

2021 Forsyth County Reappraisal Website Presentation

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Thank you for viewing this presentation. Notes are added to each slide for further explanation and clarity. Please feel free to contact me at 336-703-2290 with questions or comments.

General Information

- There are four types of assessed property: Real Estate, Personal Property (Individual and Business), Registered Motor Vehicles and Public Service
- The purpose of each reappraisal is to adjust real estate tax values to reflect the current real estate market, thereby bringing all property types (Real Estate, Personal, RMV and Public Service) to an equitable assessment level in the same tax year

In North Carolina, four types of property are taxed locally: Real Estate (land, homes, commercial buildings), Personal Property (Examples of Individual Personal Property include, boats, un-registered motor vehicles, non-farm tractors, permanently tagged trailers, etc. Business Personal Property includes machinery and equipment, furniture, computers, etc. Registered motor vehicles, and Public Service (power company property, rail road property, telephone companies, etc.).

Property tax is an Ad Valorem tax, meaning the tax is according to value. The more valuable the property is, the more taxes are charged to that property. A core concept of property tax in North Carolina is that fairness is established when each of the four types of property is valued at 100% of fair market value in the same year. Three property types are valued annually at 100% (Personal Property, RMV's and Public Service) of fair market value. Real Estate is not newly valued each year. In Forsyth County, Real Estate is valued every four years. As the Real Estate market changes over time, and out previously appraised Real Estate values do not change, an imbalance in the tax burden emerges. So, the purpose of a Reappraisal is to adjust our Real Estate tax values to 100% of fair market value so that each of the four property types are taxed at 100% in the same year. This way, each property pays its fair share of the property tax burden.

2021 Reappraisal

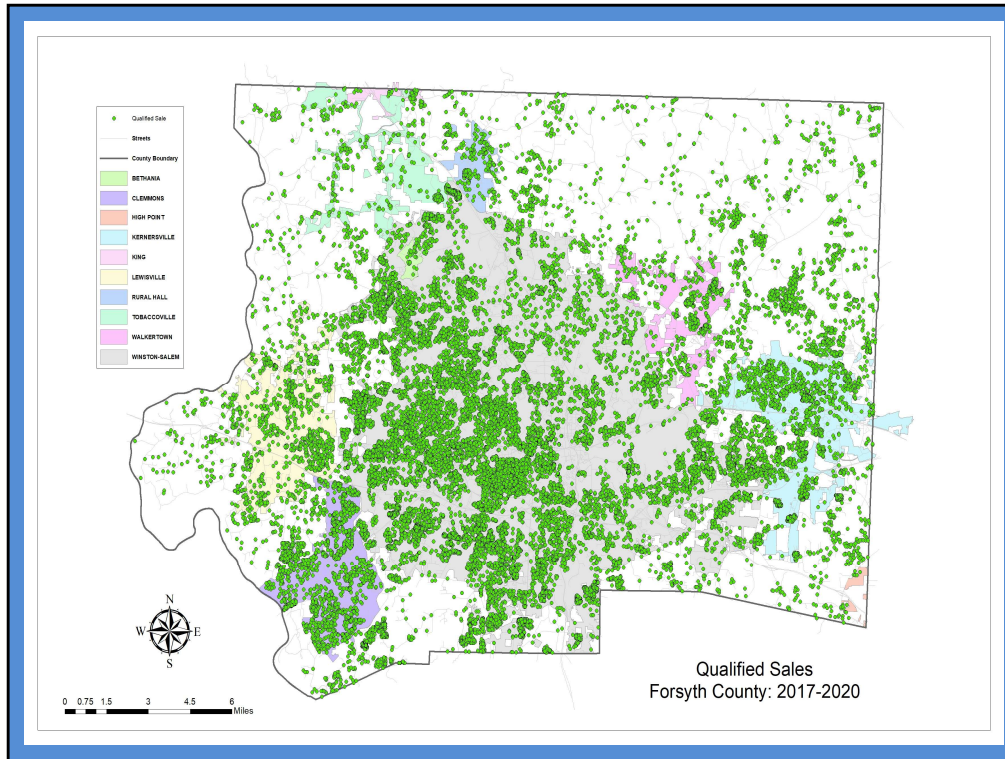
- G.S. 105-283 states “all property, real and personal, shall as far as practicable be appraised or valued at its true value in money”.
- True value in money is “the price estimated in terms of money at which the property would change hands between a willing and financially able buyer and a willing seller, 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.”

The North Carolina General Statutes provide property tax law in a section called the Machinery Act, and primarily exists in section 105. One law, 105-283, states that all property is to be appraised at its true value in money. In the case of Real Estate reappraisals, we are to utilize real estate sales as our guiding data.

Property Transfer Consideration

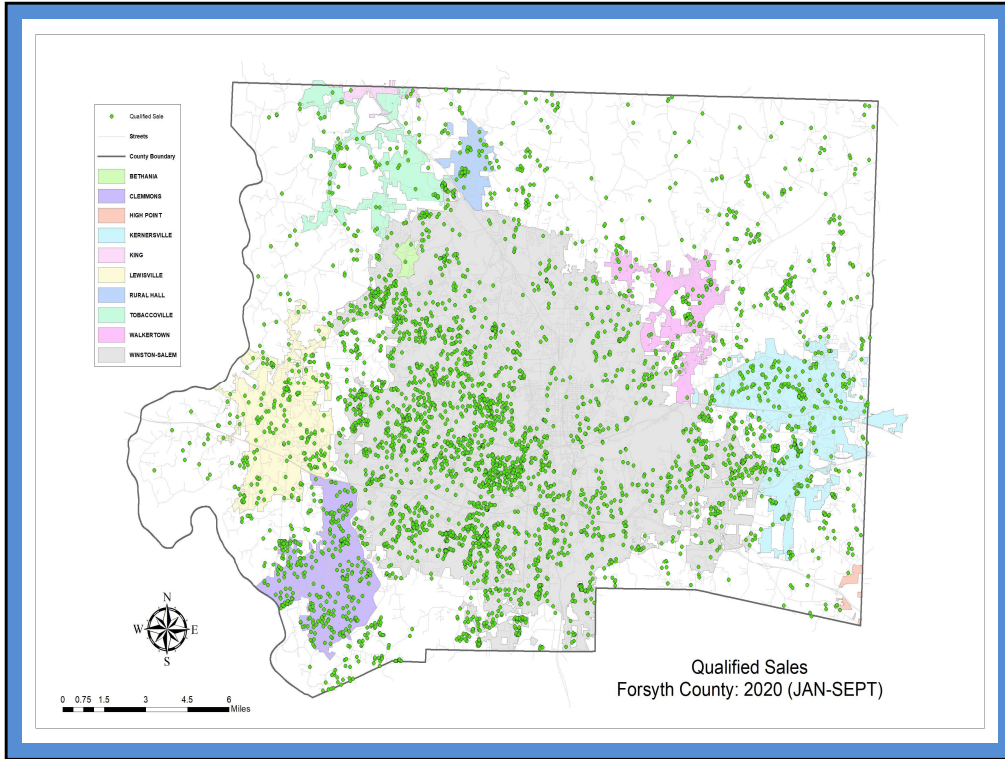
- Staff appraisers consider all sales that have occurred in each appraisal market area since January 1, 2017
- Greatest consideration is given to sales of comparable properties that have transferred without duress
- Forsyth County utilizes the North Carolina Department of Revenue guidelines for qualifying sales to be used by appraisers (~27,000 since 1/2017)
- Distressed and forced sales can play a role in the general direction observed in the selling price of existing homes in some areas. Currently, this impact is less due to lower distressed sales volumes.

Information about NCDOR sales criteria can be found on our Forsyth County Tax website and NCDOR's website. We do not use foreclosure or short sales in our appraisal database.

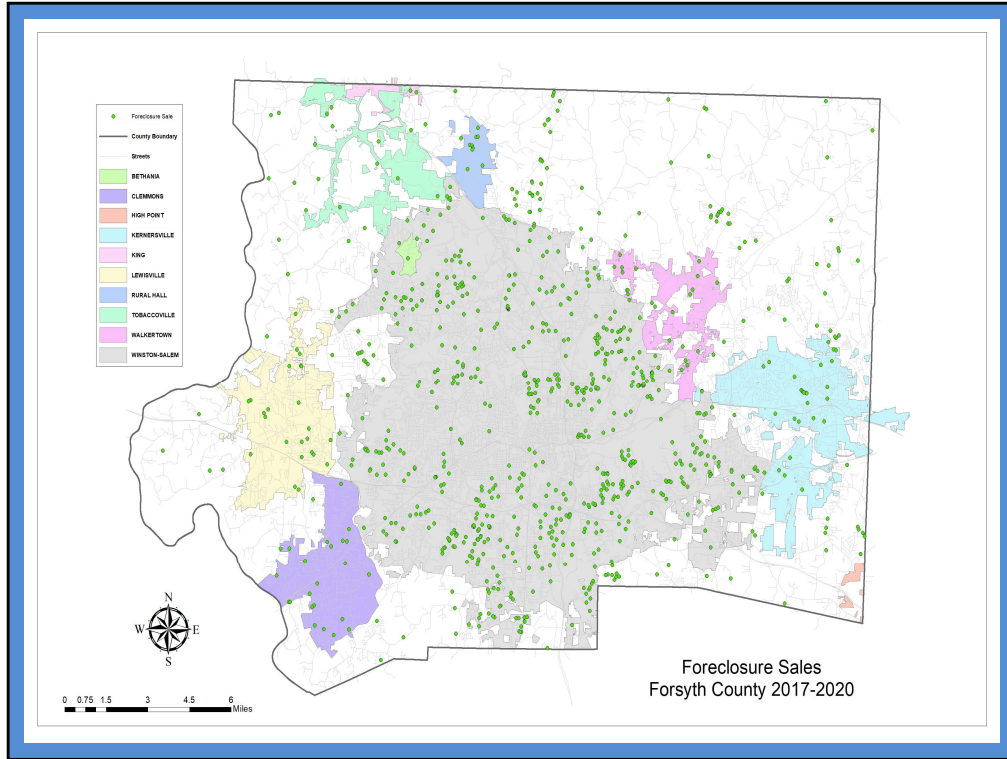


Each green dot is a qualified sale that has occurred from 1/1/2017 and ~10/1/2020. Sales are more concentrated in areas having higher parcel density. Sales are found throughout the county and in each municipality. 27,000+ sales are in our database for our appraisers to utilize for the 2021 reappraisal. Ideally, we like to use the most recent sales in the smallest geographic area that are most similar to the property we are appraising.

If there are not enough sales in a certain area, we will move outward to find similar sales. Because location is a key factor in appraisal, we try to stay as close as possible to the property we are appraising. In fact, we would rather stay close and use a sale that is two or three years old (and adjust for market changes over time) than move away (in distance) from the property we are appraising.



These are the qualified sales that occurred between 1/1/2020 and 9/30/20.



Fortunately, foreclosures have been on a significant decline over the past several years. While we do not utilize these sales, we do keep track of their location to see if there are any high foreclosure areas.

Appraisal Statements

- Objectives: **Fair Market & Equitable** Values
- Appraisers follow real estate markets
- Appraisers use judgment to estimate property values based on a potentially imperfect, or emotionally influenced sales market
- Strengths = data rich, systematic approach, statistical standards
- Weaknesses: estimate building interior condition/items, some areas have limited sales volume, fast changing market

Our Appraisers utilize property sales to estimate the value of each property in Forsyth County. Our goal is to produce accurate, fair and equitable values for every property. By utilizing property sales, we follow the real estate market. Our tax values should be relied upon for property tax purposes only. Our values are published on the internet and can be obtained through our office. Tax values do not limit or constrain what someone can sell their property for.

All appraisals are an opinion of value regardless if they are produced by our office or by a private (fee) appraiser.

The Forsyth County tax office has data on every property in Forsyth County. We carry out our duties in a systematic approach and our appraisals must meet statistical requirements as indicated in the 2021 Schedule of Values, Standards and Rules. Our assessment level must be within 10% (+/-) and we must meet other statistical standards that measure appraisal uniformity (Coefficient of Dispersion) and prevent the over or under assessment of lower or higher valued properties (Pride Related Differential).

Even with the above strengths and data, weaknesses can exist that are potential in any mass appraisal. The primary weakness is that our appraisers do not go inside buildings to fully understand the interior condition or interior building features. Our appraisers do have to rely on some estimation regarding these items. The appeals process can typically take care of these items easily if discrepancies exist.

Appraisal Terms

- Sales Ratio: Compares Tax Value to Sales Price
- **Formula:** Tax Value / Sales Price
- \$100,000 Tax Value/ \$105,000 Sales Price = .95 Ratio
- Median: The 'middle' number in a group of ordered numbers (no outlier bias)
- Mean: The average (outlier bias)

A sales ratio indicates a level of assessment for either a specific property or for a group of properties. It compares our tax value to the sales price of the property. If the sale occurred some time ago, we can adjust the sales price to account for the changes in the real estate market between the sale date and our reappraisal date (1/1/2021).

When grouping properties together, one can calculate the assessment level of that group by arranging all of the individual sales ratios in ascending order from lowest to highest, and then determine the middle, or median, sales ratio. This middle sales ratio is the assessment level. A group of properties could be a market area, a type of property (like office buildings or split-level homes) or those that sold during a certain time frame. By stating that the assessment level is something like .99, it also means that half of the other individual sales ratios within that group are under .99, and the other half are over .99.

The assessment level is an important measure in appraisal accuracy. When coupled with results of the COD (Coefficient of Dispersion – measures how close the other sales ratios are to the median) and the PRD (Price Related Differential – ensures the appraisals are not progressive or regressive), one can establish that the appraisals for that group of properties meets standards, and is therefore good and fair.

The Schedule of Values, Standards and Rules (SOV) establishes statistical parameters for the three measures of assessment level, COD and PRD for a group of properties (for those groups that contain a sufficient sample size).

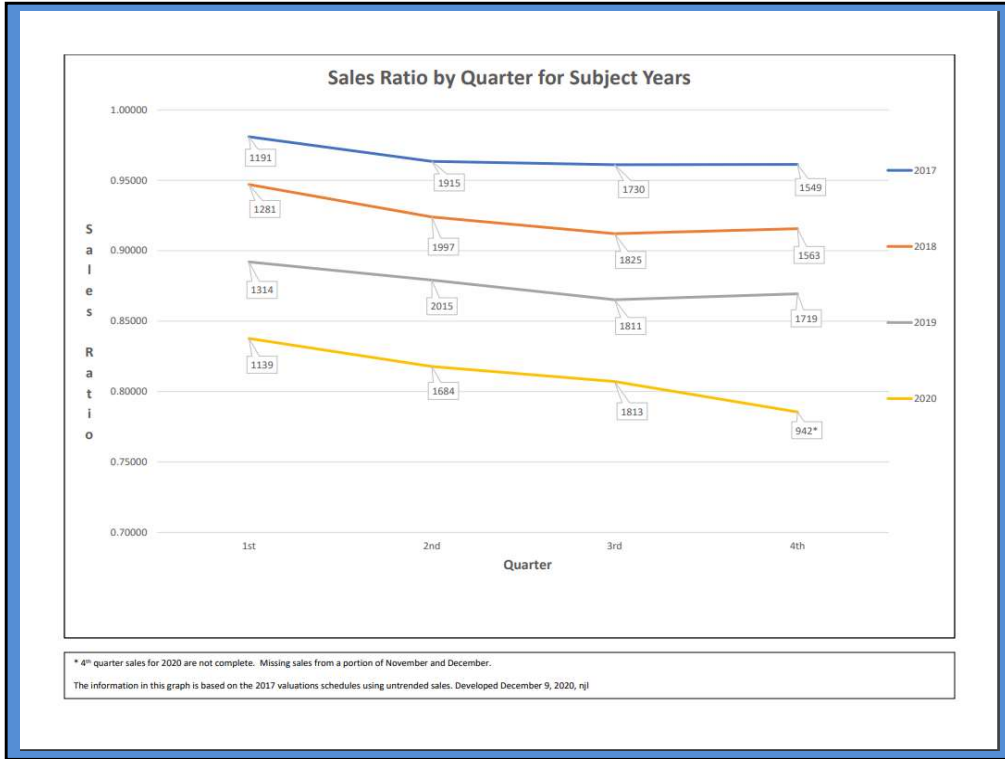
Typically, the mean, or average, of the ratios is not used as this measure can be influenced by outlier sales.

2021 Reappraisal

- There is market-based evidence to prove values in Forsyth County have changed differently since 2017
- Assessment Levels (2020 market sales using 2017 SOV):
 - All residential (improved and land only) = **.81**
 - Improved residential sales less than \$50,000 = **.93**
 - Improved residential sales \$50,000 - \$99,999 = **.78**
 - Improved residential sales \$100,000 - \$149,999 = **.78**
 - Improved residential sales \$150,000 - \$499,999 = **.81**
 - Improved residential sales \$500,000 and greater = **.91**
 - Improved commercial sales = **.95**

The .78 ratio for the group of properties across Forsyth County that sold for prices between \$100,000 and \$149,999 means that out of hundreds of property sales in that price range the median sales ratio was .78 with half of the sales being less than that and half of the sales being more than that. But, it does indicate that when we reappraise and need to bring the assessment level back to (or close to) 1.00, we need to increase values approximately 22%.

The real estate market changes constantly, and does so typically at different rates for different properties as indicated above.



The countywide sales ratio results are displayed by calendar quarter. Remember a lower sales ratio over time indicates an increasing real estate market. This chart indicates that Forsyth County has experienced a constantly improving real estate market year over year.

A Market Area example through four reappraisals

- In Reappraisal Year 2009
 - There were 15 sales in 2008 having a median \$/sf of **\$94.80**
- In Reappraisal Year 2013
 - There were 8 sales in 2012 having a median \$/sf of **\$82.30**
- In Reappraisal Year 2017
 - There were 18 sales in 2016 having a median \$/sf of **\$86.07**
- In Reappraisal Year 2021
 - There were 15 sales in 2020 having a median \$/sf of **\$124.93**

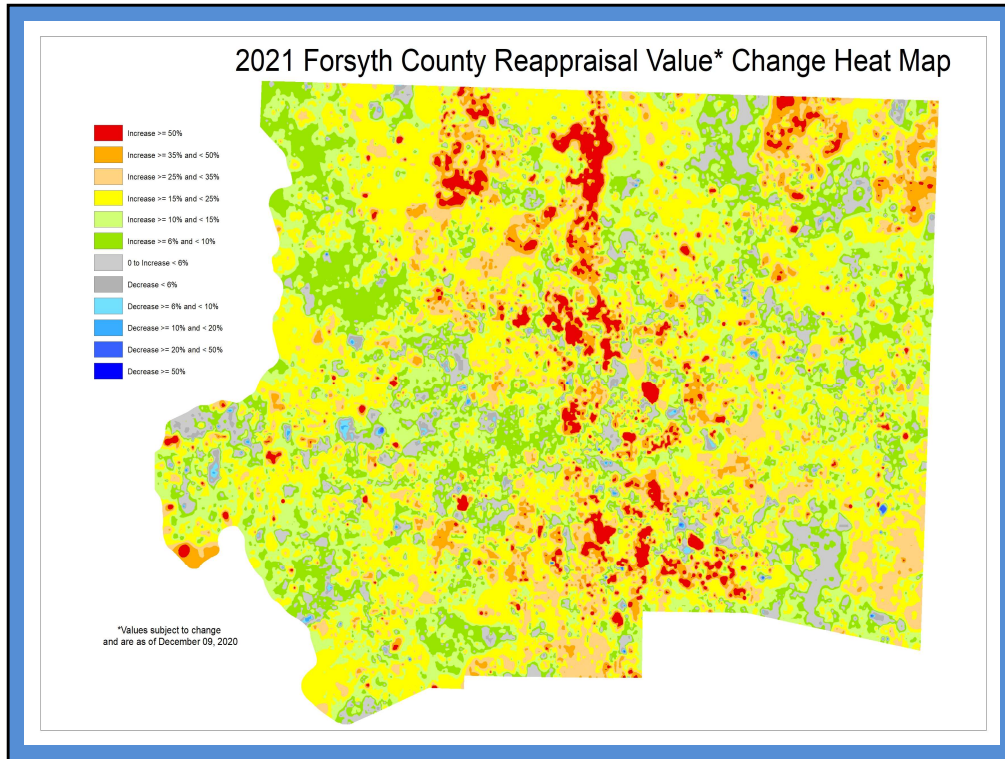
Here, we are observing the changes to one specific market area as the real estate market has changed over the past four reappraisals. In each year just before the effective date of a reappraisal, the value dropped significantly from a 2009 level of the a typical sales price per square foot price of \$94.80 down to \$82.30. From 2013, the sales indicated an increase to \$86.07 per square foot for 2017. Finally, the jump up for the 2021 reappraisal was very high and reached a typical level of \$124.93 per square foot.

Our appraiser's task is to observe the market and bring our tax appraisal values into alignment with the market at the time of each reappraisal. Wherever the market goes, we shall follow.

2021 Reappraisal New Assessment Level Results

- 2020 sales on all properties overall = 99.3% (COD = 4.84; PRD = 1.00)
- 2019 & 2020 sales on all properties overall = 99.5%
- 2019 & 2020 sales on improved commercial* = 99.3%
- 2019 & 2020 sales on vacant commercial* = 99.3%
- 2019 & 2020 sales on improved residential = 99.6%
- 2019 & 2020 sales on vacant residential = 99.5%
- 2019 & 2020 sales on catchalls = 99.0%
- 2019 & 2020 residential sales under \$50k sales price = 1.00%
- 2019 & 2020 residential sales \$50k - \$99,999 = 1.01%
- 2019 & 2020 residential sales \$100k - \$149,999 = 1.00%
- 2019 & 2020 residential sales \$150k - \$249,999 = 99.4%
- 2019 & 2020 residential \$250k - \$499,999 = 99.4%
- 2019 & 2020 residential \$500k - \$749,999 = 1.00%
- 2019 & 2020 residential \$750k and up = 99.4%

Here we can see the results of our appraiser's work as they adjusted our tax values to market value for the 2021 reappraisal. While the SOV states that we should be within +/- 10% of market value, one can see for these different groups of properties, we are typically within +/- 1%, well within range. The COD and PRD levels indicate we are well within stated parameters as well.



This is a “heat map” which provides visual and geo-spatial information regarding the rate of value change over the four year period in our real estate valuations since 2017. Heat maps display information based on specific data and how well that data fits in with other observations in close proximity. This map is useful when trying to visualize basic patterns in data.

When Reappraisal Notices Arrive in mailboxes the first week in January

****residential properties only****

- 10,608 parcels (7.5%) will increase $\geq 50\%$ compared to 2017 values
- 13,962 parcels (9.9%) will increase ≥ 35 and $< 50\%$
- 23,103 parcels (16.3%) will increase ≥ 25 and $< 35\%$
- 37,326 parcels (26.4%) will increase ≥ 15 and $< 25\%$
- 23,821 parcels (16.8%) will increase ≥ 10 and $< 15\%$
- 15,916 parcels (11.2%) will increase ≥ 6 and $< 10\%$
- 13,108 parcels (9.2%) will increase $\geq 0\%$ and $< 6\%$
- 1,957 parcels (1.4%) will decrease > 0 and $< 6\%$
- 519 parcels (0.4%) will decrease ≥ 6 and $< 10\%$
- 672 parcels (0.5%) will decrease ≥ 10 and $< 20\%$
- 369 parcels (0.3%) will decrease ≥ 20 and $< 50\%$
- 69 parcels (0.1%) will decrease $\geq 50\%$

Residential values were mailed out to arrive close to January 4th, 2021. We plan to mail commercial property values by the middle of February, 2021. This slide gives an indication how much residential properties changed in value since 2017.

Value Pending and other considerations

- Government owned and Public service properties will not receive any notice (~3,600 parcels).
- Parcels containing tax relief (Senior Citizen, Disabled Veteran) and Use Value (Agriculture/Forestry and Horticulture) will receive a Value Pending Reappraisal notice which will be followed up with a regular Value Notice.
- Historic deferment properties will receive a Value Pending Reappraisal notice, followed by a regular value notice
- Tax Relief, Use Value, and Historic properties together total ~15,300 parcels.
- Parcels needing appraisal work (permits, land changes, etc) will receive a Value Pending notice, followed by a regular value notice (~15,000 parcels).

- Commercial values are planned for release in mid-January and will receive their Reappraisal Notice then (~12,300 parcels).
- Fully exempt property **will** receive a value notice (churches, etc).

We are happy to get the reappraisal notices out at the beginning of January. An early mailout date allows more time for property owners to file appeals and allows our appraisers more time to work those appeals. However, the earlier mailout date did not allow our staff time to work all building permits and land changes that occurred during 2020, and it did not allow our staff time to finalize deductions for exemptions/exclusions/deferments.

We are working these items as fast as possible and will issue value notices once completed. When these value notices are issued, information regarding appeals and appeal deadlines will be provided with the notice. These properties will be able to file a formal appeal, and will likely not be able to file an informal appeal. The deadline for any real estate parcel to file a formal appeal is either June 30, 2021, or within fifteen days of their last real property value notice mailout, whichever is the latest.

Forsyth County contains approximately 160,600 real estate parcels.

Fully exempt notices will receive a reappraisal value notice so the property owners are informed of our value that will be implemented if the property loses its exemption/exclusion/deferment. Appeals are allowed for fully exempt properties as well.

Closing Thoughts

- 2021 Reappraisal Notices are to arrive close to January 1
- Please appeal your new value if you believe it is unreasonable.
- Appeal options include either Informal (Assessor) or Formal (Board of Equalization and Review)
- **Reappraisal notices will contain an Informal Appeal Form.** Formal Appeal Forms can be obtained through Tax Parcel Viewer or by calling us. We also offer a secured electronic submission option as well.
- Informal appeal deadline is 30 days from the date of the notice. Formal appeal deadline is June 30, 2021.
- We welcome any appeals and questions.

We want your value to be right just like we want every property's value to be right. If you believe our value is within +/- 10% of market value, then typically our value is considered to be reasonable. If you feel our value is outside of that range, then yes, please appeal your property value.

Appeals do allow our appraisers to learn even more about your property and it may help you learn more about our process and standards. We want each property in the county to be appraised accurately and fairly.

Please Visit for Additional Information

- General Property Tax Information: “Tax Parcel Viewer”
 - <http://maps.co.forsyth.nc.us/forsythjs/>
- Real Estate Sales Information: “Forsyth Sales”
 - <http://maps.co.forsyth.nc.us/forsythjs/>
- Visit us in person at the Customer Care counter on the first floor of the Government Center @ 201 N. Chestnut St. Winston Salem, or call (336)703-2300

We are happy to have been one of the first tax offices in the state to publish our values and property record cards online. Our Tax Parcel Viewer provides this information to you.

In addition, we provide you with our real estate sales information online as well. In Forsyth Sales, you can search for qualified sales that our appraisers used in their analysis of the real estate market and you can search for property transfers that our appraisers did not use in their analysis of the real estate market. Remember that we utilize the NC Department of Revenue’s guidelines for qualifying sales for use in appraisal analysis.

We are always happy to serve you either on the phone, through email or in person at our office. We look forward to answering any questions you may have.