

2017 Alternate Assessment Report

This Alternate Assessment Report adopts the principle of the Community Standard of Living Method of Arden Assessment in use since 1980 as the basis for determining total land rent.

The "Community Standard of Living Method of Arden Assessment" defines total "Full Rental Value" of the leaseholds as the sum of town expenses (both "non-budget" in the form of county and school taxes, and "budget" as embodied in the town's budget), and the cost of administering the trust, while maintaining a "prudent reserve". This method divides full rental value by acreage of land held privately in leaseholds, such divisions determined by assessors' formulas. The formulas, which are intended to reflect the relative value of leaseholds, are based on lot size, zoning privileges and location factors (see rates and factors below).

This Alternate Assessment Report continues to endorse the principles of real estate practice in the wider community, which we embody as a multi-tier evaluation of leasehold area. The "A rate" is the base rate, common to all leaseholds - the first 7,116 square feet, using as our unit the area of the smallest leasehold in Arden.

The multiple domicile rate (the "B rate") is set this year at 80% of the "A rate", and charged to each leasehold that has the privilege under zoning regulations and allowance by the Trustees of establishing and maintaining more than one dwelling unit on the leasehold. In any case in which a leasehold has an additional domicile unit, without obtaining zoning from New Castle County, that leasehold shall be assessed the "B Rate" for each additional domicile unit. For each dwelling unit beyond the first, the leasehold is charged the B Rate for an additional 7,116 square feet but is not charged for more than the actual area of the leasehold. The "C rate" is applied to the amount of land on a leasehold not covered by the A or B rates. It is assessed at 40% of the "A rate." The "D rate" is the commercial rate, only applied to one leasehold. It continues at a surcharge of 75%, with no deduction for frontage on Marsh Road . These rates were not changed from many previous years.

The specific location factors are as follows.

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|--|------|
| 1. Leaseholds adjacent to Arden Forest, Ardencroft Forest, or Sherwood Forests | +10% |
| 2. Leaseholds fronting on Arden Forest, Sherwood Forest, or Ardencroft Forest by being across the street | +5% |
| 3. Leaseholds adjacent to or fronting on a communal green | +5% |
| 4. Leaseholds adjacent to Harvey Road and/or Marsh Road | -5% |
| 5. Leaseholds having driveway access only to Harvey Road and/or Marsh Road | -5% |

Notes

1. The specific location factor charges (in dollars) to be added to or subtracted from the sum of the Base Land Rent are obtained by multiplying the Base Land Rent for the leasehold by the appropriate specific location factors as given above.
2. Location factors are additive, if both are applicable.
3. If multiple forest factors apply, the higher of the two factors shall be applied.
4. No fractional or partial factors apply for leaseholds fronting or adjacent to forests or communal greens.
5. communal greens. Based on information obtained from the Budget Committee, the

Village Treasurer and the Trustees, The multiple domicile rate (the "B rate") is set this year at 80% of the "A rate", and charged to each leasehold that has the privilege under zoning regulations and allowance by the Trustees of establishing and maintaining more than one dwelling unit on the leasehold. In any case in which a leasehold has an additional domicile unit, without obtaining zoning from New Castle County, that leasehold shall be assessed the "B Rate" for each additional domicile unit. For each dwelling unit beyond the first, the leasehold is charged the B Rate for an additional 7,116 square feet but is not charged for more than the actual area of the leasehold. The "C rate" is applied to the amount of land on a leasehold not covered by the A or B rates. It is assessed at 40% of the "A rate." The "D rate" is the commercial rate, only applied to one leasehold. It continues at a surcharge of 75%, with no deduction for frontage on Marsh Road . These Alternative Assessment rates were not changed from the prior years.

To meet the 2018-2019 forecast expenditures of \$817,259 and to produce a prudent reserve of \$195,563, the "A rate" for March 2017 is set at \$258.54 per one thousand square feet.

1) Forecast Expenditures (These are the same as reported by the Board of Assessors)

School & County Taxes	\$498,030
Trust Administration	\$26,786
Sherwood Forest Loan	\$16,176
Arden Town Budget	\$110,240
Other non-budget items	\$182,203
Total forecast expenditures	\$817,259

2) Forecast Revenue (\$7 greater than the Assessors report)

Forecast Revenue from sources other than land rent*	\$ 73,281
Total Revenue from land rent	\$648,691
Total expected revenue	\$721,972

* (SUEZ Water tower, Comcast/Verizon, BWVC Rentals, interest, Municipal Street Aid, Other)

3) Prudent Reserve Calculation (Includes the \$7 additional land rent)

Expected difference between expenditures and revenue	\$ (95,287)
Prudent Reserve as of March 30, 2017*	\$ 217,704
Forecast Prudent Reserve for March 30, 2018**	\$182,455
Forecast Prudent Reserve projected for March 30th, 2019	\$195,563

Assessors explanation of the projected cash flow loss

**(2015 Assessor's Report Forecast \$170,426; Difference +\$47,271*

The 2016-2017 year experienced a \$41,000 tax increase)

*** (2016 Assessor's Report Forecast was \$ 150,663; Difference -\$31,785)*

This trend is consistent with previous years. The Village typically under spends its budge

Calculation Examples using The Alternative Assessment Rates

Examples of base rentals (M = 1,000):

<u>Lot Size (sq ft)</u>	<u>A Rate</u>	<u>C Rate</u>	<u>Base Land Rent</u>
10,000	\$1840	\$298	\$2138
20,000	\$1840	\$1,332	\$3,172
30,000	\$1840	\$2,367	\$4,206
40,000	\$1840	\$3,401	\$5,240
50,000	\$1840	\$4,435	\$6,275

Examples of rate calculations:

1. A 20,000 sq. ft. lot containing one dwelling unit, on a village green and adjacent to a

forest: 7,116 sq. ft. * \$258.54 / M sq. ft. (A Rate)	\$1,840
12,884 sq. ft.* \$258.54/ M sq. ft.* 40%(C Rate)	\$1,332
Base Land Rent	\$3,172
Forest Factor \$3,174 / * 10%	\$317
Greens Factor \$3,174 / * 5%	\$159
 Total Land Rent	 \$3,648

2. A 30,000 sq. ft. lot containing three dwelling units (2ADU) and adjacent to Arden Forest:

116 sq. ft. * \$258.54 /M sq. ft. (A Rate)	1,840
7,116 sq. ft. *2*\$258.54/M sq.ft.*80% (B Rate)	\$2,944
8,652 sq. ft.*\$258.54/M sq. ft.*40% (C Rate)	\$894
Base Land Rent	\$5,677
Forest Factor \$5,490 / * 10%	\$567
Total Land Rent	\$6,244

3. A 10,000 sq. ft. lot containing two dwelling units (1ADU)

7,116 sq. ft. * \$258.54 / M sq. ft. (A Rate)	\$1840
2,884 sq. ft.* \$258.54 / M sq. ft. * 80% (B Rate)	\$597
 Total Land Rent	 \$2,437