

# Zwicker Property Tax Protest

Paul Zwicker | June, 2023

## Protest Information

### Property Information

**Owners:** Zwicker Paul A & Sara Wolfe

**Account Number:** 0931920000058

**Property Address:** 10027 Wickersham Ln, Houston, TX 77042

**State Class Code:** A1

**Neighborhood:** 7947.00

**Neighborhood Group:** 1117

**Map Facet:** 4956D

### Value Information

**HCAD Appraised Value:** \$715,818

**Protested Value:** \$651,397

## The Data

Data in the analysis below is sourced from [Harris County District Appraisal Public Data](#) unless otherwise noted.

# Summary

This page summarizes the findings of the analysis. Details for each part of the analysis are included in later pages.

## 2023 Market Value Does Not Fit the Market or Neighborhood

1. The HCAD A1 market's median property market value increased 15.3% in 2023
2. The subject property's neighborhood's median property market value increased 6.1% in 2023
3. The subject property's market value is currently assessed to increased 9.7% in 2023, which is a larger increase than 85% of properties in the subject's neighborhood

## 2022 Market Value Was Too High

1. The subject's market value growth in 2022 was pushed up primarily by new construction value from the subject's extensive remodel
2. The remaining, market-driven market value increase (15.3%) was well above other remodels (3.4%) and the broader neighborhood (12%)
3. 2022's market value increase was not protested due to extenuating circumstances which required significant home repairs and diverted attention

## New Features Not Depreciated Properly

1. Solar panels were installed on the subject property in 2022
2. The solar panels were not depreciated properly according to federal tax standards

## Takeaway

2023's market value should be \$651,397, not \$715,818. This includes the final points from each of the analyses above, each of which are detailed below.

# Protest Evidence

## The Market

### Definition

“The market” is defined as all A1 state class code properties in the HCAD public database.

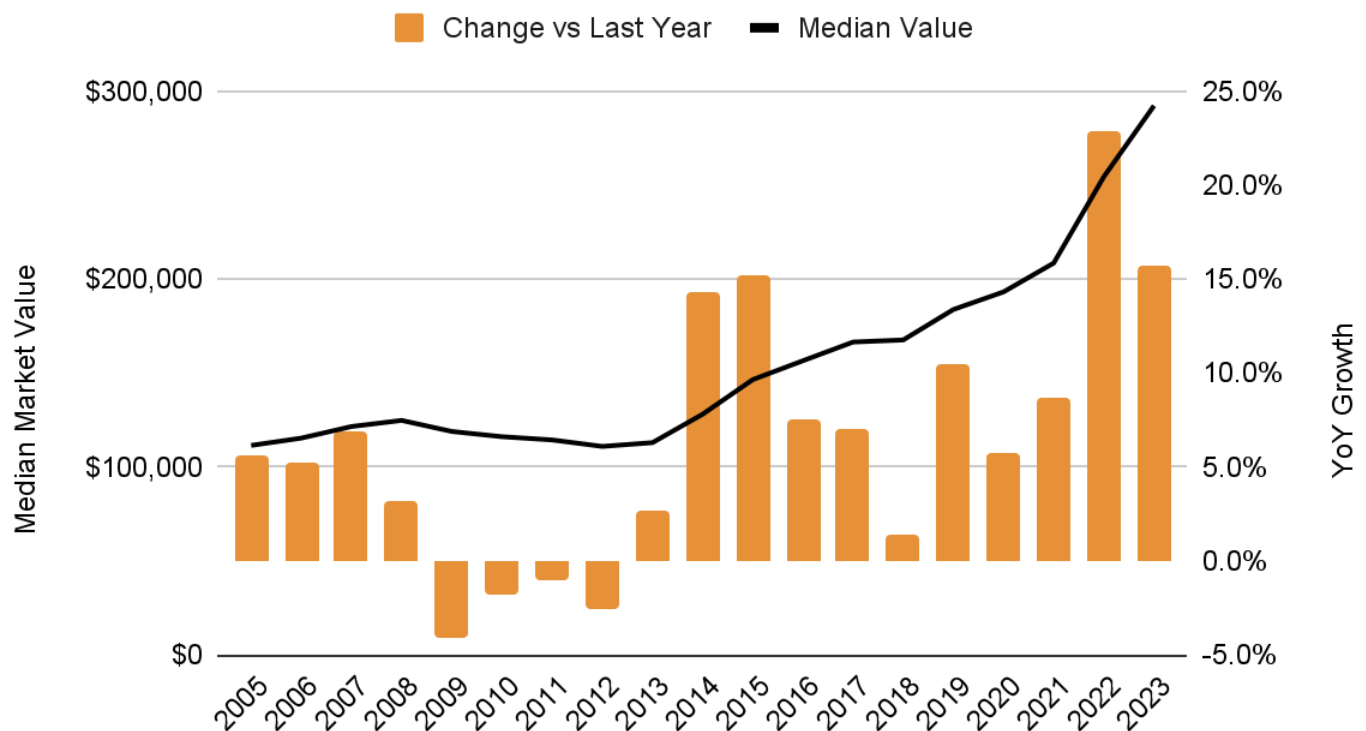
### Analysis

A1 housing prices across Houston have grown consistently each year. Growth picked up substantially in 2022, where the median A1 HCAD property grew +23% after growth rates in the +1% to +10% the prior 6 years. In 2023, growth rates settled somewhat to +16%.

### Takeaway

1. The median growth rate from all HCAD A1 properties was 15.7% in 2023
2. 2022 was an aberration in year-over-year growth, and 2023 marked the beginning of the return to normal.

## HCAD A1 Median Market Values



# The Neighborhood

## Definition

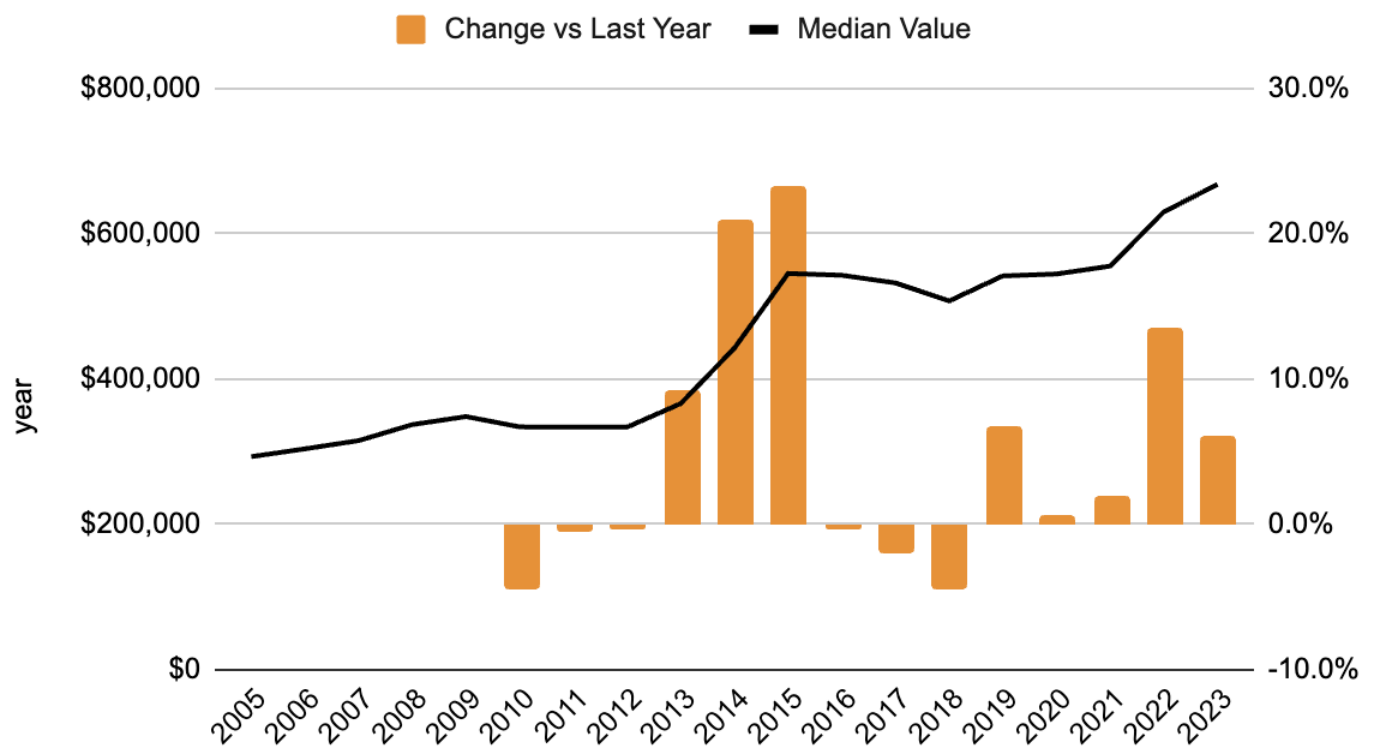
“The neighborhood” is defined as all A1 properties in the 1117 neighborhood group. This neighborhood group includes neighborhood codes 7946.00 (687 properties), 7946.03 (44), and 7947.00 (619) and encompasses Briargrove Park.

## Analysis

### The Median Property

Property value growth in the neighborhood has correlated strongly with that of the market (0.75 correlation coefficient since 2005). In other words, the neighborhood’s property values grow similarly, year to year, compared to all A1 properties in the HCAD database. However, the neighborhood’s growth rate is consistently less than that of the market. For example, in 2023, the neighborhood’s median property by market value grew 6.1% year-over-year, compared to the market’s median property’s 15.7% year-over-year growth rate.

## Neighborhood Median Market Values

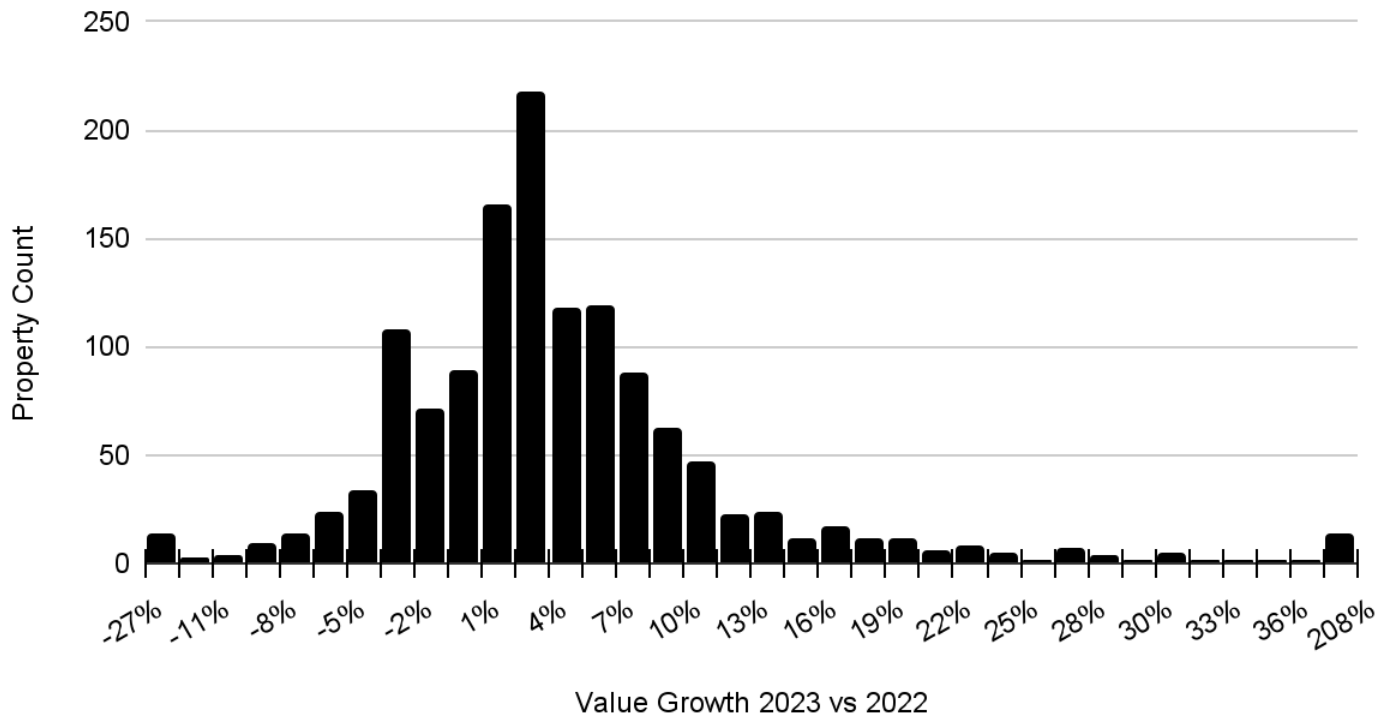


### Property-Level Growth Rates

While the prior section demonstrates the change in the median property from year to year, this section describes growth rates from 2022 to 2023 for all properties in the neighborhood. The histogram below shows the distribution of 2023 growth rates. The most common growth rate is between 2% and 4%, and the median

year-over-year growth rate was 3%.

## 2023 vs 2022 Growth Distribution



### The Subject Property

The subject property's market value increase in 2023 is currently assessed at 9.7%, putting it in the top 15% of neighborhood properties based on 2023 year-over-year market value growth.

### Takeaways

1. The neighborhood's growth rates change the same from year to year as the market's, but at a lower growth rate
2. The median year-over-year growth rate among properties in the neighborhood was 3%
3. The subject's market value growth rate in 2023 of 9.7% was far above the median growth rate of properties in the neighborhood

## 2022 Remodel

### Definition

Remodeled properties are defined as properties with at least \$100,000 of new construction value in 2022 inside the neighborhood. Non-remodeled properties are defined as the inverse, or all properties with \$0 in new construction to \$99,999 in new construction.

## Analysis

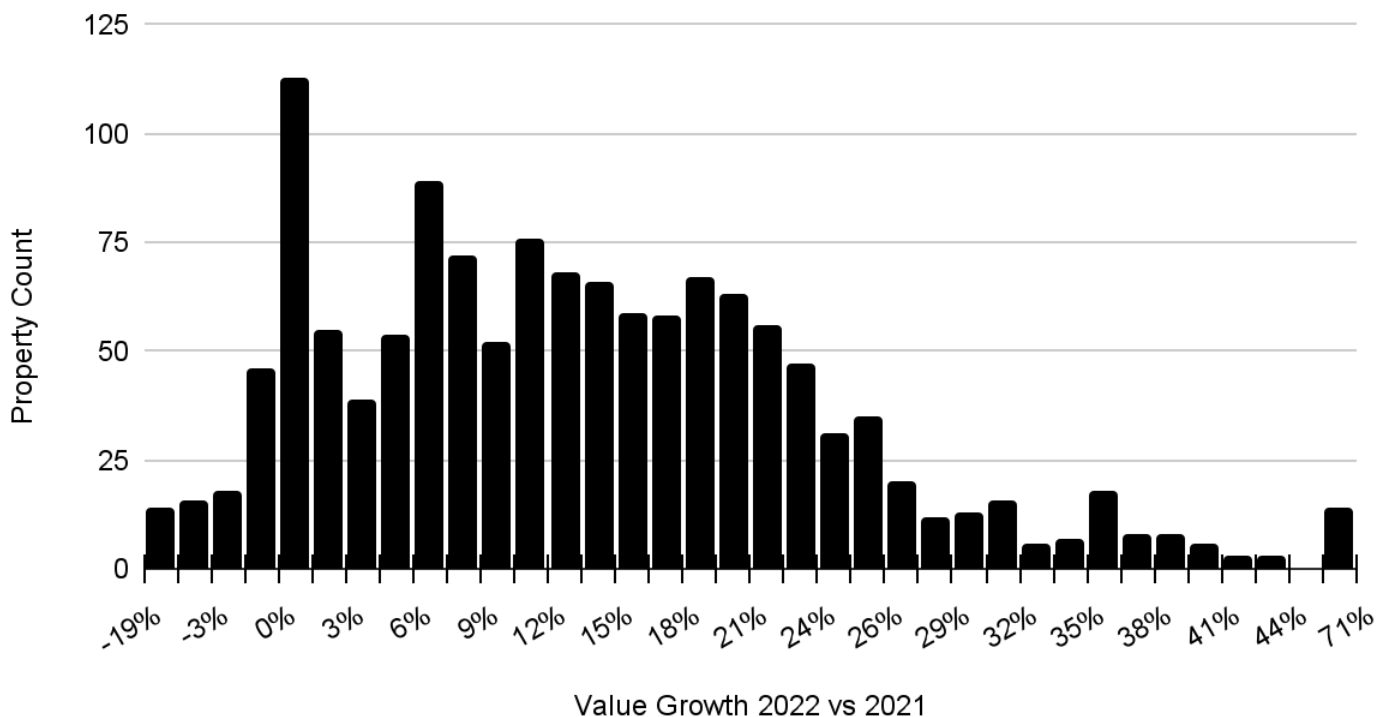
### 2022 Market Value

The subject property was remodeled in 2021, raising its value substantially in 2022. The new construction was valued at \$174,829. The subject's pre-remodel value (2021 value) was \$414,458. The subject's market value grew 57%, or \$238,277, from 2021 to 2022 to \$652,735.

The subject property's new construction value (\$174,829) was 73% of its total market value increase (\$238,277) in 2022. The remaining 27%, or \$63,448, of growth was market growth. If we assume that the remodel hadn't happened, and the property had experienced only market growth, the \$414,458 2021 value plus the \$63,448 actual market increase would have resulted in a value of \$477,906 -- a percentage increase of 15.3% versus 2021.

Compared to non-remodeled properties in the neighborhood, this 15.3% year-over-year increase would have been above the neighborhood's median growth rate of 12% in 2022. Other, remodeled homes' median growth, excluding remodeling value, was 3.4% year-over-year. The subject property's 15.3% non-remodel growth was the third-highest of the 19 remodeled properties. The two properties with higher growth were [10019 Briar Drive](#), and [10030 Green Tree Rd](#), both of which are valued substantially higher than the subject property.

### 2022 vs 2021 Growth Distribution - Non-Remodeled Properties



A more-accurate market value in 2022, therefore, would have been the 2021 value + construction value + the midpoint growth between the neighborhood and the other, remodeled properties in the neighborhood (mid between 12% and 3.4% = 7.7%). This would result in a market value of \$621,200 (\$414,458 + \$174,829 + \$31,913).

## Extending to 2023

If we start from a base market value of \$621,200 in 2022 instead of the current \$652,735, and if we apply the median 2023 neighborhood growth rate (3%) to the new baseline, we arrive at a 2023 market value of \$639,836, far less than the current \$715,818.

## Why 2022 Wasn't Protested

In April, 2022, we discovered substantial water leaks at our home, the subject property, which required significant repairs throughout the property. More than \$130,000 was spent to fix the issues and repair and replace the corresponding damage. This included replacing all floors, replacing the primary shower, painting the entire interior, and replacing the kitchen cabinets. It took 4 months from start to finish to have the house fixed and allow us to live in it again. This extenuating circumstance took all of our attention, and therefore we did not protest our property value increase. Evidence is included of the work, including insurance claim documentation and contractor work orders.

## Takeaways

1. The subject property's 57% growth rate in 2022, or 15.3% less its new construction value from its remodel, was well above most similar properties' value increases in that year
2. A fair market value for the subject property in 2022 was \$621,200, not \$652,735
3. Due to extenuating circumstances, 2022's market value was not protested
4. A fair market value in 2023 would be \$639,836, far less than the current \$715,818 market value

## New Features

### Definition

New features are defined as the `x\_features\_val` from the HCAD database.

### Analysis

The subject property's features were valued at \$4,777 in 2022 and \$22,237 in 2023. Presumably, this increase (\$17,460) was due to the installation of solar panels on the subject property in November, 2022.

According to [this source](#) (also included in evidence files), 85% of a solar installation can be depreciated over a period of 7 years. The Federal tax MACRS depreciation schedule for solar panels is 80% after the first year, followed by a lesser amount each of the remaining 6. We should apply the federal depreciation schedule since the state depreciation schedule is not relevant to Texas since Texas does not have state income tax.

Applying this depreciation schedule to the \$21,200 cost of the solar panels in 2022 results in the following.

Year	Depreciation	Depreciation Value	Final Value
2023	80%	\$3,604	\$6,784
2024	20% of remaining 20%	\$2,883	\$6,063
2025	32% of remaining 20%	\$1,730	\$4,910
2026	19.2% of remaining 20%	\$1,038	\$4,218
2027	11.5% of remaining 20%	\$623	\$3,803

2028	11.5% of remaining 20%	\$209	\$3,389
2029	5.8% of remaining 20%	\$0	\$3,180

## Takeaways

1. The subject property's new features are not properly depreciated in its 2023 market value
2. The subject property's feature value in 2023 should be \$11,561 (\$4,777 starting feature value + \$6,784 depreciated value of solar panels)