

WEST GALVESTON ISLAND PROPERTY OWNER'S ASSOCIATION

MINUTES OF THE PROPERTY TAX COMMITTEE MEETING

June 1, 2005

West Galveston Island Property Owners Association Property Tax Committee Meeting June 1, 2005, 2:00 PM, Galveston Central Appraisal District, 600 Gulf Freeway

Participants:

- GCAD: Ken Wright - Chief Appraiser; Mitchell McCullough, Deputy Chief Appraiser
- WGIPOA: Jerry Mohn; Tom Boothe – Condos; Kathy Love – Bermuda Beach; James Stewart and Lonnie Strebeck – Isla del Sol; Peggy Zahler – Spanish Grant Beach; Joe and Charlotte Goetters – Acapulco Village; Marty Baker and Sidney McClendon – Pirates Beach/Cove

The Galveston Central Appraisal Districts appraises over 200,000 properties in 9 school districts. The Texas Constitution stipulates that all properties will be appraised according to their value. The GCAD is governed by the Texas State Comptroller's Office and the law requires appraisals at 100% (plus or minus 5%) of market value. If they are not compliant, then the State will withhold school funds. The GCAD will never reach 100% but they will always be between 95 to 100%. If they do not appraise the property at market value, the State will bring in others from outside the area to do the appraisals. As Mitch McCullough indicated, you do not want someone from Dallas or other parts of the State to do Galveston County appraisals.

Information is obtained through the MLS, Buyers, Court House, sale transactions, etc, or whatever information is available. As far as the West End, market value is easier to obtain because it is new. The GCAD looks at sales information, water front, water view, dry lot, etc. Low altitude aerial photos are now very accurate and the GCAD can determine the roof line and square footage from the pictures. They make certain the data is listed correctly such as homogeneity of the neighborhood, any swimming pools, near highways, etc. A formula is usually incorporated as well as the use of appraisal manuals, which are developed yearly and updated annually, and the use of an appraisal ratio technique. The main focus, however, is on sales and sales activity.

Since the home property appraisals for the GCAD are almost exclusively market driven, the basic techniques used are mass appraisals where detailed descriptions of each taxable property are prepared and analyzed. Residential properties are grouped into homogeneous areas such as in a subdivision for Bermuda Beach, Terramar, or Pirates Beach. Then, you may have 5 or 8 different homogeneous areas within the subdivision. They look at the land, improvements, size, use, age, construction costs, and basically anything that has contributed to the value of the property. They look at sales of comparable homes or properties in the area. They look at the construction plans if a new house, photo surveys, copy of a beach permit. They look at the land value then the improvements for the total value than it is compared to the sales ratio, which is the replacement cost new less depreciation plus the land value divided by the appraised value. They do this for areas, neighborhoods, etc, and add up all the sales ratios to come up with a mean ratio to apply for the entire area.

One property could increase slightly while one next door goes out of sight - both based on demand and current comparable market values. The GCAD looks at each property and sections. Beach front property is usually very high in a beach front subdivision. The second row is valued less and each tier is lowered until the very back end of the subdivision.

Sometimes the GCAD is not able to monitor all the undisclosed data such as the house had termites or structural damage like a cracked slab or physical defects with the property. They could over appraise a property such as a house may have been sold with furniture and a boat. It is up to the homeowner or property owner to bring these matters to the GCAD attention. They can reduce the current property taxes but cannot retroactively reduce them for prior years. The homeowner needs as much verification as possible with pictures, comparables, maps, etc. The GCAD almost always takes the word of the homeowner and will make the changes and reduce the values.

It was interesting to hear that high end homes in part of Northern Galveston County are starting to drop, which is usually a sign of property values starting to drop. However, the group believes Galveston Island will not experience a drop because it is in large demand from several factors: It is one of the cheapest resort areas left in the U.S.; Floridians and Californians are coming in with money; and, new oil money in Houston are looking for weekend homes.

The WGIPOA encourages all property owners that have filed for a hearing to do diligence in obtaining as much information that is available. The GCAD indicated several firms in the greater Galveston-Houston area are available that can investigate your particular property including from the highest rated: L.B. Walker Company; Marion Poer Company; Tami Allison Company; Harty & Carbone; and, Oconnor & Associates.

The group present at the meeting decided the WGIPOA Board will become involved in the appraisal process toward the end of the 2005 year rather than wait for the new appraisals.

Respectfully Submitted,

Jerry Mohn, President
