

**The 2005 Revaluation**  
**Kimberly O. Horton, CAE**  
**Chatham County Tax Administrator**

### **Why Do We Conduct Reappraisals?**

- **To appraise real property at market value.**
- **To re-equalize the tax base.**
  - **Personal Property is assessed annually at market value**
  - **Real property is assessed every four years**
  - **Creates an imbalance that worsens over time**
  - **Real estate values change over time, but not uniformly across the county.**

### **Why Do We Conduct Reappraisals?**

- **Reappraisals are required by North Carolina law.**
  - **Octennial System - G.S. 105-286(a)**
    - **More Frequent Reappraisal allowed at the Discretion of Local Board of Commissioners**
    - **Chatham County Board of Commissioners agreed in 1998 to conduct appraisals ever 4 years**
      - **2001, 2005, 2009, 2013 etc.**

### **Why 4 Year Reappraisals?**

- **Avoid Losing Property Tax Revenues from public utilities**
- **Avoid Large Value Increases.**
- **Equitable Distribution of Tax Burden**

### **The Market Value Standard**

**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.**

### Market Value Is...

- **The Most Probable Price - not necessarily the highest, lowest, average, or actual sale price.**

### Most Probable Price

- **Comparable properties in a neighborhood are being sold in the \$50,000 range and there are no significant differences, it is reasonable to believe all properties in the neighborhood would be worth \$50,000.**

### How is a Reappraisal Conducted?

- **Every real estate transaction resulting in a change of ownership is reviewed.**
- **The sales price and terms of the transaction are verified.**
- **True “arms-length” transactions are qualified and placed in our sales file.**
- **Our sales file contains qualified sales from 1/01 through 12/04.**

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## Qualified Sales

- **A Sale Between Unrelated Parties**
- **Reasonable Exposure in the Market**
- **Not a Forced Sale - Foreclosures**
- **No Advantage Being Taken by the Buyer or Seller**
- **Both Parties Recognize the Present Use and Potential Uses of the Property**

## Stratification

- **The county is divided into approximately 500 appraisal “neighborhoods” Fearington Village has 10 neighborhoods.**
- **Reviews are conducted on a neighborhood basis.**
- **Sales analysis is conducted using sales from within the neighborhood.**

## Three Approaches to Value

- **Cost Approach**
- **Income Approach**
- **Sales Comparison Approach**

## Statistics

- **The overall level of assessment as indicated by sales is 107% in Fearington Village.**
  - PRD 1.001
  - Average COD 3.37
- **Case Note G.S.105-283 “There may be reasonable variations from market value in appraisals of property for tax purposes if these variations are uniform.**

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## Statistics

- **The AVERAGE VALUE of a Fearington residential property was \$213,039 in 2004.**
- **The PROPOSED AVERAGE VALUE of a Fearington residential property is \$267,876 in 2005.**

## Statistics

- **The taxable residential value in Fearington Village was \$248 million in 2004.**
- **The proposed taxable residential value in Fearington Village is \$312 million for 2005.**
- **The is an increase of 25.81%.**

## Statistics

- **The taxable commercial, industrial, and “other” (multi-zoning) value in Fearington Village was \$12 million in 2004.**
- **The proposed taxable commercial, industrial, and other value in Fearington Village is \$46 million for 2005**
- **The is an increase of 283.33%.**

## Statistics

- **The county taxable real estate portion of the tax base before exemptions and exclusions was \$4.4 billion in 2004.**
- **The county taxable real estate portion of the tax base before exemptions and exclusions is \$5.6 billion (initially) for 2005.**
- **The is an increase of 29.06%.**

## Uniformity and Equalization

- **The most important point to remember is that the primary goal of reappraisal is uniformity. The purpose of a reappraisal is not to increase revenues or to provide tax breaks, but to fairly, equally and uniformly appraise the real property at its true value in money.**

## Uniformity and Equalization

Since ad valorem taxes (property taxes) is based on value, it is important to have all property valued periodically on a uniform basis, using a modern system of valuation. Since market value appraisals become the foundation for assessments, equalized values create equalized and uniform taxes. Equalization also creates a better tax climate in the community since each taxpayer is paying only his or her fair share.

## Notification & Appeals Process

- **2-14-05 Revaluation Notice Mailed**
- **3-01-05 Begin Informal Hearings**
- **3-31-05 Informal Results Mailed**
- **4-25-05 Begin BOER Hearings**
- **5-25-05 BOER Results Mailed**
- **6-25-05 PTC Appeals Due**

## Notification & Appeals Process

- **First notice 15 day appeal deadline**
  - Easiest for taxpayer.
  - Not the only appeal open to taxpayer.
- **Appeals are accepted until the adjournment of the BOER**
  - Legal advertisement of the expected adjournment date

## Informal Appeals Process

- **The majority of property owners will likely accept their new value without contacting the Assessor's Office.**
- **Currently 2490 appeals on file**
- **279 appeals from Fearington Village.**