

## Category “O” Properties – Borden County Appraisal District

### Procedures for Appraising Real Property: Residential Real Property Inventory Category “O”

In order to appraise subdivisions more fairly, Borden CAD will appraise the remaining unsold lots of developer’s subdivisions using a subdivision analysis, unless the number of remaining lots is inconsequential when compared to the total number of lots originally developed.

The developer **must** file an application/rendition to receive this valuation method each year.

Category “O” properties are residential real property held as inventory if all of the following apply:

- They are under the same ownership.
- They are contiguous or located in the same subdivision or development.
- They are held for sale in the ordinary course of business.
- They are subject to zoning restrictions limiting them to residential use. If not subject to zoning, they are subject to enforceable deed restrictions limiting them to residential use. Or their highest and best use is as residential property.
- They have never been occupied for residential purposes.
- They are not presently leased or producing income.
- The property is business inventory.

### Important Notes in Classifying Residential Real Property Inventory

- All of the above criteria must be met for the property to be classified as Category “O” property.
- The land and improvement value are both classified as Category “O” property if the criteria are met.
- The property is appraised as a unit.

### Guidelines:

- Applications/renditions must be filed with the appraisal district by April 15 for each subdivision or development.
- The discounts applied to the developer’s inventory may be supported by discounted cash flows or other analysis. (i.e., age or subdivision)
- Small subdivisions or subdivisions with a small percentage of unsold lots may not qualify for subdivision analysis.
- Subdivisions that have an existing adjustment based on other analysis may not qualify.
- Properties that qualify for residential inventory and receive a discount will be coded as Category “O”, following a sale of a particular lot in the category of that lot will be changed depending on use to C or A and the discount will be removed.
- In most cases, properties to be considered for residential inventory are properties that have never been sold or earned income. In some cases, a revitalization of an old subdivision may qualify.