

# Zoning & Property Values

## FINDING MARKET VALUE

### TCAD appraises at market value.

TCAD appraises a property's market value by analyzing the sales prices for similar properties.

State law requires TCAD to *only* analyze the sales prices for homesteads when appraising a homestead; in contrast, the law requires TCAD to appraise non-homestead properties based on the 'highest and best use' that maximizes value, regardless of its current use.

### TCAD values the land and structures.

TCAD uses a property's appraised value to determine the value of the land and any structures on the property (called "improvements"). Through this process, TCAD allocates a portion of the total appraised value to land and a portion to improvements. This process does not change the total appraised value itself. The portions allocated to improvements and land can change from year to year.

### TCAD adjusts appraisals for accuracy.

To ensure accuracy, TCAD compares appraised values to sales prices. In areas where appraised values (estimated market values) differ from sales prices (actual market values), TCAD applies a "market adjustment factor" in order to compensate for the discrepancy.

## HOW DOES TCAD APPRAISE PROPERTIES?

The Travis Central Appraisal District (TCAD) appraises property at its market value, which they determine by analyzing the sales prices of comparable properties.

TCAD only uses sales prices for comparable owner-occupied homestead properties when appraising a homestead property (TCAD interprets the sales price as including both land value and structure value). TCAD does not compare homesteads to commercial, multi-family, or other properties and only includes sales data in which properties continued to be used as owner-occupied homesteads (and did not change uses).

For non-homestead properties, however, TCAD analyzes the 'highest and best use' that maximizes a property's value. It compares a non-homestead to other comparable properties based on its 'highest and best use,' regardless of current use.

## DOES ZONING AFFECT PROPERTY VALUATION?

It depends. TCAD appraises property based on market value; if the market uses zoning information in how it values a property (whether on the basis of development entitlements or other factors), that will be reflected in TCAD's valuation.

Non-homesteads may be more sensitive to potential changes since state law requires TCAD to appraise them based on a 'highest and best use' that maximizes value.

However, zoning could affect a homestead's property appraisal to the extent that it affects how the market values other comparable homesteads (excluding sales data in which a homestead is sold and changes uses).

## DO ADUs AFFECT PROPERTY VALUATION?

TCAD's experience to date has been that one property constructing an accessory dwelling unit (ADU) has not affected the property values of other nearby homes.

### APPRAISALS: HOMESTEAD vs. NON-HOMESTEAD

Category	Homestead	Non-Homestead
Types of Properties	Owner-Occupied Home	Rental, Commercial, Retail, etc.
Appraisal	Market Value for Owner-Occupied Home	Market Value at Highest and Best Use
Comparable Properties	Similar Owner-Occupied Homes	Similar Highest and Best Use