



Schedule of Values

Presented by

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Assessment



Purpose

Why do we need the Schedule of Values?



CERTIFICATE OF EXCELLENCE IN
ASSESSMENT ADMINISTRATION



- Promotes equity in assessments
- Promotes transparency in the appraisal process
- Provides a guide for the appraisal team

NCDOR

NORTH
CAROLINA
DEPARTMENT
OF REVENUE

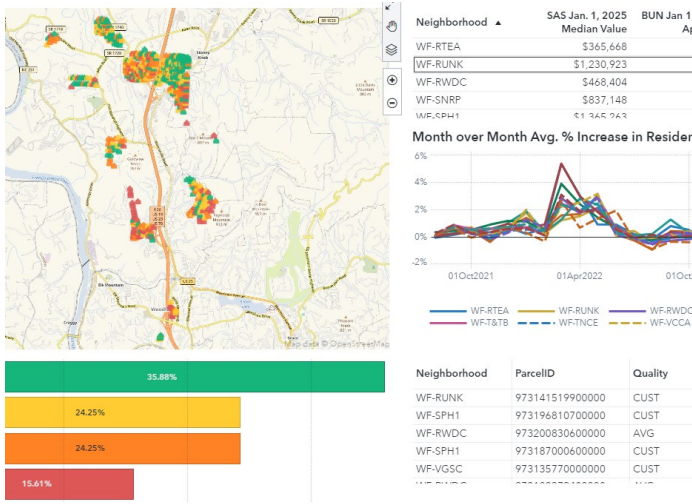


BUNCOMBE COUNTY



8/1/2024

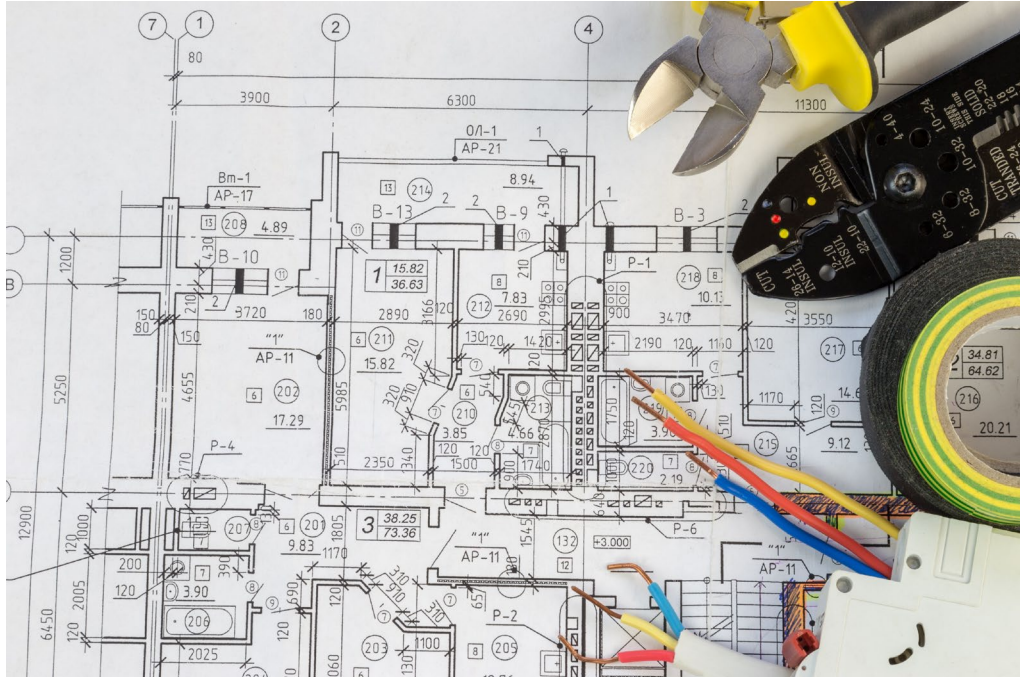
Improvements



- Revamping of land valuation process
- Re-delineation of neighborhoods
- Data improvements and technology advancements



Three Approaches to Value



Cost Approach

Cost manuals and local residential and commercial builder surveys are used to value structures based on current construction costs. Then depreciates based on age and condition.

Most useful valuation tool for unique properties that rarely sale.

Churches, Specialized Industrial, Government



Three Approaches to Value

Subject



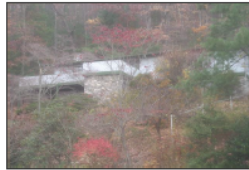
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Comp #1



965650624700000

Comp #2



965650995000000

Comp #3



965640307700000

N/A	782 ft	931 ft	955 ft
\$426,000	\$425,000	\$433,000	\$440,000
24 Jan 2020	18 Jun 2019	25 May 2018	29 Jul 2019
0.44	0.64	0.5	0.35
SPLIT-LEVEL	BI-LEVEL	RANCH	RANCH
1987	1980	1981	1985
RENOVATED	GOOD	GOOD	RENOVATED
CUST	CUST	CUST	CUST
2,340 SqFt	2,544 SqFt	2,388 SqFt	2,260 SqFt
520	848	820	N/A
520	848	594	N/A
4	4	4	3
2	3	3	2
1	0	0	0
N/A	N/A	N/A	336
\$0	\$0	\$0	\$0

Sales Comparison

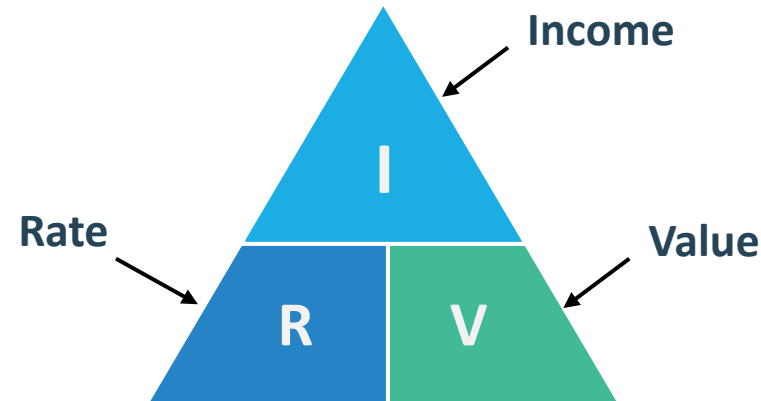
Estimates market value by comparing similar recently sold properties within the vicinity of the subject property. Informs market adjustments applied to properties and market areas.

Most useful for types of properties with significant market activity.

Single-family homes, condominiums, townhomes



Three Approaches to Value



Income Approach

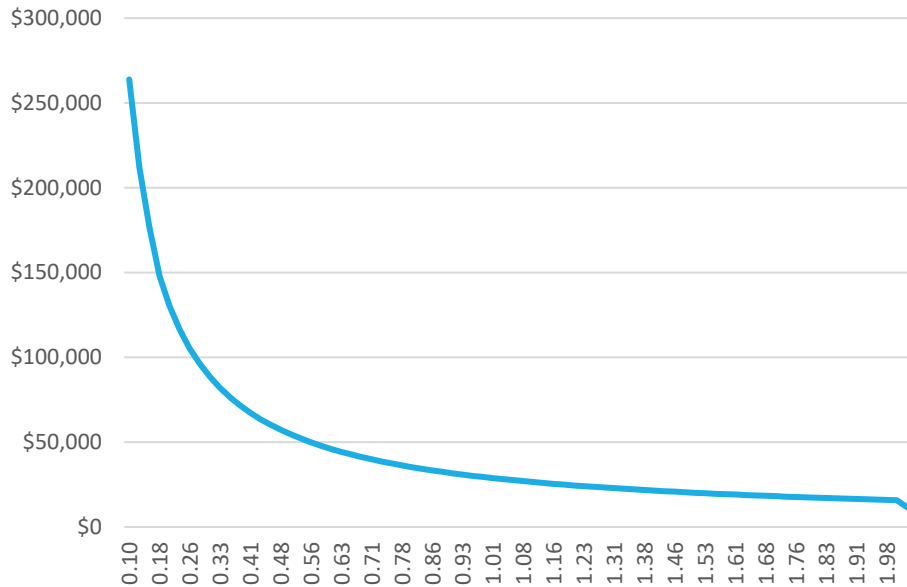
The assigned value is based on the anticipation of the investment value. Income and expense information is analyzed along with sales data to arrive at a capitalization rate which, informs the value.

Standard valuation method for commercially leased and income-producing properties.

Apartments, Hotels, Offices, Warehouses, Stores



Land Valuation



Size Adjustment x Rate x Acreage

$$SA = (Standard\ Size / Acreage) \times Curve\ \% + (1 - Curve\ \%)$$

Highest and Best Use

What is allowed? What is possible? What is most productive and financially feasible?

Sales Analysis

Research qualified vacant land sales of like properties. **Sales comparison** is the preferred method.

Size Adjustment

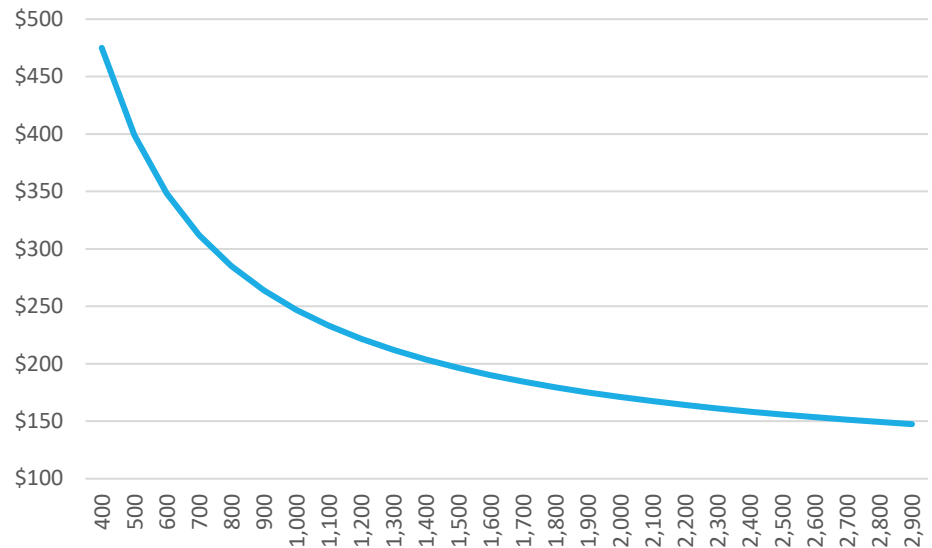
Curve method is utilized to assign an overall generalized rate for specific areas.

Market Adjustments

Adjustments and multipliers are applied to market areas to fine-tune the generalized values and bring the land to a market value.



Building Valuation



Size Adjustment x Rate x Acreage

$$SA = (Standard\ Size / sq.ft.) \times Curve\ \% + (1 - Curve\ \%)$$

Cost Analysis

Analyze data supplied by cost manuals, local builders, realtors, and developers to produce a \$/square foot for all structure types.

Sales Analysis

Research qualified Improved sales of like properties. Extract land values to determine market price for buildings.

Size Adjustment

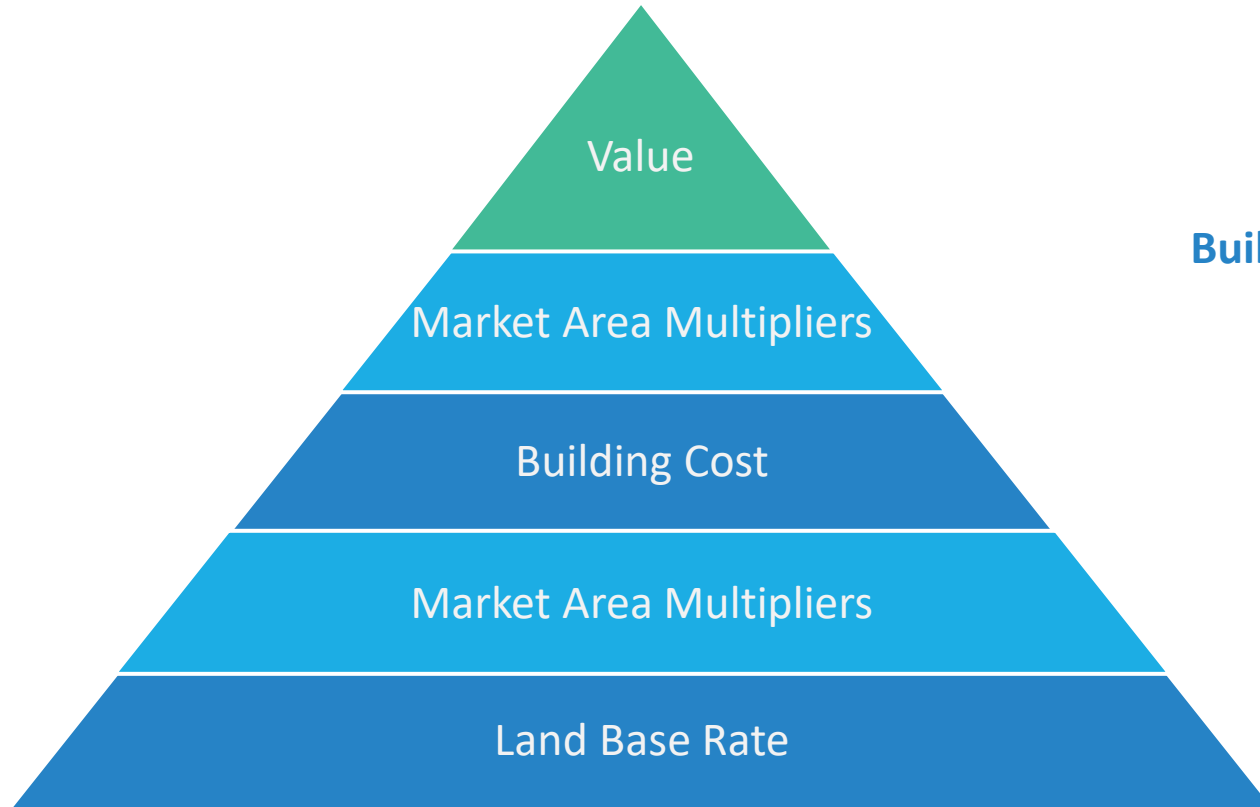
Curve method is utilized to assign an overall generalized rate for different types of buildings.

Market Adjustments

Adjustments and multipliers are applied to market areas to fine-tune the generalized values and bring the building to a market value.



Market Adjusted Cost



Market Value = Building Value + Land Value

=

Building Value = Building Cost x Market Multipliers

+

Land Value = Base Rate x Market Multipliers



Scenario

Value a Single-Family Residential Parcel



Scenario

Value a Single-Family Residential Parcel

Component	Data	Rate
Living Area (RLA1) <i>pg.200</i>	1,200 sf	\$160/sf
Finished Basement (RBGL) <i>pg.200</i>	500 sf	\$110/sf
Unfinished Basement (RUBA) <i>pg.200</i>	500 sf	\$28/sf
# Kitchens <i>pg.212</i>	1	\$15,000 per
# Baths <i>pg.212</i>	2	\$15,000 per
# Half Baths <i>pg.212</i>	1	\$10,000 per
# Fireplaces <i>pg.212</i>	1	\$6,000 per
% Heated / % A.C. sq. ft. <i>pg.212</i>	100% / 100%	\$3.50 / \$3.50
Construction Quality <i>pg.212</i>	B	1.25 factor
Condition/Age <i>pg.416</i>	G / 10 yrs	-1.8%

4 bedroom, 2 ½ bath, 2,200 sq. ft.
 Neighborhood: SA-OKFA
 Condition : Good
 Acreage : 0.44 Acres
 Size Adjusted Land Rate: 200,000/Ac.
 Land Market Factor: 1.05
 Building Market Factor: 1.02

Land Value = Acreage x Land Rate
 Building Value = Depreciated Total



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# Fireplaces <i>pg.212</i>	1	\$6,000 per
% Heated / % A.C. sq. ft. <i>pg.212</i>	87% / 87%	\$3.50 / \$3.50
		\$335,398
Construction Quality <i>pg.212</i>	B	1.25 factor
Condition/Age <i>pg.416</i>	G / 10 yrs	-1.8%

\$192,000

\$55,000

\$14,000

\$15,000

\$30,000

\$10,000

\$6,000

\$13,398

\$419,248

\$7,546

4 bedroom, 2 ½ bath, 2,200 sq. ft.

Neighborhood: SA-OKFA

Condition : Good

Acreage : 0.44 Acres

Size Adjusted Land Rate: 200,000/Ac

Land Market Factor: 1.05

Building Market Factor: 1.02

Land Value = \$88,000 x 1.05

Building Value = \$411,702 x 1.02

\$512,336



Scenario

Value a Commercial Apartment Building



Scenario

Value a Commercial Apartment Building

Income Statement

Potential Gross Income	\$5,100,000
Vacancy & Collection Loss	-\$200,000
Misc. Income	+\$50,000
Effective Gross Income	\$4,950,000
Operating Expenses	-\$1,500,000
Net Operating Income	\$3,450,000

$$\text{Value} = \text{NOI} / \text{Cap Rate}$$

Apartment Building Complex

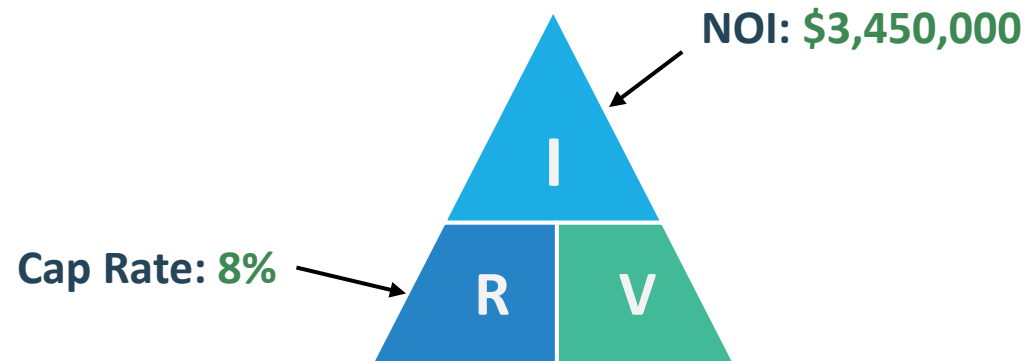
200 total units

150 - 2 br 1 ba units – rents for \$2,000 mo. (\$3,600,000 yr.)

50 - 3 br 2 ba units – rents for \$2,500 mo. (\$1,500,000 yr.)

Capitalization Rate = 8%

**Determined by analyzing similar sold properties and their net operating income (NOI / Sale Price)*



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Operating Expenses	-\$1,500,000
Net Operating Income	\$3,450,000

Value = NOI / Cap Rate

\$43,125,000

Apartment Building Complex

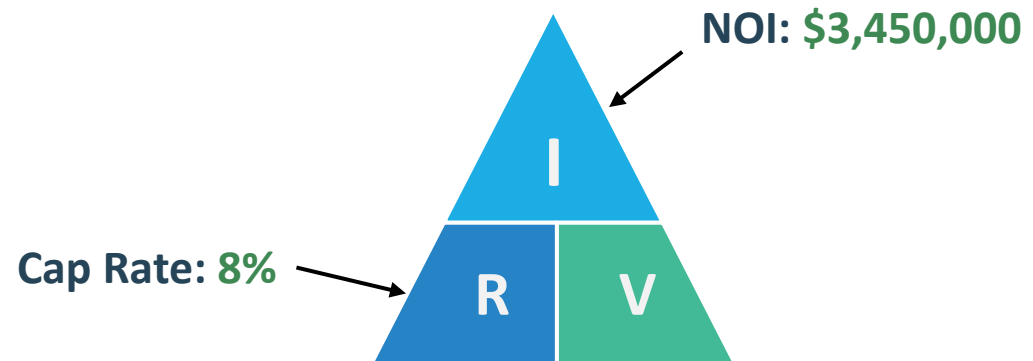
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Present-Use Value



PUV Programs

Agricultural – Cattle, Poultry, Tobacco, Corn

Horticultural – Vegetables, Christmas Trees, Nursery Products

Forestland – Commercial tree growth

Wildlife – Conservation, Hunting, Fishing

Deferment program that provides significant decrease in production acreage land rates

Administered and maintained by Assessment office

Rules, requirements, **value schedules**, and guidelines set by the **Use Advisory Board** and approved by **NCDOR**



What's Next?

08/06/2024	Present to the Board of Commissioners (Request for Public Hearing)
08/07/2024	Advertise
08/20/2024	Public hearing
09/03/2024	BOC adopts the schedule
09/04/2024	Publish notice of adoption for 4 consecutive weeks
10/04/2024	Appeal period ends

