

Understanding the three standard approaches to establish value using appraisal methodology:

1. **Cost Approach** – This estimates the replacement cost (new) of the structure, less any depreciation, plus the value of the land. This is calibrated to the local Lycoming County market.

2. **Sales Comparison Approach** – This estimates market value by comparing similar sold properties. Multiple factors are taken into consideration like location, physical characteristics, and market conditions calibrated to the local Lycoming County market.

3. **Income Approach** – This approach analyzes rentals rates, vacancy/credit loss and expenses related to the real estate itself. Rental rates, vacancy and expenses are reflective of the local Lycoming County market.

While all three approaches are considered, it is standard appraisal practice that the cost and sales comparison approaches are used to value Residential properties. It is also standard appraisal practice that the Cost and Income Approaches are used to value Commercial/Industrial properties.

The Income approach to value is a standard method of estimating market value of real property based on the income it generates using a capitalization technique to convert expected income into property value. It calculates value based on the income generated by the real estate itself, taking into consideration property rental rates, vacancy/credit loss, and expenses related to the real estate itself, using a rate of return known as capitalization rate.

It does not include the financial performance of the business occupying the property.

While tax returns or other documents can be submitted as a way to provide the above information, there is a separate form business can use to submit the requested information.

Information submitted for assessment purposes is strictly confidential and is used solely by the assessment office to build an accurate valuation model reflective of local market conditions. When commercial property owners choose to provide property-specific information, it helps ensure valuations reflect the actual characteristics of the property rather than relying solely on broader market estimates.

Additional information, including answers to frequently asked questions, is available on the Lycoming County Property Reassessment website - www.tylertech.com/lycoming