

MINUTES
Board of Equalization and Review
July 7, 2009

Board Members Present: Jane Sparks, Chair
Tim Kepley
Paul Snow

Staff Members Present: John Smith, Assessor
Roger Gunn, Staff Appraiser
Steve Hensley, Staff Appraiser
Pam Bryant, Recording Secretary

Ms. Sparks called the meeting to order at 2:05 p.m. on Tuesday, July 7, 2009. Tim Kepley was sworn in as a board member to the Board of Equalization and Review.

Steve & Lynda Baker 732135

Mr. and Mrs. Baker appeared before the Board to appeal the valuation of their property located at 1502 Jones Ferry Road, Chapel Hill, NC. The current tax value assigned to the property by Orange County is \$436,817. The Bakers purchased the property in 2004 for \$350,000. The property is a 4.64 acre tract improved with a 2300 square foot log home. Per the appellant, this property is located in the watershed area for the University Lake and the property is also crossed by power line easements in two areas. Documentation included photographs showing the power line easements.

During deliberations the Board considered all information presented by the appellant. Jane Sparks made a motion that the value of the tennis court be reduced from \$12,000 to \$6,000, and that a land adjustment of -5% be added to the land for the power line easement. Tim Kepley seconded the motion and the motion carried.

Ayes: 3
Noes: 0

Dobbins Hill Apts Ltd. (Crosland Group, Inc.) 774297

Mr. Jud Little, Consultant for Crosland Group, Inc. along with Mr. Charlie Henley, Director for Affordable Housing for Crosland Group, Inc. appeared before the Board to appeal the valuation of Dobbins Hill Apartments Limited Partnership. Dobbins Hill Apartment complex is a 52 unit apartment complex located at Dobbins Drive in Chapel Hill, NC. The current tax value assigned to the property by Orange County is \$3,255,031. This apartment complex was developed in connection with Orange Community Housing Corporation. Rent restrictions are in place for 30 years to assure affordability. Rents are set by the North Carolina Housing Finance Agency. The

appellants consider the Orange County valuation to be excessive due to current market conditions and reduced interest in this type of property by investors. It is their contention that the North Carolina statutes require the valuation of the property to be based upon the contract rent rather than the gross rent. The contract rent is gross rental less utilities. They also contend that expenses should be based on actual expenses as they occurred.

During deliberations the Board considered all information presented by the appellant. Paul Snow made a motion to direct the staff to make appropriate changes to adjust the value to approximately \$1,650,000. Tim Kepley seconded the motion and the motion carried.

Ayes: 3
Noes: 0

Mebane Apartments Associates 371176

Mr. Chad Essic, Attorney for Mebane Apartments Assoc., Mr. Jim Caravello of Mebane Apartments Assoc., and Mr. John Chapman, Appraiser for Keystone Consulting Group, Inc. appeared before the Board to appeal the valuation of Ashbury Square Apartments. Ashbury Square Apartments is a 192 unit multi-family apartment complex located at 202 Ashbury Boulevard, Mebane, NC. The current tax value assigned to the property by Orange County is \$12,937,064. The apartment complex was purchased in 2005 and renovated until completion in 2007. The appellant's are aware that the Orange County valuation was adjusted downward from \$14,459,072 to \$12,937,064 during the informal appeal process. Documentation included an appraisal completed January 2009 with a market value based upon the Income Capitalization Approach of \$10,850,000.

The appellants consider the Orange County valuation to exceed the market value. According to Mr. Essic, the appellants believe there is a discrepancy between the actual expenses for the property and the expenses used by the County in the calculation of value, which has resulted in over-valuation. Actual expenses are \$4468 per unit and the County has used a figure of \$3629 per unit. Mr. Chapman pointed out that the units are not separately metered and Mebane Apartments Assoc. is responsible for payment of utilities and that expenses equal approximately 52% of effective gross income.

During deliberations the Board considered all information presented by the appellant. Paul Snow made a motion to direct the staff to make appropriate changes to adjust the value to \$11,700,000. Tim Kepley seconded the motion and the motion carried.

Ayes: 3
Noes: 0

Southern Village Cub, LLC 758293

Mr. Mark O. Costley appeared before the Board to appeal the valuation of Southern Village Club, LLC located at 601 Brookgreen Dr., Chapel Hill, NC. Mr. Costley is one

of seven owners of Southern Village Club LLC, all of which live in Southern Village. These individuals purchased the club in 2008 for \$350,000. The motivation to buy the club was to allow for more responsive ownership to the needs of the Southern Village community. The current tax value assigned to the property by Orange County is \$598,517. The appellant's are aware that the Orange County valuation was adjusted downward from \$830,249 to \$598,517 during the informal appeal process, but wish to pursue further reduction in the valuation. The appellants consider the valuation to be excessive based on three factors: their purchase price in 2008, the limitation of the property to recreation purposes only, and the current market condition. Documentation included the purchase agreement and a copy of the deed of trust.

Per Mr. Costly, the restrictive covenants allow the property to be used only for recreational purposes. He contends that the value of the property is based on the capacity to generate memberships. The owners offer an annual membership contract for families and individuals. The membership for 2009 is approximately 330 members, down from 372 in 2008. According to Mr. Costly, membership cost is as follows:

Family	\$650.00 Renewing Member
	\$750.00 New Member (with upfront membership fee of \$400)
Couple w/no Children	\$525.00

The LLC hires a company to manage the pool.

During deliberations the Board considered all information presented by the appellant. Tim Kepley made a motion to change the per acre value of the land from \$82,500 to \$50,000 per acre, and apply a 20% market adjustment, which will result in a valuation of \$522,859. Paul Snow seconded the motion and the motion carried.

Ayes: 3
Noes: 0

Jo Anne Rose 707135

Mr. Rose appeared before the Board to appeal the valuation of his property at 2012 N. Lakeshore Drive, Chapel Hill, NC. The current tax value assigned to the property by Orange County is \$947,493. The appellant is aware that the valuation was adjusted downward from \$1,107,931 to \$947,493 during the informal appeal process. Mr. Rose's documentation included a CMA completed by a local realtor with an estimated market valuation of \$863,921.

During deliberations the Board considered all information presented by the appellant. Sales of comparable properties were considered. Jane Sparks made a motion that no change be made to the valuation. Tim Kepley seconded the motion and the motion carried.

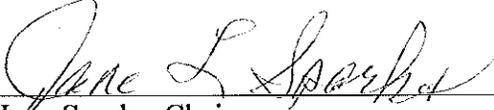
Ayes: 3
Noes: 0

<u>Steven Cherrier</u>	<u>748167, 751704</u>
<u>Wayne Shugart</u>	<u>700623</u>
<u>SNC Properties LLC</u>	<u>301366, 302067, 403808</u>
<u>Francis Chan Trustee</u>	<u>712531</u>
<u>Bryon Pearce</u>	<u>738387</u>

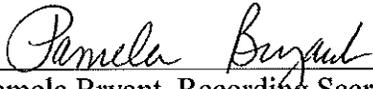
The appellants listed above failed to appear before the Board. Since the appellants presented no evidence, Jane Sparks made a motion that no change be made to the value at this time. Should the appellant's request to reschedule prior to Board adjournment, their case can be reconsidered at that time. Paul Snow seconded the motion and the motion carried

Ayes: 3
Noes: 0

Having heard all the appeals scheduled on this date, Jane Sparks made a motion to adjourn this meeting. Paul Snow seconded the motion and the meeting was adjourned at 4:30 pm.



Jane Sparks, Chair



Pamela Bryant, Recording Secretary