

MINUTES

2015 Board of Equalization and Review
June 24, 2015

Board Members Present: Jennifer Marsh, Chair
Patricia Roberts, Regular
Pamela Davis, Regular

Staff Members Present: Roger Gunn, Chief Appraiser
Steve Hensley, Appraiser
Scherri McCray, Secretary
Mike Sutton, Commercial Appraiser

The meeting was called to order at 2:00PM on June 24, 2015 by Ms. Marsh.

Forrest

PIN # 9798655825

Mr. Larry Forrest appeared before the Board to appeal the valuation of his property located at 322 CIRCLE PARK PLACE, CHAPEL HILL. The current tax value assigned to the property by Orange County is \$1,123,200. The appellant is requesting that the Board lower the 2015 valuation citing that the house has been on the market for almost two years and has not sold. Additionally, Mr. Forrest submitted an appraisal that was conducted on the subject in June 29014 that stated the value of the property should be between \$946,000 and \$978,000. The appellant purchased the property in July of 2014 for \$950,000. The appellant stated that he understood how the current valuations were assessed but he feels those valuations were not appropriate because there were no sales in the subject area that have ever come close to the valuations or appraisals that were made in 2008 and 2009.

Ms. Marsh questioned if the comparable sales the appellant submitted were from 2008 to which the appellant responded that they were from after 2008 and 2009. The appellant stated that if an appraisal was done and you tried to sell your property for the amount of the appraised value and it did not sell, that should mean that the appraisal was too high because no one would buy the property at the appraised value. Mr. Forrest stated that if a property will not sell immediately after the appraisal for an amount near the appraised value, then how could that appraisal be considered appropriate?

Ms. Davis explained the revaluation process to the appellant to help him understand how the values would apply to current properties as all properties in Orange County are assessed values that were obtained from sales prior to the 2009 revaluation.

The County stated that in October of 2007 the property sold for 1,253,500, and that there was a review of the subject property at the informal appeals level and corrections were made to the sketches which resulted in a decrease in square footage as well as a decrease in value from \$1,268,093 to the current value of \$1,223,200. Furthermore, the County presented evidence of comparable sales in the subject's neighborhood during the 2007 to 2008 time frame that supports the current valuation.

The Board reviewed all documents and information provided by the appellant and the County. After deliberation and review, Ms. Marsh made a motion of no change to the current assessed value based on lack of any time relevant evidence to suggest that the County's assessed valuation was incorrect. Ms. Roberts seconded the motion and the motion carried.

Yes: 3

Noes: 0

Liggett Investment, LLC

PIN # 978889992

Liggett Investment, LLC elected not to appear before the Board and requested that the submitted documentation serve as their appeal. The property under appeal is a three unit apartment building located at 20 DAVIE CIRCLE, CHAPEL HILL. The parcel was last appraised by the County as part of the 2009 general reappraisal at \$360,789, with \$242,600 attributable to the land and \$118,300 attributable to the improvements.

Michael Sutton, the commercial appraiser for the Orange County Tax Office, presented the information for the Board to review. The subject property is being appealed by David K. Liggett with Liggett Investments, LLC. The appellant contends that the property is overvalued, based on an appraisal done September 30, 2011, which was performed for refinance purposes. The appellant's opinion of value is \$260,000.

Mr. Sutton noted that after a review of the building characteristics, the total number of full baths and other fixtures are understated. In making the corrections to the number of full baths from 1 to 3, and the other fixture count from 0 to 6, and correcting the finished living area from 1,761 square feet to 2,279 square feet, the net result would be an increased to the total value of the subject form \$360,789 to \$378,500. The County reviewed three sales of triplexes and duplexes the occurred between 2005 and 2008. There is a median sales price per unit of \$133,300 and reviewing the gross rents of the comparable properties that have sold, there is an indicated median gross rent multiplier of \$194.05. This would give an indicated value of the subject of \$399,900 based on units or an indicated value by the gross rent multiplier of \$485,125.

Ms. Pam Davis inquired about the monthly rents, to which Mr. Sutton stated that between the three units the gross rents are approximately \$2,500 per month, and at the time of revaluation the gross rents were similar. As a calculation of the gross rent multipliers was being reviewed, Ms. Davis stated that she felt that the gross rent multiplier of \$194.05 was excessively high.

The County recommended that the value based on the suggested corrections to the building and making physical correction that the value be increased from \$360,789 to \$378,500.

The Board reviewed all documents and information provided by the appellant and the County. After deliberation and review, Ms. Davis felt that the comparable sales the County used as evidence were not truly indicative of the appropriate gross rent multipliers. She noted that there should have been more comparable sales reviewed to obtain this number. Ms. Davis noted that the subject did not have central air conditioning and the comparable sales all have central air. Based upon further review and deliberation, Ms. Davis made a motion to accept the County's recommended changes but make no

change to the current assessed value recognizing that the appellant failed to provide relevant evidence to substantiate any reduction in value. Ms. Roberts seconded the motion and the motion carried.

Yes: 2

Noes: 1

Ewart**PIN # 9836357353**

Mr. Michael Ewart appeared before the Board to appeal the valuation of his property located at 505 TEAL STREET, MEBANE. The current tax value assigned to the property by Orange County is \$231,400. The appellant feels that square footage calculation for his property is incorrect because of the information that he obtained from the Orange County Real Estate Data site. Furthermore, upon receiving his property tax bill, he stated that the value was too high compared to when he purchased the house.

Mr. Ewart informed the Board that during the course of his research, every property that he inquired about in his neighborhood, regardless of the acreage, had a lower land value. The appellant noted his property has a stream running through the back of the property and he is not able to build on that portion of the property. He feels that something is wrong when his property is not the largest property in his neighborhood but has the highest value. Additionally, the appellant feels that the building value of this property is excessive. Orange County staff noted his property has an "Other Features" value because he built a three car garage.

The appellant stated that he used to have an attached garage which he converted into extra living space and was basing his indications of value based comparable properties in his neighborhood that had attached garages like his property once did. He felt that the building value was based on the property sketches so he looked at square footage of similar properties and deemed them all to be lower than the subject.

The County explained to the appellant that all the individual components of a structure come together to formulate the building value. This is to include the heated and unheated area and basically anything physical about the property. The County noted that the detached garage was not considered in the appellant's opinion of value.

The appellant stated that the subject also has a screened-in porch. He referenced the property at 518 Teal Street, stating that the square footage is comparable to the subject and that it was built the same year as the subject. Its building value is \$128,500 and his property's building value is \$155,300. Mr. Ewart understands that his property has a deck and a screened-in porch, but that is a \$28,000 difference from his neighbor's property across the street, which he feels is an exorbitant amount for a home improvement feature.

The County reviewed and mentioned that the property record card indicated an above ground swimming pool and a metal carport. As the County does not appraise these items, the County suggested these items should be removed from the property record card. In addition, the County suggested changing the attached garage to an attached addition with a concrete slab. The County also suggested lowering the land value from \$50,400 to \$44,000. The County noted that the attached addition was not the same

quality as the rest of the subject because it does not have central air conditioning. The County stated that even with the conversion of the attached garage to an attached addition, 10% functional obsolescence should be added to the improvements due to the inferior quality of the addition and the loss in utility from not having an attached garage. The resulting value of the subject after all recommended adjustments are applied will be \$214,700.

The Board reviewed all documents and information provided by the appellant and the County. After deliberation and review, Ms. Marsh made a motion to accept the County's recommended changes which will reduce the building value to \$148,300 and the total assessed value to \$214,700. Ms. Roberts seconded the motion and the motion carried.

Yes: 3

No: 0

Berryhill Group LLC**PIN # 9779194700**

Berryhill Group, LLC elected not to appear before the Board and requested that their documents serve as their appeal. The property under appeal is a 1,380 square foot manufactured home situated on approximately 1.99 acres of land located at 8820 LAKE HOGAN FARM ROAD, CHAPEL HILL. The current tax value assigned to the property by Orange County is \$195,800.

Michael Sutton, a commercial appraiser for the Orange County Tax Office, presented the case to the Board for review. The appellant contends that the property is overvalued, based on an appraisal conducted August 26, 2014 with a retrospective valuation date of January 1, 2009. The appellant's opinion of value is \$99,000 for the land only.

Documentation submitted by Mr. James Brandewei with the Berryhill Group, LLC states that the house on the subject property is dilapidated, uninhabitable and is in the process of being demolished. Furthermore, the appellant believes that the tax value is too high considering that the improvement is worthless and is being demolished and the land value as of January 1, 2009 is overstated based on the subsequent appraisal.

After review of the land values in the area, the County noted that the base land rate has been changed from \$90,796 to \$66,034 per acre to be equitable with the surrounding parcel, in addition a -10% adjustment for cost of demolition was applied to the land. This has reduced the land value from \$169,200 to \$110,000. The County has a 70% depreciation on the house that reduced the building value from \$59,546 to \$25,800. There was an additional reduction of the building value from \$25,800 to \$23,300 by incorporating the additions in with the main area of the house. The comparable sales of vacant land indicate a median sale price per acre of \$55,200. These recommended adjustments would reduce the current assessed value of \$195,800 to \$134,100.

The Board reviewed all documents and information provided by the appellant and the County. After deliberation and review, Ms. Marsh made a motion to accept the County's recommendations and accept the adjusted value of \$134,100 with \$110,000 attributable to the land and \$24,100 attributable to the improvements. Ms. Davis seconded the motion and the motion carried.

Yes: 3
Noes: 0

Tapper

PIN # 9874337464

Mr. Bradley Tapper elected not to appear before the Board and requested that the submitted documentation serve as his appeal. The property under appeal is located at 809 MORELANDA DRIVE, HILLSBOROUGH. The current tax value assigned to the property by Orange County is \$435,300. The appellant is requesting that the valuation be reduced to \$397,000 citing two appraisals that were conducted in August and October of 2014 that suggest a lower value.

Upon review, the County contends that all the physical characteristics of the subject were correct with the exception of the construction grade. The County notated that the grade of the subject was A+05 and recommends that it should be adjusted to A-05, which would result in a value change from \$435,300 to \$413,300.

The Board reviewed all documents and information provided by the appellant and the County. After deliberation and review, Ms. Marsh made a motion to accept the County's recommendation of the grade change and to accept the adjusted value of \$413,300. Ms. Davis seconded the motion and the motion carried.

Yes: 3
Noes: 0

Piantadosi

PIN # 9788295607 & 9789334734

Mr. Claude Piantadosi elected not to appear before the Board but submitted letters requesting compromise of penalties related to discoveries of improvements on two of his properties. One property is located at 915 & 917 MARTIN LUTHER KING BOULEVARD, CHAPEL HILL and the other property is located at 108 E. LONGVIEW STREET, CHAPEL HILL. These discoveries were created for the tax years 2011 through 2014 and 2011 through 2012, respectively.

The appellant is not disputing the valuation or the amount of taxes that were assessed. He is asking for the compromise of penalties for the discovery bills because there was an error made in the updating of the status of the construction on the property. The appellant states that during the time period that the subject was being built, the appellant had six different new construction projects completed within 30 days of each other. Four of these new projects were correctly updated and two were not. There were no additional steps taken on the appellant's end with projects that were updated.

Mr. Piantadosi stated that he was not sure if this was a failure of the Town of Chapel Hill to correctly report the completion of the new construction, but regardless, two of the six properties were not updated even though the appellant followed the same procedure for all six properties. The appellant is requesting compromise of penalties in the amount totaling \$7,662.19.

The County discovered new houses on both properties that were not reported to the County during the prescribed listing period in any of the years of the discovery. The County issued discoveries on both of the properties and sent notification to the appellant's last known address on record. There was no response by the appellant until the tax bills were issued. The appellant statutorily cannot contest the values of these properties for this tax year but the appellant is requesting a waiver of the penalties associated with the discoveries. The County submitted the applicable tax bills to show the amounts of the taxes and penalties owed.

Ms. Marsh requested confirmation that there were six properties that were built and two of the six were not reported by the appellant even though the properties were of lower values than the rest to which the County confirmed.

The Board reviewed all documents and information provided by the appellant and the County. After deliberation and review, Ms. Marsh stated that as a builder/developer, the appellant should have been aware that construction on two of the six properties was not on record with the Tax Office. She made a motion for no compromise of penalties. Ms. Roberts seconded the motion and the motion carried.

Yes: 2

Noes: 1

Smith

Multiple Properties

Mr. Steven Smith appeared before the Board regarding the valuations of thirteen properties located in the Village at Tumbling Brook subdivision. As of January 1, 2015, his properties were listed as separate parcels but have now been combined into one parcel for the tax year 2016. The parcels are listed below with the current values assigned by the County.

PIN#	Lot#	Current Value
9876150192	25	\$99,626
9876156510	26	\$99,626
9876166006	27	\$90,680
98762546793	28	\$99,428
9876264240	29	\$93,166
9876255175	30	\$99,527
9876245675	31	\$121,234
9876236943	32	\$134,582
9876230813	33	\$124,864
9876146562	34	\$99,527
9876140363	35	\$101,361
9876133824	36	\$91,313
9876036677	37	\$100,123

The appellant states that the properties are overvalued based on the sale of an approximately 123 acre parcel that sold in August 2006 for \$415,000, indicating approximately \$3,300 per acre. The appellant is

requesting that the value of parcel 9876036677 be adjusted to \$77,000 and the remaining twelve parcels collectively be adjusted to \$477,000.

Lots 1 through 21 were appealed informally in 2015, and adjustments were made to all the parcels by reducing the base land rate from \$51,642 to \$35,211 to be more equitable with the values in the similar Farm Tree subdivision.

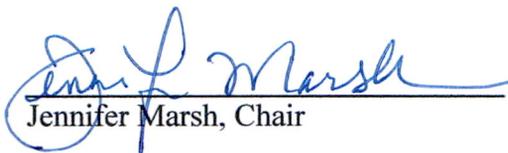
The County recommends that the base land rate be changed similarly for the thirteen individual parcels. The changes result in a decrease in the assessed values as follows:

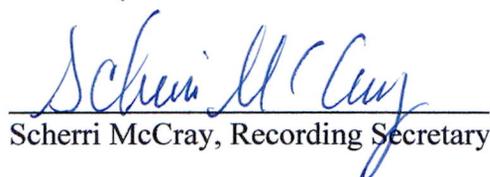
PIN#	Lot#	Current Value	New Value
9876150192	25	\$99,626	\$67,900
9876156510	26	\$99,626	\$67,900
9876166006	27	\$90,680	\$61,800
98762546793	28	\$99,428	\$67,800
9876264240	29	\$93,166	\$63,500
9876255175	30	\$99,527	\$67,900
9876245675	31	\$121,234	\$82,700
9876236943	32	\$134,582	\$91,800
9876230813	33	\$124,864	\$85,100
9876146562	34	\$99,527	\$67,900
9876140363	35	\$101,361	\$69,100
9876133824	36	\$91,313	\$62,300
9876036677	37	\$100,123	\$68,300

The Board reviewed all documents and information provided by the appellant and the County. After deliberation and review, Ms. Marsh made a motion to accept the County's recommend adjustments to the thirteen parcels. Ms. Roberts seconded the motion and the motion carried.

Yes: 3
No: 0

Having heard all of the appeals scheduled on this date, Ms. Marsh made a motion to adjourn this meeting. Ms. Roberts seconded the motion and the meeting was adjourned at 3:37 PM.


Jennifer Marsh, Chair


Scherri McCray, Recording Secretary