



Armstrong County Appraisal District
Local Property Tax & Appraisal Information

Mass Appraisal Process
Market/ Sales Approach
Cost Approach
Income Approach

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ARMSTRONG COUNTY APPRAISAL DISTRICT

HOW PROPERTY IS APPRAISED LOCAL PROPERTY TAX & APPRAISAL INFORMATION

Mass Appraisal Process

Texas law requires appraisal districts to appraise all property at its current market value as of January 1. The value of real property subject to local property taxation is determined by the use of Mass Appraisal techniques. Within the Mass Appraisal system, there are three common approaches to determine market value used by the Armstrong County Appraisal District.

Market value is the price at which a property would sell for cash or its equivalent under the prevailing conditions if the property is:

1. Exposed for a reasonable time in the open market
2. Both buyer and seller are well informed of all property uses, purposes, and restrictions
3. Both parties seek to maximize their gains
4. Neither party is in a position to take advantage of the other

The three approaches to value are:

1. Market or Sales Comparison Approach
 - a. The Market Approach to value develops an estimate of value by comparing the subject to similar properties that have recently sold. Sales prices should be used for similar properties. It is the most reliable approach to value in an active sales market. This approach is best suited for residential properties.
2. Cost Approach
 - a. The Cost Approach to value estimates value by calculating what it would cost to develop a new property with characteristics of the property being appraised, then adjusting the cost to reflect the actual condition and the circumstances. The calculated value of the structure is then added to the land value for an overall property value. Best approach for the new or unique properties where there is no sales or income being derived from the property.
3. Income Approach
 - a. The Income Approach to value relies on the concept that income over a period of years can be capitalized or converted to a lump sum that represents what someone would pay to purchase the right to receive the income. This lump sum is also called present worth. It is a good value indicator for the properties that produce income, such as apartments and hotels.