

Property Taxes
Remedy for Unequal Appraisal

By: *Robert A. McCulloch, CMI*

In a practice known as “sales chasing”, appraisal districts often increase the appraised values of properties that have recently sold to their sales price. However, adjusting a property’s appraised value to its sales price greatly undermines the overriding concern of equity by creating a dual standard of valuation: one for properties that have recently sold and one for those that have not. **Fortunately, the Texas Property Tax Code, as amended by the enactment of Senate Bill 841, features a remedy for the practice of sales chasing.**

Also known as the Taxpayer’s Bill of Rights, Senate Bill 841 was intended to facilitate tax remedies for property owners. Probably the most significant change to the law is that taxpayers may contend inequality of appraisal under Section 42.26(a)(3), which was added to subsections (1) and (2) in 1997. Subsection (3), which became effective on January 1, 1998, provides that **“The district court shall grant relief on the ground that a property is appraised unequally if the appraised value of the property exceeds the median appraised value of a reasonable number of comparable properties appropriately adjusted.”**

Prior to the enactment of Section 42.26(a)(3), the statutory means for taxpayers to prove inequality of appraisal were often cost prohibitive. Now, the only independent analysis required is in adjusting the appraised values to put the properties on equal footing.

As upheld by the Court of Appeals of Texas (14th District) in Harris County Appraisal District v. United Investors Realty Trust, the plain language of the statute allows a protest without proof of the market value of comparable properties. **Hence, if a conflict exists between taxation at market value and equal and uniform taxation, equal and uniform taxation prevails.**

If you would like further information on this topic or other property tax related issues, contact Robert A. McCulloch at (972) 630-6670, or email mcculloch@cmi-tax.com.

Cantrell McCulloch, Inc. (CMI) currently represents over 1,200 multifamily properties consisting of 195,000 units valued in excess of \$15 billion across Texas and 22 total states. Our multifamily background, along with our experienced consultants and focused attention to every detail, allows us to negotiate the best possible values.

JOB GROWTH ¹	Area New Jobs			
	1 Mo	6 Mo	12 Mo	
	Estimate	End 7/31	End 7/31	End 7/31
	Dallas/Plano/Irving	(10,200)	33,500	77,400
	Fort Worth/Arlington	(2,600)	19,800	30,800
		(12,800)	53,300	108,200
INTEREST RATES ²	Rates		END 8/31	Yr. Ago
	10 Year Treasury		2.12%	1.58%
	11th District COFI		0.66%	0.69%
	1 Mo. LIBOR		1.24%	0.52%
SUPPLY/ DEMAND ³	Units Added/ Absorbed			
	6 Mo	12 Mo	24 Mo	
	End 8/31	End 8/31	End 8/31	
	<u>Dallas County</u>			
	Added	6,491	11,513	21,175
	Absorbed	3,248	5,979	14,584
	<u>Tarrant County</u>			
	Added	3,802	5,975	10,018
	Absorbed	1,753	2,443	7,924
OCCUPANCY RATES ³	Dallas County			
	8/31/2017	6 Mo Ago	12 Mo Ago	
	2010's	75.6%	76.6%	78.0%
	2000's	94.4%	94.1%	95.3%
	1990's	94.4%	94.8%	95.2%
	1980's	94.9%	95.1%	94.9%
	1970's or Older	93.6%	94.3%	94.0%
	<u>Tarrant County</u>			
	2010's	73.3%	78.4%	83.7%
	2000's	95.7%	95.4%	95.7%
	1990's	95.4%	94.9%	95.3%
	1980's	95.1%	95.3%	95.4%
	1970's or Older	92.4%	93.0%	92.8%
RENTAL RATES ³	Dallas County			
	8/31/2017	6 Mo Ago	12 Mo Ago	
	2010's	\$1,563	\$1,498	\$1,494
	2000's	\$1,373	\$1,351	\$1,357
	1990's	\$1,311	\$1,272	\$1,273
	1980's	\$930	\$903	\$888
	1970's or Older	\$881	\$856	\$837
	<u>Tarrant County</u>			
	2010's	\$1,432	\$1,389	\$1,425
	2000's	\$1,217	\$1,167	\$1,170
	1990's	\$1,183	\$1,148	\$1,154
	1980's	\$906	\$882	\$858
	1970's or Older	\$833	\$814	\$788
HISTORICAL JOB GROWTH	Average year change of the combined DFW MSA's			
			1 Texas Workforce Commission	
	2012	74,400	2 Banxquote.com	
	2013	95,600	3 ALNsys.com - Rental rates are after concessions.	
	2014	132,000	Approximately 25% of 70's or older are all bills paid	
	2015	98,700		
	2016	120,500		

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