social Forces. Social forces are reflected in market transactions through the perceptions, expectations, and preferences of market participants. Social influences on real property value are revealed in the costs, prices, and rents paid for real property.

⁷ Appraisal Institute, *A Guide to Automated Valuation Modeling* (Chicago: Appraisal Institute, 2000), Preface.

2.5 Education and Training of Assessment Personnel. The proper education and training of personnel involved in the real property mass appraisal process is essential to a reliable mass appraisal system. Ideally, training programs would be tailored to the needs of each function within the process. Within each local jurisdiction, it is desirable to have widespread knowledge of Florida law, manual of instructions, and real property mass appraisal processes and procedures. *"Each appraiser must continuously improve his or her skills to remain proficient in mass appraisal."*⁸

3.0 IMPORTANT DEFINITIONS AND CONCEPTS

3.1 Important Definitions. This section is not intended to represent a complete glossary of related terms, but rather is intended to include those most applicable.

3.1.1 Ad Valorem Tax. An ad valorem tax is one based on the value of property. Ad valorem is a Latin term meaning "according to value."

3.1.2 Assessment Roll. For purposes of these guidelines, an assessment roll is a systematic listing of information pertaining to the just valuation of all real property within each county in the State of Florida for purposes of ad valorem taxation.

3.1.3 Real Property. Section 192.001(12), Florida Statutes, defines real property as: *"land, buildings, fixtures, and all other improvements to land."* See section 5.1.

3.1.4 Personal Property. Section 192.001(11), Florida Statutes, defines personal property as being divided into the following four categories: 1) household goods, 2) intangible personal property, 3) inventory, and 4) tangible personal property. Generally, personal property is property other than real property. See section 5.1.

3.1.5 Just Value. Rule 12D-1.002(2), Florida Administrative Code, defines just value as: *"The price at which a property, if offered for sale in the open market, with a reasonable time for the seller to find a purchaser, would transfer for cash or its equivalent, under prevailing market conditions between parties who have knowledge of the uses to which the property may be put, both seeking to maximize their gains and neither being in a position to take advantage of the exigencies of the other."*

3.1.6 Fair Market Value. The Florida Supreme Court has ruled that just value and fair market value are legally synonymous, and that fair market value is defined as: *"The amount a purchaser willing but not obliged to buy, would pay to one willing but not obliged to sell."*⁹

⁸ Appraisal Standards Board, *Uniform Standards of Professional Appraisal Practice, 2002 Edition* (Washington, DC: The Appraisal Foundation, 2002), page 45.

⁹ See *Walter v. Schuler*, 176 So.2d 81 (Fla. 1965). In situations where value definition is an issue, this definition prevails over any other definition, including that in section 3.1.5 above.

3.1.7 Market Value. The two preceding sections contain legal definitions specific to Florida. Included here for informational purposes only, the following is a current economic definition of market value used by federally regulated financial institutions: *"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:*

1. *buyer and seller are typically motivated;*
2. *both parties are well informed or well advised, and acting in what they consider their best interests;*
3. *a reasonable time is allowed for exposure in the open market;*
4. *payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and*
5. *the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."*¹⁰

3.1.8 Arm's-Length Transaction. This means a sale or lease transaction for real property where the parties involved are not affected by undue stimuli from family, business, financial, or personal factors.

3.1.9 Distinctions Between Cost, Price, and Value. Cost, price, and value are different economic concepts. Cost is the total dollar amount required to create an improved parcel of real property. Cost may be an actual historical amount or may be a determination by an appraiser. To exist, the cost of real property requires the action of only a single person or entity. Price is the actual total amount of consideration paid from one party to another in exchange for real property in an actual transaction. Price is a historical fact that can exist only after the specific interaction of two persons or entities. Value is not a fact; it is the present worth, as of a specified date, of the collective market expectations of the future benefits of owning a specified interest in real property. See section 3.1.10. Such anticipated future benefits may include personal use, business use, or investment income and resale.

3.1.10 Market Participants. Market participants are persons who directly participate in the decision-making process for developing, buying, selling, leasing, renovating, demolishing, or financing real property. This group includes developers, buyers, sellers, owners, tenants, lenders, and those who directly and substantially advise these persons in their decision-making on the stated activities. Real property value is heavily influenced by the collective perceptions, expectations, and preferences of market participants.

3.1.11 Stratification. Stratification is the division of real property populations or samples into two or more groups based on some defined criteria. The main criteria for

¹⁰ Appraisal Standards Board, *Uniform Standards of Professional Appraisal Practice, 2002 Edition* (Washington, DC: The Appraisal Foundation, 2002), page 219.

stratification are property use code, location, and property characteristics. Stratification results in property groups with one or more shared characteristics. These groups, or strata, are useful for data collection and management, appraisal analysis, and quality assurance. The appropriate level of stratification may range from general with only one criterion to detailed with several criteria. In mass appraisal, the term "stratum" means one group, and the term "strata" means more than one group. For regulatory analysis by the Department of Revenue, Section 195.096(3)(a), Florida Statutes, specifies seven real property classes, or strata. See section 16.7.6.

3.1.12 Quality Assurance. Quality assurance denotes systems, processes, and procedures for ensuring the accuracy, equity, consistency, and reliability of mass appraisal data and just valuations of real property, both within and between counties, for ad valorem tax purposes in the State of Florida.

3.2 Relevant Concepts. This section is not intended to represent a complete listing of related concepts, but rather is intended to include those most applicable.

3.2.1 Concept of Fairness in Real Property Ad Valorem Taxation. The best assurance for fairness in real property ad valorem taxation in the State of Florida is to facilitate accurate and equitable just valuations, both within and between counties.

3.2.2 Concept of Anticipation. The concept of anticipation means that real property value is heavily influenced by the collective expectations of market participants of receiving future benefits of owning real property. Such future benefits may include personal use, business use, or investment income and resale. The concept of anticipation is embodied within all arm's-length activities, and some non-arm's-length activities, involving real property.

3.2.3 Concept of Substitution. The concept of substitution means that real property value may be influenced by the cost of developing a substitute parcel of real property, less accrued depreciation, or by the price of acquiring existing substitute real property of similar personal, business, or economic utility. The concept of substitution may be reflected in real property cost and depreciation, arm's-length transactions involving real property, and investment decisions regarding real property.

3.2.4 Concept of Change. The concept of change means that real property markets are constantly responding to the forces of change. Change may occur at a rate anywhere on the spectrum between relatively fast and very slowly and, at times, may be practically imperceptible. The rates of change in real property markets generally are much slower than in other economic markets such as the stock or commodities markets. The four major stages of change in real property markets are growth, stability, decline, and revitalization. Different real property markets experience different degrees of the four stages of change. The Florida annual mass appraisal cycle facilitates frequent response to the forces of change.

3.2.5 Concept of Real Property Markets. Economic markets may be efficient, inefficient, or somewhere in between. An efficient market is one with the following general characteristics: all assets are very similar; information relating to the legal,

physical, and economic characteristics of the assets is available quickly and inexpensively; such information is quickly reflected in the market prices paid for the assets; there are few regulations; assets are bought and sold easily, quickly, and inexpensively; assets are easily and quickly mobile; buyers and sellers are brought together by an organized market such as the New York stock exchange; and, there are a large number of buyers and sellers for a given asset class at a particular point in time.

In contrast to efficient economic markets, real property markets are inefficient economic markets.¹¹ Real property markets reflect the following general characteristics: each asset is unique; information relating to the legal, physical, and economic characteristics of the assets generally may not be available quickly and inexpensively; such information is not quickly reflected in the market prices paid for the assets; there are many regulations affecting the development and use of real property; assets are not bought and sold easily, quickly, or inexpensively; assets are not mobile because each real property parcel has a unique location; there is no central, organized market to bring buyers and sellers together; and, typically, there is a limited number of buyers and sellers for a given real property type in a given location at a particular point in time.

The relevance of real property market inefficiencies to both single-property appraisal and mass appraisal is that neither can be an exact science because the market processes of determining real property cost and price are inefficient and inexact. These factors may contribute to inefficiencies in the decision-making behavior of market participants. The following excerpts describe market price and some of the inefficiencies of market participants that may be reflected in market prices.

*"Market price is the amount actually paid in a particular transaction."*¹²

*"Market price can, and often does, result from caprice, carelessness, desperation, egotism, ignorance, pressure, sentiment, social ambition, whim, and many other factors."*¹³

However, any unusual transactions do not prevent the market as a whole from being good evidence of value.¹⁴ See sections 6.12, 6.12.1, and 6.12.2. The process of determining whether particular real property market prices are indicative of just value involves appraisal judgment.

3.2.6 Concept of Appraisal Judgment. The Florida Supreme Court has ruled that appraisal is an art, not a science, and that appraisal involves the exercise of

¹¹ Appraisal Institute, *The Appraisal of Real Estate, Twelfth Edition* (Chicago: Appraisal Institute, 2001), page 99.

¹² International Association of Assessing Officers, *Property Appraisal and Assessment Administration* (Chicago: International Association of Assessing Officers, 1990), page 53.

¹³ *Ibid*, page 53.

¹⁴ See *Southern Bell Telephone and Telegraph Company v. County of Dade*, 275 So.2d 4 (Fla. 1973).

judgment.¹⁵ This concept is also widely recognized in the appraisal profession. Appraisal judgment is defined as the process, using imperfect information, of reaching a reasoned conclusion within a reasonable range of alternatives by differentiating between and comparing alternatives. Even quantitative appraisal analysis requires the use of appraisal judgment.¹⁶ Appraisal judgment is essential for quality assurance throughout the mass appraisal process. The following excerpt describes the need for appraisal judgment in the context of sale ratio studies, one of the most important mass appraisal tools.

*"Judgment is essential when conducting a ratio study or when evaluating or using the results. Ratio studies reduce uncertainty about appraisal accuracy by providing an objective basis for evaluating appraisal level and uniformity. Nevertheless, real estate markets consist of many individual properties, each unique in some way, and market participants who are imperfectly informed and not always rational. This, together with the statistical errors inherent in any sampling process, makes judgment essential when evaluating a ratio study and acting on the results."*¹⁷

The application of appraisal judgment is generally preceded by diligence in the two areas of data collection and management and exploratory data analysis, although both may also involve the use of appraisal judgment.

4.0 THE MASS APPRAISAL PROCESS IN FLORIDA

4.1 Overview. Sections 5.0 through 16.0 below address the steps for an effective mass appraisal process for just valuations of real property within the State of Florida. The steps in the mass appraisal process are not necessarily done in the sequence listed below since many of these steps are ongoing and may be performed not only sequentially, but also concurrently and interactively.

4.2 Mass Appraisal Systems. As used in the phrase "mass appraisal system," the term "system" does not represent a computer system; rather it represents a system of processes and procedures organized according to functional groups. For purposes of these guidelines, the mass appraisal system is considered in place and operational. Otherwise, the implicit time required to design and implement the mass appraisal system and produce the annual just valuations would exceed the Florida one-year revaluation cycle.

4.3 Computer-Assisted Mass Appraisal Systems. Computer-assisted mass appraisal is a term developed around the United States a few decades ago when computerized mass appraisal systems became useful and affordable, and received widespread acceptance. Computer-assisted mass appraisal systems are widely

¹⁵ See *Powell v. Kelly* 223 So.2d 305 (Fla. 1969).

¹⁶ Appraisal Institute, *The Appraisal of Real Estate, Twelfth Edition* (Chicago: Appraisal Institute, 2001), page 441.

¹⁷ International Association of Assessing Officers, *Standard on Ratio Studies* (Chicago: International Association of Assessing Officers, 1990), page 11.

referred to as CAMA systems, a term denoting a computer system as distinguished from the mass appraisal system described in section 4.2. CAMA systems are used in all 67 Florida counties. The CAMA systems currently employed vary in their capability to store, retrieve, analyze, and report mass appraisal data. However, all Florida CAMA systems must be capable of storing and maintaining the data necessary to produce the reports and files required by the Department of Revenue.

4.4 Market Variation Between Counties. These guidelines must be flexible to allow for Florida's variation from county to county regarding factors such as: local economic conditions; local governmental regulation; local market standards and practices; number of real property parcels; mix of real property types; local land use patterns; and quantity and quality of available data. These guidelines are intended to avoid unwarranted degrees of specificity that would be inconsistent with the well-documented inefficiencies inherent in real property markets.

4.5 The Annual Just Valuation Cycle for Florida Property Appraisers. There are many deadlines and significant dates in the annual operations of Florida Property Appraisers, several of which apply to operations other than the just valuation of real property. The items described in this section are limited to those involving just valuation. This is a limited description provided only as a brief overview, and should not be relied upon for regulatory compliance. Real property appraisal for ad valorem tax purposes in the State of Florida is a repetitive annual process. Consequently, the scope of the mass appraisal in any given year includes the activities necessary to update the just values of the previous year, and to produce just values for newly platted land, new construction, parcels with changes in land use regulations, new parcels resulting from splits and combinations, and the like.

Florida Property Appraisers respond to inquiries from taxpayers on a daily basis throughout the year. The effective date of the annual real property appraisal is January 1st. Unless an extension is granted, all counties under in-depth review are required to submit to the Department of Revenue, by January 31st, a file containing real property transfer data current to December 31st. Unless an extension is granted, Property Appraisers are required to substantially complete just valuations and submit preliminary assessment rolls to the Department of Revenue by July 1st each year. Truth in millage (TRIM) notices typically are mailed to taxpayers in mid to late August. TRIM notices notify taxpayers of preliminary just values as determined by the Property Appraiser, and also list the names and addresses of taxing authorities for taxpayer reference. Property Appraisers are not involved in the determination of property taxes. During the approximate one month period after taxpayers receive TRIM notices, Property Appraisers respond to typically very high volumes of taxpayer inquiries regarding just values, both over the telephone and in person. This is an opportunity for taxpayers to ask questions, express concerns, and provide verifiable information regarding the preliminary just valuation of real property. Value Adjustment Board hearings typically begin a few weeks after TRIM notices are mailed. These hearings are another opportunity for taxpayers to express concerns and provide verifiable evidence in support of changes to preliminary just values.

5.0 DEFINING THE MASS APPRAISAL PROCESS

5.1 Identification of Real Property. The first step in the appraisal process is to identify the real property that is to be appraised. Only real property, as defined in section 3.1.3, should be included in just valuations of real property. Any personal property, as defined in section 3.1.4, should be excluded from just valuations of real property. See section 2.1.2. There are different purposes for identifying real property for ad valorem taxation in the State of Florida, including regulatory, administrative, and mass appraisal purposes. Some identifiers may be required for more than one purpose in the annual assessment roll production cycle.

5.1.1 Regulatory Identification of Real Property. Rule 12D-8.008(2)(a), Florida Administrative Code, requires Property Appraisers to classify each parcel of real property to indicate its use as determined for valuation purposes. According to Rule 12D-8.008(2)(c), Florida Administrative Code, this use must be reflected in property use codes applied to each real property parcel on assessment rolls.

5.1.2 Administrative Identification of Real Property. For administrative purposes within each county, the following identifying items should be maintained for each real property parcel: parcel identification number; property address; property owner's name and address; legal description; and parcel map.

5.1.3 Identification of Real Property Groups for Mass Appraisal. For mass appraisal purposes, the most important identifiers of real property include the following: property use code as described in section 5.1.1; parcel identification number; parcel map; geographic unit; and other property characteristics.

5.2 Real Property Rights to be Appraised. For ad valorem tax purposes in the State of Florida, the real property rights to be appraised are the unencumbered fee simple estate, unless specified otherwise.¹⁸ The fee simple estate in real property is the unencumbered ownership limited only by the four powers of government: taxation, police power, eminent domain, and escheat.

5.3 Purpose and Intended Use of the Appraisal. The purpose of the annual real property appraisal is to produce just valuations of the unencumbered fee simple estate in real property, as of the date of appraisal. The intended use of the annual real property appraisal is to provide a basis for ad valorem taxation of real property according to Florida law, administrative rules, and regulatory activities. This annual appraisal of real property is not intended and should not be used for any other purpose.

5.4 Intended Users of the Appraisal. The intended users of the annual real property appraisal performed by Florida Property Appraisers include the following: the real property taxpayers of each county; the Tax Collectors and taxing authorities; the Department of Revenue; and the Auditor General.

¹⁸ See Schultz v. TM Florida-Ohio Realty Ltd Partnership, 577 So.2d 573 (Fla. 1991). Also, see Valencia Center, Inc. v. Bystrom, 543 So.2d 214 (Fla. 1989).

5.5 Date of Appraisal. Section 192.042(1), Florida Statutes, requires that all real property be assessed according to its just value as of January 1st of each year. Each year's assessment stands on its own, unconnected with the assessment for any prior year.¹⁹

6.0 COLLECTING AND MANAGING MASS APPRAISAL DATA

6.1 The Importance of Data Completeness and Accuracy. All data used in the mass appraisal process must be as complete, accurate, and consistent as possible. The following four excerpts emphasize both the relative and absolute importance of data quality in the mass appraisal process.

*"The quality of the available data will, more than anything else, determine valuation accuracy."*²⁰

*"The data management system is the heart of the mass appraisal system and should be carefully planned and designed."*²¹

*"Because the quality of the data, more than anything else, will determine the reliability of values generated in the reappraisal, the data collection program requires organization, planning, and close supervision. In-office preparation, selection and training of staff, entry and validation of collected data, and quality control should all be carefully planned."*²²

*"The findings of a ratio study can only be as accurate as the data used in the study. No matter what the purpose of the study, the data must be as accurate as possible."*²³

Assuring data completeness and accuracy should be an ongoing task in the mass appraisal process. It is the responsibility of all participants in the annual mass appraisal process to take all reasonable steps to verify and assure the completeness and accuracy of all applicable legal, physical, and economic data.

6.2 Legal, Physical, and Economic Data. Awareness and understanding of the basic categories of mass appraisal data facilitates clear thinking, consistency, and quality assurance in the mass appraisal process. The three basic and interactive categories of mass appraisal data are legal, physical, and economic. Examples of legal data include zoning information, deeds, subdivision plats, and building permits.

¹⁹ See Keith Investments, Inc. v. James, 220 So.2d 695 (Fla. 4th DCA 1969).

²⁰ International Association of Assessing Officers, *Property Appraisal and Assessment Administration* (Chicago: International Association of Assessing Officers, 1990), page 309.

²¹ International Association of Assessing Officers, *Mass Appraisal of Real Property* (Chicago: International Association of Assessing Officers, 1999), page 32.

²² *Ibid*, page 41.

²³ International Association of Assessing Officers, *Standard on Ratio Studies* (Chicago: International Association of Assessing Officers, 1999), page 9.

Examples of physical data include property characteristics such as building type, building size, or neighborhood. Examples of economic data include costs, sale prices, rents, and operating expenses.

6.3 Considerations for the Scope of Data Collection. Data collection and management is the most expensive and time-consuming part of the mass appraisal process. Decisions on what data to collect and how to manage these data should be carefully weighed. The considerations for making these decisions may include the following:

- 1) the number and type of real property parcels involved,
- 2) the quality and quantity of available data,
- 3) the quality and quantity of available resources,
- 4) the requirements of the valuation approach(s) used,
- 5) the capabilities of the computer-assisted mass appraisal (CAMA) system used, and
- 6) Florida law, manual of instructions, and regulatory activities.

The appropriate decisions on data collection will vary both within and between counties, depending on the situation. See sections 1.3, 4.3, 4.4, 8.2, and 11.2.

6.4 General Data. General data useful for the real property mass appraisal process may include the following: articles from local news publications; economic reports; planning information; and real property market reports. Local news articles may contain information such as the following: proposed developments; proposed changes in zoning or land uses; demolitions of real property; real property rentals, vacancies, listings, and sales; information on real property expenses; market and neighborhood trends; and the perceptions, expectations, and preferences of market participants. Some of these data may not be applied directly in the appraisal process, but it is helpful to be aware of them. Other of these data may be applied directly in the appraisal process. News articles may sometimes be incomplete or inaccurate for appraisal purposes, but still provide useful leads for additional research.

6.5 Specific Categories of Real Property Appraisal Data. The specific categories of real property appraisal data include: title transfer documents; cadastral mapping data; aerial photography; regulatory data; physical characteristics; cost and depreciation data; sale data; and income capitalization data. One or more categories of data may not apply to a particular group of property. Sources and methods for collecting and managing the specific types of real property appraisal data are described below.

6.6 Collecting and Managing Title Transfer Documents. In order to maintain accurate ownership and other basic information on real property parcels such as

addresses, legal descriptions, and assessment maps, Property Appraisers must continually collect source documents transferring title to real property. These documents may also provide information on sales of real property. Title transfer documents primarily include deeds, but also may include other types of documents such as articles of agreement, judgments, and certificates of title. The primary source for these documents is the clerk's office in each county, which is responsible for recording and maintaining public records. Florida Property Appraisers should facilitate the timely receipt of all recorded documents pertaining to real property transfers, as well as all orders of taking from public agencies. The information from title transfer documents should be processed completely, accurately, and timely.

6.7 Collecting and Managing Cadastral Mapping Data. Rule 12D-1.009, Florida Administrative Code, requires each Property Appraiser to maintain property ownership maps (cadastral maps). Cadastral maps are scale maps showing the legal description boundary, parcel identifier, and related information on each parcel of real property in each county for assessment purposes. These maps also should show items such as roads, streets, and major bodies of water. Cadastral maps allow the location and size of each real property parcel to be determined for assessment purposes. The primary sources of information used to produce cadastral maps are title transfer documents, survey books, and subdivision plats recorded in the public records of each county. The cadastral mapping process should be designed to meet the needs of end-users such as field staff and appraisal analysts. The following excerpt illustrates an important consideration in the mapping process for users of sale ratio studies. *"Parcels that have been split or combined should have new identifiers assigned; otherwise they may be matched against the previous sale of a physically different parcel."*²⁴ Property Appraisers should facilitate the timely receipt and processing of all documents and information required to maintain complete, accurate, and neat cadastral maps in accordance with the Florida Cadastral Mapping Guidelines and with Rule 12D-1.009, Florida Administrative Code. There should be an established and continuous quality assurance process to effectively resolve errors, omissions, and other problems that may arise during the ongoing maintenance of cadastral maps.

6.8 Collecting and Managing Aerial Photographs. Rule 12D-1.009, Florida Administrative Code, requires each Property Appraiser to maintain aerial photography suitable for appraisal needs. Section 195.022, Florida Statutes, requires the Florida Department of Revenue to furnish aerial photographs of each county to Property Appraisers at least once every three years to help assure that all real property is listed on assessment rolls. Some counties have opted to obtain aerial photography from private vendors, often by agreement with other local governmental entities. Aerial photography is useful for locating and analyzing real property, especially vacant land, and can be used to identify previously undiscovered improved property by comparing recent photographs with those of a prior period. For field inspections and appraisal research, it is very helpful to have aerial photographs accurately overlaid with cadastral maps.

²⁴ International Association of Assessing Officers, *Mass Appraisal of Real Property* (Chicago: International Association of Assessing Officers), page 222.

6.9 Collecting and Managing Regulatory Data. Regulatory data relevant to mass appraisal includes the following: building permits (new construction and renovation); demolition permits; zoning ordinances, maps, and any changes; future land use elements, maps, and any changes; annexations; and the like. All of these data should be available from county or municipal agencies. Property Appraisers should work with local governmental agencies to assure the establishment of continuous processes for the timely receipt of all regulatory data required by law, regulations, and the annual real property appraisal process. All relevant regulatory data should be processed completely, accurately, and timely.

6.10 Collecting and Managing Data on Physical Characteristics. In order to substantially comply with Florida statutory and administrative requirements, Property Appraisers must collect and maintain appraisal data on certain physical characteristics of real property within each county. The starting point for the collection of these data is the activities described above in sections 6.6, 6.7, 6.8, and 6.9. Rule 12D-8.008(2)(a), Florida Administrative Code, requires Property Appraisers to classify each parcel of real property to indicate its use as determined for valuation purposes. According to Rule 12D-8.008(2)(c), Florida Administrative Code, this use must be reflected in property use codes applied to each real property parcel on the assessment roll. See section 9.0. Physical data collection sources may include field inspections, building plans, cadastral maps, aerial photographs, multiple listing services, and property owner records.

The basic land information required on assessment rolls is listed and described in Rule 12D-8.011(1)(f), Florida Administrative Code. This required land information includes the following: the property use code; a code indicating the unit of measurement (per acre, per square foot, etc.) used as the basis for valuing the land; and the number of units of land (acres, square feet, front feet, etc.). Based on consideration of the factors listed in section 6.3, Property Appraisers may collect and consider additional land characteristics in the mass appraisal process.

The basic building information required on assessment rolls is listed and described in Rule 12D-8.011(1)(g), Florida Administrative Code. This information generally includes year built or effective year built, construction type, and size as measured by square footage. Section 193.023(2), Florida Statutes, requires inspection of real property by Property Appraisers every three years. Based on consideration of the factors listed in section 6.3, Property Appraisers may collect and consider additional building characteristics in the mass appraisal process.

6.11 Collecting and Managing Cost and Depreciation Data. Cost and depreciation data for improved real property are direct inputs to the cost less depreciation approach to valuation. The collection of cost and depreciation data has two components: those data collected by field inspection of the property, described above in section 6.10, and those data collected from other sources, described below.

Cost data should be current and include all direct and indirect costs of construction, including reasonable contractor's profit and developer's profit. Sources for cost data on real property may include published cost manuals, market-adjusted base rates and

other costs developed from sale ratio studies, and recent, actual, and verified cost data. Available cost data should be collected, analyzed, and considered anew each year as applicable. Within CAMA systems, replacement costs for real property are directly impacted by the physical characteristics collected by field staff since applied costs vary with the real property type and construction grade recorded by field staff.

Depreciation data for mass appraisal may be in the form of depreciation tables applicable to a property group, or may be specific to individual property. However, any depreciation separately applied to individual property should be justified by verified and documented evidence. Sources for depreciation data may include published manuals and market-based depreciation developed from sale ratio studies or other appraisal analyses. Depreciation tables from published manuals may be tested for reasonableness using any available local market data. Within CAMA systems, depreciation rates applied to real property are directly impacted by the property characteristics collected by field staff, since applied depreciation varies with the effective age or effective year built recorded by field staff.

6.12 Collecting and Managing Sale Data. Sale data are the legal, physical, and economic characteristics of real property parcels that have been sold and of the corresponding sale transaction, all as of the date of sale. The primary source of sale data for Florida Property Appraisers is the title transfer documents recorded in the public records in each county (see section 6.6).²⁵ A supplementary source of real property sale information is the Department of Revenue Form DR-219, Return Transfers of Interest in Real Property. These forms are provided to the county clerk's office at the time of recording the title transfer document, but are not recorded since the DR-219 is not legislatively intended to be a part of the public record. Property Appraisers may conduct additional sale data collection activities such as the following: physical inspections of properties that have been sold; researching multiple listing services; interviewing market participants by telephone or in person; and sending sale verification forms to buyers and/or sellers and processing such forms upon their return.

6.12.1 Arm's-Length Transactions. An arm's-length transaction is a sale or lease transaction for real property where the parties involved are not affected by undue stimuli from family, business, financial, or personal factors. An informed determination should be made of whether each sale was an arm's-length transaction and whether the sale was for vacant land or improved property; this process is called sale qualification. Section 195.0995, Florida Statutes, requires Property Appraisers to properly qualify or disqualify sale transactions and to document the reason for any disqualification in a manner prescribed by the Department of Revenue. The Department of Revenue rule implementing this statute is described in section 6.12.2 below.

²⁵ Unless a sale is found to be not arm's length, Property Appraisers may presume that the sale prices indicated by documentary stamps on deeds are prima facie evidence of the just value of the sold property. See Southern Bell Telephone and Telegraph Company v. County of Dade, 275 So.2d 4 (Fla. 1973). Also, Property Appraisers may presume there are no unusual terms of sale if the form provided for in Section 195.027(6) is not presented to the county recorder at the time the instrument is recorded.

6.12.2 Sale Coding and Reporting Requirements. Rule 12D-8.011(1)(m), Florida Administrative Code, requires Property Appraisers each year to post certain information on the two most recent transfers of real property to the records of each parcel. This required information includes items such as the following: the date of sale; a transfer code for each sale; the sale price as indicated by documentary stamps paid on the transfer document; and a one-digit code indicating whether the sale was for a vacant (V) or an improved (I) parcel. The transfer code must be one of the following when the annual assessment roll is submitted to the Department of Revenue: (00) sales which are qualified; (01) sales which are disqualified as a result of examination of the deed; (02) deeds which include more than one parcel; or, (03) other disqualified sales. These codes are minimum requirements. The rule also states that Property Appraisers may use other coding schemes, provided these are translated to the prescribed coding system on the assessment roll submitted to the Department of Revenue. This rule also provides certain criteria for considering whether a sale should be disqualified.

6.12.3 Additional Sale Coding. During the processing and qualification of sale data, additional coding may be applied to each sale transaction to denote information such as the following: 1) the document type used to transfer title; 2) whether the sale was an arm's-length transaction; 3) the reason for disqualifying a sale, if applicable; and, 4) the source of information used to disqualify a sale, if applicable. This coding system may be useful for accountability and quality assurance in sale data management.

6.12.4 Using Sale Data. The uses of sale data are twofold: one is for sale ratio studies and reporting to the Department of Revenue, and the other is for appraisal and related uses. Sale data are used throughout the administrative and mass appraisal processes and systems within a Property Appraiser's office. Sale data may be used in the following: all three approaches to value; sale ratio studies for mass appraisal planning and quality assurance; explaining real property values to taxpayers; and defending values in quasi-judicial and judicial proceedings. Complete, accurate, and timely sale data are part of assessment administration and the mass appraisal process. Sale data are also an integral part of the assessment roll evaluation function of the Department of Revenue.

6.12.5 Separate Maintenance of Sale Characteristics. For each qualified sale transaction, it may be appropriate to have a separate sale file, preferably computerized, that preserves a snapshot, as of the date of sale, of the relevant legal, physical, and economic characteristics of both the sold property and the sale transaction.²⁶ This may help to assure that such characteristics are accurately maintained for appraisal analysis.

6.12.6 Special Considerations in Sale Data Management. Special considerations in sale data management may include the following: sales of improved property with improvements demolished after the sale; sales of vacant land with improvements

²⁶ Appraisal Standards Board, *The Uniform Standards of Professional Appraisal Practice, 2002 Edition* (Washington D.C.: The Appraisal Foundation), page 50.

constructed after the sale; sales involving multiple parcels; sales involving splits; sales involving combinations; and sales of land tracts subsequently developed with subdivisions or condominiums. See section 12.7.2.

After the date of sale, real property improvements are occasionally demolished to make way for new construction. These sales may represent land sales. Since these sold properties typically will have improved property use codes at the time of sale, special care should be taken to identify them and apply proper coding for use in valuation activities and sale ratio studies. Field inspections and review of demolition permits are helpful in identifying these sales, which may be very useful in highly developed areas where land sales are scarce.

A common real property market scenario is the purchase of a vacant land parcel and the subsequent construction of a building on the site. This frequently results in a mismatch between property characteristics at the time of sale (vacant land) and those on the date of appraisal (improved property). These sales of vacant land may be arm's-length transactions and as such should be preserved for appraisal purposes, but should be removed from sale ratio studies of improved property. Sales must be accurately coded as either vacant land or improved property.

Sales involving multiple parcels are typically excluded from sale ratio studies due to the technical difficulty in matching the relevant legal, physical, and economic characteristics of all sold parcels with those of the assessed parcels. For these reasons, the Department of Revenue excludes all multiple parcel sales from sale ratio studies. However, such sales may be arm's-length transactions and useful to Property Appraisers for appraisal purposes and for explaining just values, and these sales should be preserved for such uses.

Splits typically occur when the title to a portion of an existing parcel is transferred, creating new physical parcels for both the split-out parcel and for the remainder portion of the original parent parcel. If a separate sale file is not a part of a mass appraisal system, special consideration is required for accurately maintaining any prior sales of the original parent parcel. Any such prior sales should be assigned a special disqualification code indicating a change in property characteristics since the date of sale. This prevents mismatching data on sold property as of the date of sale and as of the date of appraisal, and any resulting errors in appraisals or sale ratio studies. Also, consideration should be given to saving the relevant data, as of the date of sale, on any such prior sales of the original parent parcel.

Combinations typically occur when title to all or part of more than one parcel is transferred on a single transfer document, creating at least one new physical parcel. Combinations may have the characteristics of both splits and subdivisions regarding parcel and sale data maintenance. Appropriate steps should be taken to prevent inaccurate sale data and to maintain accurate sale data. The accurate maintenance of both property data and sale data is much easier if the affected parcels are assigned new parcel identification numbers during the processing of splits and combinations.

Relevant data on sales of land tracts subsequently developed with subdivisions or condominiums should be preserved in a separate file since, typically, the tract parcel identification numbers become inactive when the newly developed parcels are placed on the assessment roll. These sale data may be scarce and should be preserved for appraisal purposes and for explaining just values.

6.13 Collecting and Managing Income Capitalization Data. Income capitalization data are necessary for the application of the income capitalization approach to value. When available, these data may include market rent, vacancy and collection loss, operating expenses, capitalization rates, and income multipliers. Methods of collecting the first three items from property owners and managers include conducting surveys in person or by telephone using rent survey forms, or mailing rent survey forms and processing them upon return. In some cases, the collection of capitalization rates and income multipliers from market participants requires sales of income-producing property.

Other useful sources of income capitalization data may include the following: locally published surveys; investor surveys such as the Korpacz Real Estate Investor Survey? ; and market reports published by various professional organizations such as the Building Owner's and Manager's Association (BOMA), the Institute of Real Estate Management (IREM), the Urban Land Institute (ULI), and the International Council of Shopping Centers (ICSC).

When sufficient income capitalization data are available, a computerized database for these data may be created and organized into similar property groups for reference. These income capitalization data should be reviewed for completeness, accuracy, and consistency, and then reconciled within and between property groups. The reconciliation process is necessary since the information received from the various sources may be unclear, incomplete, inaccurate, inapplicable, or unreasonable. The relative comparison process and good appraisal judgment are part of effectively managing income capitalization data. Available income capitalization data should be reviewed and updated each year as applicable.

6.13.1 Accessibility and Confidentiality of Financial Records. Rule 12D-1.005(1), Florida Administrative Code, states the following: *"The property appraiser of each county, duly authorized representatives of the Department, and duly authorized representatives of the Auditor General shall have the right to inspect and copy financial records relating to non-homestead property which are reasonably necessary to determine the property assessment of the property in question."* Rule 12D-1.005(3) states the following: *"All records produced by the taxpayer under this rule shall be deemed to be confidential in the hands of the property appraiser, the Department, and the Auditor General and shall not be divulged to any person, firm, or corporation."*

6.14 The Role of Property Owners in Data Collection. Section 6.1 explains the relative importance of data quality to the mass appraisal process. Owners of real property have an important societal role in the Property Appraiser's collection of complete, accurate, and consistent appraisal data. Providing complete and accurate

information in response to interviews and surveys regarding property, sale, cost, and income capitalization data fulfills this role. Such cooperative responses from property owners and their agents are essential to the equitable and fair administration of the Florida ad valorem property tax for all taxpayers, both within and between counties. Property Appraisers and the Department of Revenue are required to keep confidential certain types of information received from property owners. See section 6.13.1.

6.15 The Coding of Mass Appraisal Data. Accurate coding of mass appraisal data is part of effective stratification of real property within a county. Coding means to assign a unique identifier to major characteristics of real property such as property use, geographic unit, quality grade, effective age, and the like. Coding schemes should be both exhaustive and mutually exclusive. As described in section 6.10, the coding of real property begins with inspecting, classifying, and coding the use of real property for valuation purposes. See sections 6.12.2 and 6.12.3 for information on coding of sale data.

6.16 Quality Assurance for Data Collection and Management. There should be constant attention to data completeness, accuracy, and consistency at all levels of the mass appraisal organization. There should be continuous, two-way feedback mechanisms between departments, teams, individuals, and management and staff addressing problems discovered and implementing steps to correct the root causes of the problems, not simply treating the symptoms. Specific items that may be used to assure the quality of mass appraisal data include those listed and described below.

6.16.1 Data Collection Manuals. A data collection manual is a well-documented manual describing in detail all aspects of collecting and coding data on physical characteristics of improved real property. It is a useful tool that provides a readily-available reference for staff on items such as: field conduct; collection and measurement methods; how to apply sound judgment to qualitative determinations such as construction grade, effective year built, and effective age; and how to apply accurate and consistent coding of property characteristics. The manual should explain available codes for various property types and building features and how to properly choose amongst them. Data collection manuals should be current, complete, clearly written, and well illustrated with examples and photographs of construction grades and building features for each property type.

6.16.2 Education and Training for Management and Staff. Given the relative importance of complete, accurate, and consistent data for producing accurate and equitable just valuations of real property, a primary focus of these guidelines is to describe the components of an effective data collection and management program. Effective education and training for management and staff are part of such a program. Effective means that the education and training are appropriate and used throughout the data collection and management process. Management and staff should understand how the data are used in the mass appraisal process and why the data should be collected and maintained in a certain way. The data collection manual may be the primary training tool for management and staff involved in field data collection. Training for field data collection should include training in the classroom, in the field, and on-the-job.

6.16.3 Internal Procedural Reviews. It may be helpful to implement quality teams selected from management and staff to review cross-functional processes and procedures to help assure the complete, accurate, and consistent collection and management of mass appraisal data. Quality assurance is a never-ending task and should be a part of all considerations and communications relating to mass appraisal data.

6.16.4 Internal Quality Audits. Internal quality audits should be a part of every mass appraisal system, especially for field data collection. The procedures specified in a data collection manual and any other documentation should be used in the audit. If performed consistently, supervisory review may also accomplish this function. Recurring opportunities for improvement identified by the audits may be addressed in training programs.

6.16.5 Data Entry Edits Within CAMA Systems. Programmed data entry edits within CAMA systems may help to prevent the entry of erroneous data. The entry of invalid data into CAMA systems should be disallowed by the programmed edits. The entry of unusual data should be questioned and not accepted on the first entry attempt, and should require manual override by the person entering the data. Examples of programmed data entry edits within CAMA systems may include the following: hard edits; soft edits; exception edits; range edits; consistency edits; data-type edits; value or table edits; cross edits; and check digits.²⁷

6.16.6 Data Edit Reports From CAMA Systems. After mass appraisal data are entered into the CAMA system, programmed edit reports may be produced to identify and list any missing, unusual, inaccurate, or inconsistent data, which should be corrected. These reports may be useful tools for assuring the accuracy and consistency of a mass appraisal database.

6.16.7 Exploratory Data Analysis. Exploratory data analysis may be useful for discovering potential problems in a mass appraisal database. Exploratory data analysis is described in section 8.0.

7.0 GEOGRAPHIC STRATIFICATION FOR MASS APPRAISAL

7.1 Description and Importance. Geographic stratification means to divide, or stratify, the real property parcels within a county into groups, or strata, based on geographic influences. Terms used to describe these influences may include market areas, sub-market areas, neighborhoods, and corridors. Terms such as these may be referred to collectively as geographic units. Geographic stratification is useful as part of a mass appraisal system. Additionally, market area codes are required items on assessment rolls. See section 7.3.

²⁷ International Association of Assessing Officers, *Mass Appraisal of Real Property* (Chicago: International Association of Assessing Officers, 1999), pages 66-67.

7.2 Geographic Stratification for Mass Appraisal. In this document, geographic stratification is discussed in the context of mass appraisal, which may be somewhat different from the discussions of market areas and neighborhoods found in the single-property appraisal literature. Single property appraisers are concerned with the time-distance relationships, or linkages, between different types of real property. Mass appraisers are more concerned with geographically stratifying groups of real property to allow more detailed analysis of specific property groups.

7.3 Market Areas. Section 193.114(2)(a), Florida Statutes, requires that Property Appraisers have a market area code on each real property parcel on the assessment roll. Since the Florida Department of Revenue is required to promulgate market area guidelines, the discussion of geographic stratification within these real property appraisal guidelines is limited.

7.4 Other Levels of Geographic Stratification. Market areas are generally considered to be the first level of geographic stratification. Other levels may include sub-market areas and neighborhoods. A corridor is a geographic unit that may be applied to situations such as all commercial property located along a major street.

7.5 Types of Geographic Units. The question of whether geographic units should be comprised of different types or similar types of real property will be addressed in the market area guidelines.

7.6 Boundaries for Geographic Units. Depending on the situation, geographic unit boundaries may be based on natural features, man-made features, or legal boundaries. Examples of natural boundaries may include rivers and oceans. Examples of man-made boundaries may include the following: major streets; expressways; subdivisions; canals; changes in real property type; changes in real property construction quality; and changes in the quality of real property maintenance. Examples of legal boundaries may include future land use classifications, zoning classifications, city limits, and county lines. The considerations for determining geographic unit boundaries may vary by the property types within the geographic unit.

7.7 Uses of Geographic Stratification in the Mass Appraisal Process. There may be different uses for geographic stratification in the mass appraisal process. These uses may include the following:

- 1) to create modeling areas, independent locational variables, or analysis units for mass appraisal applications,
- 2) to create specific property groups for quality assurance activities such as sale ratio studies and evaluating assessment performance for unsold properties,
- 3) to provide a useful criterion for appraisal research, and
- 4) to serve as a work allocation tool for mass appraisal field operations.

8.0 EXPLORATORY ANALYSIS OF MASS APPRAISAL DATA

8.1 Description and Importance. Exploratory data analysis means to analyze the mass appraisal data, which have already been collected, coded, and computerized, in order to identify and understand the following: the number, type, and classifications of parcels within real property groups; the legal, physical, and economic characteristics within real property groups; and the tendencies and relationships within and between real property groups. The following excerpt describes the importance of data analysis for ratio studies, one of the most important mass appraisal tools.

*"It is essential to know the type of properties, market conditions, and composition of the population in terms of age, size, value range, and so forth. Such information is needed to make informed decisions in designing the study and interpreting the results."*²⁸

The analysis of mass appraisal data may help to facilitate sound appraisal judgment and effective decision-making during the mass appraisal process.

8.2 Variation in Applicability. The application of the analysis techniques presented in this section may vary significantly, both within and between counties, based on factors such as the number of real property parcels of each type, the availability of market data, and the availability of resources. The efficient application of these analytical tools requires adequate technical resources, adequate computer skills, and basic mass appraisal knowledge. These analyses may be programmed and performed within CAMA systems, or the mass appraisal data may be downloaded from CAMA systems and analyzed using spreadsheet or statistical software. Not all of the analytical methods presented here will apply in a particular situation. The application of these techniques should result in a useful level of knowledge regarding real property inventory and market tendencies. Such a useful level of knowledge may also be achieved through the diligent work experience of county management and staff.

8.3 The Importance of Coding and Stratification. The complete, accurate, and consistent coding of the factors having the most influence on the value of real property allows useful stratification, which is required for effective exploratory data analysis. Stratification is the division of real property populations or samples into two or more groups based on some defined criteria. Stratification results in property groups with one or more shared characteristics that are useful for data analysis.

8.4 Data Analysis Techniques. The tools available for analyzing mass appraisal data within properly stratified real property groups may include the items listed and described below.

8.4.1 Measures of Central Tendency. Measures of central tendency are descriptive statistics that reflect the average or typical item within a data set. Measures of central tendency may be calculated for items such as building size,

²⁸ International Association of Assessing Officers, *Standard on Ratio Studies* (Chicago: International Association of Assessing Officers, 1999), page 11.

building age or year built, quality grade, land size, price per square foot, price per acre, price per lot, rent per square foot, and operating expenses per square foot. The three common measures of central tendency are the mean, median, and mode.²⁹ Measures of central tendency may be compared among real property strata to help develop an understanding of market tendencies.

8.4.2 Measures of Dispersion. Measures of dispersion, also called measures of spread, are descriptive statistics that generally reflect the degree of dispersion or variation within a data set. These indicators may be calculated for the same items listed in section 8.4.1. Measures of dispersion for mass appraisal may include ranges, quartiles, percentiles, average deviations, coefficients of dispersion, standard deviations, and coefficients of variation.³⁰ Measures of dispersion may be compared among real property strata to help develop an understanding of market tendencies.

8.4.3 One-Variable Profiles, Charts, and Graphs. These analytical tools include arrays, frequency distributions, bar charts, pie charts, and histograms.³¹ They may be used to visually depict the data set for a single variable such as building size or price per square foot. For some, these tools may provide a more understandable picture of the distribution of a data set than relying solely on measures of central tendency and dispersion.

8.4.4 Two-Variable Profiles, Charts, and Graphs. These analytical tools include cross tabulations, box plots, scatter plots, and line charts.³² They may be useful for analyzing the relationship between two variables.

8.5 Uses of Exploratory Data Analysis. Exploratory data analysis may be helpful for a variety of uses within the mass appraisal process. Some of these uses may include the following:

- 1) to help facilitate the accurate and efficient design and interpretation of sale ratio studies,
- 2) to develop indicators for items such as property type, quality grade, size, age, unit rents, unit expenses, unit prices, and unit values within real property strata for use as training and research references by management and staff involved in data collection, sale analysis, valuation analysis, and quality assurance activities,
- 3) to determine typical combinations of property characteristics within strata to use as references for training, research, and data cleaning,

²⁹ International Association of Assessing Officers, *Mass Appraisal of Real Property* (Chicago: International Association of Assessing Officers, 1999), page 85-87.

³⁰ Ibid, pages 90-96.

³¹ Ibid, pages 96-101.

³² Ibid, pages 101-104.

- 4) to reveal characteristics of a property population against which to compare a sample's (such as sold properties) characteristics to help determine the degree of representativeness for appraisal analysis, and
- 5) to facilitate good understanding of local real property inventory and market tendencies, and provide a basis for sound appraisal judgment in the mass appraisal process.

9.0 CONSIDERATION OF HIGHEST AND BEST USE

9.1 Overview of Highest and Best Use. As specified in Section 193.011(2), Florida Statutes, the highest and best use and the present use of real property comprise the second of the eight factors that Florida Property Appraisers must consider in arriving at just valuation of real property. Specifically, this statute describes: *"The highest and best use to which the property can be expected to be put in the immediate future and the present use of the property,..."*. See section 2.1.2. Also, refer to the second page of the Addendum to this document and see the case law under the second factor regarding highest and best use. A common definition of highest and best use is: *"The reasonably probable and legal use of property that is physically possible, appropriately supported, and financially feasible, and that results in the highest value."*³³ Standard 6 of the Uniform Standards of Professional Appraisal Practice states that mass appraisers must consider existing land use regulations and reasonably probable modifications to such land use regulations.³⁴

The Florida case law referenced above provides guidance for considering uses that are not allowed by current land use regulations. In valuation matters where highest and best use is an issue, care should be taken to consult the actual cases, along with legal advice where necessary, in their application. Generally, Florida case law allows Property Appraisers to consider expected uses that are not allowed under current land use regulations when such regulations are not expected to be permanent, but only to the extent that such expected uses would influence the just value of the property as of the date of appraisal. In the event of any conflict, the law, administrative rules, and public policy within the State of Florida prevail over any external standard such as Standard 6.

9.2 The Two Components of Highest and Best Use. The two components of highest and best use analysis are: highest and best use of land as though vacant, and highest and best use of property as improved. Land is appraised as though vacant and available for development to its highest and best use, and improvements are appraised based on their actual contribution to the site. The principle of consistent use requires that land value not be based on one use while improvement value is based on another use.

³³ Appraisal Standards Board, *The Uniform Standards of Professional Appraisal Practice, 2002 Edition* (Washington D.C.: The Appraisal Foundation), page 218.

³⁴ *Ibid*, page 48.

9.3 The Tests of Highest and Best Use. Florida law and administrative rules influence the scope of highest and best use analysis in the just valuation of real property for ad valorem tax purposes. See sections 2.1.2, 9.1, 9.4, 9.5, and the Addendum to this document. There are four sequential tests for highest and best use considerations. These tests involve consideration of the legally permissible uses, physically possible uses, financially feasible uses, and maximally productive uses within real property groups. Consideration of these four tests is reflected in the annual real property mass appraisal activities performed by Florida Property Appraisers. These activities may include data collection and management, geographic stratification, exploratory data analysis, application of appraisal judgment, highest and best use considerations, and substantial compliance with Florida law and administrative rules. See sections 6.6, 6.7, 6.8, 6.9, 6.10, 6.12, 7.0, 8.0, and 9.0.

When applied to appraisals performed for some private sector purposes, the third and fourth tests may involve in-depth market and/or feasibility studies. Such studies are beyond the scope of highest and best use considerations required by Florida law.

9.4 Market Activity and Highest and Best Use. Market activity refers to items such as changes in zoning and future land use classifications, new subdivisions, improvements to infrastructure, new construction, substantial renovation, demolition, sales, and rentals. Market activity may be observed directly through field inspection of real property, or indirectly by reviewing permits, ordinances, and market transactions and tendencies. Depending on the situation, it may be helpful to map such market activity to enhance research and analysis. Along with exploratory data analysis (see section 8.0), this type of research may reveal market trends reflecting the perceptions, expectations, and preferences of market participants as to the highest and best use of real property groups. Since this type of research and analysis is directly focused on the observed behavior of market participants, it is a useful method for considering the highest and best use *"in the immediate future"* as required by Florida law.

9.5 Present Use and Highest and Best Use. For just valuation purposes in the State of Florida, present use means the existing use of real property as of the date of appraisal. The data collection and management activities described in sections 6.6, 6.7, 6.8, 6.9, 6.10, and 6.12 are the primary mechanisms by which the present use of real property is considered. Rule 12D-8.008(2)(a), Florida Administrative Code, requires Property Appraisers to classify each parcel of real property to indicate its use as determined for valuation purposes. According to Rule 12D-8.008(2)(c), Florida Administrative Code, this use must be reflected in property use codes applied to each real property parcel on the assessment roll. Unless a change in highest and best use is reasonably probable within the immediate future, the present use may represent the highest and best use of real property.³⁵ In such cases, the highest and best use consideration may be obvious and require no further research or analysis. There may be cases where the present use is not the highest and best use. For example, if a

³⁵ See Lanier v. Overstreet, 175 So.2d 521 (Fla. 1965).

property is subject to a below-market lease, the present use should be disregarded since it is not the highest and best use of the unencumbered fee simple estate.³⁶

9.6 Changes in Highest and Best Use. Within real property groups, there may be changes in highest and best use. The activities referenced in sections 9.4 and 9.5 are useful ways of detecting any changes in highest and best use. Changes occurring in one area may influence the just value or highest and best use of real property in nearby areas. It is typical for many changes in just value to occur without resulting changes in highest and best use. Changes in the highest and best use of real property may be revealed by changes in the legal or actual use.

10.0 VALUATION PLANNING

10.1 Description and Importance. Valuation planning is part of quality assurance for the annual real property mass appraisal process. It helps to determine the scope of the required appraisal activities for the annual appraisal cycle. Valuation planning also helps to determine the resources needed, and to prioritize and maximize the use of limited resources. Property Appraisers must have the resources necessary for substantial compliance with Florida law, administrative rules, and regulatory requirements, and should plan accordingly. Valuation planning is useful as a way of meeting regulatory deadlines and other time sensitive requirements for the annual production of real property assessment rolls. Project management tools and methods may be useful for valuation planning.

10.2 Internal Communication. Effective internal communication systems between departments or functional units in a Property Appraiser's office may reveal specific data or appraisal items requiring attention. Especially important is effective communication between valuation staff and CAMA system staff.

10.3 Sale Ratio Studies. Sales ratio studies are useful planning tools for the mass appraisal process. However, they may not provide complete information on the appropriate scope of appraisal activities in a given year; additional market research and analysis may be required. Selective reappraisal must be avoided. See section 16.7.2. In sale ratio studies, just value-to-sale price ratios are adjusted upward by dividing by one minus any aggregate percentage adjustment for the first and eighth criteria, resulting in adjusted sale ratios. Any adjustments for the first and eighth criteria apply in the aggregate to specified strata of real property and to real property assessment rolls as a whole.³⁷ Sale ratios may be expressed as percentages. Sale ratio studies may be programmed and performed within CAMA systems, or the mass appraisal data may be downloaded from CAMA systems and the sale ratio studies performed using spreadsheet or statistical software. There are two primary

³⁶ See *Valencia Center, Inc. v. Bystrom*, 543 So.2d 214 (Fla. 1989). Also, see *Bystrom v. Valencia Center, Inc.*, 432 So.2d 108 (Fla. 3d DCA 1983) review denied 444 So.2d 418 (Fla. 1984).

³⁷ *Technical Opinion OPN 95-0018*, July 10, 1995, Property Tax Administration, Florida Department of Revenue. Also, see *Technical Opinion OPN 90-0039*, August 20, 1990, Property Tax Administration, Florida Department of Revenue.

considerations for designing sale ratio studies for mass appraisal planning purposes. The first is to determine the criteria for selecting the sales to appear on the report, and the other is to select the data fields to appear on the report.

10.3.1 Matching Property Data on Sale Date and Appraisal Date. The relevant legal and physical characteristics of the sold property, as of the date of sale, should be accurately matched with the same characteristics as of the date of appraisal. This may be accomplished by excluding from the ratio study all sales where any of the following changes were made to the sold parcels between the date of sale and the date of appraisal: new construction; significant renovation or demolition; changes in zoning or future land use classification significantly affecting value; combinations; and splits.

10.3.2 The Importance of Stratification. The usefulness of sale ratio studies is greatly enhanced by proper stratification of sold properties into groups with one or more characteristics in common. Ratio studies are first stratified using general criteria and then may be further stratified depending on the data available and the indications reflected in the initial study.

10.3.3 Statistical Indicators in Sale Ratio Studies. Measures of central tendency and dispersion are calculated for the sale ratios to evaluate the accuracy and equity of appraised values as reflected by the sales. The most important statistics for sale ratio studies for planning purposes are the mean, weighted mean, median, coefficient of dispersion, and price-related differential. If these indicators do not fall within the ranges of acceptability, then additional research, and perhaps reappraisal, is required.

10.3.4 Sale Ratio Study Applications. Sale ratio studies for planning purposes may begin with using sales that occurred during the 12-month period immediately preceding the January 1st date of appraisal. Initially, sale ratio studies may be run by groups of real property use codes, sorted by sale ratio, and then analyzed to identify any correlation between high or low ratios and other major property characteristics such as property use code, geographic unit, or size. In order to obtain more information on the required scope of the appraisal project, more detailed studies may be conducted based on any specific trends identified. To increase sample size for a particular analysis, these detailed studies may include sales that occurred more than 12 months prior to the date of appraisal. In cases where no specific trends are identified between high or low sale ratios and property characteristics, more detailed research and analysis of each sale and the corresponding sold property may be required. Also, in addition to sale ratio studies, other market research and analysis may be required to determine the appropriate scope of appraisal for properly stratified real property groups. Once such scope is determined, value changes should be made to all property affected by the factor causing need for the change, not just to individual properties that may appear on a sale ratio study.

11.0 CONSIDERATION OF VALUATION APPROACHES

11.1 Overview of Valuation Approaches. There are three basic approaches to the valuation of real property: the cost less depreciation approach, the sales comparison approach, and the income capitalization approach. Each of these three basic approaches has variants, depending in part on whether the subject property is vacant land or improved property, and depending on the considerations listed in section 11.2. The methods available for appraising vacant land are variants of these three approaches, as described in section 12.0. The approaches available for appraising improved real property have variants and are described in sections 13.0, 14.0, and 15.0. There may be acceptable variants of these approaches that are not addressed in this document and that may be used to produce just valuations of real property in substantial compliance with Florida law, administrative rules, and regulatory requirements. See section 1.3.

11.2 Considerations for Selecting a Valuation Approach. The particular method of valuation is left to the discretion of Property Appraisers.³⁸ The considerations for selecting a valuation approach may include the following:

- 1) the number and type of real property parcels involved,
- 2) the applicability of each approach to the property type involved,
- 3) the quality and quantity of available data,
- 4) the quality and quantity of available valuation resources,
- 5) the capabilities of the computer-assisted mass appraisal (CAMA) system used,
- 6) the approach that gives the best measures of appraisal level and appraisal uniformity, and the most consistency and reasonableness within and between properly stratified real property groups, and
- 7) Florida law, manual of instructions, and regulatory activities.

The selection of a valuation approach will vary both within and between counties, depending on the situation. See sections 1.3, 4.3, 4.4, 6.3, and 8.2. The core issue in the just valuation of real property for ad valorem tax purposes is the amount of the valuation, not the method of valuation.³⁹

11.3 Mass Appraisal Model Structure, Specification, and Calibration. In the mass appraisal courses and publications produced by the International Association of Assessing Officers, the terms model structure, model specification, and model calibration are used to denote academic and highly quantitative perspectives on mass

³⁸ See Valencia Center Inc. v. Bystrom, 543 So.2d 214 (Fla. 1989). Also, see Bystrom v. Bal Harbour 101 Condominium Association, Inc., 502 So.2d 1312 (Fla. 3d DCA 1987).

³⁹ See Bystrom v. Whitman, 488 So.2d 520 (Fla. 1986).

appraisal. These terms are technical alternatives for describing the application of one or more of the three approaches to real property valuation. These three approaches are generally accepted and understood within the appraisal and non-appraisal sectors in the State of Florida. The three approaches to value are discussed in Standard 6 on Mass Appraisal of the Uniform Standards of Professional Appraisal Practice.⁴⁰ In this document, the three approaches to value and their variants are described in sections 12.0, 13.0, 14.0, and 15.0.

12.0 LAND VALUATION

12.1 Land Valuation Overview. All land parcels, both vacant and improved, must be valued each year for ad valorem tax purposes in the State of Florida. Rule 12D-8.011(1)(h), Florida Administrative Code, requires separate land values on assessment rolls submitted to the Department of Revenue. Accurate and equitable land values are part of a reliable mass appraisal system.

12.2 Stratification for Land Valuation. Land valuation relies upon proper stratification of land parcels, which, in turn, relies upon accurate coding of the primary influences on land value. Land data should be stratified into groups based on three key factors: property use code, location, and size. Stratification of land data into groups based on these three factors allows useful land market analysis. Additional stratification may be appropriate depending upon the complexity of the appraisal situation and the amount of market data available.

12.3 Units of Comparison for Land Valuation. As applied to land valuation, units of comparison are the economic units into which the prices or value indications of land may be divided for appraisal analysis. There are two primary criteria for selecting the appropriate land unit of comparison for mass appraisal purposes. One is that unit of comparison most frequently used by market participants in their decision-making for the land type under analysis, and the other is that unit of comparison resulting in the lowest measures of dispersion within land sale data sets. Before valuation analysis, all land sale data should be reduced to the appropriate unit of comparison.

12.4 Land Market Analysis. After land market data have been appropriately stratified and reduced to units of comparison, analysis of these data may reveal relationships affecting land value. Useful land market analysis techniques may include the following: plotting and reviewing land sale data on maps; calculating and considering measures of central tendency and measures of dispersion; and performing graphic analyses.⁴¹

⁴⁰ Appraisal Standards Board, *Uniform Standards of Professional Appraisal Practice, 2002 Edition* (Washington, DC: The Appraisal Foundation, 2002), pages 45 and 50.

⁴¹ International Association of Assessing Officers, *Property Appraisal and Assessment Administration* (Chicago: International Association of Assessing Officers, 1990), pages 184-186.

12.5 Factors to Consider in Just Valuations. Section 193.011, Florida Statutes, lists the factors that Florida Property Appraisers must consider in the just valuation of real property for ad valorem tax purposes. See section 2.1.2.

12.6 Land Valuation Methods. Acceptable land valuation methods may include the following: the sales comparison approach; the abstraction or extraction method (including sale ratio studies); the allocation method; the capitalization of ground rent method; and the land residual technique.⁴²

12.6.1 The Sales Comparison Approach to Land Valuation. The sale comparison approach is a set of procedures where the results of arm's length transactions within properly stratified land groups are analyzed for just value indications, which then may be applied to all properties within such groups. This approach has variants, the most common of which are the base lot method, the comparative unit method, and the relative comparison method.

The base lot method begins with the results of land market analyses as described in section 12.4. It involves establishing the value of a typical, or base, lot within properly stratified land groups using single property applications of the sales comparison approach, and then using this base lot value as a benchmark to determine values for other parcels within these land groups.

After performing the land market analyses described in section 12.4, the comparative unit method involves determining an appropriate unit value, or comparative unit, for properly stratified land groups. The selected comparative unit values for land groups may be based on measures of central tendency, and should be tested for reasonableness and consistency using relative comparison analysis.

Reliable land valuation involves both quantitative and qualitative analyses. Certain quantitative analyses are part of land market analysis as described in section 12.4. Other quantitative techniques such as paired data set analysis and regression analysis may be used to derive quantitative adjustments within the sales comparison approach, but these tools have specific data requirements that often are not met within available land market data sets. Therefore, these types of quantitative techniques are rarely used in land valuation. Market participants may not follow a quantitative adjustment process in their decision-making. Quantitative appraisal analysis requires the use of appraisal judgment.⁴³ Any quantitative adjustments or conclusions should be reviewed for reasonableness, consistency, and stability and, if necessary, overridden by relative comparison analysis. Qualitative analysis is useful for land valuation, and may be used to consider the overall significant differences within and between land groups. Relative comparison analysis, a common application of qualitative analysis, is described as:

⁴² Appraisal Standards Board, *Uniform Standards of Professional Appraisal Practice, 2002 Edition* (Washington, DC: The Appraisal Foundation, 2002), page 50.

⁴³ Appraisal Institute, *The Appraisal of Real Estate, Twelfth Edition* (Chicago: Appraisal Institute, 2001), page 441.

“Relative comparison analysis is the study of the relationships indicated by market data without recourse to quantification. Many appraisers use this technique because it reflects the imperfect nature of real estate markets.”⁴⁴

Ranking analysis, a variant of relative comparison analysis, is useful in mass appraisal.⁴⁵ As applied in the mass appraisal of land, relative comparison analysis may involve stratifying, sorting, ranking, and bracketing land sale data in order to arrive at reasonable and explainable conclusions. It requires good market knowledge and sound appraisal judgment. In applying relative comparison analysis, the data may first be stratified, sorted, and considered based on the overall significant differences and then ranked based on overall relative desirability. From this, reasonable ranges (brackets) and point indicators may be developed for the unit values of land groups. Then, these ranges and point indicators may be compared with each other to determine relative reasonableness within and between land groups. Finally, reasonable and supportable conclusions may be made regarding the unit values for the properties within each group. There may be several useful variants of this method.

12.6.2 The Abstraction or Extraction Method. The first step is to collect and analyze sales of improved property within the subject or similar areas. These improved sold properties should have land use regulations similar to those of the subject land group. The next step is to estimate the contributory value of the improvements to each of the improved sale prices, and then subtract this indicated improvement value from the improved sale prices for an indication of the price paid for the land. The last step is to use these extracted land prices in the sales comparison approach to land valuation. A useful variant of this method is to employ sale ratio studies of improved property. This variant involves assuring the reasonableness of the other value determinants of improved property included in the study, and then making market changes to the land values of all affected parcels within a group (including both sold and unsold property) to obtain reasonable just valuation results as indicated by the improved sale ratio analysis.

12.6.3 The Allocation Method. The first step is to research and develop typical ratios of land value to total value for an improved property group with land use regulations similar to those of the subject land group. Then, these ratios may be applied to the improved sales in the subject area for an indication of the prices paid for the land. The last step is to use these extracted land prices in the sales comparison approach to land valuation.

12.6.4 The Capitalization of Ground Rent Method. This method of land valuation requires market rental rates for a land group similar to that under appraisal. These comparable rented properties are compared to the subject land group, and an indication of the net market ground rent for the subject land group is developed. The last step is to divide the net market ground rent for the subject land group by a land capitalization rate for an indication of land value for the subject group.

⁴⁴ Ibid, page 445. Also, this type of methodology is listed and described as “*per unit value analysis*” in the student reference manual of the IAAO Course 300 (Fundamentals of Mass Appraisal).

⁴⁵ Ibid, pages 445-446.

12.6.5 The Land Residual Technique. The first step is to determine the highest and best use of the subject land groups as though vacant. From this, the market net operating income for the hypothetical improved property may be estimated and then divided by an overall capitalization rate, resulting in a value indication for the improved property. The replacement cost new of the hypothetical improvements is then subtracted from the estimated value of the improved property, resulting in an indication of value for the subject land group. There may be variants of this method.

12.7 Special Considerations in Land Valuation. Some situations in land valuation vary from normal reappraisal activities involving existing parcels and may require special attention. Each year, some land parcels may undergo economic change resulting from changes in legal and physical characteristics.

12.7.1 Legal Changes to Land. The most common examples of legal changes to land include changes to zoning and future land use classifications. When these legal changes occur, the just value of the affected land parcels may be impacted. The just value of each affected parcel should be reviewed and any required just value changes made for the effective and subsequent years.

12.7.2 Physical Changes to Land. The most common examples of physical changes to land include splits, combinations, and new subdivisions. See section 6.12.6. Splits typically occur when the title to a portion of an existing parcel is transferred, creating new physical parcels for both the split-out parcel and for the remainder portion of the original parent parcel. Combinations typically occur when title to all or part of more than one parcel is transferred on a single transfer document, creating at least one new physical parcel. When splits and combinations occur, the just values of the affected land parcels may be impacted. The just value of each affected parcel should be reviewed and any required just value changes made for the effective and subsequent years. New subdivisions of land typically create at least several new parcels physically different from the original parcel. The just values of the subdivided parcels should be reviewed and appropriate just values applied for the effective and subsequent years.

13.0 THE COST LESS DEPRECIATION APPROACH

13.1 Description of the Approach. The collection and management of cost and depreciation data is described in section 6.11. In its basic applications, the cost less depreciation approach is a set of procedures where the replacement cost new of the improvements is determined, the accrued depreciation within these improvements is determined and subtracted, and the land value is determined and added, for an indication of the just value for the real property.

13.2 The Importance of Stratification. The cost less depreciation approach relies upon proper stratification of real property into strata, or groups, with similar characteristics. Stratification criteria may include property type, construction grade,

structural type, or number of stories. The appropriate level of stratification may vary based on the property type involved.

13.3 Units of Cost. As applied in the cost less depreciation approach, units of cost are the economic units into which the costs of real property may be divided for appraisal analysis. The most common unit of cost is cost per square foot, although other units of cost such as lineal feet or cubic feet may apply in some cases.

13.4 Factors to Consider in Just Valuations. Section 193.011, Florida Statutes, lists the factors that Florida Property Appraisers must consider in the just valuation of real property for ad valorem tax purposes. See section 2.1.2.

13.5 Replacement Cost New. *“Costs used in mass appraisal are usually replacement costs, which represent the cost of constructing a substitute structure of equal utility based on current construction standards and materials. Replacement costs should include all direct and indirect costs, including materials, labor, supervision, architect’s and legal fees, administrative expenses, overhead, and reasonable profit.”*⁴⁶ The two components of profit in replacement cost new are contractor’s profit and developer’s profit. Developer’s profit is sometimes referred to as entrepreneurial incentive. Contractor’s profit may be included in the cost data from published cost manuals, but developer’s profit typically is not. However, both should be included in all determinations of replacement cost new of real property. The two methods of deriving replacement cost new that are commonly applied in mass appraisal are the comparative unit method and the unit-in-place method.

13.5.1 The Comparative Unit Method. The following excerpts describe the comparative unit method for deriving replacement cost new within the mass appraisal process.

*“Comparative unit costs are typical costs for benchmark structures expressed on a per-unit basis, usually per square foot.”*⁴⁷

*“Mass appraisal uses the comparative unit method of cost estimation, with comparative unit or unit-in-place adjustments to account for differences from base specifications.”*⁴⁸

13.5.2 The Unit-in-Place Method. *“Unit-in-place costs represent total costs of structural components, such as the foundation, roof, walls, heating and cooling systems, and fireplaces.”*⁴⁹

13.6 Published Cost Manuals. These are cost manuals that may be purchased from various vendors specializing in tracking real property construction costs and

⁴⁶ International Association of Assessing Officers, *Mass Appraisal of Real Property* (Chicago: International Association of Assessing Officers, 1999), page 144.

⁴⁷ *Ibid*, page 145.

⁴⁸ *Ibid*, page 145.

⁴⁹ *Ibid*, page 145.

maintaining databases of cost information. Such cost manuals are useful for mass appraisal because they provide standardized and flexible cost systems that reflect relative costs between items such as property types, construction grades, and building components. The relative costs of such items may be useful for deriving cost adjustments.

13.7 Application of Replacement Cost New. There may be many types of replacement cost models applied within mass appraisal systems. One that is commonly used is an adjusted base rate model where the replacement cost new of real property improvements is determined primarily by multiplying the adjusted base rate times the adjusted building area. This model type begins with an unadjusted base rate, which is defined as the base cost per unit for the effective building area of a main improvement structure. The unadjusted base rate may be adjusted to account for different construction grades within a building type. The base rate grade adjustment factor may be based on sources such as a relative comparison of construction grade costs from a published cost manual, or an index calculated from a point system for building structural elements within a CAMA system. Additional adjustments to a base rate may be made for characteristics such as building size, perimeter shape, number of stories, and floor height. After all applicable adjustments, the result is the adjusted base rate. Since the adjusted base rate is largely determined by the construction grade of a building, effective training and diligence are required to assure the accurate and consistent determination of construction grade. This determination is typically made during field inspections.

The adjusted building area may be measured in square feet and begins with the base area of the building, which represents the major area for the building type. Percentage factors may be applied to the square footages of other building areas such as attached garages, attached carports, porches, utility rooms, and offices. Such percentage factors may be less than or greater than one, depending on the unit cost of the other area relative to that of the base area. For example, the percentage factor for a garage attached to a single family home typically would be less than one, while the percentage factor for an enclosed office area in a warehouse typically would be greater than one. After percentage factors are applied to the square footages of all other attached building areas, the results are summed and added to the square footage of the base area to obtain the adjusted building area. Multiplying the adjusted building area times the adjusted base rate yields the replacement cost new for the main building.

The replacement costs new for extra features such as pools, detached garages, detached buildings, and fireplaces are typically determined by multiplying the number of measurement units by the unit cost for each extra feature. The results are added to the replacement cost new of the main building to obtain the total replacement cost new of the improvements.

13.8 Market Adjustments to Replacement Cost New. Any available local market data may be used to test the accuracy of published cost data. One example of such testing is to compare replacement costs from a published manual to any known, reliable, and current local costs and either validating or adjusting the published costs

as appropriate. If adequate sale data are available, sale ratio studies may be useful for adjusting cost data to the local market. Sale ratio studies with a property type stratified by quality grade may reveal needed adjustments to base rates or problems with the determination of the quality grade, or may validate the rates and data applied. Such studies with a property type stratified by size may reveal needed cost adjustments for economies of scale, or may validate the costs used.

13.9 Description of Accrued Depreciation. Accrued, or total, depreciation represents the difference between the replacement cost new and the just value of real property improvements. Accrued depreciation may result from physical deterioration, functional obsolescence, or external obsolescence.

13.9.1 Actual Age and Effective Age. Actual age is the chronological age of real property improvements. Effective age is the age indicated by the physical condition of real property improvements. Effective age is determined by consideration of the actual age of the property, the quality of maintenance, any renovation, and any observed deferred maintenance. Deferred maintenance means any significant items that market participants would likely perceive as requiring repair. As applied in mass appraisal, effective age may, but does not typically, consider other forms of depreciation such as any functional obsolescence or any external obsolescence.

13.9.2 Physical Deterioration. This is a loss in value resulting from normal wear and tear and any deferred maintenance. Physical deterioration resulting from normal wear and tear exists in all real property except newly constructed property. Normal wear and tear and any deferred maintenance should be reflected in the determination of effective age made during field inspections and, thus, also should be reflected in the normal depreciation applied from the depreciation tables within the CAMA system. Any unusual physical deterioration such as fire or storm damage typically is not reflected in the effective age. It may be useful to have a separate line within a CAMA system with data fields to record any unusual physical deterioration along with a reason code. This feature would allow the periodic production of reports from the CAMA system to help manage the application of any unusual physical deterioration. Any unusual and separately applied physical deterioration should be justified by verified and documented evidence.

13.9.3 Functional Obsolescence. This is a loss in value resulting from a decrease in the functional utility of real property. Functional obsolescence may be caused by a deficiency or a superadequacy. Generally, the use of replacement cost excludes functional obsolescence from appraisal models. It may be useful to have a separate line within a CAMA system with data fields to record any additional functional obsolescence along with a reason code. This feature would allow the periodic production of reports from the CAMA system to help manage the application of any additional functional obsolescence. Any additional functional obsolescence applied should be justified by verified and documented evidence.

13.9.4 External Obsolescence. This is a loss in value resulting from factors outside the real property. External obsolescence may be caused by economic or locational factors, and may be temporary or permanent. It may be necessary to

allocate external obsolescence between land and improvements. It may be useful to have a separate line within a CAMA system with data fields to record any external obsolescence along with a reason code. This feature would allow the periodic production of reports from the CAMA system to help manage the application of any external obsolescence. Any applied external obsolescence should be justified by verified and documented evidence.

13.10 Application of Accrued Depreciation. In mass appraisal, accrued depreciation is applied primarily through the use of depreciation tables or their complement, percent good tables. Depreciation tables may be obtained from published cost manuals. To the extent possible, these depreciation tables should be tested for reasonableness as described in section 13.11. The effective age determined by field appraisal staff is the link between each improved parcel and the appropriate field in the depreciation table. Effective training and diligence are required for the accurate and consistent determination of effective age necessary for depreciation calculations. Before application of any other types of depreciation not reflected in the effective age or depreciation table, such depreciation should be justified by verified and documented evidence, as described in sections 13.9.2, 13.9.3, and 13.9.4.

13.11 Market Adjustments to Depreciation Tables. Assuming availability of adequate sale data, sale ratio studies may be useful for adjusting published depreciation schedules to the local market. Sale ratio studies with a property type stratified by age of improvements may reveal needed adjustments to depreciation rates or problems with the determination of effective age, or may validate the rates and data applied.

13.12 Land Valuation. The just value of land is required for the cost less depreciation approach to value. Land valuation is described in section 12.0.

13.13 Just Valuation From the Cost Less Depreciation Approach. The just valuation of real property by the cost less depreciation approach is calculated by subtracting accrued depreciation from replacement cost new and then adding the just value of the land.

13.14 Quality Assurance in the Cost Less Depreciation Approach. If this approach is used, its effectiveness may depend in part on the following: reliable data collection and management; effective exploratory data analysis; good market knowledge; sound appraisal judgment; and application of mass appraisal quality assurance tools.

14.0 THE SALES COMPARISON APPROACH

14.1 Description of the Approach. The collection and management of sale data is described in section 6.12. The sales comparison approach is a set of procedures where the results of arm's length sale transactions within properly stratified real property groups are analyzed for just value indications, which then may be applied to all properties within such groups. If a Property Appraiser uses the sales comparison approach to value property, the eight criteria inherently have been considered.⁵⁰

14.2 The Importance of Stratification. The sales comparison approach relies upon proper stratification of real property. Stratification criteria may include property use code, location, quality grade, effective age, or size. The appropriate level of stratification may vary based on the number and type of real property parcels involved and the amount of market data available.

14.3 Units of Comparison. As applied in the sales comparison approach, units of comparison are the economic units into which the prices or value indications of real property may be divided for analysis. An example of a unit of comparison would be price per square foot. There are two primary criteria for selecting the appropriate unit of comparison for mass appraisal purposes. One is that unit of comparison most frequently used by market participants in their decision-making for the property type under analysis, and the other is that unit of comparison resulting in the lowest measures of dispersion within sale data sets. In most cases, sale data should be reduced to the appropriate unit of comparison before valuation analysis. However, some quantitative valuation models may directly employ total sale prices and produce total just value indications.

14.4 Factors to Consider in Just Valuations. Section 193.011, Florida Statutes, lists the factors that Florida Property Appraisers must consider in the just valuation of real property for ad valorem tax purposes. See section 2.1.2.

14.5 Applications of the Sales Comparison Approach. Sales comparison analysis may involve both quantitative and qualitative analyses. After sale data have been appropriately stratified and reduced to units of comparison, analysis of these groups may reveal relationships affecting just value. Useful quantitative analyses may include calculating and considering measures of central tendency and measures of dispersion for unit prices, and conducting other exploratory data analyses as described in section 8.0.

Other quantitative techniques such as multiple regression analysis and adaptive estimation procedure may be useful for deriving quantitative adjustments within the sales comparison approach. However, since these tools have specific data requirements that may not be met within available sale data sets, their use may be

⁵⁰ See Bystrom v. Bal Harbour 101 Condominium Association, Inc., 502 So.2d 1312 (Fla. 3d DCA 1987) which states that where an appraisal is based on sales of comparable properties the appraiser "necessarily considers all, and uses some, of the factors set forth in section 193.011." Also, see Vero Beach Shores, Inc. v. Nolte, 467 So.2d 1041, 1044 (Fla. 4th DCA 1985).

somewhat limited. Market participants may not follow a quantitative adjustment process in their decision-making. Quantitative appraisal analysis requires the use of appraisal judgment.⁵¹ Any quantitative adjustments or conclusions should be reviewed for reasonableness, consistency, and stability and, if necessary, overridden by relative comparison analysis. Qualitative analysis is useful in the mass appraisal process, and may be used to consider the overall significant differences within and between real property groups.

14.5.1 Relative Comparison Analysis. Relative comparison analysis, a common application of qualitative analysis, is described as:

“Relative comparison analysis is the study of the relationships indicated by market data without recourse to quantification. Many appraisers use this technique because it reflects the imperfect nature of real estate markets.”⁵²

Ranking analysis, a variant of relative comparison analysis, is useful in mass appraisal.⁵³ As applied in mass appraisal, relative comparison analysis may involve stratifying, sorting, ranking, and bracketing sale data in order to arrive at reasonable and explainable conclusions. It requires good market knowledge and sound appraisal judgment. In applying relative comparison analysis, the data may first be stratified, sorted, and considered based on overall significant differences and then ranked based on overall relative desirability. From this, reasonable ranges (brackets) and point indicators may be developed for the unit values of appraised property groups. Then, these ranges and point indicators may be compared with each other to determine relative reasonableness within and between the appraised groups. Finally, reasonable and supportable conclusions may be made regarding the unit values for the properties within each group. There may be several useful variants of this method.

Relative comparison analysis may be especially useful for mass appraisal of property groups with a limited number of sales or parcels. It may also be useful for evaluating the reasonableness of value indications from other applications of the sales comparison approach, and for mass appraisal quality assurance as described in sections 16.5, 16.6, and 16.7.

14.5.2 Multiple Regression Analysis. Multiple regression analysis is a useful mass appraisal tool that may be applied in the sales comparison approach.⁵⁴ This is a highly complex statistical procedure that analyzes the relationships between the property characteristics and sale prices of sold property to develop a mathematical equation that may be used to determine the just valuations of groups of real property. The effective implementation of this method requires relatively large quantities of

⁵¹ Appraisal Institute, *The Appraisal of Real Estate, Twelfth Edition* (Chicago: Appraisal Institute, 2001), page 441.

⁵² *Ibid*, page 445. Also, this type of methodology is listed and described as “per unit value analysis” in the student reference manual of the IAAO Course 300 (Fundamentals of Mass Appraisal).

⁵³ *Ibid*, pages 445-446.

⁵⁴ International Association of Assessing Officers, *Mass Appraisal of Real Property* (Chicago: International Association of Assessing Officers, 1999), pages 164-193.

market data, highly sophisticated statistical software, highly skilled staff, and usually the hiring of external consultants. The feasibility of using multiple regression analysis in the State of Florida may be limited to counties with larger resource bases and the required quantities of market data. Separate multiple regression models may be developed for residential market areas and other real property groups. Multiple regression models produce useful diagnostics indicating the predictive ability of individual property characteristics within models, and the overall accuracy and reliability of the models. When applying this technique, specific diligence is required to assure the reasonableness of regression coefficients and the stability of regression coefficients and just valuations from year to year. The effective implementation of multiple regression analysis carries several assumptions, the most important of which are complete, accurate, and representative mass appraisal data.

14.5.3 Adaptive Estimation Procedure. Adaptive estimation procedure, also referred to as “feedback,” is another useful mass appraisal tool that may be applied in the sales comparison approach.⁵⁵ Like multiple regression analysis, this is a highly complex statistical procedure that analyzes the relationships between the property characteristics and sale prices of sold property to develop a mathematical equation that may be used to determine the just valuations of groups of real property. Separate feedback models may be developed for residential market areas and other real property groups. The adaptive estimation procedure has requirements, possible limitations, and assumptions similar to those of multiple regression analysis.

14.6 Quality Assurance in the Sales Comparison Approach. If this approach is used, its effectiveness may depend in part on the following: reliable data collection and management; effective exploratory data analysis; good market knowledge; sound appraisal judgment; and application of mass appraisal quality assurance tools.

15.0 THE INCOME CAPITALIZATION APPROACH

15.1 Description of the Approach. The collection and management of income capitalization data is described in section 6.13. In its basic applications, the income capitalization approach is a set of procedures where stabilized income from income-producing real property is capitalized into a just value indication by dividing stabilized net operating income by an overall capitalization rate, or by multiplying stabilized gross income by a gross income multiplier. A buyer of income-producing property exchanges current dollars for the expectation of receiving future dollars.

15.2 The Importance of Stratification. The income capitalization approach relies upon proper stratification of real property. Stratification criteria may include property use code, location, quality grade, effective age, or size. The appropriate level of stratification may vary based on the number and type of real property parcels involved and the amount of market data available.

⁵⁵ Ibid, pages 196-201.

15.3 Units of Comparison for Income and Operating Expenses. As applied in the income capitalization approach, units of comparison are the economic units into which the income, operating expenses, or value indications of real property may be divided for analyses. Examples of units of comparison would be rent per square foot or expenses per square foot. There are two primary criteria for selecting the appropriate unit of comparison for income and expenses. One is that unit of comparison most frequently used by market participants in their decision-making for the property type under analysis, and the other is that unit of comparison resulting in the lowest measures of dispersion within income and operating expense data sets. Before valuation analysis, all income and operating expense data should be reduced to the appropriate unit of comparison.

15.4 Factors to Consider in Just Valuations. Section 193.011, Florida Statutes, lists the factors that Florida Property Appraisers must consider in the just valuation of real property for ad valorem tax purposes. See section 2.1.2.

15.5 Market Rent and Fee Simple Estate. Market rent, which is distinct from contract rent, is the most likely rent that an income-producing property would command if offered for lease on the open market, as of the date of appraisal. Fee simple estate is the unencumbered ownership of real property limited only by the four powers of government: taxation, police power, eminent domain, and escheat. Unless specified otherwise, fee simple estate is the interest in real property to be appraised for ad valorem tax purposes in the State of Florida.⁵⁶ Market rent corresponds to the fee simple estate. Contract rent is the rent due under the terms of an existing lease agreement for real property, and contract rent corresponds to the leased fee estate. Therefore, contract rent is irrelevant to real property appraisal for ad valorem tax purposes in the State of Florida, unless independent support is available indicating that contract rent is equal to market rent. Market rent may be less than, equal to, or greater than contract rent.

15.6 Market Rent and Expense Analysis. Reliable market rent and expense analysis involves both quantitative and qualitative analyses. After market rent and expense data have been appropriately stratified and reduced to units of comparison, analysis of these groups may reveal relationships affecting these data. Useful quantitative analyses may include calculating and considering measures of central tendency and dispersion for unit rent and expenses, and conducting other exploratory data analyses as described in section 8.0.

Other quantitative techniques such as paired data set analysis and regression analysis may be used to derive quantitative adjustments for significant differences within market rent and expense data groups, but these tools have specific data requirements that often are not met within available data sets. Therefore, these types of quantitative techniques are rarely used in rent and expense analysis. Market participants may not follow such a quantitative adjustment process in their decision-making. Quantitative

⁵⁶ See Schultz v. TM Florida-Ohio Realty Ltd Partnership, 577 So.2d 573 (Fla. 1991). Also, see Valencia Center, Inc. v. Bystrom, 543 So.2d 214 (Fla. 1989).

appraisal analysis requires the use of appraisal judgment.⁵⁷ Any quantitative adjustments and conclusions should be reviewed for reasonableness, consistency, and stability and, if necessary, overridden by relative comparison analysis. Qualitative analysis is useful as a method of considering overall significant differences within and between real property groups. Relative comparison analysis, a common application of qualitative analysis, is described as:

*“Relative comparison analysis is the study of the relationships indicated by market data without recourse to quantification. Many appraisers use this technique because it reflects the imperfect nature of real estate markets.”*⁵⁸

Ranking analysis, a variant of relative comparison analysis, is useful in mass appraisal.⁵⁹ As applied in mass appraisal, relative comparison analysis may involve stratifying, sorting, ranking, and bracketing market rent and expense data in order to arrive at reasonable and explainable conclusions. It requires good market knowledge and sound appraisal judgment. In applying relative comparison analysis, the data may first be stratified, sorted, and considered based on overall significant differences within data sets and then ranked based on overall relative desirability. From this, reasonable ranges (brackets) and point indicators may be developed for the market rent and expenses of appraised property groups. Then, these ranges and point indicators may be compared with each other to determine relative reasonableness within and between the appraised groups. Finally, reasonable and supportable conclusions may be made regarding the market rent and expenses for the properties within each group. There may be several useful variants of this method.

15.7 Income and Operating Expenses. Income and expenses may be determined after consideration of the relevant market factors pertaining to the property type under appraisal. The market factors that may be considered include the following:

- 1) the recent income and expense histories of properly stratified real property groups,
- 2) the current trends for income and expenses of properly stratified real property groups,
- 3) the market expectations for income and expenses of properly stratified real property groups,
- 4) the recent history, current trends, and market expectations for income and expenses of individual properties within properly stratified real property groups, and

⁵⁷ Appraisal Institute, *The Appraisal of Real Estate, Twelfth Edition* (Chicago: Appraisal Institute, 2001), page 441.

⁵⁸ *Ibid*, page 445. Also, as applied within the income capitalization approach, this type of methodology is listed and described as the “stratification” method in the student reference manual of the IAAO Course 300 (Fundamentals of Mass Appraisal).

⁵⁹ *Ibid*, 445-446.

- 5) commercially available and published reports on the recent history, current trends, and market expectations for income and expenses of property that may be compared to the properly stratified real property groups.

15.8 Potential Gross Income. Potential gross income is generally comprised of potential gross rent and miscellaneous income. Potential gross rent is the total market rent a property could generate assuming no vacancy or collection loss. Miscellaneous income is other income from sources such as parking fees and storage fees.

15.9 Vacancy and Collection Loss. Vacancy is a loss in potential gross income due to vacant rentable space and tenant turnover. Collection loss is a loss in potential gross income attributable to nonpayment of rent due. Vacancy and collection loss is subtracted from potential gross income.

15.10 Effective Gross Income. Effective gross income is the result of subtracting vacancy and collection loss from potential gross income.

15.11 Operating Expenses. These are the annual operating expenditures required to continue the production of effective gross income. In addition to the units of comparison for operating expenses mentioned in section 15.3, it may be appropriate to consider operating expense ratios. Operating expenses include only those expenditures directly related to the operation of real property, and specifically exclude any expenses attributable to individuals or entities that may own the real property. Operating expenses for real property may include items such as ad valorem taxes on real property, any special assessments, insurance payments, typical management fees, and maintenance expenses. Items not allowable in operating expenses include items such as the following: income tax or other expenses attributable to individuals or entities that may own real property; depreciation; capital improvement expenditures; and debt service payments.

Since the intended use of the mass appraisal is for ad valorem taxation, it is typical to exclude ad valorem real property taxes from operating expenses and to add, or load, the effective tax rate to the overall capitalization rate to derive a loaded overall capitalization rate for appraisal purposes. An alternative method of handling the interdependency between just value indications and ad valorem taxes on real property is a circular reference feature in spreadsheet software or that may be available within advanced CAMA systems. The circular reference is a programmed feature that simultaneously calculates two interdependent variables.

15.12 Reserves for Replacement of Short-Lived Items. Short-lived items are those building components with remaining economic lives shorter than that of the main structure. Examples may be roof coverings, floor coverings, and air-conditioning units. Reserves for replacement are annual amounts that may be set aside to provide for the replacement of short-lived items at the end of their economic lives. Market participants vary in whether and how they apply this practice.

15.13 Net Operating Income, Before and After Reserves. Net operating income may be calculated in one of two ways: one is by subtracting only operating expenses from effective gross income, and the other is by subtracting both operating expenses and reserves for replacement from effective gross income. The appropriate method may depend upon factors such as market practices for the property type under appraisal, the availability of market data, and whether reserves were considered in the derivation of the overall capitalization rate.

15.14 Direct Capitalization. Direct capitalization is defined as a method used to convert a single year's income expectancy into an indication of value in one direct step, either by dividing the net operating income by an appropriate overall capitalization rate or by multiplying the gross income by an appropriate factor or multiplier.⁶⁰

15.15 Overall Capitalization Rates. An overall capitalization rate, or overall rate, is a number in decimal form that may be divided into net operating income to produce an indication of just value by the income capitalization approach. Methods for deriving overall rates may include the following: comparable sales; gross income multiplier methods; band-of-investment using mortgage and equity; and the debt coverage ratio method.⁶¹ Also, investor surveys may be useful in the determination of overall capitalization rates. Indicated overall rates from such analyses may be reconciled using relative comparison analysis. Overall rates may be derived before or after reserves for replacement. It is important to assure consistency between derivations of net operating income and overall rates within income capitalization models. If an income capitalization model initially excludes reserves, and then later reserves are subtracted from net operating income, it is essential to appropriately lower the overall capitalization rate for consistency. See the second paragraph in section 15.11.

15.16 Gross Income Multiplier Method. In this variant of direct capitalization, a value indication may be formed in two ways. One way is to multiply potential gross income by a market-extracted potential gross income multiplier, and the other is to multiply effective gross income by a market-extracted effective gross income multiplier. Gross income multipliers may be extracted from sales by dividing the sale price by potential gross income or effective gross income. Gross income multipliers should be applied the same way they were extracted. Various indicators of gross income multipliers may be reconciled using relative comparison analysis. Because the gross income multiplier method does not explicitly consider operating expenses, there should be reasonable consistency between the operating expense ratios of sold properties from which multipliers may be extracted and those of the property groups to which multipliers may be applied.

15.17 Yield Capitalization. Yield capitalization has variants. Discounted cash flow analysis is a common variant of yield capitalization, when appropriate. Discounted cash flow analysis is a set of procedures where a value indication is produced by

⁶⁰ Appraisal Institute, *The Appraisal of Real Estate, Twelfth Edition* (Chicago: Appraisal Institute, 2001), page 529.

⁶¹ *Ibid*, pages 530-538.

projecting the future annual net operating income over a typical investment holding period, along with the net proceeds of resale at the end of the holding period, and then discounting these future economic benefits back to the present using an appropriate discount rate. In some cases, Florida courts have rejected property valuations for ad valorem taxation that involved projecting and discounting future economic benefits.⁶² After consideration of applicable case law, Property Appraisers have the discretion to determine whether this valuation method is appropriate in particular situations.

15.18 Quality Assurance in the Income Capitalization Approach. If this approach is used, its effectiveness may depend in part on the following: reliable data collection and management; effective exploratory data analysis; good market knowledge; sound appraisal judgment; and application of mass appraisal quality assurance tools.

16.0 QUALITY ASSURANCE FOR FLORIDA MASS APPRAISAL

16.1 The Quality Assurance Process. The mass appraisal quality assurance process may include the following: planning; organization; legal framework; good staff selection procedures; effective education and training for management and staff; reliable data collection and management; internal communication; appraisal edits and reviews; sale ratio studies; corrective actions; value reconciliation; evaluating assessment performance for unsold property; and taxpayer feedback. Appraisal judgment is required throughout the quality assurance process. See section 3.2.6.

16.2 Florida Law, Administrative Rules, and Regulatory Requirements. These items provide the legal framework for the mass appraisal process for ad valorem taxation of real property in the State of Florida. The quality assurance component of mass appraisal should ensure substantial compliance with applicable provisions of Florida law, administrative rules, and regulatory requirements.

16.3 Effective Education and Training. Effective education and training for county management and staff are essential to an accurate and equitable mass appraisal process. Effective means that the education and training are appropriate and that the resulting knowledge and skills are used throughout the mass appraisal process. Education is accomplished primarily through courses offered by professional organizations. Training may be accomplished through seminars, in-house training, and on-the-job training. These guidelines may be used as part of an education and training program for county management and staff.

16.4 Mass Appraisal Data and the Mass Appraisal Process. Section 6.0 describes systems and processes for collecting and managing complete, accurate,

⁶² See Palm Beach Development and Sales Corp. v. Walker, 478 So.2d 1122 (Fla. 4th DCA 1985); St. Joe Paper Co. v. Adkinson, 400 So.2d 983 (Fla. 1st DCA 1981); Muckenfuss v. Miller, 421 So.2d 170 (Fla. 5th DCA 1982); Spanish River Resort Corporation v. Walker, 497 So.2d 1299 (Fla. 4th DCA 1986) affirmed 526 So.2d 677 (Fla. 1988); and Mastroianni v. Barnett Banks, Inc., 664 So.2d 284 (Fla. 1st DCA 1995) review denied 673 So.2d 29 (Fla. 1996).

and consistent data essential to the Florida mass appraisal process. Such data is the most important component of an effective mass appraisal system. Evaluating mass appraisal data collection and management is the first of two steps in evaluating whether a mass appraisal process is effective. The other step is evaluating whether the just valuations of real property substantially comply with Florida law, administrative rules, and regulatory requirements.

16.5 Just Valuation Edits Within CAMA Systems. Valuation edits are programmed reports that may be produced within CAMA systems. There are two primary considerations for designing just valuation edits. The first is to determine the criteria for selecting the properties to appear on the report, and the other is to select the data fields and calculations to appear on the report. Such reports may be designed to reflect just value changes from the prior year to the current year for specified groups of real property or for individual properties. Also, valuation edits may show just values and unit just values for real property. These reports allow the user to identify any unusual just value indications such as extremely high or low values, extremely high or low unit values, or unusually high or low changes in value, both in dollar terms and percentage terms. Any parcels with such unusual indications may be reviewed further for valuation accuracy and reasonableness, and either validated or corrected.

16.6 Desk Reviews and Field Reviews. Desk reviews may include the activities described in the previous paragraph. As tests of reasonableness, other desk review activities may include calculating measures of central tendency and dispersion for just values and unit just values within property stratified real property groups, and then comparing these to the same measures for the prices and unit prices of the sold properties within the corresponding real property groups. These measures may be compared for reasonableness and consistency using relative comparison analysis. Field review may involve physically inspecting individual properties or samples within real property groups with any unusual just value indications, and then validating or changing the just values accordingly. Value changes should be made to all property affected by the factor causing need for the change, not just to individual properties that may appear on a sale ratio study.

16.7 Sale Ratio Studies. Sale ratio studies are commonly used quality assurance tools for the mass appraisal process. In sale ratio studies, just value-to-sale price ratios are adjusted upward by dividing by one minus any aggregate percentage adjustment for the first and eighth criteria, resulting in adjusted sale ratios. Any adjustments for the first and eighth criteria apply in the aggregate to specified strata of real property and to real property assessment rolls as a whole.⁶³ Sale ratios may be expressed as percentages. Sale ratio studies may be programmed and performed within CAMA systems, or the mass appraisal data may be downloaded from CAMA systems and the sale ratio studies performed using spreadsheet or statistical software. There are two primary considerations for designing sale ratio studies for mass

⁶³ *Technical Opinion OPN 95-0018*, July 10, 1995, Property Tax Administration, Florida Department of Revenue. Also, see *Technical Opinion OPN 90-0039*, August 20, 1990, Property Tax Administration, Florida Department of Revenue.

appraisal quality assurance purposes. The first is to determine the criteria for selecting the sales to appear on the report, and the other is to select the data fields to appear on the report.

16.7.1 Uses of Sale Ratio Studies. Sale ratio studies may be useful for the following quality assurance aspects of the mass appraisal process: monitoring the appraisal work of teams or individuals; evaluating appraisal level and uniformity; and proactively evaluating regulatory compliance.

16.7.2 Inappropriateness of Selective Reappraisal. The following excerpt explains selective reappraisal: *"The reliability of sales ratio statistics depends on unsold parcels being appraised in the same manner as sold parcels. Selective reappraisal of sold parcels distorts sales ratio results, possibly rendering them useless. Equally important, selective reappraisal of sold parcels ("sales chasing") is a serious violation of basic appraisal uniformity and is highly unprofessional."*⁶⁴ Additionally, the U.S. Supreme Court has disapproved selective reappraisal.⁶⁵

16.7.3 Matching Property Data on Sale Date and Appraisal Date. The relevant legal and physical characteristics of the sold property, as of the date of sale, should be accurately matched with the same characteristics as of the date of appraisal. This may be accomplished by excluding from the ratio study all sales where any of the following changes were made to the sold parcels between the date of sale and the date of appraisal: new construction; significant renovation or demolition; changes in zoning or future land use classification significantly affecting value; combinations; and splits.

16.7.4 The Importance of Stratification. Sale ratio studies rely upon proper stratification of sold properties into groups with one or more significant characteristics in common. Appropriate stratification criteria may include the following: the seven statutory real property strata, property use code, geographic unit, site code, effective age, size, quality grade, or value range.

16.7.5 Graphic Displays of Sale Ratio Study Results. The effectiveness and understandability of the results of sale ratio studies may be enhanced by the use of graphic displays. Useful tools for displaying sale ratio study results may include arrays, frequency distributions, histograms, scatter plots, and box plots.⁶⁶ Scatter plots, or scatter diagrams, are especially useful for displaying the relationship between sale ratios and a single continuous variable such as size, age, price, or value. Box plots are especially useful for displaying the relationship between sale ratios and a single discrete variable such as market area, neighborhood, quality grade, age range, size range, price range, or value range. Diligence is required when interpreting and

⁶⁴ International Association of Assessing Officers, *Mass Appraisal of Real Property* (Chicago: International Association of Assessing Officers, 1999), page 315.

⁶⁵ See *Allegheny Pittsburgh Coal Co. v. County Commissioner*, 488 U.S. 336, 109 S.Ct. 633, 102 L.Ed.2d. 688 (1989).

⁶⁶ International Association of Assessing Officers, *Mass Appraisal of Real Property* (Chicago: International Association of Assessing Officers, 1999), pages 224-226, 243-245.

acting upon the apparent relationship between sale ratios and a single variable such as value range, because there could be a correlation between value range and another variable such as market area. This could cause a mistaken conclusion that a valuation inaccuracy is attributable to factors within a value range, when in fact the valuation inaccuracy is attributable to factors within a market area. Another useful tool for displaying and analyzing sale ratio data is the contingency table, which simultaneously reflects the relationships between sale ratios and two discrete variables such as market area and value range, or neighborhood and age range.⁶⁷

16.7.6 Statutory Real Property Strata. Section 195.096(3)(a), Florida Statutes, requires the Department of Revenue to compute statistical and analytical measures on the following seven real property classes, or strata, when the classes constituted 5 percent or more of the total assessed value of real property in a county on the previous tax roll.

1. *Residential property that consists of one primary living unit, including, but not limited to, single-family residences, condominiums, cooperatives, and mobile homes.*
2. *Residential property that consists of two or more primary living units.*
3. *Agricultural, high-water recharge, historic property used for commercial or certain non-profit purposes, and other use-valued property.*
4. *Vacant lots.*
5. *Nonagricultural acreage and other undeveloped parcels.*
6. *Improved commercial and industrial property.*
7. *Taxable institutional or governmental, utility, locally assessed railroad, oil, gas, and mineral land, subsurface rights, and other real property.*

Florida Property Appraisers may also perform statistical analyses on these seven strata for quality assurance and to proactively evaluate regulatory compliance.

16.7.7 Measures of Appraisal Level in Sale Ratio Studies. In sale ratio studies, measures of appraisal level are generally reflected by measures of central tendency. The three common measures of appraisal level for sale ratio studies are the median, mean, and weighted mean.⁶⁸ These three items are required inputs for calculating measures of appraisal uniformity (see section 6.7.10). Also, measures of appraisal level are useful for evaluating horizontal equity and vertical equity (see sections 16.7.13 and 16.7.14).

⁶⁷ International Association of Assessing Officers, *Property Appraisal and Assessment Administration* (Chicago: International Association of Assessing Officers, 1990), pages 524-525.

⁶⁸ International Association of Assessing Officers, *Mass Appraisal of Real Property* (Chicago: International Association of Assessing Officers, 1999), pages 229-233.

16.7.8 Adjustment for the First and Eighth Criteria. Section 2.1.2 contains the statutorily mandated eight factors, or criteria, that Florida Property Appraisers must consider in the annual just valuations of real property. Aggregate adjustments to the just value-to-sale price ratios within real property strata may be applied to account for the first and eighth criteria. Each year with the submittal of the preliminary assessment rolls, Property Appraisers are required to report on Department of Revenue Form DR-493 any percentage adjustments applied within real property use code groups to reflect consideration of the first and eighth criteria. The Department of Revenue uses these reported percentage adjustments in the statutory level of assessment calculations for evaluation of assessment rolls. Since Property Appraisers have the discretion to determine any appropriate percentage adjustments, the Department of Revenue does not determine any adjustments for the first and eighth criteria. However, Rule 12D-8.002(4), Florida Administrative Code, specifies that if any reported percentage adjustments exceed 15 percent, documentation supporting these percentage adjustments must be provided to the Department of Revenue. Any adjustments for the first and eighth criteria apply in the aggregate to specified strata of real property and to real property assessment rolls as a whole.⁶⁹

16.7.9 Level of Assessment. The measure of appraisal level used by the Florida Department of Revenue to evaluate assessment rolls and to certify assessment rolls to the Department of Education is called the level of assessment. In Florida, the level of assessment is based on the adjusted weighted mean ratio for specified strata of real property and for real property assessment rolls as a whole. For proactively evaluating regulatory compliance, Property Appraisers may calculate the level of assessment by dividing the unadjusted weighted mean sale ratio by one minus any aggregate percentage adjustment for the first and eighth criteria.

16.7.10 Measures of Appraisal Uniformity In Sale Ratio Studies. Appraisal uniformity may be evaluated both between and within real property groups. Appraisal uniformity between groups may be evaluated by comparing measures of appraisal level for real property groups. Common indicators of appraisal uniformity within groups are the array, range, coefficient of dispersion, and price-related differential.⁷⁰ Arranging the sales in ascending ratio order creates an array, and the lowest and highest ratios reflect the range. These two indicators are simple, directly observable, and useful for small groups of sales. However, the coefficient of dispersion and the price-related differential are generally applied as indicators of appraisal uniformity within real property groups.

16.7.11 Coefficient of Dispersion. The coefficient of dispersion is the most commonly used indicator of appraisal uniformity in sale ratio studies. It measures the variation of sale ratios within a group of sold properties. Since the coefficient of

⁶⁹ *Technical Opinion OPN 95-0018*, July 10, 1995, Property Tax Administration, Florida Department of Revenue. Also, see *Technical Opinion OPN 90-0039*, August 20, 1990, Property Tax Administration, Florida Department of Revenue.

⁷⁰ International Association of Assessing Officers, *Mass Appraisal of Real Property* (Chicago: International Association of Assessing Officers, 1999), pages 233-237, 239-242.

dispersion is based on the median, it is not influenced by extreme sale ratios, as are measures of appraisal uniformity based on the mean.

16.7.12 Price-Related Differential. The price-related differential (PRD) measures appraisal uniformity between low- and high-value properties within real property groups. A PRD below the acceptable range may indicate that high-value properties are overappraised relative to low-value properties, and the mass appraisal may be considered “progressive.” A PRD above the acceptable range may indicate that high-value properties are underappraised relative to low-value properties, and the mass appraisal may be considered “regressive.”

16.7.13 Horizontal Equity. Horizontal equity relates to equity in appraisal level between real property groups stratified by criteria other than value range. Horizontal equity may be evaluated by comparing measures of appraisal level for real property groups stratified by items such as geographic units, site codes, age groups, and size groups. Graphic analysis may also be useful for evaluating horizontal equity. See section 16.7.5. If any significant horizontal inequity is apparent, additional analysis, and possibly appraisal level changes, may be required.

16.7.14 Vertical Equity. Vertical equity pertains to equity in appraisal level related to the value of real property. Vertical equity may be evaluated by calculating the price-related differential for real property groups stratified by items such as geographic units, site codes, age groups, and size groups, and by comparing measures of appraisal level for value range groups. Graphic analysis may also be useful for evaluating vertical equity. See section 16.7.5. If any significant vertical inequity is apparent, additional analysis, and possibly appraisal level changes, may be required.

16.7.15 Statistical Indicators for Regulatory Purposes. During the assessment roll evaluation process, the Department of Revenue performs certain statistical analyses on applicable statutory real property strata as described in section 16.7.6. Relevant to these guidelines are three statistical indicators calculated by the Department of Revenue: the level of assessment, the coefficient of dispersion, and the price-related differential. The level of assessment is equivalent to the adjusted weighted mean as described above. For quality assurance and to proactively evaluate regulatory compliance, Florida Property Appraisers may also perform such statistical analyses. The Department of Revenue may also utilize other statistical indicators in the assessment roll evaluation process.

16.8 Reconciliation of the Mass Appraisal. The process of reaching just value conclusions for real property is an application of administrative discretion by Florida Property Appraisers.⁷¹ If a single valuation approach is used for a real property type, the value indications by this approach may be reviewed for quality assurance before reaching final conclusions of just value. If more than one valuation approach is used for a real property type, the just value indications by each approach may be reviewed for quality assurance and reconciled to final conclusions of just value. It is not

⁷¹ See Powell v. Kelly, 223 So.2d 305 (Fla. 1969). Also, see Spanish River Resort Corporation v. Walker, 497 So.2d 1299 (Fla. 4th DCA 1986) affirmed 526 So.2d 677 (Fla. 1988).

necessary to base final conclusions of just value on a single approach.⁷² Final conclusions of just value may be based on the value indications from one of the approaches, or may be based on a weighted average of the value indications from the approaches used. In reaching a final conclusion of just value, the factors for consideration may include the following: the quality and quantity of the data used in each approach; the applicability of each approach used; and the approach or reconciliation that produces the best indicators of appraisal performance.

16.9 Evaluating Appraisal Performance for Unsold Property. Sale ratio studies evaluate appraisal performance for sold property. For quality assurance purposes, it is helpful to evaluate appraisal performance for unsold property. Two practical types of analysis for this evaluation are percent change in just value methods and the unit just value method.

16.9.1 Percent Change in Just Value Methods. There may be variants of the percent change in value method for evaluating appraisal performance for unsold properties. One variant involves listing all real property parcels within a properly stratified group, including just values for the current and prior years for all parcels and sale prices for any sold parcels, and calculating the percent change in just value for each parcel. These just value percent change indicators may be reviewed for consistency, reasonableness, and validity. These data sets may be analyzed for significant differences in value changes between sold and unsold property. Any such differences or any extreme changes in value may require further research to validate or correct. Another variant of this method involves comparing the average percent change in just value between the sold and unsold subgroups of properly stratified real property groups. Any significant differences in the percent changes in value between the sold and unsold subgroups may require further research to validate or correct.

16.9.2 Unit Just Value Method. This method requires use of the appropriate just value unit of comparison for the property type under analysis. It involves comparing the average unit just values for unsold parcels within properly stratified property groups with those of sold parcels within the same groups. If sold and unsold properties are appraised equitably, their average unit values should be similar, other factors held constant. Any significant differences between the average unit just values of sold property and those of unsold property may require further research to validate or correct.

16.10 Taxpayer Feedback. Taxpayer feedback is part of the mass appraisal quality assurance process. Such feedback may be reflected in informal inquiries, petitions filed with the county value adjustment board, and litigation. Depending on the time of year, informal inquiries may be the preferred form of receiving and responding to taxpayer feedback.

⁷² International Association of Assessing Officers, *Mass Appraisal of Real Property* (Chicago: International Association of Assessing Officers, 1999), pages 20-21.

ADDENDUM

Listed below in bold italics are the eight factors that Florida Property Appraisers are required to consider in the just valuation of real property as stated in Section 193.011, Florida Statutes. Following each factor is a discussion of the applicable Florida case law as provided by the Office of the General Counsel, Florida Department of Revenue. These case law discussions are summaries of court rulings. Care should be taken to consult the actual cases, along with legal advice where necessary, in their application.

Factors to consider in deriving just valuation.—*In arriving at just valuation as required under s. 4, Art. VII of the State Constitution, the property appraiser shall take into consideration the following factors:*

(1) The present cash value of the property, which is the amount a willing purchaser would pay a willing seller, exclusive of reasonable fees and costs of purchase, in cash or the immediate equivalent thereof in a transaction at arm's length;

See Bystrom v. Bal Harbour 101 Condominium Association, Inc., 502 So.2d 1312 (Fla. 3d DCA 1987) which states that where an appraisal is based on sales of comparable properties the appraiser "necessarily considers all, and uses some, of the factors set forth in section 193.011." Also see Vero Beach Shores, Inc. v. Nolte, 467 So.2d 1041, 1044 (Fla. 4th DCA 1985). The sale price may be outweighed by the condition or size; the former is not necessarily the sole determinant of value where no established market exists. Walker v. Trump, 549 So.2d 1098 (Fla. 4th DCA 1989). In this regard, no individual sale can be or should be assumed to represent just or fair market value. See Oyster Pointe Condo. Assoc., Inc. v. Nolte, 524 So.2d 415 (Fla. 1988), which stated the Legislature intended "to include only those fees and costs typically associated with the closing of the sale of real property such as reasonable attorney's fees, broker's commissions, appraisal fees, documentary stamp costs, survey costs and title insurance costs."

(2) The highest and best use to which the property can be expected to be put in the immediate future and the present use of the property, taking into consideration any applicable judicial limitation, local or state land use regulation, or historic preservation ordinance, and considering any moratorium imposed by executive order, law, ordinance, regulation, resolution, or proclamation adopted by any governmental body or agency or the Governor when the moratorium or judicial limitation prohibits or restricts the development or improvement of property as otherwise authorized by applicable law. The applicable governmental body or agency or the Governor shall notify the property appraiser in writing of any executive order, ordinance, regulation, resolution, or proclamation it adopts imposing any such limitation, regulation, or moratorium;

The appraiser can consider the potential, future use of property for a 13-story building, although a current lease may prohibit development of 13-story building. Valencia Center Inc. v. Bystrom, 543 So.2d 214 (Fla. 1989). Uses of property barred under zoning, but permitted by comprehensive plan that had priority over zoning restrictions, and for which there was present

market demand, could be considered by the appraiser in assessing the highest and best use to which property could be expected to be put in the immediate future. Holland v. Walker, 492 So.2d 1093 (Fla. 4th DCA 1986), review denied 504 So.2d 767 (Fla. 1987). The temporary existence of a moratorium or delayed development should not be the sole consideration in determining the value of land. Atlantic Intern. Inv. Corp. v. Turner, 383 So.2d 919 (Fla. 5th DCA 1980). Speculative investment should be considered as the highest and best use, and if there is no present demand, that would affect the value the appraiser attaches to the property. Vero Beach Shores, Inc. v. Nolte, 467 So.2d 1041 (Fla. 4th DCA 1985). Building density restrictions are applicable for consideration. Walker v. Hoffman, 464 So.2d 710 (Fla. 4th DCA 1985). The appraiser is not bound by the fact that the property cannot presently be used for purposes permitted by the zoning. Florida Rock Industries v. Bystrom, 485 So.2d 442 (Fla. 3d DCA 1986). But see Security Management Corp. v. Markham, 516 So.2d 959 (Fla. 4th DCA 1987), which holds that property zoned for 234 apartments but for which a Court had ordered the City of Hallandale to process plans for 1,500 units should still be assessed on the basis of the underlying zoning. Further, the appraiser should not consider future or potential uses unless they are to be expected immediately and not at a vague or uncertain time in the future. Lanier v. Overstreet, 175 So.2d 521 (Fla. 1965). Future uses based in the possibility of rezoning should not be based on speculation and conjecture. Bal Harbour Club, Inc., v. Dade County, 222 So.2d 428 (Fla. 3d DCA 1969).

(3) *The location of said property;*

Location is a factor that the appraiser must at least consider in valuing property, though the appraiser need not to give equal weight to each factor. Roden v. Estech, Inc., 508 So.2d 728 (Fla. 2d DCA 1987), review denied 518 So.2d 1277 (Fla. 1987).

(4) *The quantity or size of said property;*

The size of a parcel may have little effect on its value per acre, when other factors so indicate. Palm Beach Development and Sales Corp. v. Walker, 478 So.2d 1122 (Fla. 4th DCA 1985) review denied 488 So.2d 831 (Fla. 1986) involving vacant unplatted lots in a subdivision being developed. However the size of a parcel may become an extremely relevant factor in the absence of other relevant factors and information. Walker v. Trump, 549 So.2d 1098 (Fla. 4th DCA 1989). The courts have recognized that this may be a dilemma for the appraiser. Muckenfuss v. Miller, 421 So.2d 170 (Fla. 5th DCA 1982).

(5) *The cost of said property and the present replacement value of any improvements thereon;*

The appraiser should consider and recognize differences between old and new properties under the cost approach. Ozier v. Seminole Co. Property Appraiser, 585 So.2d 357 (Fla. 5th DCA 1991). The cost approach may be warranted where property is a "special purpose" property, if there are complications caused by attempting to accurately predict any stability in the "income approach". Daniel v. Canterbury Towers, Inc., 462 So.2d 497 (Fla. 2d DCA 1984); Havill v. Lake Port Properties, Inc., 729 So.2d 467 (Fla. 5th DCA 1999).

(6) *The condition of said property;*

The appraiser should consider and recognize differences in condition between old and new properties under the cost approach. Ozier v. Seminole Co. Property Appraiser, 585 So.2d 357 (Fla. 5th DCA 1991). Contaminated condition may affect the market value. Gulf Coast

Recycling v. Turner, 753 So.2d 712 (Fla. 2d DCA 2000). The appraiser's weight afforded to condition may outweigh the sale price; the latter is not necessarily the sole determinant of value where no established market exists. Walker v. Trump, 549 So.2d 1098 (Fla. 4th DCA 1989); Muckenfuss v. Miller, 421 So.2d 170 (Fla. 5th DCA 1982).

(7) *The income from said property; and*

Though different income approaches can be used, they need not be the only criteria used in setting an assessment but can be used in conjunction with other criteria. Whitman v. Overstreet, 230 So.2d 46 (Fla. 3d DCA 1969) cert. denied 237 So.2d 764 (Fla. 1978). The appraiser when using income can use average occupancy rates for downtown office buildings, and need not use the property's actual occupancy figures, as long as these figures are considered. Mastroianni v. Barnett Banks, Inc., 664 So.2d 284 (Fla. 1st DCA 1995) review denied 673 So.2d 29 (Fla. 1996).

(8) *The net proceeds of the sale of the property, as received by the seller, after deduction of all of the usual and reasonable fees and costs of the sale, including the costs and expenses of financing, and allowance for unconventional or atypical terms of financing arrangements. When the net proceeds of the sale of any property are utilized, directly or indirectly, in the determination of just valuation of realty of the sold parcel or any other parcel under the provisions of this section, the property appraiser, for the purposes of such determination, shall exclude any portion of such net proceeds attributable to payments for household furnishings or other items of personal property.*

See Bystrom v. Bal Harbour 101 Condominium Association, Inc., 502 So.2d 1312 (Fla. 3d DCA 1987) which states that where an appraisal is based on sales of comparable properties the appraiser "necessarily considers all, and uses some, of the factors set forth in section 193.011." Also see Vero Beach Shores, Inc. v. Nolte, 467 So.2d 1041, 1044 (Fla. 4th DCA 1985). The sale price may be outweighed by the condition or size; the former is not necessarily the sole determinant of value where no established market exists. Walker v. Trump, 549 So.2d 1098 (Fla. 4th DCA 1989). In this regard, no individual sale can be or should be assumed to represent just or fair market value. See Oyster Pointe Condo. Assoc., Inc. v. Nolte, 524 So.2d 415 (Fla. 1988), which stated the Legislature intended "to include only those fees and costs typically associated with the closing of the sale of real property such as reasonable attorney's fees, broker's commissions, appraisal fees, documentary stamp costs, survey costs and title insurance costs."

Appendix 11

East Ocala CRA CIP Projects

Appendix 11 – East Ocala CIP Projects									
	Project Name	CRA	FY16	FY17	FY18	FY19	TOTAL		
	Wayfinding Signage Program	Y	\$50,000	\$0	\$0	\$10,000	\$357,000		
	Code Enforcement actions to clean up properties in East Ocala	Y	\$102,000	\$102,000	\$102,000	\$102,000	\$510,000		
FY16 CF	Replace sanitary sewer line serving 8 th Avenue Senior Center	Y	\$20,000	\$0	\$0	\$0	\$20,000		
FY16 CF	Stormwater management improvements at Chazal & Tuscawillia Parks	Y	\$341,000	\$0	\$0	\$0	\$341,000		
Spec Req	Corridor Façade Grant Program	Y	\$0	\$50,000	\$0	\$0	\$50,000		

Appendix 12

Implementation Matrix

Appendix 12 -- Implementation Matrix

East Ocala CRA Plan: Great Corridors Great Communities Implementation Matrix				
Improvement Projects	Project Location	Description of Improvements	Cost	Agency Participation
Short Term Strategies				
Promote Redevelopment of Corridor Sites Comprised of Cohesive Grouping of Parcels appearing to have Spatial Relationship (G1, S8)	SR 40, E. Fort King Street, Jacksonville Road/CR200A, SR492/ NE 14 Street, NE 8 Avenue/Road CRA Boundaries	Planning and Marketing Activities	\$5,000	City of Ocala, CEP, Enterprise Florida
Promote Redevelopment of Corridor Sites which Reinforce Connections between Development and Quality of Life, Leverages New Growth, and Reconnects Neighborhoods to City (G1, S9)	SR 40, E. Fort King Street, Jacksonville Road/CR200A, SR492/ NE 14 Street, NE 8 Avenue/Road CRA Boundaries	Planning and Marketing Activities	\$10,000	City of Ocala, CEP Enterprise Florida
Expedited Review Process for CRA Projects (G1, S1)	SR 40, E. Fort King Street, Jacksonville Road/CR200A, SR492/NE 14 Street NE 8 Avenue/Road CRA Boundaries	Administrative Operations	\$0	City of Ocala
Implement Corridor Overlay District and Architectural Review by Ordinance for Sign and Design Standards in CRA (G2, S4)	SR 40, E. Fort King Street, Jacksonville Road/CR200A, SR492/NE 14 Street NE 8 Avenue/Road CRA Boundaries	Establish citizen task force, perform research, facilitate meetings, develop recommendations	\$20,000	City of Ocala
Establish New Commercial Property Maintenance Standards Patterned after Section 94 of City Code to Foster Pride, Care and Investor Confidence in CRA (G3, S1)	SR 40, E. Fort King Street, Jacksonville Road/CR200A, SR492/NE 14 Street NE 8 Avenue/Road CRA Boundaries	Establish citizen task force, perform research, public information, facilitate meetings, develop recommendations	\$20,000	City of Ocala
Amend existing provisions of Section 34 Addressing Weeds, Unsightly Matter, and Nuisances for Foster Pride in CRA (G3, S2)	SR 40, E. Fort King Street, Jacksonville Road/CR200A, SR492/NE 14 Street NE 8 Avenue/Road CRA Boundaries	Establish citizen task force, perform research, public information, facilitate meetings, develop recommendations		City of Ocala
Impose Maximum Fines for Violations of Commercial Property Maintenance Standards in CRA (G3, S6)	SR 40, E. Fort King Street, Jacksonville Road/CR200A, SR492/NE 14 Street NE 8 Avenue/Road CRA Boundaries	Establish citizen task force, perform research, public information, facilitate meetings, develop recommendations	\$10,000	City of Ocala
Establish a Pilot Land Bank Program to Inventory, Accept and Maintain Nuisance Properties Located on Commercial Corridors in CRA (G3, S7)	SR 40, E. Fort King Street, Jacksonville Road/CR200A, SR492/NE 14 Street NE 8 Avenue/Road CRA Boundaries	Assign staff to perform research and develop project plan from idea generation to implementation	\$10,000	City of Ocala, Marion County Tax Collector, State of Florida Legislature
Develop a pilot funding strategy to carry out land bank program objectives (G3, S8)	SR 40, E. Fort King Street, Jacksonville Road/CR200A, SR492/NE 14 Street NE 8 Avenue/Road CRA Boundaries	Assign staff to perform research and develop project plan from idea generation to implementation	\$5,000	City of Ocala, Marion County Tax Collector, State of Florida Legislature
Total			\$80,000	
Mid Term Improvements				
Consider subsidized City Permit, Impact and Connection Fees (G1, S2)	Key redevelopment sites	Assign staff to establish and implement policy	\$100,000	City of Ocala
Tax Increment Grants for Up Front Property Assembly and Relocation Costs (G1, S6)	Key redevelopment sites	May comprise property acquisition assistance, relocation, equipment grants	\$250,000	City of Ocala
Streetscape Improvements and Key Gateway Features (G2, S1)	Gateways, corridors and key redevelopment sites	Public Realm Infrastructure Improvements	\$1,500,000	City of Ocala, MPO, Florida Department of Transportation, US DOT
Improve Corridors Lacking Aesthetics and adequate Multimodal facilities through Design of Cross-sections (G2, S2)	Gateways, corridors and key redevelopment sites	Public Realm Infrastructure Improvements	\$3,000,000	City of Ocala, MPO, Florida Department of Transportation, US DOT
Total			\$4,850,000	
Long Term Improvements				
Relocate/Reduce Size of On Site Drainage (G1, S7)*	Key redevelopment sites	Design, engineering and construction grants	\$0	City of Ocala, Florida Department of Transportation
Consider subsidized City Permit, Impact and Connection Fees (G1, S2)	Key redevelopment sites	Assign staff to establish and implement policy	\$100,000	City of Ocala
Tax Increment Grants for Up Front Property Assembly and Relocation Costs (G1, S6)	Key redevelopment sites	May comprise property acquisition assistance, relocation, equipment grants	\$500,000	City of Ocala
Streetscape Improvements and Key Gateway Features (G2, S1)	Gateways, corridors and key redevelopment sites	Public Realm Infrastructure Improvements	\$2,500,000	City of Ocala, MPO, Florida Department of Transportation, US DOT
Underground placement of utilities (G2, S5)	Gateways, corridors and key redevelopment sites	Public Realm Infrastructure Improvements	\$3,000,000	City of Ocala, MPO, Florida Department of Transportation, US DOT
Tax increment Business Revitalization Grants (G1, S3)	Key redevelopment sites	May comprise façade grants, site improvement grants, interior rehabilitation grants	\$200,000	City of Ocala and Private Sector Applicants
Total			\$6,300,000	
Grand Total			\$11,230,000	

Appendix 13

Financing Plan

Appendix 13 - East Ocala CRA Plan: Great Corridors Great Communities Financing Plan for CRA Strategic Goals and Objectives																													
CRA Project Funding Availability	East Ocala CRA Plan: Great Corridors Great Communities Financing Plan for CRA Strategic Goals and Objectives																												
	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30	FY 31	FY 32	FY 33	FY 34	FY 35	FY 36	FY 37	FY 38	FY 39	FY 40	FY 41	FY 42	FY 43	FY 44	
Estimate TIF Increment	\$54,734	\$11,110	\$169,177	\$278,986	\$290,889	\$354,041	\$441,181	\$531,806	\$626,085	\$724,077	\$826,019	\$932,038	\$1,042,298	\$1,156,968	\$1,276,225	\$1,400,255	\$1,464,741	\$1,530,531	\$1,597,631	\$1,666,073	\$1,735,883	\$1,807,000	\$1,879,221	\$1,953,805	\$2,029,370	\$2,106,447	\$2,185,065	\$2,265,255	
Reversion (CRA Fund)																													
Issuance of Bonds from Bond	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Cumulative of Funds Available for Projects	\$54,734	\$165,844	\$335,020	\$564,006	\$854,895	\$1,208,635	\$1,649,816	\$2,181,622	\$2,807,679	\$3,531,757	\$4,357,776	\$5,289,814	\$6,332,112	\$7,489,080	\$8,765,305	\$10,165,558	\$11,690,305	\$13,360,837	\$14,758,468	\$16,424,540	\$18,160,424	\$19,967,514	\$21,847,236	\$23,800,041	\$25,830,411	\$27,936,858	\$30,121,923	\$32,387,178	

Spending Plan For CRA Strategic Goals																
	Short-term Improvements															
	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30	FY 31	FY 32
Promote Redevelopment of Properties (Creative Growth)		\$5,000														
Promote Redevelopment of Corridor Sites (Connectivity)		\$10,000														
Expedited Review Process																
Implement Corridor Overlay District	\$20,000															
Establish New Commercial Property Maintenance Standards	\$20,000					\$10,000										
Impose Maximum Fines																
Establish Pilot Land Bank Strategy	\$10,000															
Develop Pilot Funding Strategy	\$5,000															
Total	\$80,000	\$20,000				\$10,000										\$80,000
Mid-term Improvements																
	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30	Total						
Subsidized Permit Impact and Connection Fees	\$100,000															
Tax Increment Property Assembly and Reclamation Grants	\$250,000															
Gateway Improvements		\$1,500,000														
Cross Sections			\$3,000,000													
Total	\$350,000	\$1,500,000								\$4,850,000						
Long-term Improvements																
	FY 32	FY 33	FY 34	FY 35	FY 36	FY 37	FY 38	FY 39	FY 40	FY 41	FY 42	FY 43	FY 44	Total		
Rebate/Reduce Size of On-site Detention																
Subsidized Permit Impact and Connection Fees	\$100,000															
Tax Increment Property Assembly and Reclamation Grants			\$500,000													
Gateway Improvement at Pine Avenue & SR 40						\$2,500,000										
Underground Electric		\$200,000														
Business Revitalization Grants										\$3,000,000						
Total	\$100,000	\$200,000	\$500,000			\$2,500,000				\$3,000,000				\$6,200,000		
Grand Total														\$11,250,000		

Appendix 14

TIF Projections

Appendix 14 - East Ocala CRA: TIF Projections

Appreciation Factor	2017-2022	2021	2015-2016
	1.03	1	2015-2016
	1.02	1.04	2023-2032

REVENUE PROJECTIONS	
2015 Base Year	Assessment
Existing and Proposed	\$217,037,894

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	PV
Assessments											
Increment	\$217,037,894	\$217,037,894	\$223,549,030.82	\$230,255,502	\$237,163,167	\$244,278,062	\$251,606,404	\$259,154,596	\$269,520,780	\$280,301,611	
City Millage	\$0	\$0	\$6,511,137	\$13,217,608	\$20,125,273	\$27,240,168	\$34,568,510	\$42,116,702	\$52,482,886	\$63,263,717	
Revenue @ 90%	0.0061502	0.0061502	0.0061502	0.0061502	0.0061502	0.0061502	0.0061502	0.0061502	0.0061502	0.0061502	
County Millage	\$0	\$0	\$36,040	\$73,162	\$111,397	\$150,779	\$191,343	\$233,124	\$290,502	\$350,176	\$1,178,449
Revenue @ 90%	0.00319	0.00319	0.00319	0.00319	0.00319	0.00319	0.00319	0.00319	0.00319	0.00319	
Revenue @ 90%	\$0	\$0	\$18,693	\$37,948	\$57,780	\$78,207	\$99,246	\$120,917	\$150,678	\$181,630	\$745,099
TOTAL CRA REVENUE	\$0	\$0	\$54,734	\$111,110	\$169,177	\$228,986	\$290,589	\$354,041	\$441,181	\$531,806	\$2,181,622
Assessments	\$2,025	\$2,026	\$2,027	\$2,028	\$2,029	\$2,030	\$2,031	\$2,032	\$2,033	\$2,034	
Increment	\$291,513,675	\$303,174,222	\$315,301,191	\$327,913,239	\$341,029,768	\$354,670,959	\$368,857,797	\$383,612,109	\$399,284,351	\$399,110,039	
City Millage	\$74,475,781	\$86,136,328	\$98,263,297	\$110,875,345	\$123,991,874	\$137,633,065	\$151,819,903	\$166,574,215	\$174,246,457	\$182,072,145	
Revenue @ 90%	0.0061502	0.0061502	0.0061502	0.0061502	0.0061502	0.0061502	0.0061502	0.0061502	0.0061502	0.0061502	
County Millage	\$412,237	\$476,780	\$543,905	\$613,715	\$686,317	\$761,824	\$840,350	\$922,018	\$964,486	\$1,007,802	\$4,865,202
Revenue @ 90%	0.00319	0.00319	0.00319	0.00319	0.00319	0.00319	0.00319	0.00319	0.00319	0.00319	
Revenue @ 90%	\$213,820	\$247,297	\$282,114	\$318,323	\$355,981	\$395,145	\$435,875	\$478,235	\$500,262	\$522,729	\$3,749,780
TOTAL CRA REVENUE	\$626,057	\$724,077	\$826,019	\$932,038	\$1,042,298	\$1,156,968	\$1,276,225	\$1,400,253	\$1,464,747	\$1,530,531	\$10,979,214
Assessments	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	
Increment	\$407,092,239	\$415,234,084	\$423,538,766	\$432,009,541	\$440,649,732	\$449,462,727	\$458,451,981	\$467,621,021	\$476,973,441	\$486,512,910	
City Millage	\$190,054,345	\$198,196,190	\$206,500,872	\$214,971,647	\$223,611,838	\$232,424,833	\$241,414,087	\$250,583,127	\$259,935,547	\$269,475,016	
Revenue @ 90%	0.0061502	0.0061502	0.0061502	0.0061502	0.0061502	0.0061502	0.0061502	0.0061502	0.0061502	0.0061502	
County Millage	\$1,051,985	\$1,097,052	\$1,143,019	\$1,189,907	\$1,237,732	\$1,286,513	\$1,336,270	\$1,387,023	\$1,438,790	\$1,491,593	\$6,989,153
Revenue @ 90%	0.00319	0.00319	0.00319	0.00319	0.00319	0.00319	0.00319	0.00319	0.00319	0.00319	
Revenue @ 90%	\$545,646	\$569,021	\$592,864	\$617,184	\$641,990	\$667,292	\$693,100	\$719,424	\$746,275	\$773,663	\$6,566,458
TOTAL CRA REVENUE	\$1,597,631	\$1,666,073	\$1,735,883	\$1,807,090	\$1,879,721	\$1,953,805	\$2,029,370	\$2,106,447	\$2,185,065	\$2,265,255	\$32,387,178

Footnotes:

1. Total CRA Revenue includes 90 percent of property tax collections from the city and county general rate.
2. Millage rate is held constant.
3. Appreciation factor is assumed. This factor will vary.
4. CRA Revenue from contributions by taxing jurisdictions only.

