

## Maricopa County Assessor's Office Internal Policy and Procedures

**Title:** Policy on Common Area Valuations

**Number:** ADEI-72520140545

**Policy Category:** Establishing Full Cash Value RD Common Area

**Date:** 7/25/2014

**Initiating Division:** Appraisal Division

**Revision:** 3

**Reviewed by:** Tracy Johnston, Chief Appraiser **Approved by:** Tim Boncoskey, Chief Deputy

**Revision Date:** 9/1/2018

### **Purpose:**

To provide an explanation of how the Maricopa County Assessor's Office implements the statutory requirements for establishing the full cash value of common area properties located within residential subdivisions or residential developments. The relevant statutes are: A.R.S. §§42-13402 thru 42-13404.

This revision provides further clarification regarding residential developments.

**Effective Date:** Revisions to this policy shall be effective for the 2020 tax year.

### **Policy & Procedures:**

#### **A. Initial Valuation of a Recorded Plat Map of a Residential Subdivision or Development:**

1. The process is triggered when the Assessor's office receives notification of a recorded residential subdivision plat map or residential development.
2. Common areas may be designated as open spaces, roads and tracts (unique parcels) as described on the plat map; and shall be created and given a designated parcel number per A.R.S. § 42-13402(A). The guiding assumption is that no other use is possible (A.R.S. §42-13403(A)) and the parcels will be used as described.
3. Land being held for future development does not qualify as common area.
4. As described in A.R.S. § 42-13402(C)(4) and per D.O.R. guidelines, common area must be intended for use by its owners, residents, and invited guests (if allowed) for common usage.
5. The initial full cash value shall be established at \$500 for each of the unique parcels.
6. The limited cash value shall be established at \$500 for each of the unique parcels.
7. The initial property use code shall be as follows:
  - a. The property use code shall be 0252 for each common area parcel identified as a roadway.
  - b. The property use code shall be 0262 for each common area parcel that is *not* identified as a roadway i.e., greenbelt.
8. The legal class will reflect a vacant land/miscellaneous use property. A.R.S. §42-12002(1)(e).

**B. Establishing & Maintaining the Common Area Valuation per A.R.S. § 42-13402 and 13404:**

1. Once the common area parcels have been transferred to the Homeowners Association (HOA) or corporation, the organization must meet the following requirements per A.R.S. §42-13402(C):
  - a. The property must be owned by a non-profit homeowners association, community association or corporation.
  - b. The association or corporation must be organized and operated to provide for the maintenance and management of the common area property.
  - c. All residential property owners in the development must be required to be and must actually be members of the association or corporation, or must be obligated to pay mandatory assessments to maintain and manage the common areas.
  - d. All members of the association or residential property owners in the development, their immediate families and, if provided by rules of the association or corporation, guests must have a right to use and enjoy the common areas. This right must be appurtenant to and pass with title to each lot and parcel. The association or corporation may assess fees for particular uses of individual common areas.
  - e. The community or homeowner's association or other entity as described in A.R.S. §42-13402(C) that owns the common area shall record a deed restriction with the county recorder and file a copy of the restriction with the county Assessor restricting the property to use as a common area.
2. Once the common area parcels have been deeded to the established HOA, the HOA may request a consolidation of common area parcels in accordance with A.R.S. §42-13404(C), using a form prescribed by the Department of Revenue no later than June 30 for the current tax year.
3. The Assessor's Common Area Checklist must also accompany any requests for consolidation of parcels for taxing according to A.R.S. §42-13404(C).
4. Requests received after June 30 will have the consolidation of common area parcels applied to the following tax year. The full cash value and limited cash value for each common area parcel shall be set at \$500. Parcels not consolidated shall remain at the initial \$500 per parcel until revoked.

**C. Revoking the Statutory Common Area Valuation:**

1. Common area parcels will be annually reviewed to determine if the properties have met the statutory requirements. When a parcel or tract is identified in the recorded plat as "future development", that parcel will be valued at market using standard appraisal methodologies.
2. Any common area parcel that is of a shape and size to permit "future development" will be reviewed and field inspected in order to be maintained in the Common Area Table.

3. If property identified as "future development" has not met the requirements of ARS §42-13402.C, the following actions will be followed by the Appraisal staff:
  - a. The common areas will be valued based on the market approach, and a Rule B property status code (PSC) will be applied.
  - b. The legal class will be changed to reflect a vacant land/miscellaneous use property (ARS §42-12002.1.e).
  - c. The property use code will revert to the non-statutory qualified code where no other usage of the parcel is possible.
  - d. The parcel will be removed from the Common Area Table.
  - e. The owner will be notified through the next Notice of Value that the property(s) no longer qualify for the statutory \$500 per-parcel value and will be valued based on market using standard appraisal methodologies.