



MARKET VALUE AND HOMESTEAD CAP

Grayson Central Appraisal District/ 512 N. Travis Street, Sherman, Texas 75090/ 903-893-9673 - Phone/ 903-892-3835 - Fax/www.graysonappraisal.org

When you received your Notice of Appraised Value this year, you may have noticed several different values printed on it. Having multiple and different values on the notice can be confusing, especially with regard's to the Homestead Exemption and the "homestead cap". Below, we have attempted to clarify the differences between two of these values and to explain how the homestead cap affects these values.

Market Value:

Per the Texas Property Tax Code, all taxable property must be valued at 100% of market value as of January 1 each year. This value is shown on your notice as "Total Market Value". **Because it is based on recent sales, the Total Market Value may change upwards or downwards any amount depending on recent market trends and IS NOT limited to increases of 10% or more. It may change as much as the current market changes.**

Assessed Value ("Homestead Cap Value"):

Per the Texas Property Tax Code, an exemption for taxation is available to an individual's primary residence. One of the features of the exemption is a limit to the amount that the value for taxation can increase from one year to the next. This limit is frequently referred to as the "homestead cap". The "capped" value is shown as the "Assessed Value" and is located at the bottom of the list of values on your notice or online. **The assessed value IS limited by the Homestead Exemption and may not go up more than 10% in one year in most cases as long as the exemption was in place for the prior year for the current owner. This number is calculated using the previous year's Assessed Value and a "cap" of 10%.** (The limitation takes effect to a residence homestead on January 1 of the tax year following the first year the owner qualifies the property for the residential homestead exemption. [Sec. 23.23(c) Texas Property Tax Code])

For example:

In the year 20XX, a property with a Homestead Exemption had a market value of \$318,138 and an assessed value of \$280,084. For the year 20YY, the subject's market value increased to \$462,603, but the assessed value is limited to the previous year's assessed value (\$280,084) plus 10% of that value (\$280,084 x 10% = \$28,008). The assessed value for the year of 20YY is \$308,092. This taxpayer's value for taxes is starting at \$308,092 instead of \$462,603 in the year of 20YY.

This example would look like the following summary on the 20YY Notice of Appraised Value:

| Appraisal Information | Last Year - 20XX | Proposed - 20YY |
|--|------------------|-----------------|
| Structure / Improvement Market Value | 241,138 | 360,603 |
| Market Value of Non Ag/Timber Land | 77,000 | 102,000 |
| Market Value of Ag/Timber Land | 0 | 0 |
| Market Value of Personal Property/Minerals | 0 | 0 |
| Total Market Value | 318,138 | 462,603 |
| Productivity Value of Ag/Timber Land | 0 | 0 |
| Appraised Value | 280,084 | 308,092 |
| Homestead Cap Value excluding Non-Homesite Value (i.e. Ag, Commercial) | 280,084 | 308,092 |
| Exemptions | HS | HS |

Do I have a homestead exemption?

A property with a homestead exemption will have an "HS" code listed in the Exemptions row on the Notice Of Appraised Value and on Grayson Central Appraisal District website: www.graysonappraisal.org

Visit Texas.gov/PropertyTaxes to find a link to your local property tax database on which you can easily access information regarding your property taxes, including information regarding the amount of taxes that each entity that taxes your property will impose if the entity adopts its proposed tax rate. Your local property tax database will be updated regularly during August and September as local elected officials propose and adopt the property tax rates that will determine how much you pay in property taxes.

The governing body of each unit decides whether or not property taxes will increase. The appraisal district only determines the value of your property. "The Texas Legislature does not set the amount of your local taxes. Your property tax burden is decided by your locally elected officials, and all inquiries concerning your taxes should be directed to those officials."



RESIDENTIAL SALES COMPARISON GRID (MODEL)

Grayson Central Appraisal District/ 512 N. Travis Street, Sherman, Texas 75090/ 903-893-9673 - Phone/ 903-892-3835 - Fax/www.graysonappraisal.org

The Grayson Central Appraisal District utilizes the 'Sales Comparison Approach' in our appraisal of single-family residential property. The example of the sales comparison grid on the following page is presented to assist property owners as they prepare for informal meetings with GCAD's appraisal staff and/or protest hearings before the Appraisal Review Board (ARB).

- The sales comparison approach (sometimes referred to as market approach or direct sales approach) is typically formatted in a spreadsheet format, columns and rows.
- The sales comparison grid (model) compares the subject property being appraised to similar properties that sold within a reasonable period leading up to or just after our January 1st appraisal date. *Please note that there are not any adjustments made to the subject property in the below example.*
- The sales comparison model always adjusts the sale price of the comparables to the subject property, to account for differences as described below. Adjustments will be positive or negative depending on whether a comparable is superior or inferior to the subject property.
- There are five primary components that GCAD utilizes to adjust comparable sales to a subject property, as follows:

| | |
|----------|---|
| A | Land/Lot Value Adjustment: compares the appraised value of the comparable to the land value of the subject and makes an adjustment. Land/Lot values may vary within a residential neighborhood because of factors including location, view, shape and size. |
| B | Improvement Type & Quality Adjustment: The District utilizes a mass appraisal "classing" system to denote the construction type (brick or stone veneer, wood siding or stucco) and a quality of construction rating. Each comparable is adjusted to the subject for differences in construction and quality. |
| C | Percent Good Adjustment (Condition): The subject property and each comparable will have a percent good based on the effective age and any additional obsolescence affecting the property; the comparables will be adjusted to the subject property based on differences in percent good. Effective age may vary from the actual year built due to maintenance, or the lack thereof, and remodeling. |
| D | Segments and Adjustments: Each comparable will be adjusted to the subject for differences in living area square, as well as differences in Secondary Improvements. Those Secondary Improvements typically consist of garages, patios/porches, pools, barns, accessory structures, etc. |
| E | Secondary PID Improvement Adjustments: If a comparable sold with more than one parcel, the value of any structures on a secondary parcel are adjusted to the subject in this section. |

- The grid also adjusts for differences in what we refer to as secondary or non-living area attributes such as garages, porches, barns, pools or other secondary improvements.

The sales price of each comparable is adjusted to the subject and the sum of positive and negative adjustments is shown in the grid as "Net Adjustments". The Net Adjustment amount is then added to or subtracted from the sale price of that comparable, with the end result of this calculation being the "Subject's Indicated Value" via the sales comparison approach. Typically a sales comparison grid will include at least three comparable sales and after the adjustment process there will be an indicated range of value shown at the bottom of the grid. The indicated value is then divided by the living area of the subject property to derive an indicated value per square foot of the subject property. The indicated value range and/or indicated value per square foot range is compared to the current market value appraisal of the subject property to determine if the current appraisal is reasonable and supported by comparable sales.

COMPARABLE SALES GRID (EXAMPLE)

| | Subject | Comp #1 | Comp #2 | Comp #3 |
|-------------------------------|----------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Prop ID | 123456 | 654321 | 456123 | 321456 |
| GEO ID | 111 1234567 | 111 3217654 | 111 4567321 | 111 1237654 |
| Market Value | 338,840 | 362,123 | 409,899 | 417,676 |
| Confidential Sale | | Yes | Yes | Yes |
| Sale Date | | 4/8/2022 | 4/29/2022 | 8/8/2022 |
| Sale Price | | 360,000 | 400,000 | 389,850 |
| Adj Sale Price | | 360,000 | 400,000 | 389,350 |
| Sale Price / SQFT | | 205.01 | 209.86 | 177.14 |
| Land Value Adj | 44,206 | 44,600 | 43,822 | 45,847 |
| Land Acres | 0.1637 | 0.1704 | 0.1531 | 0.1982 |
| Land SQFT | 7130 | 7421 | 6670 | 8634 |
| Class | 4V | 4V | 4+V | 4V |
| Sub Class | 4 | 4 | 4+ | 4 |
| Class Adj | 4V4 | 0 | 4+V4 | 0 |
| Living Area | 1607 | 1756 | 1906 | 2198 |
| Actual Year Built | 2017 | 2018 | 2021 | 2016 |
| Effective Year Built | 2018 | 2019 | 2022 | 2017 |
| % Good Adjustment | 96.00% | 97.00% | 99.00% | 95.00% |
| Segments & Adj | LA 1607.2 | LA 1755.5 | LA 1906 | LA 1750.3 |
| | G4 434.7 | G4 418 | G4 443.1 | G4 504 |
| | P2 44 | P2 96.5 | P2 127.8 | P2 133.3 |
| | P2 79.5 | P2 132.1 | P2 151.2 | P2 None |
| | | | | LA 188.9 |
| | | | | LA 259 |
| | | | | P1 120 |
| | | | | OB 120 |
| Segment Adj Subtotal | 0 | -11636 | -30609 | -51350 |
| Secondary PID Imp Adj | 0 | 0 | 0 | 0 |
| Net Adjustment | 0 | -15,184 | -57,912 | -49,551 |
| Indicated Value | 344,816 | 344,816 | 342,088 | 339,799 |
| Indicated Value / SQFT | 214.57 | 214.57 | 212.87 | 211.45 |
| Mean Value | 342,234 | | | |
| Mean Value / SQFT | 212.96 | | | |
| School | SDE | SDE | SDE | SDE |
| Situs | 1234 SUBJECT ST., DENISON | 1001 COMP RD., DENISON | 1002 COMP RD., DENISON | 3001 COMP ST., DENISON |
| Picture | | | | |

LAND VALUE ADJUSTMENT
Adjustments are made for land and/or locational differences as the comparable compares to the subject.

CLASS ADJUSTMENT
The District utilizes a mass appraisal "classing" system to denote the construction type (brick or stone veneer, wood siding or stucco) and a quality of construction rating. Each comparable is adjusted to the subject for differences in construction and quality.

PERCENT GOOD ADJUSTMENT
Adjustments are made for differences in quality and/or construction. These adjustments are made as the comparable compares to the subject.

SEGMENTS AND ADJUSTMENTS
Each comparable will be adjusted to the subject for differences in living area square, as well as differences in Secondary Improvements. Those Secondary Improvements typically consist of garages, patios/porches, pools, barns, accessory structures, etc.

SECONDARY PID IMPROVEMENT ADJUSTEMENTS
If a comparable sold with more than one parcel, the value of any structures on a secondary parcel are adjusted to the subject in this section.

INDICATED VALUES
The sum of positive and negative adjustments, for each comparable, is listed in the "Net Adjustment" row, and is added to or subtracted from the comparable's adjusted sale price. The end result of this calculation is the "Indicated Value" of the subject property. The indicated value is divided by the living area of the subject property to arrive at an "Indicated Value per Square Foot" for the subject property.

DISCLAIMER: This Comparable Sales Grid Example is intended to provide an illustration of how value assessments are made by appraisers and to help property owners understand the comparable sales grid information. This is not a direct reflection of specific properties, and the values shown are for example purposes only.

| | | | | | |
|---------------|----------------------|----------------------------|--------------------------|------------------------|-----------|
| LEGEND | LA = LIVING AREA | P1 = UNCOVERED PORCH/PATIO | P2 = COVERED PORCH/PATIO | DETG = DETACHED GARAGE | PL = POOL |
| | G4 = ATTACHED GARAGE | G6 = ENCLOSED GARAGE | OB = OUTBUILDING | EP = ENCLOSED PATIO | |