

OPTIONS FOR PROTESTING YOUR HARRIS COUNTY PROPERTY TAXES

There are two bases for a protest for property taxes to the Harris County Appraisal District (HCAD).

1. Market value is below appraised value where:
 - a. Market value is the sale price at which an informed buyer and seller would agree to a sale transaction as of January first of the current tax year.
 - b. Appraised value is the value of your home (home means home and property) that is the basis of the taxes you will pay.
2. Unequal appraisal value (your appraised value exceeds by at least 10 percent the median level of appraisals of a reasonable and representative sample of other properties in the appraisal district).

This document has three sections.

1. Protest under market value is below appraised value.
2. Protest under the option of unequal appraisal.
3. And filing and settling on line.

I. Market Value is below appraised value.

1. A protest filed under this provision means you have evidence that supports a claim that the market value of your home is below the appraised value. If you have evidence that the market value of your home, as established by HCAD, is below the true market value but still above the appraised value, your tax basis (and therefore your property tax) will not be reduced in the current year. Taxes are based on appraised value not market value. Your goal in a protest is to lower the appraised value of your home. A property owner who believes that they can succeed in lowering the market value of their home on the appraisal district records, but not impact the appraised value this year, may still proceed with a protest to slow down the rate of increase in market value by the appraisal district. The appraisal district will continue to raise property taxes by the maximum of 10% as long as the appraised value does not exceed market value. Consequently, it may be a benefit to slow down the rate of increase in market value.
2. When a property owner elects to protest HCAD's market value of their property, there are a number of options including collecting information on comparable sales and representing yourself in a protest, hiring a firm to represent you in a protest, obtaining a certified appraisal, and a combination of the above. Resources and information to assist you in deciding an approach to take are located in the labeled section of the OLD BRAESWOOD web page.
3. The appraisal district will have evidence to support its market value determination based on comparable sales. It will be up to you or your representative to convince the appraisal review board that your comparable sales are more relevant than those of the appraisal district.

II. Unequal Appraisal Values

1. A protest filed under this provision means that you have evidence that supports a claim that
 - a. The appraised value of your property exceeds by at least 10 percent the median level of appraised value of a reasonable and representative sample of other properties in the appraisal district;
 - b. The appraisal ratio of the property exceeds by at least 10 percent the median level of appraisal of a sample of properties in the appraisal district consisting of a reasonable number of other properties similarly situated to, or of the same general kind or character as, the property subject to the appeal; or

- c. The appraised value of the property exceeds the median appraised value of a reasonable number of comparable properties appropriately adjusted.
NOTE: under the protest of unequal appraisal values, you are not considering market values but appraised value of similar homes.
2. Gathering information for a protest under the provision of unequal appraisals is more tedious than determining market value.

UNEQUAL APPRAISAL

COMPARABLE PROPERTY ANALYSIS EXPLANATION OF THE FORM

Reason for the Comparable Property Analysis

The Comparable Property Analysis was developed due to changes in the law governing unequal appraisal. The focus of unequal appraisal was previously on appraisal ratios at the local review level, but now has been expanded to allow claims that the property is unequally appraised unless: (*Texas Property Tax Code, Section 41.43.*)

The appraised value of the property is equal to or less than the median appraised value of a reasonable number of comparable properties appropriately adjusted.

What the Comparable Property Analysis Does

The Comparable Property Analysis is a program that selects properties similar to the subject property and generates a report of the nine most comparable properties.

How the Comparable Property Analysis Works

First, comparable properties are selected. The program runs through a series of steps to find properties most similar to the subject. If possible nine properties will be selected for comparison. The chart on the following page shows the selection process. Cells are highlighted in sequence to show how the search is expanded. For example, the search starts with the following restrictions:

- 1) Limited to subject neighborhood (as defined by HCAD) = Yes
- 2) Other group (similar) neighborhoods required = No
- 3) Distance = within 2 miles of subject
- 4) Square Footage of Living Area = within 10% of subject
- 5) Year Built = within 5 yrs. of subject
- 6) Year Remodeled = within 10 Yrs. of subject (if applicable)
- 7) C&D Match = Same (C&D are codes used for different levels of remodeling or to describe a property relative to the neighborhood)
- 8) Grade Match = Grade and Sign Same (Grade and Sign describe quality of construction and materials)

If nine properties can't be found, the steps are run again with the following change:

- 1) Square Footage of Living Area = within 20% of subject the next change is:
- 2) Grade and Sign = Same to Grade = Same. Sign differences are ignored.

The search continues until nine comparables have been found or all steps have been exhausted. When you visit the HCAD website, you can see the 9 properties the Appraisal District has chosen as comparable to show that your appraisal is equal.

The comparables that are chosen will appear on the Comparable Property Analysis. It is important to note that the comparables are not chosen by what value has been placed on them. They are chosen based on how similar they are to the subject property.

UNEQUAL APPRAISAL COMPARABLE PROPERTY ANALYSIS
EXPLANATION OF THE FORM

Limit To Nbhd	Limit to NBHD Grp	Max Distance (mi)	SFLA Range (%)	Year Built Range (yr)	Year Rmdl Range	C&D Match	Grad Match
y	N	2	10	5	10	SAME	Grd&SIGN
y	N	2	20	5	10	SAME	Grd&SIGN
y	N	2	20	5	10	SAME	GRD
y	N	2	30	5	10	SAME	GRD
y	N	2	30	10	10	SAME	GRD
y	N	2	30	15	20	SAME	GRD
Y	N	2	ALL	15	ALL	SAME	GRD
N	Y	5	10	5	10	SAME	Grd&SIGN
N	Y	5	20	5	10	SAME	Grd&SIGN
N	Y	5	20	5	10	SAME	GRD
N	Y	5	30	5	10	SAME	GRD
N	Y	5	30	10	10	SAME	GRD
N	Y	5	30	15	20	SAME	GRD
N	Y	5	ALL	15	ALL	SAME	GRD
N	Y	5	ALL	20	ALL	SAME	GRD
N	Y	5	ALL	20	ALL	SAME	ALL
AL	Y	5	ALL	20	ALL	ALL	ALL

Adjustments

The analysis begins with the market value of the subject property and each of the comparables. Land value and other improvements are subtracted from each to arrive at a value of the main improvement only. Next basic data about the subject and comparables is shown, such as year built and remodeled, grade (or quality), and remodel code if applicable.

Adjustments are made for all the factors mentioned above. Adjustments are also made for economies of scale, story height, exterior construction, and other factors. If viewing an on-line version of the Comparable Analysis, the Total Adjustment column is shown as a hyperlink. Clicking the link will show the actual formulas used to develop adjustments.

The total adjustments are added or subtracted and the result is Adjusted Improvement Value. Next, the land value is added back for the comparables to arrive at the Adjusted Market Value of each comparable.

Subject Property Compared to Median

The Adjusted Market Value is divided by the square footage of the subject to get a value per square foot for each comparable. The results are displayed in the far right column of the Comparable Property Analysis in the column titled Total Mkt PSFLA (Total Market Value per Square Foot of Living Area). The median value per foot of the comparables is selected and compared to your value per foot. Finally, the subject market value at the median value per foot is displayed. The analysis indicates the subject is not unequally appraised if the subject market value is at or below the median. If the subject market value is above the median, the analysis indicates unequal appraisal.

As you prepare for your appeal, you can go to the HCAD web site (<http://www.hcad.org>) and see the 9 properties the appraisal district is using to demonstrate an equal appraisal. You will be trying to show that your comparable 9 properties are a more fair indication of the value of your home. One of the difficulties in making your case is showing that the adjustments applied by HCAD results in an adjusted market value of comparable homes that is not a fair and representative value for comparison to your property's value. The calculations used by the appraisal district are complex and not easily available or understood.

III. Filing a protest and settlement on line with HCAD

You can file a protest on line as well as use the iSettle application on line for your informal hearing and if the results are not acceptable, you can go before a 3 person board in person for your formal hearing.

1. Filing a protest on line.

- a. Go to the HCAD web page. The link is below:

<http://www.hcad.org/iframe/>

- b. Enter your HCAD account number and IFile number and both are on your green flier you received from HCAD informing you of your right to protest.

- c. Click on the option to file a protest and complete the form.

2. Using the iSettle option in place of an informal hearing:

- a. Go to the link above and open the HCAD web page. At the top of the page click on the "Home" tab.

- b. You will see explanations of the iSettle process "Find out more about iSettle" and there is a video you can watch by clicking on "Watch a video about how to file and settle online."

- c. When you click on "Find out more about iSettle" you can click on the link to "File a Protest and sign up for iSettle." See the link below:

<http://www.hcad.org/isettle/>

- d. If you have already filed a protest and not signed up for iSettle at the time of your protest, you may have difficulty signing up for iSettle. If this is the case, contact HCAD and ask for assistance in this regard.