

Houston LVT in one page

What if we taxed land instead of buildings?

2026-04-25

The headline

If the City of Houston replaced its property tax with a **revenue-neutral land value tax** on the TY2025 roll (~\$2.06 B in full-market revenue, before caps and exemptions), the rate would solve to:

\$1.31 per \$100 of land value — 2.5× the current rate.

Same total revenue. Different distribution.

Who pays more, who pays less

	Median tax change
Single-family homeowner (A1)	-\$217 (-15.7 %)
Multifamily category total	-\$98 M (-39 %)
High-rise condo unit	typically saves
Vacant lot in city (C1)	+\$399 (+152 %)
Vacant commercial (C2)	+\$843 (+152 %)
Commercial (F1)	+\$615 (+31 %)
Industrial (F2)	+\$254 (+21 %)

53 % of taxable parcels save under LVT. 42 % pay more. 5 % unchanged.

The flagship parcel category

Three buckets of underutilized land carry most of the new burden:

- 74,814 vacant parcels
- 18,773 parking-primary parcels (>50 % of parcel area is surface lot)

- **32,759 low-improvement parcels** (improvement < 20 % of land value)

Together: roughly **19 % of City of Houston taxable parcels**. Every one of them pays substantially more under LVT — because the value sitting under their asphalt is finally being taxed at the same rate as the value sitting under everyone else’s house.

A side-finding worth its own headline

Σ current property tax on full-market basis	\$2.058 B
City’s certified FY2026 levy (with caps & exemptions)	\$1.421 B
Implicit subsidy from caps + exemptions	\$637 M / year

The homestead cap, over-65 freeze, and disabled-veteran exemption shift roughly \$640 M of would-be City property-tax obligation off long-tenured residents and onto everyone else, every year.

Caveats (read these)

1. We use HCAD’s reported land values directly because Texas non-disclosure law puts sale prices out of reach on public data. HCAD typically undervalues land relative to market, so the parcel-by-parcel LVT shift we report is **conservative** — the real burden flip onto vacant land and surface lots is almost certainly *larger* than what we show.
2. ~25,500 tax-exempt parcels (TMC, government complex, churches, parks) carry implausibly low values in HCAD’s data and are excluded from both sides. Back-filling them from neighborhood-median \$/sqft puts off-roll land value at a floor of **\$70 B — about 31 % of total Houston land**. That is a separate base-erosion headline; it doesn’t change the LVT rate we report, which holds both sides constant.

See it on the map

Every Houston parcel, colored by tax change under LVT, side-by-side with surface-parking polygons: <https://powerfundamental.com>.

White paper and methodology: <https://powerfundamental.com/paper/whitepaper.pdf>.