



Workshop 100 – Understanding Real Property Appraisal

Course Description

Understanding Real Property Appraisal is designed to provide the students with a basic understanding of the procedures and techniques used within a mass appraisal office. This workshop introduces students to some of the concepts involved in using two approaches to value: the cost approach and the sales comparison approach. Understanding Real Property Appraisal utilizes lectures, classroom discussion, and homework problems to emphasize the main concepts and procedures taught in the workshop.

Chapter One provides the student with an understanding and working knowledge of appraisal theory, assessment procedures and appraisal/assessment techniques necessary to estimate the market value of vacant and improved property.

Chapter Two is designed to provide the students with a basic understanding of the methods used to develop land values. Emphasis is placed on maintaining land data and mapping. This chapter reinforces the basic appraisal principles presented in Chapter One.

Chapter Three is the cost approach method. The student is introduced to the estimation of cost new and the use of depreciation in arriving at an estimation of market value using this approach.

Chapter Four is the estimation of market value using the sales comparison approach. It emphasizes a basic understanding of the sales comparison approach and a systematic procedure for its application.

Objectives

Upon completion of Chapter 1, the student should be able to:

- Understand the role and basic responsibilities of the assessor
- Know that the statutes provide the structure and authority for an assessor
- Understand the assessment function
- Know the basic premises for the Uniform Standards of Professional Appraisal Practice (USPAP) and how this relates to the assessor
- Understand the way the property tax is determined
- Know the definitions for property and property rights
- Understand the ownership of property
- Know the estates in property
- Understand the nature of property value
- Know the various definitions of value
- Understand market value versus value in use
- Know and understand the basic principles of value

- Be able to define highest and best use
- Know the tests for highest and best use
- Know and understand the appraisal process
- Know and understand trends and their effect on property value
- Know the definition of a neighborhood and how a neighborhood is delineated
- Know the four forces or factors that influence value (PEGS)
- Understand the four forces or factors' role in neighborhood analysis

Upon completion of Chapter 2, the student should be able to:

- Understand the nature and theory of land valuation.
- Understand the term cadastral maps and what is typically displayed with these maps.
- Identify the four land description systems.
- Recognize and understand the appropriate application of different map scales.
- Understand the difference between unimproved and improved land (site).
- Explain the importance of accurate land values.
- Identify the appraisal principles pertinent to the valuation of land.
- Identify factors affecting land values - physical, economic, governmental and social (PEGS)
- Explain the importance of market analysis in the land valuation process.
- Identify the formulas and rules upon which land valuation is based.
- Recognize the definition of site.

Upon completion of Chapter 3, the student should be able to:

- Recognize and understand the underlying economic theory supporting the cost approach method to valuation
- Identify the restrictions under which the cost approach method will supply the best estimate of market value
- Identify where the cost approach to value is inappropriate
- Explain the difference between cost, price and value in applying the cost approach to value
- Explain the purpose of accurate improvement descriptions (the basis for selecting comparables and making comparisons between the subject property's improvements and improvements typically accepted in the subject property's market)
- Understand the use of cost manuals, including trending and updating to reflect current market data
- Define depreciation
- Identify the three types of depreciation

On completion of Chapter 4, the student should be able to:

- Identify the general procedure where a value estimate is derived by application of the sales comparison approach
- Explain the advantages and disadvantages of utilizing the sales comparison approach to market value
- Explain the underlying principles, i.e., supply, demand, contribution and substitution

Timetable

Topic	Suggested Time	Suggested Day Covered
Chapter 1		
Orientation	30 Minutes	Day One
Introduction to Assessment/Appraisal	15 Minutes	Day One
The Assessment Function	15 Minutes	Day One
The Property Tax	70 Minutes	Day One
Concepts of Property and Property Rights	30 Minutes	Day One
Nature of Property Value	30 Minutes	Day One
Basic Principles of Value	40 Minutes	Day One
Economics of Supply and Demand	40 Minutes	Day One
Highest & Best Use	40 Minutes	Day One
The Appraisal Process	30 Minutes	Day One
Trends Affecting Property Value	15 Minutes	Day One
Neighborhoods	15 Minutes	Day One
Four Forces or Factors of Value	15 Minutes	Day One
Review Questions & Review of Chapter 1	35 Minutes	Day One
Chapter 2		
Mapping & Parcel Identification	20 Minutes	Day One
Parcel Identification Systems	10 Minutes	Day One
Land Description System	90 Minutes	Day Two
Nature of Land Valuations	20 Minutes	Day Two
Market Value, Use Value & Highest & Best Use	20 Minutes	Day Two
Land Valuation Theory	20 Minutes	Day Two
Review Questions	60 Minutes	Day Two
Chapter 3		
Theory of Premises	15 Minutes	Day Two
Cost Approach Steps	15 Minutes	Day Two

Topic	Suggested Time	Suggested Day Covered
Characteristics of Cost	20 Minutes	Day Two
Elements of Cost	20 Minutes	Day Two
Concepts of Estimating Costs	20 Minutes	Day Two
Cost Manuals	20 Minutes	Day Two
Depreciation Defined	15 Minutes	Day Two
Three Types of Depreciation	15 Minutes	Day Two
Review Questions	40 Minutes	Day Two
Chapter 4		
Theory & Premises	15 Minutes	Day Two
Appraisal Principles	25 Minutes	Day Two
Advantages/Disadvantages	25 Minutes	Day Two
Review Questions	35 Minutes	Day Two