

PROPERTY TAX CASE STUDY UNFINISHED BUSINESS

Our Client's Challenge

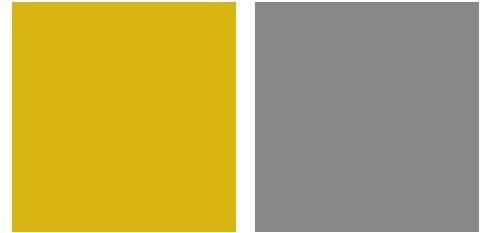
Our client was a local contractor. He'd recently constructed a new building, a portion of which was to be owner-occupied, with the remainder to be leased. At the date of assessment, no tenant had been secured, and much of the building remained unfinished: a fact ignored by the Property Valuation Services Corporation (PVSC). This was a well-worn scenario: in our experience, it is the exception, rather than the rule, that new and newly-renovated property has been assessed correctly. Our Property Tax division knew exactly what to do.

Turner Drake's Approach

Manual inspection is a laborious process: the PVSC reassesses over 600,000 accounts each year. In order to expedite the process, new construction (or renovation) is frequently inspected using aerial, satellite, and 'Streetview' imagery. While all of these are exceptional tools, they frequently leave the user at the mercy of the provider: data is only as recent as the photos provided, and this can be months (and frequently years) in between updates. This results in data that can be outdated and/or inaccurate. Furthermore there is no imagery available for the inside of buildings (yet!). What appears completely finished on the outside may be hiding an empty shell inside. In the present case, our client's building was vacant with no finishes, fixtures, or fit-ups whatsoever. The PVSC used the Cost approach to value with the presumption that the building was 100% complete.

Winning Results

Deploying a consultant to undertake an on-site inspection revealed the 'in-progress' nature of the improvements. By taking detailed measurement, notes, and photographs of the property, Turner Drake determined exactly how much of the building was unfinished, and what remained to be completed. Using this information, our tax team developed a strong position as to the correct value, which accounted for the physical condition of the property. By presenting a complete picture of the property to the PVSC, Turner Drake was able to successfully reduce the tax burden on this local business by 18%.



The property in question appears completely finished from the outside – but what's really inside? In this case, half the interior has yet to be fitted up.