



2500 Handley – Ederville Road
 Fort Worth, TX 76118
 (817) 284 – 3925
 res@tad.org

Residential Builder's Inventory

Texas Property Tax Code

Sec.23.12 Inventory

- (a) Except where provided by Sections 23.121, 23.1241, 23.124, and 23.127, the market value of an inventory is the price for which it would sell as a unit to a purchaser who would continue the business. An inventory shall include residential real property which has never been occupied as a residence and is held for sale in the ordinary course of a trade or business, provided that the residential real property remains unoccupied, is not leased or rented, and produces no income.
- (b) The chief appraiser shall establish procedures for equitable and uniform appraisal of inventory for taxation.
- (c) In appraising an inventory, the chief appraiser shall use the information obtained pursuant to Subsection (b) of this section and shall apply generally accepted appraisal techniques in computing the market value as defined in Subsection (a) of this section.

Residential Builder's Inventory Appraisal Procedure

In accordance with Texas Property Tax Code Sec. 23.12 (a), (b), & (c) the Tarrant Appraisal District (TAD) has established the following procedure for the equitable and uniform appraisal of inventory for taxation using generally accepted appraisal techniques in computing the market value:

- ✓ Both Vacant and Improved Residential Real Property qualify for Builder's Inventory Valuation
 - Market Value of Inventory calculation is equal to 1) or 2) of the methods below, but not both:
 - 1) Fair Market Value minus the Inventory % Adjustment determined by discount cash flow analysis (DCF)
 - Vacant Inventory - This method is primarily used for vacant inventory
 - 2) Cost Amount as of Jan. 1st as Rendered by the Builder
 - Improved Inventory - This method is primarily used for improved inventory
- ✓ There is no minimum ownership requirement (i.e. a single lot or house is eligible)
- ✓ The property must be owned by a builder on January 1st of the year to qualify
- ✓ Renditions are confidential and will be treated as confidential information

The calculation for Inventory % Adjustment is determined by discounted cash flow (DCF) analysis. DCF analysis is a generally accepted appraisal technique.

HOLDING PERIOD	6					
TOTAL # OF LOTS	13757					
AVERAGE LOT PRICE	\$59,200					
APPREC RATE 1ST YR	1%					
APPREC RATE YRS 2-6	1%					
EXPENSE RATE 1ST YR	10%					
EXPENSE RATE YRS 2-6	10%					
DISCOUNT RATE (INCL TAXES)	13%					
VACANT LAND DCF						
YEAR	1	2	3	4	5	6
BEG. GROSS SALES POTENTIAL	\$814,414,400	\$501,178,113	\$268,492,927	\$137,763,182	\$61,609,918	\$26,122,605
APPRECIATED LOT VALUE	\$814,495,841	\$506,189,894	\$271,177,856	\$139,140,814	\$62,226,017	\$26,383,831
BEGINNING LOT INVENTORY	13757	8465	4490	2281	1010	424
LOTS ABSORBED (ENTER #)	5292	3975	2209	1271	586	424
ENDING LOT INVENTORY	8465	4490	2281	1010	424	0
END. GROSS SALES POTENTIAL	\$501,178,113	\$268,492,927	\$137,763,182	\$61,609,918	\$26,122,605	\$0
SALES PROCEEDS	\$313,317,729	\$237,696,967	\$133,414,673	\$77,530,897	\$36,103,412	\$26,383,831
SALES EXPENSE	\$31,331,773	\$23,769,697	\$13,341,467	\$7,753,090	\$3,610,341	\$2,638,383
NET INCOME	\$281,985,956	\$213,927,271	\$120,073,206	\$69,777,807	\$32,493,071	\$23,745,448
TOTAL NET PRESENT VALUE	\$572,135,632					
NET PRESENT VALUE PER LOT	\$41,589					
LOT NPV /AVG LOT PRICE = RATIO	0.70					
INVENTORY % ADJUSTMENT	30%					

****IMPORTANT**** Filing a rendition does not guarantee that the value will change. It is recommended that the party filing a Rendition of Builder's Inventory file a timely protest with the Tarrant Appraisal Review Board in addition to filing a rendition.

Please return completed renditions and excel listings on or before April 15th by email to res@tad.org



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Rendition – Instructions for Filing:

Rendition of Residential Builder’s Inventory is not required to receive inventory valuation. However, renditions are extremely valuable to both TAD and the Builder. Completed Renditions must be returned on or before April 15th. Filing a rendition does not guarantee that the value will change. It is recommended that the party filing a Rendition of Builder’s Inventory file a timely protest with the Tarrant Appraisal Review Board in addition to filing a rendition.

Return the completed **1) Rendition** (this form) and the **2) Excel** listing on or before April 15th by emailing res@tad.org

- o Excel format for return is as follows:
 - Column A: List the TAD Account Number
 - Column B: List the Owner as of Jan. 1st
 - Column C: List the Builder’s Cost as of Jan. 1st
 - Column D: List the 1) Year Built; or List as 2) Vacant Land

Any questions on how to fill out the Residential Builder’s Inventory Rendition need to be directed to res@tad.org.

1. Tax Year _____

2. Property Owner’s Name: _____

3. Filing Party Information

List your Name: _____

Mailing Address: _____ City: _____

State: _____ ZIP Code: _____ Email: _____ Phone: (____) _____ - _____

4. Excel Attachment (Include in email to res@tad.org)

File Name of Attached Listing of Properties for Inventory: _____

5. Signature

This form must be signed and dated. By signing this document, you attest that the information contained & attached is true and correct to the best of your knowledge and belief.

Print Name: _____

Signed Name: _____ Date: _____

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