

PROGRESS REPORT: HENDERSON COUNTY'S 2023 REAPPRAISAL

August 17, 2022

Presented by:

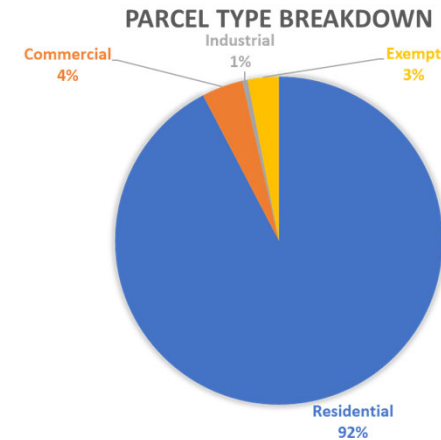
Darlene Burgess

Henderson County Tax Administrator

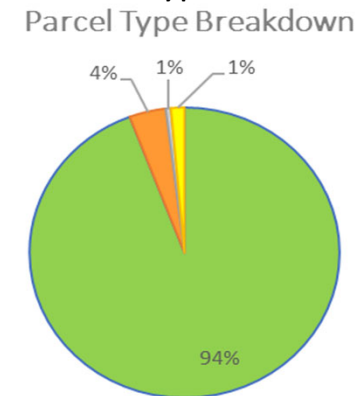
Henderson County's Demographics ...

- Henderson County currently has 69,433 parcels.
- The number of parcels fluctuates as land is subdivided and recombined.
- Approximately 50,825 (68%) of our parcels are improved, meaning a structure is located on the parcel.
- 1,604 parcels receive a deferment for forestry, agriculture, horticulture or wildlife conservation.
- 2,192 parcels are exempt or excluded from taxation for qualifying reasons such as charitable, religious or government-owned.
- For comparison purposes, much of this presentation includes data from the 2019 Reappraisal along with current data.
- As you can see from the charts on this slide, the parcel breakdown remains almost the same as it was in 2019.

2022 Parcel Type Breakdown



2019 Parcel Type Breakdown



■ Residential ■ Commercial ■ Industrial ■ Exempt

What is a Reappraisal and Why is it Necessary?

- The County Assessor must conduct periodic Reappraisals on all Real Property in the County. Real property includes land, buildings, structures and improvements.
- Reappraisals promote equity amongst the different classes of property subject to property tax.
 - Personal property, motor vehicles and public service properties are assessed on an annual basis.
 - Real Property is appraised and assessed only in the year of Reappraisal.
- Reappraisals help to ensure that property owners pay only their fair share of services rendered by local government.
- State law directs counties to perform a reappraisal of all real property at least once every 8 years (GS 105-286(a)(1)). Since 1995, Henderson County has conducted reappraisals every 4 years (GS 105-286(a)(3)).
 - Henderson County conducts “in-house” reappraisals.
 - Our appraisal staff consists of 9 appraisers, a manager, an analyst and one clerical assistant.
 - All appraisers are certified as Real Property Appraisers by the NC Department of Revenue (“DOR”).
- **The goal of the 2023 Reappraisal is to appraise all real property at 100% of its fair market value as of January 1, 2023.**

How are property values determined?

- State Law (NCGS 105-283) provides that real property be valued at its “true value in money”.

“True value in money” means market value – “... 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 to 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.”

- **Market value is determined by the most recent sales activity in the local real estate market.**

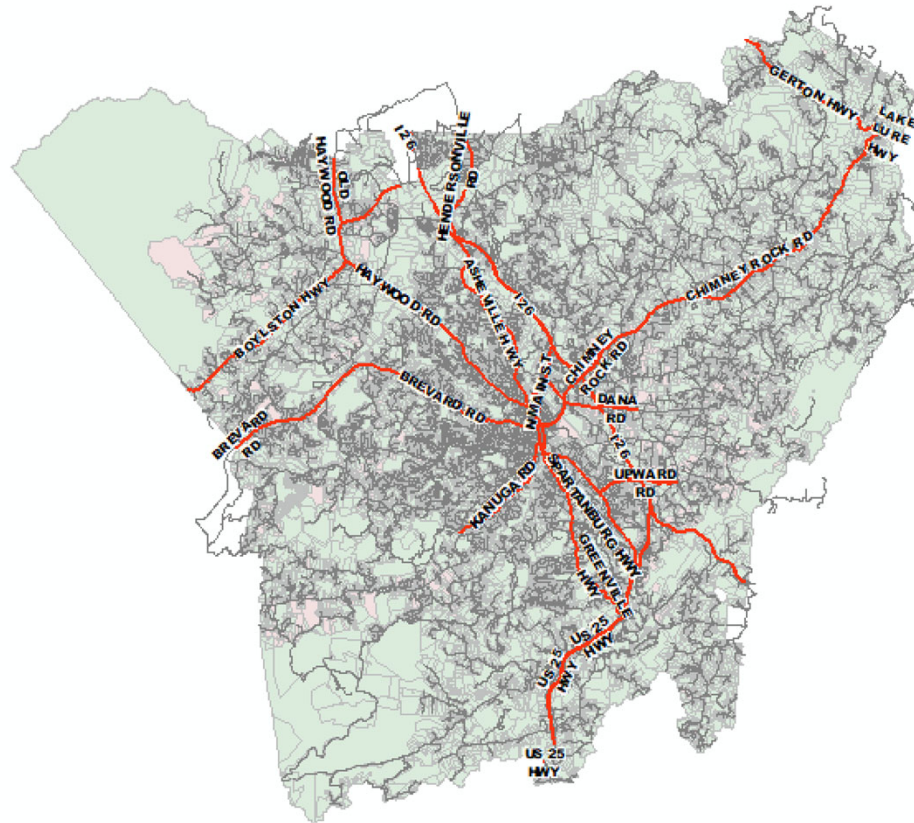
- Only arms-length transactions are used to measure market value. Short sales, related party transactions, foreclosures, multi-parcel sales or other types of sales that are not arms-length transactions are not used to measure market value.
- Properties under construction will be appraised at the percentage of completion as of January 1, 2023.
- The assessed value of a property may be different from the market value in instances where the property is enrolled in the Present-Use Value Program and used for agriculture, horticulture, forestry or wildlife conservation.
- **Property values can change during a non-reappraisal year due to (among other things) physical changes that are made to the property. Examples include the addition of outbuildings, pools or additions to an existing structure. (NCGS §105-286-287)**

How are property values determined? (Cont'd.)

- The Assessor uses a “Mass Appraisal” approach to value property.
 - Uniform or similar properties are grouped together into “Market Areas” or “Neighborhoods” and valued to ensure fair and equitable values. Henderson County currently has 1,183 Market Areas.
 - Mass Appraisal costs much less than the typical fee appraisal and allows the Assessor to value the County’s many parcels in a relatively short period of time.
- Mass Appraisal uses statistical analyses to measure uniformity and equity amongst properties.
- Our Appraisers devote substantial effort to collect and update data on properties.
 - To prepare for the 2023 Reappraisal, field visits by Appraisers began in 2019.
 - Field visits are conducted to verify accuracy of the property characteristics we have on file. To date, we have reviewed 94% of the County’s 69,433 parcels. We will review 100% prior to January 1, 2023.
 - As building permits are issued, Appraisers make several visits to the property to follow the construction progress and collect information needed to appraise the property.
 - As sales occur, Appraisal staff will visit the sold property to verify property characteristics we have on record are correct.

How are property values determined? (Cont'd.)

Field Visits conducted for the 2023 Reappraisal



How are property values determined? (Cont'd.)

- **Note that appraisers do not go inside of the homes they visit.** This sometimes poses challenges in data accuracy, for example, concerning whether a basement or attic is finished or unfinished. Although all real property is on a permanent listing system, the taxpayer has an obligation to tell us of any changes to the property. This is done by filing a listing form with the Assessor during the month of January.
- During the valuation process, the most recent qualified sales within each neighborhood are evaluated and statistical tools are used to uniformly appraise all properties within the neighborhood.
- After a neighborhood is valued, it goes through a quality control process and is reviewed by supervisory staff.
- Technology is used extensively during the Reappraisal process.
- National valuation manuals and the Multiple Listing Service (MLS) are used to strengthen the accuracy of our appraisals.
- The local real estate market is continuously monitored throughout the Reappraisal process.
- Most recent sales are given the most weight during the valuation process.

What about the Local Sales Market?

- Henderson County’s real estate market is thriving.
- Local sales are strong, and building is growing both in the residential and commercial markets.
- For the upcoming 2023 Reappraisal, Henderson County has 10,411 qualified sales that, in addition to other factors, will be used to determine the fair market value.
- These sales are arms-length (“qualified”) transactions that occurred after January 1, 2019.
- The table below provides a breakdown of the annual number of qualified sales since January 1, 2019.
- Qualified sales represent between 55% and 68% of all sales within the County.

Henderson County Qualified Sales: 2019 – 2022 YTD (6/30/2022)

	2019	2020	2021	2022 YTD (6/30/2022)	Total
# Qualified Sales	2,595	2,755	3,445	1,616	10,411

What about the Local Sales Market?

- The median home price is an important market indicator and is derived from Henderson County sales that have occurred as reported by MLS.
 - As of July 2022, Henderson County's median home price for a single-family home is \$395,000. The median price for all properties (including vacant parcels) per MLS is \$350,000.
 - Counties surrounding Henderson are thriving also, as shown in the tables that follow.
 - The *median* home price means that ½ of the homes sold below the median and ½ the homes sold above the median. It is different from the average because it excludes outliers.
- The median home price is an *indicator* of the market and is derived from homes that have sold. It cannot be used solely to estimate the value of all the County's properties.

What about the Local Sales Market? (Continued)

HISTORY OF HENDERSON COUNTY MEDIAN HOME PRICES									
	SINGLE FAMILY DWELLING			CONDO - TOWNHOMES			ALL PROPERTY TYPES		
Year	Median Sales Price	Average Days on Market	Months Supply	Median Sales Price	Average Days on Market	Months Supply	Median Sales Price	Average Days on Market	Months Supply
July 2022	\$395,000	22	1.4	\$286,000	31	1.4	\$350,000	44	3.7
June 2022	\$388,500	22	1.4	\$285,000	30	1.5	\$345,000	45	4.1
Jan-22	\$363,000	30	1.5	\$270,325	31	1.6	\$287,000	58	6.7
2021	\$325,000	54	2.8	\$231,250	46	2.0	\$287,000	74	6.7
2020	\$286,250	63	4.5	\$210,000	55	2.6	\$260,000	81	9.2
2019	\$271,128	56	4.2	\$189,000	44	2.7	\$242,000	75	8.9
2018	\$250,000	65	4.2	\$181,125	43	2.0	\$224,700	79	9.0
2017	\$229,500	69	4.6	\$161,500	51	2.5	\$203,000	82	9.6
2016	\$219,700	119	6.9	\$162,500	100	4.1	\$192,000	126	12.5
2015	\$200,000	143	9.3	\$155,000	156	7.7	\$177,500	158	16.0
2014	\$192,500	143	10.7	\$133,000	174	11.7	\$169,000	160	19.7
2013	\$183,500	158	12.5	\$137,500	199	17.8	\$165,000	166	23.8
2012	\$174,500	177	15.5	\$131,250	219	22.4	\$160,000	184	29.1
2011	\$190,000	171	15.9	\$155,000	209	16.1	\$175,000	180	27.7
2010	\$198,000	148	12.9	\$149,450	166	14.6	\$175,000	157	22.4
2009	\$220,000	133	4.4	\$148,405	110	4.3	\$187,500	132	6.2
2008	\$232,000	96	2.8	\$155,600	83	3.6	\$195,000	108	3.3

SOURCE: MLS Statistical Data (data includes traditional sales only (no foreclosures or short sales)
 Reappraisal Years are highlighted in Yellow

What about the Local Sales Market? (Continued)

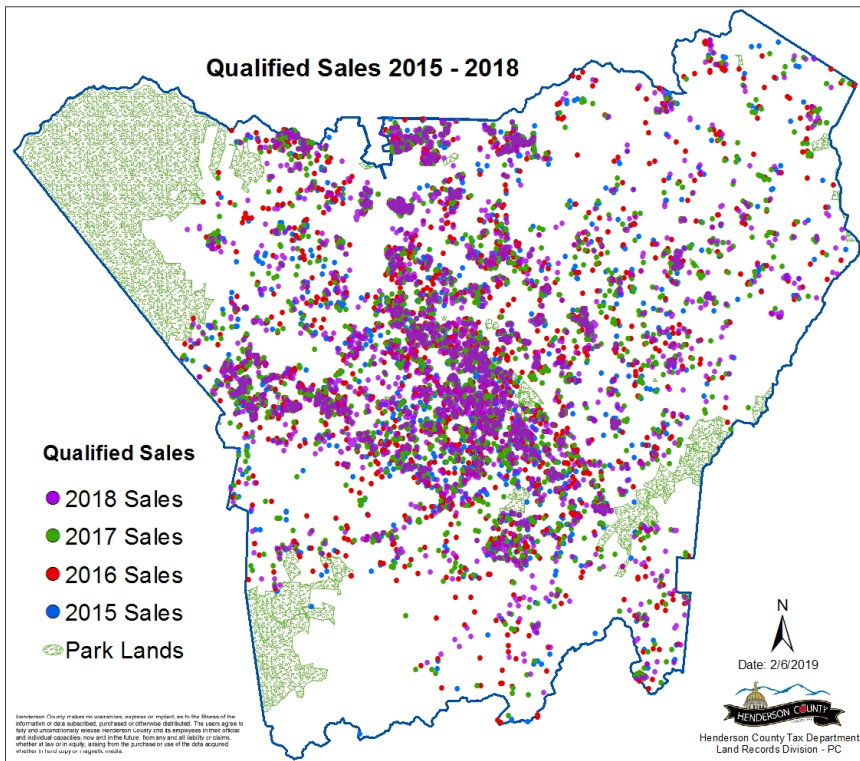
Year	SURROUNDING COUNTIES					
	MEDIAN HOME PRICE PER MLS: SINGLE FAMILY DWELLING					
	Henderson	Buncombe	Polk	Transylvania	Rutherford	Greenville Co SC
2022 July	\$ 395,000	\$ 440,000	\$ 380,000	\$ 430,500	\$ 256,000	\$ 436,500
2022 June	\$ 389,000	\$ 433,000	\$ 370,000	\$ 427,000	\$ 259,450	\$ 438,000
2022 May	\$ 382,000	\$ 426,050	\$ 375,000	\$ 425,000	\$ 259,000	\$ 435,000
2022 April	\$ 375,000	\$ 420,000	\$ 380,000	\$ 420,000	\$ 254,750	\$ 444,000
2022 Mar	\$ 370,000	\$ 416,200	\$ 375,000	\$ 410,000	\$ 255,000	\$ 436,500
2022 Feb	\$ 365,000	\$ 410,000	\$ 375,000	\$ 405,000	\$ 255,500	\$ 438,000
2022 Jan	\$ 363,000	\$ 405,000	\$ 364,500	\$ 400,000	\$ 255,000	\$ 448,500
2021 June	\$ 342,661	\$ 375,000	\$ 325,000	\$ 374,000	\$ 240,000	\$ 347,500
2021 Jan	\$ 325,000	\$ 350,000	\$ 304,650	\$ 350,000	\$ 227,000	\$ 299,500
2020 June	\$ 295,000	\$ 320,000	\$ 285,000	\$ 301,000	\$ 195,000	\$ 278,500
2020 Jan	\$ 286,250	\$ 315,000	\$ 277,000	\$ 291,000	\$ 183,000	\$ 279,500
2019 Jun	\$ 279,950	\$ 306,000	\$ 249,500	\$ 269,500	\$ 174,150	\$ 261,500
2019 Jan	\$ 271,128	\$ 299,900	\$ 248,000	\$ 259,750	\$ 178,000	\$ 261,500

SOURCE: MLS Statistical Data

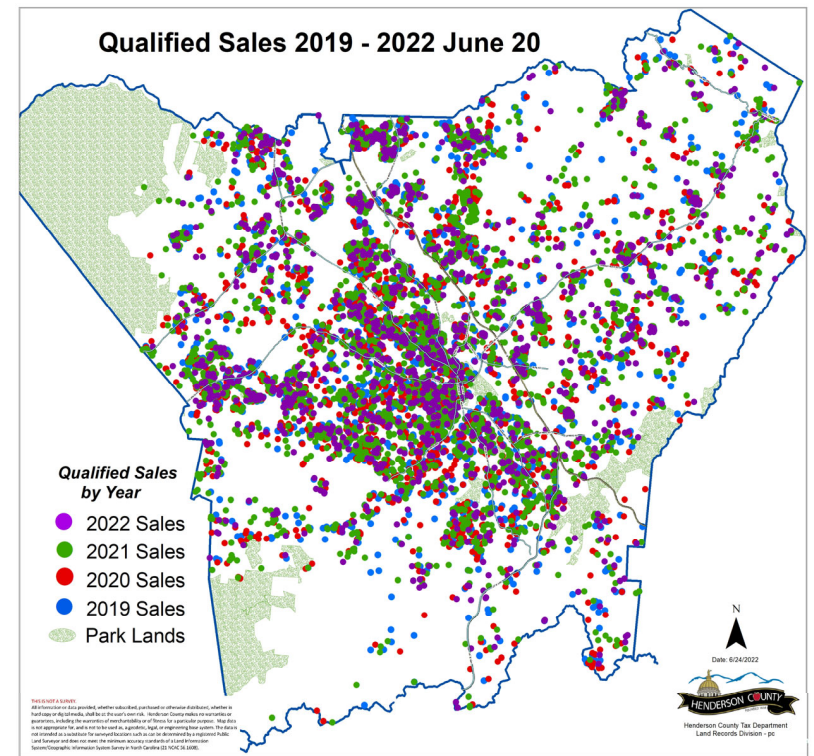
What about the Local Sales Market? (Continued)

Where are the sales occurring?

SALES USED IN 2019 REAPPRAISAL (2015-2018)



SALES USED IN 2023 REAPPRAISAL (2019-2022)



What about the Local Sales Market? (Continued)

HENDERSON COUNTY MUNICIPALITIES MEDIAN HOME PRICE PER MLS: ALL PROPERTY TYPES* (includes homes, condos, vacant land, etc.)						
Year	City of Hendersonville	Village of Flat Rock	Town of Fletcher	Town of Laurel Park	Town of Mills River	City of Saluda
2022 July	\$ 340,000	\$ 379,900	\$ 390,000	\$ 417,500	\$ 456,900	\$ 333,750
2022 June	\$ 335,000	\$ 370,000	\$ 382,000	\$ 387,450	\$ 447,500	\$ 330,250
2022 May	\$ 330,000	\$ 368,000	\$ 375,000	\$ 375,000	\$ 433,500	\$ 332,500
2022 April	\$ 325,000	\$ 352,100	\$ 370,000	\$ 371,150	\$ 425,000	\$ 326,500
2022 Mar	\$ 320,000	\$ 355,000	\$ 355,000	\$ 378,500	\$ 421,948	\$ 315,000
2022 Feb	\$ 315,000	\$ 352,500	\$ 352,250	\$ 378,500	\$ 421,474	\$ 321,000
2022 Jan	\$ 310,000	\$ 352,500	\$ 352,000	\$ 365,000	\$ 425,000	\$ 328,000
2021 June	\$ 285,000	\$ 351,435	\$ 325,000	\$ 315,250	\$ 393,000	\$ 298,000
2021 Jan	\$ 272,000	\$ 342,500	\$ 315,000	\$ 314,375	\$ 365,000	\$ 275,000
2020 June	\$ 255,000	\$ 335,000	\$ 295,000	\$ 292,500	\$ 329,900	\$ 248,500
2020 Jan	\$ 250,000	\$ 325,000	\$ 285,000	\$ 285,000	\$ 321,000	\$ 194,500
2019 Jun	\$ 238,763	\$ 310,000	\$ 275,000	\$ 279,000	\$ 290,500	\$ 203,000
2019 Jan	\$ 230,500	\$ 284,733	\$ 272,500	\$ 277,500	\$ 290,000	\$ 215,000

SOURCE: MLS Statistical Data

What about the Local Building Market? (Continued)

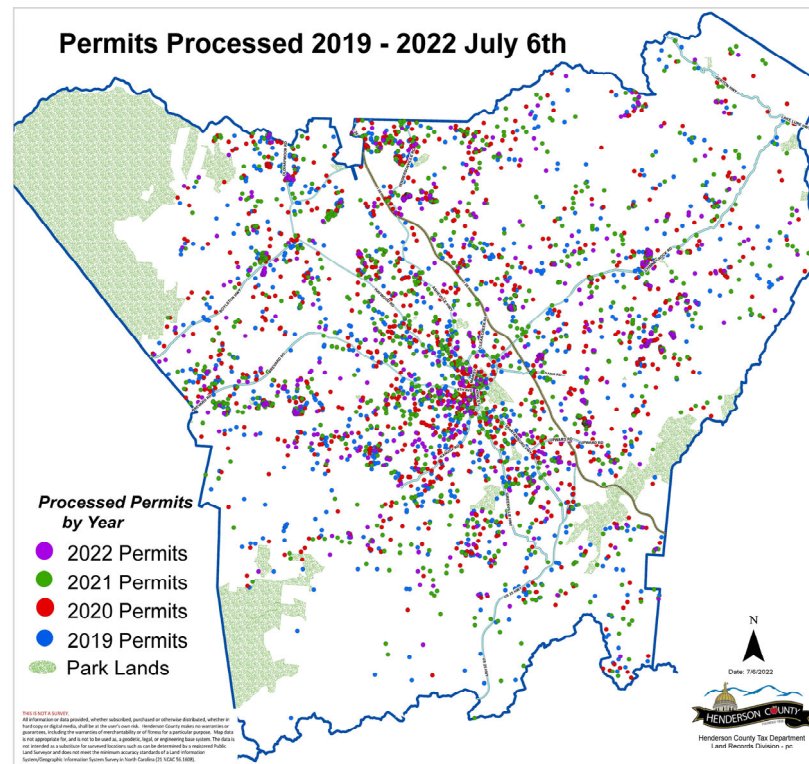
- Building permits continue to rise.
- For FY2022 (July 1, 2021 – June 30, 2022),
 - 2,108 residential permits were issued at an estimated construction cost of \$335,615,030
 - 269 commercial permits were issued at an estimated construction cost of \$159,232,615

HISTORY OF BUILDING PERMITS ISSUED					
Fiscal Year	RESIDENTIAL				COMMERCIAL
	New Construction Permits	Additions / Remodel Permits	Manufactured Homes	Total Residential Permits	New Construction & Addition / Remodel
2022	873	1,039	196	2,108	269
2021	661	1,094	183	1,938	288
2020	626	976	168	1,770	257
2019	641	934	177	1,752	347
2018	776	843	133	1,752	332
2017	495	802	192	1,489	297
2016	543	728	158	1,429	313
2015	560	733	158	1,451	315
2014	381	703	111	1,195	262
2013	515	615	140	1,270	297
2012	349	534	114	997	271
2011	213	579	96	888	227
2010	270	573	110	953	215
2009	329	486	223	1,038	226
2008	799	661	221	1,681	329

What about the Local Building Market? (Continued)

Where is the construction activity occurring?

BUILDING PERMIT ACTIVITY: 2023 REAPPRAISAL (PERMITS ISSUED BETWEEN 2019 AND 2022)



Let's talk about the Sales Ratio ...

- The Sales Assessment Ratio (SAR) measures the level of assessment against the actual sales that occur in the local market.
- The sales are taken from the Deeds recorded with the Register of Deeds. Deeds are reviewed, a sample of qualified sales is selected, and the sales price is compared to the assessed value.
- In the year of Reappraisal, the Sales Ratio should be 100%.
- The farther we move from the Reappraisal year, the more this ratio fluctuates. For example, in a market where real estate sales are going up, the Sales Ratio will be below 100%.
- The NC Department of Revenue ("DOR") acts as the oversight agency for Assessors around the state. One of DOR's responsibilities is to monitor the sales ratio.
- State Law provides that if the ratio drops below 85% or rises above 115%, then the County must conduct a Reappraisal by January 1 of the third year following notification from the Department of Revenue. (NCGS §105-286). Henderson County avoids this issue by conducting a Reappraisal every four years.
- As of January 1, 2022, Henderson County's current Sales Ratio is 73.58%.
- According to DOR, there are 36 counties scheduled for Reappraisal in 2023. Of these counties, 29 of them (81%) received notification from DOR that their sales ratio was below 85%.

2023 Tentative Reappraisal Schedule

October 1, 2022	Schedules of Values presented to the Board of Commissioners by the Assessor
October 1, 2022	Public hearing scheduled and publication authorized by the Commissioners. Schedules of Values made available for public inspection.
November 7, 2022	Public Hearing on the Schedules of Values
November 23, 2022	The Schedules of Values adopted by the Board of Commissioners
December 1, 2022 – January 31, 2023	Educational & Informational sessions conducted by the Assessor to community groups, civic organizations and taxpayers throughout the County
January 1, 2023	Effective Date of 2023 Reappraisal
February 1, 2023	Notices of Value Change mailed to Taxpayers
January – April 14, 2023	Informal Appeals heard by the Assessor until the Board of Equalization & Review Convenes
April 15, 2023	Board of Equalization & Review Convenes
May 15, 2023	Board of Equalization & Review Adjourns. After this date, no new appeals can be filed. Appeals timely filed will be heard by the Board of Equalization & Review.
June 30, 2023	Latest date the FY2024 tax rate is established by the Board of Commissioners
August 2023	2023 tax bills will be mailed to property owners

QUESTIONS?