

**MINUTES**

Board of Equalization and Review

June 22, 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

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Ms. Marsh called the meeting to order at 2:01PM.

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**Womack**

**9864957919**

Patrick Womack appeared before the Board to appeal the valuation of his property located at 111 S. Wake Street, Hillsborough. The current Orange County assessed value is \$377,821. The appellant is requesting that the value be reduced to \$300,000 because the home is a duplex and not a single family residence, which significantly reduces the property's value and number of interested buyers.

A list of evidence follows:

<b>APPELLANT</b>	<b>COUNTY</b>
34_2016_06_22_1400_9864957919_Appeal Application	34_2016_06_22_1400_9864957919_2016 PRC
34_2016_06_22_1400_9864957919_Comp1	34_2016_06_22_1400_9864957919_2016 PRC Correction
34_2016_06_22_1400_9864957919_Comp2	34_2016_06_22_1400_9864957919_Analysis
34_2016_06_22_1400_9864957919_Comp3	34_2016_06_22_1400_9864957919_Sketch
	34_2016_06_22_1400_9864957919_Photo

The appellant stated that there is little demand for a duplex such as his as he has been trying for years to sell this property, but as soon as he informs a potential buyer that the home is a duplex, the buyer is no longer interested. The appellant feels that the property should not be valued similar to single family homes. Furthermore, the appellant stated that he cannot sell the home for its assessed value. When questioned by the County if the appellant lived in the home, the appellant stated that he lived in one unit and rented the other unit. Also, when questioned by the County, the appellant stated that the 2009 rent for the tenant unit was approximately \$900.00, and although not identical units, the units are approximately the same size.

Ms. Marsh explained to the appellant the process of how the County assessed properties and using the Schedule of Values for 2009.

Upon review by the County, Roger Gunn stated that there were not many duplex sales in the Hillsborough area. Mr. Gunn also stated that an exterior field review was conducted for the property and there were corrections that needed to be made to the property record, and after review, the County recommends a correction to the building area measurements, the removal of a construction

modifier, the removal of a design factor, the removal of a secondary exterior wall, and the removal of a positive economic adjustment because the subject is a converted duplex in a historical area. The overall living area would be corrected from 3,104 square feet to 3,051 square feet. Mr. Gunn stated that after all recommended corrections, the revised valuation would be \$362,000 based on the 2009 Schedule of Values. Lastly, Mr. Gunn noted that the appellant did not provide any evidence to support that either the current value or proposed valuation of the subject was incorrect.

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 corrections and the adjusted value of \$362,000 as there was no evidence submitted by the appellant to warrant a further reduction. Ms. Roberts seconded the motion and the motion carried.

Ayes: 3

Noes: 0

**Holzapfel**

**9825725258**

Donald Holzapfel appeared before the Board to appeal the valuation of his property located at 110 Randall Circle, Mebane. The current Orange County assessed value is \$116,780. The appellant is requesting that the valuation be reduced to \$110,000 based on several appraisals that were conducted in 2012, 2014, and 2016 that supports a lower assessment. A list of evidence follows:

<b>APPELLANT</b>	<b>COUNTY</b>
35_2016_06_22_1430_9825725258_Appeal application	35_2016_06_22_1430_9825725258_2016 PRC
35_2016_06_22_1430_9825725258 Appraisals	35_2016_06_22_1430_9825725258_2016 PRC Correction
	35_2016_06_22_1430_9825725258_Analysis
	35_2016_06_22_1430_9825725258_Photo

The appellant first questioned the Board as to why the assessed values are based on sales that occurred in 2008. The Board explained that all current assessed values are based on sales that occurred prior to the 2009 revaluation. The appellant then presented the Board with additional documentation to support his claim that the subject's living area was incorrect and stated that he is in the middle of refinancing his home and the extra square footage that the County has on the property record is delaying the refinancing process. The appellant requested that he receive a letter from the County to give to the Bank to indicate that the square footage had been corrected.

Upon review by the County, it was determined that the living area on the property record card was indeed incorrect, as well as the number of bathrooms and the existence of a fireplace. Mr. Gunn explained that the sketch on the current property record card record reflects a duplicated measurement of a 14 x 28 foot finished area as well as a fireplace that do not exist, but the property record also indicates only one bathroom instead of the two bathrooms that the subject has. Mr. Gunn stated that the County recommends adjusting the living area of the subject from 1,568 square feet to 1,176 square feet, which is consistent with the appraisals, correction of the bathroom and fireplace counts, and removal of 10% economic depreciation and removal of a construction modifier which would result in a revised valuation of \$106,100.

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 recommendation to correct the subject living area, to add a bathroom, to remove a fireplace, and to remove a construction modifier

and economic depreciation, thus resulting in a revised valuation to \$106,100. Ms. Davis seconded the motion and the motion carried.

Ayes: 3  
Noes: 0

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**Hoyle**

**1040560**

Mr. Richard Dowdy is representing the appellant, Dr. David Hoyle, DDS. The appellant is requesting a compromise of a listing penalty for a late filing for business personal property. The business, a dental office, is located at 401 101 Providence Road, Chapel Hill. The listing penalty is associated with an audit performed by Tax Management Associates (TMA) on March 28, 2016.

A list of evidence follows:

<b>APPELLANT</b>	<b>COUNTY</b>
36_2016_06_22_1445_1040560_Appeal letter	36_2016_06_22_1445_1040560_Case Brief
36_2016_06_22_1445_1040560_POA	36_2016_06_22_1445_1040560_Summary of tax value
	36_2016_06_22_1445_1040560_Tax bill

Mr. Dowdy explained that Dr. Hoyle started his business and purchased existing used assets in 2008 and quickly learned that some of the assets were not functional and/or did not serve his business model because the assets were obsolete. Mr. Dowdy stated that the appellant either retired or disposed of these used assets and subsequently purchased new assets as the older assets became obsolete and/or did not function properly. Mr. Dowdy stated that unfortunately, internal records that documented the assets acquisitions and disposals were not provided to the person that prepared Dr. Hoyle's income tax filings. The federal income tax return included the acquisitions but not the disposals. Mr. Dowdy explained that because of the audit, he reviewed past filings of the appellant's income tax returns and saw where the returns filed had included asset acquisitions but not all of the disposals. He stated that after further investigation, he found that these errors, where the disposals were not properly documented on the returns, were due to the fact that neither Dr. Hoyle nor his office manager provided adequate documentation to the tax preparer in a timely manner. Mr. Dowdy stated that to penalize Dr. Hoyle and require him to pay tax and penalties on assets simply because there were errors on the federal tax return is not appropriate. Lastly, Mr. Dowdy added that the appellant has since sold all of the business personal property but is still operating his business under a different business model.

Brenda Riley, Business Personal Property Appraiser for the County, presented evidence to the Board for review. Ms. Riley explained that this request for compromise of listing penalties on a discovery is a result of an audit conducted by TMA (Tax Management Associates) on behalf of the County. TMA ascertained that the appellant did not file any business personal property listings for the tax years 2011-2015. The total listing penalties amount for these tax years is \$ 1,513.64. Ms. Riley stated that appellant has paid all taxes owed for the applicable tax years, less the listing penalties, and the appellant filed his business personal property listing for 2016 timely.

The Board reviewed all documents and information provided by the appellant and the County. After deliberation and review, Ms. Davis made a motion to reduce the listing penalty by 50%, citing special circumstances as there is some doubt that all the of the property discovered in the audit should have been listed by the appellant. Ms. Roberts seconded the motion and the motion carried.

Ayes: 2

Noes: 1

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**Ballenger**

9767060505

David Ballinger appeared before the Board to appeal the value of his property located at 2812 Winningham Road, Chapel Hill. The current Orange County assessed value is \$337,310. The appellant is requesting that value be reduced to \$205,000, stating that the price per square foot of the comparable sales in 2008 averaged about \$140.00 per square foot, and therefore, the assessed value of his 1,464 square foot property should be \$205,000.

A list of evidence follows:

APPELLANT	COUNTY
37_2016_06_22_1500_9767060505_Appeal application	37_2016_06_22_1500_9767060505_2016 PRC
	37_2016_06_22_1500_9767060505_Analysis
	37_2016_06_22_1500_9767060505_Appellant PRC
	37_2016_06_22_1500_9767060505_Comp1
	37_2016_06_22_1500_9767060505_Comp2
	37_2016_06_22_1500_9767060505_Comp3
	37_2016_06_22_1500_9767060505_Comp4
	37_2016_06_22_1500_9767060505_Comp5
	37_2016_06_22_1500_9767060505_Comp summary
	37_2016_06_22_1500_9767060505_Photo
	37_2016_06_22_1500_9767060505_Sales report

The appellant referenced six comparable sales from 2008 that he obtained from a realtor. The sales are in the vicinity of the subject but are not in the same neighborhood. When questioned by the Board as to the lot sizes, square footage and other pertinent data for the sales, the appellant was not able to provide the information requested. Mr. Ballinger informed the Board that he purchased this property in 2014 and paid \$212,000. When questioned by the County, Mr. Ballinger confirmed that the purchase was from an estate sale of the property. Mr. Ballinger also noted that the home was purchased as an investment property and is not his primary residence.

The Board explained to the appellant that the evidence he provided was not a proper sales comparison as the sales only listed a sales price per square foot and there are a lot of other factors that are taken into consideration to determine the value of a property.

Upon review by the County, Roger Gunn informed the Board that he reviewed the comparable sales evidence submitted by the appellant and determined that these sales were not relevant to subject's valuation. Mr. Gunn drew the Board's attention to sales provided by the County that he believes are more similar in location, size, and acreage to the subject. The four sales were:

3609 Travis Court  
411 Bowden Road  
302 Ferguson Road

215 Moonridge Road

The County also conducted a field review of the property and established that there were some necessary adjustments that would lower the value for the subject property and result in the value of the subject being more equitable with similar area properties. The County recommended that the construction grade be changed from A+10 to A-05 and the removal of a construction modifier. The adjustments would result in a revised valuation to \$314,500.

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 County's recommendation to adjust the construction grade from A+10 to A-05 and to remove the construction modifier, resulting in a change in valuation to \$314,500. Ms. Marsh further noted that the appellant failed to submit any valid evidence to substantiate any further change to the valuation of the property. Ms. Roberts seconded this motion and the motion carried.

Ayes: 3  
Noes: 0

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**Raghunathan**

**9779263114**

Karthik Raghunathan elected not to appear before the Board and requested that his documentation serves as his appeal. He is appealing the valuation of the property located at 109 Suffolk Place, Chapel Hill. The current Orange County assessed valuation is \$668,800. The appellant purchased the property in 2012 for \$595,000. The appellant is requesting that the valuation be adjusted to \$575,000. On the appeal application, the appellant stated that the total assessed value has increased significantly since 2013.

A list of evidence follows:

APPELLANT	COUNTY
38_2016_06_22_1630_9779263114_Appeal application	38_2016_06_22_1630_9779263114_2016 PRC
38_2016_06_22_1630_9779263114_Appraisal	38_2016_06_22_1630_9779263114_2016 PRC correction
38_2016_06_22_1630_9779263114_Value change notice	38_2016_06_22_1630_9779263114_2013 Tax bill
	38_2016_06_22_1630_9779263114_Analysis
	38_2016_06_22_1630_9779263114_Photo

Mr. Gunn stated that the County reviewed the appeal and stated that the 2016 valuation changes were a result of improvements made to the subject in 2015. Specifically, a deck and greenhouse were added to the property. Mr. Gunn noted that the appellant finished the basement in 2013 which resulted in the value of the property increasing from \$577,806 to \$662,700 for 2014.

Mr. Gunn stated that upon the appellant's filing of this appeal, a field review was conducted by the County, and the field appraiser noted a need to adjust the building areas of the subject. The property record incorrectly lists the property as having a full finished basement and a basement garage and an excessive extra fixtures count. Mr. Gunn recommended adjusting the fixture count from fifteen fixtures to thirteen fixtures, the removal of a construction modifier and a secondary wall, and correcting the

basement from a full finished basement with a basement garage to a half finished basement and a half unfinished basement. As a result of the corrections, the living area would change from 4,571 square feet to 3,813 square feet and the overall valuation would change to \$580,400.

The Board reviewed all documents and information provided by the appellant and the County. After deliberation and review, Ms. Roberts made a motion to accept County's recommendation to adjust the fixture count, remove the construction modifier and secondary wall and to correct the basement and resulting area calculations. Ms. Davis seconded the motion and the motion carried.

Ayes: 3  
Noes: 0

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**Morgan**

**9788066395.069**

Robert Morgan elected not to appear before the Board and requested that his documentation serves as his appeal. He is appealing the valuation of the property located at 601 West Rosemary Street, Unit 512 in Chapel Hill. The current Orange County assessed valuation of this property is \$532,000. The appellant is requesting that the valuation be reduced stating that an appraisal he obtained noted that the County's recorded living area was incorrect and that the correct living area should be 1,080 square feet.

A list of evidence follows:

APPELLANT	COUNTY
39_2016_06_22_1645_9788066395-069_Appeal application	39_2016_06_22_1645_9788066395-069_2016 PRC
	39_2016_06_22_1645_9788066395-069_Photo 1
	39_2016_06_22_1645_9788066395-069_Photo 2

Mr. Gunn stated that the appraisal only included the measurements from the interior walls and explained that when the condos were initially valued, the County used the living area square footage stated on the original plats that were recorded with the Register of Deeds. Mr. Gunn further explained that the sketching program in the County's appraisal software rounds measurements to the nearest foot, which could cause slight variances in square footage from what is reflected in an appraisal, sales literature, or a recorded plat. The recorded plat lists the subject condo as having 1,247 square feet. Because of the aforementioned rounding issue, the property record reflects the subject as having 1,204 square feet of living area.

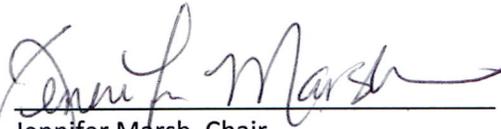
The Board reviewed all documents and information provided by the appellant and the County. After deliberation and review, Ms. Marsh made a motion of no change to the current assessed valuation stating that the County's measurements came from the recorded plat for the subject. The County's information is considered correct and consistent with the methodology of calculation of the square footage of the other units in the subject building. Ms. Roberts seconded the motion and the motion carried.

Ayes: 3  
Noes: 0

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No other appeals were scheduled for this day. Ms. Marsh adjourned the meeting at 3:43 pm.

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Jennifer Marsh, Chair

  
Scherri McCray, Recording Secretary