

Your Home, Your Value

A simplified approach to understanding your county's home valuation process.



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Your Home.
Your Value.



Understanding the home valuation process

Because market values change over time as properties are bought and sold, Ohio law requires that each property in the state go through a reappraisal process every six years.

While these steps may vary slightly from county to county, these are generally reflective of the steps that all counties follow.



1. Collection



2. Analysis



3. Setting



4. Feedback



5. Review



6. Finalization





1. Collection

With reappraisals that happen every six years, state registered appraisal firms' employees physically visit each home in the county over approximately a two-year period to update property characteristics. These field appraisers attempt to make contact with the property owner to discuss the property characteristics, such as land size/type, building size, age, type, quality, condition, room counts and other relevant data.





2. Analysis

The county auditor's office takes great care to ensure that property information is correct and that each property is assessed in a fair and uniform manner.

The office works to establish neighborhood boundaries then looks at historic trends and actual sales over the last three years within these boundaries to determine the estimated fair market value of properties.





3. Setting

The estimated fair market value is used as the gauge when valuing property and setting the appraisal.

Fair market value is defined as the most probable price each property would be estimated to sell for in an open market between a willing buyer and a willing seller, neither being under any pressure to buy or sell, and all parties having full knowledge of all relevant facts about the property.





4. Feedback

When the county announces the completion of property valuations, notices are sent to homeowners and all records are made available for public inspection.

Homeowners that have questions or concerns about their valuation have the opportunity to arrange a face-to-face meeting with a county representative to discuss their valuation. Homeowners are requested to submit documentation for any requested change.

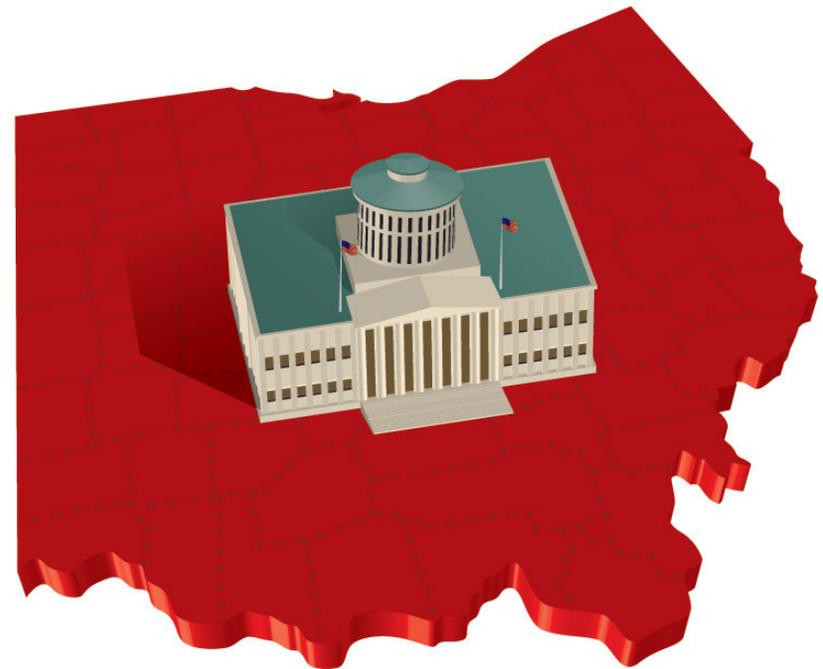




5. Review

Once the valuations go through the feedback process, they are sent to the state for review and validation. This is yet another step in the process to ensure that valuations are fair, correct and follow accurate trends across each county.

The state has the authority to request that each county modify their valuations if deemed necessary.





6. Finalization

When the county auditor announces the completion of property valuations, all records are made available for public inspection.





How does my valuation affect my taxes?

Two primary components make up a property tax bill:

1. The first component includes various tax rates, some which are requested by taxing authorities, such as school districts, libraries, townships, villages and city councils and approved by the voters, this is commonly referred to as “outside millage”. The remaining balance is “inside millage”, or non-voted.

2. The second component is the assessed value of one’s property.

A third component may include special assessments submitted from municipalities, townships and counties.





Tax Distribution

02/18/09 Annual Tax Distribution for Agricultural or Residential Property Class. \$100,000 Market Value, Wooster Township, Wooster City School District

	COUNTY	SCHOOL	JVSD	TWP.	CORP	HEALTH	LIBRARY	TOTAL	
AG/RES PROPORTIONENT SHARE	7.318016	38.554752	2.703008	6.048714	0.000000	0.952599	1.186025	56.763114	
\$1,788.00	\$230.51	\$1,214.45	\$85.14	\$190.53	\$0.00	\$30.01	\$37.36	\$1,788.00	31.499328948

	COUNTY	SCHOOL	JVSD	TWP.	CORP	HEALTH	LIBRARY	TOTAL	
OTHER PROPORTIONENT SHARE	8.028549	44.284235	2.892083	6.289752	0.000000	0.953062	1.186192	63.633873	
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.000000000

TOTAL REAL ESTATE	\$230.51	\$1,214.45	\$85.14	\$190.53	\$0.00	\$30.01	\$37.36	\$1,788.00
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	COUNTY	SCHOOL	JVSD	TWP.	CORP	HEALTH	LIBRARY	TOTAL	
PERSONAL PROPERTY PROPORTIONENT SHARE	9.65	71.60	4.85	6.90	0.00	1.00	1.25	95.25	
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.000000000

PREPARED BY JARRA L. UNDERWOOD, WAYNE COUNTY AUDITOR



Are any tax breaks available for Ohio home owners?

With the continued changes in the real estate market and rise of gas and grocery prices, homeowners should be aware of the following state programs available to help reduce property taxes.

Owner-occupancy

Owner-occupied homesites are entitled to a 2.5% tax rollback.

Homestead Exemption

Homeowners who are at least 65 years old or permanently disabled may be eligible for the Homestead Exemption.

Property damage

Reporting damaged or destroyed property may reduce its appraised value.

Agricultural Use Value Program

The Current Agricultural Use Value program exists for eligible agricultural property.





ALL WOODS \$100 PER ACRE EXCEPT WuB (210) AND WuC (110)
 C.A.U.V. SOIL TYPE VALUES FOR 96,99,02,05,08



TYPE	96	99	02	05	08	TYPE	96	99	02	05	08	TYPE	96	99	02	05	08	TYPE	96	99	02	05	08
AdD	100	190	120	100	130	CnA	100	280	110	100	200	Kb	100	210	100	100	100	Rsb	120	300	140	100	270
AdF	100	100	100	100	100	CnB	100	270	100	100	190	Ld	380	570	400	150	400	Rsb2	100	100	100	100	100
BnA	130	320	160	100	250	CnC	100	200	100	100	100	Le	300	490	320	100	470	Rsc	100	120	100	100	100
BnB	100	270	130	100	240	CoD	100	100	100	100	100	LnB	230	430	260	100	440	Rsc2	100	100	100	100	100
BrD	100	100	100	100	100	CoF	100	100	100	100	100	LnC2	120	220	100	100	120	Rsd2	100	100	100	100	100
BrE	100	100	100	100	100	CrB	100	270	100	100	190	LnD	100	140	110	100	100	RtB	NA	300	140	100	270
BrF	100	100	130	100	100	Cs	100	100	100	100	100	Ly	290	480	310	100	460	Sb	100	100	100	100	100
BsB	100	100	100	100	100	CtC	140	320	170	100	340	McB	170	360	190	100	340	Tg	190	380	210	100	320
BsF	100	100	100	100	100	DkD	100	100	100	100	100	Mcc2	120	270	140	100	320	TrA	330	520	350	130	510
BtA	180	370	190	100	310	DkE	100	100	100	100	100	Mcd	100	120	100	100	100	Ud	NA	100	100	100	100
BtB	150	340	170	100	300	EuA	380	590	410	200	590	Md	100	100	100	100	100	WaA	100	150	100	100	100
CdA	270	470	290	100	450	FaB	100	100	100	100	100	Mg			100	100	100	WaB	100	130	100	100	100
CdB	240	430	260	100	440	FcA	120	290	130	100	220	MtB	100	100	100	100	100	Wc	170	380	210	100	180
CdB2	190	370	210	100	370	FcB	110	260	120	100	210	Or	120	290	130	100	220	WuB	410	640	460	280	710
CdC	150	320	170	100	340	FfA	NA	290	130	100	220	OtB	100	200	100	100	120	WuC	310	510	350	240	610
CdC2	100	240	100	100	160	GfA	340	560	380	140	560	Pg				100	100	WuC2	240	420	270	160	510
CfB	240	430	260	100	440	GfB	310	510	340	130	550	ReA	100	100	100	100	100	WuD	310	510	350	240	330
CgB	180	360	200	100	350	GfC	280	480	320	120	530	ReB	100	100	100	100	100	WuD2	100	220	160	100	330
CgB2	100	270	120	100	240	GfC	200	380	230	110	440	RgB	280	480	310	130	490	Wyc	NA	470	310	140	610
CgC	120	290	140	100	330	GfD	100	180	110	110	310	RhB	360	560	390	220	600						
CgC2	100	220	100	100	120	HdA	360	560	390	170	570	RhC	250	440	280	170	450						
Ch	450	640	480	250	490	JtA	100	220	100	100	130	RhD2	100	160	100	100	160						
Ck	100	100	100	100	100	JtB	100	180	100	100	120	RhE	100	100	100	100	100						

Update: 7/22/08

Why Did My CAUV Values Increase So Much?

By Larry Gearhardt
September 25, 2008

INTRODUCTION

Many rural landowners are shocked when they discover the 2008 CAUV values. Depending on the soil types, some values increased several hundred percent over 2005 values. As a result, questions arise about the CAUV program. Unlike fair market value appraisals, CAUV values are calculated for each soil type in Ohio (approximately 3650 soils) by a formula that is based on five factors. The numbers that are inserted in the formula are designed to reflect the true nature of agriculture in the State of Ohio.

WHY NOW? REAPPRAISAL AND UPDATES

By law, county auditors are required to reappraise every parcel of land in the county every six years. Further by law, auditors are required to establish the fair market value of each of four components for every parcel. The four components are:

- 1.) the home
- 2.) a one-acre home site
- 3.) any other outbuildings on the property
- 4.) any other land

Fair market value is defined to be the value that land would transfer between a willing seller and a willing buyer in an arms-length transaction. Foreclosure sales, public auctions and sales between family members are not considered arms-length transactions.

Because property values were rapidly increasing in the 1960's and 1970's, a law was passed in 1976 that established the triennial update. This law requires county auditors to adjust property values every third year after a reappraisal. The difference between a reappraisal and a triennial update is that the reappraisal is based upon an inspection of the property and a triennial update is determined in the auditor's office and is based upon sales of property in the county.

The Ohio Department of Taxation calculates CAUV values annually and sends the values out to the auditors. The auditors then use the CAUV values, as determined by the Ohio Department of Taxation, for those years when the county does a reappraisal or an update.



The counties performing a reappraisal in 2008 are:

Ashtabula	Athens	Butler	Clermont
Fulton	Greene	Knox	Madison
Montgomery	Noble	Summit	Wayne

The counties performing a triennial update in 2008 are:

Auglaize	Clinton	Darke	Defiance
Delaware	Franklin	Gallia	Geauga
Hamilton	Hardin	Harrison	Henry
Jackson	Licking	Mahoning	Mercer
Morrow	Perry	Pickaway	Pike
Preble	Putnam	Richland	Seneca
Shelby	Trumbull	Van Wert	Wood

WHAT IS CAUV?

In 1972, Ohio voters approved a constitutional amendment that allowed qualified agricultural land to be valued at its current agricultural use value for real property tax purposes rather than fair market value. The home, home site and outbuildings are still valued at fair market value.

Current agricultural use value can be determined by the capitalization of the typical net income from agricultural crops on a given parcel of land assuming typical management, cropping patterns, and yields for the types of soil present on the tract.

HOW IS CAUV CALCULATED?

The CAUV values are based upon a formula containing five factors applied to four crops: corn, soybeans, wheat and hay. The five factors are:

- 1) Cropping pattern- based upon the slope of the soil: level ground weighted towards corn and beans; steep slope weighted towards wheat and hay.
- 2) Crop prices- based upon a survey of elevators in Ohio





- 3) Crop yields- based upon FSA yields per acre for each soil type.
- 4) Non-land production costs- based upon farmer surveys by The Ohio State University.
- 4) Capitalization rate- based upon the interest rate for a 15-year fixed rate mortgage at Farm Credit Services.

The crop prices, crop yields, non-land production costs and capitalization rate are calculated by taking the previous seven years of numbers, eliminating the highest number and the lowest number, and then averaging the remaining five numbers. These four factors are then added and subtracted to determine the net profit per acre of soil type, and that number is then divided by the capitalization rate. This calculation is performed for each of the 3650 soil types in Ohio.

SO WHAT MADE THE VALUES INCREASE?

The 2005 values were the lowest in CAUV history. Starting in the year 2000, CAUV values decreased at an unprecedented rate. 2005 represented the bottom when the average value for all soil types in Ohio was \$123/acre. CAUV values are now trending upward. Because of the low 2005 values, it doesn't take much of an actual increase to represent a 200% to 300% increase over 2005 values.

Crop yields per soil type were increased. The biggest factor increasing land value in 2008 was an adjustment of the crop yields. It was discovered in 2005 that FSA had not adjusted its crop yields since 1984. For example, FSA lists the corn yield for Millgrove Silt Loam (arguably the best soil in the state) at 144 bushels per acre. In fact, the average corn yield per acre in 2005 for all soil types was 152 bushels per acre. The same holds true for soybeans, wheat and hay.

Beginning in 2006, the yields per acre for each soil type for each of the four crops was adjusted by multiplying the FSA yield by a factor that was determined by comparing the average of the last 10-years of actual yield to the FSA yield. In 2008, the corn yield for Millgrove Silt Loam went from 144 to 170 bushels per acre. For Miamian Silt Loam, a medium productivity soil, the yield went from 108 to 127 bushels of corn per acre.

The capitalization rate decreased slightly. The capitalization rate decreased from 8.6% to 8.3%. Lower capitalization rates mean higher land value. For example, if we assume a net return per acre of \$40, an 8.6% capitalization rate produces a value of \$465 per acre and an 8.3% capitalization rate produces a value of \$481 per acre.





AN INCREASE IN LAND VALUE DOES NOT EQUATE TO THE SAME % INCREASE IN TAXES

A big mistake that landowners make is to take the increased land values and multiply the value by last year's millage rate. Because of tax credits, the possible expiration of certain mils, and most notably, the tax reduction factor, the actual taxes paid by the landowner will not increase in the same proportion as the value. Actual millage rates cannot be calculated at the present time.

SUMMARY

There is nothing wrong with the CAUV formula. It is this writer's opinion that Ohio has the best CAUV formula in the country. It is the same formula that gave us the lowest values in CAUV history in 2005.

It is not CAUV's purpose to guarantee the lowest values for landowners, but rather to accurately reflect what is happening in the farming community. The 2008 values are similar to 1999 values. The problem is that landowners became accustomed to the low values in 2002 and 2005. Even with the increased values, CAUV landowners are paying taxes on approximately 15 to 20% of fair market value. It is a program that farmers must have to survive.





How do I provide feedback to my county auditor?

Some homeowners may wonder when it is appropriate to provide feedback about their valuation.

Some of the questions to consider are:

1. Have we missed something when your home was reviewed that might change your valuation?
2. Would you sell your home for the current appraised value of the property?

Homeowners who have questions or concerns about their valuation have the opportunity to provide feedback to a county representative to discuss their valuation and request that changes be made.

Property owners can appeal informally or formally. The informal hearings allow homeowners to meet with the appraiser and correct any mistakes or raise any questions. This informal process saves you time and money by not filing a formal appeal; although the formal appeal route can serve their needs as well. Either avenue leads to fair play for property owners.





What are your responsibilities as a homeowner?



1. Understand the process by reviewing the materials available to you or visiting our web site for more information.



2. Report any changes or discrepancies to your auditor since your last valuation.



3. Provide feedback to your auditor about your valuation to ensure its accuracy.





For more information:

County web site

www.waynecountyauditor.org

- Property record search
- Sale history
- Sale search

Your home, your value web site

www.YourHomeYourValue.org

Property valuation feedback

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