

Harris County Appraisal District Valuation of 10902 Memorial Drive

No one likes to pay more taxes than they have to, and that includes taxes on real estate. Property taxes in Harris County, Texas are used to fund government and, especially, schools. The taxes are based upon property appraisals prepared by the Harris County Appraisal District.

Ever since the owners acquired the house at 10902 Memorial Drive, the annual HCAD valuation had been rising, with corresponding increases in property taxes. The owners decided to see what they could do to lower the taxes, or at least keep them from rising so fast.

Upon receipt of the proposed taxes for 2017, a valuation of approximately \$2.0 million was proposed by HCAD. The owners knew that this figure was fairly accurate, because an independent bank-driven appraisal in June 2016 had produced a \$2.0 million fair market value then.

Still, the owners were aware that other homeowners of high-value homes were saving money by hiring specialized firms organized to challenge the appraisals presented by HCAD. The owners decided to hire such a firm on June 13, 2017 and chose Novotny & Company to advocate on their behalf for 2017.

Firms like Novotny don't try to come up with an actual fair value of the homes of their clients. Instead, they cherry pick the HCAD valuations of other properties and make a case that the HCAD appraised value of the client's property is too high relative to others. For that service, they earn 40% of the property tax savings the client gets in the first year, but only if they successfully get HCAD to lower its appraised value. They're paid for results.

Not surprisingly, Novotny successfully convinced HCAD to lower its value. Based on Novotny's work, HCAD lowered its final valuation on 10902 Memorial for the 2017 tax year by about 17%. Following the Novotny challenge in 2017, the HCAD's lower valuation remained unchanged in 2018. Thereafter, HCAD's appraisal resumed its upward climb, but started from a lower base that was artificially created.

In the owner's view, the fair market value of the home and land at 10902 Memorial Drive is well above \$2.0 million.

Here is the HCAD Appraised Value as of January 1 of each year:

2014	1,580,964	
2015	1,758,429	Up 11.2%
2016	1,906,413	Up 8.4%
3017	1,968,000	PRELIMINARY HCAD VALUATION
2017	1,637,672	FINAL HCAD VALUATION (after NOVOTNY work)
2018	1,637,672	Unchanged
2019	1,761,811	Up 7.6%

The point is, that HCAD valuations are not the same as fair market values.