

MINUTES

2014 Board of Equalization and Review
May 22, 2014

Board Members Present: Jane Sparks, Chair
Bronwyn Merritt, Regular
Jennifer Marsh, Regular

Staff Members Present: Roger Gunn, Chief Appraiser
Steve Hensley, Appraiser
Brenda Riley, Business Appraiser
Nancy Freeman, Recording Secretary

The meeting was called to order at 2:03PM on May 22, 2014 by Jane Sparks.

PRITCHARD

PIN #9880824480

Mr. Pritchard appeared before the Board to appeal the valuation of property located at 821 KENMORE ROAD, CHAPEL HILL. The current tax value assigned to the property by Orange County is \$1,771,933. The appellant is requesting that the Board lower his 2014 valuation to \$1,250,000 citing the fact that the sale price was much lower than the assessed value and an independent appraisal reflects a lower value.

Mr. Pritchard purchased the property in 2012. He felt that the taxes were really high but thought that we would be doing a reappraisal soon. However, the revaluation date was postponed to 2017, and he knows that the burden is on him to prove that the value is too high. Mr. Pritchard's experience with other homes purchased is that the value would be changed to the sale price.

The appellant shared comparable sales and photographs with the Board. Mr. Pritchard stated that originally the house was built in 1996 and previously sold for around \$1,800,000 in June 2007. Mr. Pritchard spoke to the prior owner who purchased the property in 2007, who said that he overpaid for the property.

Mr. Pritchard believes that the property was not valued correctly in 2009 because the original entrance was on Marcus Road. The main entrance now faces Kenmore Drive. He stated that his property is just barely in Lake Forest Estates and that his home is located more in the Marcus Road area. The appellant stated that there are abandoned cars, homes that are "tear downs", and there is a telephone pole with transformers in the back of his home where the original entrance was located. Mr. Pritchard stated that the reason that the property sold for \$1.8 million in 2008 is because a surgeon purchased the property without doing his homework. The appellant stated that the prior owner acknowledged that he should have looked into the home and neighborhood more thoroughly before the purchase and that he would not have offered the same amount if he had done so.

The appellant stated that the neighboring lot is not buildable; it is in a flood plain. Also he mentioned a neighboring duplex that is a rental. Mr. Pritchard mentioned that his home is next to a bad neighborhood, and he provided photos to support these statements.

Mr. Hensley asked if Mr. Pritchard closed down the back entrance that faces Marcus Road. Mr. Pritchard responded that he has a gate on the Marcus Road side and that it is closed, and that his home does not fit with the rest of the Lake Forest neighborhood because it is attached to Marcus Road which has lower value/quality homes. The home was on the market for 397 days before he made an offer on it.

Mr. Hensley stated that he visited the property, and found three items that needed adjustments. The County record reflected an incorrect number of bathrooms, there was a construction modifier on the property record that needed to be removed, and the depreciation was listed at only six percent. The home was built in 1996, and Mr. Hensley adjusted depreciation to ten percent. These changes would lower the value to \$1,615,500. There are no needed square footage changes. The Tax Office lists the finished living area as 7,659 square feet. Mr. Hensley stated that the third floor is listed as a finished attic to which Mr. Pritchard agreed.

Ms. Marsh asked if the grade was appropriate and Mr. Hensley verified that it was correct.

Mr. Gunn provided comps in Lake Forest in 2007. He found three homes that sold for over 1 million and the value that Mr. Hensley calculated is certainly within the range of the comps that Mr. Gunn was able to find. Mr. Pritchard countered to say that the house being connected to the Marcus Road properties drags his property value down. The appellant also reiterated that the prior owner plainly stated that he overpaid and that he did not do his homework. The prior owner did not look at the surrounding areas and did not see the rundown area behind the house.

Ms. Marsh stated that she is not convinced of the appellant's claim that the original entrance was on Marcus Road. Ms. Sparks stated that the sales definitely support the current value. Mr. Gunn also stated that the grade is different on this property than the neighboring properties. He recommends changing to A+70 which would lower the value slightly more to \$1,517,700.

The Board reviewed all documentations presented by the appellant and the County. After review and deliberation, Ms. Sparks motioned to accept the changes recommended by the County and lower the value to \$1,517,700. Ms. Marsh seconded the motion and the motion carried.

Ayes: 3

Noes: 0

HURWITZ

PIN #9788213817.002

Ms. Hurwitz appeared before the Board to appeal the valuation of property located at 409 SMITH AVENUE, CHAPEL HILL. The current tax value assigned to the property by Orange County is \$316,623. The appellant is requesting that the Board lower her 2014 valuation to \$270,000 citing sales and data trends at the time of the last valuation on January 1, 2009.

Ms. Hurwitz prepared a cover letter and stated that she would read this to the Board. She recently purchased the property and the tax value is much higher than what they paid. The appellant's

condominium is one of 5 units: three of the units each sold for \$271,000 in 2006, unit 4 sold for \$269,000 in 2005. Ms. Hurwitz paid \$227,500 for her unit in 2013. The appellant stated that she attempted to match the curve from the sales in 2006 to now. Ms. Hurwitz researched this question: what is the curve of condominium prices in Chapel Hill? Ms. Hurwitz stated that condominium prices have increased a little from 2002 to 2009. Her findings were that the \$270,000 would be the highest selling price for the properties. The appellant maintains that condominium prices peaked in 2005 and 2006, and then prices started falling. Ms. Hurwitz believes that the value could never have gotten up to \$300,000 for her property.

The appellant stated that the condominium next door to hers is currently on the market for \$240,000 and she does not think that it will sell for that amount. Ms. Hurwitz believes that the highest her property could be worth in 2009 is \$270,000. Ms. Hurwitz stated that in order to find the appropriate value then one must look at where price is now and where it was at the last sale prior to January 1, 2009 and then look at what it would have been in 2009.

Ms. Sparks asked the appellant if she understood about the 2009 Schedule of Values that was approved and adopted by the Orange County Board of Commissioners for the 2009 Revaluation. Ms. Sparks explained that before the Schedule of Values is adopted it is put on display for the public, and it is then used as the basis for the January 2009 values.

Mr. Hensley stated that he visited the site and his measurements and calculations matched the County's record. Mr. Hensley stated that these condominiums were built in 1969 and renovated in 2006. The January 1, 2009 value would have been based on the value of the condominiums after the renovations were done in May of 2006.

Mr. Gunn stated that there are no comparable sales in the area from 2007-2009 that have exceeded \$300,000. Due to this data, he recommended that the value of the subject be lowered by fifteen percent by way of an economic market adjustment, which will change the value from \$316,623 to \$269,100. Ms. Marsh mentioned that there are five units in this condominium project and asked if all five should be lowered by fifteen percent. Mr. Gunn does recommend that the value be lowered on all five by fifteen percent.

Ms. Marsh motioned that the value for all five units be lowered by fifteen percent as an economic adjustment based on sales from 2007 to 2009. Mr. Sparks seconded the motion and the motion carried.

Ayes: 3
Noes: 0

ARNOLD SMITH EXCAVATING**ABSTRACT #121293**

Ms. Antoinette Holloman appeared before the Board to appeal the late list penalties for abstract 121293 for the discoveries from 2008 to 2012. Ms. Riley explained that an audit was done, and a discovery was made for 2008 through 2012. Ms. Holloman explained that Arnold Smith Excavating is not appealing the tax for the discovered property; they are appealing the penalties only. She explained that they have filed listing forms on time and paid their taxes on time each of the years in question. The appellant stated that the company is diligent in doing so. Ms. Holloman stated that since there were no changes in value each year, the tax office should have seen the error and brought it to their attention sooner. The appellant explained that when there is a constant and visible error, the Tax Office has a responsibility to recognize

it and correct it in a timely manner. Arnold Smith Excavating accepts the tax; they only want the penalties waived because they feel it is a shared duty of the tax office to find these errors timely. Ms. Holloman pointed out that the taxpayer completed listing forms for all of these years, and they now have an accountant who is working with them (Ms. Holloman is their accountant).

Ms. Marsh asked if Ms. Holloman was their accountant when the error happened and she explained that she was not.

Ms. Riley explained that the error was in the listing form. Arnold Smith Excavating listed a cost figure, but it did not include the cost for their heavy equipment list. The listing form supplied the list of heavy equipment but did not add a cost figure for any of it. Since no cost was listed, the County used the price provided from the prior year. Ms. Riley continued by saying that the cost was much higher on the 2013 listing form than in the past, which triggered the audit done by Evans and Associates.

Ms. Holloman stated that the property value did not change from 2008 and that is what was taxed each year. The appellant stated that Orange County did not change the value; they used the same value each year. Ms. Holloman stated that Arnold Smith Excavating was completing the listing form to the best of their ability but was not aware that the value should be different. The taxpayer does agree that they need to pay the tax, but believes that over the course of six years, Orange County should have brought the error to the taxpayer's attention.

Per Ms. Riley, the Schedule of Values from the North Carolina Department of Revenue was used to value the property on the listing form. Each year Arnold Smith listed a total of \$69,000 which was depreciated to \$17,000 (residual amount). The taxpayer had the right to appeal the tax value within 30 days of the billing date each year.

Ms. Holloman stated that the taxpayer did not understand there was an issue. She believes that the taxing authority has a responsibility to educate the taxpayer on how to list correctly.

Ms. Riley also stated that the taxpayer did list the equipment but would have known when they received the tax bill that the value should have been more than \$17,000.

After consideration of the all evidence presented and deliberation, Ms. Marsh made a motion to make no change to the penalties due to the fact that it is the business' responsibility to complete the forms as required by law. Ms. Sparks seconded the motion and the motion carried.

Ayes: 3
Noes: 0

MAY

PIN #9788583935 & 9788584909

Mr. May appeared before the Board to appeal the valuation of two properties located at 408 NORTH STREET and 410-412 NORTH STREET, CHAPEL HILL. The current tax values assigned to the properties by Orange County are \$331,800 and \$338,200 respectively. The appellant is requesting that the Board lower his 2014 valuation to \$180,000 and \$180,000, respectively, citing the fact that there was no physical change to the property from 2013 to 2014. The appellant pointed out that the only change consisted of the appellant subdividing an approximately ½ acre lot into these two approximately ¼ acre lots. Mr. May stated that his situation was complicated because his property was subdivided after 2009.

The two properties were one property a year ago. There are three really old small buildings on the properties. He purchased the original property 51 weeks ago for \$375,000. He then subdivided the property into 2 lots that are roughly 1/4 acre each. The appellant intends to remove two structures: a cottage and a shed behind it, but has not yet done so due to issues with town ordinances.

Mr. May stated that the tax value of the original property was \$507,964, but because he subdivided the property the value has increased by thirty-five percent. The appellant mentioned that the home values were lowered by \$17,700, but he feels is not right to increase the combined overall property value by thirty-five percent, especially since the county will not adjust values until 2017, and the value increased when it was not a revaluation year. Mr. May referenced the appraisal that he provided to the Board and pointed out that two of the buildings are smaller and should be valued accordingly.

Ms. Marsh asked if the appellant was renting the properties. Mr. May confirmed that he is renting the properties. Each residence is 1 bedroom and 1 bath and the rent amounts are \$850 and \$950, with the third building rented for \$950, but he is going to tear it down. Mr. May mentioned that there is a garage/shed also on the property. The appellant stated that a couple of the buildings are located in the setback area. He also stated that the buildings are 164 years old and these properties are in the Historic District of Chapel Hill.

Mr. Gunn stated that the value of a property is based in part on how the adjacent properties are valued, so when Mr. May's original property was split, Orange County looked at the adjacent land and valued them similarly.

Ms. Sparks mentioned that the smaller lots are worth more per acre, and that in subdividing the lot Mr. May made a non-conforming lot into two conforming lots. Ms. Sparks also mentioned that the appellant may not have the option of tearing down one or more of the structures because it is in the Historic District of Chapel Hill.

After consideration of all evidence and deliberation, Ms. Sparks made a motion for no change to the values of both properties. Ms. Merritt seconded the motion and the motion carried.

Ayes: 3
Noes: 0

VANDERWOUDE***PIN #9797187741***

Mr. Vanderwoude appeared before the Board to appeal the valuation of his property located at 1200 BAYBERRY DRIVE, CHAPEL HILL. The current tax value assigned to the property by Orange County is \$1,252,700. The appellant is requesting that the Board lower his 2014 valuation to \$1,003,144 citing the fact that there was an error made in the value when the basement of his house was picked up by an appraiser.

Mr. Vanderwoude received the Change of Value Notice that was sent on May 6th after returning from being out of town. He contacted Ray Jordan and began his investigation into the change in his valuation although he has never done anything like this before. The appellant stated that the house was built in 1998 and the only changes were in 2005 and 2008. In 2008 Mr. Vanderwoude obtained a building permit to replace a window in the lower level, and the home is still in the same configuration as it was when it was built.

Mr. Vanderwoude requested assistance from a real estate agent. The agent located six comps that are comparable and similar in size. Five of these transactions were in the latter half of 2008 and one was on January 14, 2009. The transactions ranged from \$600,000 to \$903,000. The real estate agent suggested that Mr. Vanderwoude would need to add \$100,000 to each of these transaction prices because of the larger size of his home.

Ms. Marsh asked what prompted the change in value. Mr. Vanderwoude stated that he obtained a building permit to repair and rebuild a deck that was deteriorating.

Mr. Gunn stated that the property was previously "area coded" and upon inspection was measured. The Tax Office recorded the basement that was not on the sketch. The appraiser who visited Mr. Vanderwoude's house re-sketched the property to include the basement because the county did not previously have the basement included.

Mr. Vanderwoud asked how far back the omission went. The appellant thinks the basement may have been there and then was dropped off the record.

Mr. Hensley stated that he visited the appellant's property and with someone being home he was able to access and do a review of the property. Mr. Hensley suggested that based on his visit that the construction modifier be removed, that the grade should be changed from A+55 to A+75, and that the design factor should be adjusted. Mr. Hensley suggests a corrected value of \$1,008,100. Mr. Vanderwoude believes this suggested value is more in line with what he thought the value should be and he would be satisfied with those changes.

The Board reviewed all documentations presented by the appellant and the County. After review and deliberation, Ms. Marsh motioned to accept the changes recommended by the County and lower the value to \$1,008,100. Ms. Merritt seconded and the motion carried.

Ayes: 3
Noes: 0

BRIGGS***PIN #9863319129L1***

Ms. Briggs did not appear before the Board to appeal the valuation of leasehold improvements located at 3310 Ode Turner Road. The current tax value assigned to the improvements by Orange County is \$43,764. The appellant is requesting that the Board lower her 2014 valuation to \$33,285 citing that the value of the manufactured home was only \$40,000 fifteen years ago.

Mr. Gunn stated that this is a doublewide manufactured home that has been attached to leased land. He stated that in addition to the manufactured home there are also a few yard items: a storage shed, a garage, and two gazebos.

Ms. Sparks asked for the age of the home and Mr. Gunn replied that County records indicate it was built in 1995. Mr. Hensley pointed out that there was a pier foundation with vinyl skirting that covered the entire perimeter of the home. Mr. Hensley stated that the yard items were not addressed in the appeal, that only the doublewide was appealed. Mr. Hensley recommended changing the physical depreciation to twenty-five percent, removing the construction modifier, changing the economic depreciation to fifty

percent. Those changes would reduce the value of the mobile home to \$29,100 and an overall value of the leasehold improvements to \$39,600. This is a reduction of about \$4,000.

The Board reviewed all documentations presented by the appellant and the County. After review and deliberation, Ms. Marsh motioned to accept the changes recommended by the County and lower the value to \$39,600. Ms. Sparks seconded the motion and the motion carried.

Ayes: 3
Noes: 0

THIELISCH***PIN #9870008131***

Ms. Thielisch did not appear before the Board to appeal the valuation of property located at 206 LAKE MANOR ROAD, CHAPEL HILL. The current tax value assigned to the property by Orange County is \$950,310. The appellant is requesting that the Board lower her 2014 valuation because she believes that the County has an incorrect square footage measurement for her home.

Ms. Sparks asked if Mr. Hensley visited the property. Mr. Gunn asked if the County's information about the deck is correct. Mr. Hensley did visit the property, and stated that there is a deck on the home, but it is not large, really more of an open porch. The appellant included an appraisal for reference. Per Mr. Hensley, the property has a pool which is included in the valuation by the County. Ms. Thielisch's appraisal reflects 5616 square feet; the County record reflects 5648 square feet, which is a minimal difference. Mr. Hensley recommended correcting the property record by removing the front deck and replacing it with an open porch instead. Also, Mr. Hensley recommended correcting the rear deck. These changes would lower the value to \$932,500. Mr. Hensley stated that the deck did not cover the rear and side perimeter of the house.

The Board reviewed all documentations presented by the appellant and the County. After review and deliberation, Ms. Marsh motioned to accept the changes recommended by the County and lower the value to \$932,500. Ms. Merritt seconded the motion and the motion carried.

Ayes: 3
Noes: 0

DURHAM Revisited***PIN# 9747626596 & 9747737621***

NOTE: At his meeting with the Board on April 30th, Mr. Durham was given the opportunity to provide information to the Board that would prove he was unable to obtain electricity which would affect the value of two properties known as PIN 9747-62-6596 and 9747-73-7621.

Mr. Gunn provided the Board with a copy of an email that Mr. Durham sent to him on Thursday, May 15, 2014. This email included an email that Mr. Durham received from the owner of one of his neighboring properties, Mr. Roy Strowd.

Ms. Merritt pointed out that Mr. Durham did not provide a letter from his local utility company that stated that he was unable to obtain a utility easement. Ms. Merritt made a motion to deny value reduction based

on the fact that Mr. Durham did not provide proper documentation of his inability to obtain a utility easement for either property. Ms. Marsh seconded the motion on both properties and the motion carried.

Ayes: 3

Noes: 0

Alyson Grine Revisited

9890-20-2083

NOTE: Ms. Grine's property was appealed on Wednesday, May 21. Mr. Hensley was instructed by the Board to review the property. He is providing the additional information requested to the Board. Mr. Hensley re-sketched the house, and this caused a lower square footage calculation for it, from 3086 to 2467. The change in size will lower the value to \$351,300. The Board voted to accept the other changes recommended by the County the previous day, and this was notification of the end result of the recalculation by County staff being instructed to review the property.

Mr. Gunn stated that he would like to get the rest of appeals heard before the beginning of July so that the values can be finalized before the 2014 Annual Billing deadline. He will contact the Board members with possible dates shortly.

Having heard all of the appeals scheduled on this date, Ms. Sparks made a motion to adjourn this meeting, and to adjourn from the taking of appeals with the exception of those who have received recent notification. Ms. Merritt seconded the motion, the motion carried (Ayes 3, Noes 0), and the meeting was adjourned at 4:15 PM.


Jane Sparks, Chair


Nancy Freeman, Recording Secretary