

MINUTES
2013 Board of Equalization and Review
June 26, 2013

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

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

Ms. Sparks called the Board to order at 2:00 pm on Wednesday June 26, 2013.

Michael N & Nancy Thomas

PIN # 9787006961

Mr. & Ms. Thomas appeared before the Board to appeal the valuation of their property located at 1007 WAVE ROAD, CHAPEL HILL. The tax value assigned to the property by Orange County is \$202,600. The appellants requested that the value be adjusted to \$ 167,100 based on the fact that it is a modest rental property, their failed attempts to sell the property, and the fact that the lot is largely unusable due to a flood plain running through it. They provided two comparable sales for the Board to review. The appellant stated that 1013 Wave Road sold for \$125,000 in 2007 and it is a strong match as a comparable. She provided additional information to show that \$175,000 - \$195,000 is a typical range of value for similar properties. Mr. Gunn asked if the sales data represented "arms-length" transactions. Ms. Thomas stated that one sale was a foreclosure sale and was not sure if the second sale was or was not an arms-length transaction. The Thomas's have owned the property since 1987.

Ms. Thomas stated that the property is a duplex. The appellant provided rental information which shows an increase in rent in 2009, which the appellants stated was due to appliances and kitchen countertops being replaced. Mr. Gunn asked if the appellants agreed that the rental amount resulting from the rent increase in 2009 was also representative of the property's market rent at the time of the revaluation. The appellants agreed. Ms. Thomas reiterated that the subject is a modest rental property, normally rented to single people. Mr. & Ms. Thomas tried to sell the duplex from April 2007 to the end of 2007 and were unable to sell the property after reducing the price from \$170,000 to \$159,000, not even receiving a low offer.

The survey that Ms. Thomas provided shows that the lot is very steep and a significant portion of the property is in a flood hazard area. The residence is situated on a higher grade spot on the property, and the acre lot really consists of about a half-acre of useable property. The other ½ acre is not developable. The appellant estimated that the road slopes at a 30-40 degree angle. Drivers cannot park on the street because cars will roll.

The County provided the Thomas's a list of comparable sales from 2008. Mr. Gunn explained that although the sales varied widely in sales prices, their corresponding gross rent multipliers could be useful to derive a value indication for the subject. Ms. Thomas pointed out that her property was built in 1970's and most of the sales Mr. Gunn provided were more recent construction. Mr. Gunn provided information about the County's sales & calculations from the rental information.

Upon review of the evidence submitted by the appellant, the County recommended a valuation of \$174,300 based upon a market rent of \$1,245 per month multiplied by an appropriate gross rent multiplier of 140.

Ms. Merritt made a motion to accept County's recommendation. Mrs. Sparks seconded the motion and the motion carried.

Ayes: 3

Noes: 0

Elizabeth A. Perry

PIN # 9799980345

Ms. Perry appeared before the Board to appeal the valuation of his property located at 107 BLUEFIELD ROAD, CHAPEL HILL. The current tax value assigned to the property by Orange County is \$282,600. Ms. Perry stated that all of her information is from 2009 and later. She did not have information prior to 2009. She stated that her property is valued higher than her neighbors. Originally the property value was \$293,414 but it was lowered to \$282,600 after the informal review. The appellant would like to know why her value is still higher than her neighbors' values. The Pickard Oaks neighborhood is a small area; only two streets are in it. All homes were built about the same time. Ms. Perry stated that the largest home is 1900 square feet and her home has about 1700 square feet and that all of these properties have very similar floor plans. Ms. Perry asked how the value is calculated. Ms. Perry claims that her home is identical to the home on PIN 9799980462. Ms. Perry says there are only 5 different floor plans in the neighborhood.

Mr. Gunn stated that the appellant purchased the property in July 2007 for \$285,000. Ms. Perry stated that it was before the market crashed. Mr. Gunn provided a list of comparable sales from 2008. Mr. Hensley asked about the size of the entryway, and Ms. Perry replied that the living room is two story; there is no second floor space over the living room. The County reviewed the comparable sales that the appellant submitted.

The Board reviewed all documentation presented by the appellant and the County. After deliberation, Ms. Marsh made a motion of no change to the value of the property due to a lack of time relevant information. Ms. Sparks seconded the motion and the motion carried.

Ayes: 3

Noes: 0

Noes: 0

David R. Bell

PIN # 9825479769

Mr. Bell appeared before the Board to appeal the valuation of his property located at 628 OAKFIELD TRAIL, MEBANE. The current tax value assigned to the property by Orange County is \$163,514. He requested that the Board adjust his value based on current sales prices. Mr. Bell provided copies of information for the County staff and the Board members. Mr. Bell stated that all of the information he provided is recent information because he thought that is what was needed. He stated that valuations are going down and recent resale prices for two comparable properties were \$135,000 and \$139,500 in December 2012.

Mr. Gunn explained that the values of all properties in the county are supposed to be representative of their market values on January 1, 2009. Mr. Bell responded that he does not have information prior to 2009. The appellant stated that there is nothing detrimental to the property's value; his issue is just that the current market value is not in line with the County's assessed value. Mr. Gunn provided a copy of sales from 2008 in the Village at Lake Michael neighborhood for Mr. Bell to review. Mr. Bell asked about the status of his application for the disabled veterans' tax exemption program. He stated that he sent an application during January or February 2013. Mr. Gunn said that he would check the status of his application and have someone respond to Mr. Bell.

During deliberation, the Board reviewed all the documentation and information presented by the appellant and the County. After deliberation, Ms. Sparks made a motion for no change as no time relevant information was presented to support a change based on January 1, 2009 market conditions. Ms. Marsh seconded the motion and the motion carried.

Ayes: 3

Noes: 0

Paul Piersma

PIN # 9779067253

Mr. Piersma appeared before the Board to appeal the valuation of his property located at 125 CIRCADIAN WAY, CHAPEL HILL. The current tax value assigned to the property by Orange County is \$272,900. The appellant requested a reduction in value to \$150,000-160,000 based on square footage, ambiance, and property lines. Mr. Piersma provided copies of a market analysis with comparable sales from late 2008. The appellant purchased the property in August of 2012. The property had 795 square feet. It is a duplex style townhouse that is connected on the east with another unit. The property has a Chapel Hill address but is in Carrboro. The appellant mentioned that it was difficult to find comparable sales because most sales are larger. Mr. Piersma looked at Spring Valley, Forest Court, and Arcadia (which had the best comparable). Mr. Piersma purchased this property because he wanted to stay in Arcadia, and the property he was renting at the time was no longer available.

Mr. Piersma stated that the subject property was in poor condition when he purchased it. Mr. Piersma pointed out that there was a major water leak during a time when the home was unoccupied, and there were major repairs made to the drywall. The property does not have central air. He was required to repair gouges in the cement walk, had to insulate the attic, and added 260 square feet upstairs consisting of a bedroom and bath. Mr. Piersma stated that the value should be \$140,000 with the improvements he made. The appellant purchased the property for \$110,000. Mr. Piersma stated that the roof leak that caused the water damage was being repaired that day. He also stated that his property is bordered by stockage fences, and the backyard is basically parched earth. He also stated that his view is not as good as the view from other neighboring properties and stated that the quality of construction is much lower than most of the properties in Arcadia. Mr. Piersma stated that with the addition, the size of the property is 1055 square feet.

Mr. Hensley stated that the appellant shows 795 square feet on bottom floor and 265 square feet on top floor. Mr. Hensley states that Mr. Piersma's documentation did not agree. Mr. Piersma mentioned that they only finished half of the attic, not the entire attic. However, plans provided by Mr. Piersma read 335 square feet, but Mr. Piersma was under the impression that the top floor was only 263 square feet. Mr. Hensley showed his calculations for the top floor and from his site visit. Mr. Hensley calculated 1,126 square feet. Mr. Hensley corrected the heat source and removed a non-existent outbuilding from the property record. Mr. Hensley recalculated the value based on the corrections to \$223,800.

Mr. Piersma did not agree with this value, and feels the property would still be overvalued. Mr. Piersma noted that a home located at 113 Circadian Way has 888 square feet, a utility area, and a sizeable screened porch has a value of \$195,000.

Per Mr. Hensley, Belladonna is the architect who made up the plans for the addition & it shows the square footage on those plans. Ms. Merritt mentioned that when there is a sloped ceiling, real estate agents do not count square footage that is below a 4-5 foot level, and she inferred that Mr. Piersma may have based his square footage of the addition on the same type of estimate instead of the true measured square footage.

During deliberation, the Board reviewed all documentation presented by the appellant and the County. After deliberation, Ms. Sparks made a motion to accept the County's recommended value of \$223,800 after corrections made by the County. Mrs. Marsh seconded the motion and the motion carried.

Ayes: 3
Noes: 0

Russell C. Mead, Jr.

PIN # 9788581761

Mr. Mead appeared before the Board to appeal the valuation of his property. The property is located at 208 HILLSBOROUGH STREET, CHAPEL HILL. The current tax value assigned to

the property by Orange County is \$874,775. Mr. Mead suspected that the square footage on the appraisal is incorrect. The appellant stated that he purchased the property in July of 2005 for \$645,000. Mr. Mead found it hard to find true comparables, because his property is not in a homogenous neighborhood. Mr. Mead's comparables were for homes built in 1996 and 1998.

Mr. Hensley made a site visit to the property. In review, Mr. Hensley stated that there was a need to correct a porch to a carport because the area has no functionality as a porch. This adjustment would change the value from \$874,775 to \$873,900. Mr. Hensley also recommended removing the construction modifier and also changed an exterior wall which would lower the value to \$791,100. Mr. Gunn stated that the updated value per square foot would be within range of similar home sales prices per square foot from 2007-2008.

Ms. Sparks asked about an adjustment due to the lot size but County staff and the other Board members did not feel a site adjustment was warranted. However, County staff noted that there was an area that should be changed from an attached addition to an enclosed porch, which would further reduce the value of the property to \$786,400.

During deliberation, the Board reviewed all the documentation and information presented by the appellant and the County. After deliberation, Ms. Marsh made a motion to accept the recommendation made by the County to lower the value to \$786,400 based on changing the open porch to a carport and part of the living area to a glass porch. Ms. Sparks seconded the motion and the motion carried.

Ayes: 3
Noes: 0

Joseph E. Matthews

PIN # 9872994855

PIN # 9872995684

Mr. Matthews was unable to attend and his wife, Ms. Matthews appeared before the Board to appeal the valuation of their two properties:

- Property known as 9872994855 is located at 3620 BLUESTONE COURT (Lot 21), CHAPEL HILL, with a current tax value of \$143,165.
- Property known as 9872995684 is located at LOT 22, BLUESTONE COURT, CHAPEL HILL, with a current tax value of \$147,960.

Ms. Matthews selected the comparables after consulting with her Realtor. The subject properties had been on the market for a few years, and the listing prices have been close to what she perceives as market value. The comparables provided by Ms. Matthews were presented with a vicinity map. Ms. Matthews grouped the comparables by years 2007, 2008 and 2009, with the comparables narrowed based on price per acre. The subject properties are contiguous and were bought within a few months of each other. Ms. Matthews mentioned that her comparables are timely and should be considered and that there have been few comparable sales since 2009. The Matthews paid \$75,000 for each lot that had been on the market for a long time. One property

has a power transmission line running through it which encumbers most of the property. Ms. Matthews stated that she agreed to pay the same price for each lot even though one has the power line running through it because she wanted both lots.

The appellant stated that \$93,000 for Lot 21 and \$83,000 for Lot 22 with the power line running through it are fair values. The properties are located off of New Hope Church Road. Ms. Marsh asked if they planned to build on the property and if there are other lots for sale in the neighborhood. Ms. Matthews does plan to build on the property, and stated that there are no lots for sale currently. Ms. Matthews stated that the lot with the power line easement was perked. The appellant stated that she has not had a perk test performed for the second lot. Ms. Matthews expressed concern about the second lot & asked if it does not perk, would she still have the option of building 2 houses on the perking lot. County staff recommended that Ms. Matthews consult Orange County Planning Department.

Mr. Hensley stated that the lots are in an expensive neighborhood, and there is a million dollar home at the end of the street. Upon review of the information submitted by the appellant, the County determined that there was not enough of an adjustment to lot 21 for the power line easement. It was noted that the addition of a well and septic tank would add approximately \$6,000 more to the value of each property when added to either property.

Ms. Sparks made a motion to reduce the value of Lot 21 (9872994855) to \$101,100 by changing the easement adjustment to -40% due to presence of the power lines but make no change to Lot 22 (9872995684) due to a lack of compelling evidence prior to 2009. Ms. Marsh seconded the motion and the motion carried.

Ayes: 3
Noes: 0

Devora & Zalman Joffe

Mr. and Ms. Joffe appeared before the Board to appeal the valuation of seven properties as shown below:

- **9788211141:** 1011 DAWES STREET, CHAPEL HILL, tax value \$346,300
- **9788203896:** 1023 DAWES STREET, CHAPEL HILL, tax value \$461,200
- **9788201859:** 1025 DAWES STREET, CHAPEL HILL, tax value \$412,600
- **9788014755:** 620 COOLIDGE STREET, CHAPEL HILL, tax value \$463,500
- **9788111626:** 622 COOLIDGE STREET, CHAPLE HILL, tax value \$489,266
- **9788111447:** 625 COOLIDGE STREET, CHAPEL HILL, tax value \$495,400
- **9788114113:** 509 PINE BLUFF TRAIL, CHAPEL HILL, tax value \$451,900

The appellants are satisfied with the building values for the referenced parcels and are only taking issue with the lot values of the respective parcels. They are basing this appeal on the fact that although the referenced properties are all in the same vicinity, the lot values for several other properties they own in the same vicinity are lower (either in total value or on a value per acre

basis) despite being similar or larger in size than the referenced properties. Mr. Joffe submitted a location map for the Board to review which identified ten properties owned by the Joffes including the seven properties under appeal. He stated that most of the properties that have identical homes on them and he knows this because he built them.

Mr. Joffe's greatest point of contention was that 1011 Dawes Street was a .25 acre lot valued at \$180,000. Mr. Joffe questioned how this could be the case when the lot values for four adjacent properties ranging in size from .50 acre to 1.494 acres are all valued less than 1011 Dawes Street. Mr. Joffe then pointed out similar inconsistencies in lot values for the other appealed properties on Coolidge Street and Pine Bluff Trail.

Ms. Marsh mentioned that 1013 Dawes Street is an odd shaped lot and asked the appellant to clarify if they wanted to base the appeal of all of the other lots on a lot value comparison to 1013 Dawes Street.

Ms. Sparks stated that because the lot value for 1025 Dawes Street was changed to \$111,000 there is no question that the lots should be reviewed because they do not seem to be valued correctly. Ms. Marsh asked if all lots have the same topography. Mr. Joffe stated that 625 Coolidge Street has a crawl space of 22 feet high due to there being a large slope for that lot, and for all of the lots on Coolidge Street and Pine Bluff Road, you can only build close to the street as the lots slope down quickly. 1025 Dawes Street is much smaller but has slope.

However, the appellant stated that 1011 Dawes Street is a completely different in that its lot is completely level. Mr. Gunn stated that in prior conversations with the appellant, Mr. Joffe did not indicate that value based on size was an issue; rather his argument was that the lots should be valued similar as the extra land was not developable and had no value despite size differences between properties.

Mr. Joffe asked why the land values are different. County staff mentioned values are based on a combination of size, topography, and utility. County staff pointed out that both 620 Coolidge Street and 625 Coolidge Street already have major adjustments to them for the slope. Mr. Joffe stated that 625 Coolidge Street had the greatest slope yet this property has the highest lot value. Mr. Joffe would like an explanation of how the properties are valued so if he does not accept the Board's rulings for the properties, he will know how to continue with his appeal. Ms. Marsh explained the role of the Board is only to look at evidence provided by both sides and rule for or against any value changes; detailed explanations regarding how the properties are valued would have to be provided by tax office staff.

County staff mentioned that the adjusted lot values for 1013, 1019, 1021, and 1025 Dawes Street resulted out of an informal review after a discovery, and although not currently under appeal, the Board could direct staff to review 1013 and 1019 Dawes Street again to verify that these properties were properly adjusted. Ms. Marsh asked why the value of 1013 Dawes Street was so low. County staff explained that its value was due to topography and access easements for three other properties.

Mr. Gunn stated that he analyzed properties along Dawes Street and found that lots were valued inconsistently as some lots are valued by front feet, some are valued by size (square foot or acre) and some are valued by lot. Mr. Gunn considered the range of value per acre for four lots on Dawes Street and derived an average of \$408,488. He stated he would not have a problem in applying this average to 1011 Dawes Street. Since 1011 Dawes Street is a 0.25 acre lot, its lot value would be adjusted to \$122,000. This adjusted lot value would still be higher than the lot values of 1013 and 1025 Dawes Street, but 1011 Dawes Street is a more typical lot with no adjustment necessary for topographical issues. 1013 and 1025 Dawes Street are both encumbered by easements and have topographical issues which lowers their lot values.

The current lot value of 622 Coolidge Street is \$192,722. Mr. Gunn mentioned that the value of 624 Coolidge Street is \$123,100, which indicates \$156,815 per acre. Mr. Gunn suggested using the same per acre price for the lot at 622 Coolidge Street, which would change its value to \$111,300. Mr. Gunn pointed out that 625 Coolidge Street has a lot value that is higher than 620 Coolidge Street, but 625 Coolidge Street is a smaller lot and has the worst slope of all of the Coolidge Street lots. Mr. Gunn stated that 625 Coolidge Street should be priced in line with 620 Coolidge Street at \$119,929 per acre. Mr. Gunn recommended changing the 625 Coolidge Street lot value to \$151,800. The lot for 509 Pine Bluff Trail is similar to 624 Coolidge Street which is valued at \$156,815 per acre, and Mr. Gunn suggests applying this rate and changing the lot value for 509 Pine Bluff Trail to \$115,600.

In summary, the recommendations by County staff are:

- 1011 Dawes Street – change land value to \$122,000
- 1023 Dawes Street – no change in value
- 1025 Dawes Street – no change in value
- 620 Coolidge Street – no change in value
- 622 Coolidge Street – change land value to \$111,300
- 625 Coolidge Street – change land value to \$151,800
- 509 Pine Bluff Trail - change land value to \$115,600

Ms. Sparks made a motion to accept the recommendations of the County. Mrs. Marsh seconded the motion and the motion carried.

Ayes: 3

Noes: 0

Robert H. Pope

PIN # 9859019289

Mr. Pope's appeal was originally presented to the Board on June 20, 2013. At the hearing, the Board requested that County staff make a field inspection to review property characteristics. Mr. Hensley made a field inspection to the appealed property, 6909 Efland-Cedar Grove Road, and reported the findings to the Board today.

Mr. Hensley suggested that for the main house, the sketch needed to be corrected to reflect removal of former building areas, removal of a construction modifier, addition of a second bath

and three fixtures, listing a detached gazebo, and changing physical depreciation for a smaller house on the property to 85% based on this house's poor condition. The recommended adjustments would decrease the overall assessed value of the property to \$448,701.

Ms. Sparks made a motion to accept the changes recommended by the tax office. Ms. Merritt seconded the motion and the motion carried.

Ayes: 3
Noes: 0

Having heard all the appeals scheduled on this date, Ms. Sparks made a motion to adjourn this meeting. Ms. Merritt seconded the motion and the meeting was adjourned at 5pm. The next scheduled meeting is July 11, 2013.


Jane Sparks, Chair


Nancy Freeman, Recording Secretary