CITY COUNCIL'S
BOARD OF ASSESSMENT APPEALS

On June 08, 2011 a hearing was held on the appeal. Three members of the Board were present making a quorum of the Board, those being: William Garfinkel, Chairman of the Board, James Welsh, and Todd Stonesifer. Also present were Cheryl Russell, The city Assessor and Annette Hart, Administrative Assistant to the City of Dover Assessor's Office.

1. Appeals

A. WILLIAM C TORBERT JR.

Location: 666 S DuPont Hwy. - ED05-077.14-01-19.04

Appealed Assessment: $1,800,000
Requested Assessment: $1,100,000

Present was the Applicant Mr. Torbert.

On June 08, 2011 a hearing was held on the appeal. Three members of the Board were present making a quorum of the Board, those being: William Garfinkel, Chairman of the Board, James Welsh, and Todd Stonesifer. Also present were Cheryl Russell, The city Assessor and Annette Hart, Administrative Assistant to the City of Dover Assessor's Office. Present was also the Applicant Mr. Torbert.

Mr. Torbert told the board that the appealed property had been appraised due to the loss of his wife, at which time he presented the appraisal to the board which valued the property at $1,000,000. In his opinion the property is located on a highway away from the mall and is assessed to high.

Ms. Russell asked Mr. Torbert if the presented appraisal was the same used when he appealed the value in 2010, which it was.

In Mr. Torberts opinion the property is assessed too high for the location it is in. He asked if only the taxes for commercial business were increased during the revaluations.

Ms. Russell explained that all properties in the City were reassessed. She also told Mr. Torbert that the revaluation was revenue neutral and that Council raised the taxes due to the budget after the tax had been rolled back.

Mr. Torbert expressed his concern about the revaluation company which is located in New Jersey, in his opinion they do not know anything about the properties in Dover. He asked if

the income and expense information was used to value the property. Mr. Torbert does not feel that this method should be used to value the property.

Ms. Russell reminded the board that this property had been appealed last year at which time the board reduced to the appealed value to $1,800,000. She pointed out that this number is not the value given by Tyler Technologies but was given by the board during the appeal hearings of 2010.

Mr. Stonesifer recalled the hearing of 2010 and what was discussed at the time and pointed out that the tenants Mr. Torbert has, are good tenants and that therefore there has not been any reason for him to increase the rent. In Mr. Stonesifer's opinion the rent could be raised once the space would be rented to a new tenant.

Chairman Garfinkel asked if Mr. Tudor submitted the requested income and expense forms during the revaluation, which he did.

Mr. Stonesifer pointed at a statement in Mr. Tudor's appraisal where the appraiser mentioned that rents are below market and could be increased over time.

Ms. Russell explained that the original value which was generated by the revaluation was calculated based on the income but the value of $1,800,000, which is before the board, came from the board's decision during the appeal hearing of 2010.

Chairman Garfinkel than closed the hearing and asked the board if they would like to deliberate while the appellant was present. A motion was made by Mr. Stonesifer to open for deliberations, which was seconded by Mr. Welsh. Motion carried unanimously, three to zero.

In Mr. Stonesifer's opinion no new evidence had been submitted since the appeal last year. He believes the assessment is fair.

Chairman Garfinkel concurred with Mr. Stonesifer; he also believes that no new evidence has been provided to warrant a change in the value.

Mr. Stonesifer made the motion, which was seconded by Mr. Welsh, to uphold the board's decisions of last year for $1,800,000. Motion carried unanimously, three to zero.

B. HIRSH INDUSTRIES LLC

Location: 1525 McKee Road - ED05-057.00-02-01.02

Appealed Assessment: $6,898,000
Requested Assessment: $5,000,000

Present was Mr. Murr, representative for Hirsh Industries LLC.

Mr. Murr started by handing out part of an appraisal for Hirsh Industries LLC, which was done in 2009. He told the board that the appraisal was done by a bank in order for the company to be able to borrow money. The appraisal came in at $5,000,000. He then went on to talk about the history of the plant and proceeded to go over the appraisal. Mr. Murr told the board that an increase in property value of approximately $1,900,000 seems huge. He also mentioned that the company did not notice the increase in value last year, which is why they did not appeal in 2010.

Ms. Russell explained that the income and expense forms provided by Hirsh Industries LLC during the revaluation were used to value the property. She went on to point out two sales of similar properties that sold for approximately $3,500,000 and were approximately half the size of the appealed property. Ms. Russell explained that the sales were not used to value the property, but wanted to point out that based on this information, the value of the appealed property falls in line with others.

Mr. Murr explained to the board that he is worried that due to the increase in value and taxes the company might be forced to leave Dover which would leave the City with another empty building.

Mr. Stonesifer asked if the bank, Hirsh Industries LLC switched to, did the appraisal, which they did. He went on to search through the appraisal to look for the comparable sales used in the appraisal, but found out that that page was not provided. He asked Ms. Russell if she know what kind of business was occupying the two earlier mentioned facilities and how they were labeled.

Ms. Russell was not sure what kind of businesses were in those two buildings but told Mr. Stonesifer that they were both labeled light manufacturing, same as Hirsh Industries LLC.

Chairman Garfinkel than closed the hearing and asked the board if they would like to deliberate while the appellant was present.

Mr. Welsh pointed out that it was not up to the board to set value but to make sure that everybody was treated equal.

Chairman Garfinkel agreed. He explained that in his opinion the value of the property is consistent with like properties in the City and that he has not heard anything to refute the calculation.

Mr. Stonesifer expressed concern about not being able to review the complete appraisal, especially the comparable sales page. He pointed out that the appraisal was done by a Delaware licensed appraiser. While he agrees that it is the board's duty to ensure the value of the property is fair and equal, he believes it would also be in the City's best interest to ensure the company does not close its doors. He explains that the appraisal provided was not done to dispute the City's value and therefore believes that the appraisal is to be taken into account. Looking at the two sales mentioned earlier, he explained that they are both valued lower than what they sold for and believes that the appealed value should at least be approximately $6,000,000 and not $6,898,000. Mr. Stonesifer believes the board should consider the $5,000,000.

Chairman Garfinkel summarized that it seems that the board agrees that the City's value is too high. His question was what the appropriate number should be. In his opinion the value of the appraisal should be considered as well as the value by the City.

Mr. Welsh agrees with Chairman Garfinkel and believes the value should be reduced to $6,000,000.

Mr. Welsh made the motion, which was seconded by Chairman Garfinkel, to reduce the value to $6,000,000. Motion carried two to one.

C. LAKSHYA LLC

Location: 111 S West St. / 585-595 Forest St - ED05-076.12-02-46.00

Appealed Assessment: $2,686,800
Requested Assessment: $1,500,000

Present was Mr. Patel, the owner, Mr. Carey, attorney, Ms. Pries, certified appraiser, Mr. King from the Delaware BAR and Mr. Patel, member of the LLC.

Mr. Carey referred to the appraisal provided before the hearing. He requested the board keep the land value of $453,200 but reduce the building value to $1,046,800 for a total value of $1,500,000. In his opinion the City's assessment is too high and not supported by comparable sales, market conditions, or the income production of the site. He told the board that the property was bought out of bankruptcy for $1,787,500. Mr. Carey testified that the appraisal submitted valued the property just a little over $2 million as of 1/6/2011 but told the board that in the market was much worse in 2010 than it is today. He also told the board that the building is currently 80% unoccupied. Mr. Carey asked Ms. Pries to go over the appraisal, which she did. Mr. Carey pointed out that the property had been purchased prior to Lakshya LLC for a high amount of money which, in his opinion was because the property was fully occupied at that time.

Ms. Russell wanted to explain the difference between the previous and current value, which was why they received the new value letters mailed by the Assessor's Office. She told the board that the property had been under a 10 year abatement offered by the City, which just came to an end. She explained that the property was valued at $2,686,800 during the revaluation, but

the owner had not been taxed on the full value. She proceeded to go over the calculation used for the valuation of the property, which were based on the income and expense information provided.

Mr. Carey pointed out that the appraisal report estimates a full occupancy in four years for the date of the appraisal. He explained to the board that his client had originally offered $1.3 to $1.4 million for the property but because the property was sold as part of a group of properties, the actual purchase price was $1,787,500.

Chairman Garfinkel asked what the base year for the appraisal was.

Ms. Pries told the board that the appraisal was mainly based on 2010 perhaps some on 2009.

Chairman Garfinkel pointed out that the appraisal did not use the base years used by the revaluation except for one.

Mr. Patel addressed the board, letting them know that there is a big difference in rental income between 2007 and now because the property is vacant.

Mr. Stonesifer asked the appraiser what difference in values she has noticed from 2010 to the date the appraisal was submitted.

Ms. Pries testified that during the years 2009 to 2010 the values decreased at an approximate rate of 1%, but has noticed that the values stabilized and only dropped ½ percent in 2011.

Mr. Stonesifer asked Mr. Pries if the appraisal would have come in higher if she would have used sales from 2009 and 2010.

Ms. Pries agreed that the value probably would have come in at a higher appraised value.

Mr. Welsh pointed out that the board has to look at values from 2007-2009, which is what the base year for the revaluation was.

Chairman Garfinkel closed the hearing and opened deliberations.

Mr. Stonesifer pointed out that the numbers used to value the property were based on the years 2007, 2008 and 2009. It is not clear to Mr. Stonesifer why the appellant is asking for a value of $1,500,000 when it was stated clearly that the property would have been valued even higher in January of 2010 than the appraisal submitted for $2,030,000 based on January 2011.

Chairman Garfinkel concurred with Mr. Stonesifer. In Chairman Garfinkel's opinion, the appellant did not provide sufficient evidence to warrant a reduction in value.

Mr. Stonesifer made the motion, which was seconded by Mr. Welsh, to uphold the city's value of $2,686,800. Motion carried unanimously, three to zero.

D. PRIORITY RADIO

Location: Broadcasting Equipment – State of Delaware Tower - ED05-099.99-99-999.01

Present was Reverent Hare, representative for Priority Radio.

Reverent Hare told the board that the city had mistakenly identified Priority Radio as the property owner of the Delaware State Police Tower located at 1407 N DuPont Hwy, which is owned and operated by the State of Delaware. He explained that the tax bill lists a value of $500,000. Reverent Hare told the board that Priority Radio rents an antenna system located near the top of the tower used to broadcast. He told the board that the rent for the equipment is $18,000 per year.

Ms. Russell explained that the City does not list Priority Radio LLC as the owner of the tower. She told the board that each tenant of the tower is assessed a value of $500,000.
The Parcel ID number used to identify the equipment is not the actual Parcel ID number for the tower, but is only used to identify the equipment on the tower and its user. Ms. Russell explained to the board that the City is willing to grant the exempt status to Priority Radio, given they are able to supply the required information, but pointed out, that Priority Radio would still owe taxes for the prior years, should the exemption not be granted. Ms. Russell would be willing to lower the assessed value. Ms. Russell would request rental information from the appellant for the equipment located on the tower.

Reverent Hare supplied the Assessor with the necessary exemption paperwork. He told Ms. Russell that the rent is about $700 per month. He asked the Assessor why the equipment on the tower is valued.

Ms. Russell explained that the City values the leases of the equipment on the tower and not the tower itself. Value letters had been mailed to all of the tenants in 2006, when the value was first added.

Chairman Garfinkel closed the hearing and opened deliberations.

Chairman Garfinkel asked if the property would qualify for the exemption based on the information provided.

Ms. Russell went over the paperwork and assured the board that the paperwork provided states that the entity has the 501(c) 3 status, which qualifies them for the exemption. She told the board that she had requested an opinion from the City Solicitor prior to the hearing, in which he stated that an exemption can be applied, if the lessee can prove that this is a religious society or church and the use is for such and not used by way of investment.

In Chairman Garfinkel's opinion, this is a unique situation, where the tower is not located next to the church. The lease agreement is based on a contract and should therefore be taxed.

Chairman Garfinkel wanted to state for the record, that in his opinion, this contractual situation, where the parties have agreed to pay the appropriate taxes is outside the scope of the meaning of the law.

Mr. Welsh made the motion, which was seconded by Mr. Stonesifer, to grant the exemption. Motion carried, two to one.

D. RYAN A & TABITHA DUERR

Location: 921 Westview Ter. - ED05-077.17-02-09.00

Appealed Assessment: $188,100
Assessor's Recommendation: $183,400
Requested Assessment: $160,000

Present was the Applicant Mr. Duerr.

Mr. Duerr told the board that the value placed on his home during the 2010 revaluation was for $188,100. He referred to an appraisal of the property he had done before he purchased the home, which values the home at $160,000. Mr. Duerr pointed out that the comparable sales used in his appraisal also show a decline in value.

Chairman Garfinkel noted that there had been an adjustment by the Assessor's office to the value prior to the hearing and asked the Assessor to explain the reason.

Ms. Russell testified that based on information provided in the appraisal provided by the appellant, she made adjustments to the condition of the pool as well as adjustments to the size of the deck, which reduced the value to $183,400. Ms. Russell also pointed out that comparable sales used during the revaluation were based on the years 2007, 2008 and 2009.

Mr. Duerr had questions regarding the way his basement was listed and valued. He wanted to make sure the size of the basement was listed correct due to the split level home at which time Ms. Russell explained the measurements to Mr. Duerr.

Chairman Garfinkel closed the hearing and opened deliberations.

Mr. Stonesifer told the board that in his opinion the board should consider the appraisal provided by Mr. Duerr. Even though it does not fall into the revaluation base year, it should still be considered. He believes that based on the wide range of values and square footage, in the neighborhood, during the revaluation, it did not value the property correctly. Mr. Stonesifer believes that the appraised value of the appraisal falls within the scope of that range.

Mr. Stonesifer made the motion to accept the appraised value of $160,000, which was not seconded. Motion failed.

Chairman Garfkinel asked for another motion.

Chairman Garfkinkel believes that the board should use the value calculated based on the revaluation years of 2007, 2008 and 2009, as they have done with all the other appealed properties.

Chairman Garfinkel made the motion, which was seconded by Mr. Welsch to accept the Assessor's revised value of $183,400. Motion carried, two to one.