

Citizen's Focus Group Committee Meeting

Tuesday, October 27, 2015

Andrea started the meeting at 2:00pm in the CID Conference Room. A sign in sheet was passed to members to record attendance.

Present:

Andrea Gardner – City Manager
Kevin Keller – Public Information Officer
Marc Payne
Sandy Vegh
Chris Mulvey
Ray Torres
Marcie Lowery
Tim McGinnis
Marty Smith
Matt Russell

Absent:

Ronnie Viss – Funeral

Also present was Chief Appraiser Mitch Fast from the Coryell County Appraisal District.

I. General Announcements

None at this time.

II. Committee Discussion / Business (Open Forum)

The group started the general discussion with the topic of young soldiers and home ownership. Ray and Tim discussed the point of the responsibility of the financial commitment being on the soldier, being allowed off post to begin with, why the banks were giving out loans so easily, etc.

Ray advised the deployment rates/frequency in the area allow for soldiers/families to get used to the higher pay incentives earned during deployments. Once they

are accustomed to living on the higher rate they struggle when the deployments taper off and the money dries up. Some of the families around here just cannot afford the amount of house payment, coupled with cars and other personal luxuries, they find themselves obligated to.

Andrea asked each member for any topics of discussion or questions they had for this meeting.

Ray

None

Marc

None

Marcie

Marcie asked about the CIP for drainage below Skyline. Marcie advised she spoke with James Mullen about the drainage issues in the area where she lives. Marcie advised there is no drainage up where she lives and she feels as if the City doesn't care about that area of town. Andrea reminded Marcie that streets are a huge part of drainage from any area. Additionally, Andrea reminded the members of the City's current process of updating the Drainage Master Plan to utilize the funds being collected. Areas which pose a problem in the City should be reported to public works or online by using the link on the City's homepage to submit areas of concern on a map. Marcie advised during the last rainstorm the drains on Veterans were overflowing. Andrea advised there have been all kinds of unbelievable things pulled from the storm drains, such as bicycles, chairs and other large items. People blow their grass clippings into the streets, which washes into the storm drains causing clogging and overflow. Andrea advised the group that the City is working diligently to address and correct drainage issues, but the citizen's focus group can assist by educating the public regarding what flows into the drainage system they may not be aware of.

Tim

Tim advised it looks bad for the Fire Chief to get up in front of Council and endorse a particular company, like Acadian Ambulance Services. Andrea told Tim she understood where he was coming from with his statement. Andrea advised the

FD Chief does not specifically endorse Acadian and has actually had some issues with the company stepping outside their contract with the City.

Chris

Chris asked Andrea about the progress of the development on the east end of Cove. Andrea advised Phase II of the shopping center should be starting up soon.

Chris also asked about the franchise fee discussed earlier. Chris advised he sees that fee on his phone and cable bills each month. Andrea advised the City charges the fee to the company, which they pass on to the customer to access the services in that area. The fee collected is placed in a fund used for citizen education, such as the Channel 10 government access or the live feed of Council meetings, which should be ready to go by November.

Sandy

Sandy asked for an explanation on why the water and wastewater/sewer charges are billed the way they are. Sandy advised he uses water to irrigate, which means no sewer, but he's charged for it anyway since he only has the one meter at his residence. Andrea advised the best way to fix this issue is to have a second meter installed for just irrigation. This way, there is no sewer charge for the water running from this meter. Sandy also asked about the drainage fee on the water bill. Sandy advised this charge started as a temporary charge on the utility bill but it hasn't gone away. Andrea advised the best way to tell if a charge will be temporary or not is by checking the language of the ordinance. If the charge is only temporary, there will be a clear end date in the language of the ordinance. The \$6.00 per month drainage fee is here to stay.

III. Tax Appraisal and Foreclosure

Chief Appraiser Mitch Fast was introduced by Andrea. Andrea explained to the group that Ryan usually works with Mitch for budget purposes. Mitch presented the slideshow, "*Copperas Cove: The Impact of Foreclosure Sales on the Local Market*" (attached). At both the beginning and conclusion of the presentation, Mitch advised the group he was available for phone calls, emails and visits if there were any questions at a later date by either the group or someone they are trying to educate.

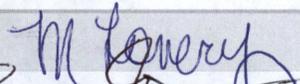
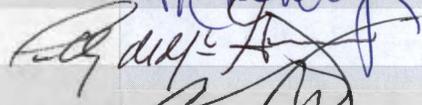
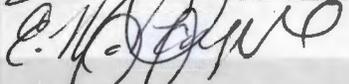
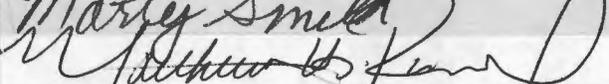
Mitch advised the group that while doing appraisals for all of Coryell County, he noticed an unusually high rate of foreclosures in the City of Copperas Cove. Mitch explained foreclosure sales must be considered when determining value of the surrounding homes. Mitch advised 71% of the reported foreclosures were VA loans. The group discussed how disturbing this was for the area and to hear of soldiers buying and then walking away from houses in this area at an alarming rate. Discussion was also held regarding why certain areas of Coryell increased so dramatically in value. Mitch advised in this case it was the pipeline going through the area that increased the value of some places.

IV. Conclusion of Meeting

The group discussed the next meeting date, which will be Dec 8 from 2:00 – 4:00 PM at the Central Fire Station. Kevin will send a reminder.

Citizen's Focus Group

Sign-In Sheet 10/27/15

Name	Signature
Lowery, Marcie	
McGinnis, Timothy	
Mulvey, Chris	
Payne, Marc	
Torres, Ray	
Vegh, Sandy	
Viss, Ronnie	
Martin, Bob	
Smith, Marty – Council Liaison	
Russell, Matt – Council Liaison	
Gardner, Andrea – CM	
Keller, Kevin – PIO	

Copperas Cove

IMPACT OF FORECLOSURE SALES ON THE LOCAL
MARKET

The Rules

Section 23.01 (c) of the Texas Property Tax Code:

(c) Notwithstanding Section 1.04(7)(C), in determining the market value of a residence homestead, the chief appraiser may not exclude from consideration the value of other residential property that is in the same neighborhood as the residence homestead being appraised and would otherwise be considered in appraising the residence homestead because the other residential property:

The Rules

Section 23.01 (c) of the Texas Property Tax Code:

- (1) was sold at a foreclosure sale conducted in any of the three years preceding the tax year in which the residence homestead is being appraised and was comparable at the time of sale based on relevant characteristics with other residence homesteads in the same neighborhood; or
- (2) has a market value that has declined because of a declining economy

The Rules

- Section 1.04 (7)

“Market value” means the price at which a property would transfer for cash or its equivalent under prevailing market conditions if:

- (A) exposed for sale in the open market with a reasonable time for the seller to find a purchaser;
- (B) both the seller and the purchaser know of all the uses and purposes to which the property is adapted and for which it is capable of being used and of the enforceable restrictions on its use; and
- (C) both the seller and purchaser seek to maximize their gains and neither is in a position to take advantage of the exigencies of the other

The Stats

January 2014 - March 2015

Total Sales in Copperas Cove	535	
Foreclosure Sales	101	19%
VA Foreclosure Sales	72	71%

The Stats

January 2014 - March 2015

	Total Sales	Foreclosure Sales	
Median Sales Price	\$102,000	\$55,500	-46%
Average Sales Price	\$107,022	\$64,362	-40%

The Process

Mass Appraisal

- In appraising property for Ad Valorem taxation, the appraisal district utilizes a method called mass appraisal to calculate the value of a large number of properties. Mass appraisal is the process of valuing a group of properties as of a given date using common data, standardized methods and statistical testing. In mass appraisal, values for individual parcels should not be based solely on the sale price of a property; rather, valuation schedules and models should be consistently applied to property data that is correct, complete and up-to-date.

The Process

Statistical Analysis and Ratio Studies

- Models are calibrated and adjusted annually through the use of ratio studies and statistical analysis. The district will compare actual sales prices of individual properties to the value produced to that property through the model and determine the appropriate adjustment that is needed for the model. Ratio studies allow the district to measure and evaluate the two major aspects of mass appraisal models:
 - Appraisal Accuracy and Uniformity

The Process

Statistical Analysis and Ratio Studies

- Level of appraisal accuracy refers to the overall ratio of appraised values to market values of properties within the same category or market area. Level measurements provide information about the degree to which mass appraisal models are working and what adjustments are warranted. The measures of appraisal level that are calculated are the median ratio, mean ratio and weighted mean ratio. These are also referred to as measures of central tendency.

The Process

Statistical Analysis and Ratio Studies

- Level of appraisal uniformity refers to the degree to which properties are appraised at equal percentages of market value. Uniformity can be measured as

Coefficient of Dispersion (COD):

- The COD is the most generally useful measure of variability. The COD measures the average percentage deviation of the ratios from the median ratio. The COD has the desirable feature that its interpretation does not depend on the assumption that the ratios are normally distributed. This measure of variability relates to “horizontal” or random dispersions among the ratios regardless of the value of individual parcels.

The Process

Value Approaches

Because the market value of an unsold property is not only unknown but also uncertain, the district appraisers use three differing views of market value in appraisal.

a.) Sales Comparison/Market Approach:

This approach asks “What are properties similar to this property selling for?” In the absence of a sale of the subject, sales prices of comparable properties are usually considered the best evidence of market value. The sales comparison approach models the behavior of the market by comparing the properties being appraised (subjects) with similar properties that have recently sold (comparable sales). Comparable sales are selected for similarity to the subject property. Their sales prices are then adjusted for their differences from the subject. Finally, a market value for the subject is estimated from the adjusted sales prices of the comparable sales.

The Process

Value Approaches

b.) Income Approach:

This approach asks “What would an investor pay in anticipation of future income from the property?” The income approach is usually used to appraise types of properties that generate income, such as office buildings, hotels or retail centers. This approach is based on the principle that the value of an investment property reflects the quality and quantity of the income it is expected to generate over its life. That is, value is the estimated present value of future benefits (chiefly income and proceeds from the sale of the property).

Estimating the value of an income-producing property is done by capitalization.

In its simplest form, capitalization is the division of a present income by an appropriate rate of return to estimate the value of the income stream. In doing an income approach, the appraisal district will look at the market for typical rents and expenses of similar properties as it is the fee simple estate being appraised. The typical formula that will be used in the income approach is:

The Process

Income Model

Potential Gross Rent (PGR)

Less Vacancy and Collection Loss (V&C)

Plus Misc Income (MI)

Equals Effective Gross Rent (EGR)

Less Allowable Operating Expenses

Equals Net Operating Income (NOI)

Divided By Cap Rate

Equals Property Value

The Process

Value Approaches

c.) Cost Approach:

This approach asks "How much would it cost to replace the property with one of equal utility?" The cost approach is justified in part by the principle of substitution; an informed buyer will pay no more for an improved property than the price of acquiring a vacant site and constructing a substitute building of equal utility, assuming no costly delays in construction. The cost approach requires estimates of land value, accrued depreciation and the current cost of constructing the improvements. Depreciation is subtracted from the current construction cost to obtain an estimate of improvement value.

A land value that reflects the value of the site as if vacant and available to be developed to its highest and best use is added to the value of the improvements.

The Process

Value Approaches

c.) Cost Approach:

1. Estimate land value as if vacant at highest and best use
2. Estimate replacement cost new of improvements
3. Estimate the accrued depreciation of improvements
 - a. Physical deterioration
 - b. Functional obsolescence
 - c. External (economic) obsolescence
4. Subtract the accrued depreciation from the total cost new of improvements
5. Add land value and depreciated improvement value to arrive at total value

The Process in Action

Sale Comparison/Market Approach in Coryell CAD

Land Value Determination

Neighborhood Delineation

Neighborhood Profiles

Final Ratio Report

The Process in Action

Land Value Determination

1. Sales Comparison (Market Approach)

This is the preferred method if sufficient sales data of vacant land is available. This method produces the most reliable indication of land value. In using this method the appraiser must make adjustments to the comparable sales for financing, time, locational characteristics, physical characteristics and any restrictions to the land.

2. Allocation by Ratio

This method works well for appraising lot values in a residential subdivision where few vacant lot sales are available. In this method the appraiser will:

Identify comparable sales of improved land

Estimate the ratio of land value to property value ratio

Apply the "typical" ratio to estimate the land value of the subject property

The Process in Action

Land Value Determination

3. Allocation by Abstraction

In this method the appraiser will find the sale of a comparable improved property and subtract the depreciated replacement cost new of the improvement to arrive at the land value.

4. Capitalization of Ground Rent (Income Approach)

To capitalize a ground rent the appraiser must have reliable income information of rents of similar land and divide the market rent by the appropriate capitalization rate to produce an indication of value.

The Process in Action

Neighborhood Delineation



Neighborhood Profile: (C5340) Σ3

General | Run Detail | Class Breakdown | Improved | Vacant | Sales Ratio Chart | Linked Profiles | Analysis |

Neighborhood: C5340 (TONKAWA)

Run Date:	2015-03-10 11:00:30.760 by route		
Total Properties:	254 (Improved: 254 Unimproved: 0)	Imprv %:	91.00
Total Deeds:		Land %:	100.00

Update...

North/South: _____

East/West: _____

Quadrant: _____ Map ID: _____

Inspection Date: _____ Appraiser(s): _____

Builders: _____

Opinion of Value: _____

Comment: _____

Print | Preview...

GIS | OK | Cancel | Apply

Neighborhood Profile: (C5340)

General | Run Detail | Class Breakdown | Improved | Vacant | Sales Ratio Chart | Linked Profiles | Analysis

Class	#	Low	High	Median	Average
RV5	212	75000	144150	110740	110559
RV5+	31	112920	171950	130210	132632
RF5	6	87740	112260	96485	97882
RV5-	3	87040	109750	97610	98133
RV6+	1	156620	156620	156620	156620
RF5+	1	126960	126960	126960	126960

GIS OK Cancel Apply

Neighborhood Profile: (C5340)

General | Run Detail | Class Breakdown | Improved | Vacant | Sales Ratio Chart | Linked Profiles | Analysis

Improved Properties

Feature	Num	Low	High	Median	Average	COD	COV
MA (Main Area):	254	1124	2916	1558	1611	9.6744	15.864
Market:	254	75000	171950	111095	113053	6.8385	10.647
Market/MA:	254	47.29	84.80	70.67	70.70	4.5271	6.3134
Land/Market	254	.1181	.2467	.1636	.1621	7.1948	10.464

Improved Sales

Feature	Num	Low	High	Median	Average	COD	COV
Sale:	15	66900	132000	105000	102227	12.038	16.592
Sale/MA:	15	47.29	78.43	62.66	64.24	12.768	15.502
*Sale Market/MA:	15	47.29	75.24	70.34	69.05	4.7670	9.6225
Market/Sale	15	.87144	1.44484	1.13892	1.09107	10.588	13.714
Monthly GRMs	0	.00	.00	.00	.00	.00000	.00000
Annual GIMs	0	.00	.00	.00	.00	.00000	.00000

GIS OK Cancel Apply

Neighborhood Profile: (C5340) Σ3

General | Run Detail | Class Breakdown | Improved | Vacant | Sales Ratio Chart | Linked Profiles | Analysis

Profile Run 166 Profile Detail 3857

Appraisal Year 2015	Mean Ratio	Current 104.39%	Updated 96.53%	Adjustments Mean 0.96
Neighborhood TONKAWA	Weighed Mean	103.45%	95.65%	Median 1.01
NBHD Code C5340	Median Ratio	99.11%	91.72%	Calculated 0.91
Sample Size 10	Avg Sale/Appr	\$110,300	\$105,506	Target Ratio 100.00 % <input type="checkbox"/>
Sample Percent 3.94%	Avg Sale/Appr PSF	\$68.46	\$65.31	New Adj <input type="text"/>
Population 254	Related Diff	1.01	1.01	<input type="text"/>
Old NBHD Adj 1.00	C of D	0.0996	0.1002	<input type="text"/>
Avg Land/Sale 17.06%	Status: Locked by user mitch on 4/1/2015			Apply New <input type="button"/>

Property ID	Re...	Rev Appr	Rev Imp	In...	SCIV	Land	TLA	Sale Price	Sale Date
135135	83.36%	\$110,030	\$94,030	1.12	\$116,000	\$16,000	1759	\$132,000	8/15/2014
142965	86.07%	\$102,420	\$84,420	1.09	\$101,000	\$18,000	1559	\$119,000	4/14/2014
135164	88.50%	\$106,200	\$90,200	1.05	\$103,999	\$16,000	1530	\$119,999	6/26/2014
143005	89.32%	\$100,490	\$81,990	1.04	\$94,000	\$18,500	1544	\$112,500	2/20/2014
142990	89.42%	\$98,360	\$79,860	1.04	\$91,500	\$18,500	1471	\$110,000	12/22/2014
143001	94.02%	\$101,540	\$83,040	0.98	\$89,500	\$18,500	1567	\$108,000	6/5/2014
143015	105.27%	\$107,380	\$88,880	0.85	\$83,500	\$18,500	1640	\$102,000	12/10/2014
143078	108.75%	\$105,490	\$84,210	0.82	\$75,720	\$21,280	1548	\$97,000	4/27/2014
142926	109.02%	\$117,200	\$95,600	0.82	\$85,900	\$21,600	1960	\$107,500	1/8/2014

Filter

Prop ID	Site Location	Living SFT	Sale Price	Sale Date	Market Mkt	SFT	State	Class	Sub	Cond	Eff Yr	Heat AC	Land SQFT	Acres	Add Val	Pct Comp
Begin Group>> Neighborhood Code - C5337																
125188	ST COPPERAS COV	1,444	\$107,900	8/15/2014	\$98,200		A1	RV6	A	1984	AC		9,775	0.2200	\$11,140	100.00
125170	E COPPERAS COV	2,437	\$184,000	8/11/2014	\$168,200		A1	RV6	A	2000	AC		11,400	0.2600	\$19,130	100.00
125225	COPPERAS COVE,	1,700	\$162,000	2/8/2014	\$155,790		A1	RV7-	A	2002	AC		10,800	0.2500	\$19,150	100.00
125192	T COPPERAS COV	1,714	\$110,000	6/19/2014	\$108,740		A1	RV6	A	1985	AC		9,448	0.2200	\$13,080	100.00
125360	COPPERAS COVE	1,448	\$90,500	12/8/2014	\$90,500		A1	RV6	A	1987	AC		11,500	0.2600	\$12,510	100.00
125210	E COPPERAS COV	1,833	\$119,000	5/28/2014	\$121,450		A1	RV6	A	1980	AC		12,197	0.2800	\$13,850	100.00
125249	OPPERAS COVE, T	1,802	\$153,000	9/3/2014	\$159,700		A1	RV7-	A	2002	AC		11,700	0.2700	\$18,800	100.00
125203	PERAS COVE, TX 7	1,772	\$99,900	2/24/2014	\$114,100		A1	RV6	A	1984	AC		9,191	0.2100	\$14,130	100.00

Confidential

Group By: Neighborhood Code - C5337	Land Sale Ratio Mean: 0.2186	Avg Absolute Deviation: 0.0539	Pop Variance: 0.0056	VA Mean: 0.9905
Group Sample Count: 8	Land Sale Ratio Median: 0.2187	Median: 0.3943	Standard Deviation: 0.0750	Avg Mean: 0.9977
	Land Market Ratio Mean: 0.2189	Coefficient of Dispersion: 5.4210	PRD: 1.0073	Max Ratio: 1.1421
	Land Market Ratio Median: 0.2125			Min Ratio: 0.9107

	2015 Certified	2014 Certified	% Change
Central Texas College	\$1,261,357,797	\$1,264,521,160	-0.250%
City of Copperas Cove	\$1,116,995,540	\$1,119,808,766	-0.251%
City of Evant	\$11,041,349	\$10,855,498	1.712%
City of Gatesville	\$333,730,405	\$309,129,881	7.958%
City of McGregor	\$6,053,770	\$6,053,770	0.000%
City of Oglesby	\$11,444,118	\$11,023,420	3.816%
Clifton ISD	\$3,775,589	\$3,886,729	-2.859%
Copperas Cove ISD	\$1,143,001,402	\$1,191,515,917	-4.072%
Coryell County	\$2,096,418,953	\$2,036,235,396	2.956%
Crawford ISD	\$3,765,471	\$3,645,070	3.303%
Evant ISD	\$51,152,780	\$49,753,455	2.813%
Gatesville ISD	\$605,584,919	\$587,284,066	3.116%
Jonesboro ISD	\$44,678,972	\$37,284,453	19.833%
Lampasas ISD	\$1,013,950	\$1,446,510	-29.904%
MTGWD	\$2,408,674,833	\$2,344,302,527	2.746%
Moody ISD	\$11,254,928	\$11,780,697	-4.463%
Oglesby ISD	\$50,093,964	\$39,761,746	25.985%

Contact Info

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