

Land Appraisal

Introduction

The market or sales comparison approach is the most applicable method for the valuation of land.

Land value is generally estimated by comparing the subject property to similar properties which have recently sold. Adjustments are made to the comparables for the different factors affecting land value.

Some of the factors considered include: location, size, shape, topography, accessibility, present use, highest and best use, zoning, utilities, income to the land, supply and demand for the particular type land, improvements to the land and improvements on the land, water, sewer, sidewalks, curbs, gutter, etc. are examples of improvements to the land and are included in the value of the land. Building structures are improvements on the land and with few exceptions, are valued apart from the land.

Land Models

There are currently three different land models in use with the Guilford County Appraisal System.

Land Model 0	Unit Value
Land Model 4	Base Price – Market Value
Land Model 5	Present Use by Class

Generally residential property is valued by lot (LT), or units, (UT); commercial property by square foot, (SF), units, (UT) or acreage, (AC); and industrial property by square foot (SF, or acreage, (AC), units, (UT); and agricultural property by acreage, (AC). (Some tracts may require two or more different land units).

Land Model 0

This land model is used primarily in non-rural areas. Condition factors may be used to make adjustments where appropriate.

Land Model 04

This land model is the primary rural land model. Factors which play an important role are location, size, shape, road frontage, type of access and topography. The following is a description of how these factors affect each parcel:

A. Location:

Location is a key factor in the determination of market value in the County. Depending on market demand and sale prices, locational areas (Base Price Areas) were established throughout the County. Within each base price area other locational factors may be applied to a given parcel. The concept of neighborhood homogeneity may cause values to fluctuate as a parcel comes more under the influence of the neighborhood and less under the influence of the total base area. The market demands higher prices for property in or near active market areas. Desirable subdivisions, availability of water and sewer, proximity to shopping areas, higher base price areas and the existence of amenities are factors which tend to increase market demand. The inverse may be true for parcels near a declining subdivision or undesirable industrial or commercial use area. These influences must be determined and adjusted on an individual basis by the appraiser.

B. Size:

The size of a parcel plays a major role in determining the price at which a parcel of land will sell. The total price asked for a parcel of land has an indirect correlation with the number of potential buyers in the market. This situation stimulates more price negotiation and longer turnover periods for large tracts. Consequently, the actual cash value per acre decreases as the size of the parcel increases.

The value of small lots containing less than one acre depends greatly on zoning and Health Department restrictions, therefore, these lots should be priced by the lot. Tracts one acre or greater are generally priced using the base price in conjunction with following size factor chart:

C: Road Frontage:

The market tends to recognize parcels containing 10 acres or less as residential homesites. Tracts of this size are more desirable if they have at least 26-30% road frontage. Sales of large tracts, which have potential for development, tend to reflect the amount of road frontage in relation to total parcel size. Parcels containing more than ten acres are considered to have adequate frontage. Sales of large tracts, which have potential for development, tend to reflect the amount of road frontage in relation to total parcel size. This percent when applied to the following chart produces a plus or minus factor to be applied to each parcel.

Percent FTG to Total Acreage	0-10 Acres	10.01 Acres and Up
.1-.9	-22%	-18%
1-1.9	-21%	-16%
2-2.9	-20%	-14%
3-3.9	-19%	-12%
4-4.9	-18%	-10%
5-5.9	-16%	-8%
6-6.9	-14%	-6%
7-7.9	-12%	-4%
8-8.9	-10%	-2%
9-11	-8%	+0%
12-15	-6%	+2%
16-20	-4%	+4%
21-25	-2%	+6%
26-30	0%	+8%
31-35	+2%	+11%
36-40	+4%	+14%
41-50	+7%	+17%
51-60	+10%	+20%
61-70	+15%	+23%
71-80	+20%	+26%
81-100	+30%	+30%

*Note – Parcels that front on intersections or corners will be adjusted so that usable frontage will be considered only once.

D. Access:

1. Paved – This is considered to be the norm and no adjustment is needed.
2. Dirt – Parcels located on dirt roads are reduced by 10%.
3. Rural Dirt Road Not State Maintained – These roads are usually maintained by a group of property owners and are reduced further in value.
4. No State Maintained Access – Parcels having no access are useful mainly as add on property for adjoining owners which have access. Residential use is limited on these parcels, therefore, small tracts do not show the dramatic increase in per acre price. The following factors are to be applied to parcels having no access in order to reduce both the base price and the size factor influence.
5. No Public Access – Private Drive. Parcels have established access to property but no state maintained frontage.

<u>Road Classification Code</u>	<u>Access Factor</u>	<u>Type of Access</u>
RP	+00	Rural paved is considered normal
UP	+00	Urban Paved
SP	+00	Suburban Paved
RD	-10	Rural dirt state maintained road
RT	-15	Rural dirt road not state maintained
UD	-10	Urban Dirt
SD	-10	Suburban Dirt
PD	-25	Private drive or easement (no public access)
NX		No legal access to property- see following chart

No Legal Access (NX)

0.01	1.5 Acres = 60%
1.51	3.0 Acres = 57%
3.01	4.0 Acres = 54%
4.01	5.0 Acres = 52%
5.01	6.0 Acres = 51%
6.01	7.0 Acres = 50%
7.01	8.0 Acres = 49%
8.01	9.0 Acres = 48%
9.01	10.0 Acres = 47%
10.01	15.0 Acres = 46%
15.01	30.0 Acres = 45%
30.01	50.0 Acres = 44%
50.01	70.0 Acres = 43%
70.01	100.0 Acres = 42%
100.01	150.0 Acres = 41%
150.01	Up = 40%

*Note – This chart is in the computer and will not have to be applied by the appraiser.

Public Improvement Classifications

Electric	E
Water	W
Sewer	S
Curb	C
Gutter	G
Sidewalk	K
Storm Drainage	D

E. Topography:

Land considered to be usable but suffering from rough topography may need further adjustment in order to achieve market value. Rough topography increases the development and building cost required to gain the optimum use from a parcel of land. The usable land on each parcel must be looked at as a whole and adjustments applied as indicated by comparable sales.

Certain tracts of land in the County are not suitable for septic tank systems. Adjustments will be made only when a rejection certificate from the Health Department accompanies the property owner's request.

Reduction factors to be applied to such parcels may range from 5% to 95%, in order to reduce appraised values proportionate to market values.

The adjustment will be made based on a judgement factor to be determined by the staff appraiser.

F. Other:

The utility of a specific parcel may be affected by its shape. The appraiser determines what is unusable and to what extent it affects the value of the subject parcel. The appraiser uses this factor to make adjustments not made elsewhere.

G. Right of Ways:

Land falling within a state road right-of-way or surface assessment is to be coded 9400, and valued accordingly.

Surface easements governing power and petroleum right-of-ways may have varying affects on each parcel. The extent of their liability is based mainly on their location within the parcel. Therefore, these easements are priced according to the base price and conditioned back at the discretion of the appraiser.

H. Road Corridor

Real property that lies within a road corridor and the property has no buildings or other structures as of January 1, and has not been subdivided since it was included in the corridor is taxable at twenty percent (20%) of the general tax rate. These properties are to be coded 9020.

Land Model 5

Present Use Value

The Present Use Value Program, enacted by North Carolina General Assembly legislation, allows properties used in the production of agricultural, horticultural or forestry products to be assessed at their present use value. Section 105-277.7 establishes a four member Use-Value Advisory Board and directs it to submit annually a recommended Use-Value manual to the Department of Revenue.

The following schedule is taken from the 2004 Use-Value Manual approved by the North Carolina Use-Value Advisory Board. The schedule includes both the traditional classifications of soils and the newly revised classifications from the 2004 manual. Having both classifications allows for the orderly transition between the traditional classifications to the more precise, revised classifications. The per-acre values in the traditional classes are determined by averaging the value of each soil type under the revised system weighted by the percentage of each soil type found in Guilford County. With the availability of new orthophotography and GIS-assisted soil analysis, the revised system is to be used to determine the use-valuation under any new application approved under § 105-277.2, *et seq.*, and parcels reviewed under § 105-296(j). When reviewing parcels whose use-value is under appeal or informal review, the appraiser should consider the results of both methods.

Present Use Value Schedule Major Land Resource Area 136 (Piedmont)

AGRICULTURE

<u>Code</u>	<u>Class</u>	<u>Price Per Acre</u>
5110	Agricultural I (trad.)	\$705
5210	Agricultural II (trad.)	\$445
5310	Agricultural III (trad.)	\$374
5410	Agricultural IV (trad.)	\$262
5510	Agricultural V (trad.)	\$266
5610	Agricultural VI (trad.)	\$40 (non-productive land)
5120	Agricultural Class I (rev.)	\$705
5220	Agricultural Class II (rev.)	\$480
5320	Agricultural Class III (rev.)	\$310
5420	Agricultural Class IV (rev.)	\$40 (non-productive land)
6900	Tobacco	\$1.73 pound

HORTICULTURE

<u>Code</u>	<u>Class</u>	<u>Price Per Acre</u>
6711	Horticultural I (trad.)	\$845
6721	Horticultural II (trad.)	\$665
6731	Horticultural III (trad.)	\$542
6741	Horticultural IV (trad.)	\$488
6751	Horticultural V (trad.)	\$370
6761	Horticultural VI (trad.)	\$40 (non-productive land)
6710	Horticultural Class I (rev.)	\$845
6720	Horticultural Class II (rev.)	\$580
6730	Horticultural Class III (rev.)	\$370
6740	Horticultural Class IV (rev.)	\$40 (non-productive land)

FORESTRY

<u>Code</u>	<u>Class</u>	<u>Price Per Acre</u>
6110	Forestry I (trad.)	\$160
6210	Forestry II (trad.)	\$160
6310	Forestry III (trad.)	\$155
6410	Forestry IV (trad.)	\$85
6510	Forestry V (trad.)	\$60

6610	Forestry VI (trad.)	\$70 (non-productive land)
6120	Forestry Class I (rev.)	\$225
6220	Forestry Class II (rev.)	\$160
6320	Forestry Class III (rev.)	\$155
6420	Forestry Class IV (rev.)	\$85
6520	Forestry Class V (rev.)	\$60
6620	Forestry Class VI (rev.)	\$40

Homesites – To arrive at the homesite price, multiply the base price used in the neighborhood by 380%

GUILFORD COUNTY, NORTH CAROLINA

CLASSIFICATION OF SOILS IN MAJOR LAND RESOURCE AREA 136 (PIEDMONT)

<u>MAP SYMBOL</u>	<u>REVISED USE VALUE CLASS</u>		
	<u>AG</u>	<u>FOR</u>	<u>HOR</u>
ApB	II	II	I
ApC	II	II	I
CcB	II	II	I
CcC	III	II	I
CcD	III	II	II
CeB2	IV	II	II
CeC2	III	II	II
CfB	IV	II	IV
Ch	II	III	III
Co	I	III	III
CrB	II	II	I
CrC	II	II	I
CuB	IV	II	IV
EnB	II	II	II
EnC	III	II	II
EnD	III	II	II
EoB2	III	II	II
EoC2	III	II	II
EoD2	IV	II	II

Es	IV	II	IV
EuB	IV	II	IV
HeC	III	II	II
HhB	III	II	II
IrB	III	II	III
MaB	II	II	II
MaC	II	II	II
MaD	III	II	II
MaE	IV	II	II
McB2	III	II	II
McC2	III	II	II
McD2	IV	II	II
McE2	IV	II	II
Md	IV	II	IV
MeB	IV	II	IV
MhB2	III	II	II
MhC2	III	II	II
MuB	IV	II	IV
Pt	IV	VI	IV
Ur	IV	VI	IV
VaB	II	II	II
VaC	III	II	II
VaD	III	II	II
VuB	IV	II	IV

Wh	IV	III	III
WkC	IV	II	III
WkD	IV	II	III
WkE	IV	II	III

Appraisal of Cemeteries for Tax Purposes

In appraising cemeteries the first concern is determining the total number of acres in ownership. This total should appear in the legal description and in the total acreage of the land lines. In other words just because lots are sold off and become exempt, you still need to account for all the acreage within that tract.

Cemeteries are generally divided into four categories:

1. Developed acreage
2. Undeveloped acreage (future gravesites)
3. Waste land acreage (roads, gulleys, etc.)
4. Deeded acreage (Exempt deeded lots)

These four categories should always total to the original acreage in the ownership or legal description.

Definitions:

Developed Acreage – Land prepared for immediate use of cemetery plots. This is generally two to five acres depending on the sale record of the cemetery. The acreage would generally remain the same because as soon as lots are sold they prepare the undeveloped acreage.

Undeveloped Acreage- Land in its natural state and appraised comparable to surrounding land with the same zoning. When making your annual adjustments for deed lots, adjust this acreage down and the deeded acreage up. By doing this you are assuming that developed acreage will remain the same simply because they have to keep developed acreage available for immediate use.

Waste Land Acreage – Land not plotted or surveyed for graves due to it being a road, gully or building site. The waste land should be appraised comparable to surrounding waste lands and remain the same size and acreage unless a new survey is made adding roads or they have filled gulleys and areas that can be utilized at a later date.

Deeded Acreage – That acreage sold off into plots to individuals and recorded in the Register of Deeds. Plots sold on contract are not exempt until paid and recorded. The owner of the cemetery should verify the number of graves sites planned for the cemetery. Take the total graves and divide by the total usable acreage to determine the average graves per acre.