

STATE OF NORTH CAROLINA
COUNTY OF WAKE

BEFORE THE PROPERTY TAX COMMISSION
SITTING AS THE
STATE BOARD OF EQUALIZATION AND REVIEW

IN THE MATTER OF THE APPEAL OF:

EDYTHE H. MULLIS,
Appellant

20 PTC 0159

From the decision of the Mecklenburg
County Board of Equalization and Review

FINAL DECISION

This matter came on for hearing before the North Carolina Property Tax Commission (“Commission”), sitting as the State Board of Equalization and Review in the City of Raleigh, North Carolina on Wednesday, July 14, 2021, pursuant to the Appellant’s appeal from the decision of the Mecklenburg County Board of Equalization and Review (“Board”).

Chairman Robert C. Hunter presided over the hearing, with Vice Chairman Terry L. Wheeler and Commission Members William W. Peaslee, Alexander A. Guess, and June W. Michaux participating.

Attorney Robert S. Adden, Jr., appeared on behalf of Mecklenburg County (“County”). Appellant Edyth H. Mullis appeared *pro se*.

STATEMENT OF THE CASE

The property under appeal (“subject property”) is an unimproved residential parcel of land located in Mecklenburg County, North Carolina at 2525 Commonwealth Avenue in Charlotte. The County identifies the subject property with Parcel ID #129-036-08. The County conducted its most recent countywide reappraisal with an effective date of January 1, 2019.

The Appellant disputed the January 1, 2019 assessed value of the property as determined by the County, and appealed said value to the Mecklenburg County Board of Equalization and Review (“Board”). On February 4, 2020, the Board determined the value of the property to be \$2,500, and the Appellant appealed the decision of the Board to the Commission. In the Notice of Appeal and Application, the Appellant stated his opinion that the true value of the property is actually \$0.

ANALYSIS AND ISSUES

A county's ad valorem tax assessment is presumed to be correct.¹ A taxpayer may rebut this presumption by producing "competent, material, and substantial" evidence that tends to show that: "(1) [e]ither the county tax supervisor used an *arbitrary method* of valuation; or (2) the county tax supervisor used an *illegal method* of valuation; AND (3) the assessment *substantially* exceeded the true value in money of the property".² N.C. Gen. Stat. §105-283 requires all taxable property to be valued for tax purposes at its "true value," as that term is defined in the same section.

If the taxpayer produces the evidence required to rebut the presumption, then the burden shifts to the taxing authority to demonstrate that its methods produce true values.³

Under this analysis, the Commission must consider the following issues:

1. Whether the Appellant carried her burden of producing competent, material and substantial evidence tending to show that:
 - (a) The County employed an arbitrary or illegal method of valuation in determining the assessed value of the Appellant's property; and
 - (b) The assessed value substantially exceeded the true value of the property for the year at issue.
2. If the Appellant produced the evidence required to rebut the presumption, then whether the County demonstrated that its appraisal methods produced a true value for the property, considering the evidence of both sides; its weight and sufficiency and the credibility of witnesses; the inferences drawn therefrom; and the [evaluation] of conflicting and circumstantial evidence.⁴

FROM THE EVIDENCE PRESENTED AND ALL DOCUMENTS OF RECORD, THE COMMISSION MAKES THE FOLLOWING FINDINGS OF FACT:

1. The subject property is a lot fronting 25 feet in width on Commonwealth Avenue. According to evidence submitted by the Appellant, the subject property is the remainder of a 50-foot lot that was previously divided by the Appellant's late husband, Mr. Ed Mullis. Mr. Mullis conveyed 25 feet of the original lot to the adjoining lot owner, and retained ownership of the remaining 25-foot lot. Subsequently, the Appellant, Ms. Edythe Mullis, became the owner of

¹ *In re Amp, Inc.*, 287 N.C. 547, 563, 215 S.E.2d 752, 762 (1975).

² *Id.* (capitalization and emphasis in original).

³ *In re Appeal of S. Ry. Co.*, 313 N.C. 177, 323 S.E.2d 235 (1985). *In re IBM Credit Corporation, (IBM Credit II)*, 201 N.C. App. 343, 689 S.E.2d 487 (2009), disc. review denied and appeal dismissed, 363 N.C. 854, 694 S.E.2d 204 (2010).

⁴ *In re Parkdale Mills*, 225 N.C. App. 713, 741 S.E.2d 416 (2013).

the property. The typical lot size in this area is 50 feet in width, although the neighbor's lot is now considered to be a single parcel that is 75 feet in width. See Taxpayer Exhibit page 21 for further illustration of the relative lot sizes.

2. Ms. Mullis contends that the subject property is unbuildable because it does not currently conform to local zoning regulations. In response to questioning by the Commission, Ms. Mullis acknowledged that the subject property does have a buildable area of 13 feet by 95 feet, according to a letter dated June 6, 1996 from the County Building Standards Department (see Taxpayer Exhibit page 19). Ms. Mullis testified further that she had not considered a "tiny home" type of structure for the current building envelope, nor has she sought a zoning variance from the County in order to enlarge the current building envelope.
3. The County's witness, Jeremy Blackwelder, was admitted without objection as an expert in the field of residential real property appraisal. Mr. Blackwelder testified that the County had determined the base rate for the subject property and other lots on Commonwealth Avenue to be \$245,000 for each lot. Mr. Blackwelder testified further that the County had assigned a nominal value of \$2,500 to the subject lot, both in recognition of the challenges in building upon the subject property, and in accordance with the County's appraisal policy of discounting the value of so-called "cut" or "sliver" lots by 99%.
4. At the hearing, Ms. Mullis offered testimony as to the opinion that the subject property should have a value of \$0 until such time as the local zoning regulations permit building upon the subject property. In response to questioning by the Commission, Ms. Mullis testified that she would be willing sell the subject property for \$125,000 as a "half lot." We find that there has been no evidence offered that would support a \$0 value for the subject property, and that the Appellant's testimony directly contradicts the notion that the subject property has no value. From all evidence before us, it is apparent that the Appellant's actual opinion of value for the subject property is in excess of the County's assessed value.
5. Ms. Mullis testified further as to her understanding that the 75-foot neighboring lot is appraised by the County using the standard \$245,000 base rate, and contends that, since the County has assigned no additional value to the extra 25 feet of lot width owned by the neighbor (as compared to the standard 50-foot lot), the County should likewise assign no value to her 25-foot lot. In response to questioning by the Commission, Ms. Mullis acknowledged that she had not appealed the value of the neighboring lot, but had only appealed the value of the subject lot. The value of the neighbor's lot is therefore not before us, but as to the property that is the

subject of this appeal, we note as above that the Appellant's actual opinion of value is greater than zero.

6. We find, therefore, that the true value of the subject property is greater than zero, and that the true value is at least the \$2,500 value assigned to it by the County.

BASED UPON THE FOREGOING FINDINGS OF FACT, THE PROPERTY TAX COMMISSION CONCLUDES AS A MATTER OF LAW:

1. The Commission has jurisdiction over the parties and the subject matter of this appeal and has the authority to correct any assessment of real property when it is shown to be based upon an arbitrary or illegal method of valuation and that the valuation substantially exceeds the true value in money.
2. "True value" is defined in N.C. Gen. Stat. §105-283, and N.C. Gen. Stat. §105-317(a) provides specific elements of value that are to be considered when appraising real property in order to determine its true value.
3. N.C. Gen. Stat. §105-317 "has been interpreted as authorizing three methods of valuing real property: the cost approach, the comparable sales approach, and the income approach."⁵
4. The Appellant provided no evidence regarding any of the three approaches to value, and offered no other evidence indicating that the elements of N.C. Gen. Stat. §105-317(a) were considered in order to determine the true value of the subject property.
5. Because the Appellant did not provide competent, material, and substantial evidence regarding any of the three authorized methods of valuing real property, and because the Appellant offered no further evidence indicating that she had considered the elements listed in N.C. Gen. Stat. §105-317(a), the Appellant has not produced "competent, material and substantial" evidence regarding the true value of the subject property, and has therefore not met the burden established for the two prongs of the *AMP* test.
6. Accordingly, the Appellant has not carried her burden of producing competent, material and substantial evidence that the County's values were either arbitrary or illegal, and substantially in excess of true value.

(REMAINDER OF SPACE INTENTIONALLY BLANK)

⁵ *In re Greens of Pine Glen Ltd.*, 356 N.C. 642, 648, 576 S.E.2d 316, 320 (2003)

WHEREFORE, the Commission orders and decrees that the Appellant's appeal should be and is hereby dismissed, and the decision of the Mecklenburg County Board of Equalization and Review, determining the true value of the subject property to be \$2,500, is hereby affirmed.

NORTH CAROLINA PROPERTY TAX COMMISSION



Robert C. Hunter
Robert C. Hunter, Chairman

Vice Chairman Wheeler and Commission Members Peaslee, Guess, and Michaux concur.

ATTEST:

Stephen W. Pelfrey

Stephen W. Pelfrey, Commission Secretary

Date Entered: 8.16.2021