



DANNY STEED

Tax appraisal vs. market value: what's home worth?

If you are a property owner in Wichita County, you received a Notice of Appraised Value from the Wichita Appraisal District around the latter part of April for all parcels of real estate that you own. This Notice of Appraised Value (effective as of Jan. 1 this year), if uncontested by you, will ultimately become the value on which you will pay your property taxes, typically around the end of this year. The appraised value of your property, along with all properties in Wichita County, can be easily located online at the appraisal district's website at www.WADTX.com.

As real estate practitioners, we often use this website and database of appraisal information in our daily business practices. While the appraisers of the Wichita Appraisal District provide this information to the various taxing entities in the county in order for them to calculate and collect your property taxes, Realtors also rely on this information as a resource and foundation on which to calculate the most likely market value of a property you are wanting to buy or sell. Here is where the property value lines can become a little fuzzy. Appraised value for tax purposes does not always equate to "market" value when it comes to individual real estate transactions.

As outlined in the Wichita Appraisal District's Scope of Responsibility, "The residential appraisers are responsible for estimating equal and uniform market values for residential improved and vacant property. There are approximately 44,000 residential improved single and multiple family parcels and 5,500 vacant residential properties in Wichita County." The residential appraisal staff consists of seven appraisers. Do the math and you will find each appraiser being responsible for over 7,000 property appraisals per year! As daunting a task as this may seem, it is made manageable by sophisticated mass-appraisal software and a systematic approach to appraising. Although properties are statistically reappraised every year based on ratio studies, they are only physically rein-

spected every three years with drive-by exterior inspections (tax appraisers don't make it a habit to view the interior of your home). Handling this many appraisals tends to take the very "personal" approach out of the valuation process, which is where the Realtors' CMA, or comparative market analysis, comes in.

Real estate agents look at each property for its individual merits and marketability. Although they use appraisal district data, like square footage, year built, type of construction, etc., their estimates of value are much more personalized and unique to each property. Where appraisal district appraisers are using a more scientific and mass approach, Realtors are looking at custom property details like special features, modern updating, well-groomed landscaping, current styles, pleasing colors and overall property condition. Differences in decorating, design and interior improvements can mean thousands of dollars of difference in pricing and values when it comes to buying or selling homes.

Realtors are quick to say that "property is worth what a buyer is willing to pay for it." Add to that the old saying that "beauty is in the eye of the beholder" and values can differ dramatically from buyer to buyer. Although the tax appraisal may be statistically accurate, and it is usually an acceptable barometer for market value when it comes to buying and selling, it tends to remove the human element from the process.

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As a seller, your property may be marketed as being "thousands below tax appraisal" if that fact could appear beneficial to prospective buyers who are hanging their hat on the accuracy of tax appraisals. On the other hand, if you are a buyer who might find it necessary to pay more than the current tax appraisal for your dream home, you may feel some discomfort about doing so if you think that the tax appraisal is a true indicator of value. The dilemma is in the individuality and personality of each property. As accurate as tax appraisals try to be (and our Wichita Appraisal District does an excellent job on a large-scale basis), home sales are very personal and cater to individual emotions and needs.

So, if you are buying or selling property, and feel it is necessary to justify your sales or purchase decision by seeking out tax appraisal information, you shouldn't put all your eggs in that basket. You might start with tax appraisal information as a basis, consult with an experienced and knowledgeable Realtor for current and comparable sales information, and finally, consider hiring an independent fee appraiser who will ultimately be called on to justify any mortgage loan made for the sale of the property.

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