

DRAFT

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MINUTES

cc: BOC
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**STATE OF NORTH CAROLINA
COUNTY OF HENDERSON**

**BOARD OF COMMISSIONERS
WEDNESDAY, DECEMBER 29, 2010**

The Henderson County Board of Commissioners met for a special called meeting at 10:00 a.m. in the Commissioners' Meeting Room of the Historic Courthouse on Main Street, Hendersonville.

Those present were: Chairman Mike Edney, Vice-Chairman Tommy Thompson, Commissioner Larry Young, Commissioner Charlie Messer, Commissioner Bill O'Connor, County Manager Steve Wyatt, Assistant County Manager Selena Coffey, Attorney Russ Burrell, and Clerk to the Board Teresa L. Wilson.

Also Present were: Code Enforcement Director Toby Linville, Assessor Stan Duncan, Real Property Supervisor Nick Mazzarella, Christy DeStefano, Delinquent Tax Collector Lee King, and Research/Budget Analyst Amy Brantley.

CALL TO ORDER/WELCOME

Chairman Edney called the meeting to order and noted it as a special called meeting.

2011 REAPPRAISAL DISCUSSION

Assessor Stan Duncan provided the Board with an update via a power-point presentation including the following information:

Uniform Appraisal Standard

"All property, real and personal, shall as far as practicable be appraised or valued at its true value in money. When used in this Subchapter, the words "true value" shall be interpreted as meaning market value, that is, the price estimated in terms of money at which the property would change hands between a willing and financially able buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of all the uses to which the property is adapted and for which it is capable of being used."

N.C.G.S. 105-283

Important Case Law

AMP, Inc.; The North Carolina General Assembly, and no one else, determines how property in this State should be valued for purposes of ad valorem taxation.

287 N.C. 547, 215S.E.2d 752 (1975)

Allred; Sales after January 1 of the reappraisal year are not to be considered for the reappraisal year, but for the next reappraisal.

351 N.C. 402, 192 S.E.2d 811 (1999)

Greensboro Office Partnership: Actual sales price based on actual income stream not to be considered when economic rent indicates a different value.

Neither the Uniform Appraisal Standard nor G.S. 105-317(a) requires the commission to value property according to its sales price in a recent arm's length transaction when competent evidence of a different value is presented.

72 N.C. App. 635, 325 S.E.2d 24 cert. denied,
313 N.C. 602, 330 S.E.2d 610 (1985)

Pine Raleigh; But the income referred to is not necessarily actual income. The language is sufficient to include the income which could be obtained by the proper and efficient use of the property. To hold otherwise would be to penalize the competent and diligent and to reward the incompetent or indolent.

DATE APPROVED:

258 N.C. 398, 128 S.E.2d 855 (1963)
 Reaffirmed in Valuation of Property Located at 411-417 W. Fourth Street
 282 N.C. 71, 191 S.E.2d 692 (1972)
 Reaffirmed in Greensboro Office Partnership
 72 N.C. App. 635, 325 S.E.2d, 24 cert. denied,
 313 N.C. 602, 330 S.E.2d, 610 (1985)

- Market Value is Value in Exchange, but...
- NOT necessarily the most recent price paid in an arms length transaction WHEN competent evidence of a different value is presented, and
- NOT the highest or lowest value BUT the most probable value.
- NOT a foreclosure or "short sale".

Other Considerations...

Reappraisals recognize & measure CHANGE. Not all properties CHANGE at the same rate. There are differences among property locations and among property types.

Recognition of the General Economic Changes

- In the Year of a General Reappraisal; **YES**
 NOTE: Value controlled by Uniform Appraisal Standard (105-283), and Reappraisal Cycle (105-286).
- In a Non-Reappraisal Year; **NO**
 NOTE: Value controlled by N.C.G.S. 105-287.

"In a year in which a general reappraisal of real property in the county is not made, the assessor may **not** increase or decrease the appraised value of real property, as determined under G.S. 105-286, to recognize a change in value caused by:

- (2) Inflation, deflation, or other economic changes affecting the county in general; (emphasis added)

Beginning in 1995, Henderson County has reappraised on a 4-year cycle.

A Board Resolution dated 17 Nov. 1993 states in part.....

WHEREAS, since change (variation in values) is so much a part of the nature of real estate, the County wishes to recognize this variation in values as soon as possible which would be accomplished by advancing the reappraisal date from January 1, 1998 to January 1, 1995.

NOW THEREFORE BE IT RESOLVED, by the Henderson County Board of County Commissioners as follows:

- 2. That the effective dates of all reappraisals after January 1, 1995 be advanced to be effective every four years thereafter.

Vollie G. Good, Chairman; and members - J. Michael Edney, Hugh D. Randall, William McKay, & Renee Kumor.

Comparisons...

Other **200x / 201x** Reappraisal Counties

County / (Cycle)	2007	2010	12/22/2010	Ratio
Buncombe	(2006)	98.91%	93.56%	92.50%
Burke	(2007-2013)	100.00%	100.00%	103.80%
Davidson	(2007-2013)	100.00%	100.36%	100.02%
Gaston	(2007-2013)	96.87%	98.35%	103.08%
Henderson		97.94%	94.75%	
Macon	(2007-2013)	100.00%	109.29%	112.38%
Moore	(2007-2015)	100.00%	96.52%	98.45%
New Hanover	(2007-2012)	97.03%	104.59%	111.87%
Polk	(2009)	93.90%	87.89%	93.50%

Rutherford	(2007-2012)	93.64%	93.29%	
Transylvania	(2009)	76.71%	99.43%	96.45%
Wilkes	(2007-2013)	98.66%	96.27%	102.81%

Other 2007 / 2011 Reappraisal Counties

County	2007	2010	Notice Status
Brunswick	99.29%	113.59%	Early March
Carteret	100.00%	112.65%	10 January 2011
Catawba	97.73%	97.85%	15 Nov. 2010
Henderson	97.94%	94.75%	Late Feb/Early March
Iredell	99.40%	98.06%	Late Feb/Early March
Northampton	98.07%	86.55%	w/ 2011 Listings
Rowan	99.78%	97.76%	Late Feb/Early Mar

Why reappraise so often?

- Equitable distribution of the tax burden.

Personal property (motor vehicles, business machinery & equipment, aircraft & watercraft), is appraised and assessed at Market Value each and every year.

Real property is appraised and assessed at Market Value only in the year of the reappraisal.

The Tax Base is composed of:

1. **Real Property** – land and improvements (structures permanently attached), including some manufactured housing.
2. **Motor Vehicles** – licensed (tagged) vehicles.
3. **Personal Property** – business machinery & equipment, aircraft & watercraft, untagged motor vehicles, and manufactured homes not meeting the real property test.
4. **Public Service Companies** – public utilities and other regulated companies.

Historical Perspective...

From 2007 to 2010:

Real Property increased \$952,590,000 or 9.13% and the Total Tax Base increased \$ 770,404,000 or 6.27%. Part of Real Property increase offset by losses in other components to the tax base.

<u>2007</u>	<u>% of Base</u>		<u>2010</u>	<u>% of Base</u>
\$10,437,410,000	84.89%	Real Property	\$11,390,000,000	87.18%
\$ 873,186,000	7.10%	RMV's	735,000,000	5.63%
\$ 799,000,000	6.50%	Personal Property	740,000,000	5.66%
\$ 185,000,000	1.50%	Public Service Companies	200,000,000	1.53%
\$ 12,294,596,000	100.00%	TOTAL Tax Base	\$13,065,000,000	100.00%

NOTE: The current shift in the tax base is atypical of the norm.

Why reappraise so often?

Level of Assessment Relative to Market Value

<u>Real Property</u>	<u>Year</u>	<u>Personal Property</u>
100.00%	2011	100.00%
94.75%	2010	100.00%
87.19%	2009	100.00%
90.75%	2008	100.00%
97.94%	2007	100.00%
83.83%	2006	100.00%

Level of Assessment Relative to Tax Rate

Level of Assessment	Year	Actual Rate	Effective Rate
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100.00%	01/01/2011	?	?
108.00%	11/15/2010	\$.462	\$.4990
94.75%	01/01/2010	\$.462	\$.4377
87.19%	01/01/2009	\$.462	\$.4028
90.75%	01/01/2008	\$.462	\$.4193
97.94%	01/01/2007	\$.462	\$.4525
83.83%	01/01/2006	\$.565	\$.4736

Citizen Request Examples

5 Nov. 2010: Property Owner submits recent fee appraisal for consideration in determining 2011 assessed value.

- 2005 Purchase (5 July 2005) - \$252,500.
- 2007 Reappraisal - \$286,000.
- Fee Appraisal (as of 9 Sept. 2010) - \$242,000

28 Aug. 2010: By letter, property owner requests reappraisal for 2011 due to current market value.

- 2007 Reappraisal - \$188,500.
- Purchase (21 June 2008) - \$187,115.

Owner's Opinion of Value - \$165,000.

27 Aug. 2009: By letter, property owner contends unchanged reappraisal value on vacant lot has forced them into foreclosure.

- Purchased (12 Jan. 2006) - \$201,000.
- 2007 Reappraisal - \$193,000.

26 Aug. 2009: By letter, property owner requests reappraisal for 2011 due to current market value. Rural location; 2.35 acres purchased in 1982, and 1,326 s.f. residence constructed in 1991.

- 2007 Reappraisal - \$185,500.

15 Dec. 2010: By letter, property owner requests reappraisal for 2011 due to current market value, and states:

"The current appraised value is at this time 30% over- appraised from its true market value, by any appraisal technique."

- 2007 Reappraisal (Residence) - \$493,600
- (Vacant Residential. Lot) - \$ 45,300
- (Vacant, 7,400 s.f. Commercial Lot) - \$ 35,500

General Reappraisal Timeline

January 1, 2007; Effective date of current reappraisal, all subsequently created parcels of land and all new construction appraised as though they had existed on this date.

January 1, 2011; Next effective date for all real property valuations.

Between reappraisals, Markets Change!

What about the local market?

The total number of sales is down...However, there are sales:

2010 (YTD thru 30 Nov)	(913)	
2009	(960)	1,042
2008	(1,134)	1,215
2007	(1,757)	1,875
2006	(1,819)	1,951

2005	(1,979)	2,167
2004	(1,635)	1,791
2003	(1,696)	1,881
2002	(1,509)	1,644
2001	(1,336)	1,459
2000	(1,266)	1,376

Example: Southchase - 1,536 square foot Residence, built 1997:

Event Date	Valuation	Assessment/Sales Ratio .
• Sept. 13, 2001 SOLD -	\$157,000	
• Dec. 5, 2002 SOLD -	\$165,000	
• Jan. 1, 2003 Reappraised -	\$155,700	94.36%
• May 15, 2006 SOLD -	\$223,000	
• Jan. 1, 2007 Reappraised -	\$201,300	90.27%
• Aug. 29, 2008 SOLD -	\$200,000	

We can expect that Real Property Appraised Valuations will C H A N G E! Many will decrease, some more than others. Some will stay approximately the same. A relative few will increase.

Commissioner Young made the motion that the Board of Commissioners stops the reappraisal until 2013. The voted failed 2 to 3 with Commissioners' Edney, Thompson, and O'Connor voting nay.

The Assessor's Office will go through with the reappraisal as scheduled.

CLOSED SESSION

Chairman Edney made the motion for the Board to go into closed session as allowed pursuant to NCGS 143-318.11 for the following reasons:

1. Pursuant to N.C. Gen. Stat. § 143-318.11(a)(4), to discuss matters relating to the location or expansion of industries or other businesses in the area served by the public body.

All voted in favor and the motion carried.

ADJOURN

Commissioner Messer made the motion that the Board go out of closed session and adjourn at 12:55 p.m. All voted in favor and the motion carried.

Attest:

Teresa L. Wilson, Clerk to the Board

J. Michael Edney, Chairman