



Tarrant Appraisal District

2025 - 2026
Reappraisal Plan

TABLE OF CONTENTS

- EXECUTIVE SUMMARY 4**
- 2025 – 2026 REAPPRAISAL PLAN 5**
 - DEFINITION OF REAPPRAISAL PLAN 5
 - OVERVIEW OF TARRANT APPRAISAL DISTRICT RESPONSIBILITIES 6
 - OVERVIEW OF REAPPRAISAL ACTIVITIES 10
 - IDENTIFYING PROPERTY CHARACTERISTICS AND APPRAISAL METHODS 15
- RESIDENTIAL PROPERTY VALUATION PROCESS 17**
 - INTRODUCTION 17
 - VALUATION APPROACH (MODEL SPECIFICATION) 17
 - RESIDENTIAL NEIGHBORHOOD HIERARCHY 20
 - VALUATION AND STATISTICAL ANALYSIS (MODEL CALIBRATION) 21
 - SPECIAL APPRAISAL PROVISIONS 24
 - INDIVIDUAL VALUE REVIEW PROCEDURES 25
 - PERFORMANCE TESTS 26
- COMMERCIAL PROPERTY VALUATION PROCESS 28**
 - INTRODUCTION 28
 - PRELIMINARY ANALYSIS & DATA COLLECTION 30
 - DATA COLLECTION / VALIDATION 33
 - VALUATION APPROACH/FORMULAS (MODEL SPECIFICATION) 36
 - LAND VALUATION 37
 - INCOME APPROACH MODELING 39
 - VALUATION PROCESS (MODEL CALIBRATION) 41
 - FINAL VALUATION SUMMARY AND RECONCILIATION 46
 - INDIVIDUAL VALUE REVIEW PROCEDURES 47
- PERFORMANCE TESTS 48**
- BUSINESS PERSONAL PROPERTY & MINERAL VALUATION 49**
 - INTRODUCTION 49
 - VALUATION APPROACH (MODEL SPECIFICATION) 49
 - DATA COLLECTION / VALIDATION 50
 - VALUATION AND STATISTICAL ANALYSIS (MODEL CALIBRATION) 52
 - COMPUTER ASSISTED MASS APPRAISAL (CAMA) 53
 - INDIVIDUAL VALUE REVIEW PROCEDURES 54
 - PERFORMANCE TESTS 55

APPENDIX A. 2025-2026 PROPOSED CALENDARS OF KEY ACTIVITIES 57

APPENDIX B. KEY APPRAISAL PERSONNEL IN REAPPRAISAL PLAN IMPLEMENTATION 62

APPENDIX C. RESIDENTIAL MARKET AREAS/NEIGHBORHOODS 64

 APARTMENT SECTORS..... 73

 INDUSTRIAL BUILDING SECTORS..... 77

 SHOPPING CENTER SECTORS 81

 OFFICE BUILDING SECTORS..... 84

 WAREHOUSE SECTORS 86

APPENDIX E. NORTH AMERICAN INDUSTRY CLASSIFICATION SYSTEM (NAICS)..... 91

APPENDIX F. REAPPRAISAL PLAN FROM THIRD PARTY VENDOR 126

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Executive Summary

The Board of Directors of the Tarrant Appraisal District (TAD) has approved and published this reappraisal plan to provide the taxing units, citizens and taxpayers of Tarrant County with a better understanding of the District's responsibilities and anticipated reappraisal activities. This biennial reappraisal plan is required by the Texas Property Tax Code and contains a general introduction to TAD's statutory role in the property tax system and several sections describing the proposed reappraisal effort by the appraisal departments within TAD.

TAD is a political subdivision of the State of Texas created effective January 1, 1980. The provisions of the Texas Property Tax Code govern the legal, statutory, and administrative requirements of the appraisal district. A nine-member Board of Directors - comprised of five members appointed by the taxing units within the boundaries of Tarrant County, three members elected in a county-wide general election and the Tarrant County Tax Assessor-Collector, who is also elected in a county-wide election - constitutes the District's governing body. The Chief Appraiser, appointed by the Board of Directors, is the chief administrator and chief executive officer of the appraisal district. The chief appraiser is allowed, by law, to delegate authority and appraisal responsibilities to his/her employees.

The purpose of a reappraisal is for the appraisal district to accurately reflect changes to the local real estate market when establishing appraisal values for a given tax year.

The Board of Directors has made it clear of their desire to assist taxpayers as much as possible within their authority. Several motions were passed on July 22, 2024 to direct the chief appraiser to make changes to the reappraisal plan in line with the following motions:

1. Motion to direct the Chief Appraiser to draft a reappraisal plan that considers a property's previous property appraisals, settlements, and reductions in value when subsequently appraising that same property's property value.
2. Motion to direct the Chief Appraiser to prepare a reappraisal plan that requires him, and his designees employed by the appraisal district to only appraise, residentially coded properties, every two years within the parameters allowed by state law.
3. Motion to direct the Chief Appraiser to prepare a reappraisal plan that does not reappraise residential property values for Tax Year 2025 at current property values except for new improvements and construction.
4. Motion to direct the Chief Appraiser to prepare a reappraisal plan that requires him and his designees employed by the appraisal district to obtain and rely on clear and convincing evidence of the market value of a residentially coded property whose market value is increased above a threshold level of 5% or more than the market value as determined in the prior year's appraisal roll.

Appraisal-Related Statutory Responsibilities and Requirements

The statutes of the Texas Property Tax Code establish the legal foundation of property taxes in Texas and provide appraisal districts with a comprehensive set of instructions and requirements for the appraisal of real and personal property within its jurisdiction. Chapter 1, Section 1 includes general provisions and key definitions relative to the appraisal process. Section 1.04(7) defines ***“Market value” to mean the price at which a property would transfer for cash or its equivalent under prevailing market conditions if:***

- (A) exposed for sale in the open market with a reasonable time for the seller to find a purchaser;**
- (B) both the seller and the purchaser know of all the uses and purposes to which the property is adapted and for which it is capable of being used and of the enforceable restrictions on its use, and;**
- (C) both the seller and purchaser seek to maximize their gains and neither is in a position to take advantage of the exigencies of the other.**

Per Section 21.01, real property values are determined as of January 1st, unless special appraisal provisions are otherwise provided. Section 21.02 states that business personal property values are also determined as of January 1st, unless a special provision, provided within the Tax Code, is provided. Chapter 23, Subchapter A. is entitled *“Appraisals Generally”* and further defines the scope of work required for local property tax appraisals. Section 23.01(a) states that ***“Except as otherwise provided by this chapter, all taxable property is appraised at its market value as of January 1.”*** Section (b) further mandates, ***“The market value of property shall be determined by the application of generally accepted appraisal methods and techniques. If the appraisal district determines the appraised value of a property using mass appraisal standards, the mass appraisal standards must comply with the Uniform Standards of Professional Appraisal Practice. The same or similar appraisal methods and techniques shall be used in appraising the same or similar kinds of property. However, each property shall be appraised based upon the individual characteristics that affect the property’s market value, and all available evidence that is specific to the value of the property shall be taken into account in determining the property’s market value”.*** The chief appraiser and his/her staff are further instructed to consider the cost, income and sales comparison methods of appraisal and to use the most appropriate valuation method to determine the market value for each property.

Section 23.01, subsection (e) was added in 2009 and amended in 2019 to address the valuation of properties lowered in a previous year under the Remedies (Subtitle F) section of the tax code. Section 23.01(e) prohibits a chief appraiser from raising the value of these properties, in the following year unless the increase is supported by clear and convincing evidence. The subsection also places conditions on the valuation of properties that were lowered in the previous year, related to remedies for unequal appraisal. Additional instructions related to the consideration of foreclosure sales were also provided relative to the appraisal of a residential homestead property. **Additionally, the board has provided guidance for the district to further consider a property’s previous property appraisals, settlements, and reductions in value when subsequently appraising that same property’s property value.**

The remainder of Chapter 23 of the tax code provides for a host of special appraisal provisions to be used in the valuation of specific types of properties. For example, there are instructions for the appraisal of residential real property inventory (§ 23.12), dealer's inventory (§ 23.121, 23.124, 23.1241 and 23.127), taxable leaseholds (§ 23.13), oil or gas interests (§ 23.175), homeowner' organization property (§ 23.18), low income, tax credit housing (§ 23.215), residential homestead property (§ 23.23), agricultural use land (§ 23.41), open-space land (§ 23.52), and public access airport property (§ 23.91). The scope of the appraisal assignment will vary for those properties that are subject to special appraisal provisions as provided by Chapter 23 or Chapter 25 of the property tax code.

Section 23.23 Limitation on Appraised Value of Residence Homestead will not be affected by non-reappraisal years. Appraised values will continue to increase 10% if the property has a homestead cap until it meets the market value.

Reappraisal Statutory Responsibilities and Requirements

Section 25.18 requires each appraisal office to implement a plan to update appraised values for real and personal property at least once every three years. The purpose of a reappraisal is to establish the market value for the properties and to review values for equality and uniformity. Based on current market conditions, the market value of a property may be increased, decreased or not subject to change.

The need for a periodic review of values is dependent on data and analysis of economic conditions and market activity for a given property type within a defined market area. **The Board of Directors for the 2025 tax year has instructed the chief appraiser to hold residential values at the 2024 final values except for properties with new construction or new Improvement value. Additionally, residential properties will only be reappraised in odd years to coincide with the property value study starting in 2027. All other property types will be reappraised annually.**

The district will continue to work residential accounts as normal to allow for reporting on the impacts of the plan compared to a full reappraisal. Current market analysis appears to indicate that market trend on a county wide basis will be flat.

The district conducts an onsite field review of real and personal property in a portion of the county annually as part of a reappraisal cycle. During an onsite field review, the appraisal staff will generally measure a new home or building or remeasure existing improvements. They also observe, document and record new or existing property characteristics and record land parcel characteristics. Commercial properties are generally photographed. Residential appraisers observe property characteristics from the property's exterior, whereas the commercial and personal property staff may need to enter a property or business to complete the review. The business personal property (BPP) staff will attempt to speak with someone on site to review info, while trying to disrupt the business as little as possible. Supplemental questions can be answered via a follow-up phone call or other research methods discussed in this document under the BPP section.

TAD appraisers have access to key information to assist in both onsite field and desktop reviews. This information includes: city-issued building permits and building plans; county-issued utility hookup applications, health department septic and fire marshal permits; biennially updated aerial imagery, GIS analysis tools; county deed records and other county clerk document filings; telephone contact with property owners; internet real estate or business websites; market sales information; conversations with property owners; third-party real or personal property data subscriptions and other miscellaneous sources of data.

Reappraisal Standards

The opinion of market value of real and business personal property is calculated using specific information and data about each property. Utilizing various computer-assisted mass appraisal (CAMA) programs, and generally recognized appraisal methods and techniques, licensed and trained property appraisers compare the subject property information with the data for similar properties, and with available market data. The district adheres to the standards of the International Association of Assessing Officers (IAAO) regarding its appraisal practices and procedures, and subscribes to the standards promulgated by the Appraisal Foundation known as the Uniform Standards of Professional Appraisal Practice (USPAP) to the extent they are applicable.

The 2025-2026 Reappraisal will also be completed in compliance with the guidelines and standards as specified by the Texas Comptroller in the Methods and Assistance Program (MAP). Effective January 1, 2010, Chapter 5.102 of the Texas Property Tax Code was amended to require “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. TAD is subject to a formal MAP review in 2024 with a final report expected to be submitted to the TAD Board of Directors in late 2024 or early 2025. As part of the 2025-2026 Reappraisal Plan, any changes made to current standards, operating procedures or methodologies will be documented by the TAD staff in preparation for the next MAP review in 2026.

In cases where the appraisal district contracts for professional valuation services, the contract requires adherence to similar professional standards. Any third-party appraisal firm, in which TAD contracts with, is also required to develop a mass appraisal report and reappraisal plan pertaining to the properties for which they have responsibility to appraise.

Reappraisal Calendar

January 1 is the statutory appraisal date for establishing market value of properties in Texas, unless otherwise specified by law. Based on a typical, annual tax calendar, reappraisal activities generally begin around August 1 or when the majority of property appeals from the previous year are completed.

A proposed calendar of key events for the 2025-2026 Reappraisal has been prepared and is included in Appendix A at the end of this report.

Overview of Reappraisal Activities

Overview of Reappraisal Activities

For 2025 and 2026, Tarrant Appraisal District will conduct a mass appraisal of **all commercial, industrial, mineral and personal properties** in the county as part of the reappraisal plan. This section will describe an overview of the reappraisal process. **Going forward a biennial reappraisal will be conducted in odd years for residential properties to align with the comptroller's property value study, and any ISD's with a failing prior year PVS finding will be targeted for reappraisal in even years.** A more detailed description for residential, commercial and business personal property methodology will be covered in individual sections to follow. Mass appraisal is defined as the process of valuing a group of properties using standard methods, employing common data, and allowing for statistical testing. Appraisers perform mass appraisal with the assistance of a Computer-Assisted Mass Appraisal (CAMA) software system, with additional technical software and hardware support provided by TAD's Information Services department.

Analysis of Appraisal Resources

TAD appraisal responsibilities are divided between three appraisal departments: Residential, Commercial, and Business Personal Property. The Residential Appraisal Department is organized into four geographic regions or quadrants. The department also contains an Agricultural Land Appraisal Section and a Research Section. The Commercial Appraisal Department consists of four divisions; Commercial Appraisal, Complex Property Appraisal, Commercial Research and Reporting, and Litigation/Arbitration. The Business Personal Property (BPP) department handles the appraisal of personal property, utility and mineral interest properties.

All appraisal personnel receive extensive, on-the-job training in data collection and valuation methodology at the beginning and throughout the reappraisal cycle. At the beginning of each reappraisal, each department updates their standardized manuals to ensure uniformity and accuracy in the data collection and appraisal processes. Senior personnel provide on-the-job data collection training both in the office and for onsite field reviews. Managers meet regularly with staff to introduce new procedures and regularly monitor appraisal activity to ensure that all personnel are following standardized appraisal methods and techniques.

Hardware and software upgrades are provided per budgetary approval and forms, reports and other data collection tools are updated to reflect the applicable tax year.

Performance Analysis- Internal and External Studies

Internal Ratio Analysis - To better identify areas that may require a reappraisal effort, the previous years' certified values are analyzed with ratio studies to determine overall appraisal accuracy and uniformity. Ratios studies are stratified by various attributes including school district, neighborhood, and property type. TAD follows the current IAAO Standard on Ratio Studies as a guideline to develop statistics including mean, median and weighted mean to measure levels of

appraisal accuracy within the defined stratified groupings. Coefficient of Dispersion (COD) is calculated to measure overall uniformity of appraisal values. The resulting analysis will be used to determine neighborhood or property types that may require an on-site field inspection, office review or to help with valuation model recalibration. **Monthly ratio studies for residential property will be conducted to monitor the impact of the market conditions on values. Ratios that fall outside the Property Value Study margin of error of 5% will be brought to the board of directors in March 2025 prior to appraisal values being concluded and appraisal notices generated.**

External Ratio Analysis - Section 5.10 of the Texas Property Tax Code requires the comptroller to conduct a study at least once every two years to determine the degree of uniformity and the median level of appraisals by the appraisal district within each major category of property. The Property Value Study (PVS) uses statistical analysis of sold properties and appraisals of unsold properties as a basis for assessment ratio reporting. The preliminary results of this study are released in January following the year for which the study is conducted. Final results are then certified to the Education Commissioner of the Texas Education Agency in July. This outside (third party) ratio study provides meaningful data to TAD in regards to the accuracy and uniformity. Tarrant Appraisal District was subject to a Property Value Study in 2023, which resulted in passing ratios for all school districts within the margin of error. The results of the 2023 study will be reviewed, in conjunction with the TAD internal ratio analysis, in determining if valuation models for certain property types or neighborhoods require recalibration for factors not already identified by the senior analysts and managers in the Commercial team. The Comptroller has scheduled TAD for another PVS in 2025. The results of that study will be considered in planning the 2026 Reappraisal.

Planning and Organization

Managers and key personnel, from all three appraisal divisions, meet with department Directors to lay out a roadmap for the goals, resources, and timeline necessary to successfully complete a reappraisal cycle for the tax year. Roadblocks are also identified and problem-solving solutions are discussed. A calendar of key events is prepared each year to document important deadlines that correlate with Texas Property Tax Code requirements (Appendix A). Each division within the appraisal department organizes its workflow around these important dates to remain on schedule for the next tax year. Projects or goals may require coordination with other TAD departments or with the CAMA software vendor. A system of documenting those items from development to completion is established. Tickets for items related to the CAMA software are created and tracked through the software vendors reporting system and involve coordination with the various members of TAD's Information Services Department. Changes that occur as a result of legislative updates will be discussed, and plans will be developed to test and implement any new procedures or activities that impact the reappraisal process.

Identifying Property Characteristics and Appraisal Methods

- **Residential Appraisal** - Residential new construction is physically examined as part of an annual building permit data collection process if appraisers are not able to physically examine property, other inspection methods may be utilized for data collection purposes. Appraisers determine size, style, quality, condition, year built, effective year of construction and other property characteristics and features that are used in the cost and sales comparison valuation methods. Vacant rural land is valued primarily using comparable sales. Lot values in subdivisions are determined primarily by market sales data, or if unavailable, by the allocated ratio/abstraction methods. Improved residential properties are delineated by neighborhoods as defined later in this document. As a part of the reappraisal effort, residential management and staff perform statistical analysis to evaluate whether values are equitable and consistent with the market. Based on analysis of the comparable sales activity, market adjustment factors are developed and applied uniformly to all appraised values within a neighborhood or specified geographic areas to adjust overall appraisal levels. **Though market analysis is being conducted, the board has required the district to only change residential values in upcoming years with clear and convincing evidence if the calculated market value exceeds a 5% increase. New improvement value will still be added to the roll.**
- **Commercial Appraisal** - Commercial and industrial real estate is verified using an on-site field review, street-level photography and aerial photography of each property at least once every four years to confirm class, condition and other property data. Properties are also reviewed as part of an annual building permit inspection process. The appraisers determine highest and best use, when applicable, and define the appraisal site characteristics for a grouping of associated accounts. Appraisal Sites are delineated by neighborhood market areas. As a part of the reappraisal effort, commercial market values are established using generally accepted appraisal methods and techniques. Land values are generally determined using comparable sales data. For improved properties, appraisers consider the cost, sales comparison and income approaches to value then reconcile the final value, based on the quality and availability of the most accurate and credible data for each valuation approach. A commercial cost approach model computes site values at the aggregated account level. A total appraisal site value is developed using the commercial sales comparison and income approach models. When applicable, this total overall property value may be allocated among the accounts within an appraisal site based on each specific account's classification and property characteristics.
- **Business Personal Property** - The Business Personal Property staff reappraises businesses through various discovery methods. Business personal property appraisers utilize survey letters, phone calls, data research and on-site inspections of businesses to verify ownership, North American Industry Classification Systems (NAICS) classification,

Management Review Process

Once the proposed value estimates are finalized, the appraisal managers review the sales ratios by neighborhood and present pertinent valuation data, such as weighted sales ratio and pricing trends to the Director of Residential Appraisal and the Chief Appraiser for final review and approval. This review includes comparison of level of value between related neighborhoods within and across jurisdiction lines. The primary objective of this review is to ensure that the calculated values have met preset appraisal guidelines appropriate for the tax year in question. Approximately in March the final ratios will be presented to the board comparing 2024 prior year values to 2025 newly calculated values. Any ratios that indicate an ISD would qualify for a grace period (90-95%) in the PVS or that would receive an invalid finding (<90%) resulting in state values will be identified for board consideration and possible amendment of the reappraisal plan.

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