

Board of Assessment Appeals EXEMPTION AUDIT

April 26, 2017

The Board of Assessment Appeals was brought to order by Chairman Garfinkel. Board Members present were: Chairman William Garfinkel, Tom Burns and James Galvin, as well as City Deputy Solicitor William W Pepper Sr., Esquire. Staff present were City Assessor Cheryl A. Bundek and Administrative Assistant Annette Hart.

1. Delaware State University Foundation Inc. & Wesley College Inc

A. 226 S State St.

BACKGROUND AND ANALYSIS

An exemption request was submitted to the Assessor's Office.

The property is currently exempt and is requesting to continue its exempt status. The mailing address that we had for the property was not received by the person that needed to review. We have made sure the mailing address reflects the correct recipient. The property owner has submitted the proper documentation for our review.

Currently Exempt with Kent County

EXEMPTION REQUEST

\$2,336,000

RECOMMENDED ACTION: Recommend that the request for exemption be reviewed.

David Sheppard, General Council as well as Denese Lindsey, CPA were present for the meeting.

The Assessor, Cheryl Bundek started the hearing by explaining that the property owner did not receive the initial Audit letter, due to a mailing address error and that the requested information was provided as soon as they received the letter, but were too late to the administrative hearings.

Mr. Sheppard started by going over some of the information the organization submitted, also mentioning that both of the organizations have the 501(c)3 Status.

After a brief discussion, regarding the organization, the Board found that they had enough information to make a motion.

Mr. Galvin made the motion to keep the exempt status, which was seconded by Mr. Burns. Motion carried 3-0.

Mrs. Bundek informed the appellants, that the City Council has the final decision and that a certified letter with the date of the Council Hearing would be mailed.

2. Children's Choice Property Two

A. 707 Walker Rd.

BACKGROUND AND ANALYSIS

An exemption request was submitted to the Assessor's Office.

The property is currently exempt and is requesting to continue its exempt status.

The property owner submitted documentation by the December 30, 2016 deadline, however the Board requested more information by email on February 24 2017, giving a due date of March 10, 2017 for the March 15 Board meeting. The property owner did not respond before this hearing date and therefore were preliminarily denied.

The property owner has submitted the proper documentation for our review, on March 17, 2017.

Currently Exempt with Kent County

EXEMPTION REQUEST

\$542,100

RECOMMENDED ACTION: Recommend that the request for exemption be reviewed

Present for the meeting was Margret Philips, General Council.

The Assessor told the board that the information requested for the exempt audit had been turned in by the December 30, 2016 deadline, but that after the administrative review by the Board of Assessment Appeals more information had been requested, which was not provided by the property owner in a timely matter, which is why the exempt status had been denied, giving the property owner the chance to come before the board of Assessment Appeal formally to request the exempt status.

Mrs. Bundek told the board, that all of the requested information had been provided for this hearing.

Ms. Phillips told the board that Children's Choice Property Two Inc. is a non-profit organization, which leases office space to non-profit organizations that specialize in foster care and adoption services.

Chairman Garfinkel had some questions regarding the organizations IRS form 990, which were answered by Ms. Phillips. She also mentioned that the organization has a State and Federal contract, providing them with State and Federal funding.

Mr. Burns made the motion to continue the exempt status, Mr. Galvin seconded the motion. Motion carried 3-0.

Mrs. Bundek informed the appellant that the City Council was the final decision and that a certified letter with the date of the Council Hearing would be mailed.

3. Calvary Baptist Church

A. 2285 Forrest Ave.

BACKGROUND AND ANALYSIS

An exemption request was submitted to the Assessor's Office.

The property is currently exempt and is requesting to continue its exempt status.

The property was preliminarily denied because documentation was not provided to the Board by the deadlines.

The property owner has submitted the proper documentation for our review, on March 30, 2017.

Currently Exempt with Kent County

EXEMPTION REQUEST

\$1,881,800

RECOMMENDED ACTION: Recommend that the request for exemption be reviewed.

No one from the organization was present for the hearing.

The Assessor started the hearing by letting the board know that the organization submitted the requested information by March 30 ,2017, well after the deadline had past.

She proceeded to go over the information provided, in which it stated that the property at 2285 Forrest Ave consists of 76 acres of land, which was purchased to build a new Calvary Baptist Church approximately 15 years ago. It was also explained that the church has not been able to borrow any funds to build the new church nor has it been able to sell the current facility at which time it was decided to lease 56 acres to Freeman Beachy owner of Beachy Farms for \$90 per acre at a total sum of \$5,000 per year. (lease agreement was enclosed)

The letter also stated that those funds are deposited into an account which is slated for building a new church.

Mrs. Bundek told the board that the records show that a permit for a new building in the amount of \$20,000 was taken out with the City of Dover Planning and Inspections department a number of years ago, but nothing ever came of it.

Mr. Burns asked Mrs. Bundek if a site plan had been submitted to the city at the time the permit was taken out.

The Assessor told Mr. Burns that she had no knowledge about a site plan, at which time Mr. Burns told the board that he would be comfortable with the exempt status if a site plan had been submitted. He was disappointed that the organization did not feel it necessary to have a representative present for the hearing.

Chairman Garfinkel shared Mr. Burns concern.

Mrs. Bundek asked for the City Deputy Solicitors opinion, at which time William W. Pepper Sr. Esq. told the board that it is stated in the State Statue: “that property owned by a church and not held by investment, is exempt”. Mr. Pepper pointed out that there is a similar case in Felton DE were a church has owned a piece of property for 25 years with the intent to someday build a new church.

Chairman Garfinkel’s concern was that one day a developer would try to buy the piece of vacant land for a substantial amount of money, in his opinion the property is held by way of investment, especially since it is leased as farmland.

After some discussion, Mr. Burns asked the Assessor what her opinion was, at which time she told the board that she would go with the Deputy Solicitor’s advice, as he is the one that would have to defend the decision.

Mr. Galvin expressed his concern about the size of the lot, in his opinion the lot is too big for just a church, he was wondering what the organization is planning on using the access land for?

Chairman Garfinkel reiterated that in his opinion the property should be taxed for the following reasons, the property is held for investment purposes, especially since the land is currently leased by a farmer and the church is receiving payment and the fact that the property could be sold to a developer at any time.

After further discussion Mr. Galvin made the motion to keep the property exempt which was seconded by Mr. Burns.

Motion carried 2-0, Chairman Garfinkel opposed the motion.

4. Kent County Theatre Guild Foundation

A. 140 Roosevelt Ave.

BACKGROUND AND ANALYSIS

An exemption request was submitted to the Assessor's Office.

The property is currently exempt and is requesting to continue its exempt status.

The property was preliminarily denied because documentation was not provided to the Board by the deadlines.

The property owner has submitted the proper documentation for our review, on March 17, 2017.

Currently Exempt with Kent County

EXEMPTION REQUEST

\$227,900

RECOMMENDED ACTION: Recommend that the request for exemption be reviewed.

Paul Janiga was present for the hearing.

The Assessor told the board that the exempt status had been denied because the organization failed to submit the requested paperwork by the requested time. Mrs. Bundek told the board that all of the paperwork has since been turned in.

Mr. Galvin asked if the facility is leased out to different singers. Mr. Janiga explaining that the organization rents out the facility to provide a venue for artists and that the profits go back into the operation.

Mr. Burns made the motion to continue the exempt status, which was seconded by Mr. Galvin.

Motion carried 3-0.

5. Union Missionary Baptist Church

A. Land – Forest St.

BACKGROUND AND ANALYSIS

An exemption request was submitted to the Assessor's Office.

The property is not currently exempt.

The Board denied this property for an exemption request in 2012, the property is not adjacent to the church. It is not a paved parking lot.

The property owner submitted an exemption application for a hearing for our review, on March 27, 2017.

Currently Exempt with Kent County

EXEMPTION REQUEST

\$25,200

RECOMMENDED ACTION: Recommend that the request for exemption be reviewed.

Mr. Fred Way, Treasurer was present for the hearing.

Chairman Garfinkel asked the Assessor to start the hearing by explaining why the property was denied the exempt status.

Mrs. Bundek told the board that the exempt status had been denied by the board due to the fact that the parcel is not adjacent to the church and is not a paved parking lot. The board discussed the property at the March 2017 meeting and had more questions, therefore denying the exempt status prompting the owner to come before the Board. Mrs. Bundek provided the Board with an aerial picture, giving a visual of the property.

Mr. Burns explained to the other board members, by looking at the picture and the map of this property, that this parcel falls within a unique circumstance, due to the fact that the property located between the church and the parcel in question cannot be purchased as it is an alley that has not been abandoned. In his opinion the church would own this property would it not be an alley, making the property in question, contiguous to the church property and therefore eligible for the exempt status.

Mrs. Bundek told the board that this property is currently not exempt, but is being considered because the church submitted the application at the time the audit papers for the other properties the church owns were submitted.

Chairman Garfinkel asked Mr. Way if the church had considered combining the properties into one parcel. He pointed at a property which shows the property line going through a house. Mr. Way explained that that home was a rental property which is currently rented out. The Assessor asked Mr. Way if this property was exempt and told the board that she would have to look at that once she gets back to the office.

Mr. Burns made the motion to approve the exempt request, Mr. Galvin seconded the motion.

Motion carried 3-0.

Chairman Garfinkel made the motion to instruct the Assessor to review the property located at 922 Forest St., Mr. Burns seconded the motion.

Motion carried 3-0.

The Assessor reviewed the record of 922 Forest St. during recess and found that this property is taxed and does not have the exempt status, she informed the Board once they were back in session.

6. Moms House Inc. of Dover

A. 864 S State St.

BACKGROUND AND ANALYSIS

An exemption request was submitted to the Assessor's Office.

The property is currently exempt and is requesting to continue its exempt status.

The property was preliminarily denied because documentation was not provided to the Board by the deadlines.

The property owner has submitted the proper documentation for our review, on March 20, 2017.

Currently Exempt with Kent County

EXEMPTION REQUEST

\$148,200

RECOMMENDED ACTION: Recommend that the request for exemption be reviewed.

Ms. Amanda Penuela, Director was present for the hearing.

The Assessor started the hearing by letting the Board know that the organization had failed to submit the requested documentation by the December 2016 deadline which lead to the denial of the exempt status by the board.

The organization did submit the proper documentation on March 20, 2017.

Ms. Penuela told the board that her organization has created an administrative website, which contains the information requested by the board, making it easy to attain the information.

Chairman Garfnkel asked Mr. Penuela for a brief description of the organization.

She told the board that the organization provides free child care for low income, widowed or divorced woman, allowing them to return to school full time. The organization also provides those mothers with child care, nutritional and financial education. The organization is funded through private donations; it is not funded though Federal funds. Ms. Penuela told the board that thy also raise a lot of funds with the “Delaware Dancing with the Stars” event.

Mr. Burns made the motion to continue the exempt status, Mr. Galvin seconded the motion.

Motion carried 3-0.

7. Delaware Guidance Services

A. 103 Mont Blanc Blvd.

BACKGROUND AND ANALYSIS

An exemption request was submitted to the Assessor’s Office.

The property is currently exempt and is requesting to continue its exempt status.

The property was preliminarily denied because the Board did not feel that the property met the criteria for Exemption. A hearing was requested. (The property owner did submit the original documentation by the deadline of 12/30/16)

The property owner has submitted the proper documentation for our review, on March 23, 2017.

Currently Exempt with Kent County

EXEMPTION REQUEST

\$1,819,300

RECOMMENDED ACTION: Recommend that the request for exemption be reviewed.

Mr. Hauge, Chief Financial Officer, was present for the hearing.

The Assessor started the hearing by letting the board know that the exempt request had preliminarily been denied, because the Board had question. She also assured the Board that all of the requested paper work had been turned in by the organization.

Chairman Garfinkel has some questions regarding the organizations IRS form 990, which were answered by Mr. Hauge.

Mr. Hauge told the board that the organization mostly provides mental health counseling services for children of low income families. He explained that the organization does get paid for their services, but that since they serve low income families covered by Medicare they are considered a non-profit organization. The rest of the revenue comes from State Grants, United Way Funds and donations.

The facility is open to the public and does not turn down any patients even if they do not have the money or insurance to pay for their services.

Mr. Hauge told the board that there are 5 offices located in the State of Delaware.

Mr. Burns made the motion to continue the exempt status, which was seconded by Mr. Galvin.

Motion carried 3-0.

8. Mount Zion AME Church

A. 108 N Queen St.

B. 106 N New St.

C. 106 N Queen St.

D. 104 N Queen St.

E. 102 N New St.

F. 118 N New St. (122-124 N New St. per church records)

G. 118 N New St. (118-120 N New St. per church records)

H. 35 N Queen St. (new request 2016 & 2017)

I. 37 N Queen St.

BACKGROUND AND ANALYSIS

An exemption request was submitted to the Assessor's Office.

Preliminarily denied by Board in March 2017. Properties are "for Future Development". They are not adjacent to the existing church

Currently Exempt with Kent County

RECOMMENDED ACTION: Recommend that the request for exemption be reviewed.

Present for the hearing were:

Mr. Ellis Louden, Pastor

Huey Moore, President of Trustee Board

Kelley Pitts, Administrative Assistant and member of Trustee Board

The Assessor opened the hearing by letting the board know that the organization had turned in all of the paperwork at the requested dead line and that the board wanted to meet with the organization because they had questions regarding the vacant pieces of land. She also mentioned that the board had already approved to continue the exempt status for the church and a piece of land right next to the church.

The board members decided to go over 35 and 37 N Queen Street separately.

35 N Queen Street Exempt Request \$117,100

37 N Queen Street Exempt Request \$9,900

When asked what these parcels are used for the Pastor told the board that the church struggles with parking spaces for their services, which was what these two parcels were currently used for.

Chairman Garfinkel asked what the church is going to use the lot located at 35 N Queen Street for once the house has been demolished. Pastor Louden said that they are planning on using that parcel as a parking lot as well.

When asked if the organization is planning on improving those lots, such as putting gravel or stone down, so they may use it as a parking lot without having to take out any permits, the Pastor told the board that he had concerns regarding stones due to the location of those lots. His concern is that the rocks would become projectiles.

Chairman Garfinkel asked what the organizations timeline for the black top was. The Pastor replied that they are hoping to have that done within the next 5 (five) years.

Chairman Garfinkel suggested the motion to include a time line in which the two lots should be improved.

Mr. Burns made the motion to exempt the properties located at 35 and 37 N Queen Street conditioned on a 3 (three) year time line from the final City Council hearing to have the lots converted into improved parking lots. Mr. Galvin seconded the motion. Motion carried 3-0.

The Assessor suggested the board to review the following properties next:

108 N Queen Street - Exempt Request \$4,500

106 N Queen Street – Exempt Request \$10,800

104 N Queen Street – Exempt Request \$10,200

Chairman Garfinkel asked what the organization is using these properties for. Pastor Loudon explained that they are currently used for excess parking, but that the church is looking to build a Christian Center on the lots next to the church on either side, what side they have not decided yet what side yet.

Chairman Garfinkel wanted to know what time line the church had in mind, Pastor Loudon was hoping that within the next 5 (five) to 7 (seven) years.

Mr. Burns pointed out that the church is probably buying the lots as they become available over time, in hopes to grow the church. He also wanted to add the following lot to the motion:

106 N New Street – Exempt Request \$38,100

102 N New Street – Exempt Request \$9,900

Mr. Burns made the motion that all of the above mentioned properties continue with the exempt status conditioned on a 3 (three) year timeline from the final City Council hearing to have a plan in place and to be looked at by the Assessor's Office, Mr. Galvin seconded the motion.

Motion carried 3-0.

The next properties discussed were:

118 N New Street (122 -124 N New Street per church records) Exempt Request \$35,700

118 N New Street (118-120 N New Street per church records) Exempt Request \$33,400

Mr. Galvin asked if these two lots are also currently used for parking. Pastor Loudon replied that these two lots are seldom used for anything. He told the Board that the organization talked about using them for a community garden for the time being.

The Board Members agreed that these lots should be used for something other than just vacant lots. They liked the idea of using them as a community garden, benefitting the community.

Mr. Galvin made the motion to continue the exempt status for both of the properties, with a one-year review by the Assessor, Mr. Burns seconded the motion. Motion carried 3-0.

The Assessor let the organization know that the 2016 property taxes due for the parcel located at 35 N Queen Street will be waived once Council approves the exempt request during the May 22, 2017 council meeting.

Meeting was adjourned at 2:18 P.M.