

RUTHERFORD COUNTY

2011

REVALUATION

What is a revaluation?



The
reappraising/assessing
of real property (land,
buildings and other
improvements).

Why have a revaluation?

North Carolina law requires each county to conduct a reappraisal at least every eight years.



NCGS 105-286

Our county's last revaluation was in 2007...

NCGS 105-286(a)(2) allows for any county to conduct a reappraisal earlier than required upon adoption by the board of county commissioners of a resolution so providing.



- In 2004 the Rutherford County Board of Commissioners adopted such a resolution.

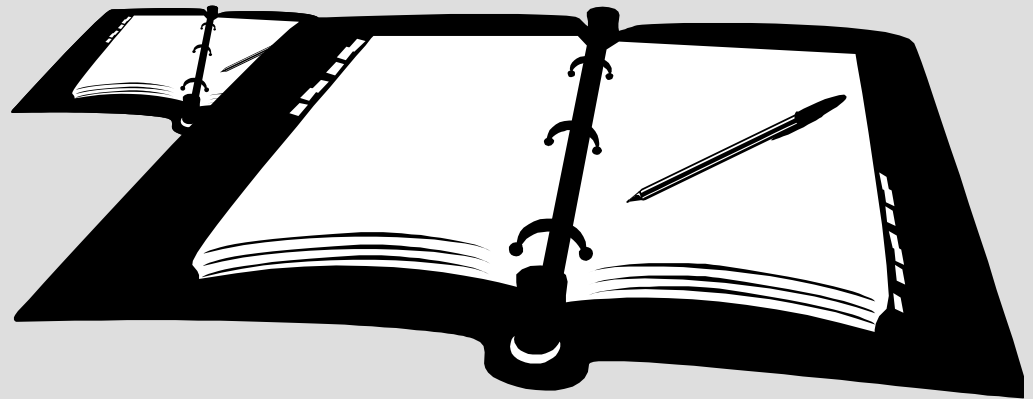
Why have a four (4) year revaluation cycle?

- This is being done to better reflect the changes in market conditions.
- Equalize the values of property so each owner pays taxes based on its true value.



How is value determined?

- The tax office uses something called a Schedule of Values, Standards and Rules



Why have a schedule of values?

- Required by NCGS 105-317.
- Schedule must be reviewed and approved before the Tax Assessor may complete the 2011 revaluation. The schedule will be considered at the next commissioner's meeting on October 4, 2010.
- Must be sufficiently detailed to enable those making appraisals to adhere to them in appraising real property.

What is a “Schedule of Values?”



- A manual containing parameters and guidelines used by appraisers to assist in valuing property.

What determines some of these parameters?

1. MARKET APPROACH

2. COST APPROACH

3. INCOME APPROACH

MARKET APPROACH

- Sales of property prior to the effective date of the revaluation.



COST APPROACH

- Materials and construction costs.



jam1039 www.fotosearch.com

INCOME APPROACH

- Income from income producing property such as apartments, stores, warehouses, and rentals, etc.



What sales may be considered?

- Only arm's length transactions.



What does “arm’s length” mean?



- The money which would change hands between a willing and financially able buyer and seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of all the uses to which the property is adopted and for which it is capable of being used.

NCGS 105-283

What about foreclosures, short sales, auctions and family sales?

- These are not arm's length transactions.



What does a Schedule of Values, Standards and Rules consist of?

- Numerous valuation tables and ranges essentially driven by the CAMA (Computer Assisted Mass Appraisal) system.
- Valuation standards to insure uniformity and equity.
- Rules to insure uniformity and equity.

Schedule of Values, Standards and Rules

- Notable Items:
 - Many tables are set in ranges to allow flexibility.
(One size does not fit all.)
 - Present Use schedule follows the recommendations of the North Carolina Department of Revenue Use-Value Advisory Board.

What makes my property have a different value from someone else's?

- Neighborhood



- Structural characteristics



What is a neighborhood?

- A group of similar properties located in close proximity to each other. Typically approximately 1,000 parcels, but could be more or less.



What defines a neighborhood?

- **Location**
- **Demand/Sales**
- **Natural and man-made boundaries**
- **Other amenities**

What could be considered structural characteristics?

- Some examples are:
 - Exterior wall types
 - Number of floors
 - Square footage



Why are structural characteristics important and how do they influence my value?

- Characteristics help a buyer to determine how much they are willing to pay.
- This affects the sales price as well as the assessed value.

What actually establishes the market?

- Purchasers and sellers of real estate in arm's length transactions.



Department of Transportation

Right of Ways

- County Tax Department personnel researched DOT records and removed recorded right of ways based on best information available to the Tax Department.





In Summary

- A revaluation is a reflection of arm's length sales using the Schedule of Values, Standards and Rules as a tool.