

MINUTES

2014 Board of Equalization and Review
June 19, 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 2:00 PM on June 19, 2014 by Jane Sparks.

YANG/JIANKE

PIN #9890439451

Mr. Tie Jianke appeared before the Board to appeal the valuation of property located at 200 BONSAIL PLACE, CHAPEL HILL. The current tax value assigned to the property by Orange County is \$490,000. The appellant is requesting that the Board lower the 2014 valuation to \$424,500 citing the fact that his 2008 appraisal used for refinance shows a market value of \$430,000.

Mr. Jianke believes that his tax value should be lower. The appellant stressed that there have been no construction changes to his residence since the last revaluation. Per Mr. Gunn, there were corrections made to Mr. Jianke's property in 2013 lowering the value to \$497,200, and then Mr. Jianke informally appealed the value and the value was subsequently lowered to \$490,000. Mr. Gunn mentioned that Mr. Jianke did not formally appeal the value change that was made for 2013, but Mr. Jianke stated that he was not aware at that time that he had the right to appeal. Therefore, he is appealing this year.

The appellant stated that his Realtor will provide him with more comparable sales and he can get them to the Board at the first of the week. Ms. Marsh explained that he would not need to provide additional comparables. She also mentioned that if he is unhappy with the findings of this Board that he will have the right to appeal to the North Carolina Property Tax Commission and he would not need an attorney to do so. Mr. Gunn provided Mr. Jianke with a copy of the comparable sales that Mr. Gunn located and pointed out that although the \$490,000 value may be a little higher than the average sales price, the value would not be in the \$430,000 range, which is the value Mr. Jianke is requesting.

Mr. Hensley pointed out that the construction grade seems to be correct and that the house was built in 1999. Both Mr. Jianke's house and the houses on either side of his property have grades of A+30. Mr. Gunn recommended that the grade be lowered to A+25 because other similar homes in the subject neighborhood have the same grade. In addition, Mr. Gunn stated that several of the comparable sales have more square footage than the appellant's home. Mr. Jianke's home has 2968 square feet. Ms. Sparks asked Mr. Gunn to verify if the County's information regarding the finished attic and the number of stories were correct, and Mr. Gunn stated that the County has this home listed with a 100% finished attic and 1.5 stories. Ms. Merritt noted that the highest value for the comparable sales provided by Mr. Gunn is \$450,000. Changing the subject's grade to A+25 would change its value \$479,400. Mr. Hensley stated that the roofline on the home does increase the value somewhat and there is an additional full bath in the

appellant's home that the comparable sales do not have. As an additional comparison, Ms. Merritt asked for the tax value for the following sales: 203 Pebble Springs Drive (which has a tax value of \$419,837), 109 Middlebrook Drive (which has a tax value of \$417,960) that sold in 2008 for \$445,000 with square footage very similar to Mr. Jianke's property. Mr. Hensley verified the land values of the properties, and all are very similar in value to Mr. Jianke's lot which shows that the difference in value is in the home itself.

The Board reviewed all documentations presented by the appellant and the County. After review and deliberation, Ms. Merritt motioned to accept the change recommended by the County to lower the grade to A+25 which will lower the value to \$479,400. Ms. Marsh seconded the motion and the motion carried.

Ayes: 3

Noes: 0

SWANSON

PIN #9779394021.007

Ms. Meghan Swanson appeared before the Board to appeal the valuation of property located at 234 E. WINMORE AVENUE, CHAPEL HILL. The current tax value assigned to the property by Orange County is \$370,000. The appellant is requesting that the Board lower the 2014 valuation to \$310,000-338,000 based on comparable sales, her appraisal, and her contract sales price.

Ms. Swanson also brought Renee Hendrickson, a Realtor who is familiar with the area. Ms. Swanson said this situation is unique because her house was not built until 2011. For comparable sales, she looked at properties that were a couple of years old in 2009. Her husband researched sales and provided her with the data for three properties. The first sale is located at 101 Ruth Street and is a single family home. This sale is a little different compared to her property which is a condo, but the sale has many of the same features as her home. The next sale, 226 Berringer Place, was built in 2004 and is a little larger in size and has a 0.05 acre townhome site. The third sale is 833 Providence Glen Drive, which is a condo, and was built in 2006.

Mr. Gunn pointed out that 2 of the 3 comps are not actually an "apples to apples comparison" because these sales are not condos. Mr. Gunn also stated that all three sales are located in inferior neighborhoods to Ms. Swanson's Winmore neighborhood. Ms. Hendrickson argued that the quality of the neighborhood is determined based on what you are looking for in the neighborhood. Ms. Hendrickson provided information on the history of the sales in Winmore, and especially that there are very few condo sales near Winmore. The appellant pointed out that her appraisal indicates a lower value for her home, but Ms. Sparks explained that the information cannot be considered because the appraisal is from 2013, and the value must be based on 2009 values.

Mr. Gunn questioned why Ms. Swanson did not provide time relevant condo sales from the Meadowmont neighborhood, similar to those which were utilized in the appraisal she submitted. Ms. Swanson stated that Meadowmont is more of a higher end neighborhood than Winmore. Ms. Swanson also provided more information to the Board including unsold condos in the area.

Mr. Gunn looked at the sketch and the appellant's floor plan included in Ms. Swanson's appraisal. He recommended that the County's sketch be corrected based on information provided in the appraisal, to change the square footage from 1876 to 1572 sq. ft. which would bring the value down from \$370,000 to \$338,300.

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 \$338,300. Ms. Merritt seconded the motion and the motion carried.

Ayes: 3
Noes: 0

CARLTON***PIN #9825647821***

Mr. Zantzen S. Carlton appeared before the Board to appeal the valuation of property located at 303 GREEN PASTURE ROAD, MEBANE. The current tax values assigned to the property by Orange County is \$243,900. The appellant is requesting that the Board lower the 2014 valuation to \$230,000, citing the fact that the value is incorrect based on similar homes built in the subdivision in 2009, whose tax values are significantly lower than his home.

Mr. Carlton presented 3 comparable sales from 2009 that he stated would validate lowering the value of his home. The square footages of the sales are similar to that of the appellant's house, and the sales were built about the same time as his home. Per the appellant, the average price per square foot of the sales was \$24.90. Mr. Carlton stated that he paid \$209,000 for his home, but when he looked for sales, he looked for sales in 2009. Mr. Gunn pointed out that these were sales in the year 2009, and that the 2009 values were based on sales prior to January 1, 2009. Ms. Marsh asked if there were valid sales from 2008, and Mr. Gunn provided a list of sales from 2008 for the appellant and also directed the Board to the list of sales that he provided.

Per Mr. Hensley, the grades in the neighborhood are valid at B-15. Mr. Hensley stated that during the research he discovered another single property in the neighborhood that Mr. Hensley will need to change because it is a B+00, which means that home's value is too high, but it is not the appellant's property.

After consideration of all evidence and deliberation, Ms. Merritt made a motion to make no changes because of the lack of time relevant information provided by the appellant and because the sales provided by the County support the current value and are similar to the appellant's value. Ms. Marsh seconded the motion and the motion carried.

Ayes: 3
Noes: 0

ANDREWS***PIN #9940218457***

Ms. Suzette O. Andrews did not appear before the Board to appeal the valuation of property located at 500 OLD FARM LANE, CEDAR GROVE. The current tax value assigned to the property by Orange County is \$189,800. The appellant is requesting that the Board lower the 2014 valuation citing that the buildings are dilapidated and the site has poor soil quality.

Mr. Hensley visited the property and recommended that there were several changes that could be made to the property. He suggested that the outbuildings be removed, changing the depreciation of the residence

on card 2 to 99% depreciation (because it has basically fallen down), and change the residence on card 1 to 90% depreciation. Per Mr. Hensley, these changes will change the value of the property to \$173,000. Mr. Hensley noted that the property includes a large tract of land, about 28 acres, and that changing the buildings does not change the value significantly because the land value is the largest portion of the total value.

The Board reviewed all documentations presented by the appellant and the County. After consideration of the all evidence presented, Ms. Sparks made a motion to accept County's recommendations, and adjust the value to \$173,000. Ms. Marsh seconded the motion and the motion carried.

Ayes: 3
Noes: 0

ZIMMERMAN***PIN #9788278230.060L322***

Mr. Mark Zimmerman appeared before the Board to appeal the valuation of property located at 140 W. FRANKLIN STREET, UNIT 322, CHAPEL HILL. The current tax values assigned to the property by Orange County is \$199,200. The appellant is requesting that the Board lower his 2014 valuation to \$147,050, citing the fact that the contract purchase price on August 27, 2009 was \$147,050. In 2013 the condo was completed and the purchase price based on the few changes they made during the building process the price was \$148,050.

Mr. Zimmerman does not have a full balcony because of the setback. Instead, his condo includes a Juliet balcony of about 18" and the view is on the side and does not overlook Franklin Street. Mr. Zimmerman stated that each unit is individual, and he feels that all of the condos will be difficult to appraise because of the differences. Mr. Zimmerman stated that he owns and resides in the unit when he is in town, but he also has a second home elsewhere so the condo is not occupied continuously. Mr. Zimmerman verified for Ms. Sparks that the unit has one bedroom and one bathroom and that the square footage he knows is between 900 and 980 square feet. Mr. Gunn stated that the County lists the square footage as 962.

Mr. Gunn believes that the appellant was able to secure a very good deal due to being one of the first to buy, and also due to the fact that he is a Realtor.

After consideration of all evidence and deliberation, Ms. Merritt made a motion not to change the value based on the lack of evidence that the County's value was incorrect and upon the recommendation of the County that there are no issues with the value. Ms. Marsh seconded the motion and the motion carried.

Ayes: 3
Noes: 0

GERBRACHT***PIN #0807250433***

Mr. Ronald N. Gerbracht appeared before the Board to appeal the valuation of property located at 7004 PENDLETON PLACE, HILLSBOROUGH. The current tax value assigned to the property by Orange County is \$352,200. The appellant is requesting that the Board lower the 2014 valuation to \$290,000 citing that the house next door, which is a larger house with a larger lot, sold in May 2014 for \$300,000.

Note: Ms. Sparks is recusing herself from these proceedings because she personally knows Mr. Gerbracht. Ms. Sparks introduced the Board members and Orange County staff members, and will sit in, but will not vote.

Mr. Gerbracht provided copies of comparable sales. The appellant stated that the house next door has three times the amount of property than his home and that there are also outbuildings on that property. The recent sale of that property was for an amount much lower than Mr. Gerbracht's value. Ms. Sparks explained that the schedule of values used is based on market conditions on January 1, 2009.

Mr. Gerbracht purchased a \$3,000 outbuilding and noted it on his listing form. The appellant stated that his property value increased by \$5,000. Ms. Marsh explained that the building is being valued based on what it would be worth in 2009. However, Ms. Marsh stated that because he is appealing the increase in value, the Board and staff members could look at the individual building and verify that the building is properly recorded. Mr. Gerbracht stated that he does not understand how the County could raise the value to \$5,000 and does not believe the value is fair or correct.

Mr. Hensley has verified the data and the measurements of the building correlate with what the County has on record. Mr. Hensley recommended correcting the sketch of the house, removing the construction modifier, adjusting the construction grade to A-05, adjusting the value of the outbuilding, and changing the story height of the residence from 1.25 stories to 1 story. These changes would result in a lower value of \$342,500. Ms. Marsh noted that none of the changes were recommended based on evidence provided by the appellant but rather are recommended based on staff's review of the property.

The Board reviewed all documentations presented by the appellant and the County. After review and deliberation, Ms. Merritt motioned to accept the changes recommended by the County and lower the value to \$342,500. Ms. Marsh seconded the motion and the motion carried.

Ayes: 2
Noes: 0

BURTON

PIN #9878656554

Mr. James R. Burton and Mrs. Ann Burton appeared before the Board to appeal the valuation of property located at 532 BIRDSONG LANE, HURDLE MILLS. The current tax value assigned to the property by Orange County is \$315,800. The appellant is requesting that the Board lower the 2014 valuation citing that the addition of a shed increased the value of their property \$4,800 despite the shed's purchase price of \$2,300.

The appellant stated that the house was completed in the year 2009. Mr. Burton stated that they simply added a small shed on the property for 2014 at a cost of \$2,300 and the total value of their property increased by \$4,800.

Mr. Gunn explained that when the shed was added to the property record, the appraiser took the opportunity to verify other features of the property. Mr. Gunn stated that the dimensions of the deck were incorrect and a correction was made on February 17, 2014. Mr. Gunn explained that the County previously listed the deck as being smaller than its actual size and that was corrected. Mr. Gunn stated that the County shows a value for the shed as \$2,100. The appellant asked why they were not told the

reasoning for the value change that when he called, and Mr. Gunn said that his recent investigation is what led to this discovery of how the value changed.

Mr. Burton pointed out that he did not provide an incorrect size to the County, and Mr. Hensley suggested that it was likely that the deck size was verified during construction, and it was increased afterward, and the County was unaware of any change. Mr. Hensley added that there will be no prior years penalties to the homeowner because of the mistake; the value has been corrected for 2014 and future years.

Mr. Hensley stated that after review of the property, he recommends that the secondary exterior wall and a construction modifier be removed, both of which would lower the value to \$315,300.

The Board reviewed all documentation presented by the appellant and Ms. Marsh motioned that the Board accept the adjustments recommended by the County to lower the value to \$315,300. Ms. Sparks seconded the motion and the motion carried.

Ayes: 3
Noes: 0

ORANGE COUNTY SPEEDWAY

PIN #0910025198

A representative of the Orange County Speedway did not appear before the Board to appeal the valuation of property located at 9740 NC 57, ROUGEMONT. The current tax value assigned to the property by Orange County is \$2,061,667. The appellant is requesting that the Board lower the 2014 valuation to \$1,500,000.

Mr. Gunn recommended changing the value to \$1,566,900 based on consistent pricing for the land area in rural northern Orange County. Ms. Marsh asked that Orange County staff check to be sure that the ownership properly file their business personal property.

The Board reviewed all documentation 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 \$1,566,900. Ms. Marsh seconded the motion and the motion carried.

Ayes: 3
Noes: 0

SYNERGY GRIFFIN FITNESS GROUP, LLC

ABSTRACT #1051705

Jeremy Bailey appeared before the Board to appeal the late listing discovery penalties on business personal property which is located at 605 MEADOWMONT VILLAGE CIRCLE, CHAPEL HILL. The appellant is requesting that the Board waive the late listing penalties on the business personal property discoveries for years 2009-2013.

Ms. Riley stated that the business is known by its "Doing Business As" title of Fitness Together. Ms. Riley stated that the discovery was the result of an audit by Evans & Associates for the benefit of the County. Orange County Tax staff members working in the field noted the business and requested an audit

by Evans & Associates. Mr. Bailey stated that he is a first time business owner, and he chose to open a franchise so that he would have help with this type of stuff, but knowing that he should list his business personal property was missed. The appellant further stated that the failure to list was not on purpose. He is not contesting the values; he is only requesting relief from the penalties. Mr. Bailey further explained that he always pays his bills and strives to meet his responsibilities. The appellant stated that he contacted his CPA as soon as he was made aware of the situation, and the CPA directed him to work with the Tax Office to resolve the issue. Mr. Bailey said he will guarantee that this will not happen again, and he understands it is his fault. He stated that the removal of the penalties would help tremendously. Ms. Marsh asked if his CPA explained to him how the CPA made this oversight. Mr. Bailey stated his CPA has been in business for 25-30 years, but could not explain how the CPA missed the listing deadlines. Mr. Bailey assumes that the CPA assumed that Mr. Bailey himself was handling the listings. Mr. Bailey has listed for 2014 and will be receiving the listing forms for 2015. The total amount of penalties is \$2,538.76. Ms. Riley and Mr. Bailey have previously met for the purpose of providing Mr. Bailey an understanding of how the process works, and now he understands what the term "Leasehold Improvements" means and how these items are to be included. His business is a Personal Fitness Training Studio.

Ms. Marsh reminded the Board members that the precedence has been not to waive penalties for businesses, except for extenuating circumstances, because a business should know their responsibilities.

The Board reviewed all documentations presented by the appellant and the County. After review and deliberation, Ms. Sparks motioned to not waive the penalties. Ms. Marsh seconded the motion and the motion carried.

Ayes: 3
Noes: 0

GAYA

PIN #9874082949

Ms. Rachael Gaya appeared before the Board to appeal the valuation of property located at 107 WEST CORBIN STREET, HILLSBOROUGH. The current tax value assigned to the property by Orange County is \$218,985. The appellant is requesting that the Board lower the 2014 valuation to \$146,500 because an appraisal for a mortgage company in 2013 valued the property at that amount.

Ms. Gaya stated that it is obvious that there is a lot of work to be done to the home. Ms. Gaya started the process of refinancing the home in order to obtain funds for renovation, but the State Employees Credit Union informed her that the value was not high enough to loan her the funds that she needed to do the renovations. Ms. Gaya lived in the home at one time; the home was not in that bad of shape inside. She expressed that she was shocked that providing the appraisal to the tax office did not lower the value at all during the informal review.

The home is currently being rented through Orange County Housing. Each year, Housing provides a list of what needs to be done in order for it to continue to be in the subsidized program with Orange County. Ms. Gaya stated that due to the condition of the home and the appraisal, the tax value should be changed to the appraised value. She explains that the home rents for \$1,100 per month but paying the current taxes nullifies several months of rent (the 2013 tax bill was \$3400+), and also the homeowners insurance nullifies quite a bit of the rent as well.

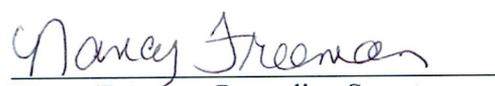
Ms. Merritt asked if construction grade is correct. Mr. Gunn stated that it was correct. Mr. Gunn stated that the percentage of physical depreciation should be increased to 50%. He also noted that based on the review of the home, that the County must add 0.5 bath and two fixtures, decrease the attic to 25% finished, make a sketch correction, and change the market adjustment on the lot to -25% due to the site's irregular shape. These changes would lower the value to \$178,800.

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 \$178,800. Ms. Merritt seconded the motion and the motion carried.

Ayes: 3
Noes: 0

Having heard all of the appeals scheduled on this date, Ms. Sparks made a motion to adjourn this meeting at 4:27 PM.


Jane Sparks, Chair


Nancy Freeman, Recording Secretary