



New Castle Commercial Reassessment 2025





Death & Taxes

Court's Decision in Reassessment Litigation

The court determined that property values had changed significantly enough since the previous reassessment years ago and were no longer represented as the “*true value of money*” and that the current assessments were not uniform (i.e. not equitable).

The new assessed values will be effective for the 2025 tax year.



Reassessment Litigation



MAY 2020

To resolve pending litigation, New Castle County agreed to conduct a countywide reassessment.



True Value of Money

USPAP **Market Value** Definition

MARKET VALUE:

The most probable price which a property should bring in a **competitive and open market** under all conditions requisite to a fair sale, the buyer and seller, each **acting prudently and knowledgeably**, and assuming the price is **not affected by undue stimulus**.

USPAP **Market Value** Definition

Implicit in this definition are the consummation of a sale as of a **specified date** and the passing of title from seller to buyer under conditions whereby:

Buyer and seller are **typically motivated**;

Both parties are **well informed or well advised**, and acting in what they consider their own best interests;

A reasonable time is allowed for **exposure in the open market**

Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and

The price represents the normal consideration for the property sold **unaffected by special or creative financing or sales concessions** granted by anyone associated with the sale.

Date of **Value**

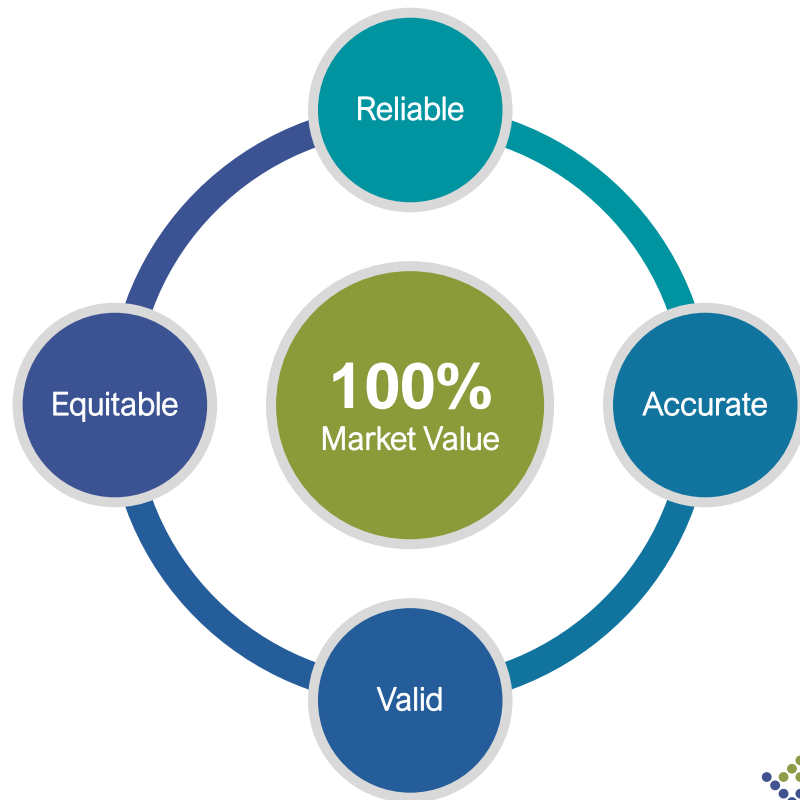
Market Value and Market Conditions as of

J U L Y 1 , 2 0 2 4

Assessments must be between 95% and 100% of the median of all valid sales as of the
Date of Value

**The new assessed values will be effective
for the 2025 tax year.**

Why Reassess?



Fear



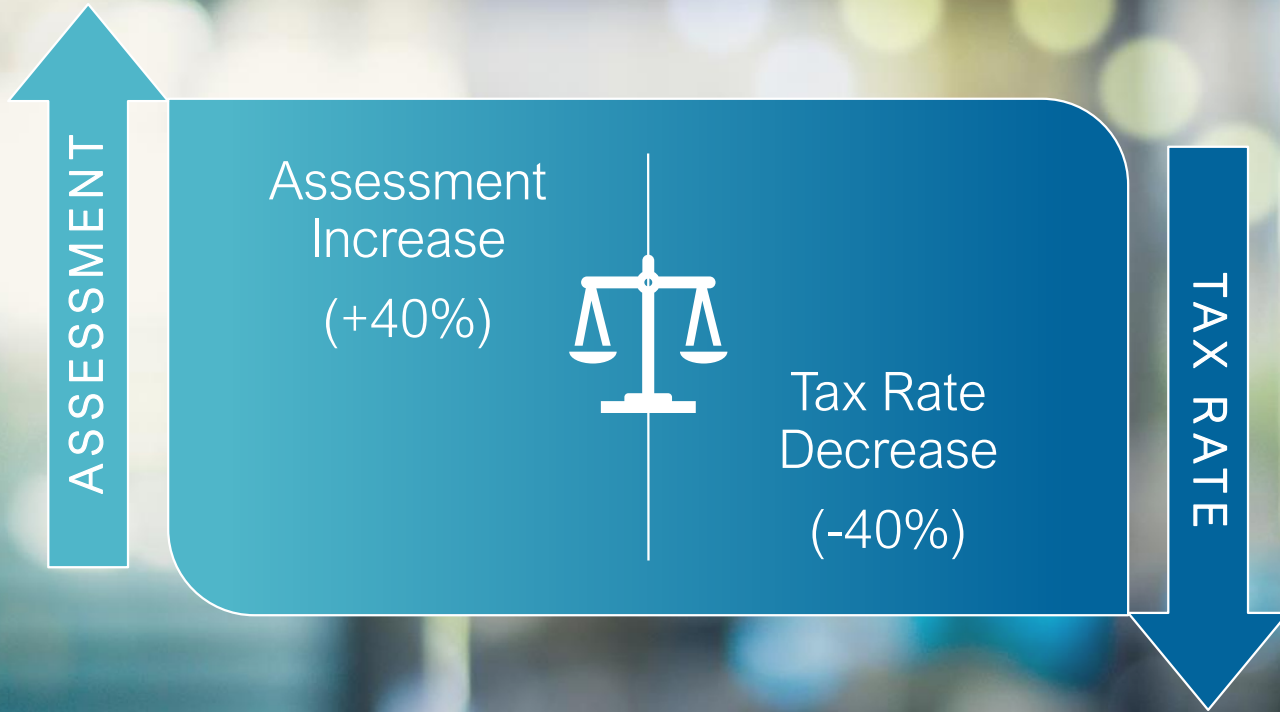
Pay more taxes

Government will spend more

Will lose tenants

Have to sell

Revenue Neutral



Tax Formula | The A.R.T. of Property Taxation



Assessment Increases 4X



Countywide Reassessment | Revenue Neutral



YOUR PROPERTY VALUE CHANGE

Lower than average change
for property class

PROPERTY TAX IMPACT

Taxes likely
decrease



Similar to the average
change for property class

Taxes likely
do not change



Higher than average change
for property class

Taxes likely
increase

More County and School Taxes?



TAX INCREASE CAPS

COUNTY 15%

SCHOOL 10%

What about Municipality Taxes?



Some municipalities use the county assessments and others do not.

A municipality may, by separate and specific vote, seek to increase their property tax rate.

Reassessment Goals

LAST CONDUCTED IN 1983

Implement new values for all properties to reflect 100% market value as of

JULY 1, 2024

Meet or exceeds the Uniform Standards of Professional Appraisal Practice (**USPAP**)

Meet or exceeds the “Standard on Mass Appraisal” — International Association of Assessing Officers (**IAAO**)





KEY QUESTIONS

How have commercial market values changed in 41 years?

Did they change consistently?

Will everyone go up or down the same amount?

How will this affect me?



Phases of Reassessment



**Aerial
Imaging**

Spring 2022



**Data
Collection**

2022–2023



**Data Analysis
& Review**

2022–2024



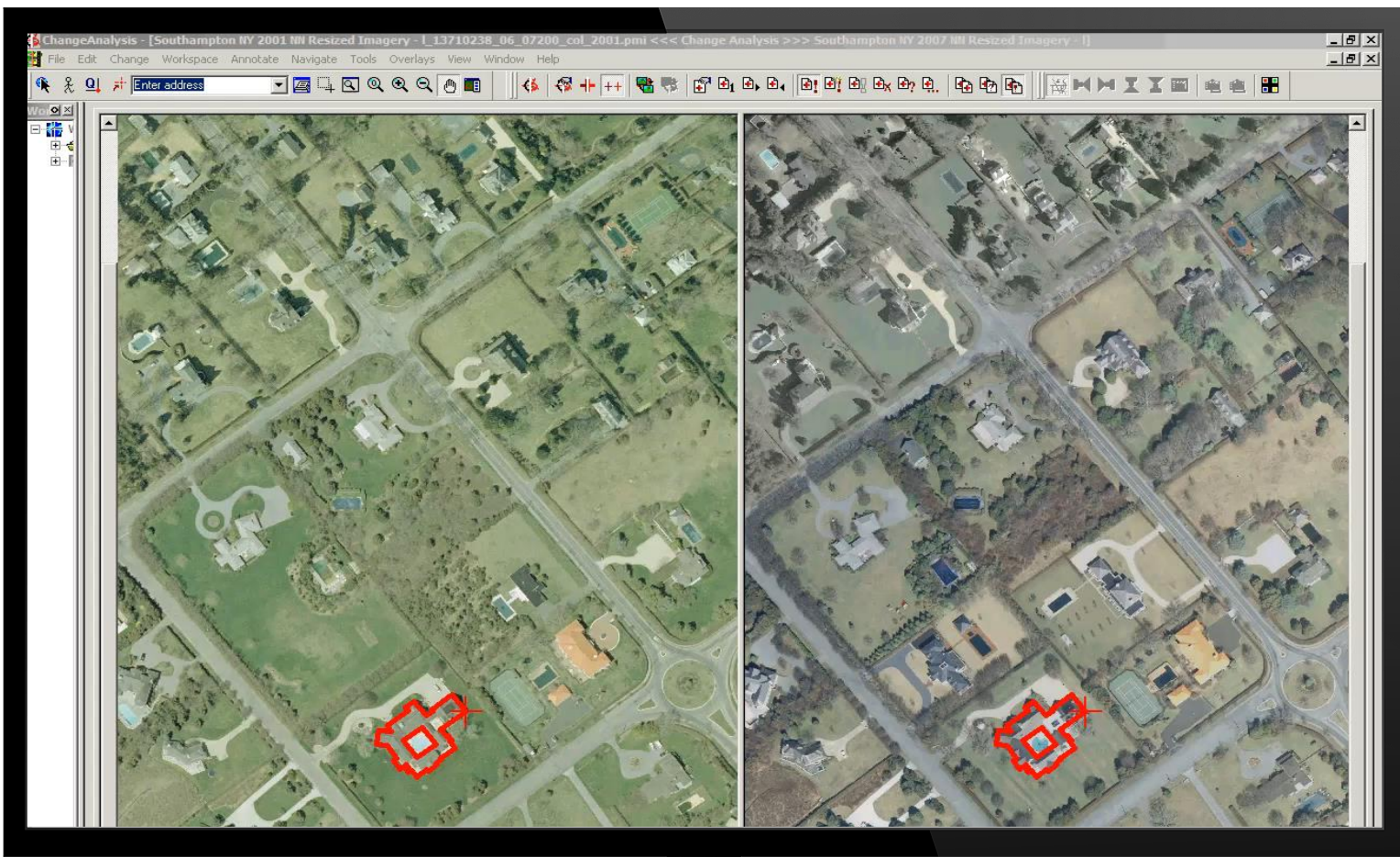
**Informal
Meetings**

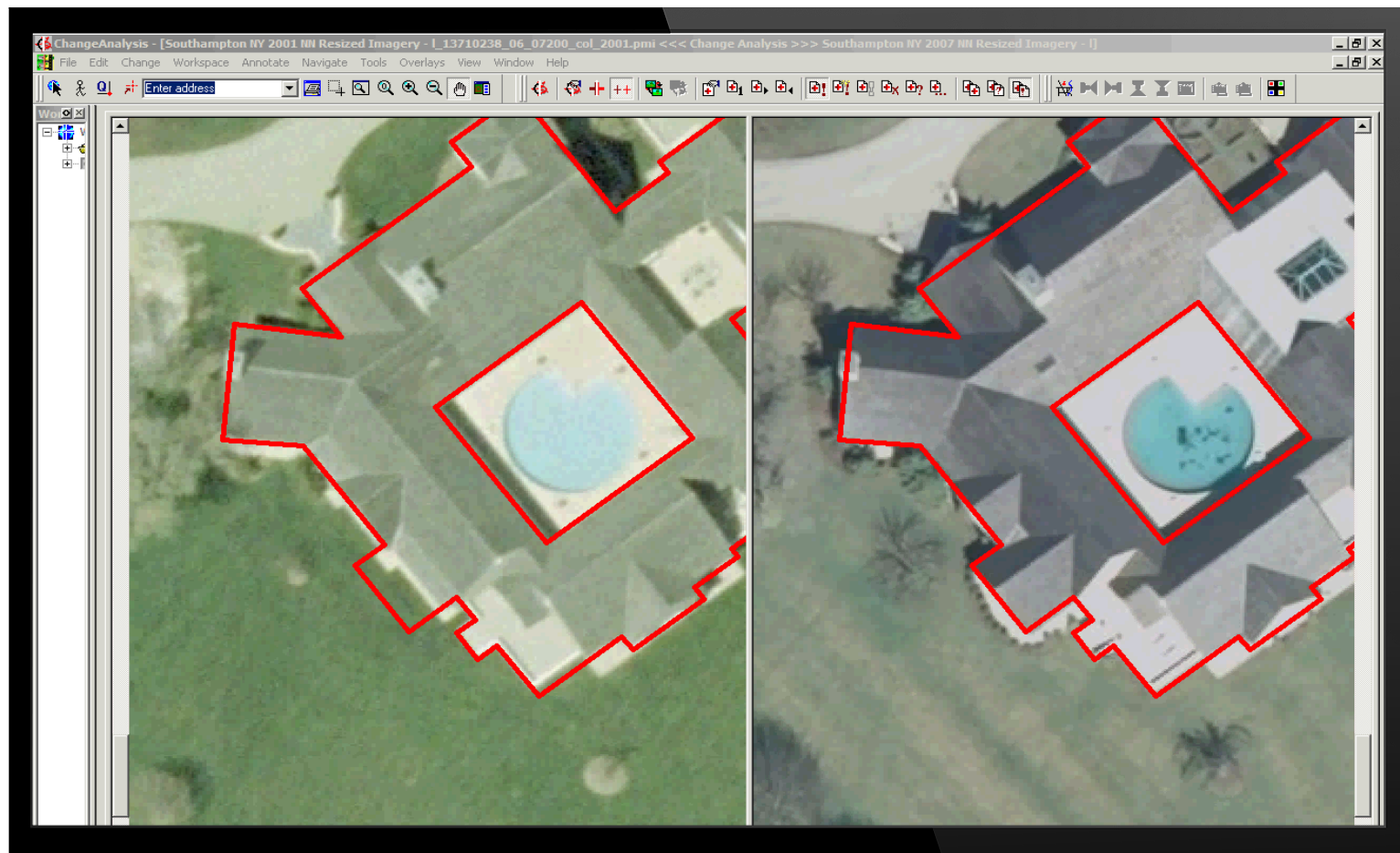
Fall/Winter 2024



Aerial imaging Sketch verification/detection









A close-up photograph of a person's hands holding a tablet. The person is wearing a light blue blazer over a dark top. A semi-transparent blue banner is overlaid across the middle of the image, containing white text. The background is blurred, showing other people in a professional setting.

Data Collection | Data Gathering Analysis

Data Collection & Gathering



Physical

Inspection
Measurements



Sales Data

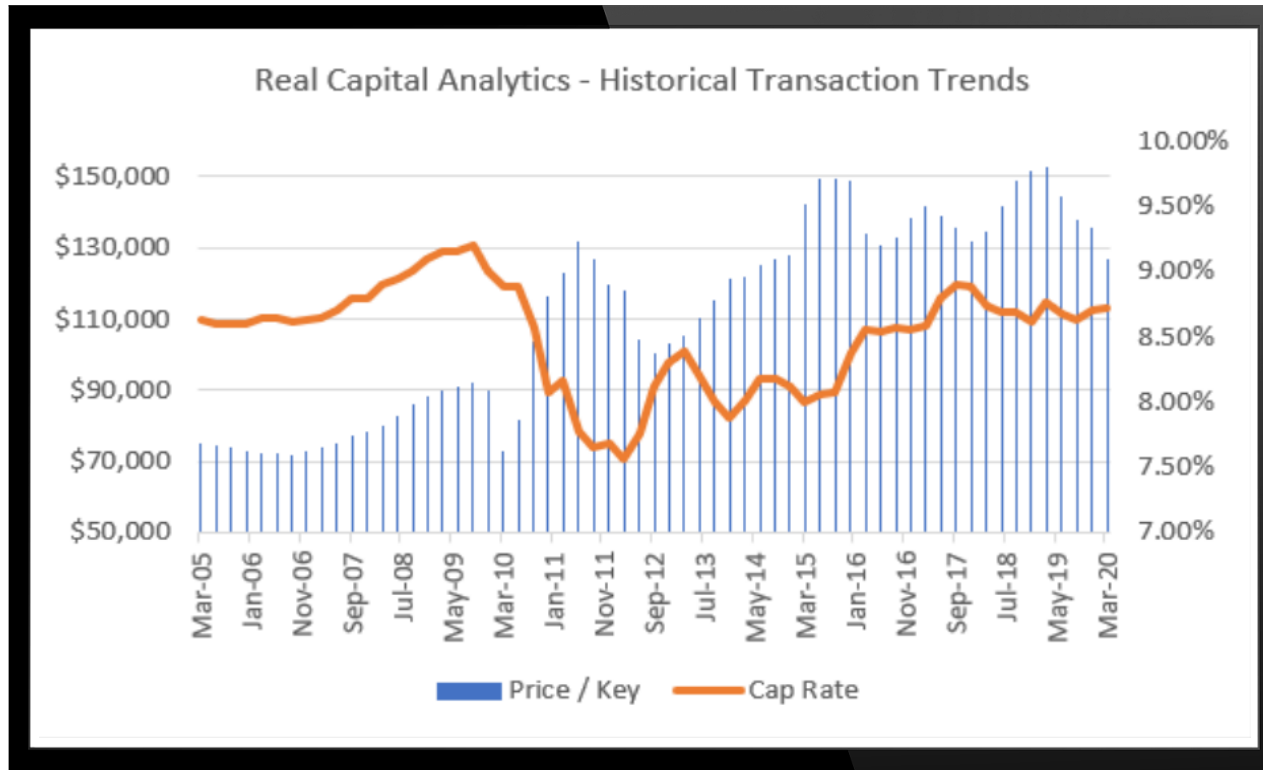
County Files
Data Mining
Survey Data



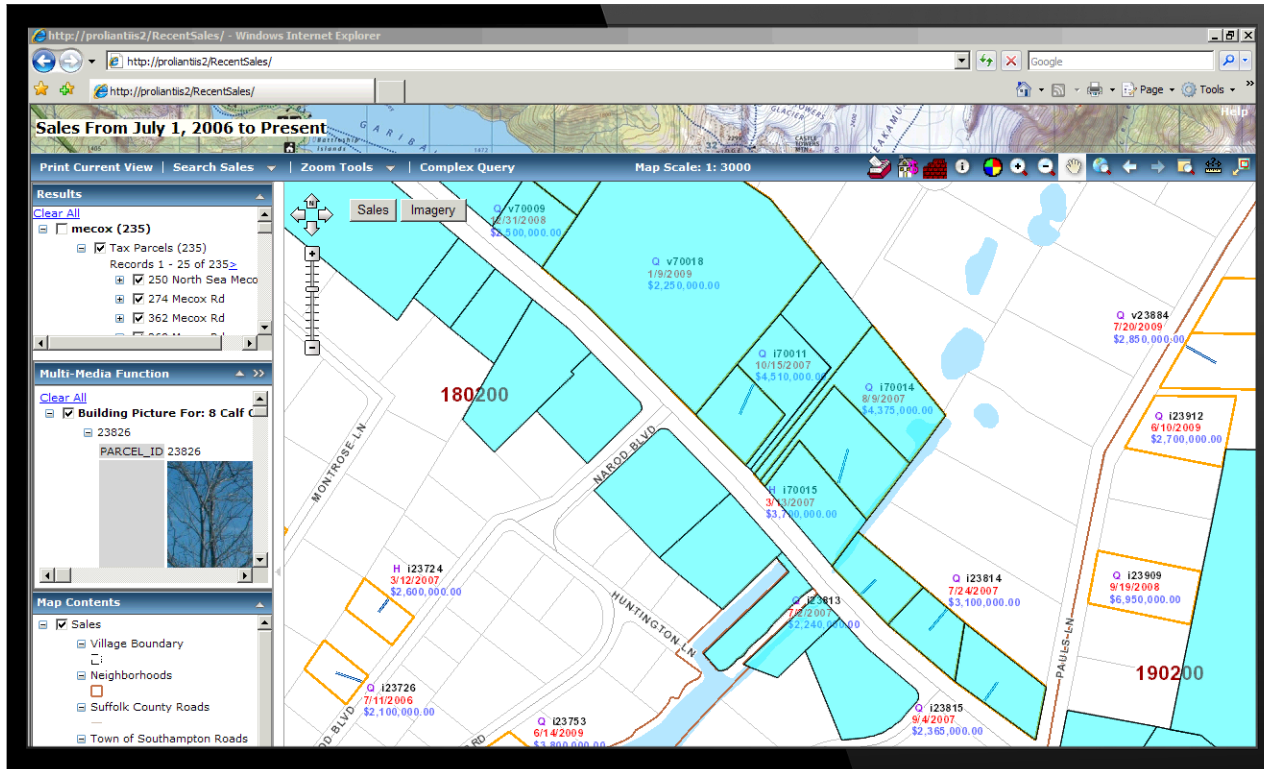
Economic Data

Income
Submissions
Data Mining
Survey Data

Data Collection & Gathering

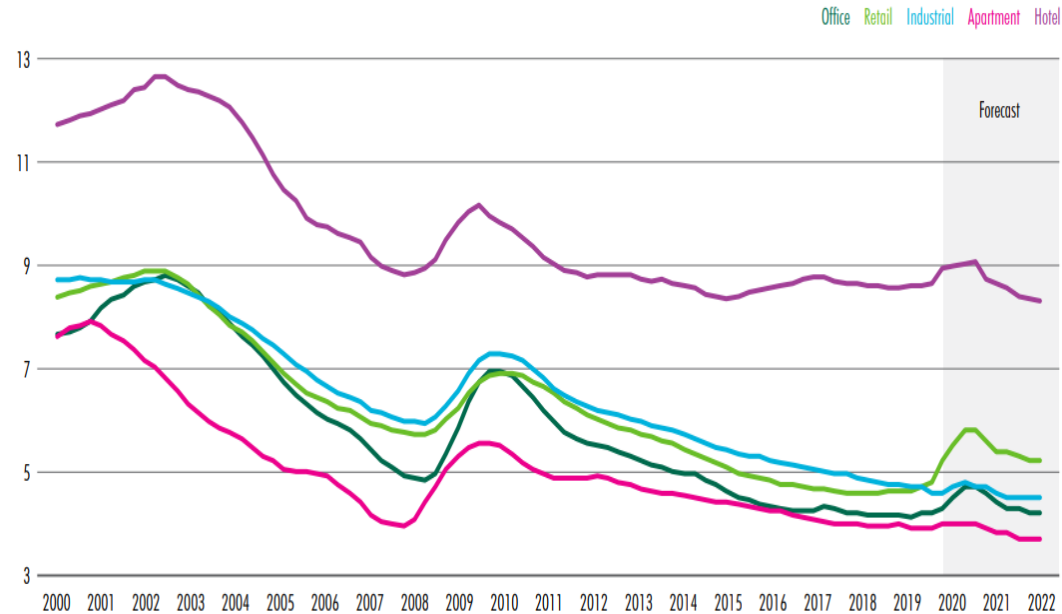


Comparable Sales



Capitalization Rates

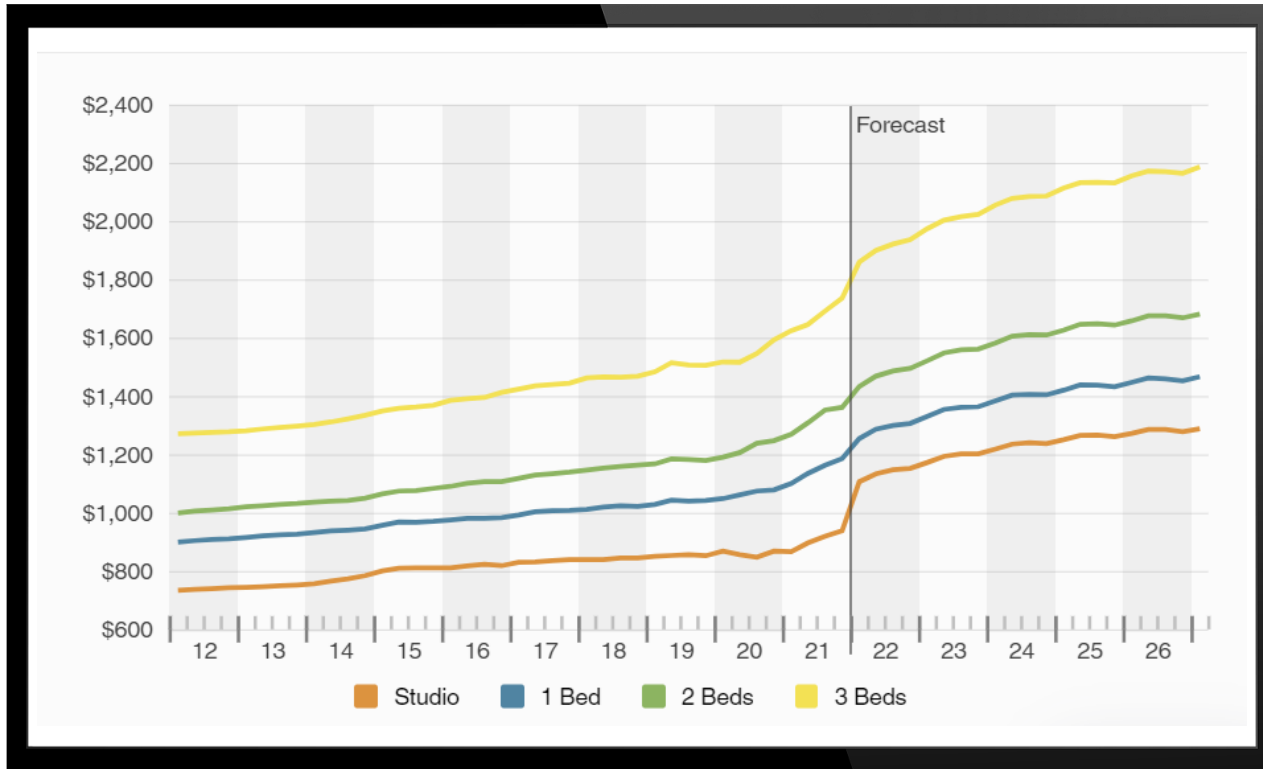
FIGURE 7: CAP RATES FOR MAJOR PROPERTY TYPES IN THE U.S.



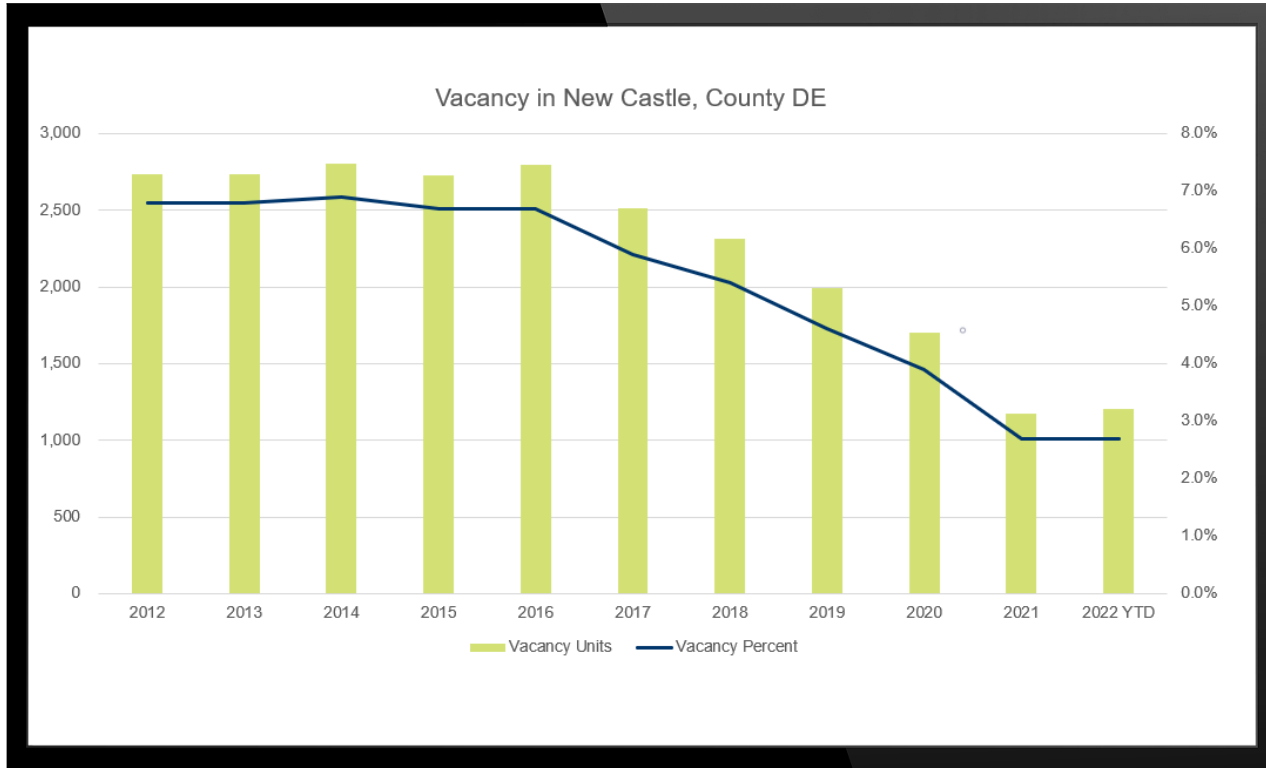
Apartment Income by Unit and Type

TYPE	Min of Gross Income/Unit	Max of Gross Income/Unit	Average of Gross Income/Unit	Min of Net Income/Unit	Max of Net Income/Unit	Average of Net Income/Unit
▢ PARTIAL ETPA						
▢ Apartment						
70	\$10,123	\$10,123	\$10,123	\$4,578	\$4,578	\$4,578
109	\$12,579	\$12,579	\$12,579	\$7,568	\$7,568	\$7,568
120	\$20,850	\$20,850	\$20,850	\$14,374	\$14,374	\$14,374
158	\$14,090	\$14,090	\$14,090	\$8,374	\$8,374	\$8,374
▢ MARKET						
▢ Apartment						
4	\$11,554	\$24,563	\$18,282	\$7,586	\$20,038	\$12,871
6	\$12,500	\$23,755	\$19,017	\$5,175	\$15,966	\$10,934
7	\$18,798	\$21,384	\$20,091	\$5,105	\$14,749	\$9,927
10	\$82,182	\$82,182	\$82,182	\$59,324	\$59,324	\$59,324
14	\$18,583	\$18,583	\$18,583	\$6,081	\$6,081	\$6,081
83	\$38,169	\$38,169	\$38,169	\$20,993	\$20,993	\$20,993
100	\$35,630	\$35,630	\$35,630	\$23,857	\$23,857	\$23,857
Grand Total	\$10,123	\$82,182	\$23,190	\$4,578	\$59,324	\$14,271

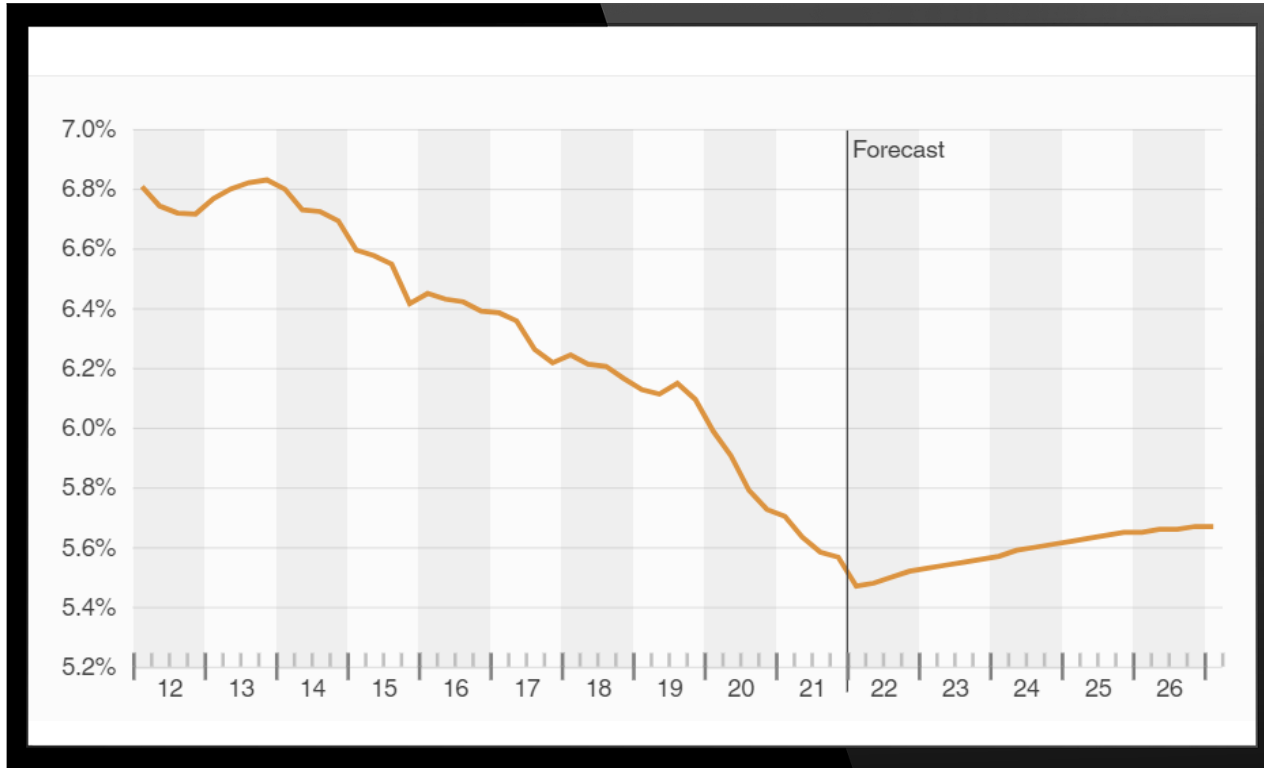
Market Asking Rent Per Unit by Bedroom



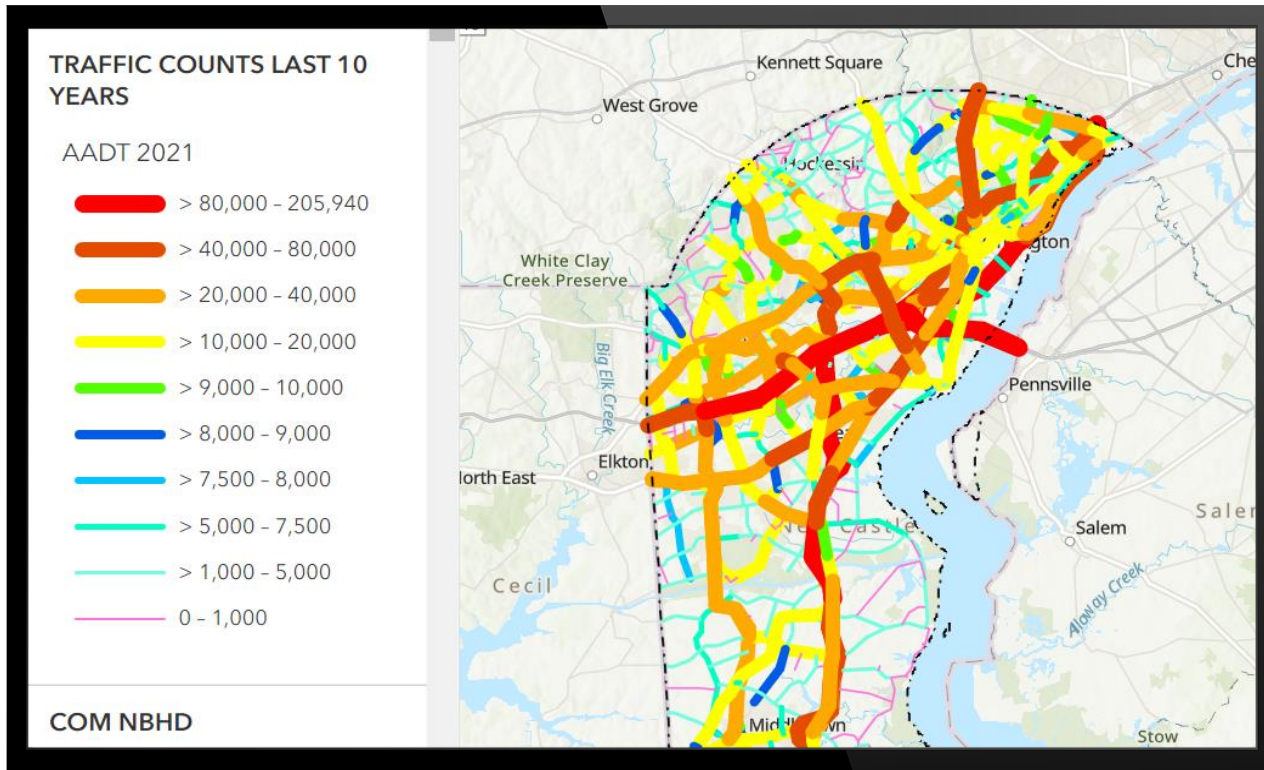
Vacancy



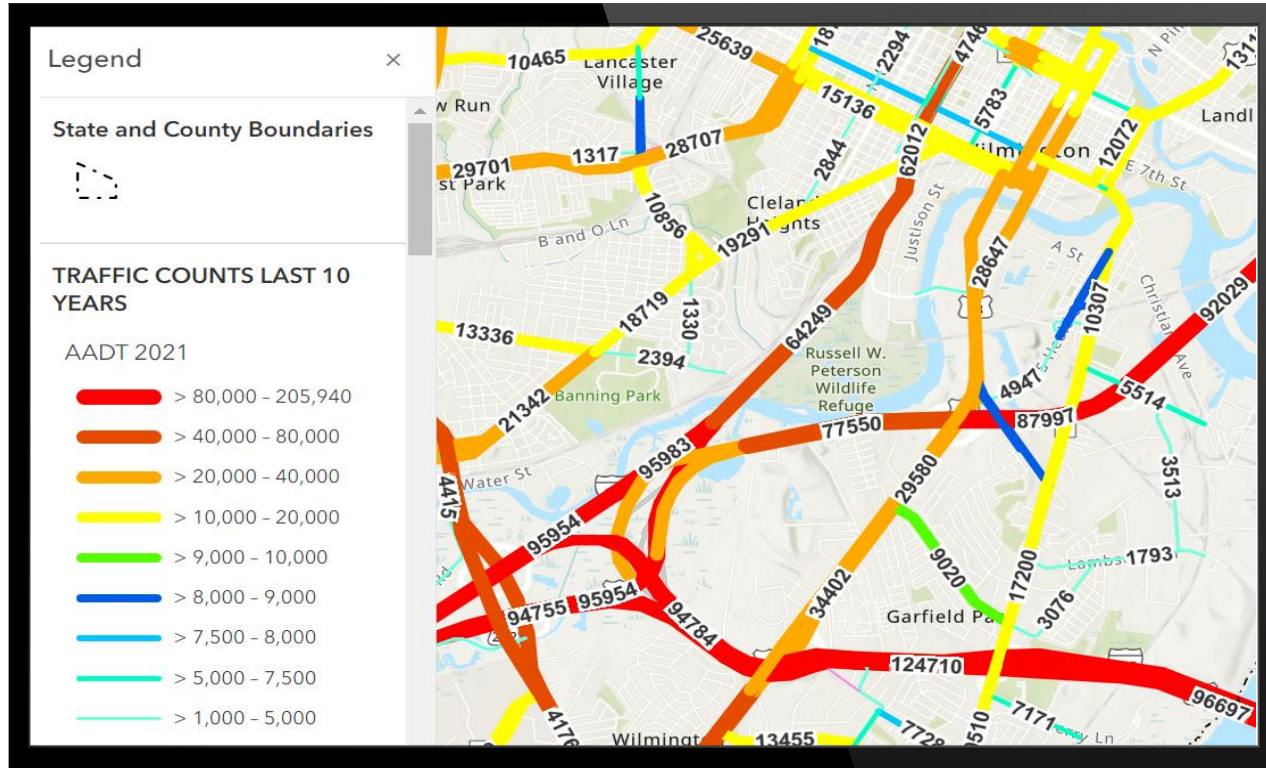
Market Cap Rate



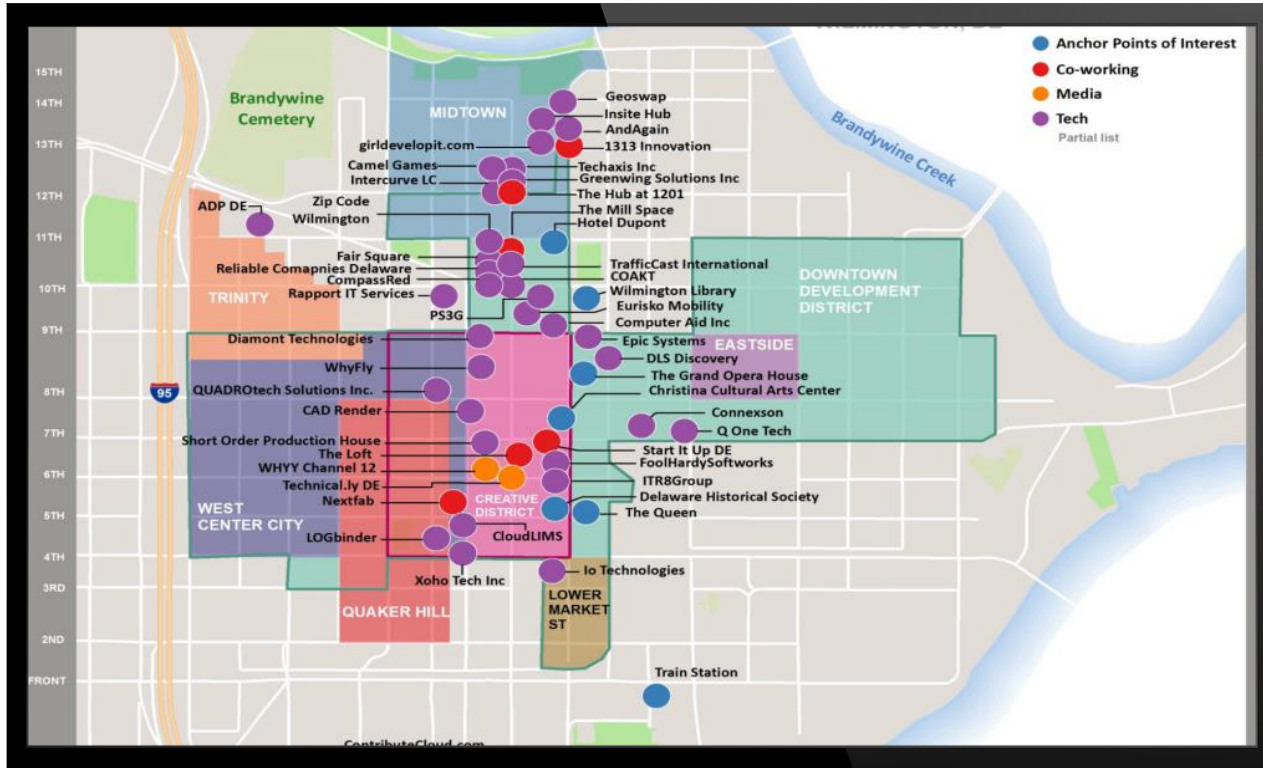
Traffic Counts | Neighborhoods



Traffic Counts | Neighborhoods



Wilmington Neighborhoods



Methodologies



Cost Approach



Sales Approach

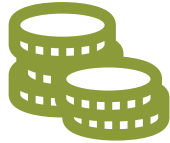


Income Approach



Valuation

Three accepted approaches/methods to arrive at value.



Cost approach provides an estimate of value based upon the replacement cost of the improvements, less depreciation, plus the value of the land.



Income approach estimates value by capitalizing the net operating income of a property.



Market or sales approach estimates value by comparing sales of similar properties to the property being appraised.

Cost Approach



Sales Approach



The sales approach estimates market value through the analysis and application of standard units of comparison.

Examples of standard units of comparison are sale price per square foot, sale price per apartment unit, or sale price per acre.

Commercial and Industrial Models



The income approach estimates market value by capitalizing net income.

Net income and capitalization rates are arrived at by an analysis of Income & Expense forms

These forms provide data on local market rents, expenses, and vacancies.

Income approach models are built using the analyzed income and expense data and a review of recent sales.

Income and Expense Surveys



Property owners/managers are encouraged to complete the forms provided to the best of their knowledge, as accurate and complete information is critical to determining fair and equitable values that reflect current local market conditions and will preclude the use of available published rental and expense information from nearby major commercial markets.

INCOME & EXPENSE DATA WORKSHEET INSTRUCTIONS

Enter

Enter Property Address

Annual Income and Expense Statement for the year ending: _____ PROPERTY ADDRESS: _____

PROPERTY USE (check all that apply): ☐ Apartment ☐ Office ☐ Retail ☐ Mixed Use ☐ Shopping Center ☐ Industrial ☐ Other _____

CHECK HERE IF ANY PART OF THIS PROPERTY IS OWNER OCCUPIED: ☐ It is critical to check this box if you are using all or part of the property yourself

1. Total gross building area
(Including owner-occupied space) _____ Sq. Ft.

2. Owner-occupied area _____ Sq. Ft.

3. Net Leasable area _____ Sq. Ft.

4. Number of rental units, including owner-occupied _____

Enter Net Sq Ft excluding common areas

5. Number of parking spaces _____

6. Actual Year Built, if known _____

7. Year Remodeled _____

ACTUAL GROSS INCOME *	LESS, ACTUAL EXPENSES
9. Apartment Rents (From Schedule A) _____	21. Heating fuel _____
10. Office Rents (From Schedule B) _____	22. Gas and electricity _____
11. Retail Rents (From Schedule B) _____	23. Water and sewer _____
12. Mixed Rents (From Schedule B) _____	24. Other utilities _____
13. Shopping Center Rents (From Schedule B) _____	25. Payroll (do not include management) _____
14. Industrial Rents (From Schedule B) _____	26. Supplies _____
15. Other Rents (From Schedule B) _____	27. Management _____
16. Parking Rents _____	28. Insurance _____
17. Other Misc income (e.g. CAM, INS or TAX Reimbursement) _____	29. Common Area Maintenance _____
18. TOTAL ACTUAL GROSS INCOME = _____	30. Leasing Fees/Commissions/Advertising _____
19. Less, losses from vacancy and credit collection _____	31. Legal and Accounting _____
20. EFFECTIVE GROSS ANNUAL INCOME = _____	32. Elevator maintenance _____
* Do not include estimates for vacancies	33. Tenant improvements _____
	34. General repairs _____
	35. Other (specify) _____
	36. Other (specify) _____
	37. Other (specify) _____
	38. Reserves _____
	39. Security _____
	40. TOTAL ACTUAL EXPENSES = _____
	41. NET OPERATING INCOME = _____

This is how much income your property would rent for if fully occupied and leased

Subtract Line 19 from Line 18: Typically, this amount would match income reported on IRS Form 8825 or Schedule E

Enter all losses due to vacancy and credit

Subtract Line 40 from Line 20

DO NOT INCLUDE TAXES, DEPRECIATION OR MORTGAGE PAYMENTS AS AN EXPENSE

Apartment Income is reported on a **Monthly** Basis

~ Complete this section for apartment rentals only ~

ITEMS INCLUDED IN RENT

(Check all that apply)

(Check all that apply)

(Check all that apply)

☐ Heat☐ Furnishings

☐ Electricity

☐ Security

☐ Other utilities

□ Deal

☐ Air conditioning

100

☐ Stove/Refrigerator☐ Parking☐ Dishwasher☐ Garbage disposal☐ Other (specify):

Non-Apartment Income is reported on a monthly and annual basis

~ Complete this section for all other rental units

Total Annual Rent Includes
and CAM, Taxes, Insurance,
Escalations and/or Percentage
Rent

Check Box(es) if tenant and/or owner provided fit up for leased space

Indicate the dollar amount of
fit up costs

COPY AND ATTACH IF ADDITIONAL PAGES ARE NEEDED

PURCHASE PRICE VERIFICATION

~ Complete this section if the property was purchased within the last 10 years ~

~ ALL OWNERS MUST SIGN AND DATE THE ATTESTATION BELOW ~

Purchase Price \$ _____ Down Payment: \$ _____ Purchase Date: _____

Selling Broker: _____ Broker Telephone#: _____

Date of Last Appraisal: _____ Appraisal Firm: _____ Appraised Value: \$ _____

First Mortgage: \$ _____ Interest Rate: _____ % Payment Schedule Term: _____ Years ☐ Fixed ☐ Variable

Did the purchase price include monies allocated for: Furniture? \$ _____ Equipment? \$ _____ Other? \$ _____

PROPERTY CONDITION: _____

ESTIMATE OF REPAIRS NEEDED AT THE TIME OF SALE: \$ _____

Has the property been listed for sale since your purchase? ☐ Yes ☐ No

If yes, provide list price: \$ _____ Date listed: _____ Listing broker: _____ Broker's Telephone#: _____

COMMENTS: Please explain any special circumstances, or extraordinary factors that affected the purchase price, e.g., vacancy, seller motivation, conditions of sale, property condition, favorable seller financing, etc. Use this area for any other helpful information or comments.

**VERY IMPORTANT TO SIGN
AND DATE**

ATTESTATION:

I DO HEREBY DECLARE THAT THE FOREGOING INFORMATION, ACCORDING TO THE BEST OF MY KNOWLEDGE, MEMORY AND BELIEF, IS A COMPLETE AND TRUE STATEMENT OF ALL INCOME AND EXPENSES ATTRIBUTABLE TO THE ABOVE IDENTIFIED PROPERTY.

Signature: _____ Name (Print): _____ Date: _____

Title: _____ Telephone #: _____

Income and Expense Surveys



Will you tell my neighbor or anyone else what my income and expenses are?



Why use an income approach? Isn't appraised value based on what properties sell for?



What happens if I do not fill this out?

All information provided will remain strictly confidential

Income and Expense Surveys



My business and real estate were really impacted by covid.
Are you going to reflect that impact in my new assessment?



I just had an appraisal conducted on my property should I submit
that as well?



If my tenant pays the expenses, should I still write down the expenses?

Income and Expense Surveys



I own residential apartments why did I get this form?



Can I just submitted tax returns or spreadsheets from my accounting programs?



If my tenant pays the expenses, should I still write down the expenses?



Won't my taxes go up if I fill out this form?

INCOME		
Rentals	\$788,000	
Other Property Income	\$12,000	
TOTAL POTENTIAL INCOME	\$800,000	
VACANCY AND CREDIT	\$80,000	10.0%
EFFECTIVE ANNUAL INCOME	\$720,000	

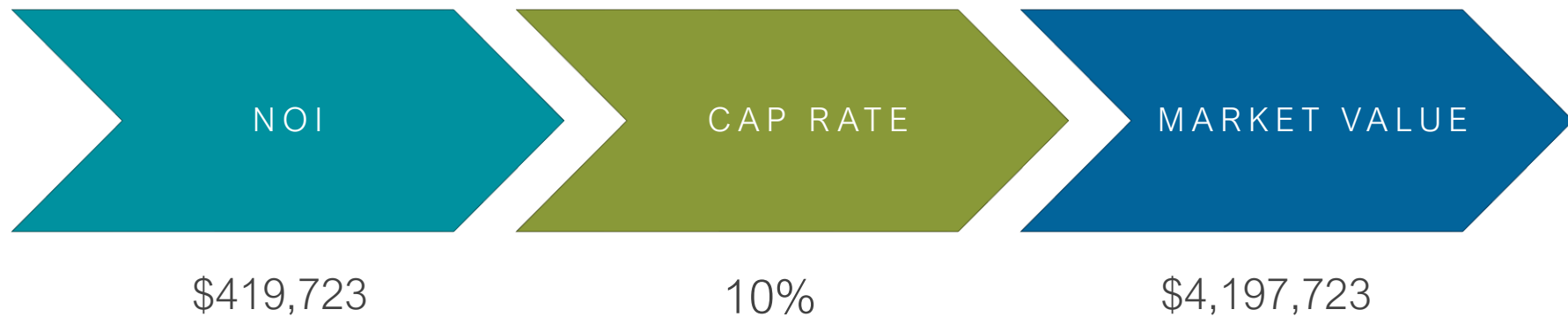
EXPENSES		Percent
Heating	\$76,566	10.6%
Electricity	\$15,125	2.1%
Other Utilities	\$10,116	1.4%
Payroll	\$44,697	6.2%
Management	\$43,200	6.0%
Insurance	\$86,725	12.0%
CAM	\$11,266	1.6%
Advertising	\$20	0.0%
Legal Accounting	\$3,562	0.5%
General Repairs	\$1,000	0.1%
Mortgage		
Depreciation		
Sales Tax		
Reserves	\$8,000	1.1%
Total Expenses	\$300,277	41.7%

NOI	\$419,723	58.3%
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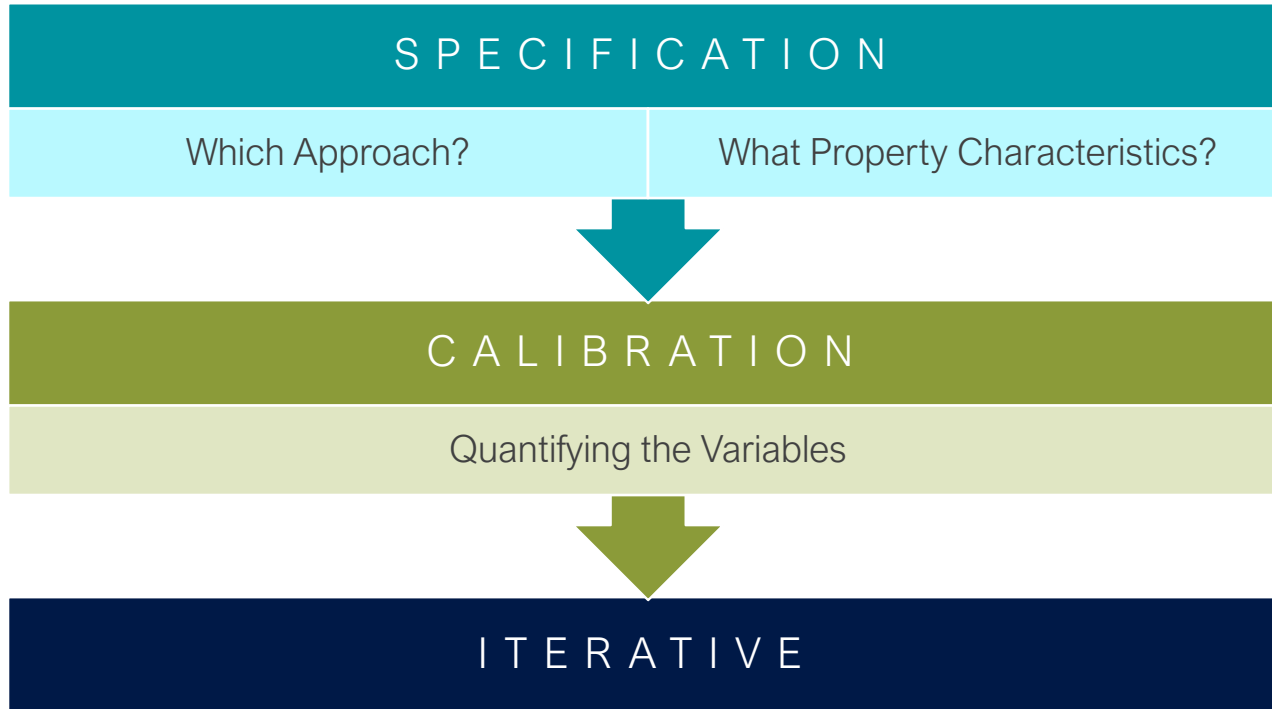
Income and Expenses

Balance Sheet

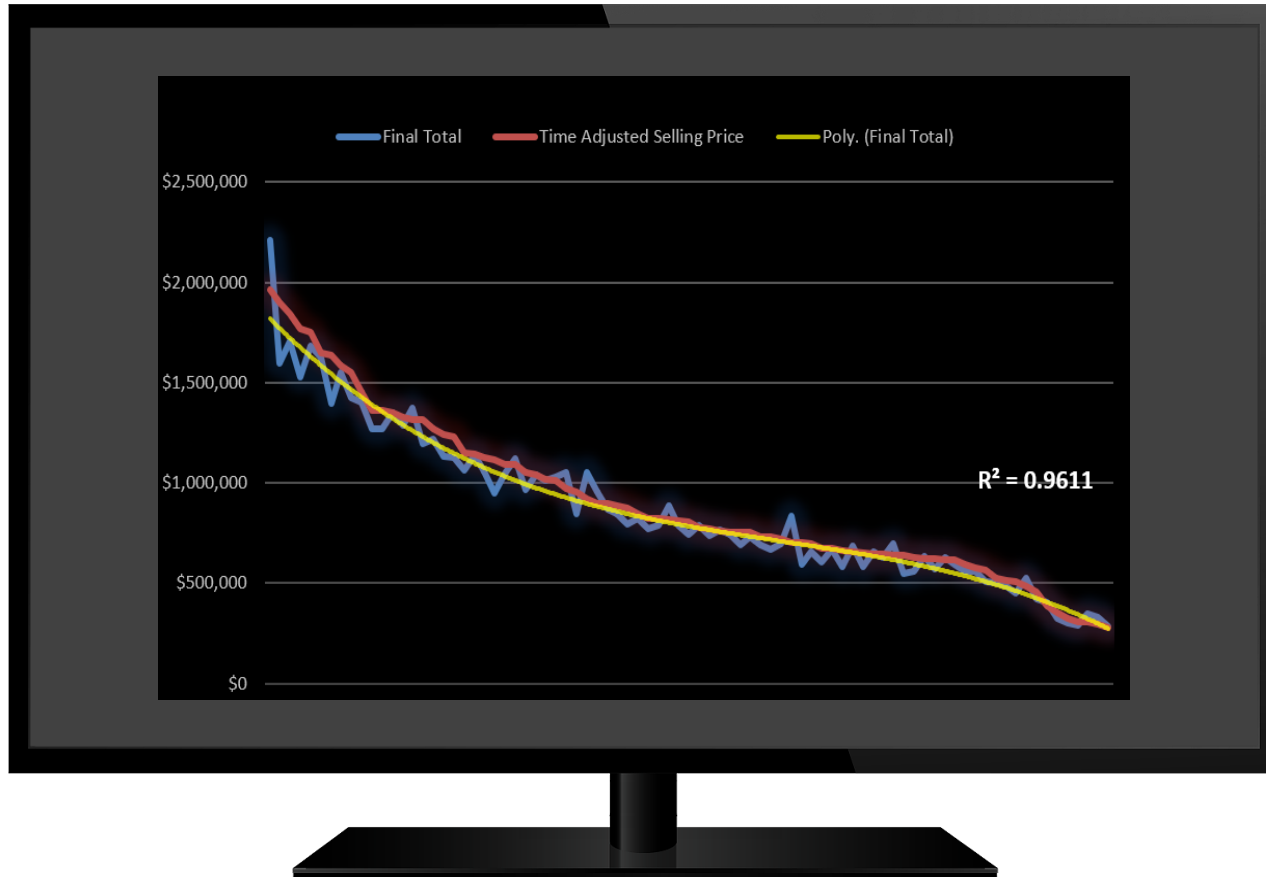
Income Approach



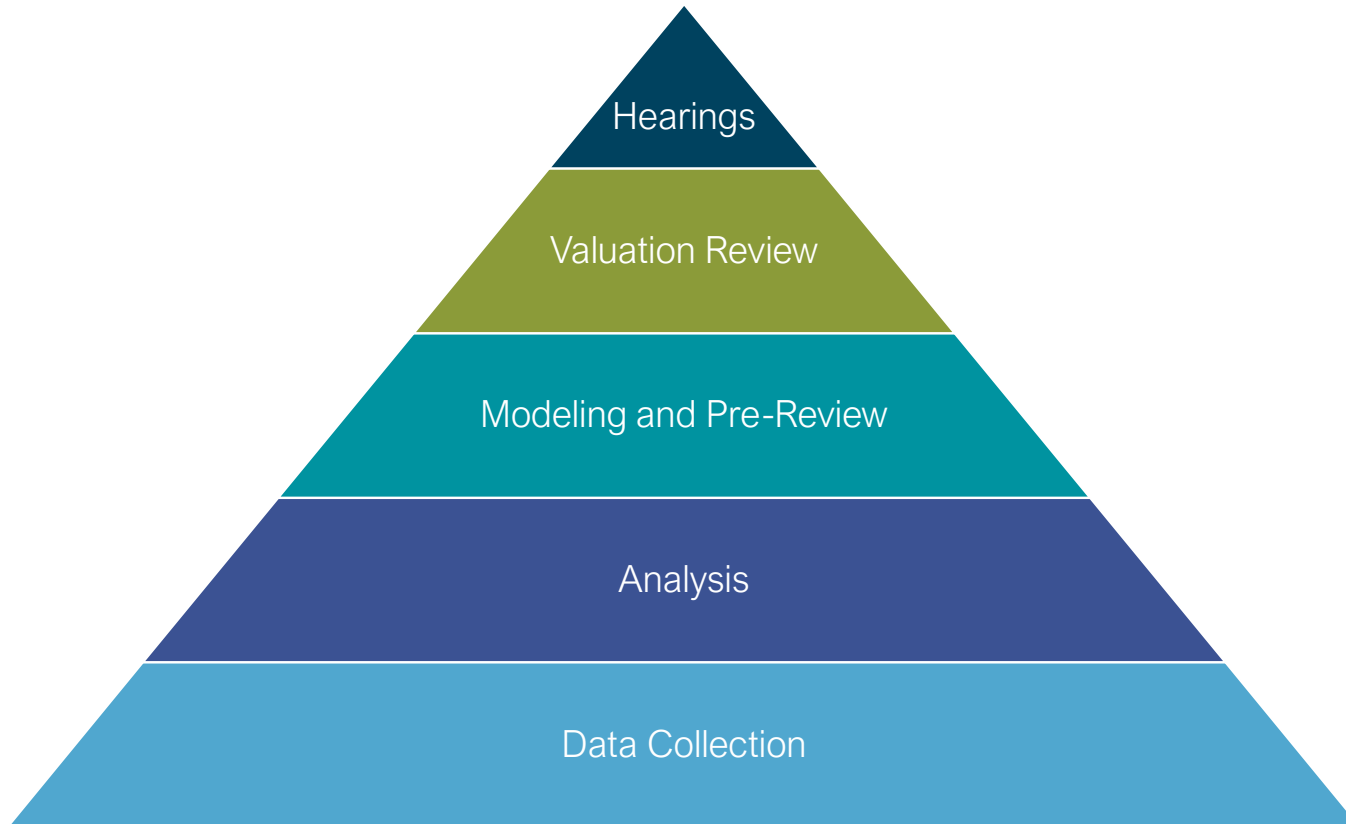
Valuation Testing



Final Appraised Value Compared to Time Adjusted Selling Price



Process Summary



Notice to Taxpayers



Late in 2024, property owners will receive a notice of the new tentative appraised value. The property owners are encouraged to evaluate whether the assessment appears to be reasonable. If it is, no further action is required.

Informal Hearings

Informal Meetings with Tyler Appraisal Staff:



If you believe the proposed value does not reflect the current market value, instructions will be provided with the notice on how to arrange an informal review of the value with Tyler.

These reviews give the property owner a simple and efficient means for resolving any discrepancies.

Informal Property Review



Informal Review Goals:

One on one meetings with property owners

Review property data

Collect new information

Correct existing data as needed

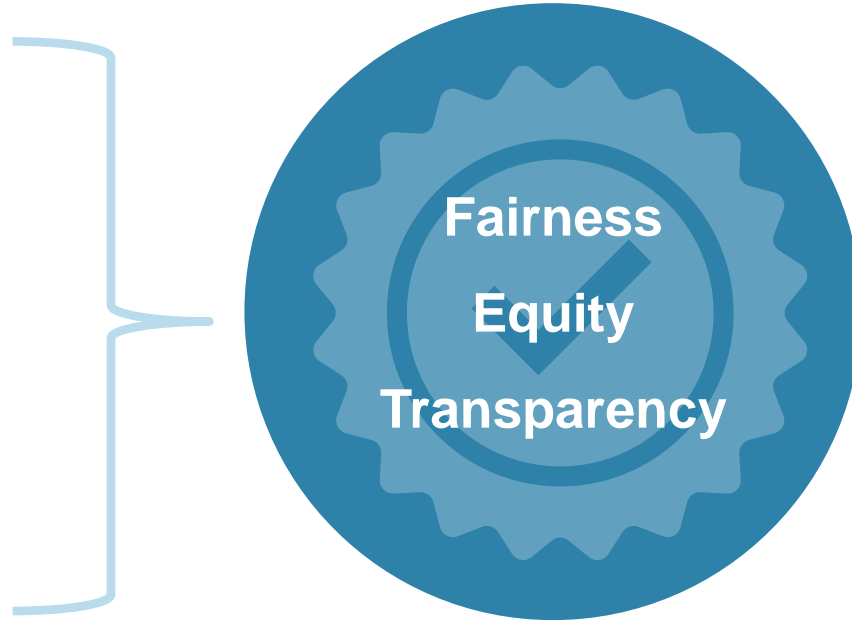
Educate property owners on the valuation process

Quality-Driven Process = Quality Results

Quality Data Collection

Detailed Analysis
& Modeling

Accurate Valuation
Review & Hearings



TYLER TECHNOLOGIES CONTACT INFO

Michael McFarlane

Tyler Project Supervisor

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NewCastleCounty@tylertech.com

C O U N T Y A S S E S S M E N T C O N T A C T I N F O

Denzil Hardman

Accounting & Fiscal Manager

Assessment

(302) 395-5083



REASSESSMENT PROJECT WEBSITE

For further information:

empower.tylertech.com/New-Castle-County-Delaware



THANK YOU FOR JOINING US TODAY.

We would be happy to answer any questions at this time.

Empowering people who serve the public[®]



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