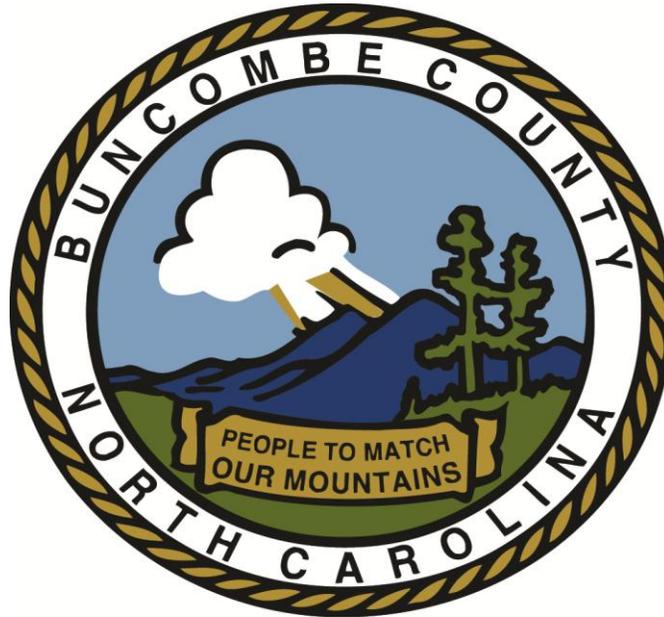


Buncombe County Tax Office
Gary C. Roberts Tax Administrator



2013 Reappraisal
SCHEDULE OF VALUES, STANDARDS
AND RULES

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Introduction

The purpose of the Schedule of Values is to document the methods and procedures used to develop the assessed values for property during the 2013 reappraisal. These methods, procedures and rules will be used to value property until the next county wide reappraisal. This valuation schedule reflects the current market conditions, so that it is possible to determine the current market values of the subject properties. The goal of any reappraisal is to develop the market value for each property in the jurisdiction. Market value is defined as the most probable price a property will bring between a willing buyer and a willing seller, both of which are knowledgeable about the possible uses of the property. Requirements and procedures for property taxation in North Carolina are defined in North Carolina General Statute 105. Therefore, all relevant General Statutes are considered as a part of this manual.

North Carolina General Statute 105-283. UNIFORM APPRAISAL STANDARD

Except as otherwise provided in this section, all property, real and personal shall be assessed for taxation at its true value or use value as determined under G.S. 105-277.6 and taxes levied by all counties and municipalities shall be levied uniformly on assessments determined in accordance with this section.

The first part of the schedule is an overview of the mass appraisal process. A brief explanation of appraisal methods and how they are used in mass appraisal are included in this section. Included are definitions of appraisal procedures and schedules for depreciation, land valuation and building cost calculation. Finally, the methods used to insure that a mass appraisal is equitable and accurate are detailed in section one. These methods include assessment performance measurements such as ratio studies, statistical testing, and field reviews.

The remainder of the schedule details the procedures for maintaining the database of information about real estate in Buncombe County, which is the foundation of the mass appraisal process. The schedule contains separate sections outlining the procedures for listing commercial, residential, manufactured housing, miscellaneous structures, land and special use properties. Also included in a separate section are the schedules and rules for present use valuation.

In the appendixes of this manual are sections on the property class coding system, a separate list of all rates, and depreciation tables.

Appraisal Principles

Real Property

- Real property is both tangible and intangible rights in land and improvements. Real estate is land and anything permanently attached to it.
- Land ownership includes the surface land and anything below it or above it such as air rights, mineral rights or timber rights.
- Ownership includes the right to use, sell, rent, enter or leave, give away or do nothing with the property.
- Government has the rights of eminent domain, escheat, taxation and police power.

Fee simple title to property is free of all encumbrances.

Market Value

In North Carolina property is valued at 100% of its market value.

1. Market value is the most probable price the property will bring and not the highest price, lowest price or the average price.
2. Purchased for cash or its equivalent.
3. The property was exposed to the open market for a reasonable amount of time.
4. The buyer and seller are well informed and both recognize the property's potential use as well as the property's current use.

Types of Value

Market value	Salvage value
Book value	Insured value
Depreciated value	Assessed value
Condemnation value	Mortgage value

Market Value and Market Price¹

Market value is not always the same as market price. Market price is what the property actually sold for. Market value is an estimate of value based on comparable sales and other market information. Market price can differ from market value if any of the above requirements are not met. For example, if the buyer is forced to sell, if the parties are related, or if one of the parties was uninformed about the potential use of the property.

Market Value and Cost

The cost of a property is not always equal to its market value. Cost may equal market value when the improvements on a property are new and are the highest and best use of the land. The cost to build may exceed the actual market value if special items are added and the market does not provide for a return on the investment. For example, a slate roof on low quality construction or if the buyer paid extra to decrease the time needed to build the structure.

¹ International Association of Assessing Officers, Property Assessment Valuation(1996) 21

Appraisal Principles

Value- in-Use and Value- in- Exchange

In some cases the special use or unique characteristics make a property useful to the current owner and not as desirable to other potential buyers. The utility or value of the current use to the current owner may be different than the potential market value to others. The property may not be marketable. For example, the cash flow that an asset generates for a specific owner under a specific use reflects the current value. Value-in-use is the value to one particular user, and may be above or below the market value of a property.

Economic Principles

All appraisals both individual appraisals and mass appraisals are based on the three approaches to value. These approaches to value are based on the following economic principles of value:

Anticipation – Value is the present value of all anticipated future benefits of the property.

Balance – The highest market value results when the size of improvements is proportional to the land. Example: Commercial land selling for \$500,000 per acre would not be used as a mobile home site.

Change – The market is never constant.

Competition -A neighborhood can only support a limited number of department stores, markets, gas stations and shopping centers.

Conformity –The maximum value is reached in neighborhoods where properties are similar.

Consistent Use – Land and improvements must be valued based on a single use. The building may have a negative value if the highest and best use for the land is commercial.

Contribution –The value of a component depends on its contribution to the property.

Increasing and Decreasing Returns – Additional investment of capital produces increased returns to a point then the return on capital diminishes.

Progression and Regression – The value of a lower priced property is increased when located near higher priced properties (progression). The value of a high cost property is lowered when it is located in a lower priced area (regression).

Substitution – Property value is set by the cost of acquiring an equally desirable substitute.

Supply and Demand – The price of property varies based on supply and demand.

Surplus Productivity – The income earned by the land after the costs of labor, management and capital.

Appraisal Principles

Highest and Best Use

Highest and best use is defined as “that use which will generate the highest net return to the property over a period of time.” (Property Assessment Valuation page 31). All three approaches to value must consider highest and best use as the primary factor in appraising property. The highest and best use must be legally permitted, physically possible, economically feasible and the most productive use.

1. **Legally Permitted:** The legal use of a property is the use permitted by the deed restrictions and zoning. For example, if no zoning restrictions are present in a neighborhood, but deed restrictions limit the uses of the site to single-family residential dwellings of at least 1300 square feet. The deed restrictions also state that only one residence can be built per lot. The property is limited to one single family residence per lot as its highest and best use.
2. **Physically Possible:** To be physically possible, the use must fit on the subject lot and meet all size requirements. In the previous example the deed restrictions require the structure to be at least 1300 square feet on one level, but no more than two stories in height. To be physically possible the lot must be large enough to allow for the construction of a 1,300 square foot dwelling and meet all setbacks.
3. **Economically Feasible:** To be economically feasible, the use must provide the highest net return to the land over a period of time. In the previous example only a single-family residence is allowed due to deed restrictions. No other improvements are allowed and building them would not give a return on the investment. Selling the land as a vacant site would not provide a return on the investment until the time of sale. The only legally permitted, physically possible and economically feasible use in the previous example is a single-family residence.
4. **Most Productive Use:** Which use of all possible uses will produce the highest rate of return for the property?

The Three Approaches to Value

All appraisals are done using one or more of the three approaches to value which are based on the previously listed appraisal principles. The three approaches to value are: the sales comparison, cost and income. All three approaches to value are not equally relevant to every type of property. For example the income approach is not the best method for valuing single family residential properties because they are not usually purchased for income production. Buyers primarily purchase single family residences for use as a home. The cost approach is not the best method to use in valuing vacant land or older construction. The cost approach uses replacement cost new minus depreciation to value improvements therefore it is not useful for vacant land valuation. Estimating the amount of depreciation on an older structure can also be difficult when using the cost approach to value. The sales comparison approach is limited because of the lack of sales data when used to value special use properties such as government buildings, schools, churches or public parks.

Appraisal Principles

The method used for Buncombe County mass appraisal is a combination of all three methods. The data on each improved property is used to develop the replacement cost new of the structure (cost) which is then depreciated for age and condition (cost), and finally adjusted by neighborhood based on the recent sales in that neighborhood (sales comparison). In addition, income information is analyzed to determine the reasonableness of property values. The appraiser must consider all aspects of the property and choose the best method to value the property. The strengths of each approach to value and the amount and reliability of the data used to value the property are important considerations.

Reconciliation

Each of the three appraisal approaches are used to indicate market value. All three methods of valuation are given consideration and used to support the assessment. Reconciliation of the three approaches to value is not an average of the values produced by the different appraisal methods. An average gives equal weight to all approaches. In the appraisal process each appraisal method is more reliable depending on property type and available information. Using the reconciliation process the appraiser produces a value by considering the type of property being appraised, the positives and negatives of each approach and by evaluating the reliability of each approach and its correlation to value.

²The three approaches to value are typically applied in the following order by type of property being appraised:

Residential	Commercial	Industrial
1. Sales Comparison	1 Income	1. Cost
2. Cost	2. Cost	2. No Preference
3. Income	3.Sales Comparison	3. No Preference

The appraiser must consider the following when using the three approaches to value:

1. Is the approach being used relevant to the property being appraised?
2. What are the expected strengths and weaknesses of the approach being used?
3. Is the data being used adequate in quantity and reliability?
4. What is the affect of the local market on the data being used?

² Information from International Association of Assessing Officers One Day Forum 960

Mass Appraisal Procedures

Sales Comparison Approach

The sales comparison approach to value estimates market value by comparing recently sold properties to the subject property. These comparable sales are adjusted for differences from the subject to estimate market value. The comparable properties must be a possible substitute for the subject property because this appraisal method is based on the principle of substitution that “a property’s value tends to be set by the cost of acquiring an equally desirable and valuable substitute property, assuming no costly delay” (Property Assessment Valuation page 22).

The procedures used for single property appraisal using the sales comparison approach are:

1. Research, collect, verify and analyze sales data on comparable properties.
2. Select the appropriate units of comparison between the subject and comparables.
3. Determine from the market contributory value of differences between the subject and the comparables
4. Make adjustments to the comparables for these differences.
5. Correlate the adjusted values of the comparable sales to develop a final estimate of market value.

Because no two properties are completely alike the sales information must be adjusted for any differences to compare it to the property being assessed. These differences are assigned a percent or dollar amount of value for these differences.

Reasons to adjust the sale price:

- **Date of sale:** the sale price is adjusted for economic changes that have occurred between the date of sale and the assessment date. For example, the sale of a comparable property took place two years ago and the appraisal date is now. The market could have increased or decreased since the sale date.
- **Location:** Location is the primary factor when valuing similar property. Similar properties will vary in price due to the desirability of location even in the same neighborhood.
- **Physical attributes:** age, size, quality of construction, condition, square footage, lot size.
- **Financing:** Special financing arrangements may have an effect on the sale price.

The computer assisted mass appraisal system enables the sales comparison approach to be applied to a larger population of properties. Hundreds of sales are analyzed and used to value thousands of properties. This process begins by stratifying properties by neighborhood and type so that similar properties are compared to each other. For example a rural area with a mixture of house types is not compared to a gated golf community. Sales of commercial and industrial use properties are not used to develop values for residential properties. The sales comparison approach to value is the most reliable way to value residential property and is helpful for other types of property when sales information is available.

Mass Appraisal Procedures

Cost Approach

The cost approach to value is based on the principle of substitution. The principle of substitution states that an informed purchaser will pay no more for a property than the cost to obtain an acceptable substitute without a costly delay. The cost approach first calculates the cost of land comparable to the subject property. Then the building cost is calculated, producing a value for the structure as if new. The depreciation applicable to the subject is subtracted from the cost of the new building. The cost of land, building and improvements are added to produce an estimate of value. The cost approach is especially useful to value new construction where depreciation is not a major factor. In addition, special types of construction such as industrial buildings, government buildings and churches that may not have sales or income information available to use in the appraisal process can be valued using the cost approach. The cost method of valuing property has several steps:

1. The value of the land as vacant and available for its highest and best use is determined.
2. The cost to construct the building and site improvements is calculated.
3. The amount of accrued depreciation is estimated and subtracted from the building cost.
4. The accrued depreciation is estimated and subtracted from the improvements.
5. The depreciated building and improvement cost is added to the land value to estimate the value for the entire property.

Mass Appraisal Procedures

Site Valuation

The first step in valuing property using the cost approach is to value the property as if vacant. There are five generally accepted methods of valuing a site as if vacant; these methods are:

1. **Direct Sales Comparison:** Recent sales of vacant land are gathered, analyzed, and verified for comparison to the subject site. An appropriate unit of comparison is chosen and adjustments are made for differences such as location, physical characteristics, and time of sale. These adjustments are applied to the comparable sites that have sold to produce an indicated value of the land.
2. **Abstraction/Allocation or Ratio:** Improved parcels are analyzed for a logical relationship between land value and improvement value. In the abstraction method, the depreciated replacement cost of the improvements is subtracted from the sales price. The difference is an indication of land value for that property. The allocation method uses sales of improved properties to develop a ratio of the land value to the total sales price. Depreciated replacement costs are used to develop the ratio, and then typical ratios are applied to other parcels to develop an indication of value.
3. **Development of Anticipated Use:** The estimated costs to fully develop a site to its highest and best use are subtracted from the projected sales prices to develop an indication of the value for the land in its raw or undeveloped state.
4. **Capitalization of Ground Rent:** Gross rent is estimated and expenses are subtracted to give net income. Net income is capitalized into an indication of total value from the ground rents. The income from the improvements is subtracted from the total net income to produce the income attributable to the land. The income from the land is capitalized, and an indication of the value for the land is developed.
5. **Land Residual Capitalization:** A new building, either actual or hypothetical, is projected onto the land. This use represents the most profitable use of the land. The procedure for this method follows the steps of the capitalization method after the cost and income for the new improvements is established.

Selection of Land Valuation Method

The allocation method is less direct than the sales comparison method of land valuation and is therefore less accurate. This method is not the best choice to value land if vacant land sales are available. The development of anticipated use method is useful for large tracts of undeveloped land where the highest and best use is to develop the tract. For example this can be land divided into a subdivision or developed for commercial use. The cost of development is subtracted from potential income to estimate the current cost for the property. This method is not the best for the subject because it is developed to its maximum allowable use. The capitalization of ground rent is best used for income producing property. The subject is residential and estimates of income attributable to the land based on potential income do not produce an accurate estimate of value.

The land residual method is best used when the building value can be accurately estimated. The subject building is not new, so this method is not the best choice for valuing the subject property. All of the land valuations methods mentioned except for the direct sales comparison method require estimates of costs, depreciation and rents. The direct sales comparison method extracts a value from the market with no reliance on supposition. If vacant land sales are available the direct sales comparison method is the best method to use for mass appraisal.

Mass Appraisal Procedures

Units of Comparison Analysis

There are five units of comparison commonly used to value land sites. These five units of comparison are: front foot, square foot, acre, site and units buildable.

Front foot: The front foot method is primarily used for commercial property. Frontage on a road or highway increases exposure for commercial property.

Square foot: The square foot method is used for irregular shaped lots where frontage is not the dominant factor.

Acre: The acre method is used to value large acreage tracts. This is the method most often used for large industrial, commercial or farm tracts.

Site: The site method is primarily used to value subdivision lots where no significant differences in value can be contributed to the size of lot.

Units buildable: This method is used when a site is sold on the basis of the number of units that can be built on the site. The number of units that can be physically built on a site can differ from the number of legally permitted units. When this method is used for land valuation, setbacks, zoning, deed restrictions, topography, and market demand must be considered by the appraiser.

Each of the land valuation methods will produce an accurate value. The appraiser must choose the method to use based on the type of property being appraised.

Building Costs

After the land value is set the next step in the cost approach is the valuing of all improvements based on replacement cost new. This process takes the information on each structure and values the structure based on the current cost of construction. The costs are developed from information gathered by national cost manuals and from local builders, realtors and developers. The next step in the cost approach to value is to subtract the accrued depreciation from the replacement cost new. This process is done by means of depreciation tables that are developed in the same manner as the cost tables. The depreciation is calculated based on the effective age of the structure. The effective age is based on the condition of the improvement. For example, if a structure was built in 1920 but was renovated in 2002, its effective age is less than a similar structure of the same age that has not been maintained. The final step in the cost approach to value is to add all improvement values to the land value to develop the total cost of the property.

Mass Appraisal Procedures

Income Approach

The income approach to value is based on the principles of substitution and anticipation to produce a value based on the investment value of the property. When no income data is available using the Income Approach to value is difficult or of little value. The Income Approach cannot be the relied on as the only method of valuation. It is possible for the sales price to exceed the value supported by market rents. When sales price exceeds market rent other influences are affecting the value of the property such as the future benefits of the property or speculation. The price paid for an income producing property is no more than the amount of investment required to provide a desirable return on the investment. The rental market is analyzed to determine the return investors expect from various types of property. This process includes estimating income by collecting local rental information and expense data, development of accurate capitalization rates, and the capitalization of net income into an indication of value. **Capitalization is the process of converting anticipated future payments or income into present value.**³

The procedure for the income approach is:

1. Estimate the potential gross income.
2. Deduct for vacancy and collection loss.
3. Add miscellaneous income to get the effective gross income.
4. Determine operating expenses.
5. Deduct operating expenses from effective gross income to determine net operating income before discount, taxes and recapture.
6. Select the proper capitalization rate and determine the proper capitalization procedure.
7. Capitalize the net operating income to determine the value.

Example:	Potential Gross Income		\$65,500
	Vacancy and Collection Loss	-	<u>5,000</u>
			\$60,500
	Miscellaneous Income	+	<u>2,000</u>
	Effective Gross Income		\$62,500
	Operating Expenses	-	<u>\$22,000</u>
	Net Operating Income		\$40,500
	<u>Capitalization Rate</u>		(example 10%)
	Estimated Value of Property		\$405,000

³ International Association of Assessing Officers, Property Assessment Valuation(1996) 229

Mass Appraisal Process

A mass appraisal is the process of valuing a large number of properties, usually all the properties in the assessing jurisdiction, such as Buncombe County. The general definition of mass appraisal is “the process of valuing a universe of properties as of a given date, in a uniform order, utilizing standard methodology, employing a common reference for data, and allowing for statistical testing”. (Property Assessment Valuation page 285). This is the process used to assess real estate for tax purposes.

Mass appraisal is similar to fee appraisal but it is done on a larger scale. The mass appraisal process assesses a large number of properties as of a specified date, using standard procedures, and gives consideration to the appraisal process to produce equity of values for similar properties. The mass appraisal process analyzes hundreds of sales to develop information used to value thousands of properties.

The first step in mass appraisal is to divide the subject properties into neighborhoods or special classes. For example, commercial and special use properties are separated from residential properties. The properties can be further stratified by area, type, age or use. This process allows the appraiser to compare like properties. Commercial hotels are not compared to strip malls or office buildings. Commercial properties are stratified by location and use. Residential properties are divided by location, age and condition and refinements.

The land values for each neighborhood are developed by the appraiser assigned to that area. This is done by analyzing sales data for the last four years. If no data exists for a neighborhood, the appraiser uses data from a comparable neighborhood.

Once the land values are set the appraiser reviews the value for the improved properties based on the cost and depreciation schedules developed from the local market. This portion of the schedule is developed from information gathered from local builders, developers, realtors and contractors. The information gathered locally is compared to cost manuals such as Marshall and Swift to check for reasonableness.

Neighborhood Delineation

The final step for the appraiser is analyzing the sales of improved properties by neighborhood within their area. Two dwellings that are exactly alike may sell for different amounts based on their location. The appraiser applies a neighborhood adjustment to reflect the sales of properties in that area. The neighborhood adjustment is an adjustment for location. This adjustment can be neutral, plus or minus. Anything over 100 is a plus for location, 100 is neutral, less than 100 is a negative adjustment. The neighborhood factor takes the most time and effort. The appraiser will run hundreds of sales reports and spend hours on each neighborhood before the factor is finalized.

Principles of Uniform Assessment

The prime objective of mass appraisals for tax purposes is to equalize property values. Not only must the value of one residential property be equalized with another, but it must also be equalized with each agricultural, commercial, and industrial property within the political unit.

The common denominator or the basis for equalization is market value or the price which an informed and intelligent person, fully aware of the existence of competing properties and not being compelled to act, is justified in paying for a particular property.

The job of the appraiser is to arrive at a reasonable estimate of that justified price. The approaches to the valuation of the various classes of property must be correlated so that they are related one to another in such a way as to reflect the motives of the prospective purchasers of each type of property.

A prospective purchaser of a residential property is primarily interested in its capacity to render service as a place to live. Its location, size, quality, design, age, condition, desirability and usefulness are the primary factors to be considered in making a selection. One property will eventually stand out to be more appealing than another. So it is the job of appraisers for tax purposes, to evaluate the relative degree of appeal of one property to another.

The prospective purchaser of agricultural property will be motivated somewhat differently; the buyer will be primarily interested in the productive capabilities of the land. It is reasonable to assume that he will be familiar, at least in a general way, with the productive capacity of the farm he proposes to buy. One might expect that the prudent investor will have compared one farm's capabilities against another. Accordingly, the appraiser for local tax equalization purposes must rely heavily upon prices being paid for comparable farmland in the community.

The prospective purchaser of commercial property is primarily interested in the potential net return and tax shelter the property will provide. That price which the buyer is justified in paying for the property is a measure of the prospects for a net return from the investment. Real estate as an investment, then, must not only compete with other real estate but also with stocks, bonds, annuities, and other similar investment areas. The commercial appraiser must explore the rental market and compare the income producing capabilities of one property to another.

The prospective purchaser of industrial property is primarily interested in the overall utility value, of the property for a specific purpose. In evaluating the overall utility, consideration must be given to land and improvements. Industrial buildings are generally of special purpose design, and as such, cannot readily be divorced from the operation for which they were built. As long as the operation remains effective, the building will hold its value; if the operation becomes obsolete, the building likewise becomes obsolete. The upper limit of its value is its replacement cost new, and its present day value is some measure of its present day usefulness in relation to the purpose for which it was originally designed.

Principles of Uniform Assessment

The commercial appraiser will find that since commercial property is not bought and sold as frequently as is residential property, the sales market may not be as readily established. The income approach must be used to determine the net economic rent the property is capable of yielding. Then the amount of investment required to produce a net return at a rate commensurate with what is normally expected by investors is developed. This can only be achieved through a comprehensive study of the income producing capabilities of comparable properties and an analysis of present day investment practices.

The industrial appraiser will not be able to rely on the market data approach because of the absence of comparable sales; each sale generally reflecting different circumstances and conditions. The income approach is not reliable because of the absence of comparable investments, and of the inability to accurately determine the contribution of each unit of production to the overall income produced. The appraiser must use replacement cost new of each improvement and the subsequent loss of value resulting overall physical, functional and economic factors.

The fact that there are different approaches to value, some of which being more applicable to one class of property than to another, does not by any means preclude equalization between classes. Remember that the objective in each approach is to arrive at a price which an informed and intelligent person, fully aware of existence of competing properties and not being compelled to act, is justified in paying for any one particular property. Underlying, and fundamental to each of the approaches, is the comparison process. Regardless of whether the principal criteria are actual selling prices, income producing capabilities, or functional usefulness, like properties must be treated alike. The primary objective is equalization. The various approaches to value, although valid in themselves, must nevertheless be coordinated one to the other in such a way as to produce values, which are not only valid and accurate, but are also equitable. The same benchmark of values must be applied to all properties, and must be applied by systematic and uniform procedures.

Sales on all properties are not required to effectively apply the market data approach. The same is true regarding any other approach. What is needed is a comprehensive record of all the significant physical and economic characteristics of each property in order to compare the properties of “unknown” values with the properties of “known” values. All significant differences between properties must in some measure, either positively or negatively, be reflected in the final estimate of value.

Principles of Uniform Assessment

Assessment Performance Measurements

The final step in mass appraisal is statistical testing, or assessment performance measurement. Specific mathematical and statistical methods are used to test the final values. These procedures can produce better and more consistent value estimates. These value estimates can be statistically verified, and the quality of the mass appraisal results can be statistically evaluated utilizing the experience of the appraisal staff. Mass appraisal techniques use applied statistics, based on the collection and analysis of local statistics. Any large deviation from the norm can generate more detailed examination of the affected properties and their assessments. For example, if twenty properties out of one hundred in a neighborhood are out of the normal range of value for that neighborhood, the appraiser will perform a more detailed review of those properties in order to find out why and make adjustments to those properties as needed.

One of the primary responsibilities of the Assessor's Office is to estimate the market value of the properties within Buncombe County. The integrity of property values depends on the accuracy and efficiency of these values. Two aspects of the reappraisal must be measured: appraisal level and appraisal uniformity, or accuracy and equity. Assessment performance measurements are used to test the equity and accuracy of all assessed property values.

Appraisal Level

Ratio Study

One performance measurement that measures appraisal level is the ratio study. The assessment ratio expresses the relationship between a property's assessment and its sale price or market value. Some sales are more useful than others in a ratio study. Qualified sales are sales that have been verified by MLS, the buyer, seller or their agent. Unqualified sales are sales based on limited information such as revenue stamps or deed information. In addition, some sales that do not meet the guidelines of The Department of Revenue are considered unqualified. The sales ratio is developed by dividing the assessed value by the sale price. For example, if the sale price is \$100,000 and the assessment is \$70,000, the sales ratio is .70 or 70%.

Each county assessor's office is required to submit the information for a ratio study once each quarter to the North Carolina Department of Revenue. The North Carolina Department of Revenue sends a list of randomly chosen deeds to each tax department. These deed transfers represent sales in the county. Information about these deeds is gathered and sent to the Department of Revenue. This information is used by the Department of Revenue to calculate the sales ratio. The sales ratio is the ratio of sale price to assessment. The perfect sales ratio is 100%. If the sales ratio is over 100%, sale prices for the properties in the study are less than their assessed values. If the sales ratio is less than 100%, sale prices for properties in the ratio study are more than their assessments. The State of North Carolina has a legally mandated, assessment ratio at which properties should be assessed. How closely the assessments in a county come to the 100% ratio is called assessment accuracy, or the degree to which each property is assessed at the appropriate percentage of market value. In North Carolina, this legal ratio is 100 percent of market value.

Assessment Performance Measurement

Ratio Study (Continued)

Assessment level is often shown by the median level. For example, if the legal ratio in a jurisdiction is 100 percent, and the median assessment level in the jurisdiction is 64 percent, the statutory requirement is not being met. The ratio study is a tool for the analysis of assessment accuracy.

The ratio study process is also used between reappraisals to track trends in neighborhoods or specific types of properties. For example, if two years after a reappraisal rural land sales show that the assessment to sales ratio is 70%, the trend indicated by the sales ratio is an increase in sales price of 30%. During the reappraisal process sales ratios are used to develop neighborhood adjustments, find problem areas and individual properties that are not in the normal range of value.

Coefficient of Dispersion

Appraisal uniformity relates to the equitable assessment of individual properties within neighborhoods or groups and between different types of properties. For example, if all residential properties are valued at 70% of their market value but commercial properties are valued at 100% of their market value, the assessments are not uniform and a higher tax burden is being carried by the commercial properties. One method of measuring uniformity is the coefficient of dispersion, or COD. This is a complex statistical process that is calculated based on the average absolute deviation from the median as a percentage. Low CODs (15.0 or less) show excellent appraisal conformity. A high COD indicates less conformity between properties or groups.

The International Association of Assessing Officers “Standard on Assessment-Ratio Studies” is considered the standard for jurisdictions in which current market value is the basis for assessment. (See “Policy Statements: International Association of Assessing Officers,” page 8b, adopted January 25, 1983.) These standards presuppose a budget sufficient to hire competent personnel and apply sound assessment procedures as well as the availability of certain basic data, such as an adequate sample size. The recommendations made in the IAAO “Standard on Assessment-Ratio Studies” are as follows:

1. among strata, the level of assessment in each stratum should be within 5 percent of the overall assessment ratio of the jurisdiction;
2. within single-family residential strata, CODs should be less than 15 percent,
3. within strata of income producing property, CODs should be less than 15 percent;
4. within other strata, such as vacant lots, farms, and acreage, CODs should be less than 20 percent.⁴

⁴ IAAO Property Appraisal and Assessment Chicago(1990) 109

Assessment Performance Measurement

Price - Related Differential

The other method of measuring appraisal conformity used most often is the price-related differential or PRD. The price-related differential is a measure of assessment level used to determine if the assessment is progressive or regressive. Regressive appraisals have high value properties under valued in relation to low value properties. For example, if the highest valued properties are valued at 70% of their market value, but lower valued properties are valued at 90% of their market value, the appraisals are regressive. Progressive appraisals value higher properties at a higher percentage of their market value than lower priced properties. The high valued properties valued at 90% of their market value and the lower value properties valued at 70% of their market value is progressive. Both conditions show a lack of conformity between assessments. The PRD is calculated by dividing the mean for a neighborhood by the weighted mean. As a general rule the PRD should range between .98 and 1.03. A lower than the standard PRD (.98) indicates a regressive assessment, a higher than the standard PRD (1.03) indicates a progressive assessment.

Note: Procedure and methodology follows guidelines established by the International Association of Assessing Officers; PROPERTY APPRAISAL AND ASSESSMENT ADMINISTRATION, Copyright 1990. **All applicable sections not recited in this text are included by reference.**

Assessment Performance Measurement

Mass Appraisal Process

To be effective the mass appraisal process must accomplish the following:

The application of proven and professionally acceptable techniques and procedures;

1. Provide for the compilation of complete and accurate data and the processing of that data into an indication of value approximating the prices actually being paid in the market place;
2. Provide the necessary standardization measures and quality controls essential to promoting and maintaining uniformity throughout the jurisdiction;
3. Provide the appropriate production controls necessary to execute each phase of the operation in accordance with a carefully planned budget and work schedule;
4. Provide techniques especially designed to streamline each phase of the operation, eliminating superfluous functions, and reducing the complexities inherent in the Appraisal Process to more simplified but equally effective procedures.

In summary, the objective of an individual appraisal is to arrive at an opinion of value, the key elements being the validity of the approach and the accuracy of the estimate. The objective of a mass appraisal for tax purposes is essentially the same. However, in addition to being valid and accurate, the value of each property must be equitable to each other property. In addition, these valid, accurate, and equitable valuations must be generated as economically and efficiently as possible.

Mass Appraisal Procedures

The implementation phase of a mass appraisal program involves the valuation of properties in an orderly, timely, and equitable manner. Valuation schedules must accurately reflect current market interactions in order to estimate the current market values of the properties. It is important that care be exercised in validation of these schedules. Once the valuation schedules have been adopted they may not be changed. If the valuation schedules do not accurately reflect the current market, it will not be possible to accurately estimate the current market values of the subject properties. To accomplish this, the assessor needs, at a minimum, schedules and guidelines for use in the various appraisal areas.

Schedules are developed for:

- (1) Land Valuation.
- (2) Cost Estimation.
- (3) Depreciation Calculation.
- (4) Improved Property Valuation.
- (5) Income and Expense Ratio Determination.
- (6) Capitalization rate determination.

Land Valuation

Land is an important aspect of real property and it is, therefore, important that an easily manageable and accurate method of valuing land be used. The varying types and uses of land within a jurisdiction can make this a complicated and difficult task.

The sales comparison approach is the most appropriate method of land valuation when qualified sales are available. The income approach to value is also considered when valuing commercial or industrial land. In the Cost Approach the value of land is developed using the methods detailed previously.

The total assessment of improved property considers land and buildings as a single unit. The value is valid and not dependant on the relationship of the individual components. For example, the owner agrees the assessment of \$450,000 is market value. The value of the land is \$350,000 and the building \$100,000 but the owner feels the land should be valued at \$250,000 and the building \$200,000. The total assessment is correct regardless of the allocation between land and building. A separate value for land is determined because:

1. Land value is used in the Cost approach to value.
2. Land is not a depreciating asset and may have a different capitalization rate from improvements.
3. Land may have a different highest and best use than the current use.
4. Not all land is improved.

The following techniques were employed in developing uniform and equitable land valuation schedules. Size adjustment formulas were developed for land in each neighborhood based upon the market activity present in the neighborhood. The key to development of size adjustment formulas is “market response” and sales data must conform to the following factors:

- (1) Sales price must be qualified as accurate and adjusted for time.
- (2) Land must be of the same use type.
- (3) Adjustments for location and physical characteristics of the land must be made.

Mass Appraisal Procedures

Land - Units of Measure

The unit of measure for land can be front foot, square foot, acre, lot, site or tract. For example, assume that ten commercial parcels in the same commercial neighborhood have recently sold and the only difference among them is their depth. The standard lot for this neighborhood has been determined to be 80' x 125'. A number of these standard lots have sold for \$20,000 and analysis shows that the standard price per square foot is \$2.00, and per front foot is \$250.00. Local practice dictates that the price per square foot is the best standard unit of measure.

However, parcels may be valued by any unit of measure convenient for the appraiser's use. It is important that the selected unit of measure be the same as those used in the local market. This enables the appraiser to quickly determine developing valuation patterns and thus make changes in the valuation schedules in order to accurately reflect the market.

Front Foot - The front foot unit of measure is used when the frontage of a parcel is determined by the market to be significant. The frontage is the number of feet along the main part of a parcel and is particularly applicable for use where pedestrian traffic is heavy or where the frontage is irregular, as in shoreline property. For these types of parcels, depth is usually not the most important factor. This unit of measure is used primarily in the valuation of residential land, and is denoted as dollars per front foot.

Square Foot - The square foot, however, is the most widely used land unit of measure. It considers all of the land in a parcel and can, in varying degrees, be used for all types of land. This unit of measure is used primarily in the valuation of commercial land, and is denoted as "dollars per square foot"

Acre - The acre (43,560 square feet) is the primary land unit of measure used in valuing large land areas such as farm land, timber land, mining land, and recreational land. It is denoted as "dollars per acre."

Lot - The lot, regardless of its size or other attributes, is an important unit of measure. Home builders and developers often acquire a tract of land based upon the number of lots (buildable sites) that tract contains.

Site - The site as a unit of measure is closely related to the lot. In using the lot as the unit of measure, each parcel is considered a portion of a larger tract. In the use of the site, however, unequal lots or parcel sizes are considered equal. The site may be used where separate sites are marketable, regardless of their size or other factors, and they are therefore considered comparable.

Tract - The tract may be used as a unit of measure where the parcels are large and similar in size. When a greater section or a homestead parcel is considered, the entire area may be used as the unit of measure without any breakdown into acres or square feet.

Mass Appraisal Procedures

Land Valuation

The first step in land valuation is the accurate description of the property. The description of the property includes factors such as size, location, topography and zoning. Zoning is very important in determining the property's highest and best use because zoning controls the allowed uses for the property. The land is classified into neighborhoods based on the highest and best use of the property. Highest and best use considers four factors: the use must be legally permitted, physically possible, and financially feasible and the most productive use. One base rate for land is not realistic because of the wide range of land values within Buncombe County. Land rates are developed based on the following: Lot, Square Foot and Acreage. Land rates are developed from recent sales. A base value is determined for all neighborhoods or land types and all factors that impact land value are considered including; size, location, zoning, topography etc.

Land Area Types

Rural

Rural areas are outlying undeveloped areas of the county consisting primarily of farm land or former farmland areas. Few sales may be available in some sections but sales from other rural areas can be used to set land values. Most improved properties will have wells and septic because public water and sewer may not be available.

Subdivisions and Suburban Areas

Developed areas located outside of a city center. When available recent sales of vacant lots in new subdivisions can be used to set land values. For improved property land values can be calculated by using a land to building ratio or allocation developed from market sales. The abstraction method subtracts the improvement's value from the total sale price using the remainder as the land value. When no sales are available in a subdivision or neighborhood, the appraiser uses sales from comparable neighborhoods and adjusts them for any differences due to location.

Urban

Areas within and near a city center with residential, governmental, commercial and industrial properties Public water and sewer is usually available. Vacant land is usually sold for development or special purposes.

Mass Appraisal Procedures

Land Class

Commercial or Industrial Land

Commercial property is not valued solely by its location in a specific neighborhood. Zoning is a major factor in the value of commercial or industrial land. In addition to zoning road frontage, traffic count, utilities, size and shape of the parcel and location near rail or other freight carriers are considered by industrial and commercial buyers. Land value is determined using market sales when they are available. For commercial and industrial property the sales are stratified not only by neighborhood but also by property type or potential use. Commercial land can be valued by front foot, square foot or acre.

The best indication of value is recent market sales of similar property. Market sales are not always available. In addition to market sales the income approach using the capitalization of ground rents or land residual methods are helpful in calculating land value.

Residential

Each parcel is assigned a neighborhood. Land rates are applied derived from sales within that neighborhood or comparable neighborhoods. The sales comparison approach to value is used to set the base rate by comparing properties that sold in each neighborhood and making adjustments for the different factors affecting the land value.

The following issues are considered in land valuation:

Each parcel can have multiple land lines. Land lines are assigned to stratify the land based on criteria for the neighborhood or land type. Individual sections of land are valued based on these land lines depending on the code and rate. Adjustments are added for flood, topography, access, etc.

Example Lot * Rate * Size * Adjustments = Land Value

Mass Appraisal Procedures

Non Mapped Parcels

Condominium Townhome or Planned Unit Development

Buncombe County has two types of tax parcels. A **mapped** parcel is a tract of land described in a deed or plat filed with the Register of Deeds Office. A **non mapped** parcel represents ownership of other than physical land such as a condo, leasehold interest, or mineral rights. Non mapped parcels will be attached to the land or parent PIN, also known as a “container” parcel. In the example of a condominium:

Land PIN:	XXXX-XX-XXXX-00000
Condo Unit:	XXXX-XX-XXXX-C00U1 Condo unit 1 attached to land PIN above
Rights:	
Land PIN:	XXXX-XX-XXXX-00000
Other rights:	XXXX-XX-XXXX-R0001 Mineral, air, development rights
Leasehold	
Leasehold Owner:	XXXX-XX-XXXX-L0001

Non mapped parcels are created by Condominium declarations, lease documents, deeds or other transfers of non mapped ownership interest. The land PIN will be listed in the land owner’s name. A condominium complex will be listed in the name of “condo complex unit owners” each unit will be listed in the name of the unit owner. All non mapped parcels must be retired or moved any time the attached container parcel is retired due to combination or split, etc.

The deed for a condominium unit does not transfer fee simple ownership of any specific parcel of land. The deed does transfer fractional, undivided ownership of all common areas land and improvements. This common area is valued using the second method described below.

Owners of townhomes own in fee simple any land attached to the unit by the deed and plat. Acreage will vary for units per each plat and deed. This area will be valued as a building lot. In addition, townhome owners also own as members of the homeowner’s association any additional common area or improvements in their development. Two methods of valuing the common area owned by a homeowners’ association or in a condominium complex are;

1. Value the common area land and improvements, and allocate the value to each unit owner based on the percentage of common area ownership applicable to the unit.
2. Value each unit based on market sales with the knowledge that the market value for each unit includes the common area interest. A buyer considers both the unit amenities and the common area amenities. Therefore the neighborhood factor includes the value of the common area.

Mass Appraisal Procedures

North Carolina General Statute 105-277.8

GENERAL ASSEMBLY OF NORTH CAROLINA SESSION 2011 SESSION LAW 2012-157 HOUSE BILL 1105 *H1105-v-5*

AN ACT TO SIMPLIFY THE COLLECTION OF PROPERTY TAXES THAT ARE DUE ON PROPERTY OWNED BY CERTAIN NONPROFIT HOMEOWNERS ASSOCIATIONS.

The General Assembly of North Carolina enacts: **SECTION 1.** G.S. 105-277.8 reads as rewritten:

"§ 105-277.8. Taxation of property of nonprofit homeowners' association.

(a) Except as provided in subsection (a1) of this section, the value of real and personal property owned by a nonprofit homeowners' association shall be included in the appraisals of property owned by members of the association and shall not be assessed against the association if: if each of the following requirements is met:

(1) All property owned by the association is held for the use, benefit, and enjoyment of all members of the association equally;

(2) Each member of the association has an irrevocable right to use and enjoy, on an equal basis, all property owned by the association, subject to any restrictions imposed by the instruments conveying the right or the rules, regulations, or bylaws of the association; and association.

(3) Each irrevocable right to use and enjoy all property owned by the association is appurtenant to taxable real property owned by a member of the association.

The assessor may allocate the value of the association's property among the property of the association's members on any fair and reasonable basis.

(a1) The value of extraterritorial common property shall be subject to taxation only in the jurisdiction in which it is entirely contained and only in the amount of the local tax of the jurisdiction in which it is entirely contained. The value of any property taxed pursuant to this subsection, as determined by the latest schedule of values, shall not be included in the appraisals of property owned by members of the association that are referenced in subsection (a) of this section or otherwise subject to taxation.

The assessor for the jurisdiction that imposes a tax pursuant to this subsection shall provide notice of the property, the value, and any other information to the assessor of any other jurisdiction so that the real properties owned by the members of the association are not subject to taxation for that value.

The governing board of a nonprofit homeowners' association with property subject to taxation under this subsection shall provide annually to each member of the association the amount of tax due on the property, the value of the property, and, if applicable, the means by which the association will recover the tax due on the property from the members.

(b) As used in this section, "nonprofit homeowners' association" means a homeowners' association as defined in § 528(c) of the Internal Revenue Code. Code, and "extraterritorial common property" means real property that is (i) owned by a nonprofit homeowners association that meets the requirements of subdivisions (1) through (3) of subsection (a) of this section and (ii) entirely contained within a taxing jurisdiction that is different from that of the taxable real property owned by members of the association and providing the appurtenant rights to use and enjoy the association property."

SECTION 2. G.S. 47C-1-105 is amended by adding a new subsection to read:

"(e) Except as provided in subsection (c) of this section, extraterritorial common property taxed pursuant to G.S. 105-277.8 shall be assessed, pro rata, among the unit owners based on the number of the units in the association."

Mass Appraisal Procedures

Land Adjustments

Land values are developed based on normal properties within an area or neighborhood. Some individual parcels have factors that affect their land value and need adjustments to reflect their differences from the average parcel. Land may be adjusted for the following:

Location

Location is the primary factor to consider when valuing real estate. Because market sales are grouped by neighborhood the impact of location is minimal unless positive or negative influences exist for only some areas within the neighborhood. Examples are; lots adjoining the water front, golf course or negative influences such noise or noxious smells.

Road frontage/ corner influence/ Traffic count

The amount of road frontage or a corner location will affect land value. Commercial property values tend to increase due to road frontage, traffic count or location on a corner. Residential land may not need an adjustment. A positive or negative adjustment is made on the land line with the code LOC. In some neighborhoods corner lots may be a separate land line and priced higher than other lots.

Extent	Description	Adjustment
Minor	Lot superior due to location on a corner of two secondary streets.	+10% -+25%
	Road frontage less than typical for property type	-10% - -25%
Major	Located in a higher than typical traffic area Intersection of two major streets.	+25%-100%

Topography

Topography problems are usually corrected before property is improved. This adjustment is made at the land line level. Topography adjustments are negative adjustments for natural land features such as gullies, ditches, rock cliffs, that affect the use of the property. Adjustments are made based on estimating the cost to cure the problem. Consider the following guidelines.

Extent	Description	Adjustment
Minor	Lot is buildable but less desirable than typical lots.	12% -25%
Major	Problems can be corrected. Lot is unbuildable until corrected.	25% - 70%
Un-buildable	Not economically feasible to correct.	75% - 90%

Mass Appraisal Procedures

View

This code is not used to adjust the land value just because the property has a good view. If the typical lots have similar views no view adjustment is needed. View is a positive or negative adjustment where view enhances or distracts from the **typical** lot value.

Extent	Description	Adjustment
Minor	Moderate enhancement or distraction.	10%-25%
Major	View has a significant effect on lot value.	70% - 100%

Access

The typical access to a parcel in a subdivision or developed area is considered to be direct access from a paved road. In rural areas access from an unpaved road may be typical for the area. Tracts with no access or limited private access may be given a negative adjustment on the land line. The adjustment depends on the comparability of the sales used to set the land values for the neighborhood. If the sales had the same access issues then no adjustment is needed.

Easements

Easements can be for above ground or surface of the land only, air rights or overhead, or below ground. Negative adjustments for easements are made at the land line level based on the amount of land affected by the easement.

Shape

The shape adjustment is a negative adjustment made at the land line level when the shape of a parcel (for example large enough in size but only 6 feet wide) makes it have a lower than typical value.

Size:

Size is an important factor in land value. A small lot with access to public water and sewer may be a buildable lot. Lots that do not have access to public water and sewer must meet Health Department requirements for size. In addition, each city in Buncombe County has rules limiting building and development. Lots are adjusted for size by a land size adjustment formula developed from market sales. In addition, land may be adjusted by the appraiser for size with the SZE adjustment per land line.

Extent	Description	Adjustment
Minor	Lot is buildable but less desirable than typical lots due to shape or size.	10%-25%
Major	Restricts uses of the property to significantly less than typical lot.	25% - 70%
Un-buildable	Unusable due to size or shape.	75% - 90% Or flat priced

Mass Appraisal Procedures

Undeveloped Land

Parcels priced by the “lot” method have improvements (utilities, site grading, streets, etc) included in the per lot rate. Undeveloped lots without improvements are adjusted for this lack with the ULA adjustment applied at the land line level. Suggested adjustments:

Rural -20%-25% Suburban -10% -25% Urban -10% -25%

Land Segments: Building lots and small parcels of land are valued as home sites. Land segments have a value set for each neighborhood based on market data. Other tracts of land are valued based on the type of land within each tract. Rural land is divided into segments based on topography. The land codes are:

L01 = Land Code One 0 to 15% slope
L02 = Land Code Two 15.01% grade to 30% slope

The value per acre for each type of land segment is applied to the land based on sales of similar properties. For example, in a neighborhood, L01 land sold for \$25,000 per acre, L02 land for \$10,000 per acre and L03 land for \$1,000 per acre. These values are applied to the acreage for each land segment in the neighborhood. For example 25 vacant acres:

L01 10 acres X \$25,000 = \$250,000
L02 5 acres X \$10,000 = \$ 50,000

15 Acres \$300,000 Total Assessment before adjustments for size,
topography, etc.

Lot: An improved residential building site. Included is the cost of normal site preparation, water and sewer or septic. Parcels of one acre or less are typically valued as one home site. Additional home sites may be added when more than one residence is located on a lot.

Home Site: Parcels larger than one acre or not valued per lot will have a home site added for each residential building including mobile homes (real or personal). The value of each home site is added to the base land value. The home site includes all utilities and site preparation that make the land available for the addition of improvements. Once the home site is added to the land it usually remains even if the structure is removed. The value of the vacant land has been developed based on price per acre.

Residual Land: Residual land adds a nominal value to the parcel.

Example: 1.25 acre parcel
 1.00 acre = home site
 .25 acre = residual land

Mass Appraisal Procedures

Wasteland: Unsuitable for practical use.

Common Area: Owned by a homeowner's association or owned in common (undivided interest) by condominium unit owners.

Roadway Roadways are not taxed. The area of a parcel that is taken up by roadways is not taxed and is listed as RDW on the land line.

Land Adjustments

CODE	DESCRIPTION
BER	BOARD OF EQUALIZATION AND REVIEW
COA	COMMON AREA
CON	CONSERVATION ESMT
COR	CORNER INFLUENCE
DR	DEED RESTRICTION
ECO	ECONOMIC/EXTERNAL INFLUENCE
EHS	ENVIRON HEALTH SIZE LIMITATION
EPA	ENVIRONMENTAL CONTAMINATION
ESM	EASEMENT ADJUSTMENT
FLD	LAND/FLOOD PLAIN ADJ
HDR	LAND/HEALTH DEPT REJ
HIS	HISTORIC/LAND ADJ
LOC	LOCATION ADJ
RAT	RATE OVERRIDE
RDW	ROADWAY/ESMT
RL	REAR LOT
SHP	LAND/SHAPE ADJ
SRA	STAFF REVIEW ADJ
SIZE	SIZE ADJ
ULA	UNDEVELOPED LAND ADJ
UWL	UNDER WATER LAND
VIE	VIEW ADJ
WET	WETLAND/BOG/SWAMP
ZON	LAND/ZONING ADJ

Mass Appraisal Procedures

Cost Estimation Schedules

Cost estimation schedules are used in mass appraisal to estimate the cost new of all improvements including commercial buildings, residential buildings and outbuildings. Outbuildings include garages, pools, barns and site improvements.

The importance of property cost estimation schedules cannot be overemphasized. Up-to-date cost estimation schedules are necessary for establishing accurate cost figures for use in the cost approach. The cost estimation schedules should be developed for all property components that influence value. Also, the schedule, along with a complete listing of property components for an individual property, is helpful in discussing assessments with the public.

The best local reference sources for the current costs of improvements are builders, property developers, and material suppliers. Some cost sources include national cost manuals and data from other assessment jurisdictions. Data from national sources may not be as accurate as local data and, therefore, must be carefully adjusted in order to reflect local market conditions.

Cost estimation schedules were developed in-house from both local and non local data and from comparison with market conditions in addition to Marshall and Swift valuation service, a national cost estimation manual. Surveys were mailed to hundreds of local builders, developers, appraisers and realtors. In addition, telephone interviews were conducted with local builders, commercial appraisers, and rental agents, lending institutions, realtors, modular and manufactured housing salespeople, buyers, sellers and investors. All of this information was considered in the development of these schedules.

Mass Appraisal Procedures

Depreciation Estimation Schedules

Depreciation estimation schedules are used to estimate the amount of depreciation for an improvement to the land. First the cost new of an improvement is determined using the cost estimation schedules, and then the amount of depreciation is deducted from the cost new of the improvement to produce the current value of the improvement.

There are many types of depreciation estimation schedules. Some commonly used schedules are:

1. Age-life: this depreciation schedule reflects physical deterioration and sometimes functional obsolescence. A depreciation curve is constructed by dividing the effective age of the improvement by its total economic life, showing the “percent good.” With this schedule there is always some value remaining in the improvement.
2. Straight-line: this schedule takes the total economic life of a property and allocates an even percentage of depreciation each year. The value of the improvements will be reduced to a residual value in a number of years. Example: economic life 20 years, residual value \$10,000, cost new \$60,000. The amount depreciated each year is \$2,500 for 20 years.
3. Empirical: this schedule is developed from the market in a specific area. The sales prices of properties are subtracted from their replacement cost new plus land value, and the remainder is considered the amount of depreciation. This figure reflects all types of depreciation: physical, functional, and economic. Dividing this figure by the age of the improvements yields a “percent good” schedule.

Example: Age- Life Depreciation

Effective age/ total economic life = remaining economic life

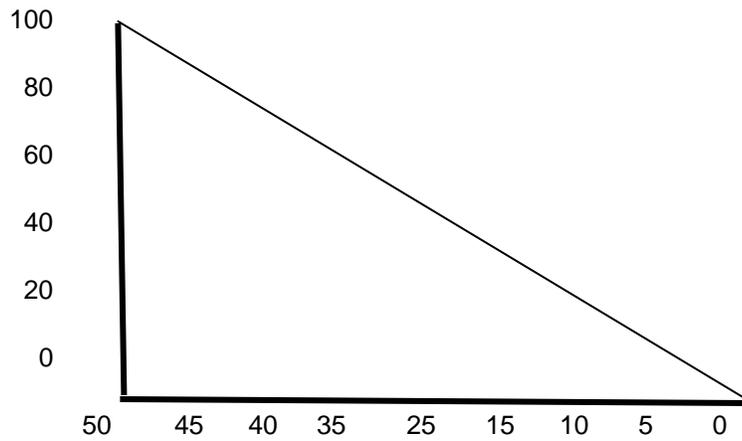
25 years/80 years = 31% percent depreciation with 69% good remaining

Mass Appraisal Procedures

Depreciation Estimation Schedules

Example: Age Life

Percent Good	Remaining Economic Life
100	50
80	40
60	30
40	20
20	10
0	0



Empirical Depreciation

Replacement Cost New	\$100,000
Sale Price	<u>\$ 80,000</u>
Amount of depreciation	\$ 20,000

Mass Appraisal Procedures

Improved Property Schedules and Units of Measure

Schedules that reflect normalized value estimates of improved properties can be grouped into two categories: sales comparison schedules and income comparison schedules.

Sales comparisons may be subdivided into the following units of measure:

1. Lot size: this may be a valid unit to employ when the market adjusts the value of similar improvements by adjusting for the lot size.
2. Improvement size: these are the most commonly used units of measure and include base area, the area measured by the outline of the improvement upon the ground; gross leasable area, the total area of the improvement including halls, elevators, restrooms, etc., expressed in square feet; and net leasable area, that area which is utilized by the individual tenant, also measured in square feet.
3. Special purpose units of measure: for special purpose commercial properties the following may be developed from the market;

PROPERTY TYPE	UNITS OF MEASUREMENT
Apartments	Units, Bedrooms, Square Foot per Unit
Hospitals/Nursing Homes	Beds
Theaters/Restaurants	Seats/Screens
Hotels	Rooms

Mass Appraisal Procedures

Improved Property Schedules and Units of Measure (Continued)

Income comparisons, the second category, are developed from net income and gross income information about income producing properties. These measures can be valuable in accurately valuing property. Some common income comparison measures are:

1. Gross rent multiplier (GRM) – Used for commercial and multifamily residential properties the GRM is obtained by dividing the market value, or sale price, of a property by its gross annual income. The use of this comparison method is considered part of the comparative sales approach in the valuation of income producing properties.
2. Net income - the comparison of the net incomes of properties. It is generally expressed as the ratio of net income to effective gross income.

Income and Expense Ratio Determination

This process begins with the gathering of income and expense data from the local market. This data is then stratified by type. For example rental information for apartments is not compared to rental information for office or retail space. The rental information used to determine the ratios is based on local market rents. Market rent is the price a property should produce. Property that is rented for less than market rent is not used in this process. Expenses are only those costs which are applicable to the cost of ownership. A complete list of allowable expenses is included in the commercial section of this manual.

Capitalization Rate Determination

The capitalization rate is used in the income approach to estimate the market value of the property based on its ability to produce income for the owner. Capitalization rates used for Ad Valorem taxes will include the following:

Recapture – annual rate of return of the depreciable items of an investment.

Discount Rate – the annual rate of return on an investment.

Effective Tax Rate – The relationship between the level of assessment and the tax rate.

Mass Appraisal Procedures

Income Approach Allowable Expenses

1. **Management** - Typically 3-10% of total collected rent it is the cost of administration. The cost of management is relative to the amount of risk.
2. **Salaries** – On- site workers salaries, FICA taxes, insurance and other benefits paid to employees.
3. **Utilities** - Gas, telephone, cable TV, or electric services.
4. **Supplies and materials** - Office supplies, light bulbs, etc.
5. **Repairs and maintenance** - Painting, repair broken glass normal maintenance, etc.
6. **Insurance**
7. **Miscellaneous** - Small items that reflect a nominal amount of income.
8. **Reserves for Replacement** - Short-lived items example carpet, appliances, roof covering, heat/ac, elevators etc that will need to be replaced during life of property.

Improper Expenses

1. **Depreciation** - The depreciation of improvements is considered as part of the **recapture** portion of the capitalization rate.
2. **Debt service** - The interest and principle paid on a loan. This is considered in the capitalization rate as part of the **discount rate**.
3. **Income taxes** - This is based on the owner's individual income and not income attributable to the property.
4. **Property tax** - Property taxes are not considered proper expenses when using the income approach for assessing property for taxation purposes. The preferred method is to load the property tax rate into the capitalization rate because the future taxes will be based on a new value.
5. **Capital improvements** - These improvements can be made any time and usually increase the value of the property or economic life of the property. Capital improvements are not necessary to maintain the level of income and are not considered annual expenses.
6. **Owner's individual business expense** - This expense is not related to the income produced by the property, therefore it is not allowed.

Mass Appraisal Procedures

Developing Capitalization Rates

The overall rate reflects the relationship between the property value or sales price and the net operation income. A capitalization rate that is established for use in appraising for Ad Valorem Taxes will consist of the following factors:

- 1 – Recapture - the annual rate of return of the depreciable items of a real estate investment.
- 2 – Discount Rate - the rate of return on investment...
- 3 – Effective tax rate - the tax bill divided by the property value or the level of assessment is multiplied by the tax rate.

Recapture Rate - The straight-line method of recapture is the simplest method and the one, which seems to most reflect the action of the investors in general. It calls for the return of capital in equal increments or percentage allowances spread over the estimated remaining economic life of the building.

Examples:

- 50 years remaining; $100/50 = 2.0\%$ per year
- 40 years remaining; $100/40 = 2.5\%$ per year
- 25 years remaining; $100/25 = 4.0\%$ per year

Discount Rate

There are several methods currently employed by appraisers to determine the acceptable normal rate of return expected by investors including the band of investment and direct comparison methods. Applying these procedures on an adequate representative sampling should provide a pattern from which to select the most appropriate discount rate...

In the Band of Investment Method it is necessary to first determine the rate of return local investors require on their equity (cash outlay). It is then necessary to contact lenders and obtain the current interest rates for money and the amount of equity required, and then to multiply the percentages of equity and mortgage by the investors' and lenders' rates. The sum of these products will indicate the actual rate of return.

Mass Appraisal Procedures

In the Direct Comparison Method, the rate of return is extracted directly from actual market data; for it is reasonable to assume that informed investors fully aware of the existence of comparable properties will invest in those properties, which are able to produce the required and desirable net return.

Following are the steps involved in determining the normal rate of return by the Direct Comparison Method:

1. Collect sales data on valid open market transactions involving properties for which the appraiser is able to accurately estimate both the net income and the land or building value.
2. Allocate the proper amounts of the total sales price to land and buildings.
3. Estimate the remaining economic life of the building and compute the amount of return required annually for the recapture of the investment to the building.
4. Determine the net income before recapture.
5. Deduct the amount required for recapture from the net income. The residue amount represents the actual amount of interest.
6. Divide the actual amount of interest by the sales price to convert it into a percentage rate of return.

Example A:

1 – Sale Price = \$250,000

2 – Amount allocated to land = \$87,500; to building = \$162,500

3 – Remaining Life = 20 years

Annual Rate of Recapture = 100% divided by 20 years = 5% Amount required annually = \$162,500 x 5% = \$8,125 per year.

4 – Net Income before Recapture = \$35,600

5 – Less Recapture Interest - \$ 8,125
= \$27,475

6 – Indicated Rate of Return = \$27,475 divided by \$250,000 = 10%

Mass Appraisal Procedures

Tax Rate

To make the proper provisions for real estate taxes, the appraiser must anticipate two factors:

- 1 – The tax rate for assessed valuation.
- 2 – The percentage of the appraised value to be used for assessment purposes.

The annual rate required to pay the cost of taxes can then be calculated by multiplying the tax rate in dollars per \$100.00 assessment (equivalent to a percentage) by the percentage level of assessment.

Maintenance and Insurance Rates

It is essential that these figures reflect local conditions. The actual local cost may be extracted from income and expense data collected for from available technical publications.

Contingency Rate

The percentage allowance for contingencies should be established at the local level. The element provides the appraiser some flexibility in:

- A – Arriving at a proper market value based on the individual project.
- B - Providing some consideration for unusual expenses that may occur on properties appraised without the benefit of a detailed operating statement.

Total Land Rate

Since the income produced by land will theoretically continue for an infinite period of time, it is not necessary to recapture the investment of land. The capitalization rate applicable to land is, therefore, the sum of the Interest Rate and the Tax Rate.

Total Building Rate

A building is a depreciable item. Since the income produced by a building will terminate in a given number of years, it is necessary to recapture the investment in the buildings. The capitalization rate applicable to buildings is, therefore, the sum of Interest Rate, the Recapture Rate, the Tax Rate, the Maintenance Rate, the Insurance Rate, and the Contingency Rate.

Since it's the appraiser's job to interpret the local real estate market, the capitalization rates used must reflect the action of local investors.

Mass Appraisal Procedures

Capitalization Methods

The most prominent methods of capitalization are Direct, Straight Line, Sinking Fund, and Annuity. Each of these is a valid method for capitalizing income into an indication of value. The basis for their validity is the action of the market which indicates that the value of income producing property can be derived by equating the net income with the net return anticipated by informed investors. This can be expressed in terms of a simple equation:

$$\text{Value} = \text{Income} / \text{Rate}$$

In Direct Capitalization, the appraiser determines a single “over all” capitalization rate. This is done by analyzing actual market sales of similar types of properties. The net income for each property is developed and then divided by the appropriate overall rate to provide an indication of value.

The big disadvantage of this method is that it does not provide for using separate rates for land and buildings. It therefore calls for highly subjective judgment on the part of the appraiser in applying an overall rate to properties having different land to building ratios.

Mortgage Equity Capitalization is a form of direct capitalization. The major difference in the two approaches is in the development of the overall rate. In this method, equity yields and mortgage terms are considered influencing factors in construction of the lease rate. In addition, a plus or minus adjustment is required to compensate for anticipated depreciation or appreciation. This adjustment can be related to the recapture provisions used in other capitalization methods and techniques.

The Straight Line and Sinking Fund methods are both actually forms of Direct Capitalization with one using Straight Line recapture and the other using Sinking Fund recapture, differing only in that they provide for separate capitalization rates for land and buildings; the building rate differing from the land rate in that it includes an allowance for recapture.

Straight-line recapture calls for the return of investment capital in equal increments or percentage allowances spread over the estimated remaining economic life of the buildings.

Mass Appraisal Procedures

Sinking Fund recapture calls for the return of invested capital in one lump sum at the termination of the estimated remaining economic life of the building. This is accomplished by providing for the annual return of a sufficient amount needed to invest, and annually re – invest, in “safe” interest bearing accounts, such as government bonds or regular savings accounts, which will ultimately yield the entire capital investment during the course of the building’s economic life.

Annuity Capitalization can be used to value long-term leases. In this method, the appraiser determines, by the use of annuity tables, the present value of the right to receive a certain specified income over stipulated duration of the lease. In addition to the value of the income stream, the appraiser must also consider the value that the property will have once it reverts back to the owner at the termination of the lease. This reversion is valued by discounting its anticipated value against its present day worth. The total property value then is the sum of the capitalized income stream plus the present worth of the reversion value.

Residual Techniques

It can readily be seen that any one of the factors of the Capitalization Equation ($\text{Value} = \text{Net Income} \div \text{Capitalization Rate}$) can be determined if the other two factors are known. Since the value of property is the sum of the land value plus the building value, it holds that either of these can be determined if the other is known. The uses of these mathematical formulas in capitalizing income into an indication of value are referred to as the residual techniques, or more specifically, the property residual, the building residual, and the land residual techniques.

The Property Residual Technique is an application of Direct Capitalization. In this technique, the total net income is divided by an over-all capitalization rate (which provides for the return on the total investment to land and buildings plus the recapture of the investment to the building) to arrive at an indicated value for the property.

The Building Residual Technique requires the value of the land to be a known factor. The amount of net income required to earn an appropriate rate of return on the land investment is deducted from the total net income. The remainder of the net income (residual) is divided by the building capitalization rate (which is composed of a percentage for the recapture of the investment) to arrive at an indicated value for the building.

The Land Residual Technique requires the value of the building to be a known factor. The amount of net income required to provide both a proper return on and the recapture of the investment is deducted from the total net income. The remainder of the net income (residual) is then divided by the land capitalization rate (which is composed of a percentage for the return on the investment) to arrive at an indicated value for the land.

Mass Appraisal Procedures

Gross Rent Multiplier (GRM) Method

When certain specific types of income properties are rented in any significant number in the market, the tendency is for the ratio between sales price and gross incomes to be fairly consistent. The Gross Rent Multiplier, commonly referred to as GRM, is a factor reflecting this relationship between the gross annual income and value. Once the GRM has been determined for a specific type of property, it can be applied against the gross income of other similar properties to indicate their economic value.

The appraiser, as with any income approach, must still give consideration to age of building, size, location, and land to building ratios. Many adjustments, which would normally involve judgment estimates, have been resolved by the free action of the rental market. For example, if one property has some advantage, such as location or accessibility over another property, this difference would probably be reflected in the rental.

The GRM may be applied to either the gross income or to the effective gross income depending on the circumstances and available data in the local market. This approach is frequently applicable to apartment, retail and certain types of industrial properties, where a relatively consistent net to gross income operating ratio exists.

Mass Appraisal Procedures

Land Valuation

Land Class Types

Definition

L1	Land value slope one
L2	Land value slope two
HMS	Home Site
LOT	Building Site
COA	Common Area
RIS	Residual
WAS	Wasteland
COP	Commercial Primary
RDW	Roadway
PON	Pond or Lake
COR	Corner Lot
PRK	Park
CON	Conservation Easement
WET	Wetland
MP1	MH Park Type 1 Sites
MP2	MH Park Type 2 Sites
MP3	MH Park Type 3 Sites
RV1	Recreational Vehicle Sites

Mass Appraisal Procedures

Neighborhood Delineation

The purpose of neighborhood delineation is to stratify property into like areas for valuation study. These areas can be divided by geographic area, age of properties, zoning, school districts, subdivisions or property use. This information is analyzed to determine market value.

Neighborhoods may be similar but be located in different areas based on value range, design styles, age of improvements, or life cycle. Neighborhoods will be grouped into types or grades to allow property in similar neighborhoods to be compared to each other.

Procedure for assigning neighborhoods:

1. Identify subdivisions.
2. Identify major areas of density.
3. Divide major areas into smaller areas (neighborhoods) by like characteristics.
4. Assign neighborhood code to selection.

- Considerations for grading neighborhoods:
- Type, quality, and age of improvements
- Predominate land use (residential, commercial, rural, etc)
- Lot size and value
- Life Cycle (stable, improving, declining)
- Sales price range

- Neighborhood Name
- Type Subdivision Rural City Other
- Typical Building Grade
- Utilities public
- Roads

Mass Appraisal Procedures

Data Collection and Field Reviews

Field work

1. Introduce yourself to the occupant, be polite and respectful, show identification and explain why you are there.
2. Verify information on property record card about interior and make changes as needed. Thank the property owner for their time and assistance and explain that you need to verify exterior measurements. Leave if the owner will not allow you to measure the improvements. Otherwise, measure building and sketch as appropriate.
3. Do not linger after measuring the building, finish and go on to the next property
4. Office policy is to only go inside a residential building for an interior inspections by owner request or when processing an appeal.
5. Take photo of improvements.

Question:

What do I do if I am refused admittance to the property or asked to leave before I complete my assignment?

Answer: If the occupant refuses to answer your questions or you are told to leave, then do not hesitate or argue. Leave the property immediately. Note this event in appraiser's notes.

Question:

How do I list a model modular homes being used as model homes? What about homes that were located at one location being moved to another location but not yet attached to utilities?

Answer: Unless hooked up to utilities these buildings are considered inventory or personal property not real estate.

Percent Complete Standards for new Construction

Items Complete	Total %
Condition:	
Building	
Footings	10%
Foundation	
OS Studs, plates	
IS Studs, ceiling joists	20%
Wall Sheathing	
Roof Framing	
OS Windows and Door Frames	
Windows	30%
OS Doors	
Permanent Roof	
Roof sheathing-felt	
Rough-In Plumbing	40%
Rough-In Wiring	
Rough-In Heat	
Siding/Veneer	
Exterior-Trim	50%
Exterior Prime	
Drywall-Rough	
Drywall-Finish	
Bath-wall tile	60%
Bath-floor Tile	
Furnace	
IS Trim-Panel-Wood floor	70%
IS Doors	
Cabinets	
Hardware	80%
Interior Paint-Primer	
Interior Paint-complete	
Plumbing Fixtures	90%
Wiring Complete-fixtures	
Floor Covering-carpet/tile/hardwood	
MH Site	
Miscellaneous	100% Complete

Mass Appraisal Procedures

Sales Qualification

Automatic disqualification

Certain deed types or transfers are disqualified without the need of further review:

Quit claim or correction deeds.

Revenue stamps less than \$1.

Related grantor (seller) and grantee (buyer).

Bank or loan company grantee or grantor.

Life Estate (LE).

Multi parcel sales.

Sales involving government, non profits or utility companies.

Wills or estates or court proceedings.

Research

Some sales require research to determine if the transaction should be used in the valuation process.

Transfer did not include all interest in the property.

Transfer included personal property.

Property was traded or exchanged for another property.

Property is located in Buncombe and another county.

Property was tax exempt at time of sale

All rights to property not transferred (mineral, timber, etc)

Forced sale

Sales can be qualified from conversations or email with the buyer or seller. If the only available information is the deed stamps and the sales price is supported by other qualified sales the sale can be qualified “Yes” with information by “OTR”. This will allow these sales to be used in our analysis.

When the value of personal property is known, the sale price should be adjusted to subtract the value of personal property that was included in the stamps on the deed.

Sales information may be verified from sales letters, sellers, buyers, MLS or agents (attorneys, sales persons, realtors or appraisers).⁵

⁵ Requirements for qualified sales based on Department of Revenue guidelines

RESIDENTIAL BUILDING

DESIGN STYLES



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Residential Building Design Styles revolt

Arts and Crafts

Code ART

The arts and crafts house resulted from an international design movement that began in the 1860's. This design was especially popular between 1910 and 1940. The goal was for buildings to be simple in form, without superfluous decoration, and emphasize the quality of the materials used in construction. Builders wanted craftsmanship and quality construction which was the opposite to mass production and cheap materials. This design style has increased in popularity and is one again highly desirable to buyers.



Residential Building Design Styles

A-Frame

Code AFR

An A-frame building has the roof as part of the exterior wall. The roof has an extreme pitch (A shaped) giving this design its name. This design is usually 1.5 stories, but occasionally will be only one story. This design style first became popular in 1957.



Bi- Level

Code BL

The bi-level house design is also known as a split foyer design. This design differs from a split-level design in where you are when you walk in the door. In a bi-level the entry door opens to a foyer between floors. Stairs leading from the entry foyer provide access to the main living area. Downstairs from the foyer is the basement or lower living area. If the lower living area is below grade it is listed as BGL (below grade living area).



Residential Building Design Styles

Cape Cod

Code CAP

The cape cod is a 1.5 story house with the upper floor having an excessive roof pitch that allows for the second floor to provide living area up to 75% of the main living area. This design style usually includes dormers, either two small ones or full shed dormers. If the building has two full shed dormers, list it as two story.



Colonial

Code COL

The colonial always has two full stories above grade. This design typically has a centrally located front porch with columns. In addition, one story additions may be on each side of the main two story section.

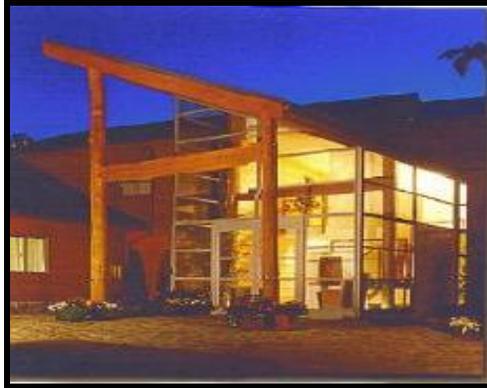


Residential Building Design Styles

Contemporary

Code CON

This design includes all non-conventional design styles: geodesic, underground, and multi level. Houses with shed or tar and gravel roofs, extensive windows or unusual design should be listed as contemporary.



1 Story Conventional

Code 1CN

The one story conventional dwelling code is used for any one story building that cannot be assigned a more descriptive design style.



Residential Building Design Styles

1.5 Story Conventional (not a Cape Cod)

Code 1+C

The 1.5 story conventional dwelling code is used for any 1.5 story building that cannot be assigned a more descriptive design style. If a dwelling has two full shed dormers, it should be listed as a 2 story dwelling.



2 Story Conventional

Code 2CN

A two story dwelling will have the living area on the upper floor equal to the ground floor living area.



Residential Building Design Styles

2.5 Story Conventional

Code 2+C

A two story dwelling will have the living area on the upper floor equal to the ground floor living area with an additional half story of living area usually due to roof pitch or shed dormers.



3 Story Conventional

Code 3CN

A three story dwelling will have the living area on the upper floors equal to the ground floor living area.



Residential Building Design Styles

Condos/ Townhomes

Condominium is a type of ownership not a building type. The common area of the building and the land is owned by the owners of the individual units as undivided interest. A townhome unit includes fee simple ownership of land and membership in a homeowner's association that owns the common areas. The design style varies depending on the style of the unit. Units can be attached or detached.

Townhome

Code C01

Townhomes are vertically split units that can be attached or detached. Townhomes include land with each unit.



Condo

Code C02

These condominiums are a type of ownership of a unit within a building. Use code C02 for new complexes, or buildings originally built as condominiums. They can be vertical or horizontal. Land is not attached to the units.

Condo (Converted)

Code C04.

Use code C04 for buildings converted to condominiums from another use. These could have been apartments, or retail buildings.



Condo/Villa

Code C05

Condominium ownership of detached residential buildings.



Residential Building Design Styles

Cottage (Seasonal)

Code COT

These are seasonal homes often unheated with minimal or no insulation. These are built with simple design and low cost materials.



Compact Cottage

Code CPC



Duplex

Code DUP

Two attached living units usually with separate entrances and kitchens. These units may be vertically or horizontally split.



Residential Building Design Styles

Garage Apartment

Code GAP

This design is an apartment unit over a garage. Occasionally the garage area will be over the apartment area. Many of these were originally carriage houses and have been converted to their present use.



Log

Code LOG

This describes the material rather than a specific style. Include older round log homes and new dovetail plank logs.



Residential Building Design Styles

Mansion

Code MAN

This design style is over-built, ornate imposing and huge. The mansion may be any story height but typically multi-story.



Manufactured Housing

Code MFG

Manufactured housing that is built in a factory, transported to the building site and assembled on site.



Residential Building Design Styles

Manufactured Home Conversion

Code MHC

A manufactured home that has been converted to resemble a stick built home. The only difference may be the presence of the original steel frame of the manufactured home. Many times these homes have gable roofs and brick or wood siding added so that the original manufactured home is completely incorporated with the additions.



Manufactured Home/Doublewide

Code MHD

A doublewide manufactured home is greater than 18 feet wide.



Residential Building Design Styles

Manufactured Home/Singlewide

Code MHS

A singlewide is less than 16 feet wide.



Manufactured Home/Triple-wide

Code MHT

A manufactured home made up of three or more sections.



Residential Building Design Styles

Modular

Code MOD

A modular is a multi section home built off site and transported to the building site where it is assembled. The modular must meet the same standards as a stick built home. Unlike a manufactured home which must only meet HUD standards.



Ranch

Code RAN

This design style was developed in the 1950's. It is always one story rectangular shaped(example 60' x 24'). The roof pitch is 4:12. The ranch style may include an attached garage or carport.



Residential Building Design Styles

Ranch/ Elevated

Code ER

This design style is similar to both ranch and garage apartment design styles. This style is a ranch that has a basement that is completely above grade, but it does not have a split foyer like a bi-level design.



Rondette

Code RON

A round or octagonal house with multi sides all the same dimensions.



Residential Building Design Styles

Split –Level

Code SL

This home has two floors: a main floor and a partially submerged basement. The front door leads to an entranceway between the two levels, with stairs leading up and down. The main living areas and bedrooms tend to be located on the main floor, while the garage and a large room are in the basement. Thanks to the placement of large windows in the lower level, the basement can be living space. If the lower living area is below grade it is listed as BGL(below grade living area).



Triplex

Code TRI

A dwelling that has three living units is a triplex.



Residential Building Design Styles

Other

Code OTR

This is the design style used when the building does not fit any other design style.



Residential Building Design Styles

CODE	DESCRIPTION
1+C	One 1/2 Story Conventional
1CN	One Story Conventional
2+C	Two 1/2 Story Conventional
2CN	Two Story Conventional
3CN	Three Story Conventional
AFR	A Frame
ART	Arts and Crafts
BL	Bi-Level
C01	Townhome
C02	Condo
C04	Apartment converted to condos
C05	Villa or detached Condo
CAP	Cape Cod
COL	Colonial
CON	Contemporary
COT	Cottage
CPC	Compact Cottage
DUP	Duplex
ER	Ranch/Elevated
GAP	Garage Apartment
LOG	Log
MAN	Mansion
MFG	Manufactured Housing
MHC	Manufactured Home Conversion
MHD	Manufactured Home Double Wide
MHS	Manufactured Home Single Wide
MHT	Manufactured Home Triple Wide
MOD	Modular
OTR	Other
RAN	Ranch
RON	Rondette
SL	Split Level
TRI	Triplex

Code changes are in red.

BUILDING GRADE
AND
CONDITION



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QUALITY GRADE

Definition

The quality grade (grade) of a structure is based on both the quality of construction workmanship and materials. Similar buildings may have the same floor plan, and the same features, but the variation in cost can be significant. For example, not all 1400 square foot, 2 baths, three bedroom houses cost the same to build. A house built of economy grade materials having low cost fixtures can cost half the price of the same size house built with high grade materials. The cost of materials and workmanship are reflected in the grade. The grade is the basis for the cost estimation used to value all improvements.

Replacement cost and grade are interrelated. A dwelling built in 1920 of average quality usually has plaster interior wall finish. A new dwelling will have drywall interior finish. Both plaster and drywall perform the same function and have equal utility. In 1920 plaster was common (average), but drywall has replaced plaster as the common or average interior finish. The replacement cost of an average dwelling includes drywall as the interior finish. In new construction plaster interior walls are considered above average construction. The grade placed on a structure should reflect the common building practices at the time of construction. For example, a dwelling constructed in 1890 with central heating was above average construction (grade B or above). Today central heat is considered standard and a dwelling without central heat is usually below average construction (grade D).

The base grade C is the standard for quality and design. The base grade represents the cost of construction with average quality materials and workmanship. The relationship between the highest grade (L) and the lowest grade (E) is based on percentage adjustments from the base. The grade C structure has a multiplier of 100. The higher than average grades have multipliers greater than 100, the lower grades have multipliers less than 100. Below average construction materials and workmanship is graded "D" or "E" to reflect their costs as below the base or average dwelling.

Above average construction is graded "B", "S" or "L" to reflect cost and workmanship that is above average.

The size of the structure does not always relate to its quality of construction. Many homes have been added to over time with little or no planning. This may produce a large structure that has average or below average quality of construction.

Grade or quality should not be confused with condition or state-of-repair. It is possible to have a structure built of high quality materials in poor condition. It is also possible to have a structure built of shoddy materials in good condition. Grade or quality of construction is not dependant on maintenance and repair. A structure built with high quality materials retains that quality grade) until it is torn down. (A Cadillac is always a Cadillac, regardless of its age or state of repair.) **The grade of the structure reflects the quality of materials and workmanship only not its state of repair.**

QUALITY GRADE

The primary difference between grades is cost of materials and quality workmanship. The more the materials cost and the greater the quality of workmanship the higher the grade. The following is a list of grades beginning with the highest quality and ending with the lowest quality.

Grade Code	Definition
L	Luxury: This quality grade is used for structures constructed of exceptional materials, workmanship and design that they are unique. The cost of construction is typically in excess of \$168.00 per square foot.
S	Exceptional: This grade describes structures of excellent quality materials and workmanship. They are architect designed and supervised structures that may include special features such as an indoor pool, bowling alley, theater, or conservatory. Square foot costs are in the range of \$118.00 to \$168.00.
A	Superior: Grade A, S and L structures are architect designed and supervised buildings that have unusual design and style features.
B	Custom: Custom built construction that may be architect designed or stock plans. Better than average materials and workmanship.
C	Average: The C grade is the base from which all other grades are measured. The design is an average stock plan with average materials and workmanship.
D	Fair: A structure built with fair construction and materials and no design features. Typically a square box type building.
E	Poor: Constructed without plans using low quality or cull material with unskilled labor... Little design, the building may not meet current construction requirements.
U	Unsound: this grade is used for buildings along with a condition of unsound to value a residential building at its salvage value only.

GRADE L (UNIQUE)

Structures graded “L” are high cost and unique. **The “L” grade home is usually a one of a kind home.** These structures are individually designed and built with the finest quality materials and workmanship with attention to detail. Artisans are often employed to add special features such as painted murals, special woodwork, individually designed tiles or stained glass. The materials used are also unique such as mahogany, teak and other exotic and rare woods. These woods may be used for floors, walls and cabinets. Granite, slate, marble and other stonework will also be present. Expect to find ornamental doorways, columns and fireplaces. In addition, the interior may have hand carved wood molding, floating stairways, conservatories and other special features. The quality of construction is also evident in the landscaping which may include formal gardens, waterfalls and ponds. All aspects of the building, both interior and exterior, are of the highest quality.

These properties present special challenges for the mass appraiser because no two luxury properties are alike. Special consideration must be given to the unique features of each property when estimating its replacement costs. The market for these homes may be limited. Most of these homes are built to the specification and tastes of the owner for their enjoyment and not for sale. Because of this when they are sold the cost of the structure may not be reflected in the market. **The cost approach may be the most relevant method to value these structures.** The decision on the valuation of these properties should be based on the data that is available. Sales data may have to be gathered from other locations nationally to find comparable properties that have sold.

Interior Finish

The interior will include high or vaulted ceilings, exotic woods, extra features such as elevators, granite or marble counters, inlaid wood, hand blocked wallpaper, extensive carved wood, large entry foyers and other luxury items. Extensive storage areas and closet space are throughout the structure. Storage areas may have special climate control.

Plumbing

Fixtures will be abundant and of the highest quality and design. The fixtures may include silver, gold or other fine metals.

Floor Cover

The floor covering can be high grade carpet, exotic or expensive hardwood, tile, slate, flagstone, terrazzo, brick inlaid wood, or other high quality floor coverings.

Roof

The roof will be covered with tile, slate, copper, or a combination of high quality materials.

GRADE L EXAMPLES



Examples of amenities in Luxury Construction:

Granite Countertops
Limestone Floors
Stone Columns
Ceramic Tile Floors
Open Foyer with Marble Floor
Arched Openings
Spiral Staircase
20' Ceilings in Heated Triple Garage
Formal Ballroom

Sunken Living Room
Sunken Media Room
Fully Fenced with Ornamental Wrought Iron
Octagon Formal Dining
Granite Floors in Formal Dining
Living Room/Kitchen with 2 Story ceiling
20' Stone Fireplace in Living Room
Elevator

GRADE L EXAMPLES



GRADE S (EXCEPTIONAL)

Structures graded “S” are high cost structures individually designed and built with considerable attention to detail. Dwellings generally have superior architectural style and workmanship. The interior finish is of superior quality which may include special features such as painted murals, individually designed tiles or stained glass. The materials used are also unique such as mahogany, teak and other exotic and rare woods. These woods are used for floors, walls and cabinets. Granite, slate, marble and other stonework will also be present. Expect to find ornamental doorways, columns and fireplaces. In addition, the interior may have hand carved wood molding, floating stairways, conservatories, elevators, ballrooms and other special features. Expect to find high ceilings with ornamentation or painted murals. These homes are not as rare as the luxury home. Many older neighborhoods will have at least one superior grade home. Some newer developments are all built to this standard.

Interior Finish

Interior walls are predominately painted drywall, hand blocked or high grade wallpaper and wood panel. The kitchen and baths include an abundant amount of cabinetry usually constructed of hardwoods. Doors and hardware are custom design. Extensive storage areas and closet space are present in every section of the structure. Large rooms are the norm with high or vaulted ceilings. May have hot water, forced air, radiant floor heat and zoned thermostatic controls.

Plumbing

Kitchen and bath fixtures are abundant and of the highest quality.

Floor Cover

The floor covering can be high quality carpet, hardwood, tile, brick, slate, flagstone, marble, granite or a combination of high quality materials.

Roof

The roof will have coverings such as slate, tile, copper, wood shakes or architectural shingles on heavy wood rafters. Roof includes large eaves with gutters and downspouts.

GRADE S EXAMPLES



GRADE A (SUPERIOR)

These residences are of superior quality, they may be mass produced in above average residential developments or for an individual owner. Superior quality materials are used throughout the structure. Architect designed and supervised with quality both in refinements and details is evident. The exterior has good fenestration (placement of windows and doors) and design.

Interior Finish

Interior walls are predominately painted drywall and may include some wallpaper or paneling. The kitchen and baths include an ample amount of cabinetry usually with wood veneer finish. Doors are superior quality solid core with attractive hardware. Ample linen and storage closets are included. The workmanship throughout is of excellent quality.

Plumbing

Very good quality plumbing fixtures are included. The fixtures may include any of the following: water heater, tiled or modular plastic shower stall, toilet, lavatory, tub, tub with shower, or kitchen sink.

Floor Cover

The floor covering can be carpet, hardwood (oak), ceramic tile or high quality sheet vinyl, or a combination of these.

Roof

The roof has a covering of architectural shingles, copper, tile, slate, or wood shakes. Have large eaves with gutters and downspouts.

Other

Well designed fenestration with superior quality ornamentation and trim.

GRADE A EXAMPLES



GRADE B (CUSTOM)

These residences are of good quality, they may be mass produced in above average residential developments or for an individual owner. Good quality standard materials are used throughout the structure. These structures generally exceed the minimum construction requirements of local building codes. Attention to architectural design both in refinements and details is evident. The exterior has good fenestration (placement of windows and doors) and design.

Interior Finish

Interior walls are predominately painted drywall and may include some wallpaper or paneling. The kitchen and baths include an ample amount of cabinetry usually with wood veneer finish. Doors are good quality hollow core with attractive hardware. Ample linen and storage closets are included. The workmanship throughout is of good quality.

Plumbing

Good quality plumbing fixtures are included. The fixtures may include any of the following: water heater, tiled or modular plastic shower stall, toilet, lavatory, tub, tub with shower, or kitchen sink.

Floor Cover

The floor covering can be carpet, hardwood (oak), softwood (pine), ceramic tile or sheet vinyl, or a combination of these.

Roof

The roof has a covering of composition shingles or architectural shingles or high grade metal.

Other

Well designed fenestration with custom ornamentation and trim.

GRADE B EXAMPLES



GRADE C (AVERAGE)

Dwelling constructed of average quality materials and workmanship with moderate architectural styling and treatment and built-in features is a grade C. This grade of structure has a basic design. Grade C residences are usually mass produced and will meet all local building requirements. Workmanship is acceptable but does not reflect custom craftsmanship. Cabinets, doors and hardware and plumbing are usually stock items, with an adequate number of each item.

Interior Finish

Interior walls are predominately painted drywall and may include some wallpaper or paneling. The kitchen and baths include an adequate amount of cabinetry usually with wood veneer finish. Doors are good quality hollow core with attractive hardware. Ample linen and storage closets are included.

Plumbing

Eight average quality plumbing fixtures are included in the grade C model. The fixtures may include any of the following: water heater, tiled or modular plastic shower stall, toilet, lavatory, tub, tub with shower, or kitchen sink.

Floor Cover

The floor covering can be carpet, hardwood (oak), softwood (pine), ceramic tile or sheet vinyl, or a combination of these.

Roof

The roof has a basic design with a covering of composition shingles.

GRADE C EXAMPLES



GRADE D (FAIR)

Grade “D” dwellings are constructed of economy grade (fair quality) materials and using fair workmanship. They are generally lacking in style and built-in features. Mass built homes designed to meet minimal housing codes are “D” grade structures.

Interior Finish

Interior walls are painted drywall or paneling. Inexpensive cabinets are in the kitchen with a small vanity in the bath. Countertops are inexpensive laminate with a small splash. Interior doors are stock hollow doors with inexpensive hardware. A minimal amount of closet and storage space is the norm for this class. Minimal number of electrical outlets with fair quality lighting fixtures is standard for this grade. Heating is forced air furnace or electric baseboard heat with a thermostat.

Plumbing

Five average quality plumbing fixtures are included in the grade “D” model. The fixtures may include any of the following: water heater, tiled or modular plastic shower stall, toilet, lavatory, tub, tub with shower, or kitchen sink. One full bath with fair quality fixtures is standard for this grade.

Floor Cover

Floor coverings are linoleum, asphalt tile or carpet, softwood (pine), sheet vinyl, or a combination of these.

Roof

The roof has a basic design with plywood sheathing covered with asphalt shingles, metal, low cost composition shingles, or roll roofing with prefabricated trusses with a plain wood cornice

GRADE D EXAMPLES



GRADE E (LOW COST)

Dwellings constructed of low cost materials and poor workmanship with no architectural design. The interior and exterior finishes are plain and inexpensive. The materials used in construction are often “seconds” or other low cost and inferior materials.

Interior Finish

Interior Finish: Interior walls are painted drywall, concrete block or paneling. Inexpensive paint grade cabinets are in the kitchen. Countertops are inexpensive wood or plastic. Interior doors are stock hollow doors with inexpensive hardware. A minimal amount of closet and storage space is available. A minimal number of electrical outlets and low quality lighting fixtures is standard for this grade. Heating is forced air furnace or electric baseboard heat with a thermostat. This class may also include structures with no heat or bath.

Plumbing

Five or less low quality plumbing fixtures are included in the grade “E” model. The fixtures may include any of the following: water heater, tiled or modular plastic shower stall, toilet, lavatory,

tub, tub with shower, or kitchen sink. One full bath with low quality fixtures is standard for this grade.

Floor Cover

The floor covering is plywood flooring with low grade carpet linoleum, asphalt tile, softwood (pine), low cost sheet vinyl, unfinished sub-floor or a combination of these.

Roof

The roof has a basic design (usually gable or shed), sheathed with plywood or planks covered with asphalt shingles or metal, low cost composition shingles, roll roofing with no cornice or gutters.

Other

The foundation may be cement block, brick or wooden piers. Exterior Walls may be wood frame, concrete block, asbestos or composition roll siding with inexpensive sash and little or no trim.

GRADE E EXAMPLES





Unsound Grade unsound is a special grade assigned to all buildings that have salvage value only

Unsound



CONDITION

Condition of a structure is also known as the “state of repair” Condition is relative to the age of the structure. Normal condition for example is a newly completed home that is available for sale or habitation. Normal condition for a home built in 1958 will show some deterioration allowing for routine maintenance but no major updates. A home built in 1958 that has just had a new roof, new siding, windows and gutters is not in normal condition for its age, it is in good condition. The appraiser must not confuse grade and condition. For example the subject dwelling was built in 1910 of high quality materials and detailed finish and workmanship. The grade is “A”. If this dwelling has deteriorated and is a poor state-of-repair, its condition is “Poor”. Consider the condition and desirability of the building in relation to its age. The options for condition are:

Condition Code

Definition

- R** **Renovated.** A structure has been renovated, which may include new kitchen, new electrical and plumbing, new windows, doors, exterior finish (vinyl, brick, etc.) or a combination of upgrades. The economic and age-life of the structure has been increased.
- S** **Superior.** Exceptionally maintained. In “like new” condition with no evidence of wear and tear or deferred maintenance.
- G** **Good.** Well maintained with minor evidence of physical deterioration.
- N** **Normal.** Normal or average maintenance that is typical for its age.
- F** **Fair.** The structure has below normal maintenance with noticeable deterioration.
- P** **Poor.** The structure has little or no maintenance evident since the time of construction. Definite deterioration is noticeable. Structure is approaching unsound condition but it is still useable. The structure may have severe functional obsolescence.
- U** **Unsound:** No maintenance with definite and extensive deterioration. May be marginally useable if repaired but is currently not in use. The building has reached the end of its economic life and has only a residual value if any value is present.

UN SOUND CONDITION



POOR CONDITION



FAIR CONDITION



NORMAL CONDITION



GOOD CONDITION



RENOVATED CONDITION

RESIDENTIAL BUILDING

DESIGN STYLES



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Residential Building Design Styles revolt

Arts and Crafts

Code ART

The arts and crafts house resulted from an international design movement that began in the 1860's. This design was especially popular between 1910 and 1940. The goal was for buildings to be simple in form, without superfluous decoration, and emphasize the quality of the materials used in construction. Builders wanted craftsmanship and quality construction which was the opposite to mass production and cheap materials. This design style has increased in popularity and is one again highly desirable to buyers.



Residential Building Design Styles

A-Frame

Code AFR

An A-frame building has the roof as part of the exterior wall. The roof has an extreme pitch (A shaped) giving this design its name. This design is usually 1.5 stories, but occasionally will be only one story. This design style first became popular in 1957.



Bi- Level

Code BL

The bi-level house design is also known as a split foyer design. This design differs from a split-level design in where you are when you walk in the door. In a bi-level the entry door opens to a foyer between floors. Stairs leading from the entry foyer provide access to the main living area. Downstairs from the foyer is the basement or lower living area. If the lower living area is below grade it is listed as BGL (below grade living area).



Residential Building Design Styles

Cape Cod

Code CAP

The cape cod is a 1.5 story house with the upper floor having an excessive roof pitch that allows for the second floor to provide living area up to 75% of the main living area. This design style usually includes dormers, either two small ones or full shed dormers. If the building has two full shed dormers, list it as two story.



Colonial

Code COL

The colonial always has two full stories above grade. This design typically has a centrally located front porch with columns. In addition, one story additions may be on each side of the main two story section.

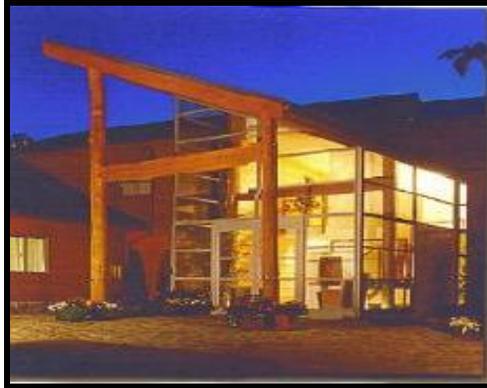


Residential Building Design Styles

Contemporary

Code CON

This design includes all non-conventional design styles: geodesic, underground, and multi level. Houses with shed or tar and gravel roofs, extensive windows or unusual design should be listed as contemporary.



1 Story Conventional

Code 1CN

The one story conventional dwelling code is used for any one story building that cannot be assigned a more descriptive design style.



Residential Building Design Styles

1.5 Story Conventional (not a Cape Cod)

Code 1+C

The 1.5 story conventional dwelling code is used for any 1.5 story building that cannot be assigned a more descriptive design style. If a dwelling has two full shed dormers, it should be listed as a 2 story dwelling.



2 Story Conventional

Code 2CN

A two story dwelling will have the living area on the upper floor equal to the ground floor living area.



Residential Building Design Styles

2.5 Story Conventional

Code 2+C

A two story dwelling will have the living area on the upper floor equal to the ground floor living area with an additional half story of living area usually due to roof pitch or shed dormers.



3 Story Conventional

Code 3CN

A three story dwelling will have the living area on the upper floors equal to the ground floor living area.



Residential Building Design Styles

Condos/ Townhomes

Condominium is a type of ownership not a building type. The common area of the building and the land is owned by the owners of the individual units as undivided interest. A townhome unit includes fee simple ownership of land and membership in a homeowner's association that owns the common areas. The design style varies depending on the style of the unit. Units can be attached or detached.

Townhome

Code C01

Townhomes are vertically split units that can be attached or detached. Townhomes include land with each unit.



Condo

Code C02

These condominiums are a type of ownership of a unit within a building. Use code C02 for new complexes, or buildings originally built as condominiums. They can be vertical or horizontal. Land is not attached to the units.

Condo (Converted)

Code C04.

Use code C04 for buildings converted to condominiums from another use. These could have been apartments, or retail buildings.



Condo/Villa

Code C05

Condominium ownership of detached residential buildings.



Residential Building Design Styles

Cottage (Seasonal)

Code COT

These are seasonal homes often unheated with minimal or no insulation. These are built with simple design and low cost materials.



Compact Cottage

Code CPC



Duplex

Code DUP

Two attached living units usually with separate entrances and kitchens. These units may be vertically or horizontally split.



Residential Building Design Styles

Garage Apartment

Code GAP

This design is an apartment unit over a garage. Occasionally the garage area will be over the apartment area. Many of these were originally carriage houses and have been converted to their present use.



Log

Code LOG

This describes the material rather than a specific style. Include older round log homes and new dovetail plank logs.



Residential Building Design Styles

Mansion

Code MAN

This design style is over-built, ornate imposing and huge. The mansion may be any story height but typically multi-story.



Manufactured Housing

Code MFG

Manufactured housing that is built in a factory, transported to the building site and assembled on site.



Residential Building Design Styles

Manufactured Home Conversion

Code MHC

A manufactured home that has been converted to resemble a stick built home. The only difference may be the presence of the original steel frame of the manufactured home. Many times these homes have gable roofs and brick or wood siding added so that the original manufactured home is completely incorporated with the additions.



Manufactured Home/Doublewide

Code MHD

A doublewide manufactured home is greater than 18 feet wide.



Residential Building Design Styles

Manufactured Home/Singlewide

Code MHS

A singlewide is less than 16 feet wide.



Manufactured Home/Triple-wide

Code MHT

A manufactured home made up of three or more sections.



Residential Building Design Styles

Modular

Code MOD

A modular is a multi section home built off site and transported to the building site where it is assembled. The modular must meet the same standards as a stick built home. Unlike a manufactured home which must only meet HUD standards.



Ranch

Code RAN

This design style was developed in the 1950's. It is always one story rectangular shaped(example 60' x 24'). The roof pitch is 4:12. The ranch style may include an attached garage or carport.



Residential Building Design Styles

Ranch/ Elevated

Code ER

This design style is similar to both ranch and garage apartment design styles. This style is a ranch that has a basement that is completely above grade, but it does not have a split foyer like a bi-level design.



Rondette

Code RON

A round or octagonal house with multi sides all the same dimensions.



Residential Building Design Styles

Split –Level

Code SL

This home has two floors: a main floor and a partially submerged basement. The front door leads to an entranceway between the two levels, with stairs leading up and down. The main living areas and bedrooms tend to be located on the main floor, while the garage and a large room are in the basement. Thanks to the placement of large windows in the lower level, the basement can be living space. If the lower living area is below grade it is listed as BGL(below grade living area).



Triplex

Code TRI

A dwelling that has three living units is a triplex.



Residential Building Design Styles

Other

Code OTR

This is the design style used when the building does not fit any other design style.



Residential Building Design Styles

CODE	DESCRIPTION
1+C	One 1/2 Story Conventional
1CN	One Story Conventional
2+C	Two 1/2 Story Conventional
2CN	Two Story Conventional
3CN	Three Story Conventional
AFR	A Frame
ART	Arts and Crafts
BL	Bi-Level
C01	Townhome
C02	Condo
C04	Apartment converted to condos
C05	Villa or detached Condo
CAP	Cape Cod
COL	Colonial
CON	Contemporary
COT	Cottage
CPC	Compact Cottage
DUP	Duplex
ER	Ranch/Elevated
GAP	Garage Apartment
LOG	Log
MAN	Mansion
MFG	Manufactured Housing
MHC	Manufactured Home Conversion
MHD	Manufactured Home Double Wide
MHS	Manufactured Home Single Wide
MHT	Manufactured Home Triple Wide
MOD	Modular
OTR	Other
RAN	Ranch
RON	Rondette
SL	Split Level
TRI	Triplex

Code changes are in red.

2013

MANUFACTURED HOUSING

VALUATION



MANUFACTURED HOUSING

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MANUFACTURED HOUSING/ MANUFACTURED HOMES

Manufactured housing is off site construction.

Manufactured housing is defined as factory built sectional structures that are transported to the building site and installed. These units can be singlewide, doublewide or triple-wide homes, modular offices, classrooms or other multi-sectional buildings. **Manufactured housing** is federally regulated by the Manufactured Home Construction and Safety Standards (MHCCSS) regulation also known as the HUD code which went into effect June 15, 1976. The HUD code provides the design and construction requirements for the complete production of the structure in the factory, with some modifications allowed for on-site completion. A HUD certification seal showing that these standards have been met must be displayed on each unit. The HUD code certification is for the manufactured home only; any attachments must meet local building codes.

What is the difference between a mobile home, a manufactured structure and a modular home?

In practice all of these homes are called manufactured housing. This is because they are constructed inside a building and moved to the building site not built on site. Mobile home was the name given to factory built homes that were on wheels and could be moved from one site to another. All new factory built home builders consider their products manufactured housing. There is a difference between the standards for each type of construction. This difference cannot be easily observed. The tax office depends on the inspections and permit offices to determine the type of manufactured housing.

Pre HUD Manufactured Homes are factory-built homes produced before June 16, 1976. These homes are also known as pre-HUD code homes and can be single or doublewide homes. All 1976 and older homes are graded as "D" .

HUD Approved Manufactured homes are built with a steel undercarriage used to transport the home to the building site. Manufactured homes are valued for assessment purposes using the standards for manufactured homes in this manual. Housing units are assessed by using a combination of grade and condition or replacement cost new less depreciation. Standards for the different grades of are detailed as part of this manual.

Manufactured Housing

Modular structures are factory built multi-sectional buildings that must meet the same North Carolina State building codes as stick or site-built construction. The differences between the MCHCCSS HUD requirements and state building codes include structural considerations, energy design, accessibility, and electrical requirements. If the structure does not have a HUD certification, it must meet local building code requirements. In Buncombe County these structures must meet the requirements of the North Carolina Residential Building Code, a subsidiary of the International Residential Building Code. **These structures are assessed using the same standards and rules as a site-built homes.**

Many new manufactured homes are being built to meet both HUD and local building codes. This marketing tool allows the home to be placed in a manufactured home park or a site-built subdivision. In this case the steel undercarriage is not a necessary structural component and can be removed when the unit is placed on a permanent foundation. Sometimes these are called “on frame” or “off frame” modular construction.

The difference in manufactured housing depends on the standards that are followed during construction. If the home built after June 1, 1976 meets HUD standards it is a manufactured home. **If the home meets North Carolina State Building codes, it is a modular home.** All modular structures are listed as real estate. Manufactured homes may be listed and assessed as real estate or personal property.

Real or Personal Property?

North Carolina G.S.105-273. Definitions.

Personal Property

(8) **Intangible personal property.** – Patents, copyrights, secret processes, formulae, good will, trademarks, trade brands, franchises, stocks, bonds, cash, bank deposits, notes, evidences of debt, leasehold interests in exempted real property, bills and accounts receivable, or other like property.

(14) **Tangible personal property.** – All personal property that is not intangible and that is not permanently affixed to real property.

Real Property

(13) *“Real property”real estate” and “land” mean not only the land itself, but also buildings, structures, improvements and permanent fixtures thereon, and all rights and privileges belonging or in any wise appertaining to the property.*

Real property, real estate, or land. – Any of the following:

- a. The land itself.
- b. Buildings, structures, improvements, or permanent fixtures on land.
- c. All rights and privileges belonging or in any way appertaining to the property.
- d. A manufactured home as defined in G.S. 143-143.9(6), unless it is considered tangible personal property for failure to meet all of the following requirements:
 1. **It is a residential structure.**
 2. It has the moving hitch, wheels, and axles removed.
 3. It is placed upon a permanent foundation either on land owned by the owner of the manufactured home or on land in which the owner of the manufactured home has a leasehold interest pursuant to a lease with a primary term of at least 20 years and the lease expressly provides for disposition of the manufactured home upon termination of the lease.

North Carolina G.S.143.9(6)

Manufactured home. – A structure, transportable in one or more sections, which, in the traveling mode, is eight feet or more in width or is 40 feet or more in length, or when erected on site, is 320 or more square feet, and which is built on a permanent chassis and **designed to be used as a dwelling** with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air conditioning and electrical systems contained therein.

Any manufactured home that is used for a commercial purpose is personal property. A manufactured home is defined as a single wide or double wide manufactured home, built on a chassis. Manufactured homes are not the same as modular constructed buildings.

Modular constructed buildings are real estate. Examples; classrooms, offices etc.

See appendix Property Tax Bulletin number 157 September 2010 Christopher B McLaughlin

IS THE MANUFACTURED HOME REAL OR PERSONAL PROPERTY?

A multi-section residential structure consisting of two or more sections.

2. The hitch, wheels and axles have been removed.
3. Is placed on a permanent foundation.
4. Located on land owned by the owner of the manufactured home.

If all conditions exist, the manufactured home **must be considered real estate**. Commercial property manufactured homes are not covered by this standard. **Commercial use manufactured housing must be listed as a MOD (modular). Manufactured homes used for commercial purposes are personal property.**

Even if the owner of the manufactured home is not the owner of the land a manufactured home can be considered real estate under the following conditions:

The manufactured home owner has a lease of twenty years or longer or the lease provides for the disposal or transfer of the home after the termination of the lease.

In the case of a long term lease where the manufactured home is considered real estate and the manufactured home owner does not own the land, the Land Records staff will create a non mapped leasehold record or “L0001”. A leasehold record is used when the land owner does not own the improvement that is considered real estate. In order to create the L0001 you must contact the Land Records Office staff assigned to the township where the property is located. The Land Records staff will create a “non mapped” parcel for the leasehold improvement in the name of the owner of the home.

If the manufactured home is personal property, notify the listing department by the office procedure in current use. Do not add personal property manufactured home sketches or information.

Manufactured Home Listing and Valuation Procedure

Manufactured Home Listing Procedure:

Enter proper property class code

List design style MHD, MHS, MHT, MFH

List proper code for grade and condition

List year built (year of manufacture) and effective age

Foundation code is always 120 **unless there is a basement.**

Roof and Heat type codes always 999.

Do not list any other building refinements.

Measure and sketch manufactured home and all appendages.

Add a home site

Class Codes

Example:

170	Manufactured home.
180	Two or more dwellings or dwellings with manufactured homes.
416	Manufactured home park (any tract size) is three or more manufactured homes.

	<u>DWELLINGS</u>	<u>MFG. HOMES</u>	<u>CLASS CODE</u>
(2) Dwellings, (2) Manufactured homes	2	2	180
(1) Manufactured home		1	170
(3) Manufactured homes (family owned)		3	170
(3) Commercial manufactured home parks any acreage		> 2	416

Design Style

Example: Building Characteristics:

Design/Style MHD Grade C Condition N
 Effective Year Built: 2000 Year Built: 1984

Section (Biltas) Code

Description

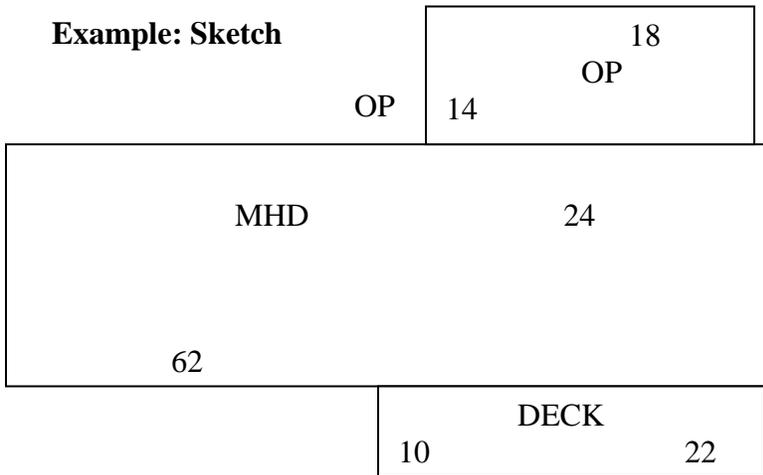
MHD	Manufactured home double wide
MHS	Manufactured home single wide
MHT	Manufactured home triple wide or larger
MOD	Modular home, classroom or office
MFG	Manufactured home off frame Modular 1story

Use MOD for modular offices and classrooms no matter what the current use.

Manufactured Home Procedure

All appendages are to be added and coded as if on other residential structures including basement areas.

Sketch



Add a home site

Manufactured home site improvements are improvements to the land. The value includes the costs of grading, electrical service, water, and septic systems. If a manufactured home has been removed from a parcel, the site remains on the record unless the site improvements have also been removed. The required site information is added under the land section as home site improvements. Each manufactured home (real or personal) is equal to one site unless the home is just setting on the property and there are no site improvements.

Home sites are valued based on the value they add to the raw land. This value is calculated based on the cost of site preparation or the amount of value added by the site improvement. HMS values are developed and applied by neighborhood

Land Code

HMS Home Site

Unit Type (Sites are counted as units)

EA = Each

See commercial section for procedure for parcels with more than 2 units. They will be listed as manufactured home park sites.

Example: Land Section

When a site is added to undeveloped land valued as acreage.

L01	1.24 Acre (land section number one)	Value	\$28,000
HMS	1 each (one home site)	Value	\$ 8,000
Total Value of Manufactured Home Site and Land			\$36,000

Manufactured Home Procedure

Grading

Quality grade definition for manufactured homes

<u>QUALITY GRADE</u>	<u>DEFINITION</u>
D	Fair
C	Average
B	Good

Any manufactured home that is of higher quality than a “B” grade is listed with the same schedule as conventional modular construction.

Manufactured Home Procedure/Grading

GRADE B

ITEM	GOOD QUALITY
Foundation	Concrete piers with underpinning
Frame	Steel beam undercarriage
Floor Structure	Wood floor with particle board or plywood waterproofed and insulated
Exterior Wall	Aluminum, wood or vinyl siding.
Roof	Composition shingles with roof pitch typical to site built homes.
Interior Finish	Has good quality paneling or drywall.
Heating and A/C	Forced air furnace or heat pump with A/C
Plumbing	Good quality fixtures with two or more baths

The building has an attractive exterior.

GRADE B MANUFACTURED HOME



Manufactured Home Procedure/Grading

GRADE C

Grade C differs from Grade D and B only in the quality of materials in the structure. The building materials are average including fixtures, outlets windows and doors.

GRADE C

MANUFACTURED HOMES



Manufactured Home Procedure/Grading

GRADE D

ITEM	FAIR
Foundation	Cement block, aluminum, wood or no skirting.
Frame	Medium weight steel undercarriage
Floor Structure	Wood floor joists, particle board or plywood, waterproofing.
Exterior Wall	Pre-finished aluminum or wood panels.
Roof	Engineered trusses and sheathing with metal roofing. Low pitch arched or slope with minimal overhang.
Interior Finish	Low quality, plywood paneling. Standard -grade hollow core doors. Laminated plastic countertops and backsplashes... Ceiling height typically 7'6" to 8'
Heating	Forced air with adequate ductwork or wall furnace.
Electrical	Minimal number of electrical outlets. Low cost lighting fixtures.
Plumbing,	Includes inexpensive fixtures (1 or 2 baths)

Meets minimum housing standards. [All 1976 and older manufactured homes are graded "D"](#)

Manufactured Home Procedure/Grading
GRADE D
MANUFACTURED HOMES



Manufactured Home Procedure Basics

1. 2013 section types (biltas) are MHD MHS MHT MOD MFG
2. MOD is used to list all office and classrooms as modular section type.
3. Site improvements at the land line level.
4. 2013 all sites are HMS,MP1,MP2,MP3,RV1
5. In addition manufactured home park sites will be moved from the improvement level to the land line level and listed at the land line as MP1 MP2 MP3 or RV1
6. 2013 quality grades are B C and D.
7. Foundation code will always be 120 for manufactured homes unless they have a basement.

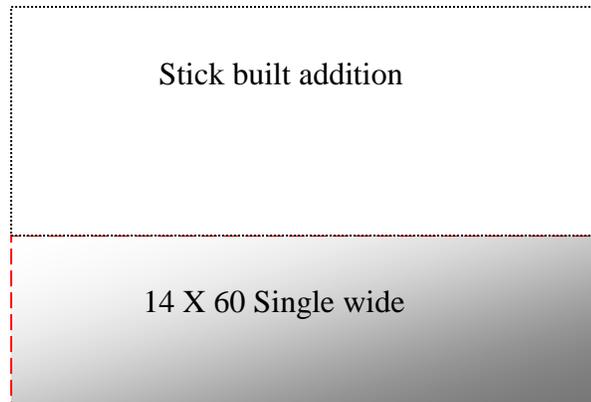
Converted Manufactured Homes

A special type of design style and building is the “ converted manufactured home”. This design type is defined as any dwelling that has a manufactured home as part of the building. Usually these were originally single or double wide manufactured homes that have site built additions. Additions can include: site built living area sections, conventional roof structures, and exterior siding or brick. From the outside these buildings may appear to be conventionally built homes.

Procedure:

1. The correct property class is 100 not 170 because these home are conversions not manufactured housing.
2. Design style MHC.
3. List the year built as the year of the original manufactured home.
4. List the original structures as its correct section type if the area that was originally a manufactured home is obvious or has been determined by an interior inspection. List all additions as with any home. If these homes are listed using site built housing codes a functional adjustment is applied to adjust for the market value, financing and insurance differences between conversions, and conventional construction.
5. Add all the available information to the notes. For example: what remains of the original structure, what has been added, any information that will help with the valuing of the building.

The following is a photograph of a manufactured home conversion. The sketch to the right of the photo shows the original section and the addition



Only list homes with roofs and exteriors similar to site built homes.



DETACHED STRUCTURES

YARD ITEMS

ADD ONS

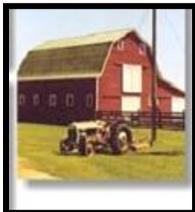


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INTRODUCTION

Miscellaneous improvements listed in this section are structures attached to the land. They are freestanding outbuildings and yard improvements. A miscellaneous improvement is not attached to the dwelling, it is free standing. **In Realware these structures will be called "Addons" and will be added to the first building or "Blts". A building will be added for yard items if there is no building other than the current structures.**

Grade

The term "Quality Grading" refers to a process that values structures based on construction quality or "grade". Construction quality is defined as the materials, quality, workmanship, and basic design/style (e.g. architect designed, custom plans, stock plans, owner built) that are part of the original construction.

The condition is defined as maintenance relative to age, or in other words, the condition of the subject compared to a model of the same age which has received normal maintenance. The current condition of a structure has nothing to do with its grade or quality of construction. A structure of better than average grade will retain the same construction quality until it is removed regardless of the condition. **A Cadillac is always a Cadillac. A Yugo is always a Yugo. The age or condition does not change the quality of the original construction, workmanship or materials. Do not confuse condition or state of repair with quality of construction.**

The following specifications indicate construction quality associated with each grade, remember the intent is estimating the replacement cost.

Grade Description:

- A **Superior: Architect designed and supervised structures.** Many unusual design/style features. Superior materials and highest quality workmanship throughout the structure.
- B **Custom:** High grade custom built construction; may be architect designed. Material quality and workmanship is **better than average.**
- C **Average:** Forms the base from which others are measured. This grade represents the average stock plan, with **average** materials and average workmanship.
- D **Fair:** Low quality materials and below average workmanship.
- E **Poor:** Constructed without plans, of used or cull material, poor quality construction and workmanship.

IMPROVEMENTS

Quality grading is used to adjust value relative to a baseline value. The baseline value or “C” grade is considered average quality. The grade C structure is valued at 100 % of the assigned value. Grade A and B structures are higher quality construction than a “C” grade and are adjusted upward to reflect this difference. Grades D and E are lower than average quality construction and are adjusted downward. For example, if the base value per square foot of a “C” grade garage is \$25.00, the square footage is multiplied by the price per square foot to give an estimate of the cost new of the improvement. If the grade of the garage is a higher quality than “C” the price per square foot is adjusted by a higher percentage than the “C” grade. If the grade of the garage is lower quality than “C” the price per square foot is adjusted by a lower percentage than the “C” grade. This calculation is done by the CAMA system. After conversion to Real Ware the calculation will still be done by the CAMA system.

Example: C Grade Garage 20x20= 400 SF.

Grade	% Adj For Grade		Base Cost	=	Grade Adjusted	X	Square Footage	=	RCN
A	150%	X	\$25	=	\$37.50	X	400	=	\$15,000
B	125%	X	\$25	=	\$31.25	X	400	=	\$12,500
C	100%	X	\$25	=	\$25.00	X	400	=	\$10,000
D	75%	X	\$25	=	\$18.75	X	400	=	\$7,500
E	50%	X	\$25	=	\$12.50	X	400	=	\$5,000

Code	Grade	Real Ware Price	New CCI Code	Price
GAR	A	\$37.50	GARA	\$37.50
GAR	B	\$31.25	GARB	\$31.25
GAR	C	\$25.00	GARC	\$25.00
GAR	D	\$18.75	GARD	\$18.75
GAR	E	\$12.50	GARE	\$12.50

Once the replacement cost new is calculated, the improvement is then depreciated for age. The depreciation is calculated based on the average life of the item. Each improvement type is assigned a year life table. The depreciation table calculates the amount of depreciation for the item. The depreciation is subtracted from the replacement cost to calculate the remaining value of the improvement. All improvements are depreciated a maximum of 80%. This means that the improvement is considered to retain at least 20% of its value throughout its life.

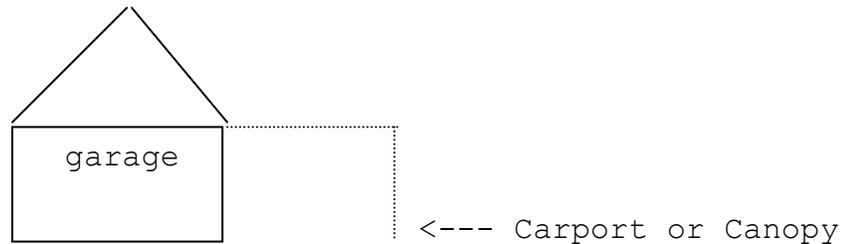
Example: Cost new	Age	Year –Life Table	Remaining Value
\$10,000	10 Years	10	\$ 2,000
\$ 2,000	18 Years	20	\$ 500

LISTING

Attached Sections

A lean-to is defined as any structure which shares a common wall with another detached structure, thereby leaning to that structure. Lean-tos may lack walls (open on three sides) or have any combination of open or enclosed walls. In some cases a lean-to can be distinguished by a shed or flat roof type. **These structures add no real value to the improvement therefore they are not be listed.** For example, if a garage has a carport attached to one wall, only list the garage. Do not include the carport or canopy in the total square footage when measuring the garage or list them as separate sections.

Example



Measurement

18



Garage	18' x 24' = 432 SF
Lean-to	Do not measure
List	432 SF

LISTING

Multi Use Structures



List as a GRL garage with loft and measure first level only. The upper level is unfinished. List as a garage apartment as a separate building if the upper level is finished. List the square footage as 600 square feet if the structure's length and width is 20 X 30.



List as a garage (GAR). Measure structure's length and width. Do not list the utility room as a separate section. List the entire square footage as garage.

Each improvement has a unit type. This unit type determines how the improvement is listed. For example, most buildings are listed per square foot of the first floor level. Golf course improvements are listed per hole, water tanks per gallon, tennis courts per court, cell towers, special lighting and hot tubs per each.

How to list old dwellings or no value structures.

A special class of out buildings is old dwellings used for storage or structures that add no value to the property. The intent is to keep the description of buildings with no value and recognize that we are aware they are on the property. List them as REF (reference) with a note as to what the building is. This procedure will prevent a field check because a roof shows up on an ortho map. The Code REF does not add any value for the building.

Use the code DWG for old dwellings used for storage or having minimal salvage value. If the building is an old dwelling with no value then use the code REF and put "Old Dwelling" in the note field.

BARNS AND UTILITY BUILDINGS

Two Story Barn or Utility Building Unfinished Code B2S

This code should be used to list two story barns or **high quality** two story utility buildings. The roof styles include gable and gambrel. A loft, above the level of the second story, may also be present. The original design provided for livestock shelter on feeding on the lower level, and hay and/or storage on the upper level. List length and width for the first level only do not multiply the square footage by two. The cost per square foot is based on a two-story structure. The unit type is square feet.

Two Story Barn or Utility Building Finished Code BAR

This code is for high quality two story barns with utilities and minimal finish. The finish is not the same quality as living area but is more than an unfinished barn. The unit type is square feet.

Stable Code STB

A stable is used to house horses or other livestock. This improvement includes stalls and storage facilities. The structure may include restrooms, and living area. The unit type is square feet.

Low Cost Two Story Out Building Code TB

This code is now used for tobacco barns and other two story and **low cost** utility buildings or barns. Many of these tobacco barns were originally used for storage and/or curing of tobacco. Most tobacco barns are now used for storage of equipment or hay. In addition to tobacco barns, list any low quality two story barn or utility building as a TB. The unit type is square feet.

A barn or stable of significant quality, value or size may also be listed as a commercial building structure and sketched as a commercial building. See photos for examples. See commercial section for procedure.

Poultry House Code PH

The improvement type is for 1 & 2-Story poultry houses. If the structure was originally built as a poultry house and has been converted to a barn or utility building the appraiser may list the structure as it is being used. The unit type is square feet.

Pump House Code PH1

A structure for housing water pumping and filtering equipment includes light and water connections, concrete floor and no interior finish. This structure is similar to a utility building in appearance. The difference between a pump house and a utility building is in the use of the building and the addition of plumbing, utilities and well fixtures. A pump house can be constructed of wood, concrete block or brick. Usually a pump house is lower in height than utility building. The unit type is SF (square feet).

BARNs AND UTILITY BUILDINGS

Utility Building Unfinished

Code UB

This structure is an unfinished one story barn or four sided shed. These structures may be located on any property type. There are no utilities and the quality can vary from poor to very good. This is a basic building used for storage of farm equipment, machinery or tools. They may also be used as workshops or studios. The primary deciding factor is the lack of utilities. The unit type is square feet.

Utility Building Finished

Code UBF

This structure is a finished one story barn or four sided shed. These structures may be located on any property type. These buildings have utilities and the quality varies from average to very good. This is a basic building used for storage of farm equipment, machinery, and tools and used as workshops or studios. The primary deciding factor is the addition of power or other utilities. The unit type is square feet.

Concrete Building

Code CBB

A simple concrete block building.

Manufactured Home Converted to Storage

Code MST

Use this code to list a manufactured home that has been converted to storage use. The unit type is square feet.

Prefabricated Metal Building

Code PMB

This building is most often used for equipment storage, machine shops, workshops or barns. The structure often has clear span interior (no support members) which allows optimum space utilization. The roof is usually low pitch gable. Most of these structures are prefabricated with the brand name displayed on the front of the building. Example: Dixie Steel, Star, Butler, or Morton. The unit type is square feet.

Any building of significant quality, value or size may also be listed as a commercial building structure and sketched as a commercial building. See the commercial section for procedure.

Quonset

Code QUO

This structure is most often used for machinery storage, or as a maintenance shop. The building is designed with precut arch rib frame steel and has no interior support beams. The base cost includes a concrete floor and electrical wiring, but does not include plumbing or heating. The unit type is square feet.

CARPORT/ CANOPY/ GARAGE

Carport

Code CPT

Similar to a canopy except this structure is sturdier and used for the protection of vehicles this code is used for residential type construction although it may be found on any property type. The unit type is square feet.

Canopy Residential or Agricultural

Code CAN

Use this code for a low to average quality open shed or canopy. These structures are usually found on agricultural or residential property but they can also be on commercial property. When deciding which code to use chose this code when the structure is low quality. For example, agricultural sheds with one or more open sides, low quality carports or metal sheds. The unit type is square feet.

Commercial Quality Canopy/Frame or Metal

Code CNM

Free standing commercial grade metal or frame canopy. For example this improvement may be located over gas pumps. The unit type is square feet

Canopy/ Concrete

Code CNC

A commercial grade concrete canopy is usually found at motels, gas stations, hospitals or office buildings. The unit type is square feet.

Canopy/ over Concrete/Asphalt/etc.

Code CNP

A commercial grade concrete canopy is usually found at motels, gas stations, hospitals or office buildings. The unit type is square feet.

Garage

Code GAR

This code is used for a residential or small commercial garage. The primary purpose is to house automobiles. This structure may also include a workshop or other partitioned area. **Do not list a workshop as a separate item list the entire structure as a garage.** A garage includes four walls and a door opening. The door may be absent or either overhead, sliding or hinged. The grade variation depends on complexity of design and materials, partitioning, and utilities. The unit type is square feet.

Garage with Loft < Full Story

Code GRL

This code is used for a building that also includes a utility room above the garage area. **If the area above the garage is finished living area then list the building as a garage apartment and not as a yard item.** The unit type is square feet.

Garage with Full Story Utility Area

Code GRU

This code is used for a residential or small commercial garage listed that also includes a utility room above the garage area. **If the area above the garage is finished living area then list the building as a garage apartment and not as a yard item.** The unit type is square feet.

OTHER STRUCTURES

Gazebo Open or Screened Porch

Code GAZ

A gazebo is a detached structure similar to an open porch or pavilion. The grade depends on the quality of materials and the design details. This code should also be used for a detached open or screened porch. The unit type is square feet.

Deck

Code DK

This structure is a free standing wood or other similar material deck. The unit type is square feet.

Patio

Code PT

An outdoor living area made of concrete, brick or stone, terraced or flat. The unit type is square feet.

Cabin/Cottage Unfinished

Code CB1

A low cost cabin usually found in resort or summer camps. These are intended primarily for **summer or seasonal use**. They have minimal insulation and **no interior finish**. This type of cabin should have electricity and plumbing. The unit type is square feet.

Cabin/Cottage Finished

Code CB2

A low cost cabin differs from a CB1 because they can be used for **year round** living They have some insulation with interior finish including electricity and plumbing.

Greenhouse Residential Quality

Code GH

Wood or metal framed includes lighting, plumbing, and vents. The unit type is square feet
Greenhouses made of plastic sheeting on metal or wood frames are not listed as real estate.
Use this code for residential type greenhouses. Use the code GHC for commercial grade greenhouses wherever they are located. The unit type is square feet.

Greenhouse Superior Quality

Code GHC

Wood or metal framed includes lighting, plumbing, and vents. The unit type is square feet
Greenhouses made of plastic sheeting on metal or wood frames are not listed as real estate.
Use this code for superior quality greenhouses. Use the code GH for residential quality greenhouses wherever they are located. The unit type is square feet. **A greenhouse of significant quality, value or size may also be listed as a commercial building structure and sketched as a commercial building. See photos for examples. See commercial section for procedure.**

Reference Building No Value

Code REF

Use this code to list buildings to indicate that you have seen the building and consider it to be of no value to the property. Add any additional comments in appraiser notes. The unit type is square feet.

Old Dwelling

Code DWG

Dwelling no longer occupied now used for storage etc. Do not list porches or other attachments. Use this code to recognize that we know the building is there but it only adds value as a storage building. If it has no value list as Building type REF.

RECREATIONAL

Pool Enclosure (Detached)

Code POE

A building that encloses a pool and may include bathrooms and shower facilities is coded POE. The unit type is SF (square foot).

Pavilion/Restroom Building/Pool house

Code

PV3

Found in parks, rest areas, gas stations and community areas. This code includes plumbing fixtures, electricity, partitions, and interior finish. The unit type is SF (square feet). These can also be found on residential properties

Swimming Pool Average Quality

Code

SP1

A vinyl lined swimming pool includes filtering system, circulating pump, and chlorinator. The unit type is SF (square foot).

Swimming Pool Custom Quality

Code SP2

In- ground poured concrete pool includes filtering system, circulating pump, and chlorinator. The unit type is SF (square foot).

Swimming Pool/ Wading

Code SP3

Wading pool is an average of two feet deep but may be up to three feet deep. The average grade "C" includes filtering system, circulating pump, and chlorinator. The unit type is SF (square foot).

Swimming Pool/Lap Pool

Code SP4

A narrow pool used for lap swimming. Includes filtering system, circulating pump, and chlorinator may include wave machine. The unit type is SF (square foot).

Infinity Pool

Code SP5

Also called a zero edge or vanishing edge pool and gives the impression of extending into the horizon. Primarily located at resorts or exclusive estates this pool type was first developed in France in the early 1600s. Infinity pools are very expensive due to the extensive structural, mechanical and architectural detail required. The foundation systems required for these pools is the main cost of construction.

In ground Spa or Hot Tub

Code SP6

Use this code for hot tubs that are in ground. Do not list hot tubs that are personal property. If the hot tub can be sold and removed from the property it is personal property not real estate.

Racquetball Court

Code RBC

A regulation racquetball court. The unit type is CO (court).

Tennis Court (Basic)

Code

TC1

List as number of courts not square footage. Basic tennis court with minimal fencing and lighting.

COMMERCIAL or SPECIAL USE

Tennis Court (Good)

Code TC2

List as number of courts not square footage. Use this code for commercial quality tennis court with fencing, lighting and an area for spectators.

Guard House

Code GDH

Guard house building usually found at the entrance to a commercial, industrial or manufacturing site. The unit type is square feet.

Kiosk

Code KK1

The kiosk is a simple sales structure that has electrical and possibly water connections. Examples are located at gas stations, or freestanding photo kiosks. The unit type is square feet.

Lumber Storage Shed

Code LSS

Any of the various two, three, or four sided sheds found in a lumber yard. These are very low cost structures whose primary purpose is to keep wood dry. The unit type is square foot SF.

Pavilion/Open Park

Code PV1

A simple shelter usually found in parks or picnic areas. There are no exterior walls, heat or interior finish. Pavilions may have electricity. The unit type is SF (square feet).

Pavilion/Enclosed Park

Code PV2

This is an enclosed structure different from a PV1 only because it has exterior walls. This code includes electricity and minimal interior finish. Structure may also include plumbing. The unit type is SF (square feet).

Pavilion/Restroom Building/Bathhouse

Code PV3

Found in parks, rest areas, gas stations and community areas. This code includes plumbing fixtures, electricity, partitions, and interior finish. The unit type is SF (square feet). These can also be found on residential properties

Pavilion/Concession Stand

Code PV4

A small food service area found in parks, stadiums or roadside includes plumbing, electricity, heat and minimal finish. The unit type is SF (square feet).

Cell Tower

Code TOW

The cell tower code is for the **site only** and is always a “C” grade. The unit type is each.

Water Tank

Code WTK

A wood, concrete or metal water storage structure. The unit type is GL or gallon.

COMMERCIAL or SPECIAL USE

Special Lighting

Code LGH

Cemetery Plot

Code CEM

Mausoleum Niches

Code MAU

Go Cart Track

Code GCT

Golf Course (Class I)

Code GC1

Golf Course (Class II)

Code GC2

Landscaping

Code LAN

Miniature Golf Course

Code GC9

Condo Garage 1

Code GR1

Condo Garage 2

Code GR2

Condo Garage 3

Code GR3

Condo Storage 1

Code ST1

Condo Storage 2

Code ST2

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LAND

VALUATION



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LAND SCHEDULES

Land is an important aspect of real property and it is, therefore, important that an easily manageable and accurate method of valuing land be used. The varying types and uses of land within a jurisdiction can make this a complicated and difficult task.

The sales comparison approach is the most appropriate method of land valuation when qualified sales are available. The income approach to value is also considered when valuing commercial or industrial land. In the Cost Approach the value of land is developed using the methods detailed previously.

The total assessment of improved property considers land and buildings as a single unit. The value is valid and not dependant on the relationship of the individual components. For example, the owner agrees the assessment of \$450,000 is market value. The value of the land is \$350,000 and the building \$100,000 but the owner feels the land should be valued at \$250,000 and the building \$200,000. The total assessment is correct regardless of the allocation between land and building. A separate value for land is determined because:

1. Land value is used in the Cost approach to value.
2. Land is not a depreciating asset and may have a different capitalization rate from improvements.
3. Land may have a different highest and best use than the current use.
4. Not all land is improved.

The following techniques were employed in developing uniform and equitable land valuation schedules. Size adjustment formulas were developed for land in each neighborhood based upon the market activity present in the neighborhood. The key to development of size adjustment formulas is “market response” and sales data must conform to the following factors:

- (4) Sales price must be qualified as accurate and adjusted for time.
- (5) Land must be of the same use type.
- (6) Adjustments for location and physical characteristics of the land must be made.

LAND - UNITS OF MEASURE

The unit of measure for land can be front foot, square foot, acre, lot, site or tract. For example, assume that ten commercial parcels in the same commercial neighborhood have recently sold and the only difference among them is their depth. The standard lot for this neighborhood has been determined to be 80' x 125'. A number of these standard lots have sold for \$20,000 and analysis shows that the standard price per square foot is \$2.00, and per front foot is \$250.00. Local practice dictates that the price per square foot is the best standard unit of measure.

However, parcels may be valued by any unit of measure convenient for the appraiser's use. It is important that the selected unit of measure be the same as those used in the local market. This enables the appraiser to quickly determine developing valuation patterns and thus make changes in the valuation schedules in order to accurately reflect the market.

LAND SCHEDULES

Front Foot - The front foot unit of measure is used when the frontage of a parcel is determined by the market to be significant. The frontage is the number of feet along the main part of a parcel and is particularly applicable for use where pedestrian traffic is heavy or where the frontage is irregular, as in shoreline property. For these types of parcels, depth is usually not the most important factor. This unit of measure is used primarily in the valuation of residential land, and is denoted as “dollars per front foot.”

Square Foot - The square foot, however, is the most widely used land unit of measure. It considers all of the land in a parcel and can, in varying degrees, be used for all types of land. This unit of measure is used primarily in the valuation of commercial land, and is denoted as “dollars per square foot”

Acre - The acre (43,560 square feet) is the primary land unit of measure used in valuing large land areas such as farm land, timber land, mining land, and recreational land. It is denoted as “dollars per acre.”

Lot - The lot, regardless of its size or other attributes, is an important unit of measure. Home builders and developers often acquire a tract of land based upon the number of lots (buildable sites) that tract contains.

Site - The site as a unit of measure is closely related to the lot. In using the lot as the unit of measure, each parcel is considered a portion of a larger tract. In the use of the site, however, unequal lots or parcel sizes are considered equal. The site may be used where separate sites are marketable, regardless of their size or other factors, and they are therefore considered comparable.

Tract - The tract may be used as a unit of measure where the parcels are large and similar in size. When a greater section or a homestead parcel is considered, the entire area may be used as the unit of measure without any breakdown into acres or square feet.

LAND VALUATION

The first step in land valuation is the accurate description of the property. The description of the property includes factors such as size, location, topography and zoning. Zoning is very important in determining the property's highest and best use because zoning controls the allowed uses for the property. The land is classified into neighborhoods based on the highest and best use of the property. Highest and best use considers four factors: the use must be legally permitted, physically possible, and financially feasible and the most productive use. One base rate for land is not realistic because of the wide range of land values within Buncombe County. Land rates are developed based on the following: Lot, Square Foot and Acreage. Land rates are developed from recent sales. A base value is determined for all neighborhoods or land types and all factors that impact land value are considered including; size, location, zoning, topography etc.

LAND AREA TYPES

Rural

Rural areas are outlying undeveloped areas of the county consisting primarily of farm land or former farmland areas. Few sales may be available in some sections but sales from other rural areas can be used to set land values. Most improved properties will have wells and septic because public water and sewer may not be available.

Subdivisions and Suburban Areas

Developed areas located outside of a city center. When available recent sales of vacant lots in new subdivisions can be used to set land values. For improved property land values can be calculated by using a land to building ratio or allocation developed from market sales. The abstraction method subtracts the improvement's value from the total sale price using the remainder as the land value. When no sales are available in a subdivision or neighborhood, the appraiser uses sales from comparable neighborhoods and adjusts them for any differences due to location.

Urban

Areas within and near a city center with residential, governmental, commercial and industrial properties. Public water and sewer is usually available. Vacant land is usually sold for development or special purposes.

LAND CLASS

Commercial or Industrial Land

Commercial property is not valued solely by its location in a specific neighborhood. Zoning is a major factor in the value of commercial or industrial land. In addition to zoning road frontage, traffic count, utilities, size and shape of the parcel and location near rail or other freight carriers are considered by industrial and commercial buyers. Land value is determined using market sales when they are available. For commercial and industrial property the sales are stratified not only by neighborhood but also by property type or potential use. Commercial land can be valued by front foot, square foot or acre.

The best indication of value is recent market sales of similar property. Market sales are not always available. In addition to market sales the income approach using the capitalization of ground rents or land residual methods are helpful in calculating land value.

Residential

Each parcel is assigned a neighborhood. Land rates are applied derived from sales within that neighborhood or comparable neighborhoods. The sales comparison approach to value is used to set the base rate by comparing properties that sold in each neighborhood and making adjustments for the different factors affecting the land value.

The following issues are considered in land valuation:

Each parcel can have multiple land lines. Land lines are assigned to stratify the land based on criteria for the neighborhood or land type. Individual sections of land are valued based on these land lines depending on the code and rate. Adjustments are added for flood, topography, access, etc.

Example Rate * Size * Adjustments = Land Value

Non Mapped Parcels

Buncombe County has two types of tax parcels. A **mapped** parcel is a tract of land described in a deed or plat filed with the Register of Deeds Office. A **non mapped** parcel represents ownership of other than physical land such as a condo, leasehold interest, building rights, air rights or mineral rights. Non mapped parcels will be attached to the land or parent PIN, also known as a “container” parcel. In the example of a condominium:

Land PIN: XXX-XX-XXXX-00000

Condo Unit: XXXX-XX-XXXX-C00U1 Condo unit 1 attached to land PIN above

Non mapped parcels are created by Condominium declarations, lease documents, deeds or other transfers of non mapped interest. The land PIN will be listed in the land owner’s name. A condominium complex will be listed in the name of “condo complex unit owners” each unit will be listed in the name of the unit owner. All non mapped parcels must be retired or moved any time the attached container parcel is retired due to combination or split, etc.

LAND CLASS

Condominium Townhome or Planned Unit Development

The deed for a condominium unit does not transfer fee simple ownership of any specific parcel of land. The deed does transfer fractional, undivided ownership of all common areas land and improvements. This common area is valued using the second method described below Owners of townhomes own in fee simple any land attached to the unit by the deed and plat. Acreage will vary for units per each plat and deed. This area will be valued as a building lot.

In addition they also own as members of the homeowner's association any additional common area or improvements in their development. There are at least two methods of valuing the common area owned by a homeowners' association or in a condominium complex or;

3. Value the common area land and improvements, and allocate the value to each unit owner based on the percentage of common area ownership applicable to the unit.
4. Value each unit based on market sales with the knowledge that the market value for each unit includes the common area interest. A buyer considers both the unit amenities and the common area amenities. Therefore the neighborhood factor includes the value of the common area.

North Carolina General Statutes define the options and requirements for the assessment of land owned by a homeowners association. **NCGS -105-277.8**⁶

LAND CLASS

⁶ <http://www.ncleg.net/Sessions/2011/Bills/House/PDF/H1105v5.pdf>

CLASS	DESCRIPTION
COA	COMMON AREA
COR	CORNER LOT
HM1	HOME SITE 1
HMS	HOME SITE 2
L1	CLASS 1
L2	CLASS 2
LOT	LOT
LZ1	BILTMORE ZONE 1
LZ2	BILTMORE ZONE 2
LZ3	BILTMORE ZONE 3
MKT	MARKET RESIDUAL
MP1	MH PARK BASIC
MP2	MH PARK AVERAGE
MP3	MH PARK GOOD
PRK	PARK
PUV	PRESENT USE VALUE
RDW	ROADWAY
RIS	RESIDUAL LAND
RL	REAR LOT
RV1	RV SITE
SIT	BUILDING SITE
SSL	SUBSTANDARD LOT
STA	STATE ASSESSED
STE	BUILDING RIGHTS ONLY
USE	PRESENT USE VALUE
WAS	WASTELAND
WET	WETLAND OR POND
ZON	MIXED ZONING

LAND ADJUSTMENTS

Land values are developed based on normal properties within an area or neighborhood. Some individual parcels have factors that affect their land value and need adjustments to reflect their differences from the average parcel. Land may be adjusted for the following:

Location

Location is the primary factor to consider when valuing real estate. Because market sales are grouped by neighborhood the impact of location is minimal unless positive or negative influences exist for only some areas within the neighborhood. Examples are; lots adjoining the water front, golf course or negative influences such noise or noxious smells.

Road frontage/ corner influence/ Traffic count

The amount of road frontage or a corner location will affect land value. Commercial property values tend to increase due to road frontage, traffic count or location on a corner. Residential land may not need an adjustment. A positive or negative adjustment is made on the land line with the code LOC. In some neighborhoods corner lots may be a separate land line and priced higher than other lots.

Description	Adjustment
1 .Lot superior due to location on a corner of two secondary streets is a positive adjustment	10% - 25%
2. Road frontage less than typical for property type, negative	10% - 25%
3. Commercial property located in a high traffic area or intersection is a positive adjustment.	25% - 100%

Topography

Topography problems are usually corrected before property is improved. This adjustment is made at the land line level. Topography adjustments are negative adjustments for natural land features such as gullies, ditches, rock cliffs, that affect the use of the property. Adjustments are made based on estimating the cost to cure the problem Consider the following guidelines.

Description	Adjustment
1. Lot is buildable but less desirable than typical lots	12% - 25%
2. Problems can be corrected but lot is unbuildable until problem is corrected	25% - 70%
3. Not economically feasible to correct	75% - 90%

Topography is typically a negative adjustment but it is possible to have a positive adjustment for land with superior topography.

LAND ADJUSTMENTS

View

This code is not used to adjust the land value just because the property has a good view. If the typical lots have similar views no view adjustment is needed. View is a positive or negative adjustment where view enhances or distracts from the **typical** lot value.

Description	Adjustment
1. Moderate enhancement or distraction.	10% - 50%
2. View has a significant effect on lot value	55% - 90%

Access

The typical access to a parcel in a subdivision or developed area is considered to be direct access from a paved road. In rural areas access from an unpaved road may be typical for the area. Tracts with no access or limited private access may be given a negative adjustment on the land line. The adjustment depends on the comparability of the sales used to set the land values for the neighborhood. If the sales had the same access issues then no adjustment is needed.

Easements

Easements can be for above ground or surface of the land only, air rights or overhead, or below ground. Negative adjustments for easements are made at the land line level based on the amount of land affected by the easement.

Shape

The shape adjustment is a negative adjustment made at the land line level when the shape of a parcel (for example large enough in size but only 6 feet wide) makes it have a lower than typical value.

Size

Size is an important factor in land value. A small lot with access to public water and sewer may be a buildable lot. Lots that do not have access to public water and sewer must meet Health Department requirements for size. In addition, each city in Buncombe County has rules limiting building and development. Lots are adjusted for size by a land size adjustment formula developed from market sales. In addition, land may be adjusted by the appraiser for size with the SZE adjustment per land line.

Description	Adjustment
1. Lot is buildable but less desirable than typical lots due to shape or size.	10% - 25%
2. Restricts use of the property significantly less than typical lot.	25% - 70%
3. Un-buildable unusable due to size or shape	75% - 90%
	Or can be flat priced.

LAND ADJUSTMENTS

Undeveloped Land

Parcels priced by the “lot” method have improvements (utilities, site grading, streets, etc) included in the per lot rate. Undeveloped lots without improvements are adjusted for this lack with the ULA adjustment applied at the land line level. Suggested adjustments:

Rural -20%-25%

Suburban -10% -25%

Urban -10% -25%

Land Segments: Building lots and small parcels of land are valued as home sites. Land segments have a value set for each neighborhood based on market data. Other tracts of land are valued based on the type of land within each tract. Rural land is divided into segments based on topography. The land codes are:

L1 = Land Code One 0 to 15% slope

L2 = Land Code Two 15.01% grade to 30% slope

The value per acre for each type of land segment is applied to the land based on sales of similar properties. For example, in a neighborhood, L1 land sold for \$25,000 per acre and L2 land for \$10,000 per acre. These values are applied to the acreage for each land segment in the neighborhood. For example 25 vacant acres:

L1 10 acres X \$25,000 = \$250,000

L2 5 acres X \$10,000 = \$ 50,000

15 Acres \$300,000 Total Assessment before adjustments for size,etc.

Lot: An improved residential building site. Included is the cost of normal site preparation, water and sewer or septic. Parcels of one acre or less are typically valued as one home site. Additional home sites may be added when more than one residence is located on a lot.

Home Site: Parcels larger than one acre or not valued per lot will have a home site added for each residential building including manufactured homes (real or personal). The value of each home site is added to the base land value. The home site includes all utilities and site preparation that make the land available for the addition of improvements. Once the home site is added to the land it usually remains even if the structure is removed. The value of the vacant land has been developed based on price per acre.

Manufactured Home Park Site/RV Site: Manufactured home and RV park sites will be valued as additions to the land value based on the quality of the site and the income produced by the sites.

LAND ADJUSTMENTS

Residual Land: Residual land adds a nominal value to the parcel.

Example: 1.25 acre parcel

1.00 acre = home site

.25 acres = residual land

Wasteland: Unsuitable for practical use.

Common Area: Owned by a homeowner's association or owned in common (undivided interest) by condominium unit owners.

Roadway Roadways are not taxed. The area of a parcel that is taken up by roadways is not taxed and is listed as RDW on the land line if it has not been split out by a plat. If no plat or deed has been filed the acreage of the entire parcel includes any roadways but the assessment has considered the value of the roadways as roads and not as buildable land.

COMMERCIAL AND SPECIAL USE PROPERTY

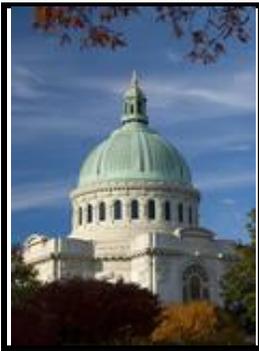


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COMMERCIAL PROPERTY ASSESSMENT

Listing Procedure

This section describes the methods used to collect data and assess commercial and industrial property. Commercial structures are usually built for a specific purpose and have less uniformity than residential structures therefore the assessment procedure is slightly different from residential property. For residential property a combination of the cost approach and the market comparison approach is used to determine value. The motivation for most sales of residential structures is limited to provide a home for the buyer. This is not true for commercial properties where the motivation of the buyer is based on the amount of income the property will produce. In addition, sales of commercial properties are rarely homogeneous or localized enough to be used for analysis by neighborhood or area. When the sales comparison approach is used the sales are stratified by type of use instead of neighborhood alone. For example, sales of hotels are compared to value hotels but are not used to value shopping centers. A combination of the Cost approach, Comparable Sales and the Income approach is used to value commercial property.

Industrial property is even more utilitarian and special purpose than commercial property. Sales of industrial property are rare. Because of the singularity of most manufacturing processes, industrial structures are usually built around these processes. Rarely are industrial buildings useful for a purpose other than for which they were designed and they rarely sell, therefore the sales approach is not always relevant for appraising this class of property. The income approach is rarely used to value special use properties because it is difficult to isolate the contribution of land and structures to the value of the final product. For mass appraisal the method used to value special use properties is replacement cost new minus depreciation. Adjustments are based on condition, income and sales information obtained from the market.

Commercial, industrial, and special use properties are valued using this portion of the manual. Gathering property information is the first step in the assessment process.

Field Review Procedure

1. Upon entering the property of business ask to speak to the owner or manager.
2. Identify yourself, explain your presence, and ask the necessary questions about ownership, occupancy and physical characteristics of the property. Include an interior inspection of commercial properties.
3. Inquire about any recent sales or other changes in ownership. Ask tenants about rent or lease terms.
4. Examine the exterior of the building(s) and check measurements.
5. List the building based on building class and structure type
6. Measure any miscellaneous improvements.

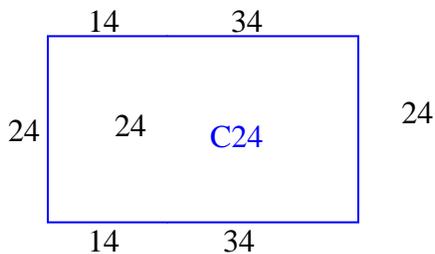
COMMERCIAL PROPERTY ASSESSMENT

General Procedure

Remember that you will be dealing with busy people. Do not waste their time. Be courteous and business-like and efficient. Try to get all information while on the site. Some parcels are large or complex and it is prudent to make an appointment with the owner or manager in advance. Many businesses have a busy time period. For example, most restaurants do the majority of their daytime business between 11:00 and 2:00. Visit restaurants before or after those times.

Common Walls

A common wall is a wall shared by two or more sections of a building. In the commercial data entry system only the first occurrence of a wall should be vectored. The vector string of any adjoining wall should be preceded by “c” for common wall. For example: U24R14D24L14 is the correct vector for section one and SKPU24R14BGND C24R34U24L34 is the correct vector for section two.



Finished Basements

Finished basements are listed as numbered building sections following the section over the basement. The vector for the basement is not entered on the data entry screen. The area and perimeter of the finished basement must be **manually** calculated based on the area and perimeter of the previous section. Example:

Section One	Floor Area	Perimeter
	3750	350
FBA	75%	2813
		262 manually calculated.

The area of the first floor (3750) is multiplied by the amount of basement finish (.75). The result (2813) is the amount of finished basement area.

COMMERCIAL PROPERTY ASSESSMENT

Commercial Valuation

All property is assessed using either the residential or the commercial valuation procedure. The purpose of this section is to describe the procedures used to value commercial structures.

Commercial properties offer a service or merchandise for sale. Industrial properties produce or manufacture a product. Special use properties include churches, schools, and government buildings. Property types assessed using the commercial valuation procedures are: multi-family rentals, retail sales, office buildings, warehouses, industrial and special use property. Commercial procedures are used to value all of these property types. Therefore industrial, commercial and special use property will be referred to as “commercial” throughout this document.

Commercial property like residential property can be valued using the three accepted appraisal approaches to value: income, cost or sales comparison. The most reliable approach to value depends on the use of the property and the information available to the assessor. The procedures for all three approaches to value are discussed in detail in the general information section of this document.

The basis for mass appraisal is the **Cost** approach. The cost to construct an improvement is adjusted for depreciation and obsolescence to produce replacement cost new less depreciation also known as RCNLD. The depreciated value of the improvement is then added to the land cost to produce a value based on cost of construction.

Obsolescence in commercial properties examples:

Functional:

- Inadequate ratio of land to building area.
- Lack of available parking.
- Lack of useable space.
- Inadequate floor load capacity.
- Utilities not adequate.
- Ventilation, lighting, heat, air conditioning dated or lacking.
- Unappealing exterior appearance.
- Bad floor plan.
- Deferred maintenance.
- Deficient elevator service.

Economic:

- Building code requirements.
- Limitations due to zoning laws.
- Original use of property no longer profitable.
- Unsightly area surrounding property.

COMMERCIAL PROPERTY ASSESSMENT

The value based on cost can be adjusted based on the sales of comparable properties to develop an assessment based on the sales comparison approach. This process when used in mass appraisal is called “market adjusted cost”. Market value can also be calculated using the **Sales Comparison** approach. Data from sold properties is used to develop per unit, square foot or site values, and applying them to similar property. The practice of equating sales price to market value for assessment purposes is **not** allowed by North Carolina statutes. The income from a commercial property may not support its sale price or the actual cost may be higher or lower than market value. Therefore, the assessed value is determined from market trends rather than just one sale. Commercial property value can be calculated based on value to an investor using the **Income** approach to value. Using this approach the price paid by the typical investor is dependent on the expected rate of return on the investment. The value of an income producing property can be calculated based on the net operating income. The income approach determines the present worth of future benefits of ownership by capitalization of net income. Commercial property will be valued using the cost approach value modified by market sales. In addition, where applicable the income approach will also be used to assess market value. North Carolina courts have held that the actual income stream for an income producing property is not the only basis for determining market value. When using the income approach to value the appraisal is based on market or economic rent and expense levels.⁷ This method is valid if the income stream is less or more than economic rent.⁸

Reconciliation

Each of the three appraisal approaches indicates a market value. All three methods of valuation are considered to develop the assessment. Reconciliation of the three approaches to value is not an average of the values produced. An average gives equal weight to all approaches. During the appraisal process each appraisal method maybe weighed differently depending on property type and available information. In the reconciliation process the appraiser determines value by considering the type of property being appraised, the positives and negatives of each approach and evaluating the reliability of each approach and its correlation to value.

The three approaches to value are typically applied by type of property being appraised in the following order:⁹

Residential	Commercial	Industrial or Special Purpose
1. Sales Comparison	1. Income	1. Cost
2. Cost	2. Cost	2. Either
3. Income	3. Sales Comparison	3. Either

The appraiser must consider the following when using the three approaches to value:

5. Is the approach being used relevant to the property being appraised?
6. What are the expected strengths and weaknesses of the approach being used?
7. Is the data being used adequate in quantity and reliability?
8. What is the affect of the local market on the data being used?

⁷ In re Pine Raleigh Corp North Carolina Supreme Court January (1963)

⁸ In re Property Located at 411-416 W. Fourth Street(F.W. Woolworth),by North Carolina Supreme Court, October(1972)

⁹ Information provided from IAAO One Day Forum 960

COMMERCIAL PROPERTY ASSESSMENT

HIGHEST AND BEST USE

Definition of Highest and Best Use¹⁰

Highest and best use is defined as “that use which will generate the highest net return to the property over a period of time.” (Property Assessment Valuation page 31). All three approaches to value must consider highest and best use as the primary factor in appraising property. The highest and best use must be legally permitted, physically possible, and economically feasible.

5. **Legally Permitted:** The legal use of a property is the use permitted by the deed restrictions and zoning. If no zoning restrictions are present in a neighborhood, but deed restrictions limit the uses of the site to retail use anything other than retail use is not legally permitted. Zoning is the primary force limiting the legal use of commercial property.
6. **Physically Possible:** To be physically possible, the intended use must fit on the subject lot and meet all size requirements.
7. **Economically Feasible:** To be economically feasible, the use must provide the highest net return to the land over a period of time. For example a lot can be legally used to build an apartment building and the lot meets all size requirements for the building and parking. No other improvements except multifamily are allowed and building them would not give a return on the investment. Selling the land as a vacant site would not provide a return on the investment until the time of sale. The only legally permitted, physically possible and economically feasible use in the previous example is an apartment building.
8. **Most Productive Use:** Which use of all possible uses will produce the highest rate of return for the property and be maximally?

¹⁰ International Association of Assessing Officers Property assessment Valuation,(Chicago 1996) page 30

COMMERCIAL PROPERTY ASSESSMENT

Income Approach to Value

The price paid for an income producing property is no more than the amount of investment required to provide a desirable return on the investment. The income approach produces a value based on the investment value of the property using the formula $\text{Income}/\text{Rate}=\text{Value}$.

The market is analyzed to determine the return investors expect from various types of property. This process includes estimating income by collecting local rental information and expense data, development of accurate capitalization rates, and the capitalization of net income into an indication of value. Using the Income Approach to value when no income data is available is difficult. The results may be of little value. **The Income Approach cannot be the relied on as the only method of valuation.** It is possible for the sales price to exceed the value supported by market rents. The price paid for an income producing property is no more than the amount of investment required to provide a desirable return on the investment. When sales price exceeds market rent other influences are affecting the value of the property such as the future benefits of the property or speculation. The rental market is analyzed to determine the return investors expect from various types of property. This process includes estimating income by collecting local rental information and expense data, development of accurate capitalization rates, and the capitalization of net income into an indication of value. **Capitalization is the process of converting anticipated future payments or income into present value.**¹¹

Determine potential gross income as if 100% occupied and subtract market vacancy and market collection loss to determine effective gross income. Subtract operating expenses and reserves from the effective gross income to produce the net operating income. Expenses may not include depreciation, recapture, income taxes, capital improvements, and owner's individual expenses. Capitalize the net operating income with the overall rate to determine the going concern. Subtract the actual business listing provided by the property owner for business personal property from the going concern to determine the assessed value based on the **income approach** to market value.

Example: Office Building with 10,000 gross leasable area

1. PGI potential gross income	10,000 SF	x	\$28 PSF Full	=	\$280,000
2. Vacancy & Collection Loss		x	18.00 %	=	\$ 50,400
3. Miscellaneous Income					\$ 0
4. Effective Gross Income					\$230,000
5. Operating Expenses	10,000 SF	x	\$8 PSF	=	\$ 80,000
6. Reserves for Replacement		x	3.00%	=	\$ 6,900
7. Net Operating Income					\$143,100
8. Overall Capitalization Rate					8.50%
9. Going Concern					\$1,683,500
10. Business Listing					\$ 183,500
11. Assessed Value					\$1,500,000

¹¹ International Association of Assessing Officers, Property Assessment Valuation(1996) 229

COMMERCIAL PROPERTY ASSESSMENT

Definitions

Potential Gross Income The potential gross income is based on a data set of market rent to determine what is typical.

Vacancy & Collection The potential income is reduced to account for typical vacancy and collection loss in income.

Other Income All sources of income are added to PGI

Effective Gross Income EGI is PGI less vacancy and collection loss plus other income.

Expenses Allowable expenses: Management, Salaries, Utilities, Supplies and Materials, Insurance

Reserves Major replacement items like the roof and heating systems are developed by replacement cost divided by effective life to develop what is the cost per year to replace high cost items so as not to be expensed for in one year.

Net Operating Income Net operating income is the effective income less expenses and reserves.

Capitalization Rate Overall rates are selected from market derived capitalization rates, mortgage equity build up, and scholarly publications.

Going Concern Dividing net operating income by the capitalization rate will produce the Going Concern.

Less Business Personal Property The business personal property listing is used to reduce Going Concern so as not to double tax.

Assessed Value Assessed value is the going concern less the business personal property.

Allowable Expenses

1. **Management** - Typically 5% of total collected rent it is the cost of administration. The cost of management is relative to the amount of risk.
1. **Salaries** - On site workers salaries, FICA taxes, insurance and other benefits paid to employees.
2. **Utilities** - Gas, telephone, cable TV, or electric services.
3. **Supplies and materials** - Office supplies, light bulbs, etc.
4. **Repairs and maintenance** - Painting, repair broken glass etc normal maintenance.
5. **Insurance**
6. **Miscellaneous** - Small items that reflect a nominal amount of income.
7. **Reserves for Replacement** - Short-lived items example carpet, appliances, roof covering, heat/ac, elevators etc that will need to be replaced during life of property.

COMMERCIAL PROPERTY ASSESSMENT

INCOME APPROACH

Improper Expenses

7. **Depreciation** - The depreciation of improvements is considered as part of the **recapture** portion of the capitalization rate.
8. **Debt service** - The interest and principle paid on a loan. This is considered in the capitalization rate as part of the **discount rate**.
9. **Income taxes** - This is based on the owner's individual income and not income attributable to the property.
10. **Property tax** - The preferred method is to use **effective tax rate** as part of the capitalization rate because the future taxes will be based on a new value.
11. **Capital Improvements** - These improvements can be made any time and usually increase the value of the property or economic life of the property. Capital improvements are not necessary to maintain the level of income and are not considered annual expenses.
12. **Owner's individual business expense** - This expense is not related to the income produced by the property, therefore it is not allowed.

Income and Expense Ratio Determination

This process begins with the gathering of income and expense data from the local market. This data is then stratified by type. For example rental information for apartments is not compared to rental information for office or retail space. Market rent is the price a property should produce. Property that is rented for less than market rent is not used in this process. Expenses are only those costs which are applicable to the cost of ownership. The expense ratio formula is $\text{Expense ratio} = \text{Expenses} / \text{Effective Gross Income}$.

Capitalization Rate Determination

The capitalization rate is used in the income approach to estimate the market value of the property based on its ability to produce income for the owner. Capitalization rates used for Ad Valorem taxes will include the following:

Recapture – annual rate of return of the depreciable items of an investment.

Discount Rate – the annual rate of return on an investment.

Effective Tax Rate – the relationship between the level of assessment and the tax rate.

COMMERCIAL PROPERTY ASSESSMENT

Developing Capitalization Rates

In most cases, the income, vacancy and expense data can be obtained in our listing process from property owners. In addition information used to develop overall capitalization rates is obtained from national commercial services and local commercial appraisers.

A capitalization rate established for use in appraising for Ad Valorem Taxes will generally consist of the following factors:

Recapture - the annual rate of return of the depreciable items of a real estate investment.

Discount Rate - the annual rate of return on a real estate investment.

Maintenance Rate - the annual rate of return on the total real estate investment required to pay the annual cost of each of these expenses.

Contingency Rate - the annual rate of return on the total real estate investment required to pay the annual cost of unusual and unanticipated expenses.

Recapture Rate Development- The straight-line method of recapture is the simplest method and the one, which seems to most reflect the action of the investors in general. It calls for the return of capital in equal increments or percentage allowances spread over the estimated remaining economic life of the building.

Examples:

50 years remaining; $100/50 = 2.0\%$ per year

40 years remaining; $100/40 = 2.5\%$ per year

25 years remaining; $100/25 = 4.0\%$ per year

Discount Rate

There are several methods currently employed by appraisers to determine the acceptable normal rate of return expected by investors including the band of investment and direct comparison methods. Applying these procedures on an adequate representative sampling should provide a pattern from which to select the most appropriate rate of interest.

In the **Band of Investment Method** it is necessary to first determine the rate of return local investors require on their equity (cash outlay). It is then necessary to contact lenders and obtain the current interest rates for money and the amount of equity required, and then to multiply the percentages of equity and mortgage by the investors' and lenders' rates. The sum of these products will indicate the actual rate of return.

COMMERCIAL PROPERTY ASSESSMENT

In the **Direct Comparison Method**, the rate of return is extracted directly from actual market data. It is reasonable to assume that informed investors fully aware of the existence of comparable properties will invest in those properties, which are able to produce the required and desirable net return.

Following are the steps involved in determining the normal rate of return by the **Direct Comparison Method**:

1. **Collect** sales data on valid open market transactions involving properties for which the appraiser is able to accurately estimate both the net income and the land or building value.
2. **Allocate** the proper amounts of the total sales price to land and buildings.
3. **Estimate** the remaining economic life of the building and compute the amount of return required annually for the recapture of the investment to the building.
4. **Determine** the net income before recapture.
5. **Deduct** the amount required for recapture from the net income. The residue amount represents the actual amount of interest.
6. **Divide** the actual amount of interest by the sales price to convert it into a percentage rate of return.

Example A:

1 – Sale Price = \$250,000

2 – Amount allocated to land = \$87,500; to building = \$162,500

3 – Remaining Life = 20 years

Annual Rate of Recapture = 100% divided by 20 years = 5%

Amount required annually = \$162,500 x 5% = \$8,125 per year.

4 – Net Income before Recapture = \$35,600

5 – Less Recapture Interest $\frac{- \$ 8,125}{= \$ 27,475}$

6 – Indicated Rate of Return = \$27,475 divided by \$250,000 = 10%

COMMERCIAL PROPERTY ASSESSMENT

Tax Rate

To make the proper provisions for real estate taxes, the appraiser must anticipate two factors:

- 1 – The tax rate for assessed valuation.
- 2 – The percentage of the appraised value to be used for assessment purposes.

The annual rate required to pay the cost of taxes can then be calculated by multiplying the tax rate in dollars per \$100.00 assessment (equivalent to a percentage) by the percentage level of assessment.

Maintenance and Insurance Rates

It is essential that these figures reflect local conditions. The actual local cost may be extracted from income and expense data collected from available technical publications.

Contingency Rate

The percentage allowance for contingencies should be established at the local level. This element provides the appraiser some flexibility in arriving at a proper market value based on the individual project. Also provides some consideration for unusual expenses that may occur on properties appraised without the benefit of a detailed operating statement.

Total Land Rate

Since the income produced by land will theoretically continue for an infinite period of time, it is not necessary to recapture the investment of land. The capitalization rate applicable to land is, therefore, the sum of the Interest Rate and the Tax Rate.

Total Building Rate

A building is a depreciable item. Since the income produced by a building will terminate in a given number of years, it is necessary to recapture the investment in the buildings. The capitalization rate applicable to buildings is, therefore, the sum of Interest Rate, the Recapture Rate, the Tax Rate, the Maintenance Rate, the Insurance Rate, and the Contingency Rate.

Since it's the appraiser's job to interpret the local real estate market, the capitalization rates used must reflect the action of local investors.

COMMERCIAL PROPERTY ASSESSMENT

Capitalization Methods

The most prominent methods of capitalization are Direct, Straight Line, Sinking Fund, and Annuity. Each of these is a valid method for capitalizing income into an indication of value. The basis for their validity is the action of the market which indicates that the value of income producing property can be derived by equating the net income with the net return anticipated by informed investors. This can be expressed in terms of a simple equation:

$$\text{Value} = \text{Income} / \text{Rate}$$

In **Direct Capitalization**, the appraiser determines a single “over all” capitalization rate. This is done by analyzing actual market sales of similar types of properties. The net income for each property is developed and then divided by the appropriate overall rate to provide an indication of value.

The big disadvantage of this method is that it does not provide for using separate rates for land and buildings. It therefore calls for highly subjective judgment on the part of the appraiser in applying an overall rate to properties having different land to building ratios.

Mortgage Equity Capitalization is a form of direct capitalization. The major difference in the two approaches is in the development of the overall rate. In this method, equity yields and mortgage terms are considered influencing factors in construction of the lease rate. In addition, a plus or minus adjustment is required to compensate for anticipated depreciation or appreciation. This adjustment can be related to the recapture provisions used in other capitalization methods and techniques.

The **Straight Line and Sinking Fund** methods are both actually forms of Direct Capitalization with one using Straight Line recapture and the other using Sinking Fund recapture, differing only in that they provide for separate capitalization rates for land and buildings; the building rate differing from the land rate in that it includes an allowance for recapture.

Straight-line recapture calls for the return of investment capital in equal increments or percentage allowances spread over the estimated remaining economic life of the buildings.

Sinking Fund recapture calls for the return of invested capital in one lump sum at the termination of the estimated remaining economic life of the building. This is accomplished by providing for the annual return of a sufficient amount needed to invest, and annually re – invest, in “safe” interest – bearing accounts, such as government bonds or regular savings accounts, which will ultimately yield the entire capital investment during the course of the building’s economic life.

COMMERCIAL PROPERTY ASSESSMENT

Annuity Capitalization is used to value long-term leases. In this method, the appraiser determines, by the use of annuity tables, the present value of the right to receive a certain specified income over stipulated duration of the lease. In addition to the value of the income stream, the appraiser must also consider the value that the property will have once it reverts to the owner at the termination of the lease. This reversion is valued by discounting its anticipated value against its present day worth. The total property value then is the sum of the capitalized income stream plus the present worth of the reversion value.

Residual Techniques

It can readily be seen that any one of the factors of the Capitalization Equation (Value = Net Income divided by Capitalization Rate) can be determined if the other two factors are known. Since the value of property is the sum of the land value plus the building value, it holds that either of these can be determined if the other is known. The uses of these mathematical formulas in capitalizing income into an indication of value are referred to as the residual techniques, or more specifically, the property residual, the building residual, and the land residual techniques.

The **Property Residual** Technique is an application of Direct Capitalization. In this technique, the total net income is divided by an over-all capitalization rate (which provides for the return on the total investment to land and buildings plus the recapture of the investment to the building) to arrive at an indicated value for the property.

The **Building Residual** Technique requires the value of the land to be a known factor. The amount of net income required to earn an appropriate rate of return on the land investment is deducted from the total net income. The remainder of the net income (residual) is divided by the building capitalization rate (which is composed of a percentage for the recapture of the investment) to arrive at an indicated value for the building.

The **Land Residual** Technique requires the value of the building to be a known factor. The amount of net income required to provide both a proper return on and the recapture of the investment is deducted from the total net income. The remainder of the net income (residual) is then divided by the land capitalization rate (which is composed of a percentage for the return on the investment) to arrive at an indicated value for the land.

COMMERCIAL PROPERTY ASSESSMENT

Gross Rent Multiplier (GIM) Method

When certain specific types of income properties are rented in any significant number in the market, the tendency is for the ratio between sales price and gross incomes to be fairly consistent. The Gross Income Multiplier, commonly referred to as GIM, is a factor reflecting this relationship between the gross annual income and value. Once the GIM has been determined for a specific type of property, it can be applied against the gross income of other similar properties to indicate their economic value.

The gross rent multiplier converts monthly income into value.

The GIM approach, as with any income approach, must still give consideration to age of building, size, location, and land to building ratios. Many adjustments, which would normally involve judgment estimates, have been determined by the free action of the rental market. For example, if one property has an advantage, such as location or accessibility over another property, this difference is normally reflected in the rent price.

The GIM may be applied to either the gross income or to the effective gross income depending on the circumstances and available data in the local market. This approach is frequently applicable to apartment, retail and certain types of industrial properties, where a relatively consistent net to gross income operating ratio exists.

Income Models An income model is developed for each type of property use where income information can be obtained or used to determine value. The market information on incomes, expenses, vacancies and collection loss and applicable capitalization rates are used to specify each model using the procedures listed in the Income approach to value section.

Market Income is the potential income the property is expected to produce, not the contract rent for the property.

Market Operating Expenses are the expenses expected for a business. They do not include special expenses that only occur once. Included are items such as: insurance, management, payroll, utilities, repair and maintenance, supplies etc. Improper expenses are: depreciation, debt service, income taxes, capital improvements and individual business expense. Real estate taxes are not included as expenses when calculating property values for taxation purposes.

Capitalization Rates are developed from the local market, national appraisal services and local experts. The effective tax rate will be added to capitalization rates because real estate taxes are not included in the expenses for the income model for tax assessment.

Examples:

Apartment model

Income	Vacancy/Collection Loss	Expenses	Capitalization Rate
\$500-\$1,600	3%-7%	20%-50%	3.75% - 10%

Office Income	Vacancy/Collection Loss	Expenses	Capitalization Rate
\$14-\$30 Per Square Foot	10%-18%	8%-30%	4%-.11%

MANUFACTURED HOME PARK VALUATION PROCEDURES

Manufactured Home and RV Parks

The average manufactured home park's purpose is to provide the manufactured home owner with utility services and a place to attach their home. The average park has limited street lighting, asphalt paving, concrete or asphalt pads and minimal or no landscaping and recreational facilities. The manufactured home park site improvements are valued based on quality and income production. The quality of the park and park amenities is reflected in the rental income for the park. Better quality parks charge a higher rental fee than low quality parks. Therefore, better quality parks produce more income.

The manufactured home park PAD as a miscellaneous improvement will no longer be used. Sites will be added to the land line area just like other home sites and land improvements. For the next reappraisal and forward all RV, minimal amenity, rural or manufactured home park sites that are **not located** in a planned manufactured home park are coded as **HRV (RV home site)**. All other manufactured home park sites are coded **MH1** or **MH2**. The site value is based on the quality of the park.

Each park's **land value** is developed by adding the residual land value for the neighborhood **plus** the number of approved sites. A site improvement includes concrete pads, walks, grading for site preparation, electric service, water and sewer or septic service. Site value does not include the land value. Any additional structures such as swimming pools, pavilions, etc are added to the land value to produce the **total park assessment**.

Manufactured Home Park Grade

The manufactured home park grade is used to stratify manufactured home parks into similar quality groups for analysis and valuation.

Grade B	A good quality park with superior design and landscaping. Spacious lots with off street parking may also include recreational facilities. The park may limit the type, age and quality of manufactured home allowed in the park. Lots will allow large manufactured homes and may include patios, gardens and garages. These parks will have a low density of lots per acre (8 -10) with a base site size of 4,400 square feet per lot.
Grade C	Average park with adequate utilities and services and lot sizes with medium density of lots per acre (10-15) with an average lot size of 3,200 square feet.
Grade D	A fair quality park with minimal amenities and high lot density with an average square footage of 2,400 each. Roads are usually narrow, unpaved and may be in disrepair.
Grade E	A low cost park with basic utilities with little or no design. Lots sizes will allow for smaller units only. These are usually older parks with closely spaced, high density lots averaging 1,600 square feet per space.

MANUFACTURED HOME PARK VALUATION PROCEDURES

The manufactured home park value may be adjusted based on information developed using the income approach or comparable sales. All three approaches to value will be considered and the best value assigned depending on the information available from the market.

Cost Approach Valuation Procedure:

1. Apply land value for total acreage based on the area.
2. Add the number of sites; determine the grade of the park.
3. Add all improvements (buildings, structures) other than park sites.
4. Adjust for any depreciation of improvements.

The costs and quality of the following items are considered by the appraiser when developing a value for each site:

- Grading: normal grading needed for the development of each site, roads and drainage.
- Street paving: absence or presence, quality.
- Patios and sidewalks.
- Utilities: water, sewer or septic, electric hookups.
- Features: landscaping, recreational facilities.

Market Approach to valuing manufactured home parks develops all elements of the costs of the park and adjusts the cost approach based on comparable sales. Depreciated improvements and structures are added to the land value as in the cost approach. The total value based on the cost approach is then adjusted to market value based on sales of comparable manufactured home park properties to calculate the assessed value.

Income Approach

Manufactured home and RV park values are developed using market rent, expense, and capitalization rates.

Example:

Number of spaces X monthly rate X 12 Months =	Potential Gross Income
150 X 250 X 12 =	\$450,000
1. Vacancy and Collection loss 10%	-\$45,000
2. Expenses %	-\$247,500
3. Net Operating Income	<u>\$157,500</u>
4. Capitalized	11%
5. Indicated Value	\$1,431,818

MANUFACTURED HOME PARK QUESTIONNAIRE

Park Name: _____

Situs Address(Physical Location) : _____

Park Owner : _____

Contact information: Phone _____ Email _____

Total number of available Manufactured Home spaces: _____

Total number of available RV or camper spaces: _____

Average number of vacant MH spaces per month: _____

Average number of vacant RV spaces per month: _____

Rent per month for each Manufactured Home space: _____

Rent per month for each RV space: _____

Check all items below that are provided and included in the rental cost.

Well and septic _____ Private water and sewer _____ City water and sewer _____

Lawn Maintenance _____ Trash Pickup _____

Comments: _____

GOLF COURSES

Golf Courses

The items to consider in developing golf course costs depend on the size, layout, greens, watering system, fairways, bunkers, and landscaping. Golf courses are valued based on the land price for the area plus the number of holes. The number of golf course holes is listed as miscellaneous improvements. The golf holes are valued based on the quality and cost of development of the course including grading, irrigation, roads, cart paths, etc. The cost per hole does not include the cost of clubhouses, or other facilities located on the property.

Champion Golf Course Class I

This course is typically a private course with 18 holes on 130-200 acres, 6500-7,000 yards long, par 72. The course is designed for championship play and is usually a signature course of a well known golf course designer. Examples include: The Cliffs at Walnut Cove, the Biltmore Forest Country Club and Asheville County Club. Indicated price is \$125,000-\$300,000 per hole.

Average Golf Course Class II

Is a golf course with a simple design usually 18 holes on 110 - 130 acres or less, 6,000-6,500 yards long and par 67-72. The course is designed for private club or municipal play. Examples are: the Municipal Golf Course, Reems Creek Golf Course. Indicated price is \$90,000-\$125,000 per hole.

Cost Approach Valuation procedure:

1. Apply land value for total acreage based on the area.
2. Add the number of holes, the type of golf course hole; championship or regulation and the quality or grade of the golf course.
3. Add all improvements other than golf holes.
4. Adjust for any depreciation of improvements.

Market Approach to valuing golf courses considers all elements of the costs of the course. Course improvements and structures adjusted for depreciation added to the land value are adjusted to market value based on sales of comparable properties.

Income Approach

Golf income revenue can be developed from the market based on actual or estimated future number of golf rounds and the average daily rate per round and initiation fees. Assessed value will be based on potential income less typical expenses capitalized to indicate market value.

The following formula can be used to value golf courses based on stabilized number of rounds:

Stabilized number of rounds X stabilized daily rate= GIR

GIR (golf income revenue) X GIM(golf income multiplier) = Value of golf course

Grade	SNR	Stabilized Daily Rate	GIM
B	15,000-30,000	\$90 - \$200	2.0-3.0
C	20,000-35,000	\$40 - \$190	2.0-3.0

GOLF COURSE GRADES

- Grade A** Designed for championship or professional play, with extensive grading, well landscaped course with challenging fairways, quality greens, natural and man-made hazards. This is an **Excellent** quality course.
- Grade B** Good course design usually a private or semi private club membership. Has attractive landscaping with large above average greens cart paths and bunkers. This is a **superior** course.
- Grade C** **Average** quality course designed for municipal or public play with little landscaping or design.
- Grade D** A **Plain** course with flat terrain, very little landscaping. Typically a nine hole course.

The golf course grade is used to stratify golf courses into similar quality groups for analysis and valuation.

GOLF COURSE QUESTIONNAIRE

Course Name _____ Architect _____

Number of holes _____ Par or Course rating _____

Course type Championship _____ Regulation _____

Actual Year Built _____ Cost per Hole _____

Year of Major Renovations _____

Number of Anticipated Annual Rounds _____

Public/Guest Rates: _____

18 Holes Weekday _____

18 Holes Weekend _____

18 Holes Special Rates _____

Number of Golf Club Members _____

Member Dues _____ Member Initiation Fee _____

Comments _____

Office Use Only _____

Course rating considerations:

Greens/Fairways
Hazards
Layout and Design
Social Atmosphere
Architect

Clubhouse
Beauty of Course
Practice Facilities
Course Image
Amenities

CEMETERIES

Cemeteries

North Carolina statutes separate cemeteries into two classes: exempt and taxable. In addition each taxable cemetery may also have a portion of the property that is exempt.

The exempt portion of the cemetery is the sold burial lots. The unsold lots and undeveloped land area is taxable.

North Carolina General Statute 105-278.2

- (a) Real property set apart for burial purposes shall be exempted from taxation unless it is owned or held for purposes of (i) sale or rental or (ii) sale of burial rights therein.
- (b) Taxable real property set apart for human burial purposes is hereby designated a special class of property under authority of Article V Section II(2) of the North Carolina Constitution, and it shall be assessed for taxation taking into consideration the following:
 - (1) The effect on its value by division and development into burial plots;
 - (2) Whether it is irrevocable dedicated for human burial purposes by plat recorded with the Register of Deeds in the county in which the land is located; and
 - (3) Whether the owner is prohibited or restricted by law or otherwise from selling, mortgaging, leasing or encumbering the same.
- (c) For the purposes of this section. The term "real property" includes ; land, tombs, vaults, monuments and mausoleums and the term burial includes entombment.
(1973,c.695,s.4:1987,c.724)

Private commercial or for profit cemeteries are income producing and are assessed by using the number of unsold units (lots, niches) multiplied by the price developed for each then adding the value of any undeveloped residual land. Any additional income will be capitalized using the income approach and used to assess the property.

The following questions will be used to determine the assessment:

How many units are available for sale? _____

How many units sell per year (absorption rate)? _____

What is the price per unit? _____

How much land is undeveloped for burial purposes? _____

The value of the unsold units can be developed using Discounted Cash Flow.

Land dedicated for burial purposes will be assessed in the value per burial plot. This value does not include the land that has not been set aside for sale of burial sites. Any excess land not dedicated for burial purposes will be valued based on the land price for the economic area and adjusted for waste areas. All land containing sold lots or units will be exempt from taxation per NCGS 105-278.2

The assessment for a cemetery includes the following:

- + Buildings
- + Developed acreage available for sale
- + Undeveloped acreage
- + Wasteland (roads, gullies etc) will not be developed for burial sites.

- ✚ Exempted acreage, sold burial sites

Real or Personal Property?

North Carolina G.S.105-273. Definitions.

Personal Property

- (8) **Intangible personal property.** – Patents, copyrights, secret processes, formula, good will, trademarks, trade brands, franchises, stocks, bonds, cash, bank deposits, notes, evidences of debt, leasehold interests in exempted real property, bills and accounts receivable, or other like property.
- (14) **Tangible personal property.** – All personal property that is not intangible and that is not permanently affixed to real property.

Real Property

(13) *“Real property” real estate” and “land” mean not only the land itself, but also buildings, structures, improvements and permanent fixtures thereon, and all rights and privileges belonging or in any way appertaining to the property.*

Real property, real estate, or land. – Any of the following:

- a. The land itself.
- b. Buildings, structures, improvements, or permanent fixtures on land.
- c. All rights and privileges belonging or in any way appertaining to the property.
- d. A manufactured home as defined in G.S. 143-143.9(6), unless it is considered tangible personal property for failure to meet all of the following requirements:
 - 1. **It is a residential structure.**
 - 2. It has the moving hitch, wheels, and axles removed.
 - 3. It is placed upon a permanent foundation either on land owned by the owner of the manufactured home or on land in which the owner of the manufactured home has a leasehold interest pursuant to a lease with a primary term of at least 20 years and the lease expressly provides for disposition of the manufactured home upon termination of the lease.

North Carolina G.S.143.9(6)

Manufactured home. – A structure, transportable in one or more sections, which, in the traveling mode, is eight feet or more in width or is 40 feet or more in length, or when erected on site, is 320 or more square feet, and which is built on a permanent chassis and **designed to be used as a dwelling** with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air conditioning and electrical systems contained therein.

¹² Any manufactured home that is used for a commercial purpose is personal property. A manufactured home is defined as a single wide or double wide manufactured home, built on a chassis. Manufactured homes are not the same as modular constructed buildings.

Modular constructed buildings are real estate. Examples; classrooms, offices etc

¹² Property Tax Bulletin number 157 September 2010 Christopher B McLaughlin

Real or Personal Property?

Commercial property can be listed as real estate or business personal property but not both. Each type of commercial building has a “model” used to value the structure. The model includes average materials and amenities for the structure type. Items included in the model for a structure type are assessed as real estate. All commercial buildings are considered to have minimal interior finish including, floors, drywall, electrical and plumbing fixtures. Any building that does not meet this standard is valued at the percent complete and the unfinished portion is considered under construction. Replacement of floor coverings, interior remodeling, painting and reroofing are considered general maintenance and may not increase the market value of a commercial building. Any value increase to the building will be determined by the appraiser based on the extent of the changes.

The determination of how any improvements made to a commercial property are listed and assessed is made by the Commercial real estate appraiser and the Business personal property appraiser. If the items are not listed as real estate then they are listed and assessed as business personal property. *According to Property Appraisal and Assessment (1990) “Personal property is defined by exception: anything not listed as real is personal.”(p 76).*

Leasehold Improvements

Modifications and up fits made by the tenant for the specific use of the business and not the building are taxable in North Carolina as business personal property(**leasehold improvements**). It is the responsibility of the occupant to list these improvements with the Assessor’s Office during the listing period each year.¹³

There are two tests for determining if an improvement should be listed as personal property:

1. The improvements are made by the occupant for the benefit of the business, not the building.
2. The components cannot be removed without damaging the building.

The commercial model for each structure type includes basic features such as minimal interior finish, plumbing, electrical and lighting fixtures required for the general operation of the building. Personal property is anything added specifically for the operation of the specific business occupying the building and not for the use of the business itself. For example if the business left the next tenant would not use the items added by the previous business owner. Personal property can be generally defined as movable items. Items not listed and taxed as real estate are business personal property. It is the responsibility of the property owner to list any business personal property and to determine what should be listed as personal property. The following list of real and personal is provided to aid real estate and business personal property appraisers and the property owner. When in doubt the commercial appraiser and the business personal property appraiser will consult to insure that property is not taxed as both real estate and personal property.

¹³ See memo dated December 23,2011 North Carolina Department of Revenue in Addendum

PERSONAL PROPERTY LIST

The improvements are made by the occupant for the benefit of the business, not the building.

ITEM

Acoustical drapes and curtains
 Appliances in rental houses
 Air Conditioning for business process
 Architectural and engineering fees(leasehold or tenant)
 Bar and bar equipment
 Boiler for business process
 Bowling alley equipment
 Burglar Alarms
 Car Wash equipment
 Canopy(removable)
 Canopy (not removable)
 Catwalks(movable)
 Communication equipment
 Compressed air systems
 Computers
 Concrete plant equipment
 Construction allowances paid to tenants
 Control systems
 Conveyor systems
 Cooking (restaurant equipment)
 Cold storage equipment
 Coolers(walk-in) portable
 Cooling towers used in manufacturing
 Dairy processing equipment
 Diagnostic center equipment
 Dock levelers
 Doors (removable grille or security doors installed by tenant)
 Drapes and Blinds
 Dust control systems

¹⁴ See rates and codes section for detailed list of real/personal property items

PERSONAL PROPERTY LIST

ITEM

Interior finish (not included in building model)
Mirrors, counters, movable columns
Fitting rooms(moveable).
Drive thru windows (detached)
Fans(removable)
Fencing
Fire alarm systems
Floors (movable or modular)
Foundations for machinery and equipment
Grain bins
Greenhouses (plastic)
Greenhouse equipment
Humidifiers used in process
Heating systems used for process
Hoppers
Hospital equipment
Incinerators(movable)
Industrial piping used in the business process
Interior finish (NOT included in building model)
Irrigation equipment
Kilns(moveable)
Lighting(outdoor)
Lighting fixtures (not included in model)
Modular Offices(temporary sales offices, etc)
Night Depository
Ovens used in process
Power generator systems(backup system)
Electrical (for the business process)

PERSONAL PROPERTY LIST

ITEM

Piping for process (removable)
Public address systems
Restaurant kitchen equipment(removable)
Scales
Scale house
Screens (movie)
Theater Seats
Service Station equipment
Shelving
Signs(including billboards)
Sound projection equipment
Sound systems
Sprinkler systems used for the process
Switchboard
Tanks
Teller machines(ATM)
Telephone system
Towers (cell, TV, radio, etc.)
Vacuum system used for the process
Vault doors(removable)
Ventilation system used for the process
Water tanks (all water tanks)
Water coolers
Wells(pumps, motors and equipment)
Wiring used for the process
Walls(portable)
Water lines for the business process
Hot Air Balloons
Counters, Cabinets, Bookcases(moveable)
Cell Towers

REAL PROPERTY LIST

The components cannot be removed without damaging the building.

Appliances Apartments

Other

Air Conditioning for comfort of occupants or customers

Malls, interior mall retail or service stores

Architectural and engineering fees (building)

Boiler for service of building

Cabinets(built-in)

Cold storage built –in rooms

Coolers(walk-in) permanent

Cooling towers used for building

Doors

Electrical(for building)

Elevators/Escalators

Floors (basic included in model)

Interior finish (included in building model)

Drive thru windows (attached)

Fans(attached)

Floor finish (included in building model)

Golf course improvements

Greenhouses(glass, Plexiglas)

Humidifiers used for building

Heating systems used for building

Incinerators (permanent, built-in)

Kilns(built-in)

Modular Offices

Plumbing fixtures

Sprinkler systems (fire protection for the building)

Vacuum system used for the building

Vaults

Ventilation systems used for the building

Wiring for the building

Walls(partition walls attached to the building)

Cell Tower Sites

Paint, stain, wall coverings

2013

Commercial

Industrial

Special Use

Property

Structure Types



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STRUCTURE TYPES

Multi-Residential

Apartments include garden apartments and **row** or town house style apartments. Buildings of **three or fewer** stories, **containing four or more units** in which each unit has a kitchen and bath, and which are designed for other than transient occupancy.

GAC Masonry

Brick or block, some trim, asphalt shingle or built-up roof. Plaster/drywall, paint, hardwood, carpet, vinyl composition flooring. Electrical includes adequate lighting/plumbing, phone and TV jacks.

GAD Frame

Exterior is stucco/siding with some ornamentation, is average code construction. Plaster or drywall, hardwood, vinyl composition, carpet floor covering. Electrical includes adequate lighting/plumbing, phone and TV jacks

Condominiums

Condominiums will be listed and valued based on their individual market value based on their use as residential or commercial units. Condos are not valued as a package or complex in the same manner as apartments. Common area ownership is considered as part of the market value of each unit.



Condominiums

STRUCTURE TYPES

High-Rise Apartments of three or more floors are multiple dwelling units with kitchen facilities; each unit has a bath, and is designed for other than transient occupancy.

HRA Fireproof steel

Exterior has little trim, brick, block, metal or concrete and glass. Interior finish is average includes adequate lighting, wall and floor coverings. Model includes one bath per apartment unit.

HRB Reinforced concrete

Exterior has little trim, brick, block, metal or concrete and glass. Interior finish is average includes adequate lighting, wall and floor coverings. Model includes one bath per apartment unit

HRC Masonry

Exterior has some ornamentation, brick or block, concrete panels. Interior finish is average includes adequate lighting, wall and floor coverings. Model includes one bath per apartment unit

HRD Frame

Exterior is frame and stucco, little trim, standard design. Interior finish is average includes adequate lighting, wall and floor coverings. Model includes one bath per apartment unit.



High Rise Apartments

STRUCTURE TYPES

Dormitories include college and boarding school residence halls, interns and nurses' quarters and armed services bachelor officers' and NCO quarters. They generally have a lounge and frequently have dining facilities and built-in features not found in apartments.

DMA Fireproof steel

Exterior is brick, steel or concrete panels, with some ornamentation. Drywall or plaster walls/ceiling, vinyl composition, carpeting. Plumbing may include one bath for three students. Average electrical service is available.

DMB Reinforced concrete

Exterior is brick, steel or concrete panels, some ornamentation. Drywall or plaster walls/ceiling, vinyl composition, carpeting. Plumbing may include one bath for three students. Average electrical service is available.

DMC Masonry

Exterior is brick, steel or concrete panels, little trim. Drywall or plaster walls/ceiling, vinyl composition, carpeting. Plumbing may include one bath for three students. Average electrical service is available.

DMD Frame

Exterior is brick veneer or stucco with some trim. Interior has plaster or drywall, carpeted halls, acoustic tile with standard electrical/plumbing fixtures, some tile and extras.

DMS Prefabricated metal

Exterior is sandwich panels, some trim. Interior is drywall, carpet and vinyl composition, acoustic tile ceilings with standard electrical and plumbing fixtures.



Dormitories

STRUCTURE TYPES

Lodging

Hotels provide lodging for short term use. Hotel buildings are **three or more** floors, without individual kitchen facilities. The building costs are based on the type and amount of common-use or support facilities available.

Limited-Service Hotels will have little or no space designed for large groups or formal dining.

Examples: Hampton Inns, Days Inn etc.

LSA Fireproof steel

Face brick, metal, concrete or exterior finish and insulation system panels, plain exterior. Plaster/drywall and paint, good carpet, some built-in extras, support services. Hotel includes some large suites in addition to standard rooms. Building has good lighting and plumbing fixtures, TV circuits.

LSC Masonry

Exterior is block or brick, standard front, small lobby, vending area. Interior is drywall, carpet, vinyl composition, minimum size suites, no food services, with breakfast hospitality area only.

LSD Frame

Exterior is siding or stucco, standard front, small lobby, drywall, carpet, vinyl composition, minimum size suites, no food services, with breakfast hospitality area only.



Limited Service Hotel

STRUCTURE TYPES

Full-Service Hotels will have meeting, ballroom, banquet and dining and lounge facilities commensurate with the class and quality.

FSA Fireproof steel

Face brick, metal, concrete or stucco panels, plain exterior. Typical good transient or average business hotel, adequate public rooms. Lighting/plumbing above code, standard fixtures.

FSB Reinforced concrete

Face brick, metal, concrete or stucco panels, plain exterior. Typical good transient or average business hotel, adequate public rooms. Lighting and plumbing fixtures are above code.

FSC Masonry

Brick, stucco on block, some front ornamentation. Carpeted, plaster or drywall and painted masonry, adequate facilities. Adequate electric service.

FSD Frame

Stucco or siding, brick trim, some front ornamentation. Plaster or drywall, carpeting, adequate ancillary facilities, dining and bar Adequate electric service.



Full Service Hotels

STRUCTURE TYPES

Motels are multiple sleeping units of three or fewer stories, with or without individual kitchen facilities, and designed for transient occupancy.

MTC Masonry

Common brick or block, little ornamentation, commercial style. Painted block, drywall, few extras, carpet, vinyl composition, hospitality. Includes adequate lighting plumbing, TV circuits, and fixtures.

MTD Frame

Good stucco and siding, little ornamentation, commercial style. Drywall or plaster, few extras, carpet, vinyl composition, breakfast, hospitality room. Includes adequate lighting plumbing, TV circuits, and fixtures.

MTS Prefabricated Metal

Insulated panels, some ornamentation. Drywall, carpet and vinyl composition, breakfast hospitality room. Includes adequate lighting plumbing, TV circuits, and fixtures.



Motels

Extended-Stay Facilities have larger rooms to accommodate kitchen facilities, but will have limited support facilities. However, an amount of office, lobby, coffee shop, meeting room and managers' living space commensurate with the number of units and quality is included in the costs.

ESC Masonry

Common brick or block, little ornamentation, good lobby. Painted block, drywall, few extras, carpet, vinyl composition tile, mixed offsets and suites. Includes adequate lighting plumbing, TV circuits, average kitchen.

ESD Frame

Good stucco and siding, little ornamentation, good lobby. Drywall or plaster, few extras, carpet, vinyl composition, mixed offsets and suites. Includes adequate lighting plumbing, TV circuits, average kitchen.

STRUCTURE TYPES

Lodges are generally of rustic design with multiple sleeping units and lobby with some additional

plumbing and kitchen facilities for the additional unrelated number of guests. The better quality structures will include large formal dining and meeting rooms.

LGC Masonry

Brick or block, local fieldstone, wood or good asphalt shingle, elastomeric. Plaster or drywall, hardwood, vinyl composition, average carpet. Adequate lighting/plumbing for each sleeping room.

LGD Frame

Log, stucco or siding, some trim, wood or good asphalt shingles. Plaster or drywall, hardwood, carpet, vinyl composition. Adequate lighting/plumbing for each sleeping room.



Lodges



Bed and Breakfast Inns are residential buildings that provide sleeping accommodations for the night and a meal in the morning but usually do not offer other meals.

BBC Masonry

Brick or block, some trim and entrance ornamentation. Plaster or drywall carpet, hardwood, vinyl composition, good dining area. Adequate lighting/plumbing, one bath per two bedrooms.

BBD Frame

Brick veneer, good stucco or siding, some trim and entry ornament. Drywall, carpet, hardwood, vinyl composition, good dining area. Adequate lighting/plumbing, one bath per two bedrooms.



Bed and Breakfasts

Condo Hotel

Condo hotels or condotels are a hybrid property type that have both residential and hotel components. Residential units are valued using the residential cost schedules and adjusted based on the income and market approaches to value.

STRUCTURE TYPES

Dining Establishments

Restaurants are constructed for the purpose of preparation and sale of food and/or beverages, and

includes cafeterias, bars and taverns where the design is of restaurant type. The costs include all necessary plumbing, built-in refrigerators and electrical connections to provide for these services but do not include the restaurant and bar fixtures or equipment or signs.

REB Reinforced concrete

Brick or concrete the restaurant that may be part of a multi use building. Plaster or drywall, acoustic tile, carpet, ceramic flooring. Adequate lighting outlets, adequate plumbing. This includes high quality chain or theme restaurants, for example; Olive Garden, Applebees, Chilis. The model includes the

building and the extra costs for the required interior and exterior finish specific to the individual chain type.

REC Masonry

Brick, block, tilt-up, plain building, stock plans. Typical neighborhood restaurant, vinyl composition, small kitchen. Adequate lighting and outlets, small restrooms.

RED Frame

Stucco or siding, plain building and front, stock plans. Typical neighborhood restaurant, vinyl composition, small kitchen. Adequate lighting and outlets, small restrooms.

RES Prefabricated Metal

Insulated panels, metal and glass, little ornamentation. Typical neighborhood coffee shop, vinyl comp., some ceramic or pavers. Adequate lighting and outlets, small restrooms.



Restaurants

DIN All types

Included in this code are modular and stick build diners or cafes that provide basic food service.



Diner/Cafe

STRUCTURE TYPES

Fast Food or small limited-menu outlets will contain limited seating in relation to preparation area, including drive-up windows commensurate with the quality.

FAB Reinforced concrete

Brick or concrete, usually part of a building. Plaster or drywall, acoustic tile, ceramic, carpet or vinyl composition. Adequate lighting and outlets, adequate plumbing.

FAC Masonry

Brick, block, some have mansard roofs with ornamentation. Drywall, paneling, acoustic tile, pavers, vinyl comp., large eating/play area. Adequate lighting and outlets, small restrooms.

FAD Frame

Stucco or siding, some mansard, parapet ornamentation. Drywall, paneling, acoustic tile, pavers, vinyl comp., large eating/play area. Adequate lighting and outlets, small restrooms.

FAS Prefabricated Metal

Insulated panels, metal and glass, some mansard, parapet ornament. Drywall, paneling, acoustic tile, pavers, vinyl comp., large eating/play area. Adequate lighting and outlets, small restrooms.



Fast Food

Bars, Taverns or Lounges are designed primarily for the service and consumption of beverages, with the better qualities having limited food preparation areas and service. List as Structure type FML,FWF or DIN depending on type and quality of construction an interior finish.

STRUCTURE TYPES

Stores

Gas Station Mini-mart and Convenience Stores food stores are small convenience and service station fueling outlets that cater primarily to a transient trade for self-service snack foods and beverages. The better stores will have public restrooms and limited hot or deli food preparation and service areas. The better qualities will include the small specialty or gourmet food, meat and liquor shops.

MMC Masonry

Brick or block, some mansard, parapet ornamentation. Typical food booth, acoustic tile, vinyl composition, adequate support. Adequate lighting and outlets, small employees' restroom.

MMD Frame

Stucco or siding, some mansard, parapet ornamentation. Typical food booth, acoustic tile, vinyl composition, adequate support. Adequate lighting and outlets, small employees' restroom.

MMS Prefabricated Metal

Good panels, small front, some trim or mansard. Typical food booth, acoustic tile, vinyl composition, adequate support. Adequate lighting and outlets, small employees' restroom.



Gas Mini Market



Convenience Store

STRUCTURE TYPES

Markets also known as grocery stores handle **limited lines of merchandise** fixtures are not included in costs. Example: Grocery Outlet, Aldis. These buildings are smaller with fewer types of items than a super market.

MKB Reinforced concrete

Brick, concrete, metal and glass, small front. Plaster or drywall, acoustic tile, few partitions, vinyl composition. Adequate market lighting and plumbing.

MKC Masonry

Brick, block, tilt-up, Glu-lam, medium steel, or pilasters. Plaster or drywall, acoustic tile, few partitions, vinyl composition. Adequate lighting and plumbing, few extra services.

MKD Frame

Good stucco or siding, some trim, metal and glass front. Plaster or drywall, acoustic tile, vinyl composition, small office. Adequate market lighting and outlets, small restrooms.

MKS Prefabricated Metal

Sandwich panels, some trim. Few partitions, acoustic, vinyl tile Adequate lighting and plumbing.



Markets

STRUCTURE TYPES

Supermarkets are the **large** chain type food stores. *Ingles, Food Lion, Bi-lo, Harris Teeter, Greenlife, Earth Fare, , etc,*

SKB Reinforced concrete

Brick, concrete, metal and glass, small front. Plaster or drywall, acoustic tile, few partitions, vinyl composition. Adequate market lighting and plumbing, some extras.

SKC Masonry or Frame

Brick, block, tilt-up, Glu-lam, medium steel, metal and glass front. Plaster or drywall, acoustic tile, some partitions, vinyl composition. Adequate lighting and plumbing, few extra services.

SKS Prefabricated Metal

Sandwich panels, pre-engineered frame, glass front. Plaster or drywall, acoustic tile, few partitions, vinyl composition. Adequate lighting and plumbing, few extra services.



Supermarket

STRUCTURE TYPES

Warehouse Discount Stores are of **warehouse construction with minimal interior partitioning.**

Typically large open shells with some partitioning for offices and storage areas. Membership stores typically fall into this category. Examples COSTCO, Sams Super Walmart, Lowes, etc.

Discount department stores commonly have central customer checkout areas, generally in the front area of the store.

WDC Masonry

Average block or tilt-up, open pipe or wood columns, some trim. Painted walls, some partitions, office area, vinyl composition and acoustic. Adequate lighting, restrooms, small snack bar or deli/fast food.

WDS Prefabricated metal

Pre-engineered frame and siding, small front, some trim. Painted walls, some partitions, office area, vinyl composition and acoustic. Adequate lighting, restrooms, small snack bar or deli/fast food.



Warehouse Discount Stores

Warehouse Showroom Stores are typical of the large walk-through furniture outlets with a semi finished showroom and large carry-out warehouse as one complete facility. Examples: Haverty's Tyson's etc.

WSC Masonry

Average block or tilt-up, open pipe or wood columns. Painted walls, some partitions, office area, vinyl composition, sales cubicles. Display, warehouse and office lighting, small restrooms.

WSD Frame

Stucco or siding, open frame, plain front. Painted walls, some partitions, office area, vinyl composition, sales cubicles. Display, warehouse and office lighting, small restrooms.

WSS Prefabricated metal

Pre-engineered frame and siding, plain front. Painted walls, some partitions, office area, vinyl composition, sales cubicles. Display, warehouse and office lighting, small restrooms.



Warehouse Showroom Stores

STRUCTURE TYPES

Mall Anchor Stores In retail, an **anchor store**, **draw tenant**, **anchor tenant**, or **key tenant** is one of the larger stores in a shopping mall,

usually a department store or a major retail chain, that attract shoppers to a large mall. They are not the pure discount/big box no frill store nor the old full-line full service department store. The anchor stores are normally located as far from each other as possible to maximize the amount of traffic exposure for other stores when shoppers walk from one anchor to another.

MAB Reinforced concrete

Brick, concrete or face block, some entry display and mall front trim only. Drywall, some covering, acoustic tile, some carpet, vinyl, wood or ceramic. Adequate lighting, outlets and plumbing fixtures.

MAC Masonry

Brick, concrete or face block, some entry display and mall front trim only. Drywall, some coverings, acoustic tile, some carpet or vinyl. Adequate lighting, outlets and plumbing fixtures.



Mall Anchor Stores

Department Store is a retail establishment that handles a wide range of durable goods and products offering the consumer a choice of multiple merchandise lines, at variable prices, in all product categories.

Department stores usually sell products including clothing, furniture, home appliances, toys, cosmetics, gardening, toiletries, sporting goods, do it yourself, paint and hardware and additionally select other lines of products such as food, books, jewelry, electronics, stationery, photographic equipment and baby and pet needs. Certain department stores are further classified as discount stores. Department stores are usually part of a retail chain of many stores situated around a country or several countries. Example: Kohls

DSA All classes are this code.



Department Store

STRUCTURE TYPES

Shopping Centers are buildings designed for a group of commercial enterprises and considered one unit with multiple tenants and a common parking area. Typically rows of open stores comprising single lines of glazed storefronts with individual service entrances to the rear.

Strip Shopping Centers are oriented towards personal services such as food stores, food service, drugstores/pharmacies, flower shops, beauty shops, and cleaners. It is **not anchored by a supermarket** or other anchor store. May contain a small convenience market or minimarket. **Example: River Ridge.**

SPC Masonry

Good block, tilt-up, bearing or light frame, plain fronts, some trim. Drywall, acoustic tile, vinyl composition tile, some carpet and masonry partitions. Adequate lighting and outlets per unit, small restrooms.

SPD Frame

Pipe columns, web or bar joists, stucco or siding, plain fronts. Drywall, acoustic tile, vinyl composition, some carpet and trim. Adequate lighting and outlets per unit, small restrooms

SPS Prefabricated metal

Good metal panels, some trim, plain fronts. Acoustic tile, vinyl composition, some carpet and interior trim. Adequate lighting and outlets per unit, small restrooms.



Strip Shopping Centers

STRUCTURE TYPES

Neighborhood and Community Shopping Centers (Or Power Centers)

*Use this code for shopping centers with **one or more anchors or junior anchors.***

An intermediate group or cluster of stores, also called plazas or villages. Typically support a major anchor. Some better specialty or boutique centers may not have a large major anchor store, they may emphasize a particular market, such as an off-price, discount or big box center, or have a strong architectural theme for a group or village of specialty stores. Typical anchors will include secondary or junior department or specialty Retail/Discount stores, major restaurant buildings, etc. Typical anchors include major Supermarkets (Market or Discount Food stores), large Drug or Warehouse Discount stores or Bank buildings. Example: Gerber Village.

NSC Masonry

Brick, block, stucco, best tilt-up, exterior finish and insulation system, bearing or frame, standard fixtures. Good stucco or siding, masonry trim, adequate front façade. Good lighting and outlets, standard fixtures. Adequate lighting and outlets per unit, small restrooms.



Neighborhood/Community Shopping or Power Center

Regional Mall or Shopping Center contains a large number of satellite stores in strips with one or more major or junior Department or Anchor Department store buildings as anchors. Costs

include all support and service areas and facilities for the strip, but not the major anchor buildings, which are priced separately. The cost model does not include finish in tenant or public areas. **Example: Asheville Mall.**

RCC Regional Mall all types Masonry predominate

Steel columns, web or bar joists, brick, block, tilt-up, adequate fronts. Adequate lighting and plumbing, minimum service facilities. Brick, concrete, or metal and glass with good lighting and electrical outlets does not include interior finish for leased areas.



Regional Mall

STRUCTURE TYPES

Specialty Retail Stores and Service Occupancy Buildings Retail buildings are designed for retail sales and display. Service buildings usually have display and/or decorative fronts. Included are businesses with limited merchandise lines and specialty shops. Also use for commercial buildings designed for general occupancy or general service providers. Examples. **Florist shops, barber or beauty shops, tanning salons, dress shops, men's suits, fabric shops, craft shop, etc.**

RSA Fireproof steel

Brick or concrete, average metal display fronts. Plaster or drywall, acoustic tile, rubber or vinyl composition tile. Adequate lighting and outlets, small restrooms.

RSB Reinforced concrete

Brick or concrete, average metal display fronts. Plaster or drywall, acoustic tile, rubber or vinyl composition tile. Adequate lighting and outlets, small restrooms.

RSC Masonry

Brick, block, tilt-up, plain front, some ornamentation. Drywall/plaster, exposed masonry, acoustic tile, vinyl composition. Adequate lighting and outlets, small employees' restrooms.

RSD Frame

Stucco or siding, plain front, little ornamentation. Plaster or drywall, acoustic tile, vinyl composition, little trim. Adequate store lighting, restrooms, low cost fixtures.

RSS Prefabricated metal

Good colored panels, little ornamentation, plain front. Acoustic tile, vinyl composition, carpet, interior finish. Adequate store lighting, restrooms, low-cost fixtures



Specialty Retail Service Occupancy

STRUCTURE TYPES

Mixed Retail, Office, Residential, or Restaurant Units are generally two or three-story buildings design for multiple uses with one or more residential or office units.

XOC Masonry

Main floor retail with office space above Brick or stucco.

XRB Reinforced concrete or masonry

Main floor retail with residential. Brick or stucco.

XRC Masonry

Brick or block, bearing or light frame, plain storefronts.

XRD Frame

Stucco, siding, plain storefronts, minimum fenestration. Average retail mix and finishes, few extras, standard residential above.



Mixed Use



Drugstore

Drugstores include both the small neighborhood pharmacy and the large chain discount-type store with variety of merchandise departments including convenience foods. Costs include built-in refrigerators, but do not include display freezers and coolers or other trade fixtures.

DGB Reinforced concrete

Brick or concrete, usually part of a building. Plaster or drywall, acoustic tile, vinyl composition tile, small private or chain outlet. Adequate lighting, outlets, plumbing and pharmacy.

DGC Masonry

Brick or block, some mansard, parapet ornamentation. Drywall, some vinyl, acoustic tile, vinyl composition tile. Adequate lighting, restrooms, prescription and sundries departments.

DGD Frame

Stucco or siding, some mansard, parapet ornamentation. Drywall, some vinyl, acoustic tile, vinyl composition tile. Adequate lighting, restrooms, prescription and sundries departments.

DGS Prefabricated metal

Steel panels, finished interior, small front, little trim. Painted exterior walls, minimum retail finish, typical low-end chain. Adequate lighting, plumbing and pharmacy; small employees' restroom.

STRUCTURE TYPES

Industrial Buildings

Industrial buildings are designed for manufacturing processes. An average amount of office space commensurate with the quality of the building is included. Typically, this is between 4% and 12% of the total area, either single story or stacked. Single-story offices may have a softwood flooring storage mezzanine overhead as part of the office area costs.

Loft and flex mall buildings are large warehouses with high ceilings designed for manufacturing usually designed for multiple occupancy by relatively small-space users. Because of display areas and extra partitioning and plumbing in the higher qualities, they are a transition between industrial and office construction. They can also be a single tenancy structure with mixed functions, such as a publishing operation with distinct office, production, storage and distribution facilities all under one roof. **Industrial flex mall buildings** are the modern multi-tenant loft structure, typically of low-rise construction. The lower qualities are purely light industrial with the low cost category having minimal subdivisions and finish per space user. The

better qualities have fully finished customer service areas with storefront entries and lobby/display areas.

LFC Masonry

Brick, block, concrete, load-bearing walls or frame. Gypsum board, finished floors, display areas. Adequate lighting and plumbing.

LFD Frame

Wood studs, stucco, siding, adequate windows. Drywall or plaster, finished floors, office and display areas. Incandescent or cheap fluorescent, adequate plumbing.

LFS Prefabricated metal

Steel frame, transit or steel siding Drywall or plaster, slab floors, office and display areas. Adequate lighting and plumbing.



Loft

STRUCTURE TYPES

Light industrials at the better qualities, typical of industrial parks, may have 15% – 25% offices and merge into the engineering buildings. Basic electric service is commensurate with building size, i.e., 200A @ 10,000; 400A @ 40,000; 600A @ 60,000; 800A @ 100,000 to 1,000A @ 200,000 square feet would be considered typical for light industrial-warehouse structures.

LIA Fireproof steel

Building is brick on block or tile, concrete or metal panels, storefront entry. Includes painted walls and ceilings, finished floors and ceilings in offices with adequate lighting and plumbing.

LIB Reinforced concrete

Brick, formed concrete, or precast walls, little trim, storefront entry. Painted walls and ceilings, finished floors and ceilings in offices. Adequate lighting and plumbing.

LIC Masonry

Light frame or bearing walls, brick, block or tilt-up, some trim. Painted walls and exposed frame, small finished offices. Exposed conduit, fluorescent lighting, adequate plumbing.

LID Frame

Wood studs, stucco, wood rafters and sheathing, some trim. Drywall, finished office area, exposed rafters or trusses. Adequate lighting and plumbing.

LIS Prefabricated metal

Steel frame, steel or aluminum siding, some trim. Finished office area, slab, some floor finish. Adequate lighting and plumbing.

Warehouses

Warehouses are designed primarily for storage. An amount of office space commensurate with the quality of the building is included in the costs. Typically, this is between 3% and 12% of the total area.

Storage warehouses are designed primarily for long-term storage. An amount of office space commensurate with the quality of the building is included in the costs. Typically, this is between 3% and 12% of the total area.

SWA Fireproof steel or Reinforced concrete

Brick on block or tile, concrete panels, very plain. Painted walls, few partitions, small offices. Adequate lighting and plumbing.

SWB Reinforced concrete or masonry

Brick on block or tile, concrete panels, very plain. Painted walls, few partitions, small offices. Adequate lighting and plumbing.

STRUCTURE TYPES

Storage warehouses continued

SWC Masonry

Steel or wood frame or bearing walls, brick, block, or tilt-up. Painted walls, finished office, hardened slab. Adequate lighting, low-cost plumbing fixtures.

SWD Frame

Stucco on wood frame, wood trusses. Small office, average slab. Adequate lighting, low-cost plumbing fixtures.

SWS Prefabricated metal

Rigid steel frame, siding. Small office, average slab. Adequate lighting, low-cost plumbing fixtures.



Storage Warehouse

Distribution warehouses will have larger areas, between 15% to 30% for office/sales and/or other subdivisions designed to accommodate breakdown and transshipment of small lots, as well as increased plumbing, lighting, and compartments to accommodate a larger personnel load.

DWB Reinforced concrete

Brick on block or tile, concrete panels, good fenestration. Painted walls, offices and distribution areas. Reading-level lighting, adequate plumbing.

DWC Masonry

Steel or wood frame or bearing walls, brick, block, or tilt-up. Painted walls, finished offices and distribution areas, hardened slab Good lighting, adequate plumbing.

DWD Frame

Stucco or siding on wood, good fenestration. Small office, partitions and distribution areas. Good lighting, adequate plumbing.

DWS Prefabricated metal

Rigid steel frame and siding. Distribution areas, small offices. Adequate lighting/plumbing.

STRUCTURE TYPES

Transit warehouses or truck terminals are designed for temporary closed storage, freight segregation and loading. The costs include dock-height floors. They will generally have additional facilities, 10% to 30%, to cater to transient personnel.

TWC Masonry

Block, good tilt-up, overhead doors. Some finished office, drivers' rest areas, dock-height floor. Adequate lighting, plumbing for transient drivers.

TWS Prefabricated metal

Steel frame and siding. Some finished office/drivers' rest areas, dock-height floor. Adequate lighting/plumbing.



Transit Warehouse

Mega warehouses are the large storage-distribution facilities, typically over 200,000 sq. ft., where interior build-out is only 1% to 5%. **Example: Ingles food warehouse.**

MWC Masonry

Open steel or wood frame, block or tilt-up, good roof. Painted walls, finished offices and break room, good flat slab. Adequate lighting, good plumbing fixtures, food service.

MWS Prefabricated metal

Steel frame, siding and fenestration, bar or web joints. Some good offices, interior finish and floor, break room, good flat slab. Adequate lighting, good plumbing fixtures, food service.

STRUCTURE TYPES

Cold storage warehouse are designed to keep stored commodities at various temperature levels. Some production or process areas are included in the better qualities.

CSB Reinforced concrete

Brick, block, concrete panels, storefront entry, fully insulated. Chilled and freezer rooms, good offices and support areas. Adequate lighting, plumbing and drains, some power outlets.

CSC Masonry

Steel or wood frame or bearing walls, block or tilt-up, insulated. Cooler and chilled rooms, some distribution offices and finish. Adequate lighting and plumbing.

CSS Prefabricated metal

Rigid steel frame, insulated siding or sandwich panels, good roof. Cooler and chilled rooms, some distribution offices and finish. Adequate lighting and plumbing.



Cold Storage Warehouse

Storage hangars are buildings designed for aircraft storage and repair maintenance, and normally will have offices and storage space commensurate with the quality and type of services they perform. Most will have limited facilities for light line maintenance and repair servicing only.

SHS Prefabricated metal

Steel frame and siding, light and medium aircraft hangars. Small office, concrete floor. Adequate electrical and plumbing.



Hanger

STRUCTURE TYPES

Mini-warehouses are warehouses subdivided into a mixture of cubicles of generally small size, designed primarily to be rented for small self-storage or noncommercial storage and may include some service office-living space.

MIC Masonry

Block, tilt-up, light construction. Subdivided into cubicles, mixed sizes, unfinished slab, small office. Adequate electrical service per space, minimum water.

MID Frame

Wood frame and stucco or wood. Subdivided into cubicles, mixed sizes, unfinished slab, small office. Adequate electrical service per space, minimum water.

MIS Prefabricated metal

Light steel frame and metal siding Subdivided into cubicles, mixed sizes, unfinished slab, small office. Adequate electrical service per space, minimum water.



Mini Warehouses

STRUCTURE TYPES

Automotive

Complete Auto Dealerships include showroom-office and parts-service facilities.

CDC Masonry

Brick, block, concrete, storefront, average sales and service. Drywall, acoustic tile, vinyl composition, office, sales cubicles. Store and office lighting, parts and garage lighting in balance.

CDD Frame

Siding, veneer trim, showroom front, average sales and service. Drywall, acoustic tile, vinyl composition, office, sales cubicles. Store and office lighting, parts and garage lighting in balance.

CDS Prefabricated metal

Sandwich panels, showroom front, average sales and service. Drywall, acoustic tile, vinyl composition, office, sales cubicles. Store and office lighting, parts and garage lighting in balance.

Showrooms are open salesrooms. When a salesroom and service garage or warehouse are located in the same building, the service garage should be valued separately.

ASC Masonry

Brick, block, concrete, good storefront, some ornamentation. Plaster or drywall, acoustic tile, vinyl composition, office, sales cubicles. Store and office lighting, small restrooms.

ASM Prefabricated metal

Sandwich panels, storefront, some ornamentation. Plaster or drywall, acoustic tile, vinyl composition, small office area. Store-type lighting, small restrooms.

Service Stations are buildings designed for gasoline sales **and vehicular maintenance** and repair. Area includes office, storage, sales, restrooms and lube areas for service bay stations. Square foot costs include base electric cost and interior circuits.

STC Masonry

Average painted steel or block, little trim, small overhangs. Present-day station, small office, storage, restrooms. Five to six low-cost commercial plumbing fixtures, standard electrical service.

STD Frame

Siding or metal on wood frame, little trim, small overhangs. Present-day station, small office, storage, restrooms. Five to six low-cost commercial plumbing fixtures, standard electrical service.



Service Station

STRUCTURE TYPES

Service Garages are buildings designed primarily for vehicular repair and maintenance.

SGC Masonry

Masonry bearing walls with pilasters, light trusses. Unfinished, small finished office area, some supply area. Adequate lighting and service outlets, small restroom.

SGD Frame

Light wood frame, siding or stucco. Unfinished, small finished office area, some supply area. Adequate lighting and service outlets, small restroom.

SGS Prefabricated metal

Single wall with some interior finish. Unfinished or small finished office area, some supply area. Adequate lighting and service outlets, small restroom.



Auto Service Garage

Service Utility sheds are buildings designed primarily for vehicular repair and maintenance and are usually of a lower quality construction than service repair garages.

SSC Masonry

Open front, tilt-up, block, steel or wood truss, average cover. Unfinished, concrete or asphalt floor, some cabinets, work area. Adequate electrical and water service and outlets.

SSD Frame

Open front, metal or board on light pole frame. Unfinished, concrete or asphalt floor, some cabinets, work area. Adequate electrical and water service and outlets.

SSS Prefabricated metal

Open front, enameled siding on light frame. Unfinished, concrete or asphalt floor, some cabinets, work area. Building has adequate electrical and water service and outlets.



Service Utility Shed

STRUCTURE TYPES

Self-Serve Car Washes are small coin-operated washes designed for the individual to leave the vehicle and clean it. Typically, they will have open bays with a roof overhead.

SFC Masonry

End and bay walls only, block or low cost brick, average roof cover, trim. Unfinished, concrete floor, adequate drains and sump, equipment room. Adequate electrical and water service and outlets.

SFS Prefabricated metal

End and bay walls only, enameled siding on light frame. Unfinished, concrete floor, adequate drains and sump, equipment room. Adequate electrical and water service and outlets.



Self-Serve Car Wash

Drive-Thru Car Washes are small single-car drive-thru roll-over-robot type automated car washes. They typically have enclosed walls and a roof overhead to be cleaned the vehicle is driven into the car wash.

DTC Masonry

Open ends, block or low-cost brick, stucco ,average roof cover, little trim. Unfinished, concrete floor, drains, sump. Adequate electrical and water service and outlets.

DTS Prefabricated metal

Open ends, enameled siding on light frame, little trim. Unfinished, concrete floor, drains, sump. Adequate electrical and water service and electrical outlets.



Drive thru Car Wash

STRUCTURE TYPES

Automatic Car Washes are full-service or tunnel car wash service buildings. They may include finished office/sales area, locker and restrooms and a basic carwash equipment room. The vehicle is moved thru the car wash by a conveyor system

AWC Masonry

Average block or brick, little trim, small storefront. Small office, storage, restrooms, locker room, vinyl and carpet. Adequate commercial plumbing fixtures, standard electrical service.

AWD Frame

Average stucco or siding, little trim, small storefront. Small office, storage, restrooms, locker room, vinyl and carpet. Adequate commercial plumbing fixtures, standard electrical service.

AWS Prefabricated metal

Average painted steel, little trim, small storefront. Small office, storage, restrooms, locker room, vinyl and carpet. Adequate commercial plumbing fixtures, standard electrical service.



Automatic Car Wash

Mini-lube buildings are very small garages designed for quick maintenance lube and oil changes and may have drive-thru bays.

MLC Masonry

Masonry bearing walls or frame, roll-up doors. Painted walls, slab, some partitions, floor and ceiling finish, waiting area. Adequate lighting and plumbing, service outlets.

MLD Frame

Frame and stucco, siding, masonry veneer, some trim, roll-up doors. Some gypsum walls and ceiling, slab, some finished floor, waiting area. Adequate lighting and plumbing, service outlets.

MLS Prefabricated metal

Pre-engineered, steel studs or frame, good panels, roll-up doors. Some gypsum walls, acoustic tile, slab, some finished floor, waiting area. Adequate lighting and plumbing, service outlets.

STRUCTURE TYPES

Parking structures are structures with no exterior walls, or with partial walls, designed for **above grade** storage of automobiles. The costs are based on the number of stories where there is always one more parking level (rooftop) than stories.

PSA Fireproof steel

Partial walls, brick, block, concrete, little trim. Unfinished, small office and service area. Low-level lighting, drains, minimum restroom for office.

PSB Reinforced Concrete

Partial walls, brick, block, concrete, plain finish. Unfinished, small office and service area. Low-level lighting, drains, minimum restroom for office.

Underground parking garages are independent structures built below grade with a load-bearing roof. Basement parking is situated beneath an above grade structure and receives the same multistory refinement as the balance of the building.

UGB Reinforced Concrete

Unfinished concrete, waterproofed walls and load-bearing roof. Unfinished, some office and service areas. Good lighting, restrooms and service plumbing.

Passenger terminals include the minimum small bus-stop-type waiting facility up to major airports with separate baggage, ticket lobby, concession, lounge and concourse areas. Costs do not include any ticket, baggage, boarding or concession equipment.

PTB Reinforced concrete

Brick, concrete or metal panels, formed concrete, decorative lobby. Vaulted ceilings, pavers, terrazzo, good air- or train-type terminal. Good lighting, sound systems and plumbing, food service.

PTS Prefabricated metal

Good metal panels, roof, front and lobby, some trim. Finished interior, suspended ceiling, terrazzo lobby, small main terminal. Average lighting, good sound and plumbing, lounge.

STRUCTURE VALUES

Office and Medical Buildings

Office buildings are buildings designed for general commercial occupancy, including administrative government and corporate uses, and are normally subdivided into relatively small units. If part of an office building has some other occupancy, such as a bank or store on the first floor, that portion should be priced using its appropriate base cost.

OBA Fireproof steel

Brick, concrete or metal and glass panels, little trim. Average partitions, acoustic tile, vinyl composition, some extras. Average intensity fluorescent lighting, average restrooms.

OBB Reinforced concrete

Brick, concrete or metal and glass panels, little trim. Average partitions, acoustic tile, vinyl composition, some extras. Average intensity fluorescent lighting, average restrooms.

OBC Masonry

Steel or concrete frame, or bearing walls, some trim. Paint, drywall partitions, acoustic tile, vinyl composition. Fluorescent lighting, adequate outlets and plumbing.

OBD Frame

Stucco or wood siding on wood or steel studs, some trim. Drywall, acoustic tile, low-cost carpet or vinyl composition. Adequate lighting and plumbing.

OBS Prefabricated metal

Insulated wall or sandwich panels, adequate fenestration. Drywall, acoustic tile, low-cost carpet or vinyl composition. Adequate lighting and plumbing.



Medical Building

STRUCTURE TYPES

Banks, branch and central offices, include savings and loan and credit union occupancies where the design is of a bank type. Where such uses are made of ordinary store or office buildings, the store or office costs should be used, adding for any extra features. While a branch bank tends to be a single purpose, low-rise neighborhood facility, the central or main bank facility may be more office building in character, where high-rise administrative office floors should be priced as such.

Central Office Bank

CBA Fireproof steel

Fireproof steel with good metal and solar glass, face brick, precast concrete panels. Plaster or drywall, good detail, terrazzo, carpet, vinyl tile. Good lighting and outlets, adequate restrooms.

CBB Reinforced concrete

Steel with good metal and solar glass, face brick, precast concrete panels. Plaster or drywall, good detail, terrazzo, carpet, vinyl tile. Good lighting and outlets, adequate restrooms.

CBC Masonry

Brick, concrete or metal and glass panels, little trim. Some plaster, acoustic tile, some terrazzo or tile, vinyl composition. Adequate lighting and outlets, adequate restrooms, TV circuits.

CBD Frame

Brick veneer, good stucco or siding, little ornamentation. Plaster or drywall, good hardwood, low cost terrazzo, vinyl composition. Adequate lighting and outlets, adequate restrooms.

CBS Prefabricated metal

Sandwich panels, adequate fenestration, some trim. Drywall, acoustic, vinyl composition, some pavers or ceramic. Adequate lighting and outlets, adequate restrooms.



Central Office Bank

STRUCTURE TYPES

Branch Bank

BAB Reinforced concrete

Steel with good brick, ornamental concrete, good glass, limestone trim. Plaster or drywall, good detail, terrazzo, carpet, vinyl tile. Good lighting and outlets, adequate restrooms.

BAC Masonry

Brick, block, good store-type front with some trim. Some plaster, acoustic tile, some terrazzo or tile, vinyl composition. Adequate lighting and outlets, adequate restrooms, TV circuits.

BAD Frame

Brick veneer, good stucco or siding, some ornamentation. Plaster or drywall, good hardwood, low-cost terrazzo, vinyl composition. Adequate lighting and outlets, adequate restrooms.

BAS Prefabricated metal

Sandwich panels, adequate fenestration. Drywall, acoustic, vinyl composition, some pavers or ceramic. Adequate lighting and outlets, adequate restrooms.

Medical office buildings are designed for medical and/or dental services with examination and outpatient treatment, and includes private and public clinics.

MOA Fireproof steel

Metal and glass, brick or concrete panels. Plaster or drywall, acoustic tile, vinyl composition floors. Adequate lighting, power, and plumbing, X-ray rooms.

MOB Reinforced concrete

Metal and glass, brick or concrete panels. Drywall or plaster, acoustic tile, vinyl composition floors. Adequate lighting, power, and plumbing, X-ray rooms.

MOC Masonry

Steel or concrete frame or bearing walls, some trim. Plaster, drywall partitions, acoustic tile, vinyl composition. Adequate lighting and outlets, adequate plumbing, lab.

MOD Frame

Stucco or wood siding on wood or steel studs, some trim. Drywall, acoustic tile, low-cost carpet or vinyl composition. Adequate lighting and outlets, adequate plumbing.

MOS Prefabricated metal

Insulated wall or sandwich panels, adequate fenestration. Drywall or plaster, acoustic tile, vinyl composition floors. Adequate lighting, power, and plumbing, X-ray rooms.

STRUCTURE TYPES

Urgent Care also known as dispensaries or infirmaries are designed for emergency, urgent care, first aid and medical treatment, usually having no facilities for surgery or a minimum of such facilities. **Example: St Joseph's Urgent Care.**

UCC Masonry

Steel with brick, block, tilt-up, very plain finish. Drywall or plaster, acoustic tile, vinyl composition tile. Adequate lighting and plumbing for emergency first aid.

UCD Frame

Stucco or siding, very plain. Drywall, acoustic tile, vinyl composition. Adequate lighting and plumbing.

UCS Prefabricated metal

Metal siding, finished interior. Drywall, acoustic tile, vinyl composition tile. Adequate lighting and plumbing for emergency first aid.



Urgent Care Office

STRUCTURE TYPES

Outpatient medical Office are freestanding, specialty treatment centers for ambulatory outpatient or same day surgery facilities and include all clinical surgery, diagnostic, lab, administrative and public areas commensurate with the quality level. Operating rooms on average represent 2.5% of the total floor area. Cost includes fixed equipment only. This category will also include specialized imaging and radiation treatment, and diagnostic centers for cancer, diabetes, and eye and kidney diseases, etc. Extremely small vault-type imaging equipment buildings only, are not included, where reported costs have been 50% to 100% greater.

Example: Asheville Gastrology

OPB Reinforced concrete

Brick, concrete panels, metal and glass, little ornamentation. Drywall, vinyl & tile wall surfaces, good ceilings and floors, some shielding. Adequate lighting and plumbing for surgical facilities, some extras.

OPC Masonry

Metal and glass, brick, block, concrete, little ornamentation. Plaster or drywall, acoustic ceilings, vinyl or tile floors, carpet. Adequate lighting and plumbing for surgical or cancer facilities.

OPD Frame

Brick veneer, exterior finish and insulation system, ornamental stucco, metal and glass. Plaster or drywall, acoustic ceilings, vinyl or tile floors, carpet. Adequate lighting and plumbing for surgical or cancer facilities.

OPS Prefabricated metal

Insulated panels, some metal and glass. Plaster or drywall, acoustic ceilings, vinyl or tile floors, carpet. Adequate lighting and plumbing for surgical or cancer facilities.



Out Patient Center

STRUCTURE TYPES

Adult Care /Group Homes/ Senior Citizen Housing

Retirement Community Complexes include a mix of independent, assisted living, apartments including facilities for Alzheimer's or dementia patients and skilled nursing living units, with fitness and care facilities commensurate with the quality. Each type of structure is listed as to the built as design and use. Complexes may include individual houses, apartments, assisted living units and skilled nursing care buildings. **Example: Deerfield Givens Estates**

Group Care Homes are small congregate care or special needs buildings that are more family or residential style in character. Includes intermediate-care facilities for the elderly, physically challenged or mentally handicapped, substance abusers, domestic violence victims, emergency homeless and other similar groups.

GHC Masonry

Brick or block, some trim. Plaster or drywall, carpet, vinyl. Shared or private baths, shared common rooms, dining and kitchen.

GHD Frame

Wood frame with siding or stucco, standard sash, asphalt shingles or built-up. Drywall, carpet, some ceramic tile, vinyl flooring Shared or private baths, shared common rooms, dining and kitchen.

Homes for the Elderly also called assisted living or rest homes., typically consisting of one- or two-room suites, normally with limited individual kitchen areas with common dining areas, lounges. Residents do not need skilled nursing care.

ELA Fireproof steel

Brick, concrete or metal and glass, little ornamentation. Plaster or drywall, carpet, vinyl composition, good assisted/senior mix. Adequate lighting/plumbing, some extras, fitness/care.

ELB Reinforced concrete

Brick, concrete or metal and glass, some ornamentation. Plaster or drywall, some exp. block, carpet, vinyl composition, good assist./senior mix. Adequate lighting/plumbing, some extras, fitness/care.

ELC Masonry

Brick or block, concrete panels, little ornamentation Plaster or drywall, some exp. block, carpet, vinyl composition tile, good assist./senior mix. Adequate lighting/plumbing, few extras.

ELD Frame

Brick veneer, good stucco or siding, some trim. Plaster or drywall, acoustic tile, vinyl composition, good assisted/senior mix. Adequate lighting/plumbing, few extras.

STRUCTURE TYPES

Nursing Home or Convalescent hospitals lack facilities for surgical care and treatment, and include skilled nursing homes, sanitariums and like buildings of hospital-type construction, giving full nursing care. Individual or shared bedrooms, with no individual food preparation areas. Individual dining is in room or in a common dining area. Treatment and therapy rooms commensurate with the quality, are included.

CNA Fireproof steel

Brick, concrete, metal and glass, little ornamentation. Hospital without surgical facilities, good lounge areas. Signal system, therapy facilities, adequate lighting and plumbing.

CNB Reinforced concrete

Brick, concrete, metal and glass, little ornamentation. Hospital without surgical facilities, acoustic and vinyl tile. Signal system, therapy facilities, adequate lighting and plumbing.

CNC Masonry

Brick, block, some metal and glass, some ornamentation. Plaster or drywall, acoustic ceilings, vinyl composition. Signal system, therapy facilities, adequate lighting and plumbing.

CND Frame

Good stucco or wood siding with brick or stone trim. Plaster or drywall, acoustic ceilings, vinyl composition. Adequate lighting and plumbing, signal system, some extras.

CNS Prefabricated metal

Sandwich panels with brick or stone trim. Drywall, acoustic ceilings, vinyl composition. Adequate lighting and plumbing, signal system, some extras.

Hospital All

HOS A full service regional hospital. **Example: Mission Hospital.**



Hospital

STRUCTURE TYPES

Clubs/Recreational/Cultural Buildings

Clubhouses are general-purpose recreation or activity buildings, usually with light kitchen facilities, a large general-use room and multiple restrooms. They will often have stages, the better quality clubs are listed as fraternal buildings.

CHC Masonry

Brick, block, concrete panels, some trim. Plaster or drywall, acoustic tile, vinyl composition, concrete slab. Adequate lighting/plumbing, average restrooms/kitchen.

CHD Frame

Brick veneer, stucco or siding, little trim. Plaster or drywall, acoustic tile, vinyl composition, concrete slab. Adequate lighting/plumbing, average restrooms/kitchen.

CHS Prefabricated metal

Insulated sandwich panels, pre-engineered frame. Gypsum or plywood, acoustic tile, vinyl composition. Adequate lighting/plumbing, average restrooms/kitchen.

Country Clubs are specialized clubhouses designed mainly for entertainment and have few, if any, sleeping rooms. Generally, the better clubs will have ballroom, bar, banquet and pro shop facilities, as well as locker and shower rooms.



Country Clubs

CLC Masonry

Average Brick or block, concrete panels, some ornamentation. Plaster or drywall, carpet and vinyl composition. Adequate lighting, showers, bars, kitchen, adequate restrooms.

CLD Frame

Wood frame with stucco or siding, some brick or stone trim. Plaster or drywall, some carpet, vinyl composition. Adequate lighting, showers, bar, kitchen, adequate restrooms.

STRUCTURE TYPES

Fraternal buildings are buildings designed primarily for use by organizations such as Masons, elks, etc. These multipurpose buildings typically have auditorium, kitchen, dining, game room and office facilities.

FBB Reinforced concrete

Brick, concrete, metal and glass, some ornamentation. Drywall, asphalt tile, hardwood, auditorium, kitchen and game rooms. Adequate lighting and plumbing.

FBC Masonry

Brick, block, concrete panels, some ornamentation. Drywall, acoustic tile, hardwood and asphalt tile, kitchen. Adequate lighting and plumbing.

FBD Frame

Stucco, some brick or stone trim, small entrance. Drywall, acoustic tile, asphalt tile, kitchen and game rooms. Adequate lighting and plumbing.

FBS Prefabricated metal

Metal sandwich panels. Drywall, acoustic tile, asphalt tile, kitchen and game rooms. Adequate lighting and plumbing.



Fraternal Building

STRUCTURE TYPES

Live stage theatres are designed primarily for stage presentations and include a stage commensurate with type and quality of construction but not scenery, curtains or seating.

TRB Reinforced concrete

Steel with face brick, concrete, some ornamentation, good entrance. Live stage, ornamental plaster and trim, carpeting, vinyl composition. Adequate lighting, sound system and plumbing.

TRC Masonry

Masonry with face brick, concrete, some ornamentation, good entrance. Live stage, ornamental plaster and trim, carpeting, vinyl composition. Adequate lighting, sound system and plumbing.

Cinema theaters are designed primarily for screen presentations and include a stage commensurate with type and quality of construction. Better quality will include stadium seating theaters.

CTA Fireproof steel

Fire proof steel with face brick, concrete, some ornamentation, good entrance. Small stage, ornamental plaster and trim, carpeting, vinyl composition. Adequate lighting, sound system and plumbing.

CTC Masonry

Brick, block, concrete, good front and lobby, some trim. Plaster or gypsum, suspended ceiling, stepped floor, carpeted lobby. Adequate lighting, good sound and plumbing.

Auditoriums are buildings designed for mass seating and visual and voice presentations. Costs include stage or arena, basic floor and necessary lighting but not the seating, ice-making units, movable floors or other special equipment. Only one code is used for all auditoriums

AUD All Auditoriums

Face brick, or stucco, concrete panels with trim, plain architecture. Drywall, vinyl finishes, some ornamentation, carpeting attractive lobby. Adequate lighting and plumbing, sound system.

STRUCTURE TYPES

Handball/racquetball clubs include the basic playing courts and ancillary facilities commensurate with the quality similar to the tennis clubs. The better clubs will include full exercise, dressing, spectator, lounge, snack bar and pro shop facilities but not any of the equipment or fixtures associated with these amenities. Pools and spas are not included and must be added separately.

RQC Masonry

Brick or block, concrete panels, some ornamentation. Drywall, plain courts, limited viewing, snack bar area, exercise facilities. Adequate lighting, plumbing, showers, add for pool or spa.



Racquet ball



Indoor Tennis

Indoor tennis clubs include the basic playing surfaces, including all necessary plumbing and electrical connections, but do not include any fixtures or equipment such as seating, lockers, food preparation, exercise equipment or swim pools.

ITC Masonry

Brick or block, concrete panels, some ornamentation. Drywall, concrete courts, snack bar area, exercise facilities. Adequate lighting, plumbing, showers, add for pool or spa.

ITD Frame

Good stucco or siding, some brick or stone trim. Drywall, concrete courts, snack bar area, exercise facilities. Adequate lighting, plumbing, showers, add for pool or spa.

ITS Prefabricated metal

Good metal panels and roof, some interior finish, trim. Drywall, concrete courts, snack bar area, exercise facilities. Adequate lighting, plumbing, showers, add for pool or spa.

Bowling centers may include restaurant, bar, billiard and miscellaneous rooms with necessary

plumbing and electrical connections, but do not include any equipment or fixtures such as the alleys, ball returns, kitchen and bar equipment, or other fixtures and chattels.

BCC Masonry

Brick, block, tilt-up, little ornamentation. Painted walls, acoustic tile and asphalt tile, some carpet. Good fluorescent lighting, plumbing for kitchen and bar.

STRUCTURE TYPES

Natatoriums are specialized gymnasium-type structures for aquatic sports. The better facilities are complete aquatic centers.

NTC Masonry

Steel or Glu-lam trusses or girders, brick, block or tilt-up. Plaster or drywall, tile wainscot, Olympic or good municipal pools. Adequate lighting and plumbing, shower rooms.

NTD Frame

Heavy frame, trusses or girders, good stucco or siding, little trim. Plaster or drywall, tile wainscot, Olympic or good municipal pools. Adequate lighting and plumbing, shower rooms.

NTS Prefabricated metal

Pre-engineered, finished interior, insulation. Plaster and drywall, tile wainscot, Olympic or good municipal pools. Adequate lighting and plumbing, shower rooms.



Natatoriums

Gymnasiums are complete multi sport, commercial, recreational complexes distinguished by large gymnasium.

GYC Masonry

Brick, block, tilt-up, some ornamentation, small front. Basketball floor, adequate lighting, restrooms, shower and locker rooms.

GYD Frame

Stucco or siding on Glu-lam frame with girders or trusses. Basketball floor, good multipurpose rooms. Adequate lighting, restrooms, sauna, shower and locker rooms.

GYS Prefabricated metal

Good metal panels and roof, little ornamentation, small front. Basketball floor, lighting, restrooms, sauna, shower and locker rooms.

STRUCTURE TYPES

Fitness Club/ Spas/Health Clubs are designed as physical fitness facilities, with varied exercise and conditioning areas. Generally, the better clubs will have a snack bar, massage and steam room and sauna facilities, as well as locker and shower rooms. Whirlpool baths, swimming pools and sport courts are not included.

HCB Reinforced concrete

Heavy frame, metal or concrete panels, good architecture. Good main gym or rink, multi sports courts, natatorium, many extras. Good sports lighting, restrooms, sauna, shower and locker rooms.

HCC Masonry

Brick or block, concrete panels, some ornamentation. Plaster or drywall, carpet, vinyl composition, good exercise rooms. Adequate lighting, plumbing, sauna, add for pool or spa.

HCD Frame

Good stucco or siding, some brick or stone trim. Plaster or drywall, some carpet and tile, good exercise rooms. Adequate lighting, plumbing, sauna, add for pool or spa .

HCS Prefabricated metal

Insulated metal sandwich panels, steel frame. Plaster or drywall, some carpet and tile, good exercise rooms. Adequate lighting, plumbing, sauna, add for pool or spa

STRUCTURE TYPES

Government and Public Buildings

Community Recreation Centers are large municipal multisport complexes. These multipurpose buildings will include gym-basketball, handball, bowling and other sports courts, rinks, varied swimming/natatorium facilities, running tracks, as well as exercise, craft, game and other social/multipurpose rooms. The number of varied amenities and support facilities (locker room, saunas, snack bars, etc.) will vary with the quality level.

CRC Masonry

Light frame, block or tilt-up, good entrance and lobby. Sports flooring, some tile, main gym or rink, single pool or sports courts. Adequate sports lighting and plumbing, lockers, kitchen.

CRD Frame

Light frame, siding or stucco, good entrance and lobby. Sports flooring, some tile, main gym or rink, single pool or sports courts. Adequate sports lighting and plumbing, lockers, kitchen.

Government Buildings

GOV All government buildings

Courthouses, city hall other governmental buildings all building classes are covered by this code.

Library building includes main desk area, reading rooms and office areas. Also included may be a conference room, workroom or an audio/visual room or media room.

LIR All library buildings

Good architectural features with stone, glass or brick exterior. Interior finish drywall, carpet, hardwood and ceramic tile. Average quality lighting and plumbing fixtures. Average quality heat and air conditioning. All public libraries in all building classes are listed using this code.

Museum

MUM All museums in all building classes are listed using this code.

Jails are correctional facilities designed for the security and safety of inmates and correctional officers. The model includes allowances for inmate reception, recreation and confinement . All incarceration hardware is included in the model

JAL All jails.

Maximum security the exterior is brick, stone or architectural concrete with good ornamentation. Interior finish is plaster, acoustic tile, ceramic tile or terrazzo. Best quality lighting and plumbing fixtures, heating and air conditioning

STRUCTURE TYPES

School buildings include high schools, elementary schools, colleges or alternative school buildings.

ALB Reinforced concrete

Steel ,Brick, concrete or metal panels, formed concrete. Plaster or drywall, acoustic tile, carpet hardwood or vinyl composition. Adequate lighting and plumbing.

ALC Masonry

Brick, block, tilt-up panels, bearing walls, wood joists, little trim. Painted walls, acoustic tile or drywall ceilings, carpet, vinyl composition tile. Adequate school lighting and plumbing.

ALD Frame

Wood frame, stucco or siding, little ornamentation. Drywall, acoustic tile, vinyl composition, carpet. Adequate school lighting and plumbing.

ALS Prefabricated metal

Pre-engineered, finished interior, insulation, little trim. Drywall, acoustic tile, vinyl composition, carpet. Adequate school lighting and plumbing.

Post Office buildings are mail processing facilities typically less than 10,000 square feet.

MPC Masonry or frame. All free standing post offices are listed with this code.

Other Commercial Structures

Churches are buildings designed primarily for worship, but in many churches, costs will include some kind of kitchen, social, meeting and office facilities. The costs include special lighting and stained glass consistent with the overall quality of construction.

CUB Reinforced concrete

Steel frame concrete, metal and glass, leaded windows, stone trim. Drywall, some ornamentation, terrazzo, vinyl tile, carpeting. Adequate lighting and plumbing, sound system.

CUC Masonry

Brick or block, stone trim, few simple stained-glass windows. Drywall, vinyl composition tile, little ornamental detail, carpet. Adequate lighting and plumbing, adequate sound system.

CUD Frame

Stucco or siding, few stained-glass windows, some trim. Drywall and veneers, vinyl composition tile, little trim, carpet. Adequate lighting and plumbing, adequate sound system

STRUCTURE TYPES

CUS Prefabricated metal

Insulated sandwich panels, few stained-glass windows. Drywall partitions, vinyl composition and acoustic tile, some carpet. Adequate lighting and plumbing, adequate sound system.

Fellowship halls are multipurpose structures for recreation and social gatherings and include gymnasium-type flooring, stages, kitchens and other miscellaneous rooms commensurate with the quality.

FHB Reinforced concrete

Steel frame Brick, concrete or metal panels, formed concrete. Plaster or drywall, acoustic tile, hardwood or vinyl, small stage. Adequate lighting and plumbing, kitchen, some extras.

FHC Masonry

Masonry, brick, block, concrete, some ornamentation. Plaster or drywall, acoustic tile, vinyl, carpet or hardwood, small stage area. Adequate lighting and plumbing, small kitchen, some extras.

FHD Frame

Wood frame or pipe columns, good stucco or siding with some trim. Plaster or drywall, acoustic tile, vinyl, carpet or hardwood, small stage area. Adequate lighting and plumbing, small kitchen, some extras.

FHS Prefabricated metal

Pre-engineered metal, sandwich panels, some ornamentation. Drywall, acoustic tile, vinyl comp., carpet or hardwood, small stage area. Adequate lighting and plumbing, small kitchen, some extras.

Day care centers are early childhood, handicapped and adult or senior care or development centers and include so-called kindergartens, nurseries or children's preschools. They have light kitchen facilities, activity rooms and multiple restrooms, and are more residential style in character than schools. Generally, the better centers may have reception, office, conference, lunch, shower and changing facilities, as well as general activity or classrooms.

DYB Reinforced concrete

Steel frame ,brick, concrete or metal panels, formed concrete. Plaster or drywall, carpet, hardwood and vinyl. Good restrooms and kitchen, adequate lighting/plumbing.

DYC Masonry

Brick, block, concrete panels, some trim. Plaster or drywall, acoustic tile, vinyl composition, carpet. Adequate lighting/plumbing, average restrooms/kitchen.

DYD Frame

Wood frame, stucco or siding, little trim. Plaster or drywall, acoustic tile, carpet, vinyl composition. Adequate lighting/plumbing, average restrooms/kitchen.

STRUCTURE TYPES

DYS Prefabricated metal

Insulated sandwich panels, pre-engineered frame. Drywall, acoustic tile, carpet, vinyl composition. Adequate lighting/plumbing, average restrooms/kitchen.

Laundromats are constructed to hold automatic self-service washing machines, dryers, and dry cleaning machines, and the costs include the plumbing and electrical fixtures necessary for operation but not the laundry or cleaning equipment, which is usually tenant-owned.

LMC Masonry

Brick, block, tilt-up, plain storefront Plaster or drywall, acoustic tile, vinyl composition tile. Adequate lighting, outlets and plumbing.

LMD Frame

Stucco or siding, plain storefront. Plaster, acoustic tile, little ornamentation, vinyl composition. Necessary electrical and plumbing outlets.

LMS Prefabricated metal

Insulated panels, little ornamentation, plain front Acoustic tile, vinyl composition. Necessary electrical and plumbing outlets.

Laundry and Dry Cleaning Stores are designed for full-service laundry cleaning including typical retail storefront and laundry workspace commensurate with the quality level.

LDC Masonry

Brick, block, tilt-up, plain front, some ornamentation. Acoustic tile, vinyl composition in sales area, sealed concrete. Adequate store lighting, outlets and plumbing.

LDD Frame

Stucco or siding, plain front. Finished sales, plain work area. Adequate lighting and plumbing.

LDS Prefabricated metal

Metal panels, little ornamentation, plain front. Acoustic tile, vinyl composition in sales area, sealed concrete. Adequate store lighting, outlets and plumbing.

Mortuaries or funeral homes include chapels, stained glass and laboratories commensurate with the general quality. Generally, the better funeral homes may include some living area.

MRC Masonry

Brick or block, some trim, good entrance and drive. Exposed block, plaster or drywall, carpet, acoustic ceiling, hardwood. Adequate lighting/plumbing, laboratory.

STRUCTURE TYPES

MRD Frame

Stucco or siding, some trim, good entrance and drive. Plaster or drywall, carpet, hardwood, vinyl composition, acoustic ceiling. Adequate lighting/plumbing, laboratory.

Kennels have limited examination and treatment facilities and are predominantly for the boarding of small animals. The better qualities include the large public animal control facilities and the high-cost pet hotels. Costs include the cages and enclosed runs, heated floors, extra plumbing for grooming rooms and reception area and office area.

KLC Masonry

Brick, partially finished interior, some trim. Plaster or drywall, some vinyl cages & runs, low-cost animal control. Adequate lighting and plumbing, few extras, small restroom.

KLD Frame

Stucco or siding, brick trim or low cost brick veneer. Plaster or drywall, some vinyl cages & runs, low-cost animal control. Adequate lighting and plumbing, few extras, small restroom.

Veterinary hospitals are designed for the medical and surgical care and treatment of small animals. Costs do not include cages and runs or open shelters, which should be priced separately.

VHC Masonry

Brick, partially finished interior, some trim. Plaster or drywall, vinyl composition, cages and runs not included. Adequate lighting, fluoroscope outlets, adequate plumbing.

VHD Frame

Stucco or siding, brick trim or low cost brick veneer. Plaster or drywall, vinyl composition, cages and runs not included. Adequate lighting, fluoroscope outlets, adequate plumbing.

VHS Prefabricated metal

Insulated sandwich panels or metal with finished interior. Drywall, vinyl composition, cages and runs not included. Adequate lighting, fluoroscope outlets, adequate plumbing.

STRUCTURE TYPES

Multi - Use Buildings

Multipurpose buildings are structures designed for a variety of activities. Multipurpose buildings may include retail, storage and warehousing areas, office or finished areas, and miscellaneous rooms.

MUC Masonry

Steel or masonry bearing walls, brick, block, or tilt-up. Painted or unpainted interior walls, finished offices or activity areas and may include distribution areas; hardened slab Good lighting, adequate plumbing.

MUD Frame

Stucco or siding on wood frame, good fenestration. Distribution areas or warehousing areas. Office or finished activity areas. Good lighting, adequate plumbing.

MUS Prefabricated metal

Prefabricated metal buildings consisting of a rigid steel or wood frame and rigid siding. Distribution or warehousing areas, small offices or finished activity area. Adequate lighting/plumbing.

Estate Barns and Deluxe Stables are the estate type equine barns, with the better qualities being the custom luxury breeding facilities where cost is not an issue.

SBC Masonry

Good brick, stone trim, skylights, shakes or metal on good structure. Good finished stalls, good thoroughbred barn, some extras. Some special custom fixtures, electrical and plumbing.

SBD Frame

Fine sidings, good veneer, skylights, good shakes or metal. Good finished stalls, good thoroughbred barn, some extras. Some special custom fixtures, electrical and plumbing

SBS Prefabricated metal

Insulated, small estate type, some distinctive trim, complex roof. Finished stalls, lounge and restrooms, good finishes. High-level electrical service, showers and dressing room.



Estate Barns

STRUCTURE TYPES

Equestrian/ Livestock Sales Arenas incorporate a large simple clear span riding or exercise arena, with the better qualities having some stabling facilities. The good show, exhibit or auction/sale facility will include spectator viewing and lounge commensurate with the quality level, but does not include any fixtures or equipment such as seating, lockers, food preparation or training equipment.

ECC Masonry

Block or tilt-up, very plain, some interior finish. Unfinished arena area, floors in feed/tack and washrooms. Adequate lighting and water service.

ECD Frame

Siding or stucco on wood frame, some interior finish. Unfinished arena area, floors in feed/tack and washrooms. Adequate lighting and water service.

ECS Prefabricated metal

Good metal panels and roof, some interior finish. Unfinished arena area, floors in feed/tack and washrooms. Adequate lighting and water service.



Equestrian/ Livestock Sales Arenas

STRUCTURE TYPES

UWF

Unfinished wood frame building, this code is used for basic shed type buildings or where the building class type is evident but the use of the building does not fit any other structure type. The building may have utilities but has no interior finish.

Unfinished Masonry

UML

Unfinished masonry building, this code is used for basic concrete, brick or stone buildings or where the building class type is evident but the use of the building does not fit any other structure type. The building may have utilities but has no interior finish.

Unfinished

UPM

Unfinished prefabricated metal building or where the building class type is evident but the use of the building does not fit any other structure type. The building may have utilities but has no interior finish.

FFS

Finished fireproof steel building, this code is used where the building class type is evident but the use of the building does not fit any other structure type. Finish includes utilities, interior wall, floor and ceiling finish, plumbing fixtures, lighting fixtures depending on the grade of the structure.

FRC

Finished reinforced concrete masonry building, this code is where the building class type is evident but the use of the building does not fit any other structure type. Finish includes utilities, interior wall, floor and ceiling finish, plumbing fixtures, lighting fixtures depending on the grade of the structure.

FWF

Finished wood frame building, this code is used for basic shed type buildings or where the building class type is evident but the use of the building does not fit any other structure type.

Finish includes utilities, interior wall, floor and ceiling finish, plumbing fixtures, lighting fixtures.

depending on the grade of the structure.

FML

Finished masonry building, this code is used for basic concrete, brick or stone buildings or where the building class type is evident but the use of the building does not fit any other structure type.

Finish includes utilities, interior wall, floor and ceiling finish, plumbing fixtures, lighting fixtures depending on the grade of the structure.

STRUCTURE TYPES

FPM

Finished prefabricated metal building or where the building class type is evident but the use of the building does not fit any other structure type. Finish includes utilities, interior wall, floor and ceiling finish, plumbing fixtures, lighting fixtures depending on the grade of the structure.

Other Structure Section Types

Basements

FBA	FINISHED BASEMENT			\$34.14
SBA	FBA SPRINKLED AND AC			\$40.10
SFB	FINISHED BSMT SPRINKLED			\$36.35
UBA	UNFINISHED BASEMENT			\$19.14
UBS	UNFIN BSMT SPRINKLED			\$21.35

Breezeways

BZW	BREEZEWAY			\$24.84
BZM	MULTI LEVEL BZW			\$24.84
BZS	BREEZEWAY SPRINKLED			\$27.05
BSM	MULTI LEVEL BZW SPRINKLED			\$27.05

Canopies

CAN	CANOPY			\$15.25	
CNP	CANOPY OVER ALL			\$14.04	
CNP	CANOPY OVER FLOOR			\$22.25	
COC	CONCRETE CANOPY			\$16.75	
CPS	SPRINKLED CANOPY			\$17.46	

Decks

DK	DECK			\$15.45
DKM	DECK MULTI LEVEL			\$15.45

DKS	DECK SPRINKLED			\$17.66
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STRUCTURE TYPES

Porches

MOP	MULTI LEVEL OP SPRINKLED			\$27.05
OP	OPEN PORCH			\$24.84
OPM	OPEN PORCH MULTI LEVEL			\$24.84
OSM	OP MULTI LEVEL SPR			\$20.46
SOP	SPRINKLED OP			\$27.05
SP	SCREENED PORCH			\$25.72
SPM	MULTI LEVEL SP			\$25.72
EP	ENCLOSED PORCH			\$30.25
EPM	ENCLOSED PORCH MULTI LEVEL			\$30.25
EPS	EP/SPRINKLED			\$32.46
MEP	EP SPRINKLED MULT LEVEL			\$32.46

Garages

GAR	GARAGE			\$22.66
SGR	SPRINKLED GARAGE			\$35.6

Terraces

TER	TERRACE			\$11.3
TES	TERRACE/SPRINKLED			\$13.51

Utility Rooms

UR	UTILITY ROOM			\$28.25
URM	UTILITY ROOM MULTI LEVEL			\$28.25

Loading Docks

DOS	LD2 SPRINKLED			\$18.31
LD1	LOADING DOCK WOOD			\$11.5

LD2	LOADING DOCK STEEL			\$16.1
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STRUCTURE TYPES

Greenhouses

GH1	GREENHOUSE D S			\$12.83
GH3	GREENHOUSE A B C			\$15.01
GHS	GH3/SPRINKLED			\$40.46

GREENHOUSE GH3



GH1

Occupancy Codes

In the BUILDING SECTION INFORMATION area, the Occupancy Code is used to describe the interior finish of each section. The codes are designed so that many buildings will have only one code that describes many sections of a complex structure. A hotel is a good example. Others, however, will require the use of more than one code to describe the use or finish of each section. The Row Retail example above is a good example. The first floor will be coded | D02 : 100 | while the second floor will have an entry of | A07 : 100 | on a separate section line.

A Series - Apartments

A01 Walk-up Apartments

Walk-up Apartments consist of apartment buildings typically no higher than 4 to 8 stories with no elevators. They are usually medium density buildings with 4 to 8 units per floor.

A02 Converted Apartments

These properties were originally designed for some other use (usually row retail or single family residence) but have been converted to multiple tenant living accommodations. The living units resulting from these conversions usually have poor functional utility. There can be any number of apartments.

A03 Garden Apartment

Typically one, two, or three story buildings designed and used as apartments. They are distinguished by their lower story height, "garden-like" setting, and (often) a suburban location. This Occupancy Code usually has the lowest unit density of any apartment use.

A04 Row (Townhouse) Apartments

Typically designed as one or two story attached units which are constructed in a row, share common walls, and have similar architectural styles. All buildings in a row need not be held by a common owner.

A05 Highrise Apartments

For our purposes these are elevator-serviced buildings of four (4) stories or more. Highrise apartments usually represent highest unit density of any apartment use. An allowance for elevators commensurate with size is included in the model for this occupancy code.

A06 Basement Apartment.

This code is to be used only at the BUILDING SECTION INFORMATION level. It is used to describe basement sections that have an apartment type finish.

A07 Mixed Use/Apartment

These are commercial structures containing commercial apartment accommodations in addition to some other commercial use. The key to using this code is that the apartments are **not** the primary use of the commercial property being described.

B Series - Lodging

B01 Hotel

Generally, an urban facility offering lodging accommodations, as well as a wide range of other services such as restaurants, convention facilities, meeting rooms, recreational facilities, and commercial shops. The appearance and construction of these buildings may be very similar to that of high-rise apartments or offices.

B02 Motel

Typically, a building or group of buildings located on or near major highways designed to serve the needs of travelers. They usually offer little more than parking and lodging. However, they may have other services that can be used to distinguish value: food and beverage service, recreational areas, service station, and shops. These buildings are commonly no more than two or three stories in height and are of light residential type construction.

B03 Camps, Cottages, and Bungalow Colonies

This category includes camps, cottages, and bungalows which are grouped in a colony and belong to one owner on a contiguous property. Each building commonly comprises one or two units and is designed for seasonal rental on either a weekly, monthly, or season long basis.. The individual buildings should be coded according to improvement type. They can be distinguished in quality by size, presence of heat and related utilities, cooking facilities, sanitary facilities, and construction materials.

B04 Inns (Lodges)

Inns are older structures, which provide sleeping accommodations with or without separate kitchen or bath facilities. Normally, these structures can be distinguished from motels by the fact that they often have no exterior entrance to the individual units and are located in older multiple story buildings. This category includes "Bed and Breakfast".

B05 Resort Complexes.

This is motel or hotel type structure found either near a resort community or comprising a resort community within itself. Normally, a full range of hotel services are available (see B01 description) along with such things as professional entertainment, beaches, marinas, tennis courts, or golf courses depending on the resort location and characteristics.

B06 Rooming Houses, Dormitories, Fraternities, Sororities, and City Clubs.

This classification includes structures which provide sleeping accommodations along with some form of shared bath facilities, often only one or two bathrooms per floor. Dining facilities, if present, are usually of cafeteria design and are shared by all occupants of the structure. Tenancy may be transient or long term.

B07 Rectory or Convent. Quite similar to B06 except owned by a religious institution or order. Better grades may contain an office, meeting rooms, and/or a chapel.

C Series - Restaurants

C01 Fast Food without Seating.

C02 Fast Food with Seating.

Fast food restaurants are designed with high quantity, fast service in mind. Kitchen facilities are designed for rapid production of light meals. An allowance for drive-up windows is included in the model. McDonald's, Burger King, and Wendy's are examples of this category.

C03 Family Restaurant.

This occupancy is characterized by local ownership, table service, and moderate prices. The structures may be of almost any type and may not be specifically designed for use as restaurants. There may or may not be alcoholic beverage service. Examples include Cornerstone, Happy Hill and Athens.

C04 Franchise Steak House or Cafeteria.

Designed according to the standards of a national or regional franchise organization. They have singular architectural detail with full kitchen facilities but usually no alcoholic beverage service. A cafeteria line is almost always present.

C05 Full Service Dining.

A full service eating and drinking establishment contains provisions for multiple table seating, beverage consumption, and a large multi-purpose kitchen area. This use may have separate areas to accommodate banquets and receptions. Applebee's, Chili's, and Cracker Barrel are examples of this use.

C06 Bar or Lounge.

Dependance on beverage rather than food service distinguishes this from C05. Often only the bar area is present, but there may also be seating and a limited kitchen area. The ubiquitous 'roadhouse' is a lower quality example of this code. They may or may not be housed in structures specifically designed for the use.

C07 Franchise Family Restaurant.

Similar to C03 except that they are designed to the specifications of a national or regional franchise organization. There is usually no alcoholic beverage service. Examples include Shoney's, Denny's, and Pizza Hut.

D Series - Stores and Commercial Buildings

D01 Retail Stores.

Retail stores are **freestanding** buildings designed for retail sales and display and usually have display and/or decorative fronts. These include general merchandise outlets, stores, specialty shops, and commercial buildings designed for general occupancy including services. Features include sales and display areas and a stockroom. Also included may be

a small office, changing rooms, or a workshop. Both one and two story retail occupancies are included.

D02 Row Retail Stores.

Often found in and radiating from the urban core, the buildings described by this Occupancy Code share common walls and may have multiple stories. They are often mixed use properties: retail first floor use with apartments, offices, or vacant floors on the upper levels. The first floor may have a decorative or display front. D02 is appropriate for mixed occupancies where the first level is not a store but is still mercantile in nature.

D03 Department Stores.

These are buildings of two or more stories, typically found in Central Business Districts and in Regional or Community Shopping Centers. Department stores handle multiple lines of merchandise which are sold in departments or specialty shops.

D04 Discount Stores.

Discount Stores typically consist of large open shells with minimal partitions separating the departments or specialty areas. Cash registers are grouped in a check-out area near the exit.

D14 Furniture Warehouse/Showroom.

While similar in design to the Discount Store Occupancy Code the interior may not be finished to the same extent as normal mercantile occupancy.

D24 Home Improvement Center.

Similar to the discount store Occupancy Code. This category includes building supply stores. Attention to architectural detail and 'curb appeal' are what differentiate this occupancy code from an F10 Lumber Yard..

D34 Lawn and Garden Center.

A lightweight commercial building with exposed concrete floor. Features include lighting, electrical and plumbing hookups, and space heaters. Attached greenhouses should be listed as a separate section.

D44 Warehouse Retail or Club.

Warehouse construction with high exterior walls. Minimal finish and partitions. Sam's Club is a example of this category. An allowance for overhead doors is included.

D06 Retail Basement.

It is used to describe basement sections that have a retail sales area type finish.

D07 Miscellaneous Retail.

This code is reserved for those retail store buildings and uses which are not the primary use of the site or to which no other code readily applies.

D08 Service Occupancy.

This use differs from a retail store in that what is offered for sale may be services not goods. Examples include electronic repair shops, small printing shops, and dry cleaners. It normally includes a small customer reception area in front with a larger workshop or storage area occupying the remainder of the building.

D18 Service Occupancy - Barber Shop or Beauty Parlor.

Similar to D08 but will have more extensive and/or appealing interior finish but less storage or workshop area. Extra electrical fixtures and plumbing are allowed for. This code is only to be used on a free-standing barber shop building.

D28 Service Occupancy - Laundromat.

A facility for coin operated washers, dryers, and dry cleaning machines.. The machines are personal property.

D09 Supermarket.

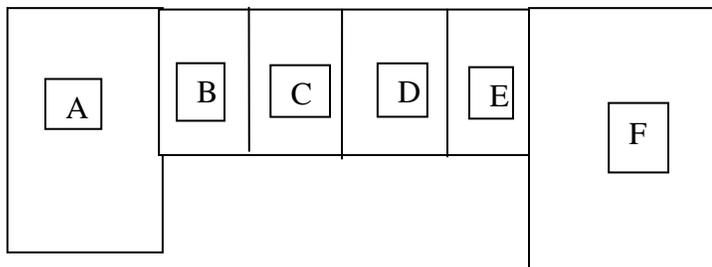
Large retail food stores similar in structure to D04 but containing built-in refrigerators, cold rooms, and ancillary cooling equipment. These buildings may be freestanding or part of a larger shopping center. Note that freezers and coolers for the display of merchandise are considered personal property. Ingle's and Bi-Lo stores are typical of this occupancy.

D10 Convenience Market.

Small retail food stores with limited product range but with refrigeration and cooling equipment commensurate with size. There may be limited gasoline service facilities. If so the canopies should be listed as miscellaneous improvements. Use this code for buildings that were designed and built as convenience stores.

D11 Strip Shopping Center.

Shopping Centers are buildings designed for a group of commercial enterprises developed as a unit. A Strip Center is typically a row of stores with similar fronts built as a unit. Each unit has an individual customer entrance in the front and a separate service entrance at the rear. They are normally built parallel to the fronting street and have off street customer parking areas in front of and close to the stores.

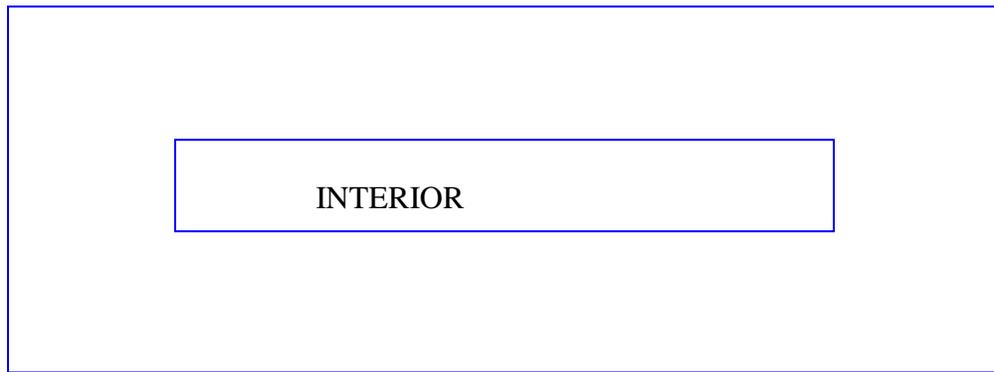


STRIP SHOPPING CENTER

- | | |
|----------------|---------------------|
| A) Food Market | D) Barber Shop |
| B) Video Store | E) Local Laundromat |
| C) Shoes | F) Hardware |

D12 Mall Shopping Center.

A Mall Center has anchor stores and satellite stores arranged in a courtyard fashion around an interior concourse. The concourse is the common area of the mall. The model includes: lighting, air conditioning, heating, floor covering and interior finish for the public or common areas only. All improvements to individual stores are considered business personal property. All elevators and escalators are valued as real estate.



Leasehold Improvements

Modifications and up fits made by the tenant for the specific use of the business and not the building are taxable in North Carolina as business personal property(**leasehold improvements**). It is the responsibility of the occupant to list these improvements with the Assessor’s Office during the listing period each year.¹⁵

There are two tests for determining if an improvement should be listed as personal property or real estate:

1. The improvements are made by the occupant for the benefit of the business, not the building.
2. The components can be removed without damaging the building.

Malls and strip centers are valued as shell buildings with minimal finish. Any improvements made to the individual rental spaces are considered “leasehold improvements” for the purpose of the specific business

¹⁵ See memo dated December 23,2011 North Carolina Department of Revenue in Addendum

purpose of the tenant.

E Series - Offices, Medical Offices, Banks, and Hospitals

General Information

Office occupancies are normally subdivided into relatively small units. The descriptions below include allowances for lobby and reception areas, private offices and work spaces, conference rooms and file areas. There may be a lounge or cafeteria, library or resource area, and storage facilities.

Medical offices are designed for individual or group medical or dental practice. Allowances are made for reception and waiting areas, examination and treatment rooms, offices, and record areas. A medical office will generally have more extensive plumbing and electrical service than the general office occupancy. Medical clinics are included in this use.

Banks include commercial banks and savings and loan associations. Allowances are included for the lobby area, teller space, offices, and vault space (except E22). **VAULT DOORS, ATM MACHINES AND DRIVE-IN WINDOWS WITH ASSOCIATED EQUIPMENT ARE TO BE TREATED AS PERSONAL PROPERTY.**

E01 Walk-Up Office.

Freestanding 4 to 8 story buildings with no elevator service or marginal elevator capacity. Elevators should be added as refinements. These are older buildings usually found in downtown areas.

E02 Converted Office.

E12 Converted Medical Office.

E22 Converted Bank

These uses occupy buildings that were designed for other purposes. The buildings are usually freestanding. Examples include offices and medical offices that were once single family residences and branch banks that were once gas stations. Add for elevators.

E03 Garden Office.

E13 Garden Medical Office.

E23 Garden or Branch Bank.

Typically 1 to 3 story freestanding office structures which may or may not have elevators. These buildings are often found in office parks, high technology centers, or medical complexes in suburban or even rural areas. Elevators should be listed as refinements.

E04 Row Office.

E14 Row Medical Office.

E24 Row Bank.

These structures are often found in and radiating from the urban core.

E05 High-Rise Office.

E15 High-Rise Medical Office.

E25 High-Rise Bank.

These buildings are of four stories or more with ample elevator service. They may be multiple or single tenant buildings. There is often an impressive entry and a spacious lobby. The first floor will probably have a greater story height than the upper floors. An allowance is included for elevators but mezzanines should be added as refinements.

E06 Basement Office.

This code is to be used only at the BUILDING SECTION INFORMATION level. It is used to describe basement sections that have an office type finish.

E07 Miscellaneous Office.

This code is reserved for those office buildings and uses which are not the primary use of the SITE or to which no other code readily applies. It will only be used at the RENTAL INFORMATION and BUILDING SECTION INFORMATION level. A common example is that extensive office area attached or appended to the F series uses, warehouses and industrial buildings.

E08 Broadcasting Studios - Radio/TV.

A facility for producing and transmitting radio and TV programs.

E09 Funeral Homes.

An establishment with facilities for the preparation of dead bodies for burial or cremation. There are also areas for holding wakes and funerals. Allowances are included for a lobby, a social hall or chapel, offices, preparation rooms, and storage facilities.

E10 Veterinary Clinic.

A doctor's office for animals. Characteristics include a waiting room or receiving area, examination and treatment areas, and attached boarding areas. Separate kennels should be listed separately as Miscellaneous Improvements.

E11 Nursing or Convalescent Home.

This may also be called a rest home or sanitarium. Unlike a hospital it only has limited patient care facilities. There will be patient rooms, examination and treatment rooms, offices, and a central kitchen and dining areas. When used at the building section level care must be taken to distinguish between this use and facilities similarly named without patient care facilities. Unit Type is BE (Beds). Add for elevators.

E12 Hospital.

A comprehensive in-patient care center including surgery and emergency facilities. Allowances are made for patient rooms, offices, common kitchens, laboratories,

pharmacies, treatment rooms, surgeries, and emergency electrical power. Elevators are included in the building model.

E17 Home for the Elderly.

Similar to garden apartments. Usually of lighter residential construction. Differentiated from E11 Nursing Home by a lack of patient care facilities. Individual unit kitchen facilities and/or common dining/kitchen facilities may be present.

F Series - Industrial Buildings and Warehouses

F01 Utility Building.

Usually a small to medium size single story storage building with no partitioning or interior finish. Minimal plumbing, heating, and electrical service are allowed for. Floors are at or near grade. This building type is assumed to be more substantial than the shed of the FC series of miscellaneous improvements.

F02 Storage Warehouse.

Designed for medium to long term storage of merchandise or commodities. These are single or multiple story buildings that are divided into storage bays.

F12 Distribution Warehouse.

Similar to F02 Storage Warehouse. Designed for short term storage and breakdown and transshipment of small lots of goods or commodities. There will be more plumbing, lighting, and partitioning because they will accommodate more workers.

F22 Transit Warehouse (Truck Terminal).

Characterized by many overhead doors, this use is designed for very short term storage and freight shipment. There may be a dispatchers office and bunkhouse facilities for truck drivers. There will be little or no partitioning in the shipping area.

F32 Shipping Dock (Truck Terminal).

Similar to a F22 Transit Warehouse except that there are no exterior walls or partitions. This is essentially a large covered loading dock. There may be free-standing office or plumbing cubical on the dock.

F03 Mini Warehouse.

Mini Warehouses subdivided into many small areas with individual access. Plumbing and electrical services are minimal. Generally used for non-commercial storage, individual units are rented out on a short to medium term basis. Overhead doors are included in the model. The data collector should note the number of units.

F04 Downtown Row Storage.

This code is particularly useful for describing upper stories of older buildings in urban areas that have different Occupancy Codes on the first level. However, it may apply to first floors also. It may or may not be the primary use of the property. The buildings

described will usually have common walls with other buildings and multiple stories. There may be floor load limitations on the upper stories.

F05 Industrial Building.

These are used for manufacturing, fabrication, or processing of some product. There may be a production or shipping office with storage mezzanine above comprising less than 12 percent of the floor space. They may or may not have dock height floors. The buildings may have more than one story and allowances are included for production, shipping and receiving, and storage areas. There may be a lunch room or a locker room. Often the only way to distinguish an F05 from an F02 is the level of lighting, plumbing, and heating.

F06 Loft.

A Loft is an intermediate or transitional type of building. Often called industrial mall buildings, they are designed for single users with mixed functions or multiple occupancy by relatively small space users who need both office and processing space. In effect each area is a small warehouse or industrial building. These buildings have extra plumbing and partitioning that place them somewhere between industrial and office buildings in construction detail.

F07 Miscellaneous Storage.

This code is used to identify an income producing or other storage area that is not the primary use of the site.

F08 Aircraft Hangar.

Hangars are large open structures designed for the storage and maintenance of aircraft. They usually have minimal plumbing, partitioning, and interior finish.

F09 Cold Storage.

A structure or site for the storage of perishable commodities. Similar to a warehouse type structure except for the presence of an extensive refrigeration plant.

F10 Lumber Yard.

A lumber yard will typically include several structures: saw mill, planning mill, and lumber storage sheds.

F11 Oil / Petroleum Storage and/or Distribution.

A site for bulk storage of petroleum products and/or for wholesale or retail distribution of such products.

G Series - Automobile Parking, Service, and Sales

G01 Parking Lots.

Commercial parking lots for automobiles. Spaces are rented by hour, day, week, or month. To be used at the SITE description level only.

G02 Small Parking Garage.

This is typically a residential type garage with 4 to 10 bays. Often found in residential areas.

G03 Parking Ramp.

A multiple story drive up parking facility which may be open or enclosed. Stairwells are included. There is no heating, cooling or interior finish.

G04 Underground Parking Ramp (Parking Basement).

Quite similar to G03 Parking Ramp except it is below grade and may be under a G03 or other type structure. Will be listed as a section of any building it may be under.

G05 Limited Service Gas Station.

Sells gasoline and perhaps a few convenience items only. There are no automotive repair services. Usually a high volume facility with discount prices. The structure on the site may be anything from a simple kiosk to a small but elaborate glass, brick and block sales room. There will be no bays

G06 Convenience Gas Station.

Offers a complete line of convenience goods in addition to gasoline but has no service or repair facilities.

G07 Full Service Gas Station.

A full service gas station sells repair and lubrication services and perhaps towing services in addition to gasoline. There may be a few convenience items.

G08 Mini-lube Service.

Designed for quick oil changes and lubrication. Features include a grease pit for each bay. Bays may be drive through. May have been originally built as full service gas station. Overhead doors are included in the model.

G09 Self Service Carwash.

A multiple stall structure with a coin operated spray system where all washing is done by the automobile owner. Features include two or more bays and a central machinery room. This code can be used at all three levels, including the building section level.

G10 Automatic Carwash.

A Linear structure with a fully automated wash line. Cars are pulled through with a chain pulley system. A small office may be included. There may be a convenience store attached which should be listed at the building level by its own Occupancy Code. Canopies and kiosks should be listed as Miscellaneous Improvements.

G11 Automobile Dealership (New Car).

G21 Farm Equipment Dealership.

G31 Construction Machinery Dealership.

G41 Recreational Vehicle Dealership.

G51 Motorcycle Dealership.

Typically a one story retail operation designed for automobile, farm equipment, construction machinery, recreational vehicle, or motorcycle sales and service. They are divided into sales and service areas. There almost certainly will be a used car sales area also.

G12 Automobile Dealership (Used Car).

Similar to G11 Auto Dealerships. Tend to be smaller and less ostentatious than new car dealerships. May have separate sales and service areas, a small office or trailer and/or a garage.

G13 Automotive Showroom.

A large, open sales area characterized by large display windows, good lighting, average or superior interior finish. There will be small, partitioned offices and may be lounges, waiting rooms, and executive offices. This code will probably only be used at the BUILDING SECTION level. Mezzanines should be listed as refinements.

G14 Automotive Service Garage.

A garage or warehouse type building offering automotive repair services. May or may not be attached to an automotive showroom. Features include minimal interior finish and plumbing, adequate lighting and heating, and areas for parts storage.

G15 Auto Service Center.

Usually a national chain auto service or tire company facility. There are areas for retail sales, service and repair, and customer waiting. Adequate plumbing, heating, and electrical service is included. There may be large display windows.

G16 Repair Garage/Body Shop.

Automotive mechanical or collision repair services. This code is included to distinguish the small independently owned operation from the franchise dealers and national chains. The building is usually minimal construction with no retail services or customer waiting area.

H Series - Theaters and Auditoriums

H01 Legitimate Theater.

Primarily for live stage presentations, the legitimate theater structure is a large open area with permanent seating and full facilities for live performances. Stage areas, balconies, mezzanines, marquee, orchestra pit, prop storage areas, and a full compliment of necessary electrical and lighting devices are present. The Unit Type is SE (seat).

H02 Single Screen Cinema.

This is a single 'house' motion picture theater. It may or may not be a free standing building. There is a large single screen and permanent seating. The stage, if any, is built to accommodate only the motion picture screen. There will probably be a marquee and a

spacious lobby ranging from simple to ornate in decor. A rest room area, lounge, concession area, projection room, and box office are included. Most of these were built before the middle 1960's. The Unit Type is SE (seat).

H03 Multi-Screen Cinema.

A multiple 'house' motion picture facility. There will be two or more auditoriums, each with its own screen; the seating will be permanent, but the partitions between auditoriums may be moveable. One central projection booth will serve all houses and there may be more than one box office. The building may or may not be free-standing. However, they are often found as satellites to shopping malls. Any stage is only there to support the screen. There will be a lounge and rest room area, a concession area, and a simple but spacious lobby. The Unit Type is SE (seat).

H05 Auditoriums.

A large open area with minimum ornamentation designed primarily for mass seating and visual or aural presentations. These may be either live performances or motion pictures. Seating is permanent but balconies are rarely found. A stage is always present but support facilities are much more limited than those found in a cinema or legitimate theater. The Unit Type is SE (seat).

I Series - Recreation

I01 Arena, Field House.

A large enclosed area usually used for indoor sporting events. If there is seating, it is situated around the perimeter of a large open sports area. Commonly used for basketball, hockey, and similar events. Removable stage areas may be present. The Unit Type is SE (seat).

I02 Bowling Center.

Includes all bowling alley facilities. May also comprise a restaurant, bar, billiard room, locker room(s), or other miscellaneous rooms. **Note that the actual alleys and the ball return equipment are personal property.**

The unit type is LA (lane)

I03 Camping Facilities.

Camping facilities are those that offer temporary camping sites for tenting and trailer hookup only.

I04 Fraternal Building/Clubhouse/Recreation Building/Fellowship_Hall.

These are multiple purpose buildings designed for meetings, entertainment, and social activities. Allowances include space for a large multi-purpose room, dining facilities, kitchen, small office(s) and game rooms. Larger examples may include an auditorium. Exercise and locker rooms may be present.

I05 Golf Course.

Refers to all types of golf courses.

I06 Indoor Ice or Roller Rink.

Any indoor skating facility. Specifications include a skating area, spectators area, snack bar, and office. There may be locker and shower rooms and a cashier's office. Refrigeration equipment and ice surface not included.

I07 Indoor Tennis Club.

Large facility designed for indoor tennis.

I08 Indoor Health or Racquetball Club.

Designed for racquetball or exercise.

I09 Picnic Grounds.

An outdoor area for picnics and barbecues..

I10 Playground.

An outdoor play area. There may be swings and other play equipment.

I11 Riding Stables.

A facility that keeps, cares for, and rents horses.

I12 Stadium.

A field surrounded by bleachers or grandstands. Used for baseball, football, and field sports. Scoreboards, announcer's booth, concession stands, and extensive outdoor lighting may also be present.

I13 YMCA/YWCA.

A multi-purpose facility similar to an indoor health club. However, there is provision for sleeping rooms, a kitchen, and perhaps a chapel area. Gymnasiums should be listed as separate building sections.

I14 Youth Camps.

A rural residential camping facility for young people.

I15 Religious Assembly.

A reservation, camp, community owned and operated by a religious sect or denomination for purposes of worship, fellowship, or meditation.

I16 Country Club. Similar to I05 Golf Courses except that ownership is private and membership is restricted.).

J Series - Public Buildings

J01 Church.

This can be a church, synagogue, or mosque. This code is for the auditorium area. Allowances are included for the auditorium or gathering area, seating, and for preparation and storage rooms.

J02 Church School Building.

Similar to a classroom building. Includes classrooms, meeting rooms and office. May include kitchen and dining facilities. Usually attached or in close proximity to a church.

J03 Church Fellowship or Parish Hall.

A general purpose building attached or close to a church. Closely associated with a clubhouse or fraternal building. Allowances include lobby area, activity hall, meeting rooms, kitchen, and dining area.

J04 City Hall.

A city, town, or county administrative building. Similar to an office use. There are allowances for administrative offices, meeting rooms, and lobby areas. There may be record storage areas, lounge, and cafeteria.

J05 Courthouse.

A building dedicated to or used for judicial proceedings. The City Hall description applies with the additional inclusion of courtrooms and jury rooms.

J06 Post Office.

Reserved for buildings constructed under contract to or lease agreement with the United States Postal Service. Features will include a lobby and vestibule area, a counter area, office, mail workroom and sorting areas. There may also be a loading dock, locker room, and record storage area. Do not classify contract post offices located in conventional buildings with this code.

J07 Fire Station.

Built for the sheltering and maintenance of fire fighting equipment. There is provision for an engine and equipment room, locker room, kitchen and dining facilities, and perhaps sleeping rooms. Drying towers, an office, and a training room may be included.

J08 Police Station.

A building for the housing and dispatching of police personnel. Allowances include offices, dispatching area, day room, and lobby.

J09 Jail.

Same as police station except that allowances for prisoner reception, recreation, and confinement areas are added. Incarceration hardware is included.

J10 School.

Includes both elementary and secondary schools. There are allowances for classrooms, assembly areas, offices, and a library. There may be a cafeteria, laboratory rooms, music

rooms, and industrial arts areas. More specialized spaces like gymnasiums, natatoriums, auditoriums should be listed as separate sections according to their own occupancy codes.

J11 Library.

Includes public and academic libraries. Specifications include stack areas, main desk area, reading rooms, and offices. There may be conference rooms, work rooms, and an audio/visual center. Free standing shelving is personal property.

J12 Gymnasium.

An institutional gymnasium. Included are allowances for the gymnasium area, locker and shower facilities, equipment storage, and a small office. Arena seating is not included.

J13 Natatorium.

A natatorium is a building that houses an indoor swimming pool. This code refers to the building. The pool must be listed as a Miscellaneous Improvement. The building includes the pool area, locker and shower facilities, a mechanical room, and a small office

J14 Air Terminal.

A facility for the reception and routing of commercial airline passengers. There are allowances for the ticket areas, baggage claim and service areas, concourses, and waiting areas. Restaurants, lounges, and small shops may also be included.

J15 Armory.

A building designed to headquarter and train National Guard Units. Features include classrooms, offices, drill hall (may be similar to a gymnasium), rifle range, kitchen, and storage rooms.

J16 Day Care Center.

Refinement Codes

- EFF** Efficiency apartment. Used to identify the number of such units in an apartment building. Unit type is EA(each).
- 1BR** One bedroom apartment. Used to identify the number of such units in an apartment building. Unit type is EA(each)..
- 2BR** Two bedroom apartment. Used to identify the number of such units in an apartment building. Unit type is EA(each)..
- 3BR** Three bedroom apartment. Used to identify the number of such units in an apartment building. Unit type is EA(each)..
- 4BR** Four bedroom apartment. Used to identify the number of such units in an apartment building. Unit type is EA(each)..
- BE1** Bank money vault - a standard poured concrete money vault excluding the door, which is listed as a separate item. Unit Type is SF(square feet)..
- BE2** Bank record vault - a standard record storage vault, excluding door; it mainly provides fire protection. Unit Type is SF(square feet)..
- SHR** Standard hotel room. Used to identify the number of such units in a hotel or motel building. Unit type is EA(each)..

Elevators

Elevators, in some cases are included in the base costs of the occupancy codes. They are listed as refinements in two stages. The first describes the number of stops (doors or openings) while the second describes the elevator by type and capacity. For our purposes, **stops** will be the number of floors served. Elevators are defined as being either passenger or freight. Attended passenger elevators are obsolete. We have no codes for them so they should be listed manually.

- EL0** Freight Elevator stop. Includes the door, the opening and the controls. The Unit Type is EA (each).
- EL1** Electric freight elevator - typical 100 to 200 foot per minute freight elevator. The Unit Type is LB (capacity in pounds).
- EL2** Passenger Elevator stop. Includes the door, the opening and the controls. The Unit Type is EA (each).
- EL3** Electric passenger elevator - a 200 to 800 foot per minute unit. The Unit Type is LB (capacity in pounds).

Refinement Codes

- MZ1** Storage Mezzanine¹⁶ - Usually found in industrial buildings above the internal office area. Unfinished with no partitions. The Unit Type is SF (square feet).
- MZ2** Display Mezzanine - typically found in a department store as additional sales area. Will have partitions and interior finish typical of the rest of the retail area. The Unit Type is SF (square feet).
- MZ3** Office Mezzanine - typically found in bank or office buildings usually as part of the high first floor. Partitions and interior finish similar to that of the rest of the office space in the building. The Unit Type is SF (square feet).
- MZ4** Hotel Mezzanine - Associated with the lower floors of large hotels. Most often devoted to banquet and meeting rooms. The Unit Type is SF (square feet).

¹⁶A MEZZANINE is an intermediate partial story between two main floors of a building especially one that projects in the form of a balcony. Costs include floor structure, stairs, lighting, heating, and a finish commensurate with the associated space. Wall structure is not included.

COMMERCIAL

PROPERTY



PRESENT USE VALUE

SCHEDULES

2013

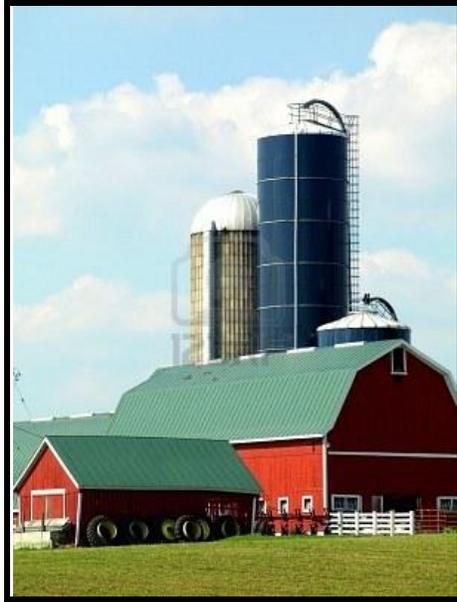


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PRESENT USE VALUE ASSESSMENT

Buncombe County oversees the Present Use Value Program by conforming to the requirements of North Carolina General Statutes. These requirements are subject to change by the Legislature each year. All requirements and changes are determined by the North Carolina General Assembly, not by Buncombe County Commissioners or Buncombe County Tax Departments. All counties are required to develop both market value schedules and Present Use value schedules. The Present Use schedule values land based on its ability to produce agricultural, horticultural or forestry products. The land values are based on land rent prices Capitalized as required by general statutes. All improvements to farmland are valued using the market schedules as required by NCGS 105-317.

The present use value statutes were enacted by the General Assembly in 1973.

The original intent of the use value taxation program was to “keep the family farm in the hands of the farming family”. North Carolina had seen a steady increase in property values since the early 1970’s. Farmers could not afford the increase in taxes produced by the increase in property values, so they sought relief from the General Assembly.

Taxation on the basis of present-use is authorized by North Carolina law for eligible land designated by use as agricultural, horticultural, or forest land. Originally only those who lived on the land for which they were applying could immediately qualify for the program and the land had to have a highest and best use for other than farmland. Additional land owned by the farmer for seven years could also qualify. Until the mid 1980’s the use value schedules and the market value schedules were similar if not identical. Almost every year legislative changes have been made to the use value program.

PRESENT USE VALUE ASSESSMENT

Use value Advisory Board

Section 105-277.7 of the General Statutes of North Carolina, establishes a nine member Use-Value Advisory Board and directs it to annually submit a recommended use-value manual to the Department of Revenue. Contents of the manual as well as guidelines for their development are further specified in Section 105-289(a) (5) of these statutes.

The contents of the Use Value Manual reflect the combined judgment and effort of many professionals in the North Carolina Cooperative Extension Service and cooperating federal and state agencies. **The 2013 Use Value Advisory Board Manual is included in this manual as a reference and is located in the addendum.**

All statutes that affect the Present Use Value program (NCGS 105) In addition to the Machinery Act 2013 Use Value Manual and the Department of Revenue Use Value Seminar guidelines are supplements to this document.

Application Process

All parcels approved for the present use program must be qualified by the Assessor. The guidelines for this procedure are outlined in the Machinery Act of North Carolina.

The first requirement is the filing of a timely application. Applications for the Present-Use Value program will be accepted only during the regular listing period (January 1- January 31 or within thirty (30) days after a notice of change in the market value of the property or within 60 days of a transfer of ownership. These applications are available in the Real Estate Division of the Tax Office. All sections of the application must be completed entirely and signed by the owner or they will not be accepted. **Applications denied because of incomplete, missing, or erroneous information will be returned to the applicant for resubmission**

All applications will be reviewed and must meet the required qualifications for: ownership, size, use and sound management. All property will be field checked (on site visit by an appraiser) for sound management, farm activity and qualifying land area types. The application is reviewed and either approved or denied based on Machinery Act requirements (North Carolina G.S. 105.)If the

application is denied, notice of denial is mailed to applicant. The applicant has 30 days to appeal the assessor's decision.

If approved, the qualified acreage is divided into land classes. The land classes are developed based on a combination of the GIS mapping system, Management Plan or field review. The soil types for an area may be unavailable or inaccurate. If the soil type on GIS equals non productive wasteland but the area is actually in production then the land has changed since the last soil study. GIS is just one of the tools used to allocate soil type. All available tools will be considered to accurately calculate the Present Use Value of each property based on productivity.

PRESENT USE VALUE ASSESSMENT

A minimum of 1 acre be valued as a home site for the first dwelling and a minimum of .5 acre for each additional home site. Any area of the approved parcel that is not considered part of the farm unit will be valued as market residual. Wasteland, rock cliffs and other non productive areas shall be valued as wasteland. This process creates a present use value, a market value, and a deferred value. The market value is retained to allow calculation of the deferred tax. According to General Statute 105.277.4 of the Machinery Act of North Carolina, the deferred tax and interest is due as of the date when the parcel or a portion of the property becomes disqualified from the Present Use Value Program. A notice of approval including the new taxable value is mailed to the property owner.

Program Requirements

Acceptance into the Present Use Value Program is an implied contract. Buncombe County taxes the property at its use value as long as the owner continues to use the property as approved and continues to meet any statutory requirements. **It is the property owner's responsibility to notify the Tax Assessor of any changes to the property, its use or ownership.**

§ 105-277.5. Agricultural, horticultural and forestland – Notice of change in use.

Not later than the close of the listing period following a change which would disqualify all or a part of a tract of land receiving the benefit of this classification, the property owner shall furnish the assessor with complete information regarding such change. Any property owner who fails to notify the assessor of changes as aforesaid regarding land receiving the benefit of this classification shall be subject to a penalty of ten percent (10%) of the total amount of the deferred taxes and interest thereon for each listing period for which the failure to report continues. (1973, c. 709, s. 1; 1975, c. 746, s. 8; 1987, c. 45, s. 1.)

All applicants for the use value program must meet the requirements in four areas, ownership, and size of tract, use, and sound management. All requirements are subject to change by the General Assembly.

Ownership Requirements

Ownership Requirements: **Per NCGS 105** the owner of the property must be one of the following:

1. A natural person
 - An individual
 - Tenants by the entirety*
 - Tenants in common

*North Carolina courts have ruled that property owned by a husband and wife as tenants by the entirety is a different ownership than property owned by the husband or wife separately. [Duplin County V. Jones, 267 N.C. 68,147S.E.2d 603, (1966)]

NCGS 105-277.2(7) states “multiple parcels must be under the same ownership and the same classification”. Therefore, to qualify all parcels must be in the same name or they individually must meet all requirements. Example: five acres owned by the wife only cannot qualify based on a qualified tract owned by both husband and wife. Each type of ownership is considered a separate legal entity.

2. A business entity
 - A corporation
 - A general partnership
 - A limited partnership
 - A limited liability corporation
 - Family business entity
 - Family Trust

A business entity must have as its principle business activity the growing and production of agricultural, horticultural or forestry products and the members of that business entity must either be actively engaged or related to a member actively engaged in the business entity. In addition, a property eligible for present use value it must satisfy one of the following conditions of ownership:

- It is the owner's place of residence **or**:
- It has been owned by the current owner or a qualified relative of the current owner for the four preceding January 1st of the year of the application **or**
- It was appraised at present use value and was eligible for present use value at the time it was transferred to the present owner and the new owner continues to use the land for the approved purpose and the new owner assumes liability for the deferred taxes under G.S. 105-277.3(b2). A new application is required from the new owner within 60 days from the date of the transfer.

Land in Production Size Requirements

Land Size Requirements: The following are the land size requirements for acceptance into the use value program:

Agricultural application must have at least one parcel or tract with **10** acres in actual production.

Horticultural application must have at least one parcel or tract with **5** acres in actual production.

Forest land application must have at least one parcel or tract with **20** acres in actual production.

Land under farm building can be considered as in production if the building use is consistent with the use of the land. For example a barn that is used for hay storage.

The home site acreage (minimum of 1 acre) cannot be included as part of the minimum acreage in actual production. A farm unit is considered an economic unit. The farm unit may be comprised of several parcels of land that may or may not be contiguous **at least one tract must meet the minimum size requirement** cited above. If an agricultural application is approved, up

to 20 acres of woodland may be approved as part of the agricultural unit. All acreage over 20 acres must have an approved forestry plan to be listed as part of the farm unit. All acreage that is not part of the farm unit will be listed, assessed and taxed at market value.



Income Requirements

An agricultural or horticultural applicant must be able to document that the property is in actual production and has produced a minimum average annual income over the previous three years of \$1,000 (**exception for Christmas trees \$2,000 per acre and in-lieu income requirement**).

A special provision allows Christmas tree farmers to average gross income over the period of their growing cycle and must produce \$2,000 per acre in the western area (MLRA130). See UVAB 2013 manual page 20-21 for details on Christmas trees.



The value of a product consumed may be substituted for actual income when a crop is produced on the land but is consumed on the farm to produce another farm product. Example: hay produced to feed cattle.

Gross income is the amount of money received from all sources pertaining to the farm enterprise. Acceptable income must be derived from products produced on the land. The following are types of income not allowed:

- ❖ Ground rents received for acreage leased to another farmer.
- ❖ Income from stud fees, grazing or boarding fees.
- ❖ Income received from leasing machinery or animals.
- ❖ Income received for performing a service for another farm operation.
- ❖ Income from the training and/or showing of livestock.
- ❖ Income from the sale of firewood or other forestry products.
- ❖ Income received from the leasing of hunting rights.

Consideration is given when the farm owner shows a history of active production but has a time of crop loss due to flood, hail, frost, disease, etc.

Forest land does not have an income requirement for qualification.

Sound Management

NCGS 105-277.3(f)

(f) Sound Management Program for Agricultural Land and Horticultural Land. – If the property owner demonstrates any one of the following factors with respect to agricultural land or horticultural land, then the land is operated under a sound management program:

- (1) Enrollment in and compliance with an agency administered and approved farm management plan.
- (2) Compliance with a set of best management practices.
- (3) Compliance with a minimum gross income per acre test.
- (4) Evidence of net income from the farm operation.
- (5) Evidence that farming is the farm operator's principal source of income.
- (6) Certification by a recognized agricultural or horticultural agency within the county that the land is operated under a sound management program.

Operation under a sound management program may also be demonstrated by evidence of other similar factors. As long as a farm operator meets the sound management requirements, it is irrelevant whether the property owner received income or rent from the farm operator.

(g) Sound Management Program for Forestland. – If the owner of forestland demonstrates that the forestland complies with a written sound forest management plan for the production and sale of forest products, then the forestland is operated under a sound management program. (1973, c. 709, s. 1; 1975, c. 746, s. 2; 1983, c. 821; c. 826; 1985, c. 667, ss. 2, 3, 6.1; 1987, c. 698, ss. 2-5; 1987 (Reg. Sess., 1988), c. 1044, s. 13.1; 1989, cc. 99, 736, s. 1; 1989 (Reg. Sess., 1990), c. 814, s. 29; 1995, c. 454, s. 2; 1997-272, s. 1; 1998-98, s. 22; 2001-499, s. 1; 2002-184, s. 2; 2005-293, s. 1; 2005-313, s. 3; 2007-484, s. 43.7T(c); 2007-497, s. 3.1; 2008-146, s. 2.2; 2008-171, ss. 4, 5; 2011-9, s. 1.)

Every property considered for the use value program must under a sound management program defined in NCGS 105-277.2(6) as” a program of production designed to obtain the greatest net return from the land consistent with its conservation and long term improvement”



Agriculture/Horticulture Sound Management

For agricultural and horticultural applications, sound management can be determined by one of the six possible factors listed in NCGS 105-277.3(f).

One test of sound management is gross income per acre.

To determine if the income is enough to cover expenses and return a profit, divide the gross income by the number of acres used for production to determine the gross return per acre. This gross income per acre per year should cover the costs of labor, machinery and land annualized.

Example: land cost \$20,000 machinery \$10,000, labor \$5,000

Per year costs \$1,000(over 20 years), \$1,000(over 10 years), \$5,000 = \$7,000/ 10 acres Cost = \$700 per acre

Gross income = \$10,000 / 10(Number of acres) =\$1,000 per acre

Sound management requirement met because profits exceed costs.

Forest Sound Management

Forestland applications must be accompanied by a well written forestry management plan. This plan must meet the same standards regardless of who prepares it.

All forestry management plans must include the following:

- Management and landowner objectives – the long range and short range objectives for the property.
- Location – a map that locates the property described and delineates each stand of trees by type that is referenced in the written portion of the plan.
- Inventory – a detailed description of various stands within the forestry unit. Each stand description should include acreage, species, age, size, condition plus information describing the soils, water, and fertility.
- Harvest Dates - a timetable for harvest and periodic review to reflect current stand conditions.
- Regeneration - an appropriate regeneration plan for each stand after harvest.
- Silviculture practices - thinning, disease control, herbicide injections etc.
- Protection and Maintenance – road maintenance, boundary lines, prescribed burning, fire breaks etc.

Deferred Taxes

It is the property owner's responsibility to notify the Assessor's Office of any changes that occur to the property once an application is approved.

§ 105-277.1F. Uniform provisions for payment of deferred taxes.

(a) Scope. – This section applies to the following deferred tax programs:

(1) **(Effective for taxes imposed for taxable years beginning on or after July 1, 2011)** G.S. 105-275(12)f., real property held for future transfer to government unit for conservation purposes.

(1a) G.S. 105-275(29a), historic district property held as future site of historic structure.

(2) G.S. 105-277.1B, the property tax homestead circuit breaker.

(2a) **(Effective for taxes imposed for taxable years beginning on or after July 1, 2010. See note for repeal.)** G.S. 105-277.1D, the inventory property tax deferral.

(3) G.S. 105-277.4(c), present-use value property.

(4) G.S. 105-277.14, working waterfront property.

(4a) **(Effective for taxes imposed for taxable years beginning on or after July 1, 2010)** G.S. 105-277.15, wildlife conservation land.

(5) G.S. 105-278(b), historic property.

(6) G.S. 105-278.6(e), nonprofit property held as future site of low- or moderate-income housing.

(b) Payment. – Taxes deferred on property under a deferral program listed in subsection (a) of this section are due and payable on the day the property loses its eligibility for the deferral program as a result of a disqualifying event. If only a part of property for which taxes are deferred loses its eligibility for deferral, the assessor must determine the amount of deferred taxes that apply to that part and that amount is due and payable. Interest accrues on deferred taxes as if they had been payable on the dates on which they would have originally become due.

The tax for the fiscal year that begins in the calendar year in which the deferred taxes are due and payable is computed as if the property had not been classified for that year. A lien for deferred taxes is extinguished when the taxes are paid.

The difference between the assessed value (market value) and the taxable value (use value) is deferred. This amount becomes due (plus interest) if the property or a portion of the property no longer qualifies for the program

Deferred Taxes

When a property or a portion of a property in the present use value program is transferred, it is the responsibility of the seller to notify the Tax Department of the transfer in ownership and request a deferred tax bill if applicable. It is the responsibility of the buyer to file an application and assume the deferred taxes within **60 days** of the transfer date if the buyer wishes to continue the farm use of the property, The new owner must meet **all** requirements of use, ownership, income, size and sound management as outlined in General Statute 105-277.4c.

Any time a tract or part of a tract of land becomes ineligible for present use value assessment under the requirements of General Statutes 105-277, the deferred taxes including interest on that tract become due for the current year and the past three (3) years. ***When changes in eligibility are not reported by the owner, a ten percent (10%) penalty for each year the ineligibility is unreported is required by General Statutes 105-277.5.***

The following will result in loss of eligibility for all or a portion of the property and result in the creation of a deferred bill:

- The property the use of the property changes to a non-conforming use.
- The entire property is transferred to someone other than a relative and the new owner does not assume responsibility for the deferred taxes and the property is not the new owner's residence.
- A portion of the property is transferred and no longer meets requirements for qualification.
- The property is split and no longer meets size requirements.
- A new residence is built or a manufactured home is added.
- The acres in actual production drops below the minimum required for the approved classification.
- The property is no longer being used for the approved classification and the land has been lying idle for more than one growing season, voluntary or not.
- The minimum income requirement for agricultural or horticultural land is not being met.
- The property is not being managed under a program of sound management.
- The property owner does not intend to harvest timber or follow the guidelines required by the forest management plan they agreed to follow.

Penalty for Non-Compliance or Notification Failure

§ 105-277.5. Agricultural, horticultural and forestland – Notice of change in use.

Not later than the close of the listing period following a change which would disqualify all or a part of a tract of land receiving the benefit of this classification, the property owner shall furnish the assessor with complete information regarding such change. Any property owner who fails to notify the assessor of changes as aforesaid regarding land receiving the benefit of this classification shall be subject to a penalty of ten percent (10%) of the total amount of the deferred taxes and interest thereon for each listing period for which the failure to report continues. (1973, c. 709, s. 1; 1975, c. 746, s. 8; 1987, c. 45, s. 1.)

Property owners are required to notify the Assessor of any changes that occurred to their property during the previous calendar year. There is no limit to the number of years that the County may apply the 10% failure to give notice as required. The 10% penalty can be added for seven years if a change in the property is found seven years after the event that should have been reported. The five year discovery statute does not apply to failure to report non compliance.

Examples (but not limited to only these) of changes that require notification;

- Orchard abandoned
- Change in type of crop produced,
- Decrease in amount of land in production.
- Increase in amount of land in production.
- Clearing wooded land.
- Pasture converted to crops.
- New buildings constructed.
- Farming operation has been discontinued.



USE VALUE ASSESSEMENT AND TAXATION

Compliance Reviews

General Statute 105-296 (J) requires a review of each property every eight years to insure eligibility is maintained. The purpose of the compliance review is to objectively evaluate all available information and insure qualified owners are participating in the program. The compliance review is an audit of the use value program to insure fairness in the administration of the program for all property owners. The purpose of the Present Use Value program is not to escape taxation. The purpose of the compliance review is not to deny qualified owners the opportunity to belong to the program or remove qualified property from the program.

Information maintained on each property is audited at the time of a compliance review for the following items:

- An original application should be on file and meet the ownership requirements.
- The size requirements for the use value program are met.
- The income information must be complete and meet the minimum requirements.
- The forestry management plan must be on file and meet minimum requirements.
- The property is still being used for its qualifying purpose.

Wildlife Conservation Land Program

A new program for the taxation of wildlife conservation land went into effect for the 2010 tax year. The Wildlife Conservation Land Program is based on some concepts associated with the Present Use Value Program, but it is a separate program.

The qualifications are:

1. The land must be managed under a written Wildlife Habitat Conservation Agreement. Property owners may contact the North Carolina Resources Commission with questions about an agreement. The completed and approved agreement must be submitted to the Assessor's office during the listing period (January 1 through January 31). The agreement must be in effect as of January 1, of the year for which application is made.
2. The land must consist of at least 20 contiguous acres. Property owners are restricted to 100 acres per county that may be classified as wildlife conservation.
3. The land must be owned by an individual, a family business entity or family trust as set forth in NCGS 105 - 277.2.
4. The land must have been owned by the qualifying owner for the previous (5) five years unless one of the following applies:
 - Family business entity: land was owned by one or more of the family members for five years previously.
 - Family Trust: the land was owned by one or more of the beneficiaries of the trust for the five previous years.
5. Qualified land is assessed as though it were agricultural land under the present use value program.
6. The difference in the taxable value and the market value is deferred but is a lien on the land. The deferred taxes immediately become due and payable when the property is no longer qualified for the program.

PRESENT USE LAND VALUE RATES

The Present Use schedule values land based on its ability to produce agricultural, horticultural or forestry products. The land types are divided into classes based on their ability to produce farm products.

Agriculture and Horticulture

Class I	Good Soil
Class II	Average Soil
Class III	Fair Soil
Class IV	Wasteland

Buncombe County will use the land values developed and recommended by the Use Value Advisory Board for 2013. These values were developed based on cash rents for land capitalized at 6.5% as required by the General Assembly. Forest land is valued using net income from actual production, capitalized at 9%.

A minimum of 1 acre be valued as a home site for the first dwelling and a minimum of .5 acre for each additional home site. Any area of the approved parcel that is not considered part of the farm unit will be valued at market value. Wasteland, rock cliffs and other non productive areas shall be valued as wasteland. This process creates a present use value, a market value, and a deferred value. The market value is retained to allow calculation of the deferred tax.

If approved, the qualified acreage is divided into land classes based on a combination of the GIS mapping system, Management Plan or field review and appraiser knowledge. The soil types for an area may be unavailable or inaccurate. If the soil type on GIS equals non productive wasteland but the area is actually in production then the land has changed since the last soil study. GIS is just one of the tools used to allocate soil type not the only criteria. All available tools will be considered to accurately calculate the Present Use Value of each property based on productivity. The majority of forestland is Class I. If a farmer has a recent soil study, it can be used to set the farm use value and is considered the best information available. In all other cases the standards set by the appraisal staff will be considered the best information available. Areas not in production will be valued at the market rate.

2013 Rates for Present Use

TYPE	CODE	RATE
Agricultural		
Class I	A01	\$1,200.00
Class II	A02	\$760.00
Class III	A03	\$495.00
Wasteland	A04	\$40.00
Horticultural		
Class I	H01	\$2,260.00
Class II	H02	\$1,555.00
Class III	H03	\$1,020.00
Wasteland	H04	\$40.00
Forest Land		
Class I	F01	\$325.00
Class II	F02	\$200.00
Class III	F03	\$80.00
Class IV	F04	\$55.00
Class V	F05	\$40.00
Wasteland	F06	\$32.00

2013 Rate for Wildlife Conservation Land

TYPE	CODE	RATE
Wildlife		
Class I	W01	\$1,200.00
Class II	A02	\$760.00
Class III	A03	\$495.00
Wasteland	A04	\$40.00

AGRICULTURE CROPS

Field Corn
Seed Corn
Tobacco
Soybeans
Barley
Wheat
Hay
Alfalfa
Silage
Pasture Grass
Cattle
Poultry
Swine
Sheep
Llamas/Alpacas

HORTICULTURAL CROPS

Sweet Corn
Apples/Pears
Strawberries
Grapes
Blueberries
Tomatoes
Cabbage
Cucumbers
Potatoes
Peaches
Beans
Sod
Hops
Bamboo
Nursery Products
 Floral Products
 Ornamental Shrubs
 Christmas Trees
 Squash



See definitions and statute references in the following section.

Definitions

Practical and enhanced definitions and instructions to be followed in carrying out the requirements of present use value as set out in G. S. 105-277 are:

Agricultural land is any land that has been cleared and is used in the commercial production of crops, plants or animals under a sound management program. It can be row crops, grains, or pasture. It can be grazing lands for poultry, feedlots for slaughter animals or areas used for storage bins, curing barns, maintenance shops for farm equipment shelters and any other area used or necessary for the support of any of the agricultural enterprises which are a part of the farm operation.

Forestland can be any land that is actively engaged in the commercial growing of trees under a sound management program. Evidence of a sound management program is a forestry management plan. This can be land that has mature trees ready for harvest or any stage in the life of forestry products, from the setting of nursery seedlings to the harvesting of mature trees. Cut over land can qualify if sound management concurs that there are sufficient trees for natural reforestation.

Horticultural Land is any land that is actively used in the commercial production or growing of horticultural products under a sound management program. This would include: fruits, vegetables, nursery stock and floral products and any other similar horticultural enterprise. It would also include container-grown products that are not ready for sale. It would not include retail sales area, storage areas for the sale of horticultural products and customer parking areas. It would include land under greenhouses, equipment shelters and other storage buildings necessary for the support of the commercial production or growing of horticultural products. There will be situations where the operation could be classified as both horticultural and agricultural. If the product grown is an annual, that is, it lasts for one season, and will be involved in a crop rotation, then it is permissible and recommended that this type of operation be classified as an agricultural unit.

Land used for green beans, green peppers or cucumbers and rotated with soybeans, grain or corn should be treated as an agricultural unit. If the land is used for growing fruit trees, vineyard products, berries or vegetables and other products that are not annuals, it should be classified as both agricultural and horticultural. It would be better to ask this applicant to complete two applications, even if only one tract of land is involved. However, it would be permissible to attach the land breakdown and income figures to one application form.

ADDENDUM

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BUILDING REFINEMENTS

Roof Styles

Gable: A ridged roof that slopes from the center and resembles an “A”. It has a triangular shape when viewed from the side. A gable is also referred to as a pitched roof.



Hip: A pitched roof with four sloping sides. The pitch typically runs to each exterior wall.



Gambrel: Also known as a “barn” style roof. It has two pitches with the lower slope steeper than the upper slope.



BUILDING REFINEMENTS

Roof Styles

Mansard: Similar to a gambrel roof except it slopes at all sides it is sometimes called a “double hip” The lower slope is very steep and the upper slope is almost flat. A ridged roof with two slopes on either side, the lower slope having the steeper pitch



Flat/Shed: A flat roof is level with the structure. A shed roof has only one side that generally has a steep slope.



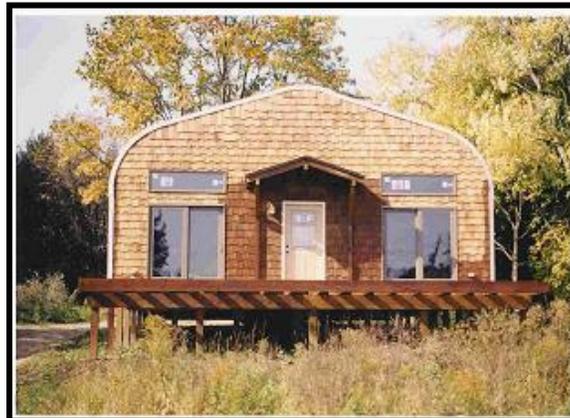
A-Frame: Has an extreme pitched roof where the roof actually forms the wall structure.



BUILDING REFINEMENTS

Roof Styles

Arch/ Bow: A straight, continuous arched vault or ceiling, either semi-circular or semi-elliptical in profile.



Other: All other roof styles.



BUILDING REFINEMENTS

Roof Materials

Composition Shingle: This material may be fiberglass or asphalt formed in strips (shingles). The shingles are nailed to the roof by in an overlapping pattern that creates a weatherproof seal.



Metal: A metal roof may be corrugated or crimped, aluminum or steel. The metal is nailed to the sheathing. New metals roofs have the look of traditional shingle roof materials.





BUILDING REFINEMENTS

Roof Materials

Wood Shingle: Wood shingles are usually cedar or cypress that is cut into wedge-shaped shingles about 3/8" thick. Wood shingles are nailed to the sheathing.



Wood Shakes: Wood shakes differ from wood shingles in two ways; they are much thicker than wood shingles and less uniform in shape and size. Wood shakes may be hand split. They are attached to the roof by nails.



Asbestos Shingle: The asbestos shingle can be distinguished from the composition shingle by its more brittle appearance. The shingle is made of asbestos or asbestos materials. Only found on older homes.



BUILDING REFINEMENTS

Roof Materials

Roll Composition: This is a fibrous material impregnated with tars that is purchased in rolls. The material is rolled onto the roof and attached with nails or tar.



Slate: Slate stone shingles are sawed or split into individual shingles that are nailed to the roof.



Tile: Tile shingles are made of clay that is baked to a hard surface and need no paint. The tiles usually are a half circle shape and are the color of clay (red, brown, or rust).



BUILDING REFINEMENTS

Roof Materials

Copper: Sheets of copper are nailed to the roof.



Tar and Gravel: A layer of roll composition is covered with tar which is embedded with gravel. This roof material is usually found on flat or shed roofs.



BUILDING REFINEMENTS

Roof Type Codes

This code describes both the style of the subject roof and the finished roof covering. The predominant type of roof and material is listed when more than one type of roof is present. Following is a list of the roof codes and the combination of style and materials. A more detailed description of both roof style and roof materials is included in the next section.

ROOF TYPE

<u>CODE</u>	<u>STYLE</u>	<u>MATERIAL</u>
100	Gable	Composition Shingle
102	Gable	Metal
104	Gable	Wood Shingle
106	Gable	Wood Shakes
108	Gable	Asbestos Shingle
110	Gable	Roll Composition
112	Gable	Slate
114	Gable	Tile
116	Gable	Copper
118	Gable	Other Material
120	Hip	Composition Shingle
122	Hip	Metal
124	Hip	Wood Shingle
126	Hip	Wood Shakes
128	Hip	Asbestos Shingle
130	Hip	Roll Composition
132	Hip	Slate
134	Hip	Tile
136	Hip	Copper
138	Hip	Other Material

BUILDING REFINEMENTS
ROOF TYPE

<u>CODE</u>	<u>STYLE</u>	<u>MATERIAL</u>
140	Gambrel	Composition Shingle
142	Gambrel	Metal
144	Gambrel	Wood Shingle
146	Gambrel	Wood Shakes
148	Gambrel	Asbestos Shingle
150	Gambrel	Roll Composition
152	Gambrel	Slate
154	Gambrel	Tile
156	Gambrel	Copper
158	Gambrel	Other Material
160	Mansard	Composition Shingle
162	Mansard	Metal
164	Mansard	Wood Shingle
166	Mansard	Wood Shakes
168	Mansard	Asbestos Shingle
170	Mansard	Roll Composition
172	Mansard	Slate
174	Mansard	Tile
176	Mansard	Copper
178	Mansard	Other Material
180	Flat or Shed	Composition Shingle
182	Flat or Shed	Metal
184	Flat or Shed	Wood Shingle
186	Flat or Shed	Wood Shakes
188	Flat or Shed	Asbestos Shingle
190	Flat or Shed	Roll Composition
182	Flat or Shed	Slate
184	Flat or Shed	Tile
186	Flat or Shed	Tar and Gravel

198	Flat or Shed	Other Material
210	A Frame	Composition Shingle
212	A Frame	Other Material
220	Arch or Bowed	Other Material
299	Other	Other Material or Shape

BUILDING REFINEMENTS

Floor Finish

Floor finish is the predominant floor covering in the main heated areas, carpet or hardwood are the most common. Floor finish is listed for descriptive purposes only; it does not add value to the cost calculation.

<u>FLOOR FINISH</u>	<u>CODE</u>
Carpet	100
Hardwood	102
Sheet Vinyl	104
Softwood	106
Asphalt Tile	108
Ceramic or Quarry Tile	110
Unfinished Concrete	112
Parquet	114
Earth	116
Brick	118
Terrazzo	120
Slate	122
Flagstone	124
Marble	126
Unfinished Sub-Floor	128
Other	199

Carpet: This must be attached to the sub-floor and can be any type or material.

Hardwood: Hardwood boards of various lengths and widths. Oak is the most commonly used wood, however, maple, walnut and other woods are also used.



Softwood: Softwood is similar to hardwood; usually made of pine.

Sheet Vinyl: Wall-to-wall sheet material in various patterns and thicknesses.

Asphalt Tile: Square tiles made of asphalt composition, in various colors that are glued to the sub-floor or peel and stick tiles.

BUILDING REFINEMENTS

Floor Finish

Ceramic Tile: Ceramic tile is kiln baked and set in grout on the sub-floor.

Unfinished Concrete: Concrete that is at grade with no finished floor surface.

Parquet: Small hardwood squares or strips laid in various patterns and designs.



Earth: No floor only exposed earth.

Brick: Common or face brick that is laid in various designs with mortar.

Terrazzo: A floor surface of marble chips, pebbles or stones in concrete. After the concrete has hardened, the floor is ground and polished to expose the chips. Epoxy terrazzo has a filler of plastic.



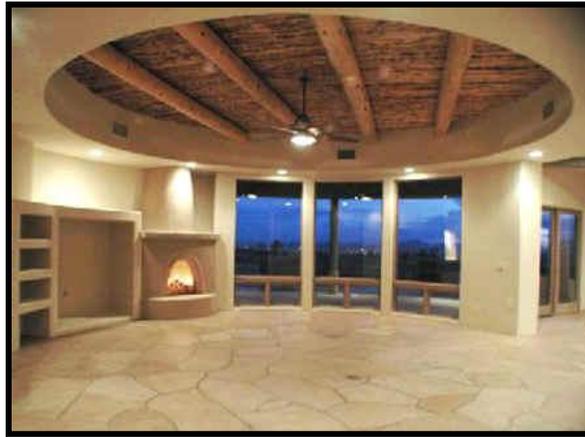
BUILDING REFINEMENTS

Floor Finish

Slate: Cut or randomly broken slate that is set in grout or concrete.



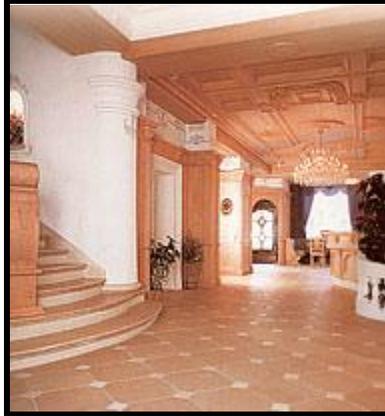
Flagstone: Cut or randomly broken stone that is set in grout or concrete.



BUILDING REFINEMENTS

Floor Finish

Marble: Cut or randomly broken marble that is set in grout or concrete.



Unfinished Sub-Floor: No floor finish is added. The plywood, particle board or chip board sub-floor is the only flooring.



BUILDING REFINEMENTS

Interior Finish Residential

Interior finish describes the exposed living surface. This code does not adjust the value of the building; it is for descriptive information only.

<u>CODE</u>	<u>DESCRIPTION</u>
100	Drywall
102	Plaster
104	Wood Paneling
106	Wood Boards
108	Knotty Pine
110	Wallboard
112	Painted Block
114	Glazed Brick or Block
116	Unfinished
199	Other

Drywall: A finish material composed of plaster with a paper surface. It is fastened to studding and sealed at the joints. Drywall is the standard for new construction.

Plaster: Lime, water and sand is mixed and applied to the walls with a trowel. Plaster hardens to form a durable and attractive wall surface. Plaster was the standard for average or better construction before the introduction of drywall.

Wood Paneling: A man-made material produced in various patterns or natural wood panels, both types are made in 4' X 8' sheets.

Wood Boards: Plain wood boards usually found in older construction.

Knotty Pine: Tongue and groove knotty pine boards.

Wallboard: A man-made pressed paper product, usually 2' x 8' or 4' x 8' sheets that is painted after installation.

Painted Block: This is found where the exterior is concrete block and no interior wall has been added. The concrete block is painted and is the interior finished surface.

Glazed Brick or Block: The interior wall is glass block, brick or kiln fired block.

Unfinished: No interior finish only exposed studs.

Definitions

Apartment hotel	a building designed for non-transient residential use, divided into dwelling units similar to an apartment house, but having such hotel apartment hotel accommodations as room furnishings, lounges, public dining room, maid service, etc.
Apartment house	a multi-family residence containing three or more non-transient residential living units and generally providing them with a number of common facilities and services.
Basement	a building story which is wholly or partly below the grade level.
Beam	a long structural load-bearing member which is placed horizontally or nearly so and which is supported at both ends or, infrequently, at intervals along its length.
Beam, spandrel	a wall beam supporting the wall, above, as well as the floor.
Column	a structurally isolated vertical member which is at least 8 to 10 times as long as its least lateral dimension and which is designed to carry loads. Compare <i>pier</i> .
Conduit	a tube, pipe, or small artificial tunnel used to enclose wires or pipes or to convey water or other fluids.
Construction, brick	a type of construction in which the exterior walls are bearing walls (q.v.) made of solid brick or brick and tile masonry.
Construction, brick veneer	a type of construction in which the exterior walls are one-layer brick curtain walls backed by a wood frame.
Concrete, reinforced	a type of construction in which the principal structural members, such as the floors, columns, beams, etc., are made of concrete poured around isolated steel bars or steel meshwork in such manner that the two materials act together in resisting forces.
Condo motel	Residential condos that are rented usually short term. The unit owners may choose to include their units in the rental pool or decline the rental option. These unit's sale prices are typically based on the income available from the unit in addition to its residential use.

Construction, steel frame	a type of construction in which there is a framework of steel structural members for the support of all loads and the resistance of all stresses.
Construction, wood frame	a type of construction in which there is a framework of wooden structural members for the support of all loads and the resistance of all stresses. Loosely called "frame construction."
Coping	a special capping at the top of a wall, serving principally as a watershed.

Definitions

Cornice	a projecting element at the top of a wall, serving principally as a decoration or as part of the coping (q.v.).
Cottage	Typically a one story to two story dwelling unit of small size and humble character.
Course	a uniform horizontal layer of brick, stone, terra cotta, shingles, or some other structural material extending continuously around a building or along a wall.
Courtyard	an open space bordered on two or more sides by the walls of a single building, or of two or more buildings.
Dormer	(1) a relatively small structure projecting from a sloping roof. (2) a window set upright in the face of such a structure.
Dwelling	any building or portion thereof designed or occupied in whole or in part as a place of residence.
Dwelling, duplex	a two-family dwelling in which the two dwelling units are separate with a private street entrance for each.
Dwelling, Multi-family	a building designed as a place of residence for more than two families or households; e.g., an apartment house.
Dwelling, row	any one of a series of similar single family, two family, or multi-family dwellings having one or more contiguous common or party walls.
Eaves	the portion of a sloping roof which projects beyond the outside walls of a building.

Elevation	a drawing which represents a projection of any one of the vertical sides or vertical cross-sections of a building or of any other object. Compare plan.
Façade	the face of a building (exterior).
Firewall	a wall of fire-resisting material erected between two parts of a building to prevent the spread of fire from one part to the other.
Flashing	small metal strips used to prevent leaking of roofs around chimneys, dormers, hips, and valleys.
Footing	a spreading base to a wall, column, or other supporting member, which serves to widen the ground area to which structural loads are transmitted.
Foundation	the structural members below grade level, or below the first tier of beams above grade level, which transmit the load of a superstructure to the ground.

Definitions

Gable	(1) the triangular portion of a wall between the slopes of a double-sloping (i.e., gable) roof. (2) the whole of the wall containing such a triangular portion. (3) a portion of a buildings extending from the remainder of the building and covered with a gable roof.
Girder	a large or principal beam (q.v.) used to support concentrated loads at solated points along its length. (Girders usually support the beams and structure above).
Header	(1) a structural member which is laid perpendicularly to a parallel series of similar members and against which the latter members abut. (2) a brick or other piece of masonry which is laid in a wall in such manner that its longest dimension extends along the thickness of the wall. Contrast <i>stretcher</i> .
Hip	(1) a sloping line along which two roof surfaces meet to form an external angle of more than 180 degrees. (2) a hip rafter (q.v.) Compare <i>ridge</i> ; <i>valley</i> .
Hotel	a building designed for transient or semi-transient residential use, divided into furnished single rooms and suites, and having such

accommodations as lounges, public dining rooms and maid service, etc

Joist	one of a series of small parallel beams laid on edge and used to support floor and ceiling loads, and usually supported in turn by larger beams and girders.
Lintel	a beam over a wall opening, such as a door or windows, designed to carry the load of the wall over such opening.
Louver (or louvre)	a ventilator containing slats which are placed lengthwise across the ventilator opening, each slat being slanted in such manner as to overlap the next lower slat and to permit ventilation but exclude rain.
Marquee	a flat roof-like structure which shelters a doorway, which has no floor beneath it, and which is usually supported wholly from the walls or the building.
Mezzanine	a low story formed by placing a floor between what would ordinarily be the floor and ceiling of a high story, <i>Note:</i> the mezzanine floor frequently has a smaller area than other floors and, if present at all, is usually between the first and second stories.
Millwork	all of the wooden portions of a building, whether frame construction or otherwise, which are customarily purchased in finished form from a planing mill, such as doors, windows, trim, balusters, etc.
Overhang	a finished portion of a building having full story height which extends beyond the foundation wall line if part of the ground story, or beyond the exterior walls of the ground story if part of any higher story.

Definitions

Pier	(1) a thick, solid mass of masonry which is fully or partially isolated from a structural standpoint and which is designed to transmit vertical loads to the earth. (2) a structure projecting from land into water for use in loading and unloading vessels. Compare column.
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Pilaster	a flat-faced pillar projecting somewhat from, but engaged in, the wall of a building and used for decorative purposes or to help support truss and girder loads or both.
Pile	a heavy timber, metallic, or masonry pillar forced into the earth to form a foundation member.
Pitch	the slope of any structural member, such as a roof or rafter, usually expressed as a simple fraction representing the rise per lateral foot.
Purlin	a beam running along the underside of a sloping roof surface and at right angles to the rafters, used to support the common rafters, and usually supported in turn by larger structural members, such as trusses or girders (usually run along length of building).
Rafter	a structural member placed, as a rule, in a sloping position and used as the supporting element for the structural material forming the plane of the roof.
Ridge	a horizontal line along which the upper edges of two roof surfaces meet to form an external angle of more than 180 degrees. Compare <i>hip</i> ; <i>valley</i> .
Rise	(1) in general, any vertical distance. (2) specifically, the rise of a roof being the distance between the top of an exterior wall and the peak of the roof; the rise of a stair being the distance from tread to tread.
Sash	the wooden or metal framework in which the glass of a door or window is set.
Sheathing	the covering, usually of rough lumber, placed immediately over studding or rafters.
Sill	(1) the lower horizontal part of a door-case (the threshold) or of a window. (2) the lowest horizontal structural member of a frame building, upon which the superstructure is supported.
Story	that portion of a building enclosed by a floor, a ceiling, and the exterior walls.
Stretcher	a brick or other piece of masonry which is laid lengthwise in a wall the opposite to a header.

Strut any structural member, which holds apart two **or** more other members by counteracting a pressure, which tends to bring them together. Contrast tie.

Definitions

Stud one of a series of small slender structural members placed vertically and used as the supporting element of exterior or interior walls. (Plural: studs or studding)

Sub floor the flooring laid directly on top of the floor joists, but beneath the finish floor.

Trim (1) the wooden portions of a plastered room, such as the doors, windows, wainscoting, and molding, or the corresponding portions of a room finished otherwise than with plaster. (2) the contrasting elements on the exterior of a building which serve no structural purpose, but are intended to enhance its appearance, e.g., the cornice. (3) occasionally, the hardware of a house, such as locks, hinges, doorknobs, etc.

Truss a combination of structural pieces fastened together into a rigid open member which is supported at both ends and upon which loads are superimposed. Compare *girder*.

Veneer a thin ornamental or protective facing which does not add appreciably to the strength of the body to which it is attached.

Wainscot (or wainscoting) (1) a wooden facing on the lower portion of a contrasting interior wall. (2) by extension, a facing of marble tile, or the like, on the lower portion of interior walls.

Wall a vertical structure serving to enclose, support, divide; such as one of the vertical enclosing sides of a building or room.

Wall, bearing a wall designed primarily to withstand vertical pressure in addition to its own weight.

Wall, common a wall owned by one or two parties and jointly used by both, one or both of whom is entitled to such use under the provisions of ownership.

Wall, curtain a non-bearing wall which is supported by columns, beams, or other structural members, and whose primary function is to enclose space.

Wall, partition	an interior bearing or non-bearing wall which separates portions of a story. Synonymous <i>with partition</i> .
Wall, party	a wall jointly used by two parties under easement agreement and erected at or upon a line separating two parcels of land held under different ownership.
Wall, retaining	a wall designed primarily to withstand lateral pressures of earth or other filling or backing deposited behind it after construction.
CAMA	Computer-Assisted Mass Appraisal - Utilizing data processing to compare parcels, calculate values, and maintain property characteristics to increase efficiency and accuracy in the appraisal process.

Definitions

Data verification	Process of checking the accuracy of data that has been placed into a data processing system.
MRA	Multi Regression Analysis - Also called the least squares method, is a mathematical method for producing a model for a dependent variable as a linear function of independent factors. As an example - the predicted sales price (dependent variable) is a function of independent factors such as Square Feet, Style, Neighborhood, etc.
Standard deviation	a statistical measure of the variation of a characteristic about its average value. Standard deviation is the square root of the variance of a characteristic about its average observed value. Variance is the sum of the squared deviations of each observed value from the average, divided by one less than the number of observations. For normally distributed observations, approximately 70% of the observations will fall within one standard deviation of the mean or average value.
Abstract	a computer-printed report of appraised and/or assessed values for each parcel of real property in a given taxing district; generally sequenced geographically.
Actual age	the number of years elapsed since the original construction, as of the effective valuation date. Compare with <i>effective age</i> .

Ad valorem tax	in reference to property, a tax based upon the value of the property.
Aesthetic value	a value, intangible in nature, which is attributable to the pleasing appearance of a property.
Agricultural property	land and improvements devoted to or best adaptable for the production of crops, fruits, and timber, and the raising of livestock.
Air rights	the right to the use of a certain specified space within the boundaries of a parcel of land and above a specified elevation.
Alley influence	the enhancement to the value of a property rising out of the presence of an abutting alley; most generally applicable to commercial properties.
Amenities	in reference to property, the intangible benefits arising out of ownership; <i>amenity value</i> refers to the enhancement of value attributable to such amenities.
Assessment	the value of taxable property to which the tax rate is to be applied in order to compute the amount of taxes; may be used synonymously with <i>assessed value</i> , <i>taxable value</i> , and <i>tax base</i> .
Assessment ratio	the ratio of assessed value to a particular standard of value, generally the appraised value. A percentage to be applied to the appraised value in order to derive the assessed value.

Definitions

Assessment roll	the official listing of all properties within a given taxing jurisdiction by ownership, description, and location showing the corresponding assessed values for each; also referred to as <i>tax list</i> , <i>tax book</i> , <i>tax duplicate</i> , and <i>tax roll</i> .
Asthetic value	a value, intangible in nature, which is attributable to the pleasing appearance of a property.
Average deviation	in a distribution of values, the average amount of deviation of all the values from the mean value, equal to the total amount of deviation from the mean divided by the number of deviations. As applied to an assessment-to-sale ratio distribution, the average amount which all the ratios within the distribution deviate from the mean ratio.

Base price	a value or unit rate established for a certain specified model, and subject to adjustments to account for variations between that particular model and the subject property under appraisalment.
Building residual technique	a building valuation technique which requires the value of the land to be a known factor; the value of the buildings can then be indicated by capitalizing the residual net income remaining after deducting the portion attributable to the land.
Capitalization	a mathematical procedure for converting the net income which a property is capable of producing into an indication of its current value. See income <i>approach</i> .
Corner influence	the enhancement to the value of a property due to its corner location; most generally applicable to commercial properties.
Cost approach	one of the three traditional approaches to determination of the value of a property; arrived at by estimating the value of the land, the replacement or reproduction cost new of the improvement, and the amount of accrued depreciation to the improvement. The estimated land value is then added to the estimated depreciated value of the improvements to arrive at the estimated property value. Also referred to as the "cost-to- market approach" to indicate that the value estimates are derived from market data abstraction and analysis.
Depreciation	loss in value from all causes; may be further classified as <i>physical</i> , referring to the loss of value caused by physical deterioration; <i>functional</i> , referring to the loss of value caused by obsolescence inherent in the property itself; and economic, referring to the loss of value caused by factors extraneous to the property. <i>accrued</i> depreciation refers to the actual depreciation existing in a particular property as of a specified date. <i>normal</i> depreciation refers to that amount of accrued depreciation one would normally expect to find in buildings of certain construction, design, quality, and age.
Deterioration	impairment of structural condition evidenced by the wear and tear caused by physical use and the action of the elements, also referred to as <i>physical depreciation</i> .

Definitions

Economic life	the life expectancy of a property during which it can be expected to be profitably utilized.
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Economic obsolescence	obsolescence caused by factors extraneous to the property. Also referred to as <i>economic depreciation</i> .
Economic rent	the rent which a property can be expected to bring in the open market as opposed to <i>contract rent</i> or the rent the property is actually realizing at a given time.
Effective age	an age assigned to a structure based upon its condition as of the effective valuation date; it may be greater or less than the structure's actual age. Compare with <i>actual age</i> .
Effective gross income	the estimated gross income of a property less an appropriate allowance for vacancies and credit losses.
Functional Obsolescence	obsolescence caused by factors inherent in the property itself. Also referred to as <i>functional depreciation</i> .
Functional utility	the composite effect of a property's usefulness and desirability upon its marketability.
Grade	the classification of an improvement based upon certain construction specifications, and quality of materials and workmanship.
Grantee	a person to whom property is transferred and property rights are granted by deed, trust instrument, or other similar documents. Compare with <i>grantor</i> .
Grantor	a person who transfers property or grants property rights by deed, trust instrument, or other similar documents. Compare with <i>grantee</i> .
Gross area	the total floor area of a building measured from the exterior of the walls.
Gross income	the scheduled annual income produced by the operation of a business or by the property itself.
Gross income Multiplier	a multiplier representing the relationship between the gross income of a property and its estimated value.
Gross sales	the total amount of invoiced sales before making any deductions for returns, allowances, etc.

Ground lease a document entitling the lessee certain specified rights relating to the use of the land.

Ground rent net rent from a ground lease; that portion of the total rent which is attributable to the land only.

Definitions

Income approach one of the three traditional approaches to determination of value; measures the present worth of the future benefits of a property by the capitalization of its net income stream over its remaining economic life. The approach involves making an estimate of the potential net income the property may be expected to yield, and capitalizing that income into an indication of value.

Land residual technique a land valuation technique which requires the value of the buildings to be known; the value of the land can then be indicated by capitalizing the residual net income remaining after deducting the portion attributable to the building(s).

Leasehold a property held under the terms of a lease.

Leasehold improvements additions, renovations, and similar improvements made to a leased property by the lessee.

Legal description a description of a parcel of land which serves to identify the parcel in a manner sanctioned by law.

Market value the price an informed and intelligent buyer, fully aware of the existence of competing properties, and not compelled to act, would be justified in paying for a particular property.

Mass appraisal appraisal of property on a mass scale - such as an entire community, generally for ad valorem tax purposes, using standardized appraisal techniques and procedures to accomplish uniform equitable valuation with a minimum of detail, within a limited time period, and at a limited cost ... as opposed to a *fee appraisal* which is generally used to refer to a rather extensive, detailed appraisal of a single property or singularly used properties for a specified purpose.

Mineral rights the right to extract subterranean deposits such as oil, gas, coal, and minerals, as specified in the grant.

Neighborhood trend three stages in the life cycle of a neighborhood "the *improving stage* characterized by development and growth; the *static stage*

characterized by a leveling off of values; and the *declining stage* characterized by infiltration and decay.

Net income the income remaining from the effective gross income after deducting all operating expenses related to the cost of ownership.

Net lease a lease wherein the lessee assumes to pay all applicable operating expenses related to the cost of ownership; also referred to as *net net*, or *net net net lease*.

Net sales gross sales less returns and allowances.

Net sales area the actual floor area used for merchandising, excluding storage rooms, utility and equipment rooms, etc.

Non-conforming use a use which, because of modified or new zoning ordinances, no longer conforms to current use regulations, but which is nevertheless upheld to be legal so long as certain conditions are adhered to.

Definitions

Observed depreciation that loss in value which is discernable through physical observation by comparing the subject property with a comparable property either new or capable of rendering maximum utility.

Obsolescence a diminishing of a property's desirability and usefulness brought about by either functional inadequacies and over-adequacies inherent in the property itself, or adverse economic factors external to the property. Refer to *functional depreciation and economic depreciation*.

Operating expenses the fixed expenses, operating costs, and reserves for replacements which are required to produce net income before depreciation, and which are to be deducted from effective gross income in order to arrive at net income.

Overall rate a capitalization rate representing the relationship of the net income (before recapture) of a property to its value as a single rate; it necessarily contains, in their proper proportions, the elements of both the land and the building capitalization rates.

Percentage lease a type of lease in which the rental is stipulated to be a percentage of the tenant's gross or net sales, whichever specified.

Personal property property, which is not permanently affixed to and a part of the real estate, as specified by state statutes.

Property class	a division of like properties generally defined by statutes and generally based upon their present use. The basis for establishing assessment ratios in a classified property assessment system. See <i>classified property tax</i> .
Property inspection	a physical inspection of a property for the purpose of collecting and/or reviewing property data.
Property record card	a document specially designed to record and process specified property data; may serve as a source document, a processing form, and/or a permanent property record.
Quantity survey method	a method of computing the replacement or the reproduction cost of an improvement by applying unit costs to the actual or estimated material and labor quantities and adding an allowance for overhead, profit, and all other indirect construction costs.
Real estate	the physical land and appurtenances affixed thereto; often used synonymously with <i>real property</i> .
Real property	all the interests, benefits, and rights enjoyed by the ownership of the real estate.
Replacement cost	the current cost of reproducing an improvement of equal utility to the subject property; it may or may not be the cost of reproducing a replica property. Compare with <i>reproduction cost</i> .
Reproduction cost	the current cost of reproducing a replica property. Compare with <i>replacement cost</i> .
Reserve for replacements	a reserve established to cover renewal and replacements of fixed assets.

Definitions

Residential property	vacant or improved land devoted to or available for use primarily as a place to live.
Sales ratio study	a statistical analysis of the distribution of assessment or appraisal-to-sale ratios of a sample of recent sales, made for the purpose of drawing inferences regarding the entire population of parcels from which the sample was abstracted.
Salvage value	the price one would be justified in paying for an item of property to be removed from the premises and used elsewhere.
Site development costs	all costs incurred in the preparation of a site for use.
Soil productivity	the capacity of a soil to produce crops.
Tax levy	in reference to property taxes, the total revenue, which is to be realized, by the tax.

Tax mapping	the creation of accurate representations of property boundary lines at appropriate scales to provide a graphic inventory of parcels for use in accounting, appraising and assessing; such maps show dimensions and the relative size and location of each tract with respect to other tracts.
Unimproved land	vacant land; a parcel for which there is no improvement value.
Use value	the actual value of a commodity to a specific owner, as opposed to its value in exchange or market value.
Vacancy	an un-rented unit of rental property.
Zoning regulations	governmental restrictions relating to the use of land.

Definitions Statistical Terms

Aggregate ratio	as applied to real estate, the ratio of the total assessed value to the total selling price.
Average deviation	in a distribution of values, the average amount of deviation of all the values from the mean value equal to the total amount of deviation from the mean divided by the number of deviations.
Coefficient	a value prefixed as a multiplier to a variable or an unknown quantity.
Coefficient of dispersion	as applied to an assessment-to-sale ratio distribution, a measure of dispersion in a given distribution equal to the average deviation of the ratios from the mean ratio divided by the mean ratio.

Frequency distribution	a display of the frequency with which each value in a given distribution occurs, or in <i>a grouped frequency distribution</i> , a display of the frequency with which the values within various intervals, or value groupings, occur.
Mean	a measure of central tendency equal to the sum of the values divided by the number. Also referred to as <i>arithmetic average</i> or <i>arithmetic mean</i> .
Median	a measure of central tendency equal to that point in a distribution above which 50% of the values fall and below which 50% of the values fall. The 50th percentile. The 2nd quartile.
Mode	a measure of central tendency equal to that value occurring most frequently in a given distribution. In a grouped frequency distribution, the mode is equal to the mid point of the interval with the greatest frequency.
Normal distribution	a distribution in which all the values are distributed symmetrically about the mean value, with 68.26% of the values falling between +/- 1 standard deviation, 95.44% between +/- 2 standard deviations, and 99.74% between +/- 3 standard deviations.
Percentile rank	the relative position of a value in a distribution of values expressed in percentage terms; for instance, as applied to an assessment-to-sale ratio distribution, a ratio with a percentile rank of 83 would indicate that 83% of the ratios were lower and 17% of the ratios were higher than that particular ratio.
Price related differential	as applied to real estate, an analytical measure of the vertical uniformity of values in a given distribution calculated by dividing the mean ratio by the aggregate ratio; a ratio of more than 1 being generally indicative of the relative undervaluation of high priced properties as compared to the less valuable properties, whereas a ratio of less than 1 would indicate the converse relationship.
Quartile	positions in a distribution at 25 percentile intervals; the <i>first quartile</i> being equal to the 25th percentile, the <i>second quartile</i> being equal to the 50th percentile or the median, and the <i>third quartile</i> being equal to the 75th percentile.
Regression analysis	a statistical technique for making statements as to the degree of linear association between a criterion (dependent) variable and one or more predictor (independent) variables; a simple linear regression having one independent variable, and multiple linear regression having more than one independent variable.

Definitions Statistical Terms

Range	the difference between the highest and the lowest value in a distribution.
Ratio	a fixed relationship between two similar things expressed in terms of the number of times the first contains the second; the quotient of one quantity divided by another quantity of the same type, generally expressed as a fraction.
Sample	as applied to real estate, a set of parcels taken from a given universe which is used to make inferences about values for the universe.
Sample size	as applied to real estate, the number of parcels needed from a universe to achieve a desired level of precision, given the total number of parcels in the universe and the standard deviation thereof.
Standard deviation	a measure of dispersion, variability or scatter of values in a given distribution equal to the square root of the arithmetic mean of the squares of the deviations from the mean.
Stratified sampling	the selection of sample parcels from distinct groups within the total universe based upon the known sizes and characteristics of these distinct groups.
Universe	as applied to real estate, all the parcels of a given type in the group under study, i.e., all the parcels of a given neighborhood, district, etc. Also referred to <i>as population</i> .

Real or Personal Property?

Leasehold Improvements

Modifications and up fits made by the tenant for the specific use of the business and not the building are taxable in North Carolina as business personal property(**leasehold improvements**). It is the responsibility of the occupant to list these improvements with the Assessor's Office during the listing period each year.¹⁷

There are two tests for determining if an improvement should be listed as personal property:

3. The improvements are made by the occupant for the benefit of the business, not the building.
4. The components cannot be removed without damaging the building.

The commercial model for each structure type includes basic features such as minimal interior finish, plumbing, electrical and lighting fixtures required for the general operation of the building. Personal property is anything added specifically for the operation of the specific business occupying the building and not for the use of the business itself. For example if the business left the next tenant would not use the items added by the previous business owner. Personal property can be generally defined as movable items. Items not listed and taxed as real estate are business personal property. It is the responsibility of the property owner to list any business personal property and to determine what should be listed as personal property. The following list of real and personal is provided to aid real estate and business personal property appraisers and the property owner. When in doubt the commercial appraiser and the business personal property appraiser will consult to insure that property is not taxed as both real estate and personal property.

Malls and strip centers are valued as shell buildings with minimal finish. Any improvements made to the individual rental spaces are considered "leasehold improvements" for the purpose of the specific business

[purpose of the tenant.](#)

¹⁷ See memo dated December 23,2011 North Carolina Department of Revenue in Addendum

Real or Personal Property?

The decision about whether to list and tax a building component as real or personal property is based on the purpose of the item. Was it added for the benefit of the building or for the benefit of the business? Items added for the benefit of the business are listed as business personal property. Model homes either manufactured housing or stick built that are not attached to utilities are considered inventory and are not taxable. Houses that were real estate but are being moved and are in transition and not permanently attached are also considered inventory. The following chart lists the most common items and how they should be listed. An item with a red X is listed as personal property and an item with a blue X is real estate.

ITEM	REAL	PERSONAL
Acoustical drapes and curtains		X
Appliances		
Apartments	X	
Rental houses		X
Other	X	
Air Conditioning for comfort of occupants or customers	X	
Malls, interior mall retail or service stores	X	
Air Conditioning for business process		X
Architectural and engineering fees (building)	X	

Architectural and engineering fees(leasehold or tenant)		X
Bar and bar equipment		X
Boiler for service of building	X	
Boiler for business process		X
Bowling alley equipment		X
Burglar Alarms		X
Cabinets(built-in)	X	
Car Wash equipment		X
Canopy(removable)		X
Canopy (not removable)		x
Catwalks(movable)		X
Communication equipment		X
Compressed air systems		X
Computers		X
Concrete plant equipment		X
Construction allowances paid to tenants		X
Control systems		X
Conveyor systems		X
Cooking (restaurant equipment)		X
Cold storage built –in rooms	X	
Cold storage equipment		X
Coolers(walk-in) portable		X
Coolers(walk-in) permanent	X	
Cooling towers used in manufacturing		X
Cooling towers used for building	X	
Dairy processing equipment		X
Diagnostic center equipment		X
Dock levelers		X
Doors	X	
Doors (removable grille or security doors installed by tenant)		X
Drapes and Blinds		X
Dust control systems		X
Electrical(for building)	X	
Drive thru windows (detatched)		X
Drive thru windows (attatched)	X	
Electrical (for the business process)		X
Elevators/Escalators	X	
Fans(attached)	X	
Fans(removable)		X
Fencing		X

Fire alarm systems		X
Floor finish (included in building model)	X	
Floors (movable or modular)		X
Floors (basic included in model)	X	
Foundations for machinery and equipment		X
Golf course improvements	X	
Gates		
Grain bins		X
Greenhouses (plastic)		X
Greenhouses(glass, Plexiglas)	X	
Greenhouse equipment		X
Humidifiers used in process		X
Humidifiers used for building	X	
Heating systems used for process		X
Heating systems used for building	X	
Hoppers		X
Hospital equipment		X
Incinerators(movable)		X
Incinerators (permanent,built-in)	X	
Industrial piping used in the business process		X
Interior finish (included in building model)	X	
Interior finish (NOT included in building model)		X
Mirrors, counters, movable columns		
Movable fitting rooms		
Irrigation equipment		X
Kilns(moveable)		X
Kilns(built-in)	X	
Lighting(outdoor)		X
Lighting fixtures (not included in model)		X
Modular Offices	X	
Modular Offices(temporary sales offices, etc)		X
Night Depository		X
Ovens used in process		X
Power generator systems(backup system)		X
Plumbing fixtures	X	
Piping for process (removable)		X
Public address systems		X
Restaruant kitchen equipment(removable)		X
Scales		X
Scale house		X
Screens (movie)		X

Theater Seats		X
Service Station equipment		X
Shelving		X
Signs(including billboards)		X
Sound projection equipment		X
Sound systems		X
Sprinkler systems (fire protection for the building)	X	
Sprinkler systems used for the process		X
Switchboard		X
Tanks		X
Teller machines(ATM)		X
Telephone system		X
Towers (cell, TV, radio, etc.)		X
Vacuum system used for the process		X
Vacuum system used for the building	X	
Vaults	X	
Vault doors(removeable)		X
Ventilation systems used for the building	X	
Ventilation system used for the process		X
Water tanks (all water tanks)		X
Water coolers		X
Wells(pumps, motors and equipment)		X
Wiring used for the process		X
Wiring for the building	X	
Walls(portable)		X
Walls(partition walls attached to the building)	X	
Water lines for the business process		X
Hot Air Ballons		X
Counters,Cabinets, Bookcases(moveable)		X
Cell Towers		X
Cell Tower Sites	X	
Campers		X
Model homes (Jim Walter etc)		X

Property Class

CODE	DESCRIPTION	PROPERTY CLASS CODES	CODE	DESCRIPTION	CODE	DESCRIPTION
			CODE	DESCRIPTION		

100	RESIDENTIAL	435	MANUAL CAR WASH	494	MALL ANCHOR STORE
105	LEASEHOLD	437	COMM/PARKING GARAGE	495	HOME IMP. CENTER
120	CONDOMINIUM	438	PARKING LOT/COM.	500	RECREATION
121	TOWNHOME	440	WAREHOUSE/STORAGE	510	ASSEMBLY HALL
122	CONDO STORAGE	441	GAS/OIL/SALES/STORAG	511	LEGITIMATE THEATRE
170	MANUFACT HOUSING	444	LUMBER YARD-SAWMILL	512	MOVIE THEATER
180	MULTIPLE RESIDENCES	445	COAL YARD	514	AUDITORIUM
250	BILTMORE ESTATE	446	COLD STORAGE FAC.	515	TV OR RADIO
300	VACANT LAND	447	TRUCKING TERMINAL	521	STADIUM/ARENA
301	SUBSTANDARD LOT	450	RETAIL SALES	522	RACETRACK
305	ROAD/STREET	455	SALES & SERVICE	530	AMUSEMENT FACILITY
306	PARK/RESERVED AREA	456	CONVENIENCE STORE	532	AMUSEMENT PARK
307	PARKING	458	MH/MODULAR SALES	540	SPORTS FACILITY
311	RES BUILDING LOT	460	BANKS & OFFICES	541	BOWLING
312	NON-DWELLING IMPROVE	461	STANDARD BANK	542	SKATING
315	LAKE/POND/UNDERWATER	462	DRIVE-IN BANK	543	YMCA OR YWCA
317	COMMON AREA	463	BANK W/ OFFICE	544	HEALTH SPA
340	COMMERCIAL VACANT	464	OFFICE BLDG	545	TENNIS
341	COMMERCIAL/SMALL IMP	465	PROFESSIONAL BL	546	POOL/BILLIARDS
365	GOVERNMENT/EXMT/VAC	466	COMMERCIAL CONDO	551	FISHING LAKE
400	COMMERCIAL	467	COMM/OFFICE CONDO	552	GOLF COURSE
401	GROVE ARCADE	468	MEDICAL OFFICE	553	COUNTRY CLUB
405	LEASEHOLD/COMMERCIAL	470	COMMERCIAL/SERVICES	554	SWIMMING POOL
411	APARTMENTS	471	FUNERAL HOME	555	RIDING STABLES
414	HOTEL	472	DOG KENNEL/CATTERY	557	DRIVING RANGE
415	MOTEL	473	GREENHOUSE/NURSERY	558	MINIATURE GOLF
416	MANUFAC. HOUSING	475	VETERINARY CLINIC	591	REC/PLAYGROUNDS
417	CAMPS,COTTAGES,RV PK	476	ADULT CARE HOME	592	ATHLETIC FIELDS
422	DINER	477	CLUBHOUSE FRAT.BLD.	600	COMMUNITY SERVICE
423	SNACK BARS	478	DAYCARE CENTER	610	EDUCATION/OFFICES
424	NIGHT CLUB	479	WINERY	611	PUBLIC LIBRARY
425	BAR	480	MULTI-USE COMMERCIAL	612	HIGH SCHOOL
426	FAST FOOD	481	ROW RETAIL BLD.	613	COLLEGE
430	USED CAR SALES	483	CONVERTED RESIDENCE	614	EDUCATION/SPECIAL
431	NEW AUTO DEALERSHIP	486	COMMERCIAL SCHOOL	615	EDUCA.278.4/PRIVATE
432	SERVICE STATION	490	REGIONAL SHOP CTRS	616	EDUCATION/NON PR
433	AUTO REPAIR/TIRE	491	COMMUNITY SHOPPING	617	PRIMARY SCHOOL
434	AUTO CAR WASH	492	STRIP SHOPPING CENTR	618	PUBLIC SWIMMING
		493	NEIGHBORHOOD SHOP.		

PROPERTY CLASS CODES

CODE	DESCRIPTION	CODE	DESCRIPTION
620	RELIGIOUS	701	MILK PROCESSING
621	CHURCH BUILDING	702	PLASTICS
622	CHURCH PARSONAGE	704	ELECTRONICS
623	CHURCH SCHOOL	706	TEXTILES
625	RELIGIOUS/ASSEMBLY	708	MACHINE TOOL&DYE
624	CHURCH PARKING	710	IND/MANUFACTURING
628	REL.CAMP/RESORT/ASMB	720	MINING & QUARRY
630	CHARITY/WELFARE	721	SAND & GRAVEL
631	GROUP HOME	800	STATE ASSESSED
632	MOOSE,ELKS,VETERANS	810	GAS
633	ADULT CARE HOME/EXM	812	ELEC. POWER PLANT
634	CHARITABLE HOUSING	817	ELECTRIC DISTRIBUTION.
635	LOW INCOME HOUSING	818	GAS DISTRIBUTION
636	OTHER CHARITABLE	820	WATER SUPPLY
640	HEALTH	822	WATER STORAGE
641	HOSPITAL/HEALTH CARE	830	COMMUNICATION
642	OTHER HEALTH	831	TELEPHONE
644	CCRC/278.6A	836	CABLE NETWORK
645	MED CARE COM BONDS	840	TRANSPORTATION
646	SCIENTIFIC/278.7(F)	841	BUS TERMINAL
650	GOVERNMENT OWNED	842	RAILROAD
651	GOVERNMENT GARAGE	844	AIRPORT/AIRFIELD
652	GOVERNMENT OFFICES	850	WASTE DISPOSAL
653	GOVERNMENT PARKING	852	LANDFILL
654	POST OFFICE	853	SEWER & WATER
656	GOV. HEALTH CARE	900	CONSERVED AREA/PARK
658	DOT PROPERTY	910	PRIVATE HUNTING CLUB
660	PROTECTION	930	PRIVATE PARKS
661	ARMORY	931	FEDERAL PARKS
662	POLICE-FIRE DEPT.	932	STATE PARKS
670	CORRECTIONAL CENTER	933	COUNTY PARKS
680	CULTURAL/RECREATION	934	CITY PARKS
681	CULTURAL FACILITIES	942	PROTECTED NATURAL AREA
682	GOV.PARK/COMM.CENTER		
694	ANIMAL WELFARE		
695	CEMETERIES/BURIAL		
700	INDUSTRIAL		

