

2021 REVALUATION RESULTS
CHAPEL HILL TOWN COUNCIL
APRIL 14, 2021

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What is a Revaluation?

- Process of updating all real property to its current market value as of a single appraisal date
- Primary goal is to equalize tax base
 - ▣ Over time the value of properties change, but not at the same rate.
- Effective appraisal date for Orange County's revaluation is January 1, 2021

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What is market value?

- North Carolina General Statute 105-283 defines **market value** as *“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.”*

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What is Included in a Revaluation

- All residential and commercial land throughout Orange County including exempt properties and permanent structures on the land.
- What is not included?
 - ▣ Business personal property - equipment, computers, desks, chairs, machinery, tools
 - ▣ Motor vehicles, boats, airplanes
 - ▣ Public utility property (electric companies, gas companies, bus lines, railroads)
 - ▣ These properties are reappraised annually.

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Community Outreach

- Real Property Record Card website launched July 2019
 - ▣ Provide current information on record
 - ▣ Interactive webpage: review property data, report Issues
- Public Comper website launched July 2019
 - ▣ Review property as compared to similar properties
- Validation Form Mailing in February 2020
 - ▣ Partnered with the community to gather the most accurate data possible
 - ▣ Over 4,300 responses to update data

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Community Outreach (continued)

- Revaluation Information Insert mailed with 2020 Tax Bill in July 2020
- Revaluation Video Launched on Website in July 2020
 - ▣ Explains the basics of a Revaluation
- Presentation at Schedule of Values Public Hearing at Board of Commissioners meeting in October 2020
- Revaluation Information Insert mailed with 2021 Listing Form in December 2020
- Highlighted the Revaluation in the News of Orange in early April 2021

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Commercial Appraisals

- Local commercial real estate appraisal firm provided market research, sales
- A second commercial appraisal firm interpreted market research and provided recommended values for all commercial parcels, taking into account effects of pandemic
- Orange County senior appraisal staff reviewed recommended values prior to entering values in computer system

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Residential Appraisals

- Strong seller's market for residential properties
 - ▣ Demand for residential properties driven by:
 - Federal government's continued actions to keep interest rates low
 - Pandemic-related circumstances of stay-at-home orders
 - Increased demand, decreased inventory due to cessation of construction early in pandemic
- Comparison to other counties
 - ▣ Survey of counties conducting a revaluation in 2021 show average county-wide growth of 17.88%, with a median of 16%.
 - ▣ Fifteen counties responded
 - ▣ Range from 8% to 36%

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Real Property Change by Area

Jurisdiction	2021 Estimated Tax Base	Percentage of Growth From 2020	Growth Since 2017 Revaluation
Countywide	\$21,739,530,791	12.6%	20.1%
Carrboro	\$2,806,444,019	14.6%	19%
Chapel Hill	\$8,874,302,213	13%	18.3%
Hillsborough	\$1,491,892,443	20.5%	46.7%
Mebane	\$570,146,470	44.2%	49.9%

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Revaluation in Orange County

- 2021 Countywide Tax Base is \$21,739,530,791
- Overall percentage of growth from 2020 to 2021 is 12.6%
- Overall percentage of growth from the most recent revaluation in 2017 is 20.1%
- Residential represents approximately 77% of the 2021 tax base, and commercial 23%
- Residential overall growth is approximately 36%
- Commercial overall growth is approximately 11%

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Revaluation in Chapel Hill

- 2021 Chapel Hill Tax Base is \$8,874,302,213
- Overall percentage of growth from 2020 to 2021 is 13%
- Overall percentage of growth from 2017 Revaluation is 18.3%
- Residential represents approximately 67% of the 2021 tax base, and commercial 33%
- In comparison, in 2017, Residential represented 72% of the tax base and Commercial represented 28%

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Revaluation in Chapel Hill

Overall Growth – includes new construction and increase in values due to revaluation.

2021 Revaluation:

- ▣ Residential is approximately 9%
- ▣ Commercial is approximately 36%

2017 Revaluation:

- ▣ Residential was approximately 2%
- ▣ Commercial was approximately 41%

- ▣ Average annual growth since 2017 Revaluation is 1.57%.
- ▣ Growth from 2019 to 2020 was 2.12%.

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Industry Standards

Sales Ratio Industry Standards				
Jurisdiction	Median Ratio	Actual	Coefficient of Dispersion	Actual
Countywide	.90 - 1.10	1.005	5.0 - 15.0	7.7
Chapel Hill	.90 - 1.10	1.001	5.0 - 15.0	7.4
Carrboro	.90 - 1.10	1.002	5.0 - 15.0	7.4
Hillsborough	.90 - 1.10	1.01	5.0 - 15.0	5.4
Mebane	.90 - 1.10	1.011	5.0 - 15.0	7

**Standards taken from the International Association of Assessing Officers*

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Industry Standards

- Sales Ratios are verified by category of property. The ratios indicate tax assessments represent about 100% of current market sales. The coefficient of dispersion (COD) indicates the data spread, and the goal is 15 or lower.
- Countywide: Sales Ratio 1.005, COD 7.7
- Improved Residential: Sales Ratio 1.005, COD 7
- Improved Commercial: Sales Ratio 1.006, COD 14.8
- Vacant Land: Sales Ratio 1.001, COD 15.2

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Average Value of Home

□ Average Values of Homes based on Jurisdiction

Jurisdiction	Average Value	Median Value
Countywide	\$368,319	\$310,600
Carrboro	\$393,657	\$369,300
Chapel Hill	\$483,643	\$417,200
Hillsborough	\$277,180	\$236,200
Mebane	\$223,381	\$222,100

- Values include building, land and other features such as garages/sheds. Townhomes and condominiums are excluded.

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Remaining Schedule

- New values available on website March 22, 2021
- Notices mailed March 24, 2021
- Final mailing of revaluation notices of approximately 300 commercial properties, anticipated by March 31, 2021
- Deadline for informal appeals April 30, 2021
- Board of Equalization & Review to convene Monday, May 3, 2021

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Revaluation Notice Mailing

- Revaluation notice
 - ▣ Includes information on webpage to appeal online

- Informal appeal form included with notice

- Informal appeal form instructions
 - ▣ Information on websites to review data and find comparable sales included

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Appeal Process

Taxpayers may appeal their assessment every year

- Stage 1 – Informal Appeal – in-house review with staff appraiser
- Stage 2 – Formal Appeal – hearing with Orange County Board of Equalization and Review
- Stage 3 – North Carolina Property Tax Commission
- Stage 4 – Appeal Courts

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Potential Impact of Appeals

- Currently have received approximately 475 informal appeals, appraisers have reviewed approximately 73%
- Expect more appeals than 2017, possibly 4,000 informal appeals and 1,000 informal appeals, with possibly 200 appealing to the NC Property Tax Commission.
- Reduction in value due to appeals is accounted for in the estimated tax base. The estimation is based on historical percentage of reduction from prior revaluation years.

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Appeal Assistance

- Review property characteristics at Real Property Search Webpage: <https://property.spatalest.com/nc/orange/#/>
 - ▣ Check square footage, bath count, etc.

- Compare property to nearby property sales at Comper Webpage:
<https://nc-orange-citizen.comper.info/template.aspx>

- Submit appeal form included with revaluation notice, or complete appeal process online:
<https://appeals.spatalest.com/nc-orange#/>

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For More Information

- Contact the Orange County Tax Office:
 - 919-245-2100, option 2
 - reval@orangecountync.gov
 - Live chat by visiting:
www.orangecountync.gov/departments/tax/

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