



Property Tax Assistance Division
2023 Report

Review of
Appraisal
District
Appraisal
Standards,
Procedures and
Methodology

TARGETED APPRAISAL REVIEW PROGRAM

CHAMBERS COUNTY APPRAISAL DISTRICT



GLENN HEGAR
Texas Comptroller of Public Accounts

2023 TARGETED APPRAISAL REVIEW

CHAMBERS COUNTY APPRAISAL DISTRICT

Chief Appraiser: Mitch McCollugh

Reviewer: Rosie Skiles

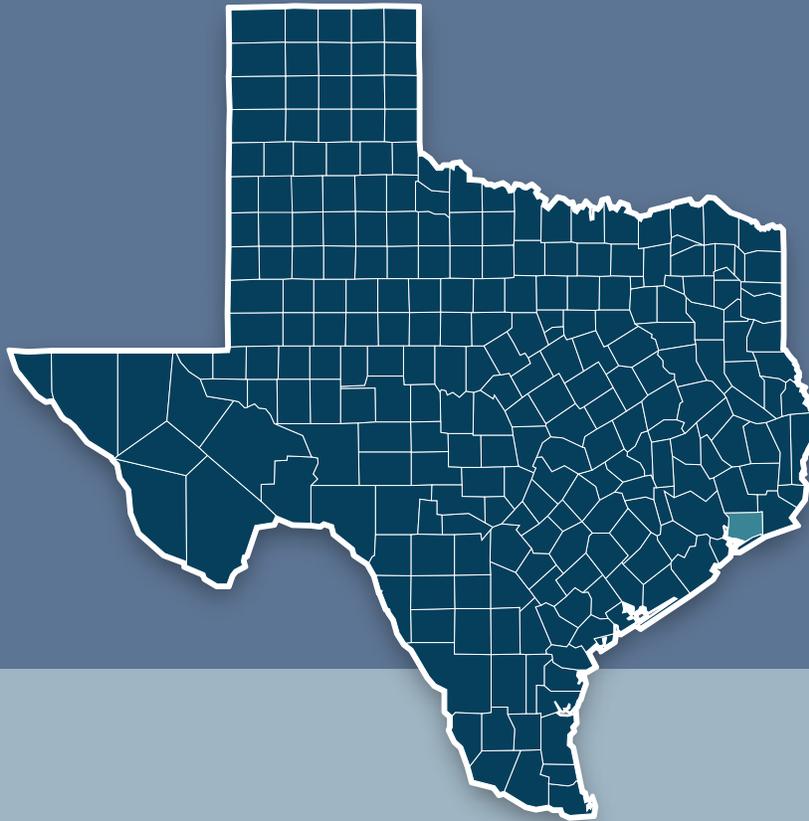




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Executive Summary

In September 2023, the Texas Comptroller of Public Accounts identified Anahuac Independent School District (Anahuac ISD), located in Chambers County, as one of 46 school districts meeting the criteria that initiates a Targeted Appraisal Review (TARP) of the appraisal district in which the school district is located. In 2023, the Property Tax Assistance Division (PTAD) conducted the review of the Chambers County Appraisal District (Chambers).

TARGETED APPRAISAL REVIEW PROGRAM OVERVIEW

If a school district receives invalid School District Property Value Study (SDPVS) findings for three consecutive years, Government Code Section 403.302 (k-1) requires PTAD to conduct a review of the appraisal district to determine why a school district’s values are statistically invalid and provide recommendations to the appraisal district regarding appraisal standards, procedures and methodologies.

PTAD reviewers used the [Targeted Appraisal Review Program Guidelines](#) to perform this review. This report contains the findings of the 2023 TARP review of Chambers. Over the next year, TARP reviewers will work with Chambers to address and resolve recommendations outlined in this report. **Exhibit 1** provides a timeline for the TARP cycle.

Upon substantial compliance with all recommendations, PTAD will issue a formal letter of compliance to Chambers and its board of directors.

If the appraisal district fails to comply with recommendations provided in the report and PTAD finds the appraisal district board of directors failed to take remedial action reasonably designed to ensure substantial compliance with each recommendation before the first anniversary of the date the recommendations were made, PTAD will notify the Texas Department of Licensing and Regulation (TDLR), which takes action necessary to ensure the recommendations are implemented as soon as practicable.

EXHIBIT 1

TARP Process Timeline

NOTIFICATION

- PTAD sends TARP notification letters and preliminary data requests to affected appraisal districts.

REVIEWS

- Preliminary data is due to PTAD.
- TARP reviewers complete onsite visits.

RECOMMENDATIONS

- PTAD releases initial TARP reports.
- Appraisal districts have one year to work with their TARP reviewers to substantially comply with TARP report recommendations. PTAD mails formal compliance letters when appraisal districts have substantially implemented all recommendations.

REMAINING RECOMMENDATIONS

- PTAD notifies TDLR of remaining recommendations one year after the initial TARP report is released.
- Appraisal districts have one year to work with TDLR, who determines substantial compliance and reports to the chief appraiser and appraisal district board of directors.



INVALID SCHOOL DISTRICT PROPERTY VALUATION

PTAD identified Anahuac ISD in Chambers as having invalid SDPVS findings for three consecutive years. **Exhibit 2** highlights the impacted school district and categories with local values that fell outside the SDPVS statistical confidence interval in the applicable three-year period. PTAD determines the confidence interval using a 5 percent or greater margin of error around PTAD's determined market value. PTAD considers local values valid, or statistically acceptable, when they are within the confidence interval. Values outside this confidence interval are statistically invalid.

EXHIBIT 2

Chambers SDPVS Results 2020-2022

| SDPVS Year | County | School District | Findings | Category* | Ratio |
|------------|----------|-----------------|----------|-----------|--------|
| 2020 | Chambers | Anahuac ISD | Invalid | A | 0.8722 |
| 2020 | Chambers | Anahuac ISD | Invalid | E | 0.4699 |
| 2021 | Chambers | Anahuac ISD | Invalid | A | 0.9188 |
| 2021 | Chambers | Anahuac ISD | Invalid | E | 0.6519 |
| 2022 | Chambers | Anahuac ISD | Invalid | A | 0.8349 |
| 2022 | Chambers | Anahuac ISD | Invalid | E | 0.8998 |

*Categories are defined in the [Texas Property Tax Assistance Property Classification Guide](#).

Source: Texas Comptroller of Public Accounts, [School District Property Value Study](#)

RECOMMENDATIONS

Based on our findings in the TARP review of Chambers, PTAD makes the following recommendations, which are discussed in greater detail throughout this report:

- Conduct ratio studies at timely intervals by market area, neighborhood, property class or stratum and make appropriate adjustments based on results.
- Use Chambers' local ratio study results to make reappraisal decisions necessary to produce accurate values.
- Review and update residential cost schedules annually.
- Develop adjustment factors for relevant features based on market analysis regularly.
- Develop valuation procedures and cost schedules for manufactured homes and use ratio study results to annually review and update the schedules.
- Maintain market value for vacant land properties and review and update land schedules annually.

Section 1 – Overview of County Appraisal District

1.1 COUNTY HISTORY AND DEMOGRAPHICS

According to *The Handbook of Texas Online*, Chambers County was established on February 12, 1858, from portions of Liberty and Jefferson Counties. Chambers was named for Thomas Jefferson Chambers, a prominent lawyer and land speculator and the county was organized in the same year with Wallisville as its first county seat. Currently, the seat is in Anahuac. Chambers County is a rural county less than twenty miles east of Houston in the Coastal Prairie region of Southeast Texas and is bordered on the north by Liberty County, on the west by Harris County, on the west and south by Galveston Bay and the Gulf of Mexico and on the east by Jefferson County.

The county includes Anahuac, Barbers Hill, East Chambers and Goose Creek Independent School Districts. The county population in 2020, according to the United States Census Bureau, was 46,571. Mont Belvieu as a major population center hosting 7,654 residents. Anahuac, the county seat, is another significant city within the county.

Based on the 2020 census population, PTAD classifies Chambers as Tier 2 for comparison with appraisal districts of similar population size. **Exhibit 3** shows the population brackets for each tier.

1.2 APPRAISAL DISTRICT ORGANIZATION AND STAFFING

Chambers became active in January 1980. As of July 2024, it has 13 full-time staff positions, of which four positions are supervisory and six positions are full-time appraisers. Chambers contracts with a vendor for professional appraisal services. **Exhibit 4** presents Chambers’ general organizational structure.

1.3 TAXING UNITS

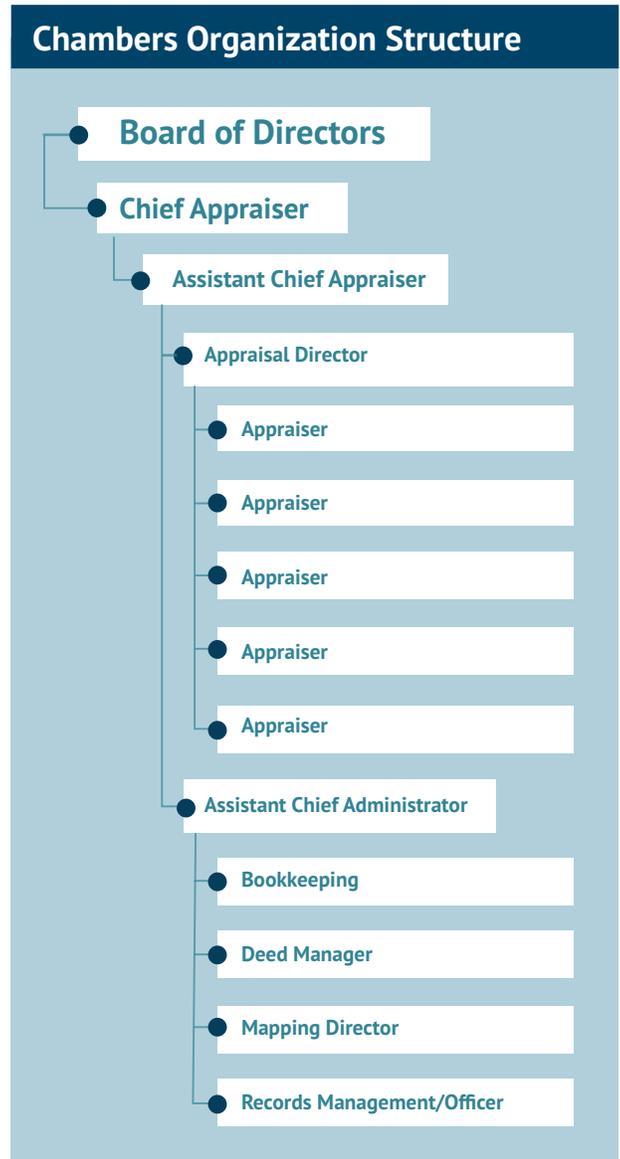
Local taxing units, including the school districts, counties, cities, junior colleges and special districts, decide how much money they require to effectively provide public services. They adopt property tax rates based upon taxing unit financial needs (budget). Some taxing units have access to other revenue sources, such as a local sales tax. School districts must rely on the local property tax, in addition to state and federal funds.

EXHIBIT 3

| County Population by Tier | |
|---------------------------|-----------------------------|
| Tier | Total Population Range |
| 1 | 120,000 + |
| 2 | Less than 120,000 to 20,000 |
| 3 | Less than 20,000 |

Source: Texas Comptroller of Public Accounts

EXHIBIT 4



Source: Chambers County Appraisal District



Chambers provides appraisal services for 30 taxing units, as shown in **Exhibit 5** and does not perform collection services.

EXHIBIT 5

Chambers Taxing Units and Collections

| Name of Taxing Unit | Appraisal District Collects Property Taxes |
|--|--|
| Anahuac Independent School District | No |
| Barbers Hill Independent School District | No |
| Cedar Bayou Navigation District | No |
| Chambers County | No |
| Chambers County Emergency District # 1 | No |
| Chambers County Improvement District #2 | No |
| Chambers County Improvement District #3 | No |
| Chambers County MUD | No |
| Chambers County Public HD #1 | No |
| Chambers County School Equalization District | No |
| Chambers-Liberty County Navigation District South | No |
| City of Anahuac | No |
| City of Baytown | No |
| City of Mont Belvieu | No |
| City of Texas City | No |
| East Chambers Independent School District | No |
| Goose Creek Consolidated Independent School District | No |
| Industrial District #3 | No |
| Jefferson County DD | No |
| LaPorte Independent School District | No |
| Lee Junior College District | No |
| Municipal Utility District # 1 | No |
| Municipal Utility District # 3 | No |
| Municipal Utility District # 4 | No |
| Riceland Management District | No |
| Riceland MUD 1 | No |
| Riceland MUD 2 | No |
| Riceland MUD 3 | No |
| San Jacinto College District | No |
| Trinity Bay Conservation District | No |

Source: Texas Comptroller of Public Accounts

1.4 APPRAISAL DISTRICT BUDGET INFORMATION

Taxing units fund the appraisal district through an annual budgeting process. Tax Code Section 6.06 requires the chief appraiser to develop the budget and the board of directors to hold a public hearing to consider the budget. Each participating taxing unit in the appraisal district must contribute a portion of the budget amount equal to the proportional amount of taxes levied in the taxing unit.



Chapter 5 of the International Association of Assessing Officer’s (IAAO’s) *Assessment Administration* explains that the budget is the crucial link in an appraisal district’s ability to make set rational priorities. A budget typically details how resources will be used to accomplish the appraisal district’s goals and objectives. IAAO’s *Standard on Property Tax Policy* states that to accomplish its responsibilities in a fair and professional manner, the appraisal district should have a budget that provides for a well-organized staff, sufficient computing recourses and necessary data.

Exhibit 6 provides a comparison between Chambers’ 2022 budget versus the Tier 2 average 2022 budget (excluding collections) to show how Chambers’ budget aligns with the tier average.

EXHIBIT 6

Chambers 2022 Budget vs. Tier 2 Average

| Chambers County Appraisal District Budget (2022) | Tier 2 Average Budget (2022) |
|--|------------------------------|
| \$2,336,245 | \$1,541,215 |

Source: Texas Comptroller of Public Accounts, *Appraisal District Operation Survey*

In 2022, Chambers operated with a budget of \$2,336,245 significantly higher than the 2022 Tier 2 average budget of \$1,541,215. This budget comparison highlights the relatively larger financial resources, as reported by Chambers in the 2022 Appraisal District Operation Survey. A four-year budget history and tier average comparison is available in **Appendix 1**.

1.5 APPRAISAL DISTRICT STAFF INFORMATION

The geographic size of the appraisal district and number of parcels to be appraised directly reflect the number of staff necessary to perform the appraisal district’s responsibilities. The complexity of the appraisals and the experience and expertise of the staff also impact appraisal district needs.

Exhibit 7 provides a comparison between Chambers’ 2022 staffing and the Tier 2 average (excluding collections) to determine how Chambers staffing and salaries compare with the tier average.

EXHIBIT 7

Chambers 2022 Staffing and Salaries vs. Tier 2 Average

| | 2022 | 2022 Tier 2 Average |
|--------------------------|----------|---------------------|
| Full Time Staff | 13 | 13 |
| Part Time Staff | 0 | N/A |
| Full Time Appraisers | 6 | 7 |
| Lowest Appraiser Salary | \$71,900 | \$40,040 |
| Highest Appraiser Salary | \$94,940 | \$59,181 |

Source: Texas Comptroller of Public Accounts, *Appraisal District Operation Survey*

From 2019 to 2022, Chambers has consistently maintained a full-time staff of 11-13 employees, which is similar to the 2022 Tier 2 average of 13. In the appraisal division, Chambers employed six full-time appraisers each year, slightly less than the 2022 Tier 2 average. The lowest appraiser salary increased from \$67,780 in 2019 to \$71,900 in 2022, significantly higher than the 2022 Tier 2 average of \$40,040. The highest appraiser salary rose from \$77,720 in 2019 to \$94,940 in 2022, significantly higher than the 2022 Tier 2 average of \$59,181. A four-year staff and salary history and Tier 2 average comparison is available in **Appendix 2**.



1.6 TRAINING

IAAO’s *Standard on Professional Development* follows the principle that “assessment jurisdictions benefit when they have knowledgeable and adequately trained personnel to preserve the public’s trust; therefore, it is of the utmost importance.”

Exhibit 8 provides Chambers’ annual training budget and number of trainings attended for the past three years. Appraisal districts should maintain adequate training budgets to allow for certification and continued education of staff.

In 2022, Chambers’ training budget remained consistent at \$25,000; and the number of trainings increased from 8 to 13 over the three-year review period.

EXHIBIT 8

Chambers Training Budget and Number of Trainings

| | 2022 | 2021 | 2020 |
|------------------------------|----------|----------|----------|
| Training Budget | \$25,000 | \$25,000 | \$25,000 |
| Number of Trainings Attended | 13 | 11 | 8 |

Source: Chambers County Appraisal District

1.7 CHIEF APPRAISER

The board of directors is responsible for hiring and periodically evaluating the chief appraiser, who coordinates and oversees appraisal district operations. In organizing and administering an appraisal district, the chief appraiser is responsible for hiring, firing and training personnel; for ensuring compliance with a wide range of legal requirements; and for maintaining policies and procedures for the effective operation of the appraisal district. **Exhibit 9** provides detailed information regarding Chambers’ chief appraiser.

EXHIBIT 9

Chambers Chief Appraiser Information

Chief Appraiser

| | |
|--|-----------|
| Is the Chief Appraiser permanent, temporary or interim? | Permanent |
| Does the Chief Appraiser perform appraisals? | No |
| 2022 Base Salary | \$142,210 |
| Chief Appraiser – Years at appraisal district | 9 |
| Chief Appraiser – Years as a Chief Appraiser | 9 |
| Does the Chief Appraiser receive a car allowance? | Yes |
| What is the amount of the car allowance? (If applicable) | \$11,400 |
| Does the Chief Appraiser receive retirement benefits? | Yes |
| Does the Chief Appraiser receive medical insurance benefits? | Yes |

Source: Texas Comptroller of Public Accounts, *Appraisal District Operation Survey* and Chambers County Appraisal District



1.8 APPRAISAL DISTRICT CONTRACTS

PTAD reviews appraisal district contracts for compliance according to IAAO’s *Standard on Contracting for Assessment Services*.

Exhibit 10 lists Chambers’ contracts, which are discussed in more detail in throughout this report.

Project control is important for the stakeholders of both the government agency and the contractor. Having control can help the project manager/program manager compare actual performance against planned performance. The project manager can identify potential problems, evaluate alternative actions and plan for appropriate corrective action.

Project leaders typically create a project plan that includes the tasks to be performed, the project timeline, a budget and project resources. By monitoring the plan and the actual work performed, the project manager can measure both qualitative and quantitative progress.

If the project is deviating from the project timeline, corrective action may be necessary. Deviations can be caused by several issues such as change in the project scope or project resources or other setbacks. The corrective plan should be created with input from all project stakeholders.

An appraisal district is a political subdivision of the State of Texas and is subject to the same requirements and has the same purchasing and contracting authority as a municipality under Chapter 252, Local Government Code.

EXHIBIT 10

Chambers Contracts

| Type of Contract | Contract Dates | Years with Same Vendor | Does appraisal district actively monitor contract? |
|---|----------------|------------------------|--|
| Appraisals of Minerals, Industrial, Utility and Personal Property | 2020-2025 | 20 years | Yes |
| Software | 2020-2025 | 42 years | Yes |
| Mapping | 2019-2024 | 5 years | Yes |

Source: Chambers County Appraisal District



Section 2 – Appraisal Administration

2.1 APPRAISAL DISTRICT PARCEL DATA

PTAD collects appraisal district parcel data to determine the ratio of appraisers to parcel count and to compare it with the typical parcel per appraiser average in **Exhibit 11**.

EXHIBIT 11

2022 Chambers Parcel Information vs. Typical Parcel Per Appraiser Average

| Parcel Information | Chambers | Typical Parcel Per Appraiser (Rounded) |
|-----------------------------|----------|--|
| Parcel Count | 36,737 | 10,001-70,000 |
| Parcels per Appraisal Staff | 6,249* | 6,400** |

Source: Texas Comptroller of Public Accounts, *Electronic Appraisal Roll Submission*

* Excludes parcels for contracted appraisal services:

** Includes all property categories

In 2022, Chambers managed 36,737 parcels placing it near the middle of appraisal districts with 10,001 to 70,000 parcels. Chambers contracts for appraisal services in Categories F2, G1, J and L2. Parcels in these categories are removed from the total parcel count to determine the parcels per appraiser of 6,249. This indicates that Chambers' parcels per appraiser is lower than the typical parcel per appraiser average, which includes all property categories.

From 2019 to 2022, Chambers managed parcel counts ranging from 34,999 to 36,737 (including all property categories) and the parcels assigned per appraiser for properties appraised in house ranged from 5,968 to 6,249. The total market value of certified parcels increased from \$18,854,449,079 to \$26,361,365,657 between 2019 and 2022. **Appendix 3** provides the appraisal district's parcel data over the four-year review period.

2.2 CONTRACTED APPRAISAL SERVICES

From 2019 to 2022, appraisal district staff appraised 24 to 31 percent of the total appraised value within the appraisal district, specifically for Categories A, B, C, D, E, F1, L1, M, O and S. From 2019 to 2022, Chambers contracted for appraisal services for property Categories F2, G, J and L2. Each year, these contracted firms appraised 69 to 76 percent of the total appraised value within the appraisal district. The cost of these services varied from \$247,000 to \$254,400 over four years. The appraisal district also uses a geographic information system (GIS) and aerial technology systems. Chambers' contracted appraisal services are listed in **Exhibit 12**.



EXHIBIT 12

Chambers' Contracted Appraisal Services

| | 2022 | 2021 | 2020 | 2019 |
|---|------------------|------------------|------------------|------------------|
| Appraisal Services Contract | Yes | Yes | Yes | Yes |
| Contracted Property Categories | F2, G1, J and L2 |
| Percentage of total appraised value appraised by contracted appraisal firms | 69% | 74% | 76% | 76% |
| Appraisal Contract Cost | \$254,400 | \$249,000 | \$249,000 | \$247,000 |

Source: Texas Comptroller of Public Accounts, *Appraisal District Operation Survey*

2.3 RATIO STUDIES

An appraisal district should perform ratio study analyses to evaluate appraisal performance. Per IAAO's *Standard on Ratio Studies*, there are several key uses of ratio studies including: measurement and evaluation of the level and uniformity of mass appraisal models, internal quality assurance and identification of appraisal priorities, determination of whether administrative or statutory standards have been met, determination of time trends and adjustment of appraised values between reappraisals.

Exhibit 13 presents Ratio Study Uniformity Standards indicating acceptable general quality.

EXHIBIT 13

Ratio Study Uniformity Standards

| Type of property - General | Type of property - Specific | COD Range* |
|--|--|------------------------------|
| Single-family residential (including residential condominiums) | Newer or more homogeneous areas | 5.0 to 10.0 |
| Single-family residential | Older or more heterogeneous areas | 5.0 to 15.0 |
| Other residential | Rural, seasonal, recreational, manufactured housing, 2-4 unit family housing | 5.0 to 20.0 |
| Income-producing properties | Larger areas represented by large samples | 5.0 to 15.0 |
| Income-producing properties | Smaller areas represented by smaller samples | 5.0 to 20.0 |
| Vacant land | N/A | 5.0 to 25.0 |
| Other real and personal property | N/A | Varies with local conditions |

Source: IAAO's *Standard on Ratio Studies*

These types of property are provided for guidance only and may not represent jurisdictional requirements.

** Coefficient of Dispersion (CODs) lower than 5.0 may indicate sales chasing or non-representative samples.*



CHAMBERS RATIO STUDIES

FINDING

Chambers does not conduct ratio studies at timely intervals during the valuation process. They do not run ratio studies by market area, neighborhood, property class or stratum and they do not use ratio study results to determine if adjustments should be made

IAAO's *Standard on Ratio Studies and Frequency of Ratio Studies*, Section 4.2, recommends that the appraisal district conduct at least four ratio studies to establish the following:

- i. a baseline of current appraisal performance
- ii. preliminary values so that they can correct any significant deficiency
- iii. values used in assessment notices sent to taxpayers
- iv. final values after completion of the first informal phase of the appeals process

The appraisal district can use the final study to plan for the following year. In addition, it can conduct ratio studies as needed to evaluate appraisal procedures, investigate a discrimination complaint, or answer a specific question.

IAAO's *Standard on Ratio Studies*, Section 2.3, Uses of Ratio Studies, states the critical uses of ratio studies are as follows:

- i. measurement and evaluation of the level and uniformity of mass appraisal models
- ii. internal quality assurance and identification of appraisal priorities
- iii. determination of whether the appraisal district has met administrative or statutory standards
- iv. determination of time trends
- v. adjustment of appraised values between reappraisals

IAAO's *Standard on Ratio Studies*, Section 3.3, Stratification states:

Stratification divides all the properties within the scope of the study into two or more groups or strata. Stratification facilitates a more complete and detailed picture of appraisal performance and can enhance sample representativeness.

Each type of property subject to a distinct level of assessment could constitute a stratum. Other property groups, such as market areas, school districts and tax units, could constitute additional strata.

The appraisal district should choose strata consistent with factors in the mass appraisal model. When the study's purpose is to evaluate appraisal quality, flexibility in stratification is essential. The general goal is for the appraisal district to identify areas where the assessment levels are too low or lack uniformity and property groups for which the appraisal district may require additional reappraisal work. In such cases, it is also highly desirable to simultaneously stratify based on more than one characteristic.

Stratification can help identify differences in appraisal levels between property groups. In large jurisdictions, stratification by market areas is generally more appropriate for residential properties. In contrast, stratification of commercial properties by either geographic area or property subtypes (e.g., office, retail and warehouse/industrial) can be more effective.

Chambers does not conduct ratio studies at timely intervals during the valuation process. They do not run ratio studies by market area, neighborhood, property class or stratum and they do not use ratio study results to determine if adjustments should be made

RECOMMENDATION 1

Conduct ratio studies at timely intervals by market area, neighborhood, property class or stratum and make appropriate adjustments based on results.

**PTAD'S APPRAISAL DISTRICT RATIO STUDY (ADRS)**

Tax Code Section 5.10 requires PTAD to conduct a ratio study to measure the performance of each appraisal district in Texas at least once every two years and to publish the results.

The purpose of the Appraisal District Ratio Study (ADRS) is to measure the uniformity and median level of appraisals performed by an appraisal district within each major category of property.

To conduct the ADRS, PTAD applies appropriate standard statistical analysis techniques to data collected through the SDPVS required by Government Code Section 403.302.

The published report provides ratio study results for each appraisal district studied that year and includes:

- the median levels of appraisal for each major property category.
- the coefficient of dispersion (COD) around the median level of appraisal for each major property category; and
- other appropriate statistical measures.

Exhibit 14 shows the data from PTAD's Appraisal District Ratio Study for Chambers in 2022.

EXHIBIT 14

PTAD's Appraisal District Ratio Study, Chambers 2022

| Category | Number of Ratios** | 2022 CAD Reported Appraisal Value | Median Level of Appraisal | Coefficient of Dispersion | % Ratios within (+/-) 10 % of Median | % Ratios within (+/-) 25 % of Median | Price - Related Differential |
|-----------------------|--------------------|-----------------------------------|---------------------------|---------------------------|--------------------------------------|--------------------------------------|------------------------------|
| A. SINGLE-FAMILY RES | 438 | 4,019,120,550 | 0.87 | 11.67 | 50.68 | 89.95 | 1.01 |
| B. MULTI-FAMILY RES | 0 | 91,951,180 | * | * | * | * | * |
| C1. VACANT LOTS | 0 | 161,854,950 | * | * | * | * | * |
| C2. COLONIA LOTS | 0 | 0 | * | * | * | * | * |
| D2. FARM/RANCH IMP | 0 | 12,393,290 | * | * | * | * | * |
| E. RURAL-NON-QUAL | 39 | 705,355,440 | 0.90 | 27.41 | 25.64 | 71.79 | 1.05 |
| F1. COMMERCIAL REAL | 71 | 449,824,080 | 0.85 | 22.05 | 29.58 | 64.79 | 0.96 |
| F2. INDUSTRIAL REAL | 0 | 14,644,344,478 | * | * | * | * | * |
| G. OIL, GAS, MINERALS | 6 | 244,590,193 | * | * | * | * | * |
| J. UTILITIES | 4 | 415,368,323 | * | * | * | * | * |
| L1. COMMERCIAL PER | 0 | 104,379,947 | * | * | * | * | * |
| L2. INDUSTRIAL PER | 0 | 3,205,486,041 | * | * | * | * | * |
| M. OTHER PERSONAL | 0 | 21,200,600 | * | * | * | * | * |
| O. RESIDENTIAL INV | 0 | 26,159,990 | * | * | * | * | * |
| S. SPECIAL INVENTORY | 0 | 11,806,000 | * | * | * | * | * |
| OVERALL | 558 | 24,113,835,062 | 0.88 | 13.99 | 47.85 | 85.66 | 0.95 |

Source: Texas Comptroller of Public Accounts, *Appraisal District Ratio Study 2022 Tax Year Findings*

* Category result not calculated. Calculation requires a minimum of five ratios from either of the following:

- Categories representing at least 25 percent of total appraisal district category value.
- Five school districts or half the school districts in the appraisal district, whichever is less.

** Statistical measures may not be reliable when the sample is small.



FINDING

Chambers is not appraising property uniformly or equitably.

Ratio study standards provide a means of measuring whether appraisal efforts have met appropriate expectations. To determine reappraisal priorities, appraisal districts should use ratio studies to measure the level of appraisal and uniformity of appraisal for the overall jurisdiction, for individual mass appraisal neighborhoods or market areas, by types of properties, or any other significant segment that assists in that determination.

The median measures the accuracy of an appraisal district's appraisals in relation to the standard of 100 percent of market value. According to IAAO, the median is the appropriate measure of central tendency for evaluating appraisal performance. The median level of appraisal standard is 0.95-1.05 to indicate accurate market value appraisals. **Exhibit 14** shows Chambers has an overall low median level of appraisal (0.88) and a low median level of appraisal in Category A (0.87), Category E (0.90) and Category F1 (0.85). These low ratios indicate that properties are appraised below market value.

The Coefficient of Dispersion (COD) is a measure of appraisal uniformity. **Exhibit 13** shows the IAAO suggested COD standards. **Exhibit 14** shows that Chambers has a good COD overall (13.99) and in Category A (11.67) with high CODs in Category E (27.41) and Category F1 (22.05), indicating uniformity issues across major property types. These figures indicate higher variability in appraisal ratios, suggesting inconsistencies in valuation. This level of dispersion suggests the average deviation of the ratios from the median is excessive, potentially affecting the reliability of the appraisal assessments.

The Price-Related Differential (PRD) is a measure of vertical equity, comparing the appraisal of higher valued properties to the appraisal of lower valued properties. IAAO states that anything outside of the PRD range of 0.98-1.03 indicates vertical inequity or treating higher and lower priced properties differently. **Exhibit 14** shows the PRD for Category A (1.01) to be within the appropriate range, suggesting that Chambers is treating higher and lower valued properties similarly for that category. The overall PRD (0.95) and the PRD for Category F1 (0.96) are lower than the IAAO suggested PRD range, indicating progressivity or that high valued properties are relatively over-appraised in those categories. The PRD for Category E (1.05) is high indicating regressivity in that property category, or that lower valued properties are relatively over-appraised in that category.

Low median levels of appraisal, combined with high CODs and low PRDs indicates that a reappraisal of all property would be prudent. Because ADRS only reviews certain property categories, Chambers should perform its own ratio studies at a micro-level to determine which neighborhoods would benefit from full reappraisal or if a trend factor could be applied.

RECOMMENDATION 2

Use Chambers' local ratio study results to make reappraisal decisions necessary to produce accurate values.



Section 3 – Categories of Valuation in the SDPVS

PTAD found Anahuac ISD’s Categories A and E to be invalid in the years indicated in **Exhibit 15**. Because these property categories had invalid ratios in at least one of the three review years, these property categories are the basis of this TARP review.

PTAD found Categories B, C1, D1, F, G, J and L1 in Anahuac ISD to be valid and they are *not* included in the scope of this TARP review.

EXHIBIT 15

SDPVS Invalid Property Categories 2020-22

| ISD | 2020 | 2021 | 2022 |
|-------------|---------|---------|---------|
| Anahuac ISD | A and E | A and E | A and E |

Source: Texas Comptroller of Public Accounts, [School District Property Value Study Final Findings](#)

3.1 CATEGORY A – SINGLE-FAMILY RESIDENTIAL PROPERTY VALUATION

The Comptroller’s [Texas Property Tax Assistance Property Classification Guide](#) states Category A property includes single-family residential improvements and land on which the improvements are situated. They may or may not be within the city limits or in close proximity to a city.

FINDING

Chambers does not update residential cost schedules.

IAAO’s *Standard on Mass Appraisal*, Section 4.2, The Cost Approach states the cost approach applies to virtually all improved parcels and, if used properly, can produce accurate valuations. The cost approach is more reliable for newer standard materials, design and workmanship structures. It produces an estimate of the value of the fee simple interest in a property.

Reliable cost data are imperative in any successful application of the cost approach. The data must be complete, typical and current. Current construction costs should be based on the cost of replacing a structure with one of equal utility, using current materials, design and building standards. In addition to specific property types, cost models should include the cost of individual construction components and building items to adjust for features that differ from base specifications. The appraisal district should incorporate these costs into a construction cost manual and related computer software. The software can perform the valuation function. The appraisal district can use the manual when nonautomated calculations are required and provide additional documentation.

A review of Excel spreadsheets with 2022 land data for Anahuac ISD indicates that Chambers adjusted land values but not the cost schedules. Chambers’ ratio reports for Category A properties indicated a weighted mean of 1.067 and COD 10.3369. Review of ratios indicate a change in cost schedules was last made in 2020.



Collecting sales data and performing ratio studies analysis on a regular basis is essential for determining reliable market trends and updating cost schedules to reflect market values. Despite limited sales data, an appraisal district should still update cost schedules using available resources including published cost information or builder information. Multiple years of sales data can be combined to obtain a more accurate picture of current market values. Cost schedules should be adjusted to reflect 100 percent of market value, even if it requires substantial increases.

 **RECOMMENDATION 3**

Review and update residential cost schedules annually.

 **FINDING**

Chambers does not regularly develop adjustment factors for relevant features based on market analysis.

IAAO’s *Standard on Mass Appraisal*, Section 4.8, Frequency of Reappraisals, states that Section 5.1 of the Standard on Property Tax Policy (IAAO 2020) states that current market value implies an annual assessment of all property. Annual assessment does not necessarily mean the appraisal district must re-examine each property yearly. Instead, the school or appraisal district can recalibrate models or market adjustment factors derived from ratio studies or other market analyses based on criteria such as property type, location, size and age.

The assistant chief appraiser indicated that the adjustment schedule has not been updated since 2004-2005. Chambers did not provide procedures to support process of developing adjustments. Appraisal district adjustments that affect market value include golf course, lake, bay area and corner influences. In a review sample of accounts with adjustments including: 12885 (corner influence adjustment of 1.70), 6643 (adjustment of 4.0), 26731 (golf course adjustment of 1.20, bay area adjustment of 5.0), Chambers did not provide procedures to support the process of developing adjustments.

To address this issue the appraisal district must develop procedures on how adjustment factors are derived and contribute to market values.

 **RECOMMENDATION 4**

Develop adjustment factors for relevant features based on market analysis regularly.

 **FINDING**

Chambers does not have procedures for the valuation of mobile/manufactured homes.

IAAO’s *Standard on Mass Appraisal*, Section 4.6.2, Manufactured Housing, states the appraisal district can value manufactured or mobile homes in several ways depending on the local market and ownership status. Often, mobile homes are purchased separately and situated in a rented space in a mobile home park. In this case, the best strategy is to model the mobile homes separately from the land. At other times, mobile homes are situated on individual lots and bought and sold similarly to stick-built homes. The mobile homes may be intermixed with stick-built homes, particularly in rural areas. In these cases, they can be modeled like that for other residential properties and included in the same models, if the model includes variables to distinguish them and recognize any relevant differences from other homes (e.g., mobile homes may appreciate at a rate different from that for stick-built homes).

Chambers values mobile homes using the cost approach. Chambers did not provide mobile homes sales ratios for 2019 to 2022. The assistant chief appraiser indicated that Chambers includes mobile homes in the residential reports.



 **RECOMMENDATION 5**

Develop valuation procedures and cost schedules for manufactured homes and use ratio study results to annually review and update the schedules.

3.2 CATEGORY E - RURAL LAND, NOT QUALIFIED FOR OPEN-SPACE APPRAISAL PROPERTY VALUATION

The Comptroller’s *Texas Property Tax Assistance Property Classification Guide* states Category E includes only rural land that is not qualified for productivity valuation and the improvements on that land, including residences. Appraisal districts may report any size tract in Category E.

As always, primary use is the determining factor in classifying property. If the land is used as residential inventory, commercial, industrial, or other purposes, classify the property by that use. Likewise, if the land qualifies as open-space land for productivity appraisal, the use determines its classification as Category D1. If the land does not fit in these other categories, report it in Category E.

 **FINDING**

Chambers does not conduct ratio studies regularly for vacant land properties and does not review and update land schedules.

IAAO’s *Standard on Mass Appraisal*, Section 4.5, Land Valuation, states that state or local laws may require the appraisal district to separate the value of an improved parcel into land and improvement components. When the school or appraisal district uses the sales comparison or income approach, an independent land value estimate can be subtracted from the total property value to obtain a residual improvement value. Some computerized valuation techniques separate total value into land and building components.

The appraisal district should annually review and adjust values. Each appraisal office must implement the plan for periodic reappraisal of property and the plan must provide for the reappraisal activities for all real and personal property in the district at least once every three years. The sales comparison approach is the primary approach to land valuation and is always preferred when sufficient sales are available. In the absence of adequate sales, the appraisal district can use other techniques in land appraisal including allocation, abstraction, anticipated use, capitalization of ground rents and land residual capitalization.

Chambers provided an Excel spreadsheet of vacant land sales for 2022 with no measures of central tendency or uniformity. The spreadsheet contained a mixture of Category A, D and E properties with a breakdown by subdivision. A review of the 2021 Category E sales report included 13 sales dated March 9, 2021. The report indicated a weighted mean of 0.8044 and COD of 30.7162. A review of the 2020 vacant land sales report dated July 16, 2019, did not provide a recap of land sales or the measures of central tendency and uniformity.

Collecting sales data and performing ratio studies analysis regularly is essential for determining reliable market trends and developing market values.

 **RECOMMENDATION 6**

Maintain market value for vacant land properties and review and update land schedules annually.



APPENDICES

APPENDIX 1

Appraisal District Budget

| | 2022 | 2021 | 2020 | 2019 | Tier 2 Average 2019-2022 | Tier 2 Average 2022 |
|--|---------------|---------------|---------------|---------------|-----------------------------|------------------------|
| Total Budget (Excluding Collections) | \$2,336,245 | \$2,146,130 | \$2,048,520 | \$1,943,500 | \$1,404,998 | \$1,541,215 |
| Total Property Taxes Levied (All Jurisdictions) | \$275,127,061 | \$277,923,501 | \$265,619,385 | \$260,064,302 | \$114,774,433 | \$181,458,903 |
| Does the appraisal district collect taxes? | No | No | No | No | N/A | N/A |
| Number of Taxing Units Appraisal District Collects For (If Applicable) | N/A | N/A | N/A | N/A | N/A | N/A |

Source: Texas Comptroller of Public Accounts, *Appraisal District Operation Survey*

APPENDIX 2

Appraisal District Staffing

Appraisal District Staff

| | 2022 | 2021 | 2020 | 2019 | Tier 2 Average 2019-2022 | Tier 2 Average 2022 |
|-----------------|------|------|------|------|-----------------------------|------------------------|
| Full Time Staff | 13 | 12 | 11 | 11 | 13 | 13 |
| Part Time Staff | 0 | 0 | 0 | 0 | N/A | N/A |

Appraisal Staff

| | 2022 | 2021 | 2020 | 2019 | Tier 2 Average 2019-2022 | Tier 2 Average 2022 |
|--------------------------|----------|----------|----------|----------|-----------------------------|------------------------|
| Full Time Appraisers | 6 | 6 | 6 | 6 | 7 | 7 |
| Lowest Appraiser Salary | \$71,900 | \$71,900 | \$70,490 | \$67,780 | \$41,834 | \$40,040 |
| Highest Appraiser Salary | \$94,940 | \$89,570 | \$84,500 | \$77,720 | \$57,417 | \$59,181 |

Source: Texas Comptroller of Public Accounts, *Appraisal District Operation Survey*



APPENDIX 3

Appraisal District Parcel Information

| Chambers | 2022 | 2021 | 2020 | 2019 |
|-------------------------------|------------------|------------------|------------------|------------------|
| Parcel Count* | 36,737 | 36,381 | 35,636 | 34,999 |
| Number Taxing Units | 23 | 23 | 22 | 22 |
| Parcels per Appraisal Staff** | 6,249 | 6,193 | 6,072 | 5,968 |
| Total Market Value Certified | \$26,361,365,657 | \$21,504,002,528 | \$21,353,016,767 | \$18,854,449,079 |

Parcels per Appraisal Staff Averages

| Parcels | Parcels/Appraiser |
|------------------|--------------------------|
| Under 10,000 | 5,300 parcels/appraiser |
| 10,001 – 70,000 | 6,400 parcels/appraiser |
| 70,001 – 200,000 | 6,700 parcels/appraiser |
| Over 200,000 | 7,100 parcels/appraiser |

Source: Texas Comptroller of Public Accounts, *Appraisal District Operation Survey and Electronic Appraisal Roll Submission*

* Parcel count includes contracted appraisal services.

**Parcels per appraiser does not include contracted appraisal services.

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