

**Milton Town Council Meeting
Tax Reassessment Workshop
Milton Theatre, 110 Union Street
Thursday, May 15, 2008, 6:30 PM**

1. Call to Order – Mayor Don Post opened the Milton Town Council Meeting at 6:30 PM on May 15, 2008.
2. Moment of Silence – Councilwoman Betts. All rose for a moment of silence.
3. Pledge of Allegiance to the Flag was said by all in attendance.
4. Roll Call Vote:

C Martin-Brown	here
C Duby	here
C Hudson	here
C Prettyman	not present
C Abraham	not present
Vice Mayor Betts	here
Mayor Don Post	here
5. Additions or Corrections to the Workshop Agenda
Are there any additions or corrections to the workshop agenda? Can we have a Motion to approve the workshop agenda, as presented? C Hudson: So moved. C Duby: Second. We have a motion and a second. All in favor. Motion carried.

Mayor Post: We are going to have a presentation to discuss the possibility of the town-wide tax reassessment and we will start with a presentation from Curt Riley and Dave Hickey and they are here representing PTA, which is the Property Tax Assessment firm and I'm going to turn it right over to them. Good evening, my name is Curt Riley and with me is Dave Hickey. We represent PTA DelVal, which is a property valuation company mainly working in Sussex County. We have been in business here in Sussex County since 1989. Right now, we have eight clients that we maintain tax rolls for. Hopefully, what we can do for you tonight is explain the valuation process and what a reassessment is all about. Dave will go through the program here.

Dave Hickey: I appreciate you all coming out tonight. This is a topic that generally garners a lot of interest from citizens and it has a big impact on everybody. What I've noticed over the 30 years that I have been doing reassessments both here, and in the state of Virginia, there are a lot of misconceptions about what a reassessment is; the purpose of the reassessment; the impact of the reassessment; who's responsible for what part of it; and, we are hoping by this little presentation we've prepared tonight to give you all a better insight into exactly what the boundaries are that we work under and also the effects and the limitations that City Council and the governing bodies work under.

Property Taxes: What are property taxes? They are essentially what we call Ad Valorem Taxation. That's a fancy term that comes from the past, but basically Ad Valorem is a tax that is levied on the proportion of the value of the asset; not just the income. Back in the day, and I'm talking about ancient days, taxation was a relatively simple thing. You grew a field

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of wheat and you owed the Lord of the Manor 10% of your crop. If you grew 1,000 bushels, you had to give the Lord of the Manor 100 bushels. After awhile there was no incentive to produce more, so the tenants started saying if I only work half as much, what's the big deal, I'll only give him 10% of what I produce. Along came William the Conqueror and he decided this land is capable of producing 1,000 bushels of wheat. You're only giving me 5 bushels; therefore, you still owe me 95 bushels. He came up with the concept of taxing the worth of an asset, what it is capable of producing, not just what it's producing. Another example I like to use is, suppose you had an apartment building that had 100 apartments in it. You chose to live in one because you wanted to live in quiet solitude. That doesn't make the value of the property only worth one apartment's value. It's still worth the value of the 100 apartments. That's in essence Ad Valorem Taxation, in a nutshell. The elected governing body of every local jurisdiction determines the tax levy. It's based on their budgetary needs. They have to go through the process of determining how much money to expend for the citizens. One piece of the pie in every jurisdiction, no matter what state you are located in, is real estate taxes. You can, as a component, come up with a stream of revenue based on the real estate taxes, but, it is all dependent upon the budgetary needs. The higher the budget, the more that you have to acquire based on the value or the lower the budget, the less. Individual taxes, that are the individual property owners, are determined by multiplying your personal assessment against the tax rate that's levied by the jurisdiction. That is how each individual property tax is levied and that's why they are oftentimes different. How do we determine value? The first thing we want to do is look at what properties are actually being bought and sold for, here in the Town of Milton or any given jurisdiction. We develop a basic valuation model that is based upon the actual factors that have to do with the individual properties. For example, the price per sq. ft. is a clear unit of comparison. The bigger the house, the higher the price per sq. ft.; the value of garages, the number of bathrooms, the number of bedrooms is from the analysis of the actual sales of the properties that sell in this locality. That's how we come up with the valuation model that is relevant to just the properties here and not someplace else. Once we have come up with the valuation model, we have to test that model, those rates back against the known sales. It's one thing to look at the sales and say what do they tell me? It's a whole other thing to take that valuation model and apply against the component parts of the known properties that have sold and come up with a prediction of value that fairly closely represents what that property just recently sold for. We have to do a lot of testing that way. After we are assured that we have a fairly good accuracy, as far as the value of the model, then we begin the process of actually going door to door and doing the property inspections. One thing about real estate is that everybody's property is unique. The property's characteristics change with time. You can have two houses that were built the same day, the last daub of paint, the last nail was struck on the same day, but ten years later, one is in pristine condition, and one of them has gone down hill. That is why they have to be looked at and that's why they have to be considered. You also have to take into consideration changing conditions of the properties, but you also have to take into consideration changing conditions relative to location and current market conditions, etc. After we have done the complete inspection, we do a final review, based on the latest sales that are available because we want to make sure that not only are the values consistent with the market, the properties that are being bought and sold, but we want to make sure that property to property we've treated everybody equitably and fairly. Even

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though a property didn't sell, it is still being treated equally and in accordance with what the property's market is telling us. Finally, after that process, the citizens are notified and then you are given the opportunity to come in and discuss your assessment with the assessors to go over the information and we have several things that we do. We put the information out on the Internet so that people can review their assessment and their neighbor's assessments so they can test that the information is accurate and complete. Essentially the hearings process allows us to give everyone the opportunity to sit down and go over their property one on one. It's one thing when we are there on the property talking to you, but oftentimes nobody is at home. You are assured to be there when we are talking at the hearings. This is an example of the tax rate determination process. The first thing is to total the total taxable value of all the properties in the jurisdiction. If you have 100 properties, the individual assessed value of those, summed up, is the total taxable value. That has to be weighed against the budgetary needs of the local jurisdiction. The governing body goes over its budgetary needs totally in absence of the reassessment process. In the year following a reassessment, most jurisdictions normally are limited to the collection of essentially the same level of income that they had collected from the previous year. Typically, as your total taxable value increases, the tax rate was reduced. We've just completed the reassessment in the City of Seaford and Ocean View and in 2006; in Ocean View the tax rate was essentially \$0.25 per \$100 of assessed value. That generated taxable revenue for the locality of \$836,000. They made the adjustment to reduce the tax rate after the reassessment down to \$0.09 per \$100, but it essentially has generated \$818,000, or the same amount of revenue. The City of Seaford where we are just now finishing up our hearings process, their previous levy was \$0.57 per \$100 of assessed value and they generated \$2,086,000. They have not set their final budget yet, but they have advertised that they are reducing their rate to \$0.265 and that in essence generates the same amount of revenue, \$2,133,000. As the property values have increased, the rates are reduced and those are the benefits of a general reassessment. Essentially, we are trying to equalize the tax bases for all properties. We want everybody to be treated equitably and fairly because that's the only way to assure that nobody is paying more than their fair share. If you are paying your fair share and your neighbor is paying his fair share, that's the way to assure that the tax levy is at the lowest rate it could possibly be. Over time, property values will increase or decrease differently based on a whole lot of factors. You've heard that the rising tide will raise all boats, but that doesn't necessarily apply in real estate. You could really look around and I'm sure all of you know about different areas where property values increased dramatically in one area, vs. a moderate increase in another or maybe a decline. A lot of it has to do with factors that are totally outside the property owners' control or out of the control of the jurisdiction. One of the reasons for doing a reassessment is to take those external factors into consideration so that everybody is treated fairly. That shows that the tax burden is being equitably distributed. We want to make sure that a house on one side of town is paying its fair share as opposed to a house on the other side of town. The story I often like to give is a lot of people say why don't you just raise the assessments the same amount? I always like to use this example – you say you have a little widow lady living in a house that is valued at \$40,000. You raise her assessment 10% to \$44,000. Her property after a period of years is worth about \$44,000, so that seems fair. She's paying on what her property is worth at \$44,000, nothing wrong there. But then you go down the street and a guy has a house assessed the last time at

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\$200,000 and you raise him 10% (\$20,000). How could that be unfair? He went up \$20,000 and she went up \$4,000. His assessment is at \$220,000 now, but then when you start looking around, those houses that were assessed for \$220,000 based on what they were worth four years ago are now selling for \$270,000 or \$280,000. In effect, what you have done is shifted the tax burden from the higher priced homes down to the lower priced homes. It's called regressivity and what we're trying to avoid is to make sure that just because one property sells at \$270,000, it should be valued at that. That way he's paying 100% of his basis and the little widow lady at \$44,000 is paying 100% of her basis and everybody's being equalized. This provides the basis for the lowest possible tax rate, because you have maximized the taxable revenue stream to the jurisdiction and in comparison to their budgetary needs the rate per \$100 can be driven down to the lowest. One of the big benefits is when you pick up new construction, in the interim periods between reassessments, every new structure that has been picked up in the Town of Milton since 1992 has been valued based on the 1992 reassessment figures. Even though it's valued at a lower rate, if those properties were valued on today's dollars, they would be added to the tax roll at a much higher rate.

Roll Back Process: Curt Riley takes over. In Delaware, the way it works on a reassessment, the last one done in the Town of Milton was in 1992, the last time the County did one was 1974 and they are still on a 1974 value. When you come along and reevaluate a jurisdiction, the value here in Milton will go way up. The current tax rate is \$0.41 which generates \$656,000 that the town uses from taxes and that's on the basis of \$160,000. If you come in and revalue a jurisdiction, the value goes up to \$640,000 or approximately four times the tax rate. The tax rate gets rolled down to \$0.1025 to equal the same \$656,000 that the town was generating in the year prior to the reassessment. The example for individual properties valued at \$225,000 currently at \$0.41 somebody is paying \$922. At \$180,000, they pay \$738 and these are common numbers here in Milton. At \$40,000, they pay \$164. After the reassessment, the \$225,000 goes to \$475,000 – the rate is \$0.1025 – the tax is decreased to an amount of \$486, compared to the \$922. The \$180,000 new value being \$342,500 – the tax is \$351, as compared to the \$738. Then you have the \$40,000 home - their taxes would be going up from \$164, theirs would be increasing to \$205. These are all obviously approximate numbers but we believe this is typical of what goes on in other jurisdictions.

Dave Hickey: This will give you an example of the impact. I went through the effect of the Ocean View and the Seaford assessment rolls. In the Town of Ocean View, 1,386 parcels out of 2,345 (or about 60%) would pay no more or less taxes than what they paid the previous year. Over in Seaford, out of 3,050, 1,052 would pay no more or less taxes than they paid the previous year. Then I looked at it from the standpoint of up to \$50 more than they paid the previous year. In Ocean View it would be 592 and 582 in Seaford, and up to \$100 more it would be 203 vs. 522. It is almost 90% of the properties in Ocean View that would pay no more than \$100 more than they paid the previous year, and this is about 74% in the Town of Seaford. Just because your assessment goes up, doesn't mean that your out of pocket expenses are going to be drastically increased. Your assessment might go up 150% or three times, but because of the roll back in the tax rate, your out of pocket expense may only be \$20, which most people would say they understand, over time they have to pay a little bit more. This slide is an example of houses in Ocean View. We added this screen to give you

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an idea of why you can not raise property taxes at the same level. This first property here in the Town of Ocean View sold for \$405,000. The previous assessment was \$247,500 or about 61% of its value. You had to raise the property value 64% to get up to the \$405,000. The new assessment was \$394,000 which is fairly close to what that property actually sold for and the old taxes were \$618.75, but the new taxes are \$355.32 (for a savings of \$263.43). This is an example of a house that was relative to the houses in general in the market and was assessed a little bit on the higher side, so the savings is a little more dramatic. This property right here sold for \$322,000; it was assessed previously for \$127,000 or about 39% of what it was worth. This meant that you had to raise that assessment from \$127,000, 152% to get it up to the \$322,000, which the new assessment was \$318,000. The previous taxes were \$319 – the new taxes are \$285 – they are still getting a savings of \$34.72 from the previous years' collection. Here are two more houses in Ocean View. This property sold for \$307,000; previously it was assessed for \$106,000 (it would require about a 187% increase). I picked this to show you an example if the new assessment was at \$306,500, the new taxes would be \$275 or about \$8 more than what they were paying previously. This property over here sold for \$390,000 – it was assessed for \$143,000 – an increase of 171%, the tax savings was \$7.46. The point I'm trying to make with this is you had four properties there, all of them showed increases to get to the sales prices of between 64%, 152%, 187% and 171%. If you raised all the boats at the same level, then they would be impacted wrongly. Here are some properties in Seaford. This one sold for \$335,000 – it was previously assessed for \$191,000 – the tax savings here is \$220,000. This is a 76% existing percentage. Here's another property at \$268,000 – previously assessed for \$145,000 – net savings is \$93.71, even though it went up almost 83%. Here's an older style house that sold for \$267,000 – previously assessed for \$132,000 – which is 100+% more than what it was valued at before. The new assessment would be \$259,000, which is close to what it sold for and they would still get a saving of \$68.72. This is a mixed-use residential commercial structure which sold for \$150,000 – previously assessed for \$78,000 or about 82% increase – they still get a \$33.59 increase. In summary, the purpose of the reassessment is to equalize the value of properties to current market conditions. Real estate, like any other market, fluctuates due to many external factors. We've all heard the stories about the real estate bubble and how our property values are falling. They have only been talking about this for five years, so now it is starting to happen and we have to take this into consideration as we are doing these revaluations. Because all properties are unique and its relationship to the market is unique, therefore, the rate of increase or decrease will vary over time, depending upon a wide variety of factors. Some properties will increase in value at a slower pace or a more rapid pace, or decline in value, but it is all based on the individual factors and criteria of the typical property. The best way to understand the current real estate market is to review properties that have recently sold. That's the fundamental process. It is all based on sales. So many people have the misguided conception that when you do a reassessment you just walk down the street and say I'm going to raise that property 100% - I'm going to raise that one 80% - or whatever. Just as when you have an appraisal done by an appraiser for a bank loan, we try as closely as possible to tie our appraisals to what actual market sales exist there. It's not the same thing, don't get me wrong. We're not doing the three comps that many of you have seen if you have refinanced. We look at all the sales that are statistically similar to your property and we verify that your assessment is in line with those properties that have actually

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been bought and sold here in the Town of Milton. The taxes are based upon the assessed value, as well as the tax rate which is determined by the governing body. Just because the reassessment values go up, if there is a corresponding roll back in the tax levy so that the revenue requirements of the jurisdiction remain the same, then in many cases the amount of taxes will be less than what they were previously. That's not the case for every property, but the lions share of the properties in Ocean View and Seaford, it clearly was the case. We would be happy to take questions, should anyone have any. Mayor Post: Questions will start with the Council and then we will turn it over to the Public. I'm asking the Public to limit their questions to 3 minutes, because we are trying to end this at 7:30 p.m. C Duby: You talk about the assessment itself and determining the amount. Could you explain a little bit more about what you look at? You said you go door to door and sometimes people are not home. What do you consider in terms of the outside of the house, the square footage, the inside improvements and so on? What's involved in the actual assessment? Dave Hickey: If we are doing a property inspection, we look first at the outside of the house. Everybody that has had anything to do with real estate will know one of the first things that you can do with regard to your property, is to affect its curb appeal. We're human beings, just like everybody else. If we see a property that looks really nice, that's something we'll consider. If it's in need of repair, we take that into consideration, but one of the things we look at is the condition of the property. Does it need a new roof? Does it need painting? Are there cracks in the foundation? Is the vinyl siding warped or are there cracks in the brick? We try to take that into consideration. One of the things we do is we leave a door knocker for the citizens to call if nobody's at home. If someone is at home we will do an actual interview, but we try to get an idea of the condition of the property based on the information that we have received plus our visual reference to the property. Having done this for 30 years, and Curt's done this longer than I have, you get a feel for properties. When you walk up on the outside and somebody keeps it as neat as a pin on the outside, generally, they keep it neat on the inside. You can get a good handle on the condition. But, if you are in a typical neighborhood and it's an older style house, you will get a feel for whether this house has been remodeled; spruced up and that sort of thing. If a house was built in the 1960's or 1970's and it still has a 60's or 70's kitchen in it, that house is not going to sell quite as well as the other. We don't go on the inside but we try to gather as much information and you can tell the houses that have the pink toilets and blue toilets and that sort of thing. Mayor Post: That was one of the questions I had because I was curious to know the comparisons of value of different things. I don't think you can compare square footage – you can have a 4,000 sq. ft. home that is palatial and you can have one that is falling in. Square footage is kind of irrelevant. Dave Hickey: That's your starting point. Mayor Post: It might be a starting point, but I don't see how relevant it is. At the same time, how do you know about the 1960's kitchens with the metal cabinets vs. a \$30,000 kitchen with the granite counter, Jenn Air and top of the line of everything else in that kitchen which that \$30,000 kitchen certainly adds value over the 1960's kitchen. Dave Hickey: I know exactly what you're saying and it is really hard to put a fine point on it, other than to say that after awhile you develop a sixth sense about it. It's the best way I can say it. Obviously, you can tell houses, even in an older section, that have been fixed up and spruced up. It's obvious that in an area that has been declining and all of a sudden there are all these houses with new paint and everything. You pretty much know that those have been fixed up on the inside, as well. Generally, we have building permits to back

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that up. C Duby: And you do check building permits? Dave Hickey: Yes. Mayor Post: Do you check sales? Dave Hickey: Fundamentally, we start with the sales and then as you go through neighborhood by neighborhood when you are looking at a house, for example, somebody buys a house in a rundown condition and they pay \$140,000 and you look at it and it is totally spruced up and you see other houses that are selling comparable to that in the \$325,000 range, you know somebody's done a number on that house. You are going to base it on the actual market information that you see in the field, rather than the sale that may have occurred two years ago. C Duby: My understanding is that another way that you get a the differences that you might not see because you don't go inside, like houses that are very, very similar, and one of them has a fixed up kitchen and bathrooms, etc. that you wouldn't see. They might both look pretty good from the outside and you don't know about that because you don't go inside. Then another way to get at that is in the appeal process. Once the assessments are made, they are posted and people then would have a chance to go in and say you assessed mine at the same value as the one down the street and I know that he's got a bigger kitchen or got a better upgraded kitchen, and so on. That's one of the things you can appeal, right? Dave Hickey: Correct. A lot of times if you have properties that have not sold, for example, and one has been fixed up and there's a lot of interior improvements, we may not know about that. Say Ms. Duby has fixed her house up and her neighbor down the street Mr. Dickerson has the same exact house but he hasn't done his, but the assessments are the same, Mr. Dickerson is going to say, mine's too high because my house is just like hers and hers has been all fixed up. Then we're going to know there is some difference there. In general you can tell. If you really get around real estate, you can get out there and you can see which house has been fixed up or this house is much improved for the neighborhood. You can take that into consideration. If a house has been sold, fixed up and is in much better condition today, you can tell right off the bat that that sale is low relative to what it is worth in today's market. Vice Mayor Betts: Do you consider the location of a property? Dave Hickey: Absolutely. That's the critical thing, location, location, location. Where that house is relative to other houses in the neighborhood or on that block, you can say that's an important factor. Vice Mayor Betts: Like places that do not have sidewalks; they do not have the new lighting and underground wiring. Is that taken into consideration also? Dave Hickey: As long as they can be pulled out of the market, we try to. Sometimes at that level it is difficult to really say that that difference is related to that specific item but I understand what you're saying. C Duby: I know that more than one of us on the Council has concern about the possibility that an assessment and the resulting taxes would be particularly burdensome to folks in town who are on fixed incomes; who have been in their houses for a long time; and, I wondered if you could tell us of things that you are aware of that perhaps other jurisdictions have done to respond to that kind of burden, i.e. payment plans or perhaps waiving taxes until the house is sold, or something like that. Would we have some options in terms of protecting people from an increased burden like that? Dave Hickey: There are some programs that have to be adopted by the jurisdiction. The Town of Seaford has one and I've brought Mr. Dickerson a packet of information on that tonight. I would say that the localities have some options available to them in that regard. It is up to the local jurisdiction regarding those options. I understand that that is an important thing to think about, but, I'm not a politician or a policy maker. That becomes the purview of an administrative adjustment to taxes and that's something that you could actually look into. C Duby: I was just interested

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if there was some model for us to follow. C Hudson: One of the impulses that one might have is that we have a lot of historic houses and people may be preparing now to think about having them painted and fixed up on the outside. We may have individuals who decide not to paint or do anything until the assessment is over. That countervenes the cultural hope of the town that people buy these historic houses and fix them up and make them look attractive and this is something I am concerned about. Dave Hickey: That's a historical question that I have faced over the past 30 years constantly. I fix my property up and my neighbor doesn't. It's not fair. Most people are proud of their own properties and their own assets and just as you can choose to put your money under your mattress or you can put it in the bank and invest it to make it work for you, you choose to maximize the worth of your assets and one of the ways you do that is to increase the worth of your property by keeping it up. A reassessment project takes a while to actually get accomplished and sometimes you can be cutting your nose off to spite your face if your waiting a year or 18 months and you have damage you need to repair, just because you want to save a few dollars in taxes. Sometimes it gets to the point where you have to get a building permit to do that restoration and the taxman is going to get you that way, too, so it doesn't do you much good to put off a decision like that. C Hudson: Two houses being equal, how much difference could it be between one that has been painted and one that has not been painted when you go to reassess? Not that much, I would think. Dave Hickey: It depends on the state of ill repair. If it's painting it becomes a question of cost to cure and how much to be scraped and you talk about these historical properties. You may have some historical district ordinances that say you have to restore the paint to a certain style and color like I have seen in many historical jurisdictions. It would be a factor that way, but generally, a new roof, painting, general fix up – you might affect the property 5 or 10% because if you buy the property for \$100,000 and you know it needs to be painted and you estimate that it's going to cost you \$10,000 to paint it, you're only going to give \$90,000 for that piece of property because you know you have to get it painted. That's the example you would use. Mayor Post: We'll turn to the public now. I have two that have submitted questions, but I know there are probably other people that have questions. Ed Harris: I've lived here since 1993. My partner and I chose Milton against Lewes and Rehoboth because the tax base was low. We bought an old historic home, put our blood and sweat into that home, bought other properties with our blood and sweat. We have yet to hire a contractor to do anything. We did all the landscaping ourselves. We did everything from the foundation up to the roof. We turned a dump that appeared to be a haunted house in Milton, into one of the prettier homes in town. I have mixed feelings about the reassessment. First of all, I want to tell you all that you are all great, because this has been put off way too long and you have to deal with it. On the other hand, this is a piss poor time for a reassessment, in the middle of a recession. I'm sure others feel the same way. We're worried about how to pay the gas, to get to Pennsylvania and back to visit Bill's aunt, who is on her deathbed. A lot of people retire on limited budgets. I was in Food Lion the other day and I was talking to a lady and she said you're not from here, are you? I said no I moved here from Washington, to get away from Washington traffic. The woman said she moved here from New Jersey and she left New Jersey because the taxes were \$8,000 there. She moved to Milton because the tax base was so low. I said that's great. I said I did that also. I've heard numerous people that have moved here because the taxes were so low. I have no problem with my house being reassessed. I have no problem with any of my homes

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being reassessed. You can assess me at the same rate as all the new homes that are in town, but, I want the same amenities as you are giving those other homes. I've lived on Behringer Avenue for 13 years and only once did they come through and resurface my road. They haven't changed my street lights. I have no curbing. I have no infrastructure. When Bill takes a shower, I can't wash the dishes. My line was redone from the curb to the street. I want the same amenities and I've heard this numerous times, treated fairly and equitably? If you're going to reassess my properties, I want to be treated as fairly and equitably as the new developments that are coming to this town who have brand new streets, brand new curbs, brand new street lights, brand new driveway aprons, brand new drainage ditches. They come to the town and address drainage issues. I sat back for 13 years and kept in inside because I felt I was having a tax advantage and I wasn't paying like everybody else. That's going to happen with the town. If you are going to bring all of that stuff to that same level and you're going to treat us all fairly and equitably, then we are going to demand more. We're going to come to you in the same manner, with the same rolls and we're going to unfurl and say I want my street resurfaced, I want a driveway apron, I want curbing, I want drainage, I want historic street lights. I want the telephone poles taken down in my neighborhood and I want my utilities put underground the same as in every other development that you put in this town. What's fair is fair. People moved here and the town was marketed upon its historic architecture. Developers marketed the town on its historic architecture. A lot of us bought these homes and spent our blood and our sweat to improve these homes. People aren't moving here because of the brand new developments. They are all over the place, all over this country. Your marketing Milton, you're basically selling the town on its historic assets and all I am telling you is I have no issue with being reassessed. Go for it. I would like the same amenities and the same respect that you treat all the other new developments in this community, whether it's Cannery, whether it's Wagamon's, preserving the Broadkill, we deserve the same treatment. I'll give you another example, not only are you going to reassess us, but you hit us up to put our own sidewalks in? Come on. At what point is it enough, unless you are going to start treating everybody fairly and equitably, then let's do it and treat everybody the same. I have no problem with the roll back. Roll it back; go for it, do it. Another question I have and I would like to know, if you are reassessing, where is the money going to go to? Mayor Post: Mr. Harris, your 3 minutes is almost over. Ed Harris: I have 6, 3 and 3, I have my 3 and Bill gave me his 3, so I have 6. I would like to know where the money is going to go to. In your 1998 statement to the town, it said that the town was financially in great condition. If we're in such great financial condition, then why are we reassessing at this time? C Duby: Can I just respond quickly, Ed? I'm not sure you were listening to what they said. First of all, there's not going to be any increased revenue. They roll back the tax rate so that the revenue stream stays the same. There's not going to be any extra money. Ed Harris: Okay. C Duby: And, secondly you are assuming your taxes are going to go up and therefore you want the amenities and on the examples they gave, your taxes may well go down. Ed Harris: They may well, but Deanna all I'm telling you is, I have no problem with an assessment, but if you are treating everybody fairly and equitably, then I think you need to treat people who are in the new development who basically have gravel streets for the last 15 years, the same way you're going to treat everyone else that comes to these Councils and is so verbose and say we want our streets redone, we have a drainage issue, we have this problem. We don't have adequate street lighting. I could walk through

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parts of this town at night and trip over curbs and trip over poles and I don't see any of those residents getting street lights. I don't see any of that being addressed. It just seems that a lot of us have sort of taken a backseat to a lot of the issues that the Town has had and it has all been focused on nothing is wrong. I welcome people. It's great that they are coming here. But, if you are going to treat people fairly and equitably, I think you need to treat everybody in the town fairly and equitably and I will tell you that you are opening a can of worms. We all deserve the same respect and have our amenities the same as everybody else. It's plain and simple. Thank you. Mayor Post: Thank you. Cliff Newlands: I'm from Wagamon's West Shore and yes, I have sidewalks and yes, I paid for the sidewalks. The builder charged us for the sidewalks, the streets, all of the utilities underground; all were paid for by me, because the builder charged me for all of that stuff. You want it, you pay for it. [Applause] Now, to my question. Can you tell me if any part of the appraisal is based on County assessment? None of it is? Okay. You said you have a web-site where you can go out and compare all of the different taxes. I asked for the web-site name. Dave Hickey: We wouldn't have the Milton stuff on there until the end, but it would be at the end of the process, not at the present time. But, if you want to get an idea we haven't made it Delaware specific yet, but if you went to www.vamanet.com the information for the Town of Seaford is there and you can get an idea of what you would be looking at. There is information there for 20 other localities in the State of Virginia, but you can peruse through that anytime you want. Cliff Newlands: I was confused. Did you say you do or you do not go into houses when you reassess? You do not go into houses when you reassess, at all. Okay, last question; you had mentioned that there was \$656,000 in income from property tax. The report I got from the Town showed there was \$470,000. I just want to know why there is a difference in that. George Dickerson: I can't answer you at the moment, but I can tell you that I can look at the budget as to what we projected. Cliff Newlands: Is that projected? Or is that actual tax? George Dickerson: There is an actual figure, but that may have changed and some increases based on new homes that come on line depending on when Curt reassesses some of those new homes, it may have not been on at the time you viewed it. Cliff Newlands: That's fine. I know there were a few that were not properly assessed at the time I did my report, so maybe that's the case. Okay. Thank you. Dave Hickey: One of the questions he just brought up was not going inside. If a citizen has a real issue with some interior of the portion of their property, like water damage in the bedroom, or something that they really want us to see, we will, at their invitation, go inside, but we generally try to avoid that as much as possible. In today's litigious society, it's like he broke my \$10,000 antique or whatever, and, it's generally just my one single appraiser there so, we try to avoid that as much as possible. That's the reason why. Sometimes people have accused us of looking in the windows, but no, we don't do that. Obviously, if there's a walk-out basement and it's a big wide door and you're measuring around the back of the house, you are going to see if it's finished inside. You just can't help some of it. We don't go looking in the windows. Judy?????: I would be curious, if you don't go in, how do you know that someone has an old cellar filled with asbestos and does that make a difference compared to a wonderful new home that doesn't have asbestos and how would one's similar old historic house compare to one across the street that has a wonderful new swimming pool and a 3-car garage? Dave Hickey: The question was how about an old house that has a cellar filled with asbestos and that sort of thing. Generally, your 100 year old houses that had coal cellars in them, or an old

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dugout basement that somebody might have put some concrete in, I generally don't put a whole lot of value on that. It doesn't add that much to the property value. A modern house with a modern basement, you can generally tell if you have window wells vs. the vents and that sort of thing and you can pretty well tell if half the house has vents and half of it has window wells, you know that there is not a full basement under there. That's one of the key questions we leave on the doorknocker about how much basement is there and also, has any of that basement been finished, like in the living area, family rooms, rec rooms and that sort of thing? With regards to your question about swimming pools and structures outside the property, obviously, we'll pick that information up from the visual inspection of the exterior features of the structure. Tom Kelly, Cannery Village. How often are the assessments supposed to be done? Like once every ten years or so? Mayor Post: The new Charter says every ten years. Tom Kelly: How come when a house is sold at the new price, they are not being assessed? Mayor Post: That's a very good question, because I have questioned that myself many times. Tom Kelly: Because that could be the interim between one assessment period and another. Mayor Post: You're exactly right. With the expert standing up there, have you seen it being done? Dave Hickey: That's essentially Proposition 13 in California. It turned out to be a total disaster. The situation you have is, you live in your house and you're getting X Y Z amenities from the jurisdiction, and your neighbor comes in and buys the house three years later and pays more and his taxes go up and he sells it five years later and their taxes go up, and so on and so forth. At first, that looks fair, but over time, three or four owners later, you're still owning your house and all of a sudden if you figure 8-10% of turnovers of property in town over the course of any given year, pretty soon those long term landowners are sitting there and they are the distinct minority, and this is what happened in California, the people that had their taxes increased and increased and increased, pretty soon they become the unruly mob that says wait. This is not fair. There were efforts to move that back. I think the International Association of Assessing Officers and the Appraisal Foundation feel like the best method of assuring that taxes are levied equitably, over time, is to do your jurisdiction-wide reassessment at one time. I know the City of Seaford had a situation here a couple of years ago where they tried to do a partial reassessment which is in essence what you are talking about, just a piece of the pie, and it was ruled by the Courts to be invalid. You don't want to go down that path. Mayor Post: Mr. Kelly, I agree with you, but we're getting into 7:31 and we're going to let one more person speak, but I want to go back, real quick. I agree with him 100%. I don't care if it's a nightmare. I'm not talking about you don't do the other, you do it still every ten years, but in the interim you still do that as properties are sold. We've lost so much revenue in the last ten years in this town, because of that not happening. This is just food for thought. You don't have to respond, but that's something we might come back to eventually. Curt Riley: I think it's important to add, in Delaware, the way it works is a base year concept, so everything is valued at the same time, at the same rate. The model would be built to service the needs of Milton for the ten years. That model is frozen in time. So every new property or every change that's done to a property through the building permit process, you would go out, pick up the change, come back and put it into the computer, and it generates a value for that time. C Hudson: Who owns the database? Do you own it or the Town owns it? Curt Riley: We own the database, but you can look at it through the Internet. Jeff Daley, Cannery Village neighborhood: I want to emphasize that word neighborhood. Just because we don't have power lines above the

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street, just because we have new amenities, we are part of this town. [Applause] Thank you. How long will it take to assess this town, to reassess the properties in this town and would there be a mechanism, an appeals process, if we disagreed with the amount at which our houses were assessed? Dave Hickey: The reassessment would start effectively in the Fall of 2008 and be completed late Spring or early Summer 2009, so the actual field aspect of it would be six months or so. Yes, after you are notified of our values, we have an appeals process that gives you approximately two weeks to come in and go over your information with us. If you're not satisfied at that point, Curt can tell you more about that appeals process. Curt Riley: David is correct. After the notices are sent out, there is what we call an informal appeal process. If you don't like the value that was applied to your property or you want to come to make sure that all the parts of your property were picked up properly, you're welcome to schedule an appoint and come in. If it gets to a value issue, where we disagree, obviously as a result of your appointment you will receive a re-notification as far as the results of that appeal process. After that, you can have a formal appeal process before the Town's Assessment Board, or in a lot of cases, it's a Town Council. I'm not sure how it works in Milton. It would be before the Town Council and if you still didn't agree with their decision then you have to go to Superior Court. C DUBY: Mr. Mayor, could I ask if we could possibly extend this by a few minutes, maybe get an indication by raising hands of people that have comments or questions. This is a really important issue and I would like to give people a chance to be heard. Looks like three more people. Could we go that much longer? Mayor Post: Raise your hands. The thing is we will have many public hearings about this, as well, so please keep this in mind. This is not just an end all here tonight. C DUBY: It's just a couple of people. Mayor Post: How many more would like to speak, please raise your hands? The thing is I'm talking about the legality of starting at 7:30, not the choice of going further. How many more would like to speak? Please come up here and get in line. Keep it as quick as possible. If it is something new, then bring a different thing to question. Norma Krause 116 Morgan Way: I have a really quick question, I think. You've presented two scenarios in which taxes go down. I have seldom heard of a lot of taxes going down in very many towns. I would like to know, in your experience, how often did taxes go down? Most town budgets go up. I can't quite see, and really your taxes are based on the town's budgetary needs. Now, could you tell me how often that happens and why we should expect that to happen? Dave Hickey: As we said, it doesn't naturally apply to all properties, but in the reassessment experiences I have had here in Delaware, and Curt could speak to this to a great extent, there are a large percentage in every case where a certain number of properties actually do go down. I've seen it happen. Compared to my experiences in Virginia, the way they do it here in Delaware is a wonderful thing. They tell you in advance what the tax neutral tax rate should be, so you can see this is the impact of this new valuation on my bottom line, my pocketbook. In the Town of Ocean View and the City of Seaford a very significant number of properties actually paid lower taxes after the reassessment than before. Not everybody's the case, in Seaford, especially. There is a lot of new commercial construction and that property was assessed previously as a vacant lot and now it has a \$3,000,000 building on it, well that's going to be a big chunk of change to the jurisdiction. But the advantage to the City of Seaford was that new commercial shopping center was picked up at \$6,500,000 instead of the previous assessment which would only have allowed \$800,000 on that structure. The city benefits greatly and that's how the tax levy was able to

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be reduced to the \$0.265 rate from \$0.57. Does that answer your question? Norma Krause: Yes and no. In the first place, I understand you to be saying that the commercial property suddenly added considerably more to the town. I don't know whether that will happen here. I don't know what the tax rate is on the Food Lion mall is. Mayor Post: It's the same. It's all the same. C Duby: If you look at their figures the reason that the taxes went down was because the tax rate is adjusted down. Right now our rate is \$0.41 for every \$100 of value. When it is reassessed, as he showed in his figures, our tax rate will almost certainly go down because we are only allowed to keep the same amount of revenue. So it's adjusted so that we have the same amount of revenue. If we wanted to have more revenue, we would have to raise your taxes. That's a separate issue. The reassessment process keeps it level. Norma Krause: That's really what I am talking about. C Duby: That's not what an assessment does. Norma Krause: But in the end, I think it might deceive people hearing this presentation into thinking that their taxes are coming down. If you want more taxes, they could go up. C Duby: We're not doing this at this point. Who knows? I can't predict whether we'll raise taxes or not. It depends on the economy. But that's not at issue here. The reason we're doing this is not so that we can get more revenue, a reassessment does not give you more revenue. It simply gives you a fair evaluation of the property. Norma Krause: I understand that. I'm just concerned with what the public might think from this workshop. The Mayor says we'll have other workshops and that's fine. That's what needed to be said. Taxes may go down, but they also may go up and people may not understand that you may, of course, ask for more taxes in order to bring everybody back up and above where we are right now. C Duby: We could also raise your taxes with a reassessment. We could do that anytime. So that's a different issue. Mayor Post: The tax revenue we have right now I will say will not be going down. So the revenue that we are bringing into the town, which isn't even enough yet, don't think it's going to go down. Individual property may be equitably distributed with the assessment. What we have right now in the coffers for tax collection, that's how they will base it at the end for that same amount of what we're bringing in, will be that equitable distribution to get to that point. We're not talking about raising taxes. The distribution, some is going to be where there might be some fluctuation, but we are not looking at this as a reduction for tax revenue for the Town of Milton. We don't want to get that miscommunicated. Curt Riley: If I could, Mr. Mayor, just quickly, again, the value goes up, the rate comes down to equal the same amount of revenue that the town generated the year before. If there's going to be a tax increase it has to be on the roll back rate. They can't have a tax increase on the current rate and then roll it back. It has to be on the roll back rate. Katie Dies: I live in Wagamon's West Shore and a comment that was made earlier kind of tripped a trigger. I feel that everyone is on a limited budget in some fashion. Whether you're older and retired, I know a lot of people in our neighborhood are retired and they're living on a fixed income and as a young person, just starting out in my career and my husband, also, I just want you to keep in mind that I do feel that we are being overtaxed. Please keep that in mind. Charles Jones: I'm from 127 Morris Avenue, here in Milton. My family has been around here for a very long time. I hear some talk about trying to protect people on fixed income and trying to protect the long term natives from a drastic increase and I feel that there are a lot of people moving into this town, more and more and more they are driving our property taxes up; we're building a new High School; they are overrunning our roads; we need more police; more street lights; more sidewalks; more everything; and, now they want

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to increase our property taxes. I have a piece of paper here, a newspaper article, where one person came to a town meeting and wanted to increase our property taxes because he bought a \$380,000 home and now he has to pay \$825 a year, whereas previously he was paying \$9,500 in New Jersey. It has come to the point where us natives that have lived here a long time, can not afford to pay higher taxes. A child that is born, raised, educated and works in Sussex County can not afford a \$380,000 home and a lot of the long term people that have been here on fixed incomes can not pay higher tax rates. Any government has a responsibility to protect its natives. Our Federal Government protects us from foreign invaders and I believe the local government should have a responsibility to protect us from people that are moving into this town and I feel that we should have a separate tax rate for places like Cannery Village, Chestnut Run, Wagamon's West Shores and those places to protect the people. Unknown Voice from the Audience: Do you understand what we're talking about? Charles Jones: Yes, I do very clearly. You've moved in here, you have a different tax rate because of the newness of your properties and you want to increase it for everyone. The old timers should be protected. Thank you very much. Unknown Woman: I would like to know for those of us that came in and bought two or three years ago that raised all of your assessments, Charlie, and the value of your property so you're a much wealthier man now. When you reassess them, we're obviously not going to be assessed at the prices we paid. Correct? Because the market has gone down, and, whether we live on a street with or without pavement or with historic lights or not, all that is taken into consideration of the market value price of the house, and that's what we're assessed on, is the market value. Not whether we have underground this or that. It's what the house will sell for. Correct? Dave Hickey: Correct. Mayor Post: I do want to make a comment. First of all I want our Town Manager to say on the record how much the tax revenue for the Town of Milton is. George Dickerson: Mr. Newland, I believe when you were up, I don't know where your figure came from, it was some \$400,000. This year's budget, as proposed and passed by the Council, the amount was \$662,000. That's from all property taxes that were paid on what the total assessment was at that time. We have collected, as of March 31, 2008, \$519,940 against that amount. Those came from our tax rolls of what was on the books at that time. That figure of taxes, depending on when Mr. Riley goes out and a C. of O. is issued and when those work through the system and finally get put on, that's a figure in flux, that will always change somewhat. That's the actual figure. Mayor Post: I have just one quick question and then I will make one closing comment. I would assume that when you are talking about reassessing, you're going to be looking at individual lots that have been sub-divided in the town and they are going to be assessed accordingly to the lot value? Dave Hickey: Correct. And we're going to monitor sales right through the end of the process so that as we see what turmoil the real estate market's in, we would make modifications to our value base and model to reflect the current sales right through the very end. Mayor Post: If you took a 50-acre parcel of land and that was sub-divided into 400 lots, those 400 lots have more value than a 50-acre parcel of land. Dave Hickey: Absolutely. Mayor Post: The food for thought here is when people mention about a community, this is very important and we have a long road ahead of us and I know there are two sides of this issue that's facing us. Sitting up here, I get very upset with seeing from two angles that people can't understand each side. As you move forward, think about the other side. These are not easy decisions. I don't like what I see at times and to sit here and not respect what somebody has to say, whether you agree

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with it or not, is not the right way to go. You're only going to be looking at more problems down the road. Respect one another, that's all I'm asking you. It's not easy from either side. I understand both sides, but you've got to understand people that have lived here their entire life and you've also got to see the side of people that have come in and are paying these higher taxes. You both are right. That's how I'm closing this portion of the meeting.

Mayor Post: I am now going to open the Milton Town Council Meeting at 7:49 p.m. on May 15, 2008.