

June 18, 1963

Present: All Commissioners, Mr. W. S. Donaldson, Mr. Oliver Guyther.

Assessment Appeals

Mr. W. Herbert, Mr. Lawrence, Mr. Hewitt, Mr. Cero.

Club Properties, Inc. vs. Supervisor of Assessments, St. Mary's County, Md.

Mr. Donal L. Chamberlin, President, Club Properties, Inc., appeared to appeal the assessment of property in Lexington Park, Maryland, formerly known as Lexington Park Housing Project. He protested estimate of value of land and 73 buildings at \$563,865, and assessment of \$338,320. He stated that the true market value is usually the average of the appraised bids, and total bids submitted, divided by the number of bidders, gives an average of \$358,509. The average of the 6 bids on the vacant land is \$18,225. The difference between Mr. Herbert's total assessment and total assessment using average bid is \$116,835.60. Average cost per building from the 10 bidders is \$5,160.74, and Mr. Herbert's figure is \$7,724.17. For the 98 buildings the average was \$4,164. He stated that these buildings are 20 years old in the first group, and 18 years in the second group, all of them in varying stages of repair.

Mr. Oliver Guyther, attorney, asked Mr. Chamberlin if he had divided the 73 buildings into the average of 10 bids to get the cost per building? Mr. Chamberlin said yes. The bids were of various sizes, as there are 1, 2, 3, and 4 bedroom units. He said he did not know how these buildings could be appraised as they are in need of repair, need painting, and had to be rewired to conform to the code. He said there would be a different evaluation on each unit, and if Mr. Guyther wanted a price on each size building, he would be glad to furnish same.

Mr. Guyther asked if Mr. Chamberlin took the bids on Parcel 2, the 7 unimproved acres, and added them up and divided by the number of bidders, what would be the average for the unimproved land? Mr. Chamberlin said the total for the 7 acres of ground was \$18,225.00, divided by 60%, less 25%, to come to an assessment of the unimproved land of \$10,345. The bid for the land was raised \$10,000 in order for Club Properties to get it. Mr. Guyther asked Mr. Chamberlin if he had looked into the matter to find out if the Internal Revenue Department would accept his filing as far as depreciation is concerned as to what he bid for these buildings as compared to the average of the bids. Mr. Chamberlin said no. He presented a list of bidders and amounts bid. He said the average of the bids is nearer a true average than anything Mr. Herbert or himself can put on these properties.

Mr. W. Herbert, Supervisor of Assessments, showed sketches and diagrams of sizes of the various houses in question. He stated that these buildings have depreciated about 30%. Rental fees for the houses are: \$60 per month for 1 bedroom; \$70 per month for 2 bedrooms; \$80 per month for 3 bedrooms; \$90 per month for 4 bedrooms. There are units which are not being rented as of today.

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The land assessment is 26 improved acres at \$51,245, 7 acres unimproved at \$10,345, 25% vacancy allowed. The 146 units divided into the \$51,245 amounts to \$350 assessment per unit. Land is improved by water, sewage and hard surface streets. Total assessment is \$338,320, purchase price if \$491,600, and the mortgage to the USA is \$442,400. Assessor's estimate of value of land and buildings is \$563,865, with assessment of \$338,320 divided by \$2.20 tax rate equals \$7,443 total yearly tax. \$7,443 divided by 146 units equals \$50.97 per year, per unit. Mr. Herbert stated that there are very few houses that do not cost this much in taxes. About 84 of the 146 units are occupied now.

Mr. Herbert explained that his office used replacement cost less depreciation in method of appraising. They qualified these houses as a cottage average and their measure for a cottage average would consist of cheap construction such as buildings you would find at base areas in general; one bath and forced hot air heat. They assessed these by the cubic foot and have to use their own judgment as to depreciation. They sued 20% depreciation and also another 10% for obsolescence. On the improved land, they used comparable properties around the area. Mr. Chamberlin said there were more cubits in these buildings than Mr. Herbert used. Mr. Herbert said this is why they allow the extra 10% depreciation. Some buildings 20 years old could very well increase in value, sales will bear this out.

Mr. Chamberlin said he could not believe that Mr. Herbert had not made an error when he says these buildings are worth more than 10 experienced men are willing to pay for them. When asked by Mr. Guyther if the assessing methods recognize a vacancy allowance for rental units, Mr. Herbert said no, because they did not use the capitalization method. Until you reach a point where the occupancy permits the use of the capitalization method you cannot use it. The appraised value of the improved land is 60% of the value.

Mr. Herbert said it is 28 cents per cubic foot on the one bedroom, 25 cents on the two bedroom, 25 cents on the 3 bedroom, and 22 cents on the four bedroom houses. Mr. Cero mentioned that internal revenue purposes are quite different from the appraising for assessment purposes. On the improved bids you have a differential of 50%. On the unimproved land there is a 2000% differential. If we used it only on a percentage we would not need an assessor. The property in question is highly speculative and the bidders would try to get it as cheaply as possible.

Mr. Chamberlin said they have spent about \$30,000 to date (June 1, 1963) for improvements, and refused to submit a copy of operational statement when requested to do so. He said he will ask the board, and if they approve, he will give the statement to the commissioners. He mentioned that the mortgage on this property is not a federally insured one, but is a direct mortgage.

Assessment Appeal by Mr. Oliver Guyther

Court Square building and the second lot on the corner of Washington Street and Court House Drive. The appeal is concerned only with the land. It was assessed at \$1600 on previous assessments last year, and this year it is assessed at \$11,420.00. Last year this same property had a building on it which has been torn down, and this became vacant land. Mr. Guyther asked if consideration was given on this property for a vacancy allowance and Mr. Herbert said he did not think so.

Mr. Cero said that the \$1600 assessment has been on the books for many years. You have to be guided by the purchase price of the land, \$65,500. This property is \$100 per front footage. This lot has 94 foot frontage and 225 foot depth. The depth of the lot is 86 by 71 feet. This was worked on residential. The \$100 is the assessed value per foot. It is 60% of the true value. The land is valued at about \$30,000 (this includes all the land). Mr. Guyther said the value of \$13,442.68 is not the true value. This is not consistent with what he has been getting for the lots. He would get \$8,325 as a market value because he has been getting between \$2600 and \$2800 for these lots. The assessment would exceed the sales price. Mr. Lawrence stated that this property should be more valuable than when it was purchased. Mr. Burch asked if the 71 foot land was less valuable, and was told it was not.

Roads

Mr. D. Raley, Mr. Hall.

Mentioned heaters needed in new trucks and was informed that this has been taken care of. Presented maintenance schedule for the past week and reported that there is \$10,000 remaining in the fund.

Cost of signs recommended by Mr. Hall is \$2.90 and the posts cost \$2.04. He has ordered catalogs of street and road signs, but would recommend these signs as the best. Final cost would be about \$11 per sign; this is the double size sign. Will find out which signs for Town Creek are left.

Sandgates - Mr. Burch read letter from the Corp of Army Engineers asking that application be made to the Department of the Army for approval before the bridge can be rebuilt or replaced with another structure. Possibility for taking Glebe Road into the county system will be investigated by Mr. Hall. Sandgates Bridge should be posted for a 5 ton limit as a protection for the commissioners. Commissioners agreed and road limit was set at 5 tons. Will try to include Queen Tree Road in the oiling schedule, if possible. Kingston Road will also be included if possible, after the schedule is finished. Mr. Guyther will approach Dr. Jacobs on the Gladstone Road about getting right-of-way here. Intersection at 244 and 249 is being worked on. Mr. Steinem wants to know if the county will do something about the Seven Gables Road on the left portion. There is not enough right-of-way for the county to take care of this road, and nothing can be done as it is not in the county system, according to Mr. Hall. Additional hazard markers will be placed on the islands at the Pink Elephant, and Mr. Hall will also investigate this situation. Pine trees cut down in Wolfram Road area.

Mr. Hall said he had made a survey of the men they have and cannot hire help unless he goes to the district engineer. He has not talked with Mr. Thompson yet, but will as soon as the latter is well enough. Additional help is definitely needed. All hiring comes through the district engineer and the maintenance engineer, and applications will be filled out for these jobs. There is a labor application and a classified application for equipment operation. The district engineer controls the entire labor force.

Parks and wharves - Mr. Guyther will dictate letter to be written to Mr. Manning of Tidewater Fisheries concerning parks and wharves at Chaptico and Tall Timbers.

Mr. Burch and the commissioners will consider getting a new grader and have some information for Mr. Hall next week.

Civil Defense

Major Ellison and Captain Carruther, requested that the commissioners testify concerning supplemental funds for fall-out shelters in the schools, and also new county construction. If the county can present the picture to the sub-committee it would help pass the bill now pending. This county would be comparable to over 60% of the counties in the country. The hearings will be conducted on the 24th of June. This will be discussed and Major Ellison will be informed tomorrow by Mr. Duke as to the decision made.

Tall Timbers Taxes

Taxpayers in arrears will be contacted via letter to be dictated by Mr. Guyther.

Air-conditioners

Those in old welfare building will be transferred to police department and control tower. If Mr. Bean cannot install same, an electrician will be hired. Mr. King will be contacted to see if he would like to use air-conditioners in the Board of Education.

Southern Maryland Utilities Company, Inc.

Mr. W. Sterling, Major Brazelton and Mr. Latham. The Aviation Yacht and Country Club is proposing to install a sewage system and have a tentative approval from the Health Department and have to clear with the public Health Department. (Approval given May, 1962). Must get the consent of the commissioners that this company can exercise its franchise as a public utility company in this area. They have obtained permission to dump affluent in Luckland Run from a lagoon system at the present time. Hope to turn it into a mechanical plant later on. Some of the ground is not suitable for percolation and they approached the Health Department for a permit to build the lagoon and put the plant into operation. This has been cleared with the Tidewater Fisheries Department according to Mr. Latham. They have the permit to discharge the affluent. (This is just south of Budds Creek, and used to be known as Felicity Manor). The address of the company is Chaptico. The commissioners would like to discuss this further before signing the agreement presented. Mr. Guyther advised adding that this would be done in accordance with Art. 78, Sect. 24D, of the Annotated Code of Maryland, and confining this operation to the present area.

Dr. Houser will be contacted about hearing held on the Southern Maryland Utilities Company, Inc., and the decision made. (Dr. Houser out of town, so Dr. Hall will contact us tomorrow with any information available on this matter.)

Assessment Appeals

Mr. Guyther will write an opinion of the Chamberlin Assessment Appeal. The commissioners agreed to uphold the assessment made by the Assessor's Office on the Chamberlin property (Club Properties, Inc.) and also on Mr. Guyther's property in Leonardtown. Parties concerned will be so notified.

Carver Heights Property

Mr. Guyther will prepare resolution needed to purchase this property.

Courthouse Air-conditioning System

Time control will be placed on this system turning it on at 7:00 a.m. and off at 9:00 p.m.

Approved, *F. Elliott Burch*
F. ELLIOTT BURCH, President