

Maricopa County Assessor's Office Internal Policy and Procedures

Title: Revision to Restricted Land Valuation

Number: RPLD-0121090445

Policy Category: Establishing Full Cash Value on 88xx PUC Codes

Date: February 12, 2009

Initiating Division: Appraisal Division

Revision: 2

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

Revision Date: 9/1/2018

Purpose: To establish the full cash value of certain types of property which have restrictions on use affecting value or have limited use and which are not frequently bought and sold in the marketplace. This version is to clarify residential orphan parcels that are used for roads and how to treat improvements on restricted parcels. This policy identifies those types of restricted properties and provides market-derived adjustment factors to be used in estimating their market value.

Effective Date: Restricted use adjustments were first applied to the 2010 tax roll, this revision shall be effective for the 2020 tax year.

Policy and Procedures:

A. Restricted Use Criteria:

1. Private roadways, retention, or landscape areas **used exclusively for a lead parcel** with the **same ownership are not restricted use** and shall be treated as associated parcels to the lead parcel.
2. Restricted use status will be applicable only to separately parceled land that is restricted in its entirety.
3. Types of properties that have restrictions on use affecting value and that are not frequently bought and sold in the marketplace:
 - a. Designated limited use by choice such as retention basins, landscape strips etc. for a non-residential use and **are either owned by the commercial property owner's association or has deed restrictions.**
 - b. Private roadway in a commercial subdivision where the roadway is **owned by the commercial property owner's association or has a restricted deed.**
 - c. Private roadway used for ingress and egress for residential properties not in a subdivision that is not owned by a lot that it services.
 - d. Land size limitations with different ownership on the adjacent parcels (commonly called Orphan Parcels).
 - e. Government zoning not allowing construction on 100% of a parcel.
 - f. Hillside Conservation (Scottsdale).

- g. Hillside Zoning (Phoenix).
- h. NAOS (Natural Area Open Space) Non-Buildable – no construction allowed on this parcel due to the developer/owner being allowed to transfer the NAOS square footage to another parcel within the same development in order to utilize more square footage for construction. (The City of Scottsdale allows this on a very limited basis and will require documentation).
- i. Preservation Properties (these typically have been designated by the State or City governments).
- j. Conservation Easements.

B. Valuation Methodologies and Application:

1. The Full Cash Value of a restricted use property will be estimated by 1) valuing the subject property as if no restriction were in place, and 2) then applying an adjustment factor to account for the restriction. The adjustment factor reflects all relevant market data available for the particular property type.
2. Retention basins, private commercial roadways, commercial landscaped areas (8801 and 8802) will carry a commercial legal classification and will have improvements posted to them which should be determined by cost. All improvements posted to commercial restrictive use properties (8801 and 8802) shall carry the same percentage of market value as the percentage for the land.
3. Property use codes (PUCs) for all categories of restricted and limited use parcels--as well as the adjustment factors applicable to each--are outlined below.
 - a. **88-00**: Active well/irrigation sites. They are not considered to be restrictive but will be valued at \$500 per site **if less than 5,000 sf**. They must be registered with the ADEQ and the Department of Water Resources. Sites over 5,000 sf will have mixed land value (i.e., restricted value for the first 5,000 sf of land area and market value for land area over 5,000 sf).
 - b. **88-01**: Landscaping/ Retention Basins (commercial) – adjusted to 10% of unencumbered market value. These must be separately parceled, could be designated by a plat map and owned by a commercial association. Parcels will carry a commercial legal classification and have improvements posted to them.
 - c. **88-02**: Private Roads (commercial) – adjusted to 10% of unencumbered market value. The parcel must be separately parceled and not used for parking and also should be designated by the plat map. Parcels will carry a commercial legal classification and have improvements posted to them.
 - d. **88-03**: Non-government parcels that are 100% in floodways. No longer used.

- e. **88-04:** Land Size Restrictions (Orphan Parcels) (commercial) – adjusted to 10% of unencumbered market value. These are typically small areas that do not match ownership of surrounding parcels.
- f. **88-05:** Land Size Restrictions Residential (Orphan Parcels) – adjusted to 8% of unencumbered market value. These are typically small areas that do not match ownership of surrounding parcels.
- g. **88-06:** Government Restrictive, Conservation Easements – adjusted to 15% of unencumbered market value. The restriction was due to city/county ordinance that specifically restricts the land from being developed. This also covers recorded Conservation Easements which states that it is in perpetuity.
- h. **88-07:** Private Roads (access into residential properties) – adjusted to 5% of unencumbered market value. These must be separately parceled and not share ownership with any surrounding parcels. They also must not be part of a subdivision.
- i. **88-08:** Air space or subterranean rights. These are limited use and not restrictive. These will also be valued at \$500 per site.