

MINUTES
Board of Equalization and Review
May 25, 2016

Board Members Present:

Jennifer Marsh, Chair
Pamela Davis
Patricia Roberts

Staff Members Present:

Roger Gunn, Chief Appraiser
Brenda Riley, Business Personal Property Appraiser
Scherri McCray, Recording Secretary

Ms. Marsh called the meeting to order at 2:00PM.

Gaenzle

9789519068

Christopher Gaenzle appeared before the Board to appeal the assessed value of his property located at 317 Lone Pine Road, Chapel Hill. The current Orange County assessed valuation on this property is \$1,108,015. The appellant is requesting that the valuation be reduced to \$840,000 citing that the home was purchased in an open market transaction on May 14, 2007 for \$840,000 and again on June 12, 2014 for \$950,000, with the 2007 sale being most relevant to the valuation.

A list of evidence follows:

APPELLANT	COUNTY
22_2016_05_25_1400_9789519068_Appeal Application	22_2016_05_25_1400_9789519068_PRC 2016
	22_2016_05_25_1400_9789519068_PRC 2016 correction
	22_2016_05_25_1400_9789519068_PRC Analysis
	22_2016_05_25_1400_9789519068_2004 MLS
	22_2016_05_25_1400_9789519068_2005 Transfer
	22_2016_05_25_1400_9789519068_2007 MLS
	22_2016_05_25_1400_9789519068_Sketch
	22_2016_05_25_1400_9789519068_Photo

The appellant presented evidence of the price history to the Board for review. The Gaenzles purchased the home in the summer of 2014 for \$950,000. Prior to that sale, the property previously sold in May 2007 for \$840,000.

Ms. Marsh inquired if there were improvements made to the subject since the 2007 sale, to which the appellant stated that he had no knowledge of any such improvements made by the prior owners. The appellant noted that the current assessment is too high and feels that the 2007 sales price more closely represents the true value of the property at the time of the 2009 revaluation. The appellant stated that the sale of the property was as an open market transaction.

Ms. Davis noted that the property sold for \$1,140,000 in 2004.

Roger Gunn represented the County and drew the Board's attention to the MLS listing sheets for the prior sales of the subject property. The first MLS listing sheet was from the September 2004 sale and

indicated that the subject sold for \$1,140,000 and the next listing sheet is from May 2007 when the property sold for \$840,000 after previously being transferred to the seller by inheritance in October 2005. Mr. Gunn stated that the property was exposed to the market in 2007, but at a much reduced listing price because of the estate circumstances. Mr. Gunn believes that the 2014 sale was a bona fide market sale. A County staff appraiser conducted a field review and noted some corrections that were necessary for the physical characteristics of the subject. The appraiser noted a necessary reduction in the finished area from 4,622 square feet to 4,308 square feet. Also, the appraiser noted patios and attached additions that were not on the property record card but also discovered that a 2 story section of the residence was actually only 1 story. The appraiser also removed a construction modifier and a design factor from the property record and noted that the removal of the positive land adjustment was needed as a significant portion of the property is in a flood plain. Finally, the appraiser noted that minor changes in the areas of the outbuildings were necessary. The resulting value from all of the changes would result in a new valuation of \$979,300.

The appellant stated that the proposed revised valuation would be more in line with the 2009 market value for the property

The Board reviewed all documents and information provided by the appellant and the County. After deliberation and review, Ms. Roberts made a motion to adjust the value of the land from +10 % to -10% for being located in a flood plain and to accept the County’s recommended corrections on the living areas, patios and outbuildings, thereby reducing the overall valuation of the property to \$979,300. Ms. Marsh seconded the motion and the motion carried.

Ayes: 3
Noes: 0

Willis

9891469291

Allen Lyles, a Realtor for Dream Makers Properties, LLC, representing Paul Willis appeared before the Board to request a reduction in value to property located in the vicinity of Old Stone Way, Durham. He states that the parcel does not have a deeded road easement. The representative stated that he would like to list this property and the Board’s decision will affect how it will be listed in the MLS. The current Orange County valuation of the property is \$83,887.

A list of evidence follows:

APPELLANT	COUNTY
23_2016_05_25_1430_9891469291_Appeal application	23_2016_05_25_1430_9891469291_2015 PRC
23_2016_05_25_1430_9891469291_Rep Letter	23_2016_05_25_1430_9891469291_PRC Analysis
	23_2016_05_25_1430_9891469291_Map 1
	23_2016_05_25_1430_9891469291_Map 2
	23_2016_05_25_1430_9891469291_Photo 1
	23_2016_05_25_1430_9891469291_Photo 2
	23_2016_05_25_1430_9891469291_Photo

Mr. Gunn presented the Board with diagrams for the subject property to aid the Board in visualizing the location of the property.

Mr. Lyles claimed that upon research of other properties adjacent to the subject, he noted that the subject had an assessed value of over \$80,000 and stated that valuation was excessive and not equitable with the values of the surrounding properties.

Mr. Lyles explained to the Board the history of the property and stated that the property was once a 5 acre tract that had been subdivided into two tracts of land, a two acre tract and a three acre tract. The two acre tract has a deeded roadway easement and has a value of \$30,000 whereas the three acre subject tract has no deeded easement and a value of over \$80,000. Mr. Lyles stated that another contiguous four acre tract with no recorded easement is valued at only \$26,000.

Ms. Roberts inquired as to how the property could be accessed and Mr. Lyles noted that the property could be accessed by an old roadbed branching off from Old Stony Way. He explained that the old road bed is used for access but there is no recorded easement for the roadbed. Mr. Lyles further explained that the appellant's parents formerly used the subject property for a pig farm with remnants of the pig farm remaining on the property. Mr. Lyles obtained an estimate of \$5,400 to clean up the remnants.

Ms. Davis inquired about an adjacent ten acre tract Mr. Lyles has listed. Mr. Lyles stated that he has this property under contract for \$215,000, but the property is surrounded by Duke Forest and has no old pig sty on it. The assessed value of the ten acre property is \$127,000. Mr. Lyles noted that the ten acre property also has easement issues that will need to be addressed before closing. Ms. Roberts asked why the Realtor wanted to lower the value of a property right before he was getting ready to list it, to which Mr. Lyles replied that listing the property at an unrealistic value does not make sense. Ms. Roberts agreed that buyers look at the tax values and when the value is exceptionally low, it gives the appearance that the County does not think the property is worth much. Mr. Lyles stated that from a fiduciary responsibility stand point as a real estate broker, he has to disclose relevant information and feels that it is relevant that the current valuation of the subject is not correct and the subject's value is not supported by values of similar surrounding properties. Mr. Lyles noted that the two adjacent properties have downward adjustments of 61% to the land whereas the subject only has a 20% adjustment. Mr. Lyles feels that of the three properties, the subject property is the least valuable.

Mr. Gunn drew the Board's attention to maps from the Tax Office showed the location of the subject and an aerial GIS photo of the property. Mr. Gunn stated that upon review by the County, it was determined that the subject was not equitably assessed with the surrounding properties and recommended changing the current 20% downward adjustment on the subject to an 80% downward adjustment. This will cause the valuation to be reduced from \$83,887 to \$21,000.

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 to adjust the valuation due to the lack of a recorded roadway easement from 20% to 80%, thereby reducing the valuation to \$21,000. Ms. Davis seconded the motion and the motion carried.

Ayes: 3
Noes: 0

Harris Teeter

141246,264750,231247,34496

Aaron Davis, Manager of Ryan Innovative Solutions to Taxing Problems, represented Harris Teeter via conference call to appeal the business personal property values for four (4) Harris Teeter stores. Mr. Davis is requesting adjustments to the value of business personal property situated in the four Harris

Teeter grocery stores operating in Orange County to reflect the values that are listed below. He states that these values below were derived in accordance with the North Carolina definition of true value.

Store#	Account#	Market Value
117	141246	4,011,889
120	264750	944,686
223	231247	454,097
297	34496	331,478
Grand Total		5,742,150

The appellant stated that North Carolina GS 105-283 provides the standard for appraisal and assessment. The standard requires uniformity in appraising and provides that “all property, real and personal, shall as far as practicable, be appraised or valued at its true value in money. True value is defined as meaning market value, that is, the price estimated in terms of money at which the property would change hands between a willing buyer and a willing seller with neither party being under any compulsion to buy or sell and both parties having reasonable knowledge of all the uses to which the property is adapted or which it is capable of being used.”

Mr. Davis claims that the issue is that the assessment made by the Tax Office is substantially greater than that of true value. Furthermore, he stated that he found that the market values of the business personal property from the four stores needed to be adjusted based upon market behavior rather than the Age/Life depreciation method to determine value. The appellant stated that included in the appeal material previously submitted are explanations of the two approaches: the Market Approach and the Age/Life Approach.

Brenda Riley presented evidence on behalf of the County and informed the Board that Harris Teeter has several other stores in North Carolina in which their respective business personal property values are being appealed to the Property Tax Commission. Ms. Riley provided a timeline on what has transpired with regard to the appeal and the appellant:

July 9, 2015:	2015:	Tax bills were created.
August 28, 2015:		Informal Appeal- Value was based on NC statutory definition of true value. The County requested an informal conference to explain the methodology of how it arrived at a true value for the property in question.
December 3, 2015:		Assessor’s conference by phone.
January 4, 2016:		Assessor’s conference decision- Staff decision- No value change.
January 4, 2016:		Formal Appeal to Board of Equalization and Review.
May 25, 2016:		Meeting with Board of Equalization and Review.

The current assessed values for the individual accounts are as follows:

Store#	Account#	Assessed Value
117	141246	5,999,477
120	264750	1,419,870
223	231247	955,786
297	34496	745,236
Grand Total		9,120,369

Ms. Riley stated that Orange County uses “The Cost Index and Depreciation Schedules” prepared and recommended by the North Carolina Department of Revenue. The schedules are used as a general guide in the valuation of business personal property, utilizing the replacement cost approach to value. The County recommends upholding the assessed value as of January 1, 2015.

A list of all evidence follows:

APPELLANT	COUNTY
24_2016_05_25_1500_Appeal Letter	24_2016_05_25_1500_Case Brief
24_2016_05_25_1500_Appeal	24_2016_05_25_1500_34496_Work Paper
24_2016_05_25_1500_Disclosure Information	24_2016_05_25_1500_141246_Work Paper
24_2016_05_25_1500_Email	24_2016_05_25_1500_231247_Work Paper
	24_2016_05_25_1500_264750_Work Paper

The Board reviewed all documents and information provided by the appellant and the County. After deliberation and review, Ms. Marsh made a motion that no change be made to the current assessed values citing that the values are based on the recommended Cost Index and Depreciation Schedule provided by the North Carolina Department of Revenue which are consistently applied to all business personal property and used by all counties in North Carolina.

Ayes: 3
Noes: 0

Dragoo

9826787225

Larry Dragoo elected not to appear before the Board and requested that his documentation serve as his appeal. He is appealing the valuation of his property located at 3007 Saddle Club Road, Mebane. The current Orange County valuation is \$339,300. The appellant is requesting that the valuation be reduced to \$269,000 based on an appraisal that was conducted on February 14, 2013 which concludes this amount as the value of the subject.

A list of evidence follows:

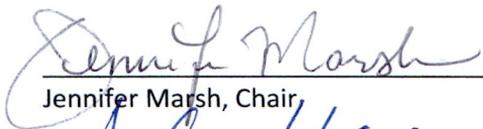
APPELLANT	COUNTY
25_2016_05_25_1630_9826787225_Appeal Application	25_2016_05_25_1630_9826787225_2016 PRC
25_2016_05_25_1630_9826787225_Appraisal	25_2016_05_25_1630_9826787225_PRC Analysis
	25_2016_05_25_1630_9826787225_PRC Correction
	25_2016_05_25_1630_9826787225_Photo

Mr. Gunn noted that the 2015 valuation of the subject property was \$285,660. The current value of \$339,300 is a result of a Data Correction Form submitted to the Tax Office by the appellant. At the time, an appraiser simply inserted a square footage amount into the appraisal system to match the square footage reported on the submitted form. Mr. Gunn informed the Board that upon an actual field review conducted after the institution of this appeal, the property was re-measured and properly reviewed. Based on the field review findings, the County recommends correcting the living area to 2,184 square feet, removing a construction modifier, removing a secondary wall, and adjusting the area over the garage from a storage area to an unfinished attic. These recommended changes would result in a reduction in value to \$317,800.

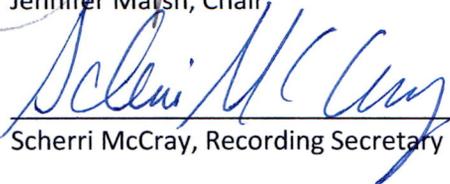
The Board reviewed all documents and information provided by the appellant and the County. After deliberation and review, Ms. Marsh stated that the appellant failed to provide substantial evidence to support its claim that the County's valuation was incorrect. She made a motion to accept the County's recommended changes and accept the adjusted valuation of \$317,800. Ms. Roberts seconded the motion and the motion carried.

Ayes: 3
Noes: 0

Having heard all of the appeals scheduled on this date, Ms. Marsh made a motion to adjourn this meeting at 4:45 PM. The motion was seconded by Ms. Roberts and the meeting was adjourned.



Jennifer Marsh, Chair



Scherri McCray, Recording Secretary