

Lincoln County



2019 Reappraisal

**Why is a
Reappraisal
Necessary?**

NCGS 105-283, 105-286, 105-317



- Requires Counties to establish values based on current market conditions.
- Values should be at or near 100% of market value as of the reappraisal date.
- Counties MUST do a reappraisal within eight years. Counties have the option to conduct a reappraisal sooner (within four years, for example).

Reappraisal Process

- **Collect & Analyze**
 - * Sales Data
 - * Current Construction Costs
 - * Income and Expense Data
- **Develop**
 - * Land Pricing Models
 - * Building Pricing Models
 - * Schedule of Values
- **Apply Schedule of Values to Properties**

Reappraisal Process Continued

- **Review Properties.**
- **Run Edit Reports.**
- **Finalize Values.**
- **Send Value Notice to Property Owners.**
- **Intake and Process Informal Appeals.**
- **Send Notice of Informal Review Decisions.**
- **Accept Appeals to Board of Equalization & Review (BE&R).**
- **Set BE&R Sessions.**
- **Send Notice of BOER Decisions.**
- **Appeals to Property Tax Commission in Raleigh.**

Three Approaches to Value...

- **Sales Comparison Approach**: In the Sales Comparison Approach, sales of comparable properties are adjusted for differences to estimate a value for the subject property. A unit of comparison (such as price per square foot of building area) is typically used to value the property. Adjustments are applied to the unit of comparison from an analysis of comparable sales, and the adjusted unit of comparison is then used to derive an opinion of value for the subject property.
- **Income Approach**: In the Income Capitalization Approach, the income-producing capacity of a property is estimated by using contract rents on existing leases and by estimating market rent from rental activity at competing properties for the vacant space. Deductions are then made for vacancy and collection loss and operating expenses. The resulting net operating income is divided by an overall capitalization rate to derive an opinion of value for the subject property. The capitalization rate represents the relationship between net operating income and market value. This method is referred to as Direct Capitalization.
- **Cost Approach**: In the Cost Approach, the appraiser forms an opinion of the cost of all improvements, depreciating them to reflect any value loss from physical, functional, and external causes. Land value, entrepreneurial profit, and depreciated improvement costs are added together. This results in an opinion of value for the subject property.

MARKET VALUE IS...

- Market value is the most probable selling price that a property will bring in a competitive and open market with both the buyer and seller being motivated and well informed.

Market Value is not...

- Transactions resulting from auctions
- Short sales
- Foreclosures
- Sales involving family or associated companies
- Partial interest sales
- Sales not advertised on the open market

What Affects Market Value?

- An addition, remodeling, or removal of a structure.
- Supply and Demand for a particular type of property.
- The local economy and the factors that determine its stability.
- Cost of replacing or building similar structures.

Real Estate Sales



Sales Ratio



Appeals

- Informal appeals begin in February after notices are mailed.
- To appeal informally, you may either (1) return the insert with the value notice along with a reason for the appeal (examples: data errors, comparable sales showing the value is incorrect, etc) or (2) call our office and set up an appointment to come into the office to talk to one of the appraisers.
- All informal appeals will receive a written notice of the results. The result could be (1) value remains the same, (2) value decreases, or (3) value increases.
- Formal appeals begin in April and are presented to the Board of Equalization and Review. After the appellant fills out the paperwork and returns original documents, they will be contacted with an appointment date and time. Once the appeal is heard, the Board will send a written notice of their decision.
- After the BE&R decision, any taxpayer who still disagrees with the value has 30 days from the written notice to appeal to the Property Tax Commission in Raleigh.

Things to Remember...

- Values are set at or near 100% of Market Value as of the revaluation date.
- Value may or may not be exactly what the owner has invested in the property.
- Different classes of properties change at different rates.
- Location or demand on certain types of properties will affect values differently depending on the market.
- Percentage of increase is not a good reason for an appeal.
- Burden of proof is on taxpayer to show that property is significantly overvalued.
- NC courts have ruled that tax assessments are assumed to be correct until evidence is provided to the contrary.

Important Dates

- Values will be finalized January 2019.
- Notices of Value will be mailed February 2019.
- Board of Equalization & Review starts April 2019.