

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: Residential Division

Revision:

Reviewed by: David Boisvert

Approved by: Timothy Boncoskey

Revision Date:

Purpose:

To provide an explanation on how Maricopa County Assessor's Office implements the two statutory requirements in establishing the full cash value on common area properties located within residential subdivisions. The two statutes are: ARS. 42-13402 and 42-13404.

Policy:

Initial Valuation of a Recorded Plat Map of a Residential Subdivision:

- 1) The assessor's office shall receive notification of a recorded residential subdivision plat map.
- 2) The common areas as described on the plat map shall be created and given a designated parcel number.
- 3) The initial full cash value shall be established at \$500 for each of the unique parcels.
- 4) The assessor's office shall field inspect the subdivision development prior to the completion of the creating and establishing the initial land values of the parcels located within the development.
- 5) The initial \$500 value will be maintained for the common area parcels under the following conditions:
 - a) The land values for the residential lots are established at either the initial or interim land value based on the Department of Revenue's Land Manual.
 - i. Initial Land Value is defined as the value that represents the raw land value of the land and then divided by the numbers of parcels in the subdivision. The raw land value is developed by the sales comparison approach.
 - ii. Interim Land Value is defined as the transient value which reflects the raw land value plus the costs of completing the off-site improvements.
 - b) If the common areas have been transferred to the Homeowner's Association (HOA) and the organization has complied with 42-13402(C). The requirements are as follows:
 - i. The property must be owned by a nonprofit homeowners' association, community association or corporation.
 - ii. The association or corporation must be organized and operated to provide for the maintenance and management of the common area property.
 - iii. 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.
 - iv. 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.
 - v. The common areas must be deeded to the association or corporation.
 - c) Once the common area properties have been deeded to the established Homeowners Association, they are required to file an application with the assessor office. The full cash value for each common parcel shall be set at \$500.

Revoking the Statutory Common Area Valuation:

- 1) The common area properties will be annually reviewed to determine if the properties have met the statutory requirements as stated under 5(b). If they do, then the properties will remain at the statutory valuation of \$500 for each parcel unless they no longer qualify in the future.
- 2) If the common areas have not met the requirements of the statutes as stated in 5(b) by January 1 two years from the established creation of the subdivision, the following actions will be followed by the staff.
 - a) The common areas will be valued based on the market approach and the legal class will be changed to reflect a vacant land/miscellaneous use property. ARS 42-12002(1) (e).
 - b) The owner will be notified through the next Notice of Value that the property(s) no longer qualify for the \$500 per parcel, but will be valued based on the market.