

# Memorandum



DATE June 13, 2008

TO Honorable Mayor and Members of the City Council

SUBJECT Dallas Central Appraisal District (DCAD) Valuations of the Commercial Property in Dallas

The subject briefing is on the Council's June 18<sup>th</sup> agenda. Ken Nolan (DCAD's Chief Appraiser and Executive Director) will be presenting his attached briefing.

Please contact me if you need additional information.

A handwritten signature in black ink, appearing to read 'D. Cook'.

David Cook  
Chief Financial Officer

Cc: Mary K. Suhm, City Manager  
Tom Perkins, Jr., City Attorney  
Deborah Watkins, City Secretary  
Craig Kinton, City Auditor  
Ryan S. Evans, First Assistant City Manager  
David O. Brown, Interim Assistant City Manager  
Ramon Miquez, P.E., Assistant City Manager  
Jill A Jordan, P.E., Assistant City Manager  
A.C. Gonzalez, Assistant City Manager

Dallas Central  
Appraisal District  
Valuations of the  
Commercial Property  
in Dallas

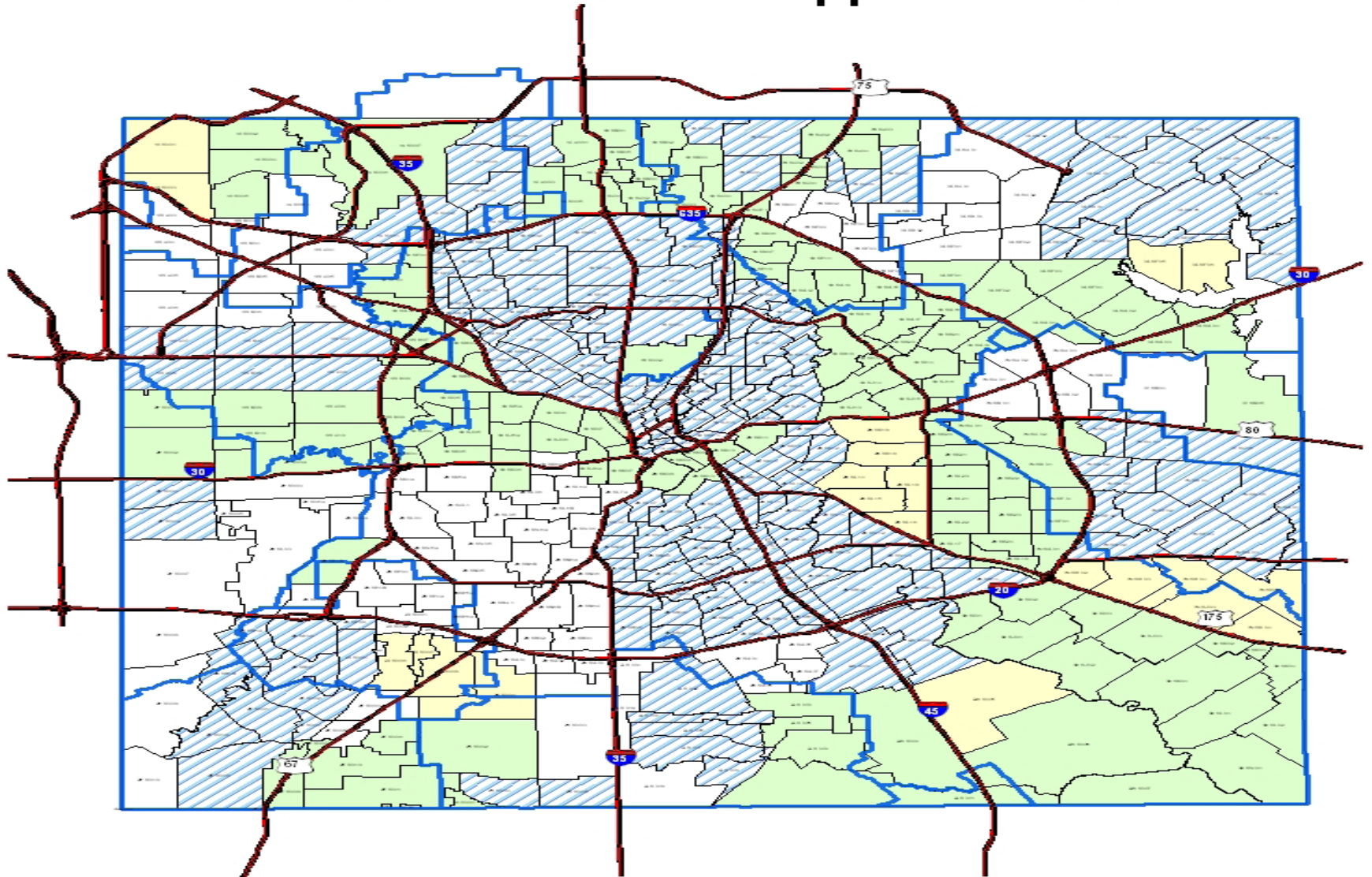
# DCAD REAPPRAISAL EFFORTS

YEAR	PROPERTIES REAPPRAISED	TOTAL PROPERTIES	PERCENT REAPPRAISED
2001	372,467	801,103	46.49%
2002	448,320	809,840	55.36%
2003	329,990	821,160	40.19%
2004	320,703	832,157	38.54%
2005	372,181	845,012	44.04%
2006	347,123	857,035	40.50%
2007	409,337	864,912	47.39%
2008	416,770	813,211	51.25%


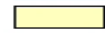
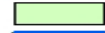

# 2008 CITY OF DALLAS REAPPRAISAL

	ACCOUNTS REAPPRAISED	TOTAL ACCOUNTS	% REAPPRAISED
RES	141,547	304,078	46.55%
COMM	32,469	39,106	83.03%
BPP	47,124	47,124	100.00%
TOTAL	221,140	390,308	56.66%

# 2008 Commercial Reappraisal Plan



## 2008 Commercial Reappraisal Plan

-  2008 Commercial Land Reappraisal
-  2008 Commercial Impt/Land Reappraisal
-  2008 Commercial Impt Reappraisal
-  School District Boundaries

# SOURCES OF APPRAISAL DATA

1. Marshall Valuation Service, nationally recognized publisher of commercial cost data
2. CoStar Properties, national database of rent and occupancy information for offices, retail and industrial properties.
3. DFW Realsmart, subsidiary of Roddy Information Services, a regional database of rent and occupancy data for offices, retail and industrial properties.
4. M/PF Research, Inc., regional database of rent and occupancy data for apartment properties.
5. ALN, *Apartment Listing Network* regional database of rent and occupancy data for apartment properties as well as unit size data and amenity data.
6. *Metro Market Facts*, quarterly publication of the *National Real Estate Index* detailing sales prices, rents, forecasts, job growth and economic profiles affecting the value of office, apartment, retail and industrial properties.
7. *RERC*, Real Estate Research Corporation, quarterly overviews and economic statistics for office, apartment, industrial, retail and hotel properties.
8. *Korpacz Real Estate Investor Survey*, quarterly data regarding rent, expenses and cap rates for offices, retail, industrial and apartment markets.
9. PKF consulting, *Trends in the Hotel Industry*, quarterly reports detailing expenses, ADR, REVPAR and occupancy for hotels.

# MASS APPRAISAL

- The process of valuing a universe (a large number of properties), as of a given date, using standardized procedures in a manner that allows for statistical testing.

# MASS APPRAISAL

- UNIVERSE: 72,642 ACCOUNTS (39,106 CITY OF DALLAS)
- GIVEN DATE: JANUARY 1<sup>ST</sup> (SECTION 21.01, PROPERTY TAX CODE)
- STATISTICAL TESTING: RATIOS STUDIES



# APPROACHES TO VALUE

- **COST APPROACH:** USED ON UNIQUE PROPERTIES WHERE NO SALES OR INCOME INFORMATION EXISTS
- **DIRECT SALES APPROACH:** OFFICE BUILDINGS, APARTMENTS, WAREHOUSES RETAIL CENTERS AND EXCLUSIVELY FOR VACANT LAND. **PRICE IS NOT ALWAYS EQUAL TO VALUE (ADDENDUM)**
- **INCOME APPROACH:** MOST WIDELY USED APPROACH FOR INCOME PRODUCING COMMERCIAL PROPERTIES. BEST REFLECTION OF FAIR MARKET VALUE.

# FAIR AND EQUAL VALUATION

Article 8, Section 1 of the Texas Constitution mandates that all taxation must be equal and uniform. The Texas Property Tax Code provides the following relief as it concerns fair and equal appraisal:

## **Sec. 41.43(b). Protest of Determination of Value or Inequality of Appraisal.**

- (b) A protest on the ground of unequal appraisal of property shall be determined in favor of the protesting party unless the appraisal district establishes that:
- (1) the appraisal ratio of the property is equal to or less than the median level of appraisal of a reasonable and representative sample of other properties in the appraisal district;
  - (2) the appraisal ratio of the property is equal to or less than the median level of appraisal of a sample of properties in the appraisal district consisting of a reasonable number of other properties similarly situated to, or of the same general kind or character as, the property subject to the protest; or (3) the appraised value of the property is equal to or less than the median appraised value of a reasonable number of comparable properties appropriately adjusted.

**DCAD COMMERCIAL APPEALS HISTORY**

<b>YEAR</b>	<b>PARCELS</b>	<b>PROTESTS</b>	<b>% PROTESTED</b>
<b>2003</b>	75,177	20,078	26.71%
<b>2004</b>	75,037	19,602	26.12%
<b>2005</b>	75,045	22,278	29.69%
<b>2006</b>	75,330	25,292	33.57%
<b>2007</b>	75,534	27,693	36.66%

**DCAD BUSINESS PERSONAL PROPERTY APPEALS HISTORY**

<b>YEAR</b>	<b>PARCELS</b>	<b>PROTESTS</b>	<b>% PROTESTED</b>
<b>2003</b>	99,025	13,739	13.87%
<b>2004</b>	100,408	13,758	13.70%
<b>2005</b>	101,443	12,729	12.55%
<b>2006</b>	102,104	9,249	9.06%
<b>2007</b>	102,521	8,207	8.01%

**DCAD RESIDENTIAL PROPERTY APPEALS HISTORY**

<b>YEAR</b>	<b>PARCELS</b>	<b>PROTESTS</b>	<b>% PROTESTED</b>
<b>2003</b>	646,958	48,457	7.49%
<b>2004</b>	656,712	50,102	7.63%
<b>2005</b>	668,524	55,005	8.23%
<b>2006</b>	679,599	61,275	9.02%
<b>2007</b>	686,844	57,399	8.36%

**GRAND TOTALS**

<b>YEAR</b>	<b>PARCELS</b>	<b>PROTESTS</b>	<b>% PROTESTED</b>
<b>2003</b>	821,160	82,274	10.02%
<b>2004</b>	832,157	83,462	10.03%
<b>2005</b>	845,012	90,012	10.65%
<b>2006</b>	857,033	95,816	11.18%

COMPTROLLERS PROPERTY VALUE STUDY FOR 2002-2006 FOR DALLAS CAD (THE 2007 RATIOS ARE NOT FINAL AT THIS TIME)

Exhibit 4

CATEGORY	2002		2003		2004		2005		2006	
	RATIO	C.O.D.	RATIO	C.O.D.	RATIO	C.O.D.	RATIO	C.O.D.	RATIO	C.O.D.
<b>A. SINGLE-FAMILY RESIDENCES</b>	0.97	7.82	0.99	7.92	1.00	7.16	1.00	4.03	1.00	3.64
<b>B. MULTI-FAMILY RESIDENCES</b>	0.97	9.74	0.98	9.74	1.00	7.95	1.00	5.64	1.00	7.32
<b>C. VACANT LOTS</b>	1.00	13.73	1.00	13.73	0.98	19.42	1.00	11.52	1.00	13.11
<b>D. RURAL REAL ESTATE</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>F1. COMMERCIAL REAL PROPERTY</b>	0.99	8.54	1.00	8.54	0.98	14.52	1.00	8.19	1.00	7.11
<b>F2. INDUSTRIAL REAL PROPERTY</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>G. OIL, GAS, MINERALS</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>J. UTILITIES</b>	1.01	7.22	N/A	N/A	1.01	3.47	0.99	4.21	1.00	2.00
<b>L1. COMMERCIAL PERSONAL PROPERTY</b>	1.00	6.54	1.00	7.90	1.01	8.68	1.01	8.68	1.03	9.07
<b>L2. INDUSTRIAL PERSONAL PROPERTY</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>M. OTHER PERSONAL PROPERTY</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>O. RESIDENTIAL INVENTORY</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>S. SPECIAL INVENTORY</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>OVERALL</b>	<b>0.98</b>	<b>8.54</b>	<b>0.99</b>	<b>8.44</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>5.43</b>	<b>1.00</b>	<b>5.22</b>

## DCAD LAWSUITS BY TYPE 2003-2007

	2003	2004	2005	2006	2007	TOTAL
<b>OPEN-SPACE</b>	1	4	9	3	6	<b>23</b>
<b>PERCENT</b>	0.14%	0.45%	0.96%	0.23%	0.35%	<b>0.42%</b>
<b>MARKET VALUE</b>	\$4,794,380	\$10,630,400	\$24,707,590	\$1,147,790	\$34,154,940	<b>\$75,435,100</b>
<b>PERCENT</b>	0.06%	0.11%	0.28%	0.01%	0.13%	<b>0.11%</b>
<b>BPP</b>	154	153	134	115	101	<b>657</b>
<b>PERCENT</b>	22.09%	17.19%	14.35%	8.97%	5.95%	<b>11.94%</b>
<b>MARKET VALUE</b>	\$1,904,094,940	\$1,626,046,294	\$2,314,901,478	\$3,611,903,394	\$2,610,895,529	<b>\$12,067,841,635</b>
<b>PERCENT</b>	23.80%	17.46%	25.78%	21.28%	10.24%	<b>17.55%</b>
<b>COMMERCIAL</b>	372	511	564	919	1371	<b>3737</b>
<b>PERCENT</b>	53.37%	57.42%	60.39%	71.68%	80.74%	<b>67.93%</b>
<b>MARKET VALUE</b>	\$5,835,971,420	\$7,192,381,940	\$6,144,229,230	\$12,839,676,110	\$22,236,957,280	<b>\$54,249,215,980</b>
<b>PERCENT</b>	72.95%	77.23%	68.44%	75.63%	87.23%	<b>78.90%</b>
<b>EXEMPTIONS</b>	0	0	0	0	5	<b>5</b>
<b>PERCENT</b>	0.00%	0.00%	0.00%	0.00%	0.29%	<b>0.09%</b>
<b>MARKET VALUE</b>	\$0	\$0	\$0	0	\$17,203,880	<b>\$17,203,880</b>
<b>PERCENT</b>	0.00%	0.00%	0.00%	0.00%	0.07%	<b>0.03%</b>
<b>RESIDENTIAL</b>	170	222	227	245	215	<b>1079</b>
<b>PERCENT</b>	24.39%	24.94%	24.30%	19.11%	12.66%	<b>19.61%</b>
<b>MARKET VALUE</b>	\$255,370,040	\$483,342,790	\$494,200,440	\$523,791,800	\$593,478,960	<b>\$2,350,184,030</b>
<b>PERCENT</b>	3.19%	5.19%	5.50%	3.09%	2.33%	<b>3.42%</b>
<b>TOTAL LAWSUITS</b>	<b>697</b>	<b>890</b>	<b>934</b>	<b>1282</b>	<b>1698</b>	<b>5501</b>
<b>PERCENT</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
<b>TOTAL VALUE</b>	<b>\$8,000,230,780</b>	<b>\$9,312,401,424</b>	<b>\$8,978,038,738</b>	<b>\$16,976,519,094</b>	<b>\$25,492,690,589</b>	<b>\$68,759,880,625</b>
<b>PERCENT</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

DALLAS COUNTY CERTIFIED VALUE TOTALS FOR 2001-2007												Exhibit 8
COMMERCIAL				BUSINESS PERSONAL PROPERTY			RESIDENTIAL			GRAND TOTALS		
	PARCELS	MARKET	TAXABLE	PARCELS	MARKET	TAXABLE	PARCELS	MARKET	TAXABLE	PARCELS	MARKET	TAXABLE
<b>2007 VALUES</b>	72,249	\$74,044,320,380	\$60,349,615,312	83,129	29,892,491,440	24,467,552,944	636,239	100,357,426,260	75,830,421,536	791,617	\$204,294,238,080	\$160,647,589,792
<b>% OF TOTAL</b>	9.13%	36.24%	37.57%	10.50%	14.63%	15.23%	80.37%	49.12%	47.20%	100.00%	100.00%	100.00%
<b>% INCREASE</b>	0.19%	16.22%	16.99%	0.39%	5.63%	4.22%	0.93%	7.12%	7.62%	0.81%	10.02%	10.39%
<b>2006 VALUES</b>	72,110	\$63,707,751,490	\$51,587,008,328	82,806	28,300,113,150	23,477,857,590	630,354	93,687,330,460	70,461,912,212	785,270	\$185,695,195,100	\$145,526,778,130
<b>% OF TOTAL</b>	9.18%	34.31%	35.45%	10.46%	15.24%	16.13%	79.63%	50.45%	48.42%	100.00%	100.00%	100.00%
<b>% INCREASE</b>	0.46%	9.56%	9.14%	4.19%	10.49%	6.48%	1.59%	7.13%	6.61%	1.75%	8.46%	7.47%
<b>2005 VALUES</b>	71,782	\$58,150,423,570	\$47,268,053,506	79,475	25,613,844,830	22,049,005,727	620,483	87,452,511,880	66,091,003,226	771,740	\$171,216,780,280	\$135,408,062,459
<b>% OF TOTAL</b>	9.30%	33.96%	34.91%	10.30%	14.96%	16.28%	80.40%	51.08%	48.81%	100.00%	100.00%	100.00%
<b>% INCREASE</b>	0.04%	4.73%	3.74%	1.27%	0.42%	-1.21%	1.41%	6.52%	7.05%	1.27%	4.96%	4.47%
<b>2004 VALUES</b>	71,752	\$55,524,271,480	\$45,561,978,678	78,482	25,506,282,780	22,319,602,603	611,848	82,097,373,710	61,735,909,767	762,082	\$163,127,927,970	\$129,617,491,048
<b>% OF TOTAL</b>	9.42%	34.04%	35.15%	10.30%	15.64%	17.22%	80.29%	50.33%	47.63%	100.00%	100.00%	100.00%
<b>% INCREASE</b>	0.18%	1.30%	-0.93%	3.32%	-5.70%	-5.52%	1.55%	5.46%	6.35%	1.60%	2.14%	1.53%
<b>2003 VALUES</b>	71,623	\$54,810,359,090	\$45,987,620,285	75,962	27,047,926,280	23,624,601,043	602,502	77,846,121,138	58,048,219,735	750,087	\$159,704,406,508	\$127,660,441,063
<b>% OF TOTAL</b>	9.55%	34.32%	36.02%	10.13%	16.94%	18.51%	80.32%	48.74%	45.47%	100.00%	100.00%	100.00%
<b>% INCREASE</b>	-0.92%	-3.86%	-4.88%	0.62%	-6.40%	-8.12%	1.10%	5.38%	6.79%	0.86%	-0.05%	-0.59%
<b>2002 VALUES</b>	72,285	\$57,008,144,670	\$48,348,792,647	75,491	28,898,480,550	25,712,223,104	595,933	73,871,088,320	54,355,498,089	743,709	\$159,777,713,540	\$128,416,513,840
<b>% OF TOTAL</b>	9.72%	35.68%	37.65%	10.15%	18.09%	20.02%	80.13%	46.23%	42.33%	100.00%	100.00%	100.00%
<b>% INCREASE</b>	-0.21%	-0.58%	-2.27%	1.09%	1.18%	0.18%	1.21%	12.20%	12.02%	1.05%	5.30%	3.85%
<b>2001 VALUES</b>	72,434	\$57,342,201,610	\$49,472,327,254	74,678	28,560,277,880	25,666,345,202	588,835	65,837,558,600	48,522,799,757	735,947	\$151,740,038,090	\$123,661,472,213
<b>% OF TOTAL</b>	9.84%	37.79%	40.01%	10.15%	18.82%	20.76%	80.01%	43.39%	39.24%	100.00%	100.00%	100.00%
<b>% INCREASE</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

DALLAS COUNTY CERTIFIED VALUE TOTALS									Exhibit 9
FOR 2001-2005	BUSINESS			RESIDENTIAL			GRAND TOTALS		
	PARCELS	MARKET	TAXABLE	PARCELS	MARKET	TAXABLE	PARCELS	MARKET	TAXABLE
<b>2007 VALUES</b>	155,378	103,936,811,820	84,817,168,256	636,239	100,357,426,260	75,830,421,536	791,617	\$204,294,238,080	\$160,647,589,792
<b>% OF TOTAL</b>	19.63%	50.88%	52.80%	80.37%	49.12%	47.20%	100.00%	100.00%	100.00%
<b>% INCREASE</b>	0.30%	12.97%	12.99%	0.93%	7.12%	7.62%	0.81%	10.02%	10.39%
<b>2006 VALUES</b>	154,916	92,007,864,640	75,064,865,918	630,354	93,687,330,460	70,461,912,212	785,270	\$185,695,195,100	\$145,526,778,130
<b>% OF TOTAL</b>	19.73%	49.55%	51.58%	79.63%	50.45%	48.42%	100.00%	100.00%	100.00%
<b>% INCREASE</b>	2.42%	9.84%	8.29%	1.59%	7.13%	6.61%	1.75%	8.46%	7.47%
<b>2005 VALUES</b>	151,257	83,764,268,400	69,317,059,233	620,483	87,452,511,880	66,091,003,226	771,740	\$171,216,780,280	\$135,408,062,459
<b>% OF TOTAL</b>	19.60%	48.92%	51.19%	80.40%	51.08%	48.81%	100.00%	100.00%	100.00%
<b>% INCREASE</b>	0.68%	3.37%	2.11%	1.41%	6.52%	7.05%	1.27%	4.96%	4.47%
<b>2004 VALUES</b>	150,234	81,030,554,260	67,881,581,281	611,848	82,097,373,710	61,735,909,767	762,082	\$163,127,927,970	\$129,617,491,048
<b>% OF TOTAL</b>	19.71%	49.67%	52.37%	80.29%	50.33%	47.63%	100.00%	100.00%	100.00%
<b>% INCREASE</b>	1.79%	-1.01%	-2.49%	1.55%	5.46%	6.35%	1.60%	2.14%	1.53%
<b>2003 VALUES</b>	147,585	81,858,285,370	69,612,221,328	602,502	77,846,121,138	58,048,219,735	750,087	\$159,704,406,508	\$127,660,441,063
<b>% OF TOTAL</b>	19.68%	51.26%	54.53%	80.32%	48.74%	45.47%	100.00%	100.00%	100.00%
<b>% INCREASE</b>	-0.13%	-4.71%	-6.01%	1.10%	5.38%	6.79%	0.86%	-0.05%	-0.59%
<b>2002 VALUES</b>	147,776	85,906,625,220	74,061,015,751	595,933	73,871,088,320	54,355,498,089	743,709	\$159,777,713,540	\$128,416,513,840
<b>% OF TOTAL</b>	19.87%	53.77%	57.67%	80.13%	46.23%	42.33%	100.00%	100.00%	100.00%
<b>% INCREASE</b>	0.45%	0.00%	-1.43%	1.21%	12.20%	12.02%	1.05%	5.30%	3.85%
<b>2001 VALUES</b>	147,112	85,902,479,490	75,138,672,456	588,835	65,837,558,600	48,522,799,757	735,947	\$151,740,038,090	\$123,661,472,213
<b>% OF TOTAL</b>	19.99%	56.61%	60.76%	80.01%	43.39%	39.24%	100.00%	100.00%	100.00%
<b>% INCREASE</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

## CITY OF DALLAS CERTIFIED VALUE TOTALS FOR 2001-2007

Exhibit 10

COMMERCIAL				BUSINESS PERSONAL PROPERTY			RESIDENTIAL			GRAND TOTALS		
	PARCELS	MARKET	TAXABLE	PARCELS	MARKET	TAXABLE	PARCELS	MARKET	TAXABLE	PARCELS	MARKET	TAXABLE
<b>2007 VALUES</b>	39,647	\$41,619,311,000	\$33,341,073,033	47,338	14,737,638,760	12,445,368,061	301,729	49,678,647,010	37,667,612,864	388,714	106,035,596,770	83,454,053,958
<b>% OF TOTAL</b>	10.20%	39.25%	39.95%	12.18%	13.90%	14.91%	77.62%	46.85%	45.14%	100.00%	100.00%	100.00%
<b>% INCREASE</b>	-0.36%	15.79%	16.56%	-0.84%	3.85%	3.43%	1.14%	8.01%	8.92%	0.74%	10.31%	10.95%
<b>2006 VALUES</b>	39,791	\$35,942,915,360	\$28,603,496,570	47,741	14,191,683,860	12,032,358,348	298,340	45,994,668,190	34,582,499,691	385,872	96,129,267,410	75,218,354,609
<b>% OF TOTAL</b>	10.31%	37.39%	38.03%	12.28%	14.76%	16.00%	76.75%	47.85%	45.98%	100.00%	100.00%	100.00%
<b>% INCREASE</b>	-0.08%	10.49%	10.17%	-0.11%	-0.31%	0.21%	0.90%	7.17%	8.23%	0.67%	7.19%	7.57%
<b>2005 VALUES</b>	39,821	\$32,529,681,660	\$25,962,729,840	47,792	14,235,453,650	12,007,281,205	295,678	42,916,143,620	31,952,340,436	383,291	89,681,278,930	69,922,351,481
<b>% OF TOTAL</b>	10.39%	36.27%	37.13%	12.47%	15.87%	17.17%	77.14%	47.85%	45.70%	100.00%	100.00%	100.00%
<b>% INCREASE</b>	-0.25%	4.35%	4.12%	1.42%	2.52%	1.21%	1.29%	6.96%	7.63%	1.14%	5.29%	5.17%
<b>2004 VALUES</b>	39,920	\$31,172,428,222	\$24,935,503,484	47,124	13,885,297,570	11,863,996,441	291,918	40,121,783,210	29,685,945,426	378,962	85,179,509,002	66,485,445,351
<b>% OF TOTAL</b>	10.53%	36.60%	37.51%	12.44%	16.30%	17.84%	77.03%	47.10%	44.65%	100.00%	100.00%	100.00%
<b>% INCREASE</b>	-0.50%	1.18%	-1.30%	2.29%	-4.09%	-4.36%	1.20%	5.96%	7.22%	1.15%	2.44%	1.73%
<b>2003 VALUES</b>	40,121	\$30,809,240,505	\$25,263,483,200	46,070	14,478,028,275	12,405,451,405	288,466	37,866,126,220	27,686,969,779	374,657	83,153,395,000	65,355,904,384
<b>% OF TOTAL</b>	10.71%	37.05%	38.66%	12.30%	17.41%	18.98%	76.99%	45.54%	42.36%	100.00%	100.00%	100.00%
<b>% INCREASE</b>	-0.21%	-2.69%	-4.09%	1.74%	-3.11%	-4.66%	0.63%	5.19%	6.78%	0.68%	0.67%	0.11%
<b>2002 VALUES</b>	40,205	\$31,660,942,130	\$26,341,309,200	45,283	14,942,666,840	13,011,782,733	286,657	35,999,342,745	25,929,908,424	372,145	82,602,951,715	65,283,000,357
<b>% OF TOTAL</b>	10.80%	38.33%	40.35%	12.17%	18.09%	19.93%	77.03%	43.58%	39.72%	100.00%	100.00%	100.00%
<b>% INCREASE</b>	-0.28%	9.14%	5.68%	-6.52%	12.80%	9.30%	1.53%	11.25%	11.20%	0.28%	10.70%	8.54%
<b>2001 VALUES</b>	40,316	\$29,009,911,020	\$24,926,665,592	48,441	13,246,941,150	11,905,163,925	282,346	32,359,063,450	23,317,218,704	371,103	74,615,915,620	60,149,048,221
<b>% OF TOTAL</b>	10.86%	38.88%	41.44%	13.05%	17.75%	19.79%	76.08%	43.37%	38.77%	100.00%	100.00%	100.00%
<b>% INCREASE</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A



CITY OF DALLAS CERTIFIED VALUE TOTALS FOR 2001-2007							Exhibit 11		
COMMERCIAL	BUSINESS PROPERTY			RESIDENTIAL			GRAND TOTALS		
	PARCELS	MARKET	TAXABLE	PARCELS	MARKET	TAXABLE	PARCELS	MARKET	TAXABLE
<b>2007 VALUES</b>	86,985	56,356,949,760	45,786,441,094	301,729	49,678,647,010	37,667,612,864	388,714	106,035,596,770	83,454,053,958
<b>% OF TOTAL</b>	22.38%	53.15%	54.86%	77.62%	46.85%	45.14%	100.00%	100.00%	100.00%
<b>% INCREASE</b>	-0.62%	12.41%	12.67%	1.14%	8.01%	8.92%	0.74%	10.31%	10.95%
<b>2006 VALUES</b>	87,532	50,134,599,220	40,635,854,918	298,340	45,994,668,190	34,582,499,691	385,872	96,129,267,410	75,218,354,609
<b>% OF TOTAL</b>	22.68%	52.15%	54.02%	76.75%	47.85%	45.98%	100.00%	100.00%	100.00%
<b>% INCREASE</b>	-0.09%	7.21%	7.02%	0.90%	7.17%	8.23%	0.67%	7.19%	7.57%
<b>2005 VALUES</b>	87,613	46,765,135,310	37,970,011,045	295,678	42,916,143,620	31,952,340,436	383,291	89,681,278,930	69,922,351,481
<b>% OF TOTAL</b>	22.86%	52.15%	54.30%	77.14%	47.85%	45.70%	100.00%	100.00%	100.00%
<b>% INCREASE</b>	0.65%	3.79%	3.18%	1.29%	6.96%	7.63%	1.14%	5.29%	5.17%
<b>2004 VALUES</b>	87,044	45,057,725,792	36,799,499,925	291,918	40,121,783,210	29,685,945,426	378,962	85,179,509,002	66,485,445,351
<b>% OF TOTAL</b>	22.97%	52.90%	55.35%	77.03%	47.10%	44.65%	100.00%	100.00%	100.00%
<b>% INCREASE</b>	0.99%	-0.51%	-2.31%	1.20%	5.96%	7.22%	1.15%	2.44%	1.73%
<b>2003 VALUES</b>	86,191	45,287,268,780	37,668,934,605	288,466	37,866,126,220	27,686,969,779	374,657	83,153,395,000	65,355,904,384
<b>% OF TOTAL</b>	23.01%	54.46%	57.64%	76.99%	45.54%	42.36%	100.00%	100.00%	100.00%
<b>% INCREASE</b>	0.82%	-2.82%	-4.28%	0.63%	5.19%	6.78%	0.68%	0.67%	0.11%
<b>2002 VALUES</b>	85,488	46,603,608,970	39,353,091,933	286,657	35,999,342,745	25,929,908,424	372,145	82,602,951,715	65,283,000,357
<b>% OF TOTAL</b>	22.97%	56.05%	60.28%	77.03%	43.58%	39.72%	100.00%	100.00%	100.00%
<b>% INCREASE</b>	-3.68%	10.29%	6.85%	1.53%	11.25%	11.20%	0.28%	10.70%	8.54%
<b>2001 VALUES</b>	88,757	42,256,852,170	36,831,829,517	282,346	32,359,063,450	23,317,218,704	371,103	74,615,915,620	60,149,048,221
<b>% OF TOTAL</b>	23.92%	56.63%	61.23%	76.08%	43.37%	38.77%	100.00%	100.00%	100.00%
<b>% INCREASE</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

# SALES DISCLOSURE

# SALES DISCLOSURE

- Was gaining momentum
  - Several Bills filed over last 3 Sessions
  - Passed both houses in 2005 only to be “lost” in Calendars
  - In 2007, no sales disclosure bill made it out of committee
- Issues:
  - Form of Disclosure
  - Public Information / Confidentiality
  - Use of Disclosure by District / on Appeal
  - Effect of Failure to Disclose

# SALES DISCLOSURE

- Proponents of Sales Disclosure
  - Appraisal Districts
  - Professional Appraisers (Appraisal Institute)
  - Taxing Units
  - Governors Task Force of Appraisal Reform
  - Center for Public Policy Priorities
  - Texas Municipal League
  - Common Cause Texas
  - County Judges & Commissioners Assoc. of TX
  - Texas Conference of Urban Counties
  - Texas Association of Counties
  - Cities of Dallas & San Antonio
  - Texas Taxpayers and Research Association

# SALES DISCLOSURE

- Opponents of Sales Disclosure
  - Texas Association of Realtors
  - Texas Apartment Association
  - Texas Self Storage Association
  - Texas Petroleum Marketers and Convenience Store Association
  - Texas Association of Business
  - Henry S. Miller Company
  - National Association of Real Estate Investment Trusts
  - Texas Building Owners and Managers Association
  - International Council of Shopping Centers
  - Houston Real Estate Council

# SALES DISCLOSURE

- Why do we need sales disclosure?
  - To arrive at market value as required by law
  - To insure equity among property types
  - To fairly distribute the property tax burden
    - “Ad Valorem” means according to value!
  - To accurately measure appraisal accuracy at the state level (I.E. the PTD Market Value Study)
  - Loss of revenue to school districts

# SALES DISCLOSURE

- Reasons Against Sales Disclosure
  - Privacy concerns
  - Sales are not necessary to arrive at market value (other approaches to value)
  - Price does not necessarily equal value
  - Appraisal districts don't have the expertise to analyze sales transactions
  - Appraisal districts will engage in "sales chasing"
  - Sales information is copyrighted information (MLS & Costar)
  - Will minimize the need to employ a realtor

# SALES DISCLOSURE

- How lack of sales disclosure costs the State of Texas Money
  - Each year the Property Tax Division of the Office of the Comptroller studies appraisal districts and their values
  - Actual certified values are compared to estimates of market value
  - A shortfall exists in those categories of real estate that would benefit from sales disclosure



		2003		
	State Category	Statewide CAD Value	PTD Estimate of Value	Difference
A	Single Family Residential	\$593,360,567,955	\$607,433,568,103	-\$14,073,000,148
B	Multi-Family Residential	\$55,245,957,986	\$57,506,669,879	-\$2,260,711,893
C	Vacant Lots	\$27,398,669,338	\$28,463,703,834	-\$1,065,034,496
D	Rural Real Property	\$53,758,179,719	\$54,651,959,667	-\$893,779,948
F1	Commercial Real Property	\$174,770,393,354	\$182,142,582,444	-\$7,372,189,090
F2	Industrial Real Property	\$67,425,881,039	\$67,425,881,039	\$0
G	Oil, Gas, and Minerals	\$39,474,282,252	\$39,035,339,066	\$438,943,186
J	Utilities	\$38,882,521,320	\$39,143,342,853	-\$260,821,533
L1	Commercial Personal	\$86,307,145,296	\$87,292,760,874	-\$985,615,578
L2	Industrial Personal	\$55,587,540,617	\$55,587,540,617	\$0
M1	Mobile Homes	\$5,357,026,434	\$5,357,026,434	\$0
N	Intangible Personal	\$1,214,949,725	\$1,214,949,725	\$0
O	Residential Inventory	\$4,895,909,142	\$4,895,909,142	\$0
S	Special Inventory	\$3,514,648,590	\$3,514,648,590	\$0
	<b>Totals</b>	<b>\$1,207,193,672,767</b>	<b>\$1,233,665,882,267</b>	<b>-\$26,472,209,500</b>

	2004		
State Category	Statewide CAD Value	PTD Estimate of Value	Difference
Single Family Residential	\$638,031,599,296	\$649,020,832,934	-\$10,989,233,638
Multi-Family Residential	\$56,609,417,371	\$60,239,558,012	-\$3,630,140,641
Vacant Lots	\$28,341,244,387	\$29,641,109,798	-\$1,299,865,411
Rural Real Property	\$56,080,134,196	\$57,238,539,945	-\$1,158,405,749
Commercial Real Property	\$178,577,672,798	\$192,580,317,986	-\$14,002,645,188
Industrial Real Property	\$67,101,847,596	\$67,101,847,596	\$0
Oil, Gas, and Minerals	\$51,889,539,655	\$51,595,612,198	\$293,927,457
Utilities	\$39,771,817,669	\$39,925,724,444	-\$153,906,775
Commercial Personal	\$92,216,478,695	\$91,992,088,877	\$224,389,818
Industrial Personal	\$58,737,434,141	\$58,737,434,141	\$0
Mobile Homes	\$5,427,726,549	\$5,427,726,549	\$0
Intangible Personal	\$464,931,396	\$464,931,396	\$0
Residential Inventory	\$5,336,923,903	\$5,336,923,903	\$0
Special Inventory	\$3,389,001,170	\$3,389,001,170	\$0
<b>Totals</b>	<b>\$1,281,975,768,822</b>	<b>\$1,312,691,648,949</b>	<b>-\$30,715,880,127</b>

		2005		
	<b>State Category</b>	<b>Statewide CAD Value</b>	<b>PTD Estimate of Value</b>	<b>Difference</b>
A	Single Family Residential	\$688,222,825,774	\$707,884,446,012	-\$19,661,620,238
B	Multi-Family Residential	\$61,580,028,732	\$64,468,827,386	-\$2,888,798,654
C	Vacant Lots	\$30,563,350,649	\$32,780,731,244	-\$2,217,380,595
D	Rural Real Property	\$59,312,101,212	\$61,777,115,726	-\$2,465,014,514
F1	Commercial Real Property	\$193,705,152,893	\$211,516,954,575	-\$17,811,801,682
F2	Industrial Real Property	\$68,262,164,657	\$68,262,164,657	\$0
G	Oil, Gas, and Minerals	\$67,410,569,581	\$66,672,136,649	\$738,432,932
J	Utilities	\$40,003,297,678	\$40,484,276,676	-\$480,978,998
L1	Commercial Personal	\$96,248,833,362	\$96,769,268,696	-\$520,435,334
L2	Industrial Personal	\$65,174,627,123	\$65,174,627,123	\$0
M1	Mobile Homes	\$5,584,711,588	\$5,584,711,588	\$0
N	Intangible Personal	\$11,083,802	\$11,083,802	\$0
O	Residential Inventory	\$6,145,723,493	\$6,145,723,493	\$0
S	Special Inventory	\$3,971,875,088	\$3,971,875,088	\$0
	<b>Totals</b>	<b>\$1,386,196,345,632</b>	<b>\$1,431,503,942,715</b>	<b>-\$45,307,597,083</b>

	2006		
State Category	Statewide CAD Value	PTD Estimate of Value	Difference
Single Family Residential	759,169,259,174	777,827,486,028	-18,658,226,854
Multi-Family Residential	67,705,952,646	71,600,426,016	-3,894,473,370
Vacant Lots	34,361,394,868	35,828,138,469	-1,466,743,601
Rural Real Property	63,838,901,524	65,727,816,419	-1,888,914,895
Commercial Real Property	219,365,114,249	241,288,545,970	-21,923,431,721
Industrial Real Property	77,503,875,163	77,503,875,163	0
Oil, Gas, and Minerals	92,956,699,234	90,571,445,900	2,385,253,334
Utilities	41,260,051,878	41,021,822,648	238,229,230
Commercial Personal	101,873,871,465	100,981,520,281	892,351,184
Industrial Personal	71,719,306,741	71,719,306,741	0
Mobile Homes	5,632,230,217	5,632,230,218	-1
Intangible Personal	0	0	0
Residential Inventory	7,270,238,089	7,270,238,089	0
Special Inventory	4,259,258,748	4,259,258,748	0
<b>Totals</b>	<b>1,546,916,153,996</b>	<b>1,591,232,110,690</b>	<b>-44,315,956,694</b>

# VALUE LOST TO NON SALES DISCLOSURE

As you can see the Comptroller's estimate of value is \$146,811,643,404 higher than the values as reported. The categories that mandatory sales disclosure would affect most are Categories A (single family), B (multi-family), C (vacant lots), D (rural acreage), and F1 (commercial real). The loss in value for these five categories by year is as follows:

Category	2003	2004	2005	2006
Category A: Single Family	\$14,073,000,148	\$10,989,233,638	\$19,661,620,238	\$18,658,226,854
Category B: Multi-Family	\$2,260,711,893	\$3,630,140,641	\$2,888,798,654	\$3,894,473,370
Category C: Vacant Lots	\$1,065,034,496	\$1,299,865,411	\$2,217,380,595	\$1,466,743,601
Category D: Rural Acreage	\$893,779,948	\$1,158,405,749	\$2,465,014,514	\$1,888,914,895
Category F1: Comm. Real	\$7,372,189,090	\$14,002,645,188	\$17,811,801,682	\$21,923,431,721
<b>TOTAL</b>	<b>\$25,664,715,575</b>	<b>\$31,080,290,627</b>	<b>\$45,044,615,683</b>	<b>\$47,831,790,441</b>

The average statewide combined property tax rate for all taxing units as calculated based on the Comptroller's data was \$2.39 per hundred dollars of value in 2003 and \$2.41 per hundred dollars of value in 2004 and for 2005 was \$2.37. For 2006 the average tax rates have not been released. We will use the 2005 average of \$2.37 less the mandatory school rate reduction of \$0.17, for a total of \$2.20. If lack of sales disclosure has caused value to escape taxation the amount of revenue lost for the last three years would be:

Tax Year	Value Lost	Avg. Tax Rate	Lost Revenue
2003	\$25,664,715,575	\$2.39/100	\$613,386,702
2004	\$31,080,290,627	\$2.41/100	\$749,035,004
2005	\$45,044,615,683	\$2.37/100	\$1,067,557,392
2006	\$47,831,790,441	\$2.20/100	\$1,052,299,390
<b>TOTAL</b>	<b>\$162,899,689,566</b>		<b>\$3,482,278,488</b>

As you can see by the illustration above almost \$3.48 billion in tax revenue would have been generated by the passage of sales disclosure. With the current shortfalls in many taxing unit budgets this revenue source cannot be ignored.