

Mecklenburg County 2011 Revaluation Review

Presentation to the Board of County
Commissioners

11/13/2012

Review of Scope of Work

- Initial Public Input Meetings
- 150 Randomized neighborhoods
 - Focus: Equity
- 50 neighborhoods: highest land value increase
 - Focus: Validity of sales analysis; Equity
- 375 Randomized property record cards reviewed
 - Focus: Accuracy of property data

Review of Scope of Work (contd.)

- Statutory Compliance
 - Machinery Act
- Review of Project Management
- Review of Appeals Process
- Follow-up Public Meetings on Findings

Public Input Meetings

Date	District	Location	# Attended	# of Speakers
July 30	6	Matthews Town Hall	97	22
July 31	1	Cornelius Town Hall	170	50
August 2	3	Beattie's Ford Library	17	8
August 6	4	Government Center	17	6
August 7	5	Marion Diehl	76	30
August 9	2	First Baptist-West	20	10

Public Input Meetings (contd.)

- Many common themes across all of the meetings
- We received over 200 input forms from citizens
 - 85% regarded public relations as poor
 - 80% said they received no explanation for appeal decision

Individual Property Review Process

- Reviewed a randomly selected property and the 4 closest neighboring properties
 - Photos taken
 - improvements measured
 - exterior data reviewed
 - attempted to speak to property owner to review interior information

Results of On-Site Property Reviews

Result	Count	Percentage
Acceptable	280	76%
Major	44	12%
Minor	45	12%

IAAO suggests data should be maintained at a confidence level of 95% on objective property data and 90% on subjective property data

Grading used in Neighborhood Review

- **Acceptable:** The County's overall valuation of the subject neighborhood is satisfactory based on the scope and procedures of our review. The overall equity of the parcels is reasonable and acceptable for January 1, 2011. Any errors we may have discovered were infrequent and limited to the individual parcel level.

Grading used in Neighborhood Review (contd.)

- **Minor Issues:** During the review, instances of inequity or erroneous data were discovered. These instances of inequity or incorrect information, by our determination, did not have a major effect on the overall valuation of the neighborhood. Issues pointed out as minor can be addressed by County staff in a reasonable manner as we attempted to pinpoint the inequities or inaccuracies.

Grading used in Neighborhood Review (contd.)

- **Major Issues:** During the review, instances of inequity or erroneous data were discovered that have a significant impact on the valuation of the neighborhood as a whole. Examples of this type of issue may include; significant erroneous data on sales used to determine market value for the neighborhood, widespread misapplication of grades/lot values/ neighborhood modifiers, or any other issue that, in our opinion, significantly affects the market value as of January 1, 2011 or the parcel-by-parcel equity of the neighborhood as a whole.

Random Neighborhood Review Process

- Reviewed reports from 2011 property database
 - Sales Report
 - Appeals Report
 - Improvement Report
 - Land Line Report
- Utilized GIS viewer to review equity among parcels in neighborhoods

Results of Randomized Neighborhoods

NBH #	Common Name	Determination
A131	PENINSULA	Major
CC07	CONDO, COMMERCIAL - NORTH	Major
E910	OWEN / FARMFIELD	Major
HOTE	HOTEL - ECOMOMY	Major
N714	WILSON WOODS	Major
OF02	OFFICE - MIDTOWN SUBMARKET	Major
OF11	OFFICE - CROWN POINT / MATTHEWS SUBMARKET	major
P331	MYERS PARK I	Major
RE08	RETAIL - NORTHEAST SUBMARKET	Major
S320	GOVERNOR`S SQUARE GOVERNOR GOVERNOR'S SQUARE	Major
S741	PELLYN WOODS	Major
U930	SHARON WOODS	Major
W516	LAKE PROVIDENCE	Major
W732	PROVIDENCE PLANTATION	Major
W932	GLYNDEBOURNE	Major

Results of Randomized Neighborhoods (contd.)

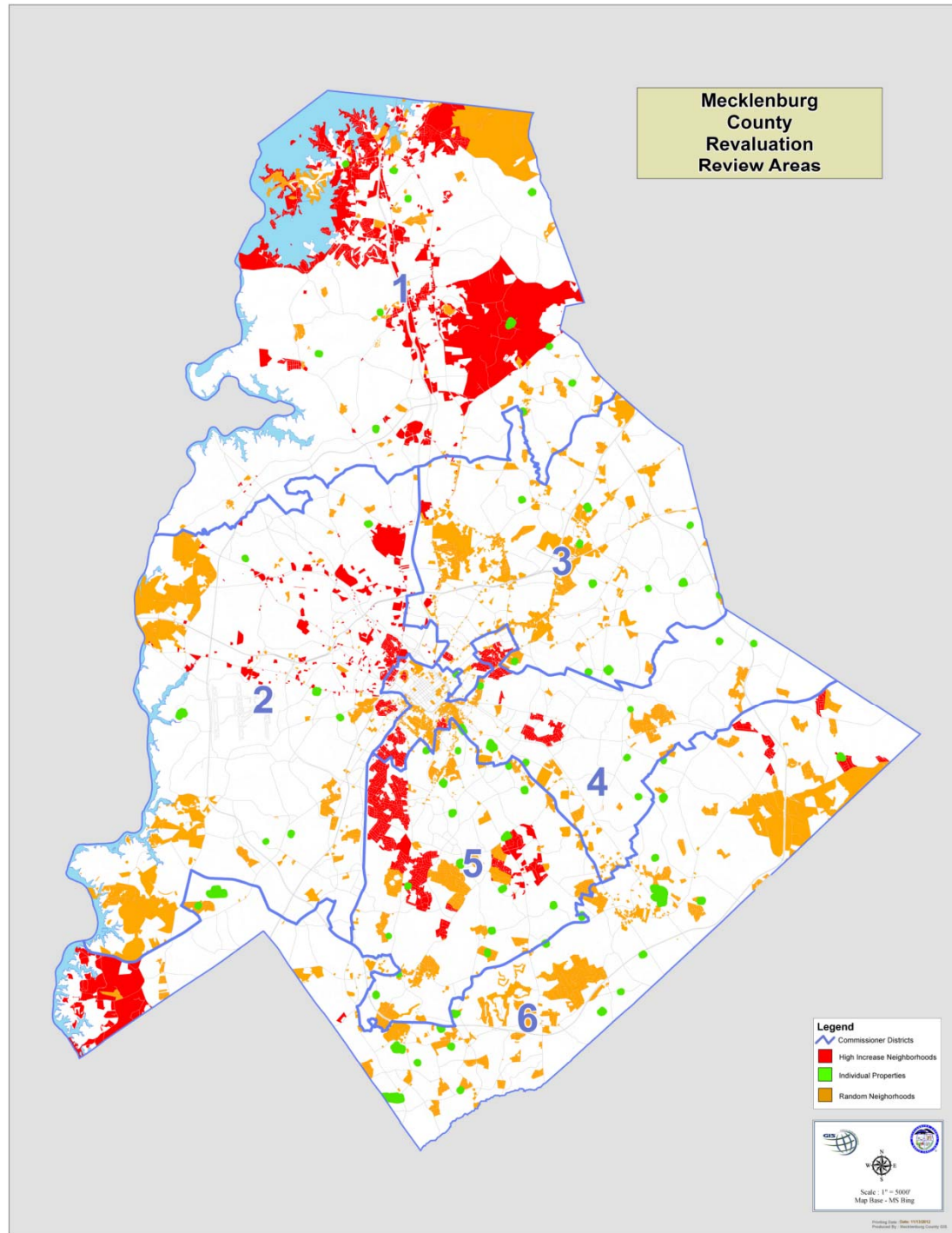
NBH #	Common Name	Determination
C934	STONEY CREEK / GARRISON	minor
CR32	CONDO, RESIDENTIAL - WEST - AVERAGE	minor
CW05	CONDO, WAREHOUSE - NORTHWEST	minor
D733	SILVER GARDEN	minor
E515	FAIRSTONE	minor
F301	MT HOLLY RD AREA	minor
J102	BEVERLY HILLS-MIDWOOD LITE	minor
J513	MIDWOOD II	minor
K902	PENCE ROAD II	minor
M314	DILWORTH IV	minor
M911	WOODLAND HILLS	minor
N525	ELLINGTON FARM	minor
N902	GLENCROFT	minor
Q718	GREENBRIAR WOODS	minor
R120	PARK RD EXT AREA	minor
R311	HUNTINGTOWNE AREA	minor
R505	Park Road	minor
S702	CARMEL RD / SHARON VIEW RD	minor
S912	CHARING PLACE	minor
T111	WOODBERRY RD AREA	minor
T302	SARDIS ROAD NORTH AREA	minor
T901	LAKE WYLIE/CATAWBA RIVER	minor
T910	PINE HARBOR RD	minor
TH8V	Townhomes East Custom	minor
U301	ARROWOOD RD / I-77	minor
U713	OBERBECK FARM / BRANDON FOREST	minor
V111	SHADOW LAKE	minor
V138	STONECROFT	minor
V703	MONTREUX	minor
W110	CARMEL / 485	minor
W510	TIMBERIDGE @ RT	minor
W522	BERKELEY	minor
W906	OXFORD AT SOUTHAMPTON	minor
W919	RAEBURN II / PARKS FARM	minor

Mecklenburg
County
Revaluation
Review Areas

Red- %
Increase
NBHs

Green-
Individual
Reviews

Yellow-
Random
Nbhs



11/13/2012

Summary of Randomized Neighborhoods

- 15 of 151 neighborhoods reviewed were determined to have major issues of equity
 - Of the 15, 5 were commercial neighborhoods
- 34 of 151 neighborhoods reviewed were determined to have minor issues of equity

% Increase Review Process

- Reviewed reports from 2011 property database
 - Sales Report
 - Appeals Report
 - Improvement Report
 - Land Line Report
- Utilized GIS viewer to review equity among parcels in neighborhoods
- MLS data reviewed on 2009/2010 sales
- On-site reviews of neighborhoods where necessary

Results of % Land Increase Neighborhoods

NBH Number	NBH Name	Determination of Review
A101	LAKE NORMAN	Major
A118	BAHIA BAY	Major
A121	LAGOONA/RAINBOW	Major
A132	PLAYERS RIDGE / SPRINGWINDS	Major
A551	THE GREENS @ BIRKDALE	Major
B302	PAMELA	Major
G905	BEATTIES FORD RD AREA	Major
H105	WESLEY HEIGHTS	Major
H906	SYLVANIA AV AREA	Major
I106	VILLA HEIGHTS I	Major
J113	THE ARTS DISTRICT	Major
M110	DILWORTH SOUTH	Major
O510	REVOLUTION PARK / WILMORE / S. TRYON	Major
OF10	OFFICE - NORTH SUBMARKET	Major
R111	SENECA PL AREA	Major
R112	STARMOUNT	Major
R919	FAIRMEADOWS / BEVERLY WOODS	Major
RE07	RETAIL - NORTH SUBMARKET	Major
S701	CARMEL RD	Major
S710	MAMMOTH OAKS	Major

Results of % Land Increase Neighborhoods (contd.)

NBH Number	NBH Name	Determination of Review
A109	BLUESTONE HARBOR	Minor
A323	MCCONNELL	Minor
A724	DAVIDSON COLLEGE AREA	Minor
A733	CORNELIUS TOD	Minor
A913		minor
B713	NOTTINGHAM	Minor
C101	HUNTERSVILLE / CONCORD RD	Minor
J112	ACADEMY ST AREA	Minor
N110	NORLAND RD AREA	Minor
O709	SCALEYBARK NORTH	Minor
O710	MARSH RD	Minor
O711	PARK RD	Minor
O911	SCALEYBARK SOUTH	Minor
R922		Minor
S725	WANDERING WAY	Minor
U909	OLDE GEORGETOWN / SHARON HILLS 2	Minor
U911	MONTIBELLO CROSSING	Minor
U923	SHARON HILLS I	Minor

Summary of % Increase Results

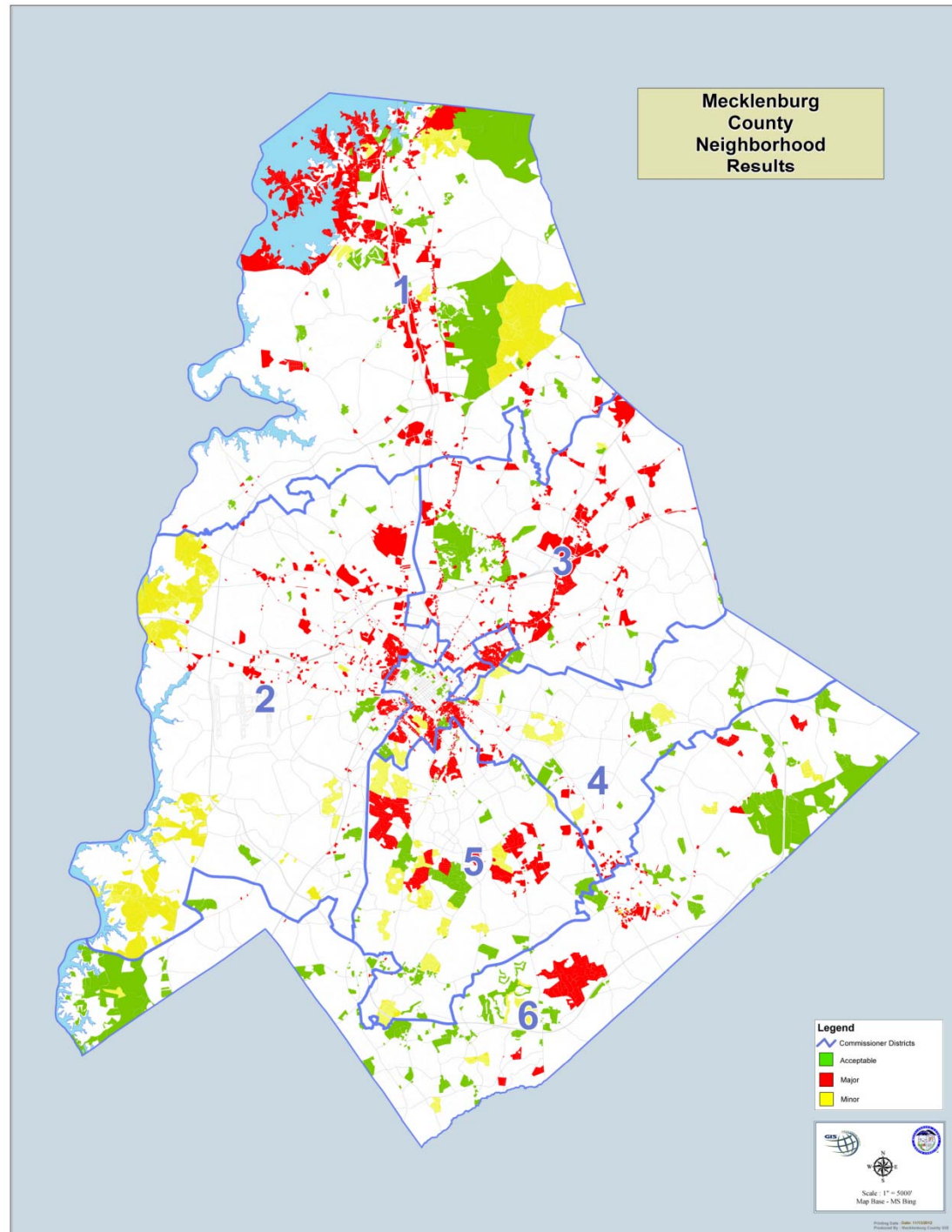
- 20 of the 52 neighborhoods reviewed were determined to have major issues
 - Approximately 40%
- 18 of the 52 neighborhoods reviewed were determined to have minor issues
 - Approximately 35%

Mecklenburg
County
Neighborhood
Results

Green-
Acceptable

Red- Major

Yellow- Minor



11/13/2012

What are the similarities for neighborhoods with significant issues?

- Generally heterogeneous neighborhoods
 - Varied year built, quality grades, etc.
- Assessed land values represent a significant amount of total assessed property value
- In-fill/teardown is a factor in neighborhood
- Current use may not be highest and best use

Recommendations for addressing neighborhoods with issues

- Fix neighborhoods with major issues- most will require field visits.
 - Review other heterogeneous neighborhoods with high ratio of land-to-building values for compliance

Assuming adequate staffing, we anticipate this process could be completed in 10 mos. to 1 year

Key Appraisal Findings

- Overall valuations are acceptable
 - There are certain neighborhoods where assessed values are not acceptable due to high levels of inequity among properties like and similar
- Subdivisions of similar homes, especially newer homes, were typically acceptable
 - These neighborhoods make up a large percentage of total properties in the County

Key Appraisal Findings (Contd.)

- Neighborhood modifiers used inappropriately in some neighborhoods
 - These adjustments are applied to properties on an individual basis
 - Less transparency in land valuation
 - Definition from SOV: “This may be used to adjust the weight of the neighborhood factor to account for influences like property that is assigned to a wealthy neighborhood but borders on a poor neighborhood. The Neighborhood modifier has associated factors for land, building, and SFYI.”

Key Appraisal Findings (Contd.)

- Inequities in improvement values
 - Typically in heterogeneous neighborhoods
 - Both residential and commercial
 - Includes improvements assessed too high and others too low
 - Contributory value of improvements must be considered; especially in instances where land value is a significant portion of total property value

“Stigma Adjustment”

- We found that neighborhood factors were applied to many neighborhoods we reviewed
 - Both to neighborhoods that went up in value and also to neighborhoods that went down in value
 - Market adjustments are a common practice in many jurisdictions across the State

Appeals Process

- Approximately 70% of properties that appealed at the informal level received a decision of “No Change”
- Approximately 70% of properties that appealed to the B.E.R. received a “Reduction in Value”
- Approximately 25% of properties appealed informally also appealed to B.E.R.

Appeals Process (Contd.)

- Percent of properties appealed at informal level: Typical
- Percent of properties that filed a B.E.R. appeal: NOT TYPICAL
- Informal appeal process was ineffective at addressing taxpayer concerns
- Major frustration among citizens at public meetings

Statutory Compliance

- Other than the appraisal findings already covered, the revaluation was conducted in compliance with the N.C. Machinery Act
 - Reviewed advertisement notices regarding S.O.V.
 - Certifications of Assessor
 - Advertisement of B.E.R. adjournment dates

Statutory Compliance (contd.)

- G.S. 105-317 (b) (7): Notice is given in writing to the owner that he is entitled to have an actual visitation and observation of his property to verify the accuracy of property characteristics on record for that property.
- **Response from staff:** **How were citizens made aware of their right to request an onsite inspection?** *That information was provided on the Assessor's web site, through the local media and at public hearings prior to notices being sent. It was also noted on the revaluation notice / request for informal review form.*

Wording from Informal Notice

- “If you wish to appeal the value on this notice, carefully complete the informal review form on the reverse side and return by mail or fax no later than the last date to appeal listed on the front of this notice. Mecklenburg County will make personnel available to review your real estate values.....”

Project Management

- More time and effort was needed in the valuation process for the more difficult properties
 - Heterogeneous neighborhoods
 - Neighborhood where current use may not be highest and best use
 - Commercial neighborhoods

Project Management (contd.)

- Greater level of quality control needed
 - We discovered 40+ unlisted dwellings/commercial improvements (approx. \$50K in annual taxes)
 - Garages and other secondary structures inconsistently listed
 - Ample time should be allocated in the project plan for review of updated property values

Recommendations for Future Revaluations

Public Relations

- Provide access for taxpayers to speak to appraisers
- Standardize and simplify all correspondence that is mailed to property owners
- Make property record card available on-line
- Make customer service a top priority for entire Tax Office

Appraisal Process

- Greater emphasis on quality control before new notices are mailed
- Management should continuously sample work from all appraisers for consistency in techniques
- Update construction cost from local market prior to next revaluation

Appraisal Process (contd.)

- Recommend that sales not be automatically disqualified for “out of state” , “divorce” , or “probate”. Time on market should be considered.
- Field visits are needed before the next revaluation
- Photos of improvements should be updated

Appraisal Process (contd.)

- Greater transparency in land appraisal techniques
 - Individually adjust for view, topography, shape, size instead of a lump sum adjustment by way of neighborhood modifiers

Appraisal Process (Commercial)

- Greater emphasis on income approach is needed
- A more detailed and thorough market study is needed
- Delineate more commercial neighborhoods
- Greater transparency in land appraisal
 - Reduce the use of neighborhood modifiers

Informal Appeals

- Offer an option for face-to-face appeals
 - Cannot overstate the importance of this recommendation
- Give a more thorough review to fee appraisals submitted
- One appraiser should work all appeals in a neighborhood to maintain consistency of decisions

Informal Appeals

- Neighborhoods with high appeal rates should be reviewed by project management
- Notices should be mailed before the effective date of revaluation to allow for more time in deciding appeals
- Informal appeals should be worked in six months or less

B.E.R. Appeals

- Procedures should remain consistent throughout appeal cycle
- Offer recommended values PRIOR to the date of the hearing
- All properties scheduled for a hearing should be field visited by an appraiser prior to hearing

B.E.R. Appeals (contd.)

- Hearings should be scheduled in time blocks
 - More convenient for appellant and Board
- Board members should review all case documentation prior to rendering a decision
- Board members should perform deliberations with only assistance from Clerk to the Board

Exhibits of Findings