



Property Taxes

And how they impact Austin Habitat Families



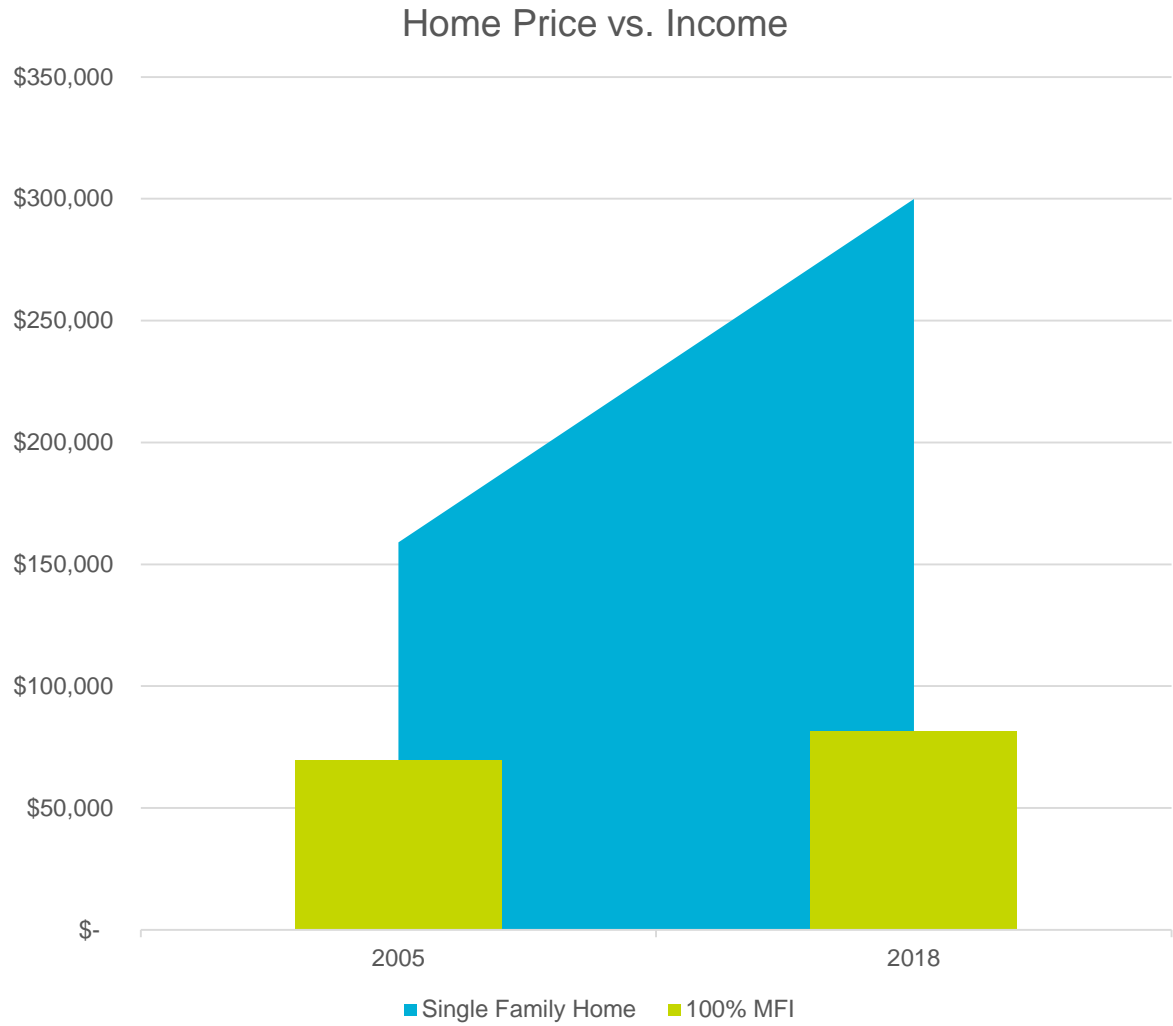
We build *strong, stable, and self-reliant* communities.

- Largest provider of affordable ownership in Central Texas
- Have built over 435 homes since 1985
- Serve families in the 30-80% MFI range (\$24,440 - \$65,100 4HH)

Affordable Homeownership

From 2005-2018...

- Income = +17%
- Prices = +89%



AHFH sold 1995, Central East ATX

1995

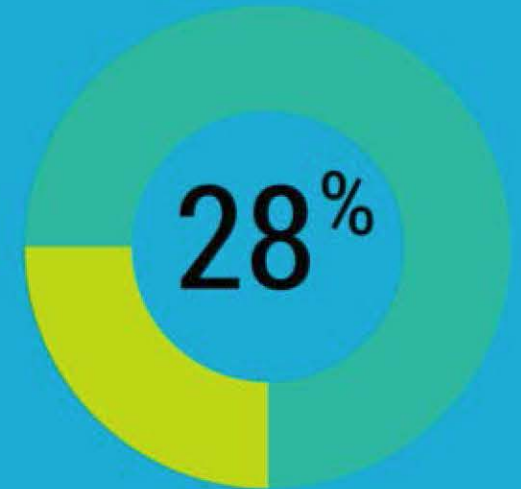
- Sold \$43,500
- Mortgage pmt: \$161.20
- Assuming same tax rate, taxes = \$963.08

2017 taxes

- Appraised (TCAD): \$367,559*
- W/ exemptions: \$4,177.78
- Full appraisal? \$8k+
- Have gone up 10%/year since at least 2013, will continue until 2022

***The reality is that this appraisal by TCAD could very well be *low*, as sales continue to drive the prices up in this area.**

Austin
homeowners who
cannot afford their
property taxes*



*2014 study by City of Austin Neighborhood Housing and Community Development
Department



For Example...

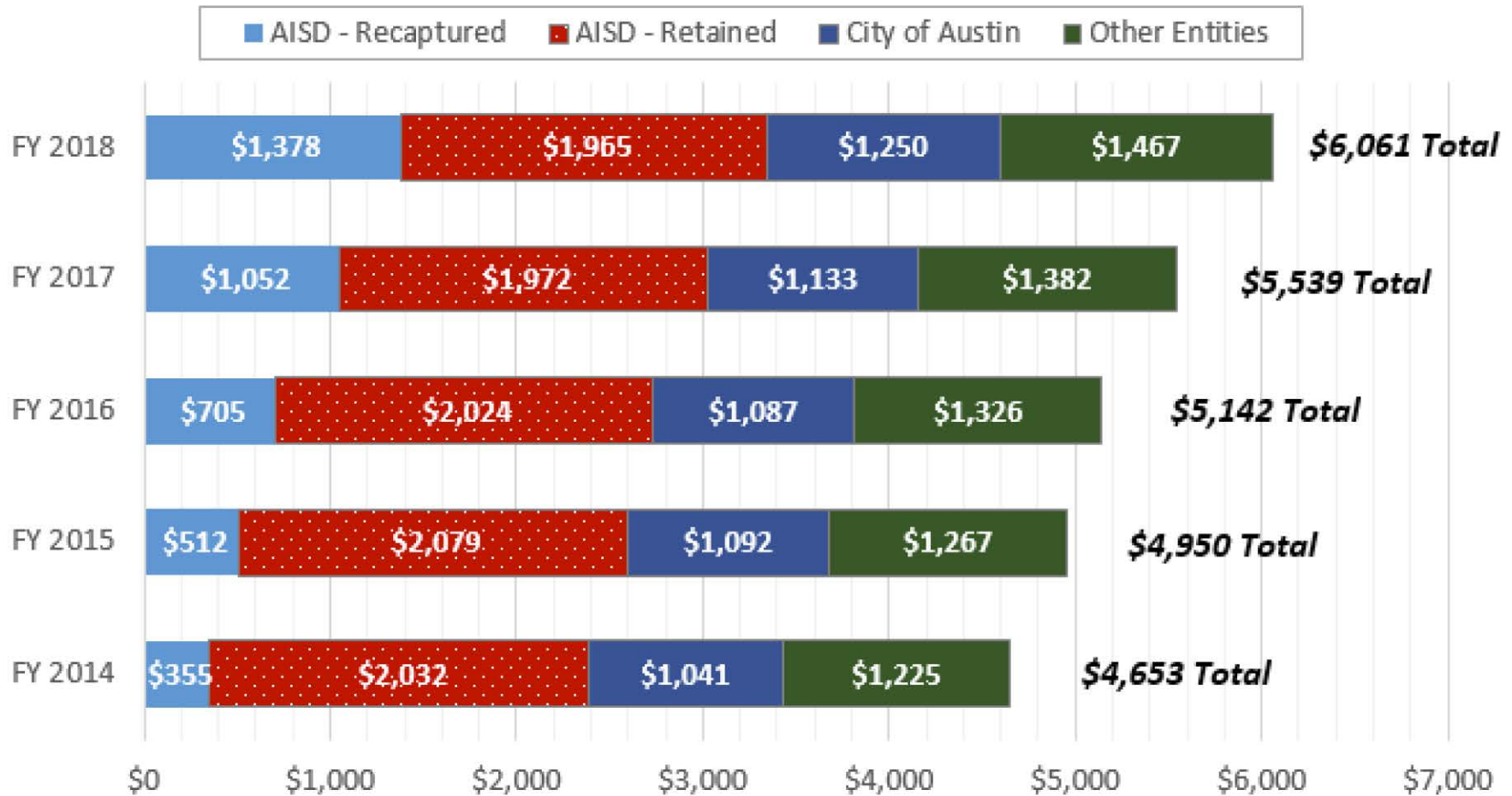
In 1997, we purchased two lots on the East Side for **\$22,000 dollars.**



Those empty lots are now appraised at **\$1.1 million dollars.**

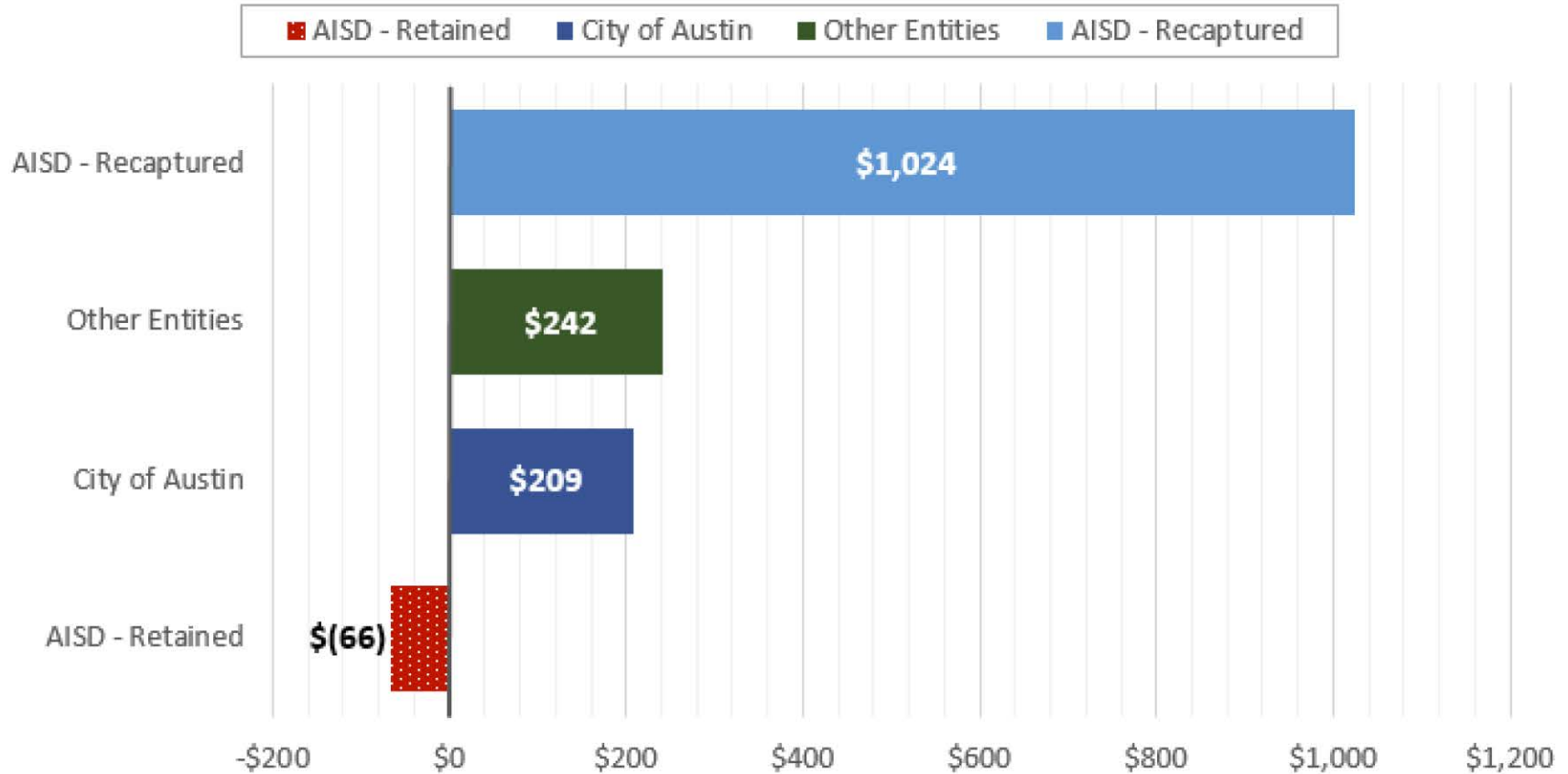
Five-year Median-Value Homestead Tax Bill

Components of Tax Bill



Cumulative Property Tax Change

Increase (Decrease): FY14 – FY18



AHFH solutions

Community Land Trusts

- 99+ year
- Permanently affordable
- Buy home, lease land
- Certain exemptions but main goal = reduced appraisal

Deed Restrictions

- 45 year
- Long-term affordability
- Buy home with restrictions on resale (to whom, for how much)
- No exemptions, just reduced appraisal

Our **entire** program design has been forced to change in response to property taxes.

AHFH sold 2018, Montopolis



2018

- Sold \$140,000
- Mortgage pmt: \$734.31
- Taxes = \$3,500.04
- 45 year deed restriction

2040 taxes

- Appraisal (TCAD):
\$186,200
- Taxes = \$4,122.44
- Will go up 1.5%/year
non-compounding

TCAD appraisal will follow the terms of the deed restriction.

Texas Tax Code

THE LAW

Valuations

CLTs, Sec 23.21

Sections (c),(d) deal with CLTs directly- the chief appraiser SHALL take into account restrictions that reduce the market value of the home.

Valuations

Deed Restrictions, Sec 23.21(e)

If the property was sold by a non-profit to an eligible family, then “the chief appraiser shall take into account the extent to which that use and limitation and any resale restrictions or conditions applicable to the property established by the organization reduce the market value of the property.”

Valuations

Market Data Method, Sec 23.013

(d) “Whether a property is comparable to the subject property shall be determined with regard to [...] the existence of [...] deed restrictions or other legal burdens affecting marketability.”

This section does not contain the “sold by a non-profit to an eligible family” language.

Thank you!

Happy to answer any questions!

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