

## Late Backu

**Austin properties:**

- All have a known sales price (see endnotes for sources).
- The Central Appraisal District final appraised value (FAV) is given for the year following the sale (see 2013 exceptions).
- Any associated properties are included as a sum in the CAD Final Appraised Value column and are itemized in the endnotes.
- We confirmed by phone with Travis CAD staff that there are no other associated properties connected with these sales.

| Property Name                                    | Address                        | Prop. Type      | Sale Date  | Sale Price (Reported) | CAD Final Appraised Value | CAD App. Year | Appraised Val as % of sales price |
|--|--------------------------------|-----------------|------------|-----------------------|---------------------------|---------------|-----------------------------------|
| Burleson Business Park <sup>1</sup>              | 4101 Smith School Road         | Industrial      | 10/19/2012 | \$26,119,000          | \$12,735,725              | 2013          | 49%                               |
| Hampton Inn south of Airport <sup>2</sup>        | 4141 Governors Row             | Hotel           | 10/9/13    | \$15,410,000          | \$ 8,989,178              | *2013         | 62%                               |
| Renaissance-Arboretum <sup>3</sup>               | 9721 Arboretum Boulevard       | Hotel           | 3/23/2012  | \$103,000,000         | \$64,841,333              | 2013          | 63%                               |
| Northcross <sup>4</sup>                          | 2525 West Anderson Lane        | Shopping Center | 6/24/2013  | \$ 61,500,000         | \$ 33,272,209             | *2013         | 60%                               |
| Tech Ridge Center <sup>5</sup>                   | 500 Canyon Ridge Drive         | Shopping Center | 9/26/2011  | \$ 55,400,000         | \$41,970,384              | 2012          | 76%                               |
| Courtyard-Austin <sup>6</sup>                    | 12330 North IH 35 TX 78753     | Hotel           | 11/2/2010  | \$ 20,000,000         | \$8,875,045               | 2011          | 44%                               |
| Fairfield Inn & Suites-Austin <sup>7</sup>       | 12536 North IH 35 TX 78753     | Hotel           | 11/2/2010  | \$17,750,000          | \$8,166,888               | 2011          | 46%                               |
| Hilton Garden Inn-Austin <sup>8</sup>            | 12400 North IH 35 Austin, TX   | Hotel           | 11/2/2010  | \$ 16,000,000         | \$8,031,281               | 2011          | 50%                               |
| West Creek Shopping Center <sup>9</sup>          | 4404 West William Cannon Drive | Shopping Center | 9/26/2013  | \$ 15,100,000         | \$ 7,471,954              | *2013         | 49%                               |
| Raceway Crossing Industrial Center <sup>10</sup> | 16310 Bratton Lane             | Industrial      | 10/23/2012 | \$18,687,000          | \$10,647,000              | 2013          | 57%                               |
| Bailey Square <sup>11</sup>                      | 1111 West 34th Street          | Health Care     | 6/25/2008  | \$ 28,134,062         | \$13,826,345              | 2009          | 49%                               |

\*2013 appraised values are used for 2013 sales because 2014 appraised values are not yet finalized.

<sup>1</sup> CAD Prop #788677; SEC 10-K, [http://industrialincome.com/uploaded-files/PDF/10-K/11T\\_Form\\_10-K\\_12.31.12.pdf](http://industrialincome.com/uploaded-files/PDF/10-K/11T_Form_10-K_12.31.12.pdf)

<sup>2</sup> CAD Prop #429917; SEC 8-K, <http://yahoo.brand.edgar-online.com/displayfilinginfo.aspx?FilingID=9500773-855-5720&type=sect&TabIndex=2&companyid=777460&ppu=%252fdefault.aspx%253fcik%253d1424879>

<sup>3</sup> CAD Prop #153537, SEC 10-Q, <http://www.sec.gov/Archives/edgar/data/1307748/000119312512215441/d335402d10q.htm>

<sup>4</sup> CAD Prop #784458 (\$17,391,015), 784457 (\$2,649,947), 784456 (\$8,773,572 ), 784455 (\$4,457,675); SEC 8-K, [http://www.sec.gov/Archives/edgar/data/1476204/000114420413033593/v347232\\_8k.htm](http://www.sec.gov/Archives/edgar/data/1476204/000114420413033593/v347232_8k.htm)

<sup>5</sup> CAD Prop #258230207 (\$2,739,214), 569376 (\$13,659,013), 569377 (\$25,572,157); SEC-10-Q, [http://yahoo.brand.edgar-online.com/EFX\\_dll/EDGARpro.dll?FetchFilingHTML1?ID=8232044&SessionID=gzBu6WffLuzS3u7](http://yahoo.brand.edgar-online.com/EFX_dll/EDGARpro.dll?FetchFilingHTML1?ID=8232044&SessionID=gzBu6WffLuzS3u7)

<sup>6</sup> CAD Prop # 774641; SEC 8-K, [http://www.sec.gov/Archives/edgar/containers/fix310/1418121/000093041310004787/c62750\\_8-k.htm](http://www.sec.gov/Archives/edgar/containers/fix310/1418121/000093041310004787/c62750_8-k.htm)

<sup>7</sup> CAD Prop #461124; SEC 8-K, [http://www.sec.gov/Archives/edgar/containers/fix310/1418121/000093041310004787/c62750\\_8-k.htm](http://www.sec.gov/Archives/edgar/containers/fix310/1418121/000093041310004787/c62750_8-k.htm)

<sup>8</sup> CAD Prop #738177; SEC 8-K, [http://www.sec.gov/Archives/edgar/containers/fix310/1418121/000093041310004787/c62750\\_8-k.htm](http://www.sec.gov/Archives/edgar/containers/fix310/1418121/000093041310004787/c62750_8-k.htm)

<sup>9</sup> CAD Prop # 446689 (\$7,359,8429), 699586 (\$112,112); SEC-10-Q, <http://www.secfinfo.com/d17T3b.xr.htm#1stPage>

<sup>10</sup> CAD Prop #755080; SEC Annual report, [http://industrialincome.com/uploaded-files/PDF/11T\\_2012\\_Annual\\_Report\\_FINAL.pdf](http://industrialincome.com/uploaded-files/PDF/11T_2012_Annual_Report_FINAL.pdf)

<sup>11</sup> CAD Prop # 214579 (\$12,125,246); SEC 8-K, <http://apps.shareholder.com/sec/viewerContent.aspx?companyid=SNH&docid=5923068>

# Late Backup

## Real Values for Austin

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### What are Real Values for Texas?

The Real Values for Texas Campaign aims to correct an unfair system in which many owners of large commercial buildings pay taxes based on ***only a fraction of the value of their properties***, while most homeowners pay taxes based on the real value of their homes.<sup>1</sup>

Our goal is to ensure that large commercial property owners do their part to contribute funding to schools and local services and to prevent homeowners from taking up an undue burden because the state's largest property owners won't pay their fair share.

### How does this affect my community and me?

Because of the way large commercial property owners are currently exploiting the property tax system, schools and local services in **Austin have lost an estimated \$759.7 million in local tax revenue over the past 5 years.**

#### Estimated lost local revenue in Travis County Appraisal District (2008-2012):

Top 500 Commercial Buildings only

|                                |                 |
|--------------------------------|-----------------|
| Travis County                  | \$150.8 million |
| Cities (including Austin)      | \$149.4 million |
| Austin Community College       | \$31.4 million  |
| Travis Central Health District | \$24.1 million  |
| Schools (including Austin ISD) | \$404.1 million |

### Isn't property tax pretty simple?

It should be, yes. In Texas, property owners pay a property tax bill every year that is based on the value of their property. ALL property throughout the state is supposed to be taxed based on market value. It should be simple.

### So, what's the problem?

The problem is that state property tax law is written in such a way that allows commercial property owners – especially owners of large commercial buildings – to use the appeal system to get the tax on their buildings to be based on a value far below what the building is actually worth. Based on our research as well as that of the *Houston Chronicle* and the Texas Association of Appraisal Districts, we estimate that commercial properties are being taxed at an average of 60% of their actual value.

A couple examples:

- The Burleson Business Park was acquired in 2012 for \$26.1 million.<sup>2</sup> In 2013, it was appraised for \$12.7 million, just 49% of the purchase price.

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<sup>1</sup> See Texas Association of Appraisal Districts, "[Why Do We Need Mandatory Sales Disclosure in Texas?](#)" (2007); Loren Steffy, "[A Dated Law on Commercial Real Estate](#)," *Houston Chronicle*, 2/3/2012. See also Nathan Morey, "[Unequal and Unfair: Why Texas Should Require Mandatory Sales Price Disclosure to Reconcile the Texas Property Tax Code with the Texas Constitution](#)," *St Mary's Law Journal*, 5/10/2010.

<sup>2</sup> Industrial Income Trust, SEC 10-K filing for fiscal year ended December 31, 2012. [http://industrialincome.com/uploaded-files/PDF/10-K/IIT\\_Form\\_10-K\\_12.31.12.pdf](http://industrialincome.com/uploaded-files/PDF/10-K/IIT_Form_10-K_12.31.12.pdf); CAD appraisal of 4101 Smith School Rd, TX 78744, Prop #788677.

- The Renaissance-Arboretum hotel was acquired in March 2012 for \$103 million.<sup>3</sup> In 2013, it was appraised for \$64.8 million, just 63% of the purchase price.
- The Raceway Crossing Industrial Center was acquired in October 2012 for \$18.68 million.<sup>4</sup> In 2013, it was appraised for \$10.6 million, just 57% of the purchase price.
- The Courtyard-Austin hotel was acquired in November 2010 for \$20 million.<sup>5</sup> The final 2011 appraisal was only \$8.9 million, less than half (44%) of the purchase price.

#### **How much money are we talking about overall?**

**A LOT.** Over the last 5 years, schools and local services in Texas have suffered an estimated combined loss of **over \$4 billion local dollars** from the undervaluation of the largest commercial properties due to the owners' manipulation of the protest system.

#### **What can we do about it?**

Citizens, homeowners, parents, community leaders, and legislators can get more informed about how this unfair system affects our kids, our communities, and us.

We can get organized and take action that will show lawmakers in Austin that it's time to change the law so big property owners can't get away with driving down the quality of life for all of us.

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<sup>3</sup> Inland American Real Estate Trust, Inc, SEC 10-Q filing for quarter ending March 31, 2012, <http://www.sec.gov/Archives/edgar/data/1307748/000119312512215441/d335402d10q.htm>; CAD appraisal of Arboretum Blvd, TX 78759, Prop #153537.

<sup>4</sup> Industrial Income Trust, SEC 10-K filing for fiscal year ended December 31, 2012, [http://industrialincome.com/uploaded-files/PDF/IIT\\_2012\\_Annual\\_Report\\_FINAL.pdf](http://industrialincome.com/uploaded-files/PDF/IIT_2012_Annual_Report_FINAL.pdf) 10-K for year ended 2012 CAD appraisal of 16310 Bratton Lane, 1-3 TX 78728, Prop #755080.

<sup>5</sup> Apple Nine REIT, SEC 8-K, Sept. 10, 2010, [http://www.sec.gov/Archives/edgar/containers/fix310/1418121/000093041310004787/c62750\\_8-k.htm](http://www.sec.gov/Archives/edgar/containers/fix310/1418121/000093041310004787/c62750_8-k.htm); CAD Appraisal of 12330 North IH 35 TX 78753, Prop #461124. Appraised value in chart rounded from CAD appraisal of \$8,875,045.



### **Northercross**

2013 Purchase Price: \$61.5 million

2013 Appraisal: \$33.3 million

**46% Discount**

### **Burleson Business Park**

2012 Purchase Price: \$26.1 million

2013 Appraisal: \$12.7 million

**51% Discount**

## **Homeowners Pay the Price for Big Commercial Property Tax Discounts**

**Big commercial property owners exploit loopholes in property tax law to knock an average of 40% off their tax bill. It's a bargain for them, but it comes at our expense.**

**This manipulation puts increased pressure on homeowners and regular taxpayers to make up the difference. And it deprives our community of much-needed support for local public services.**

**It's time for a fair property tax system where big commercial property owners pay property taxes on the real market values of their buildings.**

**Learn more at [realvaluesfortexas.org](http://realvaluesfortexas.org)**

