

MINUTES
2015 Board of Equalization and Review
July 9, 2015

Board Members Present:

Jennifer Marsh, Chair
Pamela Davis, Regular
Patricia Roberts, Regular

Staff Members Present: Roger Gunn, Chief Appraiser
Nancy Freeman, Recording Secretary

The meeting was called to order at 2:30 PM on Thursday, July 9, 2015 by Chair, Ms. Jennifer Marsh.

ELROD

9891998480

Mr. Joseph Elrod appeared before the Board to appeal the value of the property located at 4319 Kingfisher Lane in Chapel Hill. The current value assigned by the Tax Office is \$843,600. Mr. Elrod is appealing the value because he states that the home was not at 100% completion as of January 1, 2015.

The appellant thanked Mr. Gunn for his assistance prior to today. The appellant stated that he is an attorney and worked with Mr. Gunn to understand the related statutes for the value of his home. He said that he is appealing because the home was not complete as of January 1, 2015. The appellant understands the fact that the valuation is based on January 1, 2009 values, but he is also aware that we must look at the condition of the property on January 1, 2015. Mr. Elrod stated that as he understood it, the key is how things stood on January 1, 2015. He stated that the home was under construction at that time, and is currently still under construction. He stated that the foundation was in place and some lumber was nailed in place for the walls, the well had been dug but no well pump nor septic tank were in place, and there were some building materials on the site. Mr. Elrod has provided an affidavit from his builder, Jim Henry, which itemized the construction on the property as of January 1, 2015 and offered that the percentage of completion should be no more than 14%.

Mr. Elrod provided photographs that his daughter took on December 12, 2014. He also had two videos that his granddaughter made on January 16, 2015 of the property. In the second video, it was evident that there was still no roof and the framing was partially complete. Mr. Elrod stated that no construction was performed the week of Christmas and the week of January 1. Mr. Elrod contends that no Orange County appraiser visited the property in January 2015; and more than likely the appraiser visited the property sometime in February 2015, based on prior conversations with Mr. Gunn. The appellant is not disputing the value of the land, only the value of the home because of the small amount of work that had actually been completed as of January 1st. The appellant believes that the percentage of completion is substantially overstated.

Mr. Gunn stated that there is no disagreement that the property was not complete as of January 1st. Mr. Gunn is using information provided by Orange County Appraiser Steve Hensley (who is now retired). Mr. Hensley reviewed the property and stated that the septic was not in place on January 1st and pointed out that the well and septic were not complete, which should in itself warrant a \$6,000 adjustment. He noted that the measurements per the plans were accurate. Mr. Hensley changed the foundation from slab to masonry foundation and changed the flat roof to a hip roof with shingles. Mr. Hensley corrected the number of fixtures from 16 to 13, and added two fireplaces. Mr. Gunn provided a percentage of completion guide from Marshall & Swift to the appellant. Mr. Gunn stated that it is obvious that the original appraiser entered 68% completion rather than 32% completion. However, based on the observations of Mr. Hensley, Mr. Gunn suggests that the completion should be at 19%. The

recommendation would be to change the percentage of completion to 19% which would lower the building value to \$166,200, and lower the overall value to \$406,800.

Ms. Marsh asked if the \$6,000 for the well & septic will be automatically added back to the value, to which Mr. Gunn stated that it would be as the construction was completed. Ms. Marsh asked if the original notice of value was for 100% completion, as the value was over \$1,162,000. Mr. Gunn stated that he was sure it was sent out erroneously for the 100% completion. Ms. Marsh asked if Mr. Elrod believed that the completed value would be correct. Mr. Elrod stated that he believed the end value would be much lower than that.

Mr. Elrod stated that he understands the value that Mr. Gunn has presented, but also feels that his builder's opinion is an expert opinion and should be considered. The builder suggested an improvement value of \$160,756. Mr. Elrod stated that he does not believe that we can provide 2009 values at this time, to which there was some discussion about physical completion versus financial completion.

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 recommendation of the county to lower the percentage of completion to 19% and to a total value of \$406,800. Ms. Davis seconded the motion and the motion carried.

Ayes: 3

Noes: 0

SMITH**9836273387**

Mr. Alfreddie Smith and Ms. Angela Smith appeared before the Board to appeal the value of property located at 1010 Palace Drive, Efland. The current value assigned by the Tax Office is \$401,700. Ms. Smith stated that she is constantly appealing her tax value. She feels that she cannot get the values to match – and by that she means assessed value versus market value versus true value. The appellant does not understand how the tax office arrives at the values as she cannot get her calculations to match the tax office's values. Ms. Smith stated that there are different values for homes near hers that are basically the same as her home.

Ms. Marsh explained how the tax office uses the Schedule of Values that is adopted by the Orange County Board of Commissioners and that the Schedule of Values is based on January 1, 2009 values. Ms. Marsh suggested that difference in lot size, difference in construction and building materials, and differences in locations affect the value. The appellant stated that most of the homes had the same contractor and wants to be sure that the outcome is that her value is fair and reasonable, and is not excessive. Ms. Smith referenced the statutes in her letter of appeal and referenced the value from a private appraisal, which she selected as the appropriate value in her appeal. Ms. Davis noted that the appraisal provided by the appellant was from 2013 and therefore is not relevant. Ms. Davis stated that the comparable sales are from dates that occur after January 1, 2009 and cannot be considered. Ms. Smith stated that they had an appraisal done in 2006 and another in 2013. Ms. Marsh explained that the 2006 appraisal would also not be relevant for the 2009 revaluation.

Ms. Marsh noted that in 2014, the home was originally valued at \$447,000 and was dropped to \$401,000 during the informal appeal, and asked when the value of the property went up. The appellant stated that the value was higher the last time she appealed.

Mr. Gunn spoke for the County and clarified that the Smiths appealed in 2006 when they purchased the property. He stated that in 2008, the value was \$403,500, so he is assuming she had the value reduced in 2006. The most recent revaluation occurred in 2009 and the value increased to \$447,123 and remained in

effect through 2014. During the 2015 informal appeal, the value was reduced to \$401,700, and the appellant appealed to the Board because she felt that it was still too high. Mr. Gunn mentioned that when Ms. Smith is reading the statutes and reads the term "market value" that she must understand this means market value as of 2009.

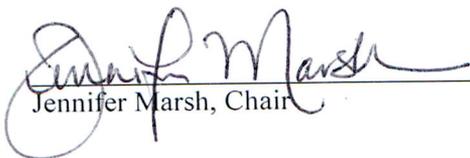
Mr. Gunn explained that property values are adjusted at each revaluation. He stated that originally, Orange County planned the next revaluation for 2013, but it was postponed by the Board of County Commissioners until 2015, and then a year later postponed again to 2017. Ms. Smith asked where she might find the sales that are used for the schedule of values. Mr. Gunn explained that the Tax Office uses a "pool of sales" to gather information, which is trended for the schedule of values. Mr. Gunn mentioned that the appellant suggested that her neighbor's home is valued much lower than hers but is as good or better quality than the her property, and it could be that the neighbor's home is valued too low and a correction possibly needs to occur for the neighboring property. Mr. Smith asked if all rural areas in the County are valued similarly. Mr. Gunn stated that is not the case; rural areas near Chapel Hill, for example, would not be valued the same as rural areas in the Efland area.

Ms. Smith asked how the appraisals are done by the County. Mr. Gunn explained that the County has staff appraisers who go into the field and measure the homes and collect the data about the property. The appraisers note things such as the slope of the lot, the construction grade and many other features of the property. He stated the Schedule of Values is then used to value the property based on the characteristics of the property. Mr. Gunn mentioned that Ms. Smith appealed at the informal level in 2015, and the value was lowered to \$401,700 due to some corrections that were made based on information provided in the physical characteristics portions of appraisal even though the valuation portion of the appraisal cannot be used. A staff appraiser visited the property and lowered the construction grade from A-20 to B+5. The appraiser found that there was a small 18' X 4' deck that the county did not have on record, so it was added, as staff appraisers review properties and make changes regardless of whether the changes increase or decrease the valuation. The final recommendation of the appraiser's site visit was to lower the value to \$390,100. Ms. Davis noted that the suggested value is lower than the valuation from the 2005-2008 valuation period.

The Board reviewed all documents and information provided by the appellant and the County. After deliberation and review, Ms. Marsh made a motion based on the evidence and information provided by the County to add the patio, change the construction grade to B+5, which results in a reduced value of \$390,100. Ms. Roberts seconded the motion and the motion carried.

Ayes: 3
Noes: 0

Ms. Marsh adjourned the meeting at 4:22pm.


Jennifer Marsh, Chair


Nancy Freeman, Recording Secretary