

March 10, 2013

Mr. Win Abbott
Milton Town Manager
115 Federal St.
Milton, DE 19968

Re: 2013 Property Tax Appeals

Dear Mr. Abbott,

I have carefully reviewed the appeals and have made the following recommendations.

Appeal No. 1 – Heritage Creek Lot Owners

At the present time, Heritage Creek is only partially developed. The second phase is being prepared at the present time for development. There are currently 46 developed lots in the developed section and 50 additional lots in the section under development. We received appeals on 34 of the 46 developed lots and 7 of the 50 undeveloped lots. As I stated to Council last week, until only recently my entire experience with Heritage Creek involved only single family structures. Recently, three townhouse style units have been built on Arch St. Because of this, I have realized that some lot size differential in Heritage Creek was intended in the original development plan. Accordingly, I contacted Mr. Buddy Lynch of the Sussex County GIS & Mapping Department and secured an updated set of GIS Shape Files to more closely analyze the lot sizes in Heritage Creek. Since the appeals were limited to the Phase II portion of Heritage Creek, I examined the lot size breakdown and then compared that group with the remainder of the town as well as the known sales. Then Minimum Lot size in Heritage Creek was found to be 0.057 ac, the Maximum was 0.211, the Mean size is 0.122 ac and the Median is 0.131 ac.

Using the same criteria for the town as a whole and excluding lots in Heritage Creek and lots larger than 1.0 acre, the Minimum lot size was found to be 0.007 ac, the Maximum is 0.999, The Mean size is 0.209 and the Median lot size is 0.172.

The known lot sales range in size from a Minimum of 0.072 ac to a Maximum size of 0.817 ac. The sales prices range from a low of \$ 85,000 to a high of \$ 267,500.

While it is true that the lot sizes in Heritage Creek are not significantly different from those of the rest of the town, size alone is not always the only defining factor in the valuation of real estate. While size is an important objective aspect to consider, the subjective factors of location, view, and quality are critical elements. To emphasize this, I point out the four lot sales which took place in the Preserve on the Broadkill. 302 Valley, a 0.251 ac lot sold for \$135,000 in December 2007. 223 Chandler, a 0.227 ac lot sold for \$143,500 in May 2008. 220 Chandler, across the street from 223 is a 0.273 ac lot which sold for \$260,000 in April 2007, and 214 Ridge, a 0.220 ac lot sold for \$267,500 in August 2008. Note that all four of these sales are generally the same size, yet they have widely varying sales prices. The Chandler and Ridge Street sales are considered to have a superior location and hence the higher sales price. It is for this reason, that the appraisal of Real Estate must employ a certain element of subjective analysis on the part of the appraiser. A real estate broker may refer to the element of ‘Curb Appeal’ when trying to differentiate properties by quality. Because everyone has a unique opinion, it is impossible to definitively quantify the subjective elements in any real estate transaction. The best we can hope to do is look at the population of sales data and using our own experience and judgment try to determine a reasonable value estimate which can be supported by the known sales and takes into consideration those subjective factors which experience has shown us to be important. In mass appraisal for assessment purposes, the issue of equalization comes to fore whereby lots of generally the same size having similar location, terrain, and quality characteristics should have comparable values.

The following is a list of the Land Sales which were available for analysis:

Milton Land Sales

PTA Record	Map No.	Address	Sales Price	Size Acres	Date Sold	Unit Price/SF
1558	20.08-14.00	107 CHESTNUT	110,000	0.181	9/11/2007	13.95
1386	20.00-824.00	113 ARCH	125,000	0.140	11/26/2008	20.49
648	14.19-04.01	115 LAVINIA	118,725	0.817	1/24/2008	3.33
648	14.19-04.01	115 LAVINIA (For Sale)	200,000	0.817	4/1/2009	5.62
898	20.00-336.00	130 WEST SHORE	185,000	0.665	8/13/2007	6.38
1225	20.00-663.00	210 SUNDANCE	95,750	0.115	9/17/2007	19.11
1310	20.00-748.00	210 VILLAGE CENTER	155,000	0.072	9/19/2007	49.42
1221	20.00-659.00	218 SUNDANCE	95,000	0.143	3/26/2007	15.25
343	14.00-588.00	214 RIDGE	267,500	0.220	8/6/2007	27.91
340	14.00-585.00	220 CHANDLER	260,000	0.273	4/4/2007	21.86
335	14.00-580.00	223 CHANDLER	143,500	0.227	5/22/2008	14.51
876	14.19-207.00	302 VALLEY	135,000	0.251	12/12/2007	12.34
1588	20.08-40.00	305 MILL	85,000	0.332	12/12/2007	5.87

Please note that the parcel at 115 Lavinia sold for \$ 118,725 in January, 2008 but was listed for sale for \$ 200,000 in April 2009. This parcel has since been combined with other acreage and longer exists as an independent parcel. Also, the data records from the County also show an unimproved lot located at 113 Arch Street in Heritage Creek Subdivision sold for \$125,000 in November 2008. This lot is one of the full size lots in Heritage Creek and clearly supports the valuation of \$ 120,000 per lot.

As noted above, I have only recently found that a certain number of Town House lots is planned for Heritage Creek. These are generally smaller lots and owing to the lack of yard space are considered to have a lesser value. Keep in mind that when the reassessment was conducted there were few completed dwellings which give the impression of much larger lots. It is for this reason that I have recommended that the value of the townhouse size lots be lowered to \$100,000. Because this involves many more lots than just those few that were appealed, all such lots must be adjusted for equity reasons. Also note that several lots owned by Fernmoor Homes on Arch St. in the undeveloped section were erroneous given full value and should be valued as undeveloped at \$60,000 pending full installation of infrastructure. I have compiled a spread sheet of the recommended changes and no-changes and attached it herewith. Please refer to the spread sheet for specific appeals and adjustment recommendations.

The only other recommendation change which deviates from my original recommendations as outlined in my January 31st letter involves Appeal No. 10 - Mr. Greenbaugh at 205 Ridge Rd.

Because I adjusted the townhouse lots in Heritage Creek , it is important to adjust the townhouse lots in Preserve on the Broadkill likewise.

Accordingly, an adjusted value of \$ 120,000 is felt to be reflective of the value of these lots given the higher land values found in this area. Please refer to the attached spread sheet for full delineation of these adjusted values.

If you have any further questions regarding these appeals and my recommendations please do not hesitate to contact me.

Respectfully submitted,

David R. Hickey
Delaware Certified General Real Estate Appraiser