



# Travis Central Appraisal District

May 18, 2015

Marya Crigler, Travis Central Appraisal District

# Constitution Requirements

- ▶ The Texas Constitution Article 8 Section 1 states:
  - (a) Taxation shall be equal and uniform.
  - (b) All real property and tangible personal property in this State, unless exempt as required or permitted by this constitution, whether owned by natural persons or corporations, other than municipal, **shall be taxed in proportion to its value**, which shall be ascertained as may be provided by law

# Constitution Requirements

“...shall be taxed in proportion to its value”

To accomplish this the legislature set the standard for appraisal districts to appraise property at market value.



# Constitution Requirements

- ▶ The Texas Constitution Article 8 Section 20 states:
  - No property of any kind in this state shall ever be assessed for ad valorem taxes at a greater value than its **fair cash market value** nor shall any Board of Equalization of any governmental or political subdivision or taxing district within this State fix the value of any property for tax purposes at more than its fair cash market value.

# Constitution Requirements

All property is to be appraised at market value –

*Market value is the price a property would sell for on the open market between a knowledgeable, willing and unpressured buyer and a knowledgeable, willing, unpressured seller.*

# Individual vs. Mass Appraisal

- ▶ The typical cost of a residential fee appraisal in Travis County is **\$400**.
- ▶ To appraise all property in Travis County using individual fee appraisals:
  - 373,500 real property parcels
  - x \$400 fee appraisal
  - **\$149,400,000**

# Individual vs. Mass Appraisal

- ▶ This process of mass appraisal creates a consistent, uniform methodology for analyzing properties which is equitable to property owners because all properties within a category of properties
- ▶ For 2015 the appraisal district will appraise approximately 416,800 parcels with a budget of \$17,149,799.
- ▶ Appraisal cost per parcel **\$41** .

# Mass Appraisal

- We collect property characteristic information on all properties to include:
  - Location
  - Type of improvement
  - Size
  - Age
  - Quality and Type of Construction
  - Condition
  - Amenities – pools, elevators



# Mass Appraisal

- ▶ We use Computer Assisted Mass Appraisal software to apply globally recognized mass appraisal techniques for developing statistical models to value large groups of properties as of a given date and then test the results for accuracy.
- ▶ The appraisal district uses sales and other market data from the previous year to determine the market value of properties as of the assessment date.
- ▶ For assessment date of January 1, 2015 the sales data date ranged used in the appraisal districts mass appraisal model is January 1, 2014 through February 28, 2015.

# Mass Appraisal

- ▶ Income Approach –
  - What would an investor pay in anticipation of future income from the property?
  - Usually used to appraise properties that generate income such as offices, apartments, hotels and retail centers.

# Mass Appraisal

- ▶ Cost Approach –
  - How much would it cost to replace the property with one of equal utility?
  - Often used to appraise types of properties that are not frequently sold or properties under construction.

# Mass Appraisal

- ▶ Sales Approach –
  - What are properties similar to this property selling for?
    - Most often used to appraise residential property.

# Mass Appraisal

- ▶ All three approaches to value rely on sales data.
- ▶ **Income Approach** – Analysis of what an investor would pay for a property. This involve determine the Net Operating Income and a Capitalization rate, which is derived by calculating the ratio between the net operation income and the sales price of recently sold properties.
- ▶ **Cost Approach** – Estimates the cost to construct a build and equivalent structure using publications and surveys; however, this applies only to the improvement. There are no publications pricing vacant land. The appraisal district must use sales as the method of determining land value.
- ▶ **Sales Approach** – compares property characteristics with those of comparable property that have recently sold.

# Mass Appraisal

- ▶ The Travis Central Appraisal District does not have access to all sales information due to Texas being a non-sales disclosure State. This means that real estate sales transactions are not given to the Appraisal District. The appraisal district must research all available data in the market place. Examples of this research include contacting property sellers and buyers to obtain sales information, research and data mining public records, and information provided during the current and previous protest season. Through this process the district receives some of the sales, but not all.
- ▶ *Any and all sales evidence you can provide to the district will ensure proper valuation of your property.*

# Constitution Requirements

To ensure that the appraisal district is appraising property at market value we are **tested annually** by the Comptroller–

At least once every two years, the comptroller shall conduct a study in each appraisal district to determine the **degree of uniformity of and the median level of appraisals by the appraisal district** within each major category of property.

At least once every two years, the comptroller shall review the governance of each appraisal district, taxpayer assistance provided, and the operating and appraisal standards, procedures, and methodology used by each appraisal district, to **determine compliance with generally accepted standards, procedures, and methodology.**

# Comptroller Property Value Study Results

Category		2010	2012	2014
A	Single Family Residential	0.98	1.00	0.97
B	Multi-Family Residential	0.98	0.98	0.96
C	Vacant Lots	1.00	*	*
D	Rural Real	1.00	*	*
F1	Commerical Real	0.98	0.96	0.97
F2	Industrial Real	*	*	*
G	Oil, Gas, Minerals	*	*	*
J	Utilities	1.01	*	*
L1	Commercial Personal	1.00	0.98	1.02
L2	Industrial Personal	*	*	*
M	Other	*	*	*
O	Residential Inventory	*	*	*
S	Special Inventory	*	*	*
	Overall	0.98	0.98	0.97



# Other Tests

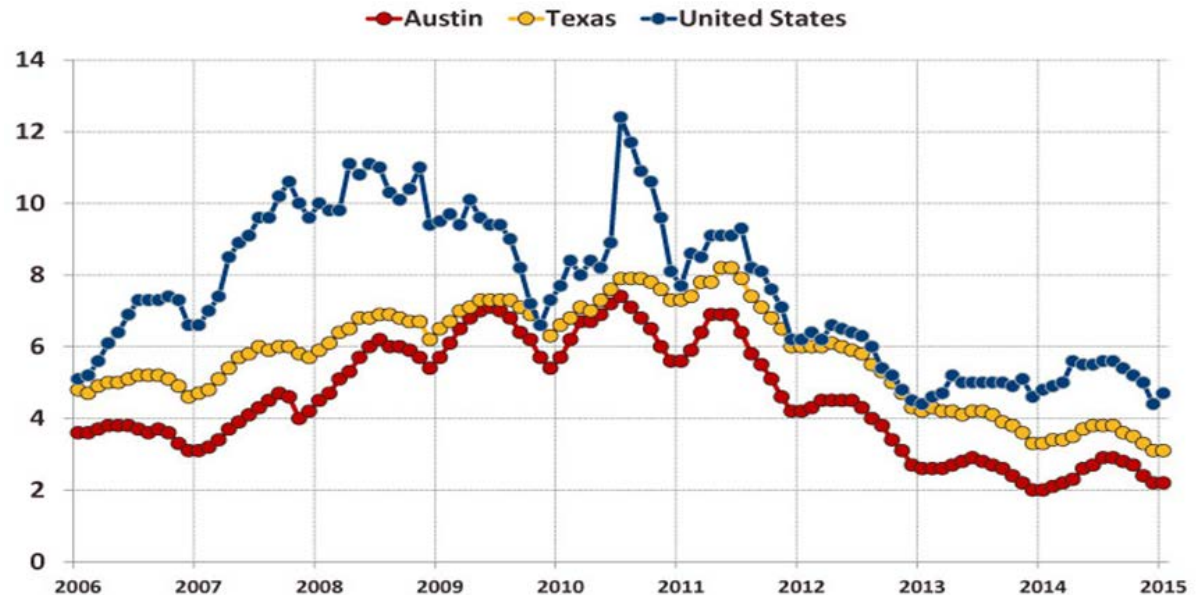
- ▶ IAAO Review of Appraisal Practices
- ▶ Fee Appraisal test of model accuracy
  - 99% mean, 96% median

# Travis County Market

# Travis County Market

- ▶ The economic principles of supply and demand continue to play a large role in increasing home values, and number of months of inventory for single family homes remains consistently low at 2.8 months.

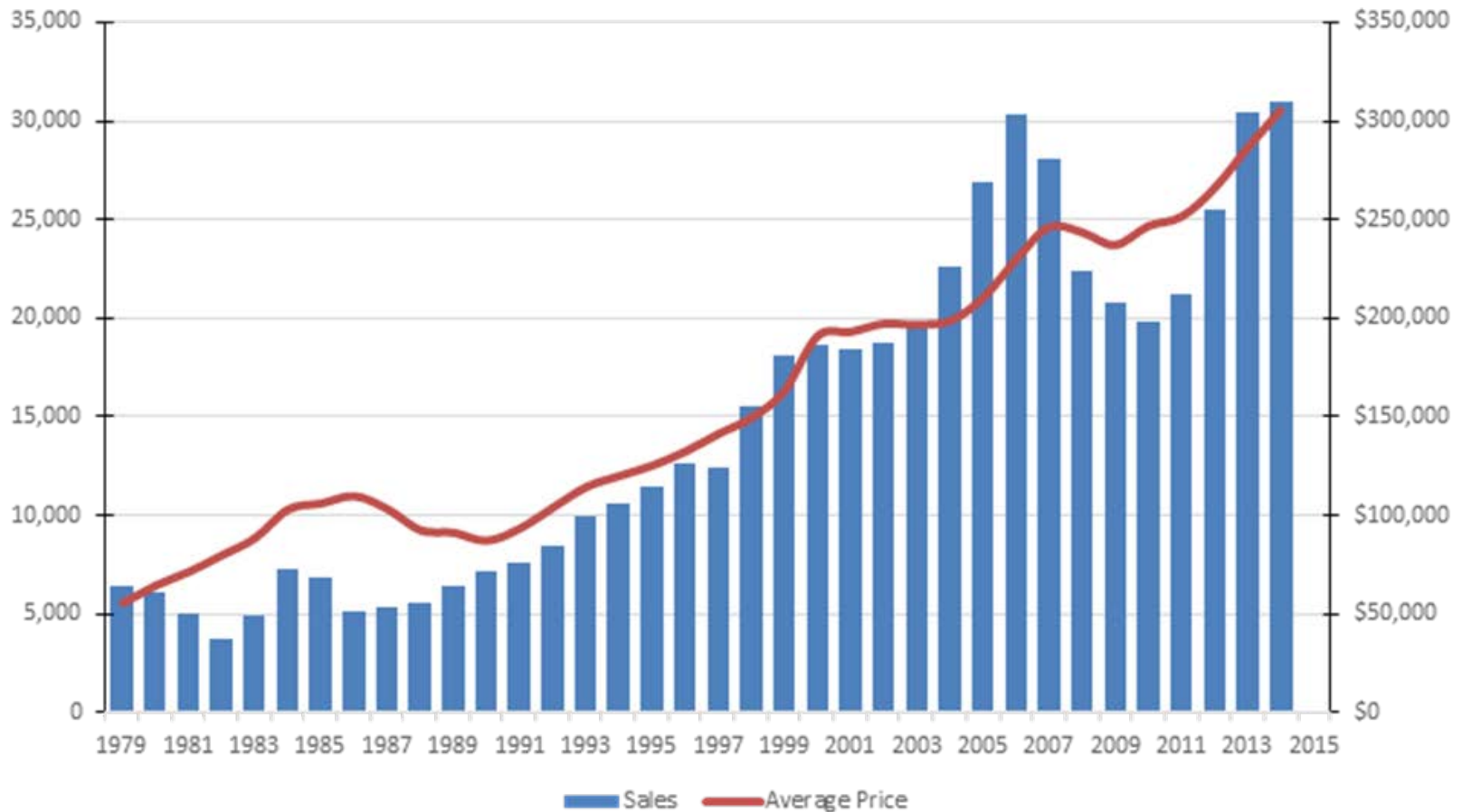
**Months Inventory of Homes on the Market**



Source: U.S. Bureau of the Census.

# Travis County Market

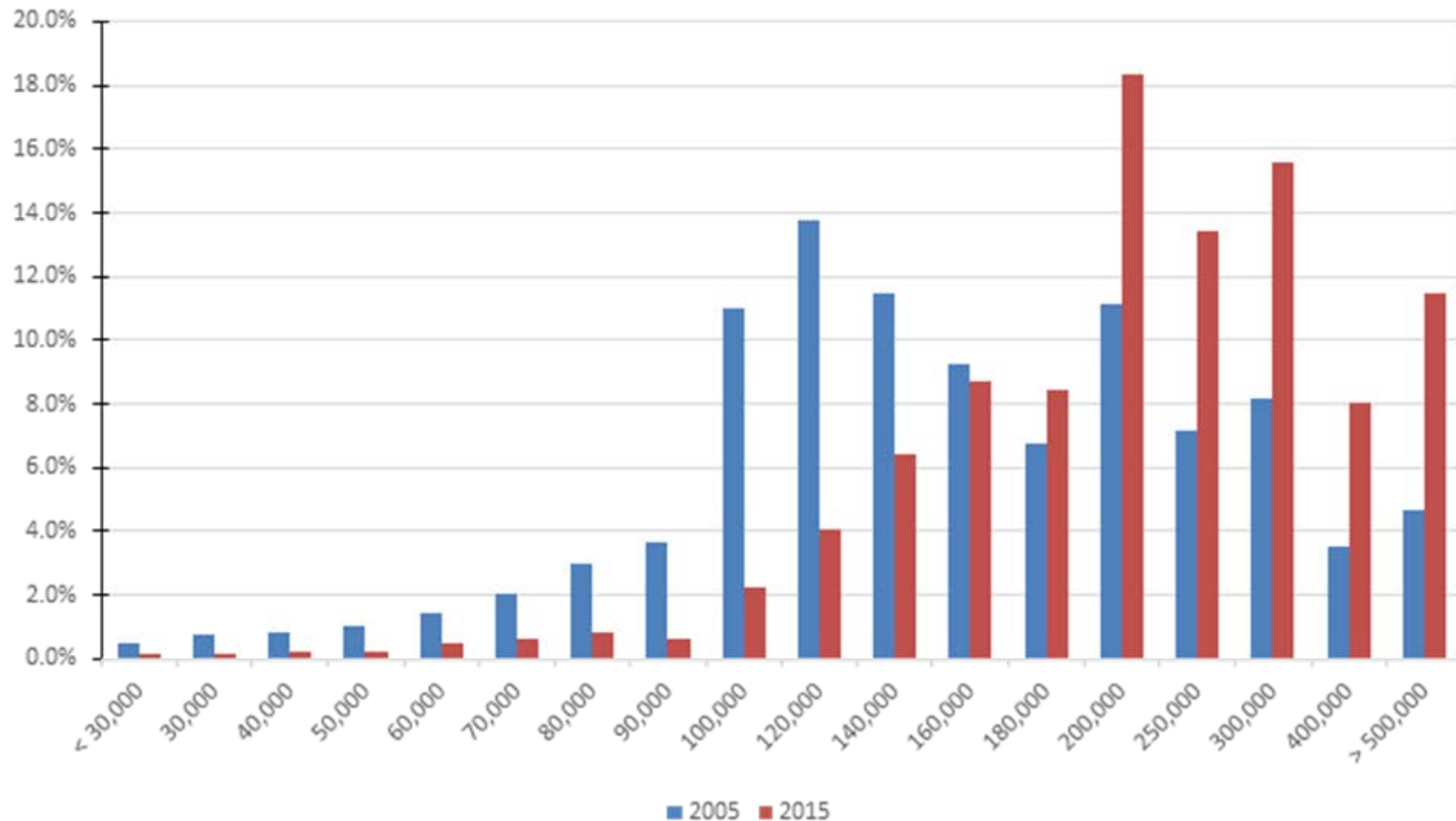
Home Sales and Average Price



Source: Real Estate Center Texas A&M

# Travis County Market

Price Distribution

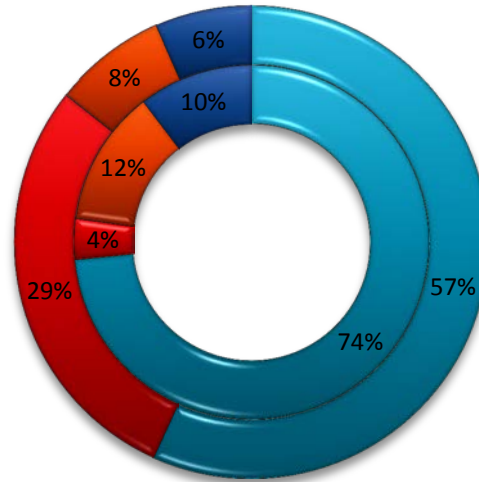


Source: Real Estate Center Texas A&M

# Travis County Market

## Distribution by General Property Type

Outer Ring =  
Distribution by Market Value



Inner Ring =  
Distribution by Number of  
Parcels

■ Residential ■ Commercial ■ Land ■ Business Personal Property

Portfolio	Increase Pct
Apartment	31%
Industrial	37%
Office	37%
Retail	29%
Land	26%
Residential	16%

# Benefits to homeowners that help alleviate tax burden

# Property Exemptions

## General Homestead

- ▶ The general homestead exemption is for owner occupied residential properties. The exemption removes a portion of your value from taxation providing a lower tax amount for the homestead property.

	Austin ISD	Travis County	City of Austin	ACC
HS	\$15,000	20%	0.01%	1%
OV65 **	\$35,000	\$70,000	\$70,000	\$115,000
DP	\$25,000	\$70,000	\$70,000	\$115,000
DVHS	100%	100%	100%	100%
DV1 -10-29%	\$5,000	\$5,000	\$5,000	\$5,000
DV2 -30-49%	\$7,500	\$7,500	\$7,500	\$7,500
DV3 -50-69%	\$10,000	\$10,000	\$10,000	\$10,000
DV4 -70-99%	\$12,000	\$12,000	\$12,000	\$12,000





# Property Exemptions

## General Homestead

- ▶ To qualify:
  - ▶ Property must be designed or adapted for human residence.
  - ▶ Homeowner must own and occupy the property on Jan 1.
  - ▶ Property must be principal place of residence.
  - ▶ Cannot claim a homestead exemption on any other property.
  - ▶ Application must be filed by April 30th.
    - ▶ A property owner may file a late application for a homestead exemption after the deadline for filing has passed if it is filed not later than one year after the delinquency date for the taxes on the homestead.



# Property Exemptions Over 65



- ▶ If you qualify for the Over 65 exemption there is a property tax “Ceiling that automatically limits school taxes to the amount you paid in the year that you first qualified for the Over 65 exemption.



# Property Exemptions

## Disability

- ▶ If you qualify for the Disability exemption there is a property tax “Ceiling that automatically limits school taxes to the amount you paid in the year that you first qualified for the Disability exemption.
- ▶ There is no surviving spouse provision for the disability exemption.
- ▶ You may not receive both this exemption and the Over 65.



# Property Exemptions



- ▶ 100% Disabled veterans are eligible for 100% exemptions for their residence homestead.
- ▶ Documentation from the Department of Veterans Affairs must be submitted indicating
  - ▶ 1) 100 percent disability compensation due to a service connected disability; and
  - ▶ 2) a rating of 100 percent disabled or a determination of individual unemployability from the VA

# Property Exemptions



## ▶ **IMPORTANT REQUIREMENTS** for Homestead Applications

1. Copy of a Texas drivers license or state issued identification card
- ▶ Address on license must match the address of the home on the application.



# Limitation

- ▶ Appraised value limitation (10% Cap):
  - Appraised value is different from Market value.

THIS IS NOT A BILL

Dear Property Owner,

We have appraised the property listed above for the tax year 2014. As of January 1, our appraisal is outlined below:

Appraisal Information				Last Year - 2013		Proposed - 2014	
Structure / Improvement Market Value				142,710		125,808	
Market Value of Non Ag/Timber Land				55,000		100,000	
Market Value of Ag/Timber Land				0		0	
Market Value of Personal Property/Minerals				0		0	
Total Market Value				197,710		225,808	
Productivity Value of Timber Land				0		0	
Appraised Value (Possible Homestead Limitations, see asterisk below)				198,108		215,719	
Homestead Cap Value excluding Non-Homesite Value (i.e. Ag, Commercial)				198,108		215,719	
Exemptions				HS		HS	
2013 Taxable Value	Taxing Unit	2014 Proposed Appraised Value	2014 Exemption Amount	2014 Taxable Value	2013 Tax Rate	2014 Estimated Taxes	2014 Freeze Year and Tax Ceiling **
181,108	AUSTIN ISD	215,719	15,000	200,719	1.242000	2,492.93	
198,108	CITY OF AUSTIN	215,719	0	215,719	0.502700	1,084.42	
158,888	TRAVIS COUNTY	215,719	43,144	172,575	0.494800	853.58	
158,888	TRAVIS COUNTY HEALTHCARE DIST	215,719	43,144	172,575	0.129000	222.82	
181,108	AUSTIN COMM COLL DIST	215,719	5,000	210,719	0.004000	842.88	



# Limitation

- Only for homesteaded properties and starts one year after property owner qualifies for HS exemption.
- The appraised value limitation for residence homestead properties is calculated as last years appraised value plus ten percent plus any new value).

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# Limitation

- Owner gets the lesser of the appraised value limitation or the current market value (\*\*plus any new value).
- For 2015 approximately 80% of homeowners will benefit from appraised value limitation.

THIS IS NOT A BILL

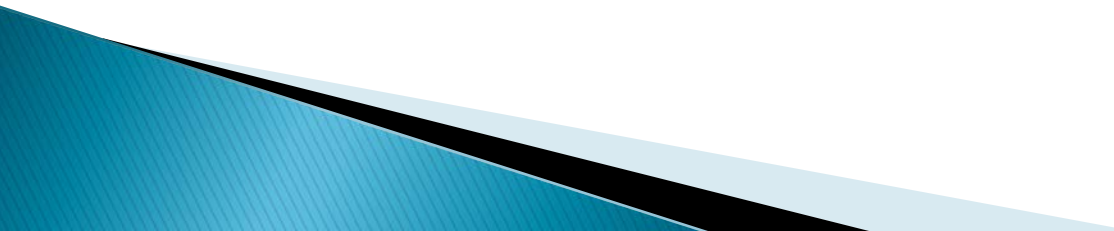
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# Other

- **Residential Deferral** – This tax relief allows homeowners to pay the property taxes on 105 percent of the preceding year's appraised value of their homestead, plus the taxes on any new improvements to the homestead. The remaining taxes are postponed, but not cancelled, with interest accruing at 8 percent per year.
  - **Over Age 65 Deferral**– all taxes are deferred, but not cancelled as long as the owner continues to own and live in the home. Interest continues to accrue.
  - **Once a property owner is no longer eligible for deferral (move, sell, inheritance....) the taxes are due w/in 180 days .**
- 

# Protesting Your Appraised Value

# Protesting Your Appraised Value

- Property owners dissatisfied with their appraised value may file a protest with the ARB. A protest form is provided on the reverse side of the notice of appraised value.

PROPERTY TAX - NOTICE OF PROTEST - 2014													
Appraisal district name <b>TRAVIS CENTRAL APPRAISAL DISTRICT</b>	Phone (Area code and number) <b>(512) 834-9138 (512) 836-3328 T</b>												
Address <b>8314 CROSS PARK DR P O BOX 146012 AUSTIN, TX 78714-9012</b> <b>www.traviscad.org</b>													
<p>This document must be filed with the appraisal review board (ARB) for the appraisal district that took the action(s) you want to protest. It must not be filed with the office of the Texas Comptroller of Public Accounts.</p> <p><b>GENERAL INSTRUCTIONS:</b> Pursuant to Tax Code Section 41.41, a property owner has the right to protest certain actions taken by the appraisal district. This form is for use by a property owner or designated agent who would like the ARB to hear and decide a protest. If you are leasing the property, you are subject to the limitations set forth in Tax Code Section 41.413.</p> <p><b>FILING DEADLINES:</b> The usual deadline for filing your notice is midnight, May 31. A different deadline will apply to you if:            • your notice of appraised value was delivered after May 2;            • your protest concerns a change in the use of agricultural, open-space or timber land;            • the ARB made a change to the appraisal records that adversely affects you and you received notice of the change;            • the appraisal district or the ARB was required by law to send you notice about a property and did not; or            • in certain limited circumstances, you had good cause for missing the May 31 protest filing deadline.</p> <p>Your specific protest filing deadline is printed on the appraisal notice.</p> <p><b>ASSISTANCE:</b> The Comptroller's office may not advise a property owner, a property owner's agent, or the chief appraiser or another employee of an appraisal district on a matter that the Comptroller's office knows is the subject of a protest to the ARB.</p> <p>State the Year(s) for Which You are Protesting: _____ (Tax Year(s))</p>													
<b>Step 1:</b> Owner's or lessee's name and address	Owner's or lessee's first name & initial _____ Last Name _____ Owner's or lessee's current mailing address (number & street, city, town or post office, state, zip code) _____ Daytime Phone (area code and number) _____ Evening Phone (area code and number) _____												
<b>Step 2:</b> Describe property under protest	Give street address and city if different from above, or legal description if no street address _____ _____ _____ Appraisal district account number (optional) _____ _____ code _____												
<p>Failure to check a box may result in your inability to protest an issue. If you check "Value is over market value", you are indicating that the appraised value is excessive and your property would not sell for the amount determined by the appraisal district. If you check "Value is unequal as compared to other properties", you are indicating that your property is not appraised at the same level as a representative sample of comparable properties, appropriately adjusted for condition, size, location, and other factors. Your property may be appraised at its market value, but be unequally appraised. An appraisal review board may adjust your value to equalize it with other comparable properties. Please check all boxes that apply in order to preserve your rights so that the appraisal review board may consider your protest according to law.</p>													
<b>Step 3:</b> Check reason(s) for your protest	<table border="0"> <tr> <td><input type="checkbox"/> Value is over market value.</td> <td><input type="checkbox"/> Exemption was denied, modified or canceled.</td> </tr> <tr> <td><input type="checkbox"/> Value is unequal compared with other properties.</td> <td><input type="checkbox"/> Change in use of land appraised as ag-use, open-space, or timber land.</td> </tr> <tr> <td><input type="checkbox"/> Property should not be taxed in _____ (name of taxing unit)</td> <td><input type="checkbox"/> Ag-use, open-space or other special appraisal was denied, modified or canceled.</td> </tr> <tr> <td><input type="checkbox"/> Failure to send required notice. _____ (type)</td> <td><input type="checkbox"/> Owner's name is incorrect.</td> </tr> <tr> <td><input type="checkbox"/> Other: _____</td> <td><input type="checkbox"/> Property description is incorrect.</td> </tr> <tr> <td></td> <td><input type="checkbox"/> Property should not be taxed in this appraisal district or in one or more taxing units.</td> </tr> </table>	<input type="checkbox"/> Value is over market value.	<input type="checkbox"/> Exemption was denied, modified or canceled.	<input type="checkbox"/> Value is unequal compared with other properties.	<input type="checkbox"/> Change in use of land appraised as ag-use, open-space, or timber land.	<input type="checkbox"/> Property should not be taxed in _____ (name of taxing unit)	<input type="checkbox"/> Ag-use, open-space or other special appraisal was denied, modified or canceled.	<input type="checkbox"/> Failure to send required notice. _____ (type)	<input type="checkbox"/> Owner's name is incorrect.	<input type="checkbox"/> Other: _____	<input type="checkbox"/> Property description is incorrect.		<input type="checkbox"/> Property should not be taxed in this appraisal district or in one or more taxing units.
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<b>Step 4:</b> Give facts that may help resolve your case (continue on additional page if needed)	_____ _____ _____ What do you think your property's value is? (Optional) \$ _____												
<b>Step 5:</b> Check to receive ARB hearing procedures	I want the ARB to send me a copy of its hearing procedures. <input type="checkbox"/> Yes <input type="checkbox"/> No* * If your protest goes to a hearing, you will automatically receive a copy of the ARB's hearing procedures.												
<b>Step 6:</b> Sign the protest	print here: _____ sign here: _____ Print Name _____ Signature _____												

# Protesting Your Appraised Value

- ▶ The deadline to file a protest is June 1<sup>st</sup> or 30 days after the date the notice was mailed, whichever is later.
- ▶ Protest may be filed:
  - using the form on the back of the notice of appraised value,
  - forms available on the Comptroller or Travis CAD website,
  - online, or
  - by sending a written letter of protest.

# Protesting Your Appraised Value

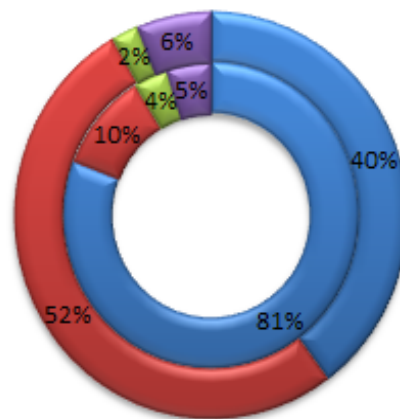
- ▶ If you are protesting the value on your property, the following usually provide evidence of market value:
  - ▶ Settlement Statements – 2013 forward (signed by buyer, seller & escrow agent)
  - ▶ Recent Fee Appraisals (dated within one year for residential, and within three years old for land or commercial properties). Appraisals should be complete signed documents.
  - ▶ Current Listing Agreements (signed & dated)
  - ▶ Recent Signed Purchase Offers
  - ▶ Pictures of Properties (interior & exterior)
  - ▶ As-built Construction Plans, with dimensions
  - ▶ Contractor's Bids for renovations, repairs or new construction
  - ▶ Construction Draw Information for properties that were partially complete as of January 1, 2014
  - ▶ Survey or Floodplain Information
  - ▶ Engineer's Reports
  - ▶ Insurance Settlement Report
  - ▶ Copies of Insurance Proceeds checks.

# 2014 Protest Composition

Portfolio	Count	Market
Residential	76,622	\$ 30,071,326,203
Commercial	10,026	\$ 39,154,049,266
Land	3,577	\$ 1,667,698,570
Business Personal Property	4,612	\$ 4,638,753,220
	94,837	\$ 75,531,827,259

## Distribution by General Property Type

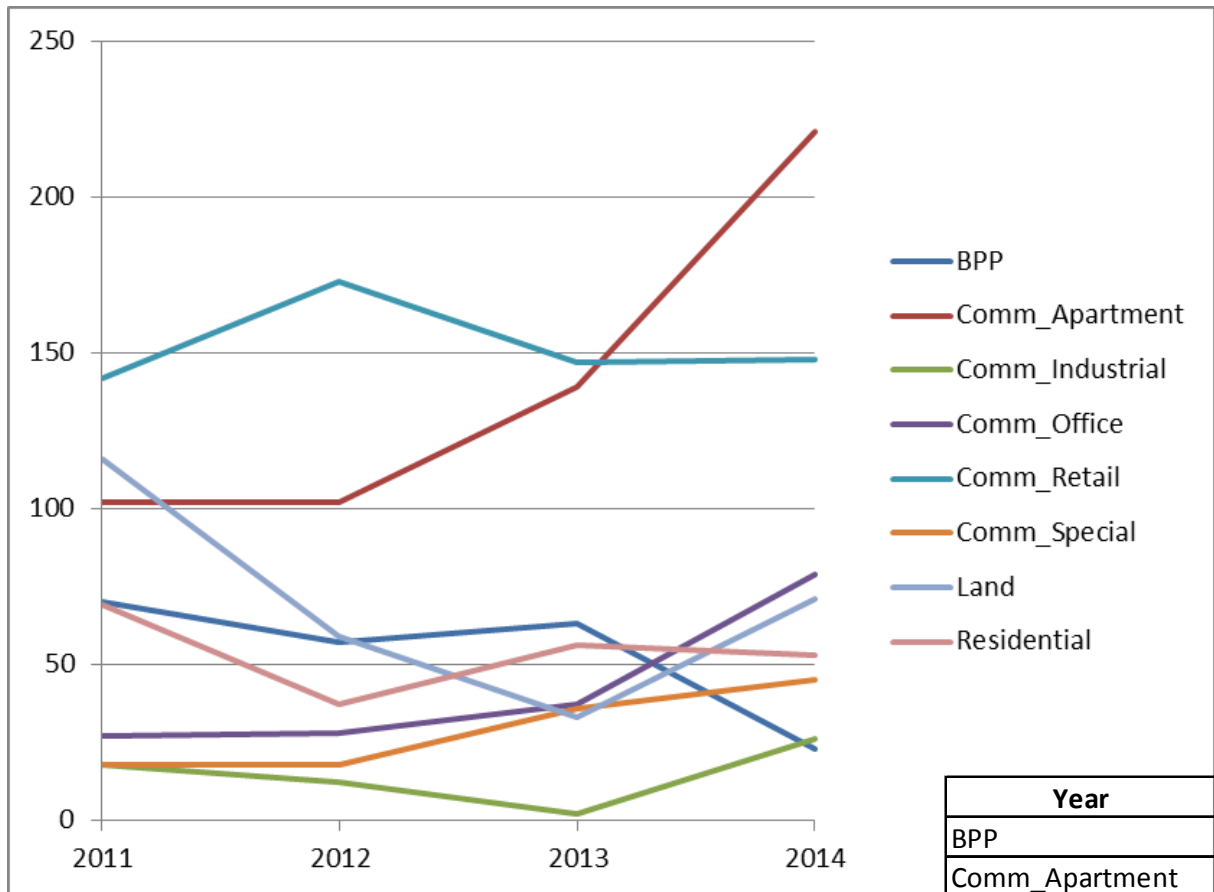
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■ Residential ■ Commercial ■ Land ■ Business Personal Property

# Litigation by Property Type



Year	2011	2012	2013	2014
BPP	70	57	63	23
Comm_Apartment	102	102	139	221
Comm_Industrial	18	12	2	26
Comm_Office	27	28	37	79
Comm_Retail	142	173	147	148
Comm_Special	18	18	36	45
Land	116	59	33	71
Residential	69	37	56	53
Total Count	562	486	513	666

# Legislative



# Legislative Budget Board

## GEER Report on Equal and Uniform

- ▶ Amend statute to use deviation from median appraisal ratio instead of median appraised value as the basis to determine equal and uniform appraisals.

# Legislative Budget Board

## GEER Report on Equal and Uniform

- ▶ Amend statute to establish standards for what defines comparable properties, limit comparable properties to those in the same appraisal district, require adjustments to be based on general appraisal standards, and establish which appraised value is used at each stage of protest and appeal.

# Legislative Budget Board

## GEER Report on Equal and Uniform

- ▶ Amend statute to require the Texas Comptroller of Public Accounts to establish standards for development and calibration of adjustments for industrial, petrochemical refining and processing, utility properties, and other unique properties by rule.

# Legislative Budget Board

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- ▶ Amend statute to require a property owner who loses an equity lawsuit to pay an appraisal district's attorney fees to make this requirement consistent for both property owners and appraisal districts.

# Future Legislative Changes Needed

- ▶ **Sales Price Disclosure** –The other state that do not allow sales disclosure are Alaska, Idaho, Louisiana, Mississippi, North Dakota, Utah, Wyoming.
  - Idaho, Louisiana, Mississippi, North Dakota, Utah, do not have the heavy dependence on property tax to fund local governments that Texas has because they all have state income tax.
  - Neither Alaska or Wyoming are comparable to the size/population of Texas.
    - Texas ranks 2<sup>nd</sup> the nation in population. Alaska and Wyoming rank 47<sup>th</sup> and 50<sup>th</sup> in population.