



2016 REAPPRAISAL

Summary Presentation to the
Board of County Commissioners
November 23, 2015

General Information

- Reappraisal is required at least every eight years
- The process resets all real property tax values to current market value, as of January 1 of the reappraisal year
- Property tax values generally do not change from year to year until the next reappraisal. Exceptions include new construction
- Reappraisal only applies to real property
- There are about 110,000 real property parcels in Durham County



Taxable property types

- As of 2015, real property represents about **81%** of the total value for all taxable property types

Other taxable property types include:

- Public Service Company property (utilities, airlines, railroads, etc.) – 2%
- Personal property (used in a business; also includes boats, planes, and some other items owned by individuals) – 11%
- Registered Motor Vehicles – 6%



Reappraisal objective

- Appraise all real property in the county at 100% of its market value, as defined by statute
- G.S. 105-283: “all property, real and personal, shall as far as practicable be appraised or valued at its true value in money.”
- True value in money 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 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.”



Tracking market value

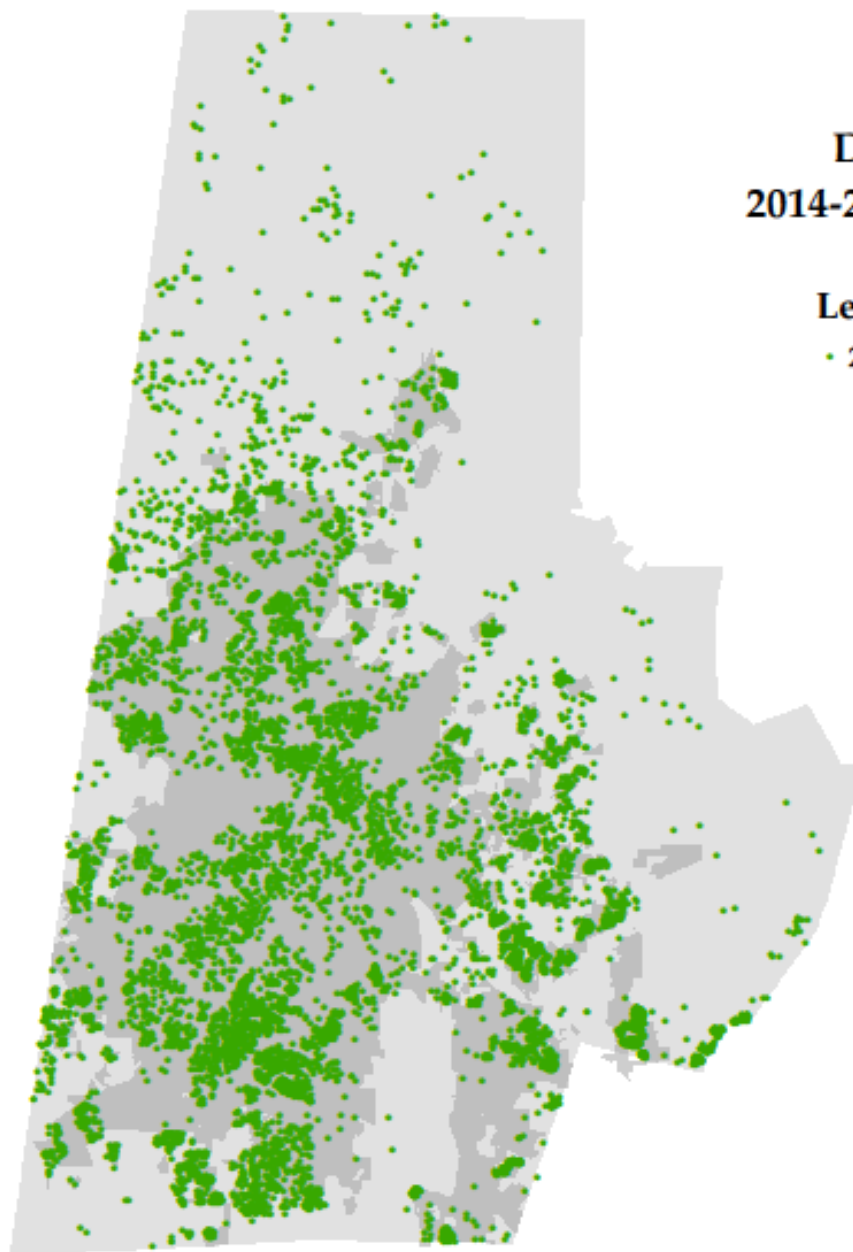
- All real property transactions are reviewed
- Transactions that appear to be consistent with the statute are qualified and used for sales analysis
- For the 2016 Reappraisal, we have considered approximately 9,104 qualified sales in analyzing market patterns and trends
- The qualified sales occurred within the January 1, 2014 – November 17, 2015 date range



Durham County 2014-2015 Qualified Sales

Legend

- 2014-2015 Qualified Sales



Sales ratio - Intro

- Sales ratio studies indicate how closely appraisal methods match up with market activity
- The ratio is determined by dividing:

$$\frac{\text{Appraised Value}}{\text{Sale Price}}$$

- After finding the ratio for a number of properties, the median (number in the middle) is determined
- The Coefficient of Dispersion (COD) indicates how closely the appraisal method reflects actual sale prices



Sales ratio - Results

- At the outset of the reappraisal project, we set the following sales ratio goals:

Median Sales Ratio: between 0.9 and 1.10

COD: 10-15 is typical, but lower is better

- These goals reflect the standards of the International Association of Assessing Officers (IAAO)

- **Our actual results:**

Median Sales Ratio: 1.00334 (right on target)

COD: 7.021 (even better than expected)



What does this mean?

- A median sales ratio around 1.00 indicates that 2016 appraisal methods have generally followed sales in the market as a whole
- A low COD indicates that 2016 appraisal methods match up very closely with market sales of individual properties
- Both factors are important, because they demonstrate the accuracy of the appraisal methods that have been used for all properties, including those that have not recently sold



The big picture

- Countywide, here's how total real property assessed value has changed:

Total 2015 Value (2008 rates)	Total 2016 Projected Value*	% Change
\$25,758,140,478	\$29,398,308,823	+14.1%

***does not include expected annual growth of 2%**

- Here are the rates of change for different property types:

Type	% Change
Residential	+11.9%
Commercial	+27.1%
Industrial	+10.4%



Another way to look at it

When Change of Value Notices are mailed on December 8:

- 62% of properties will have a value higher than in 2008
- 38% of properties will have a value lower than in 2008

- 52% of all properties will change by 10% or less



Included with the Notices

In addition to the Change of Value Notices, all property owners will be mailed:

- Complete information on the reappraisal and appeals process
- Directions for reviewing property listings and market values
- A brochure about available property tax relief programs
- A brochure about how to appeal property values
- A paper appeal form





200 E. MAIN ST., FIRST FLOOR
DURHAM, NC 27701

PROPERTY OWNER
OWNER LINE 2
123 HUMBLE HOMEOWNERS LANE
ADDRESS LINE 2
DURHAM, NC 11111-0000
RETURN ADDRESS BAR CODE



December 8, 2016

—THIS IS NOT A BILL—

PARCEL NUMBER	PROPERTY STREET ADDRESS	APPRAISED VALUE
[REDACTED]		

Dear Property Owner:

Durham County has reappraised all real property as required by N.C.G.S. 105-286. The value shown above is our opinion of the full market value of your property as of January 1, 2016, and it is based on our review of recent market information for the entire county. Every property owner is entitled to a visitation and observation of their property to verify the accuracy of characteristics that are on record for the property. If you are not the current owner of this property, or if you expect to transfer the property before January 1, please contact our office at: Tax-Reval@dconc.gov, or call (919) 560-0300.

- If you agree with the appraised value of your property, you do not need to do anything further.
- If you have questions, or if you disagree with the appraised value of your property, please follow the steps outlined below.

1. Review and Compare	<ul style="list-style-type: none"> • Visit www.dconc.gov/taxhelp and enter the parcel number, found at the top of this form, then select "Submit to Review & Compare." • From the screen that follows, verify that your property was selected, then follow "Step 1: Review," and "Step 2: Compare."
2. File a Formal Appeal	<p>IMPORTANT: To ensure adequate time for review, it is recommended that all appeals be filed by January 8, 2016.</p> <ul style="list-style-type: none"> • After completing the Review and Compare step, if you believe the appraised value is not a reasonable estimate of the January 1, 2016 value of your property, you can file an appeal from the "Review and Compare" screen, or by visiting dconc.modria.com online, or by returning the enclosed appeal form by mail. • Please see the other side of this notice for more information about appeals.
3. Unsure what to do?	<ul style="list-style-type: none"> • For questions about this notice, contact our office at Tax-Reval@dconc.gov, or call (919) 560-0300 • To schedule an informational meeting with an appraiser, visit www.dconc.gov/taxhelp and select the "Unsure what to do?" button, or call (919) 560-0300. • All meetings must be scheduled by January 8, 2016.

Our Promise to You

Reappraisal is always a challenge, because the goal is to appraise tens of thousands of properties all at one time, and in a way that is fair and equitable to all property owners. We strive to follow established industry standards for mass appraisal; however, we recognize that there will be situations where the mass appraisal approach may produce an estimate of value that seems somewhat high or low for an individual property. We are committed to working with all property owners to ensure that every property is appraised at a reasonable estimate of its January 1, 2016 market value.



How your tax value is determined

Market value is not determined by the tax office; rather, it is determined by the actual activity in the local market. The tax office simply examines and analyzes market activity to develop formulas for predicting the values of individual properties. For example, even though not all properties will sell, or rent, or be built at the same time, information from those that have sold (or have been rented or built) can be used to establish typical market rates for each of these market activities. Those rates can then be applied to all properties to ensure that reasonable values can be applied in a uniform way.

What "Market Value" means

In North Carolina, market value for tax appraisal purposes is defined by law. General Statute 105-283 states that market value 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." This definition is similar to the concept of market value used in other types of appraisals. Another way to say it is that market transactions are those that happen at "arm's length," or situations where buyers and sellers are reasonably informed, acting in their own best interests, and under no pressure to buy or sell.

What Market Value is not

There are many types of transactions that do not generally meet the market value standard. Sales that occur as the result of a foreclosure or pre-foreclosure process, auction sales, estate sales, sales between related parties, and sales involving non-profit institutions are all examples of transactions that must be carefully analyzed to determine whether they can be considered market transactions. Similarly, there are other meanings of the term "value" that are usually not the same as market value—for example, insured value, salvage value, present use value, book value, or actual construction cost. Again, other meanings of value must be compared to the market value definition to determine whether they are useful indications of market value.

Is Market Value the same as sale price?

Individual transactions, even if they are "arm's length," do not necessarily occur exactly at the expected market rate. Since every combination of buyer, seller, and property is unique, there will normally be factors that cause the price for a particular transaction to be higher or lower than the market would predict. Put another way, some deals are better or worse than others, but we can only decide that by examining the market as a whole, and comparing the individual transaction to other, similar transactions. Regardless of the terms of a single sale or lease or building cost, every property must be evaluated in terms of what is reasonable and typical in the market for the property type and location.

Will your tax bill change?

Not necessarily. The annual tax bill for each property is calculated by multiplying the tax value by the tax rate, which is determined each year by each taxing jurisdiction—the county commissioners, city council, fire districts, etc. Some tax bills will go up, some will go down, and some will stay about the same.

Appealing your 2016 appraisal

There are often issues other than tax value that concern property owners, such as:

- The amount of change from the last reappraisal
- Affordability of the expected taxes
- Level of services provided

While these are all understandable concerns, the only issue the tax office can address is the appraised value.

Remember that the big question here is, "What is the market value of your property as of January 1, 2016?"

You may file your appeal either online or by using a paper form. We recommend the online option, since it allows you not only to appeal, but also to communicate with staff and to see the current status of your appeal at any time.

All appeals must be filed by 5:00 p.m. on May 2, 2016

Should you disagree with the result of the initial staff review, your appeal will be scheduled for hearing before the Board of Equalization and Review, which is expected to have its first meeting in April, 2016. The Board will issue its written decision after the hearing.

If you disagree with the decision of the Board of Equalization and Review, you will have 30 days from the date of its written decision to file an appeal with the North Carolina Property Tax Commission in Raleigh.



Could you qualify for property tax relief on your primary residence?

Can you answer yes to the following questions?

- Are you a North Carolina resident?
- Is your name on the deed or title to your primary residence in North Carolina?

Are you one of the following?

- Regardless of age or income, are you an honorably discharged veteran who has a 100% total disability that is service connected?
- Are you 65 years of age or older?
- Are you totally and permanently disabled?

If so, you may qualify for relief. Please review the information in this brochure for more details.



How do I apply?

- 1 Go to our website at dconc.gov, and select Government, Tax Administration and Forms and Publications. Then fill out the appropriate form under the section 2016 Property Tax Relief Applications.
- 2 Visit our office at 200 E. Main St. and request an application.
- 3 Call our office at 919-560-0300.

APPLICATIONS ACCEPTED
Jan. 1 – June 1, 2016

Our office is located at:

200 E. Main St., First Floor, Durham, NC 27701

Web: dconc.gov

Email: tax_assessor@dconc.gov

Phone: 919-560-0300

Fax: 919-560-0350



Tax Administration



Tax Administration

Property Tax Relief Programs

For elderly, disabled and disabled U.S. Veteran homeowners



Should I appeal my value?

- If you believe your appraised property value is substantially higher or lower than what it could reasonably sell for on Jan. 1, 2016, you have the right to appeal.
- Sometimes issues other than tax value (e.g., affordability) may concern property owners. While these concerns are understandable, the tax office can only address the issue of appraised property value.

Will my tax bill change?

Not necessarily. The annual tax bill for each property depends on the tax rate adopted by each jurisdiction. These tax rates will not be determined until late spring.

What if I am unable to pay my taxes?

North Carolina does provide tax relief programs. Please call our office at 919-560-0300 to see if you qualify.

Examples of tax relief programs:

- Elderly/Disabled Homestead
- Disabled Veteran
- Homestead Circuit Breaker—Elderly/Disabled Deferment

If you have questions or need assistance with your property appeal, please visit dconc.gov, send an email to Tax-Reval@dconc.gov or call the Assessor's Office at 919-560-0300.

Our office is located at:
200 E. Main St., First Floor, Durham, NC 27701

Web: dconc.gov

Email: Tax-Reval@dconc.gov

Phone: 919-560-0300

Fax: 919-560-0350

We have several free tools available online to help you research your property, search for comparable properties and/or appeal your value.



Tax Administration



Tax Administration

2016 

Reappraisal Appeals Checklist





NOTICE OF APPEAL 2016

Did You Know?

- You can save time, extra steps, and paper by filing your appeal online at dconc.modria.com.
- To ensure adequate time for review, we encourage you to file your appeal as soon as possible.

Property and Contact Information (PLEASE USE A SEPARATE FORM FOR EACH PARCEL APPEALED):

Parcel number: _____ Property location or description: _____

Property owner: _____

Mailing address: _____

Email address: _____ Phone number: _____

Appeal Information:

1. Are you the property owner? Yes No

If not, what is your relationship to the property owner? _____

2. Are there updates to the physical characteristics on record for your property (size, bathroom count, etc.)?
*You can review physical characteristics and report updates at www.dconc.gov/taxhelp. At that site, enter your parcel number and select "Submit to Review and Compare."

Yes No I don't know

If Yes, please describe: _____

3. Do you agree with the appraised value of your property? Yes No

If not, what do you believe is the actual value of your property as of January 1, 2016? _____

What is the basis for your value? (check all that apply, and provide documentation requested)

- I purchased this property for a different amount in 2014-2015 (attach a copy of the contract)
- Other nearby properties like mine sold in 2014-2015 for prices that indicate a different value (attach list)
- My property was appraised in 2014-2015 for a different amount (attach a copy of the appraisal)
- This is a rental property, and the income produced by the property indicates a different value (attach income and expense information for 2013, 2014, and 2015)
- Other (describe below and attach supporting documentation)

(continued on second page)



Appeals process

Property owners are requested to follow this process:

1. Review our records on their property and report any updates;
 2. Compare their tax value with actual sale prices of similar properties; and
 3. If they still believe their property value is incorrect, they are encouraged to appeal the value.
- The above steps can be completed by following the links provided at a single page on the dconc.gov site



Appeals process

- For those without internet access, the paper appeal forms can be filed
- Citizens can email, call, or visit our office for assistance
- For approximately 30 days after the notice are mailed, we will be taking appointments for citizens to meet with staff in order to answer questions and discuss options
- Meetings will take place in 5 county libraries and at the Human Services building
- Citizens will be able to schedule appointments either online or by contacting our office



Meeting locations

Library Branches (one location per week):

- North Regional
- South Regional
- East Regional
- Southwest Regional
- Stanford L. Warren

Weekly meetings will also be held at the Human Services building



Appeal timing

- Based on statutory requirements and the recommendation of the NC Department of Revenue, the Board of Equalization and Review adjournment date is expected to be May 2, 2016.
- **For a variety of reasons, we strongly recommend that property owners who wish to appeal their values do so by January 8, 2016.**



Contact information

Durham County Tax Administration

Tax Administrator
Kimberly H. Simpson
200 East Main Street,
1st Floor Old Courthouse
Durham, NC 27701

(919) 560-0300 office

(919) 560-0350 fax

Email: tax_reval@dconc.gov



<http://www.dconc.gov/government/departments-f-z/tax-administration>

