

Austin County Appraisal District



Local Property Taxation

Appraisal Information



Market Value is the price at which a property would sell for cash or its equivalent under prevailing market conditions if:

1. Exposed for a reasonable time in the open market.
2. Both the buyer and the seller are well informed of all the property uses, purposes, and restrictions.
3. Both parties seek to maximize their gains.
4. Neither party is in a position to take advantage of the other.

There are Three Approaches to Value:
Market, Cost, Income

The value of real property subject to local property taxation is determined by the use of Mass Appraisal techniques. Within the Mass appraisal system, there are three widely recognized approaches to determining the value.

The Sales Comparison or Market approach, the Cost approach and the Income approach are all considered in the value determination.

The type of property being appraised will determine how much weight will be given to the values derived for a property under each approach.



LOCAL PROPERTY TAX SYSTEM

Approaches to Value – Mass Appraisal Process

Texas laws require appraisal districts to appraise all property at its current market value as of January 1 of each year.

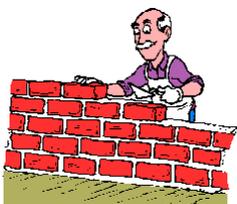
Austin County Appraisal District utilizes all three recognized approaches to value to determine local market values.



Market or Sales Comparison Approach

The market or sales comparison approach to property valuation uses information on recent open-market, arm's-length sale prices. This information is then used to estimate what the properties being appraised (the subject properties) are worth. If competitive market conditions were approximated and conditions have not changed greatly, a similar property would sell at approximately the same price.

Mass appraisal is the valuation of many properties across a wide geographic area as of a given date. Appraisal judgments relate to groups of properties rather than to single properties using a sample of *sales* in the entire area appraised. Standardized adjustments typically apply among classes, construction types, neighborhoods, and other property groups.



Cost Approach

The cost approach to value estimates value by calculating what it would cost to develop a new property with the characteristics of the property being appraised then adjusting the cost to reflect the actual condition and circumstances. The calculated value of the structures is then added to the land value for an overall property value.

Very accurate for new properties. Best approach for unique properties where there are no sales and there is no income being derived from the property.



Income Approach

The income approach to value relies on the concept that income over a period of years can be capitalized or converted to a lump sum that represents what someone would pay to purchase the right to receive the income. This lump sum is also called present worth. It is the most meaningful value indicator of properties that produce income (offices, apartments, hotel/motels).

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Please feel free to contact our office if you have questions or comments concerning this information.