

MARKET VALUE AND THE HOMESTEAD CAP

When you received your Notice of Appraised Value this year, you may have noticed several different values printed on it. Having multiple and different values on the notice can be confusing, especially with regards to the Homestead Exemption and the “homestead cap”. Below, we have attempted to clarify differences between two of these values and to explain how the homestead cap affects these values.

Market Value

Per the Texas Property Tax Code, all taxable property must be valued at 100% of market value as of January 1 each year. This value is shown on your notice as “Total Market Value”. Because it is based on recent sales, the Total Market Value may change upwards or downwards any amount depending on recent market trends and IS NOT limited to increases of 10% or more. It may change as much as the current market changes.

Assessed Value (“Homestead Cap Value”)

Per the Texas Property Tax Code, an exemption for taxation is available to an individual’s primary residence. One of the features of the exemption is a limit to the amount that the value for taxation can increase from one year to the next. This limit is frequently referred to as the “homestead cap”. The “capped” value is shown as the “Assessed Value” and is located at the bottom of the list of values on your notice or online. The assessed value IS limited by the Homestead Exemption and may not go up more than 10% in one year in most cases as long as the exemption was in place for the prior year for the current owner. This number is calculated using the previous year’s Assessed Value and a “cap” of 10%.

For example:

In 2024, a property with a Homestead Exemption had a market value of \$261,017 and an assessed value of \$221,833. In 2024, the subject’s market value increased to \$261,017, but the assessed value is limited to the previous year’s assessed value plus 10% of that value ($\$186,155 \times 10\% = \$18,616$). The assessed value for 2024 is \$166,720. This taxpayer’s value for taxes is starting at \$166,720 instead of \$227,304 in 2024.

This example would look like the following summary on their 2024 Notice of Appraised Value:

Appraisal Information	Last Year - 2023	Proposed - 2024
Structure / Improvement Market Value	199,024	224,617
Market Value of Non Ag/Timber Land	38,400	38,400
Market Value of Ag/Timber Land	0	0
Market Value of Personal Property/Minerals	0	0
Total Market Value	235,424	261,017
Productivity Value of Ag/Timber Land	0	0
Appraised Value	186,155	221,833
HS Cap Value/Circuit Breaker Limitation	186,155	221,833
Exemptions	HS	HS

**A residence homestead is protected from future assessed value increases in excess of 10% per year from the date of the last assessed value plus the value of any new improvements. (The

limitation takes effect to a residence homestead on January 1 of the tax year following the first year the owner qualifies the property for the residential homestead exemption. [Section 23.23(c) Texas Property Tax Code])

Do I have a homestead exemption?

A property with a homestead exemption will have an "HS" code listed in exemptions on the Notice of Appraised Value under the box showing values (as seen above).

The exemption is listed on the property details in BCAD's online property search. It can be found in the Owner Information section.