

# What's at stake with a Mecklenburg revaluation?

## TAXES

■ from 1A

time and values are off from what they really should be," said Chairman Jennifer Roberts, a Democrat who initially favored a 2009 reassessment. "But we know that the economy and markets are driven by emotion, and the problem right now is there is fear and uncertainty in the market. And that will translate to fear and uncertainty to any assessment process that we use, no matter how logical or rational."

Mecklenburg County officials estimate that overall average home prices are now 20 percent or more above tax appraisals. That suggests that if your home has appreciated in the 20 percent range since 2003, that a revaluation by itself would not likely mean a significant tax change. Homes that appreciated by much more, or much less, would likely see property taxes go up or go down with adjusted tax values.

Republican Bill James said he is concerned about the impact on taxpayers facing increases.

"I am not going to raise taxes on 10 people so that three people can get a tax cut," James said.

### Most property values are up

Across the county, estimates show that between 20,000 and 30,000 properties have lost market value since the last revaluation, said Tax Assessor Garrett Alexander.

The overwhelming majority of properties have seen their market value increase from 1 percent to, in some cases, as much as 400 percent since 2003, Alexander said. The county assesses about 300,000 residential and commercial properties.

The Observer used public sales and property records in 16 neighborhoods to estimate how property taxes would change if assessments were consistent, using what homes could be expected to sell for today. Current city and county tax rates were used.

In Brookmere, Chris Hunter said he and his wife, who have twin daughters, lowered the asking price for their home but still found no buyer.

He is among more than 900 homeowners in a neighborhood hit hard by foreclosures. For Hunter, whose home is currently valued at \$123,700, a delay means another year of paying too much in taxes, barring an unlikely spike in prices.

## Mecklenburg has most outdated values in region

State estimates earlier this year pegged Mecklenburg property tax values as the most outdated in the Charlotte region. Mecklenburg officials say the county ratio now is about 81%.

County	Property tax values compared to market values	Last updated
Cabarrus	100.0%	2008
Lincoln	99.2%	2008
Catawba	97.9%	2007
Cleveland	97.9%	2008
Rowan	96.7%	2007
Union	96.5%	2008
Burke	96.4%	2007
Alexander	94.7%	2007
Gaston	93.3%	2007
Iredell	92.1%	2007
Caldwell	85.9%	2005
Mecklenburg	82.9%	2003

— SOURCE: N.C. DEPARTMENT OF REVENUE

"It only makes sense" to do the revaluation soon, Hunter said. "We all hope that our home values will resurge and climb again. But just right now as it is, my home is not worth what I paid for it."

The latest S&P/Case-Shiller Home Price Index, covering 20 major cities, showed home prices fell 3.5 percent in Charlotte for the 12-month period ending in September.

That was the region's worst such decline on record, although Charlotte still fared better than any city in the survey except for Dallas.

At the Peninsula in Cornelius, the Observer analysis shows residents this year could have paid an average \$1,347 more in property taxes because home values have risen since the last revaluation. But resident Jim Duke said it's unclear what the future holds for the housing market.

"The whole situation is very chaotic," Duke said. "And until it settles down, I don't think it's appropriate to settle on a rate."

It's impossible to know how accurately a revaluation today would reflect home values a year from now. Alexander said assessors are bound ethically to rely on data and not forecasts.

In Chatham County, commissioners had considered delaying their 2009 revaluation to give taxpayers a break, but decided instead to proceed. The potential cost of waiting outweighed the benefits, they said.

"Nobody knows what the market is going to do in 2009," said Chatham County tax administrator Tina Stone.

### Near uptown neighborhoods

The debate has areas of specific concerns among neighborhoods.

In areas near uptown, like Belmont and Wilmore, many older residents fear they'll be unable to pay the higher tax bills that are likely forthcoming because of the neighborhood's growing popularity in recent years.

Commissioners won't set a new tax rate until the summer, so no one can know how much taxpayers will ultimately owe.

In east Charlotte, Shannon Park resident Edith Smith doesn't want the county to reassess properties just yet because she thinks homes in the neighborhood are undervalued. Smith said she wants to see home values increase, even if it means she has to pay more in taxes.

Henry Gunn, a Shannon Park neighborhood leader, said other residents share Smith's concerns. But Gunn said others in the neighborhood, including himself, would save on their tax bills if the county went ahead with the revaluation.

Gunn said commissioners have a lot of issues to consider. "The county is going to have to balance those things out," he said. "I don't know really how they're going to do that."

### How often to reevaluate?

State law requires counties to conduct revaluations at least once every eight years so property owners pay their fair share of property taxes. About half of the counties conduct reassessments more frequently, according to the School of Government at UNC Chapel Hill.

Nearly all counties in the Charlotte region currently conduct revaluations every

four years.

Mecklenburg had been scheduled to do one in 2007, but commissioners delayed it for two years because county staff wanted more time to add new technology and reorganize the tax assessor's office.

Republican commissioners began pushing for a second delay in October, citing the worsening economy and fears of subjecting homeowners to higher taxes. At the time, the board's Democrats resisted the idea, saying they wanted to make sure all property owners were taxed fairly.

But the partisan deadlock soon broke. In early November, new commissioner George Dunlap, a Democrat, said he worried how much revaluation would hurt some residents in his district, which includes neighborhoods near uptown.

Democrat Dumont Clarke, who originally voted against a delay, said the economy made him rethink his position. He said he can't argue against the notion that a delay will continue inequities among residents.

Clarke said. "If we wait some time for them to settle down, and we do our reassessment then, then ultimately it will be the fairest for everyone."

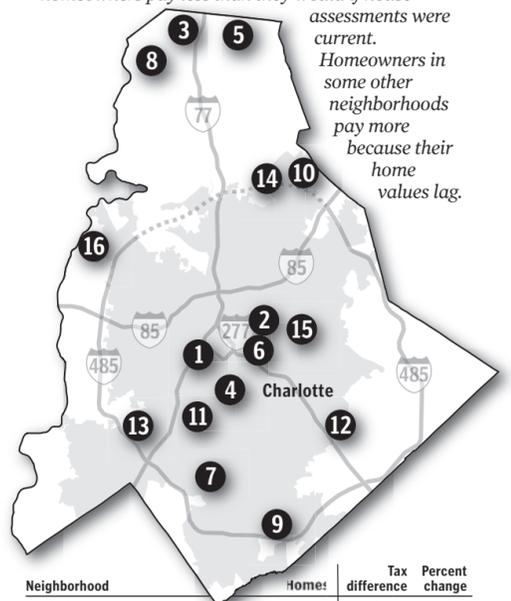
James said he hopes waiting a year will allow more homes that have gone into foreclosure to be sold, and have those sales incorporated into the revaluation. That, he said, may lead to bigger tax breaks for neighborhoods, including those where values have already fallen.

Alexander, the county tax assessor, said it may take longer for some of those sales to be reflected in sales data used for revaluation.

The county was well under way with the 2009 revaluation, and officials had hoped to send new tax values out early next year. By delaying a reassessment, staff will redo a lot of their work. It could cost about \$300,000, including re-ordering a new study used in the process.

## Property tax differences

Mecklenburg County property tax assessments were last updated in 2003, and don't reflect varying changes in house prices since then. Some homes have gone up significantly in market value, and those homeowners pay less than they would if house assessments were current.



Neighborhood	Homes	Tax difference	Percent change
1. Wilmore	485	\$891	114%
2. NoDa	781	\$530	50%
3. Bahia Bay	238	\$599	31%
4. Myers Park	650	\$2,003	24%
5. McConnell	285	\$674	24%
6. Midwood	1,054	\$488	20%
7. Seven Eagles	52	\$3,623	20%
8. Peninsula	606	\$1,347	18%
9. Berkeley	408	\$664	16%
10. Harburn Forest/ Bells Mill	735	\$24	1%
11. Starmount	1,863	-\$47	-3%
12. Margaret Wallace	1,266	-\$54	-4%
13. Whitehall	314	-\$138	-9%
14. Eastfield Road	1,137	-\$277	-15%
15. Shannon Park/ Shamrock	2,257	-\$181	-16%
16. Brookmere/ Catawba River	909	-\$383	-22%

The Observer used public real estate sales and property records to estimate how property taxes would have changed this year in 16 sample neighborhoods if tax assessments were equalized at the county average rate. In this model, houses are valued at 81 percent of what they could be expected to sell for.

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County staff and commissioners have talked, even before the recent debate over the 2009 revaluation, about doing property reassessments every two years.

Still, commissioners said a

delay may be what's best for taxpayers.

Said Roberts: "We have not stabilized enough in the economy to make the revaluation achieve its purpose."

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