

Maricopa County Assessor's Office Internal Policy and Procedures

Title: Restricted Land Valuation

Number: RPLD-0121090445

Policy Category: Land

Date: February 12, 2009

Initiating Division: Real Property

Revision: 1

Reviewed by: Joe Propati, Chief Appraiser **Approved by:** Tim Boncoskey, Chief Deputy **Revision Date:** June 7, 2010

Purpose: To establish the full cash value of certain types of property which have restrictions on use affecting value and that are not frequently bought and sold in the marketplace.

Arizona law requires the Assessor's Office to value property according to its market value. To determine market value, the Assessor's Office must consider whether restrictions on the property's use affect that property's value.

Many types of properties have restrictions on use which may affect their value. For the property types which are frequently purchased in the marketplace, market value should be estimated based on current sales of similarly situated properties. However, some types of property that have restrictions on use affecting value are not frequently bought and sold in the marketplace. This policy identifies those types of property and provides a market-derived adjustment for determining the property's market value. The property types and adjustments described in this policy may be revised periodically to reflect changing market data.

Types of Properties That Have Restrictions on Use Affecting Value and That Are Not Frequently Bought and Sold in the Marketplace:

- 1) Designated limited use by choice such as retention basins, landscape strips etc. for a non-residential use.
- 2) Private roadway in a commercial subdivision where the roadway is owned by the commercial property owner's association.
- 3) Land size limitations with different ownership on the adjacent parcels. (Commonly called Orphan Parcels)
- 4) Government zoning not allowing construction on 100% of a parcel.
 - A) Hillside Conservation (Scottsdale)
 - B) Hillside Zoning (Phoenix)
 - C) NAOS 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).
 - D) Preservation Properties (These typically have been designated by the State or City governments).
- 5) Conservation Easements.

Valuation Methodologies and Application:

The Full Cash Value of the subject property will be estimated by valuing the subject property as if no restriction was in place and then applying an adjustment to reflect the restriction. The size of the adjustment reflects all relevant market data available for the particular property type. Property use codes for these restricted parcels as well as the discounts are outlined below. The adjustment will be applied starting with the 2010 tax roll and will be applicable only to separately parceled land that is restricted in its entirety. Adjustments will be made as new market data is reviewed.

Retention Basins – 88-01, adjusted to 10% of unencumbered market value

Private Roads – 88-02, adjusted to 10% of unencumbered market value

Landscaping – 88-04, adjusted to 10% of unencumbered market value

Land Size Restrictions Commercial (Orphan Parcels) – 88-04, adjusted to 10% of unencumbered market value

Land Size Restrictions Residential (Orphan Parcels) – 88-05, adjusted to 8% of unencumbered market value

Government Restrictive, Conservation Easements – 88-06, adjusted to 15% of unencumbered market value