

The Assessment Committee is charged with consulting with the trustees regarding the setting of land rent prior to the November town meeting and with presenting an annual report at the November town meeting. The committee met with Joan Fitzgerald on Oct 31, 2020. Pat Lane joined on speaker phone from FL; Harry Themal was not present. Alison Wakelin, town chair, and committee members Janet Cosgrove, Joe Grippe and ex-officio Drew Hansen were present. During the meeting, a draft of the annual report was presented and reviewed.

### Assessment Committee 2020 Annual Report

What does it cost to live in Ardentown? The Assessment Committee started its first year in Sept 2019 with that question in mind. We researched and charted land rents and county/school taxes for year 2020 for 125 leaseholds. We considered the wide variety of improvements on leaseholds – small, medium and large homes, new homes, improved homes, original homes. And we looked at the *wild* range of lot sizes from 5692 sq ft to 37130 sq ft. (One acre = 43560 sq ft)

The purpose of this report is to bring to light that calculating land rent based 100% on lot size creates a billing system that is no longer equitable. This report concludes with a proposal for a new way to calculate land rent that allows each leaseholder to pay their fair share of the cost to live in Ardentown.

Ivy Gables and Candlelight are not included in this report and will be studied separately in the coming year.

The three terms used in this report are:

**TAX** – The total county/school real estate tax liability for each leasehold. This tax is based 100% on NCC's assessed value of the structure and does not include the assessed value of the land.

**TRASH** – The municipal fee for trash pick-up divided equally among leaseholds.

**TRUST BUDGET** – Land Rent collected from leaseholders funds the trust budget. After the trust pays all leaseholders' tax and trash liabilities (defined above), the remainder in the trust budget represents *the cost to live in Ardentown*. This "remainder money" in the trust budget maintains the greens, woods, paths, trees and roads, covers the administrative cost, salaries, donations, etc., and funds the town budget. The trust receives a separate bill from NCC for all the land, improved and unimproved, in Ardentown; this is discussed on page 3.

### **The Findings:**

**Section 1.** 12 leaseholds are billed land rent that does not fully cover tax and pays nothing toward trash.

**Section 2.** 16 leaseholds are billed land rent equivalent to tax but not enough to fully cover trash.

The land rent collected from these 28 leaseholds (22%) result in a tax and trash deficit of \$13,700., which is subsidized by the trust, plus nothing is collected toward the cost to live in Ardentown.

Example from Sec 1. Tax \$3486. + Trash \$286. = \$3772. Land Rent \$2436. The trust subsidized \$1050. of tax liability, collected nothing for trash, and collected nothing toward the cost to live in Ardentown.

Example from Sec 2. Tax \$1994.+ Trash \$286 = \$2280. Land Rent \$2144. The trust collected the full tax liability, collected \$150. for trash, thereby subsidizing \$136., and collected nothing toward the cost to live in Ardentown.

**Section 3.** 25 leaseholds (20%) are billed land rent that fully covers tax and trash *plus* between \$300. and \$960. toward the cost to live in Ardentown.

**Section 4.** 37 leaseholds (30%) are billed land rent that fully covers tax and trash *plus* between \$1000. and \$2000. toward the cost to live in Ardentown.

Example from Sec 4. Tax \$2064. + Trash \$286. = \$2350. Land Rent \$3844. The trust collected the full tax and trash liabilities *plus* \$1494. toward the cost to live in Ardentown.,

**Section 5.** 23 leaseholds (18%) are billed land rent that fully covers tax and trash *plus* between \$2000. and \$3000. toward the cost to live in Ardentown.

**Section 6.** 12 leaseholds (10%) are billed land rent that fully covers tax and trash *plus* between \$3000. and \$4500. toward the cost to live in Ardentown.

Example from Sec 6. Tax \$1774. + trash \$286 = \$2060. Land Rent \$5432. The trust collects the full tax and trash liabilities *plus* \$3372. toward the cost to live in Ardentown.

### **The Conclusions:**

The land rent billed and collected by the trustees on these 125 leaseholds reveals a wide disparity in what it costs individual leaseholders to live in Ardentown above their tax and trash liabilities. The disparity is caused in combination by NCC assessments and the trust's imposed land rent based 100% on lot size. We cannot stop NCC from sending tax bills, but we can adapt the trustees setting of land rent to create a more equitable way to calculate land rent.

In addition to the individual tax bills sent by NCC to Joan Fitzgerald, the county sends one bill for all the land in Ardentown, improved and unimproved. This bill in 2020 was \$96,697. For this report, it is called "Land Tax".

### **The Proposal:**

The committee asked the trustees to consider the tax liability of each leasehold when setting land rent. Allowing leaseholders to pay the equivalent of their actual real estate tax *as part of* their land rent is an equitable solution to the current calculation based solely on lot size.

The new Land Rent bill will have 5 line-items totaling the amount due and payable from each leaseholder to the trust, in one check, as it is done now.

1. The amount equivalent to the individual leaseholder's real estate tax liability. The NCC tax bill will be included and marked "do not pay".
2. The equally shared municipal fee for trash
3. The Land Tax for improved land divided among leaseholders *based on their lot size*
4. The Land Tax for unimproved land areas (greens, etc.) shared equally among leaseholders
5. The remainder needed to fund the trust will be called the Base Rent. The base rent is equally shared among leaseholders. The base rent may be increased or decreased each year as needed. The goal is to provide the trust with the same total revenue from land rent as does the current system based 100% on lot size.

The committee asked the trustees to start the path forward with the 2021 land rent bill. It was proposed that the land rent billed to the 28 leaseholds (Secs 1 & 2) be an amount equivalent to their actual individual real estate tax and municipal trash fee. This “break even” approach starts with 22% of leaseholds currently having their real estate tax and trash fee subsidized by the trust. In this first phase, the trust will be relieved of a \$13,700 tax and trash deficit, although the true deficit is greater because nothing is being collected toward the cost to live in Ardentown.

A 6<sup>th</sup> line item on the land rent bill may be created for leaseholds with 2<sup>nd</sup> domiciles and ADUs, because we are all not afforded the same privilege. Home businesses and tenant-occupied leaseholds will not be affected, as we all have the same unlimited potential to do so.

The completion of the proposed plan will be phased-in in 2022 and 2023. And what a time saver – no more writing \$21,000 worth of tax exemption rebates.

For years, the State of DE has talked about reassessing every property in each county. A lawsuit currently in court is likely to make this happen by 2024. The upcoming NCC reassessments, and the new construction and home improvements happening in Ardentown, will create more land rent disparity among leaseholders unless the trustees revise how they calculate land rent. Now is the right time to deal with these issues and prepare for the future.

FYI - NCC tax bills may be viewed on line: go to [nccde.org](http://nccde.org), click services, click property info, click parcel search, then type minimal address and click search; the address will appear - click on the word Details. The county tax year runs July 1 thru June 30. Tax bills are mailed in mid-July and are due and payable to NCC by Sept 30.

The Assessment Committee 2020 Annual Report will be posted to the Ardentown website as part of the Nov 9, 2020, town meeting minutes. Joe Grippe’s supporting analysis with charts and graphs of Ardentown leaseholds, including Ivy Gables and Candlelight, will be posted to the website as an addendum to the report.

Janet Cosgrove, Chair

[janet.cosgrove@foxroach.com](mailto:janet.cosgrove@foxroach.com)

302-438-1724

END

**SUPPORTING ANALYSIS  
FOR THE ASSESSMENT  
COMMITTEE 2020  
ANNUAL REPORT FOR  
THE VILLAGE OF  
ARDENTOWN**

NOVEMBER 2020

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## WORKS CITED

- [1] Trustees of the Ardentown Trust, "Trustee provided table of Land-Rent (provided in hard copy at Febraury Ardentown Village Town Meeting)," 2020.
- [2] New Castle County Delaware, "New Castle County, DE Official Website," 2020. [Online]. Available: <https://www.nccde.org>.
- [3] V. C. J. T. Laster, "OPINION - IN RE DELAWARE PUBLIC SCHOOLS LITIGATION," 08 May 2020. [Online]. Available: [https://drive.google.com/file/d/1zScryEYD951q6h3\\_ghLkySqAPValv379/view](https://drive.google.com/file/d/1zScryEYD951q6h3_ghLkySqAPValv379/view). [Accessed 04 November 2020].

# 1. SUMMARY

As provided in the Bylaws of the Village of Ardentown as amended at the September 2019 Town Meeting, the Assessment Committee shall provide an annual report to the Village of Ardentown at the November Town Meeting. The goal of this report as determined by the Assessment Committee is to provide analysis to the Town Meeting and the Trustees of Ardentown for their use as supporting documentation for land rent discussions. The setting of land-rent is the determination of the Trustees, and the anticipated bill for land-rent will be provided at or around the February 2021 Town Meeting.

The Ardentown Trust is comprised of 142 lots. Some lots are combined into single leaseholds, and some are divided into multiple leaseholds making the total number of leaseholds 133<sup>1</sup>. New Castle County (NCC) associates these lots with a county assigned parcel number, of which there are 137, including Ardentown Trust common land.<sup>2</sup>

The majority of the Ardentown Trusts land-rent collected is used to pay NCC real estate tax (79%), other portions pay for Village and Trust's operation see section 2 for details. Individual leaseholds pay land-rent ranging from \$1,500 to \$8,250. The majority of leaseholds pay \$2,400 or \$4,600 as the majority of lots are 10,000 sq-ft or 20,000 sq-ft. See section 3 for details. Of note regarding the analysis completed of Ardentown land-rent, is that the NCC real estate tax based on leasehold structure's assessed value has created an equity concern within Ardentown, where some leaseholds subsidize NCC tax for other leaseholds. An equity issue also exists in the rest of NCC, however the effects are different in Ardentown due to the Ardentown Trust and the way real estate tax factors into land-rent. See section 4.2.2 on page 11 for details. Table 1 is provided here to capture summary information regarding land-rent.

Table 1: 2020 Leasehold Summary Information

Item	Value	Reference
Base rent – Land rental cost per square foot of leasehold	\$0.178/ft <sup>2</sup>	Section 3 on page 3
Total land-rent collected	\$432,561.90	Data compiled using Trustee provided table [1] and calculations as shown in Section 3 on page 3.
Total NCC (New Castle County) tax assessed on the Trust	\$341,902.49	Data collected from NCC public website [2]. Details available upon request.
Rail and road discount	1.1235%	Base rent is multiplied by value shown to calculate discount. See section 3 on page 3.
Greens fee	0.42391%	Base rent is multiplied by value shown to calculate fee. See section 3 on page 3.
Forest fee	0.84270%	Base rent is multiplied by value shown to calculate fee. See section 3 on page 3

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<sup>1</sup> Based on comparison of NCC Parcel numbers and NCC lot #s to Trustee provided 2020 leasehold tax bill. This number is subject to refinement after full review of this assessment report.,

<sup>2</sup> Provided Trust land-rent sheet, reference [1], had information that did not correspond correctly to NCC parcel information, reference [2]. There is an ongoing effort with the Trustees to correct some information. Some numbers within this report are subject to change upon receipt of updated information. Inconsistencies within the data are not expected to have a meaningful impact to the analysis provided within this report.

## 2. LAND-RENT COMPOSITION

Table 2 below shows where the 2020 land-rent collected from the leaseholders of the Ardentown Trust goes. Figure 1 shows the information from table 2 in a pie chart. The majority, over three-quarters, of land-rent is used for NCC real estate tax.

Table 2: 2020 Trust land-rent factors

Factor description	Factor value	% of Land-rent
New Castle County assessed real estate tax with school and County tax identified as well as common land and leasehold structure tax.	School – \$265,902.49	School - 61.47%
	County - \$75,533.28	County– 17.46%
	Trust Common Land - \$106,294.90	24.57%
	Leasehold Structure - \$235,140.87	54.36%
	<b>Total - \$341,902.49</b>	<b>Total - 78.93%</b>
Ardentown municipality cost (Village operational costs)	\$17,632.76	3.68%
Trash and other operational costs (municipal fee: \$286.44 per Leasehold)	\$36,091.44	8.34%
Other Trust expenses (see Trust budget)	\$37,401.93	9.04%
<b>Total Land Rent Collected</b>	<b>\$432,561.90</b>	<b>100%</b>

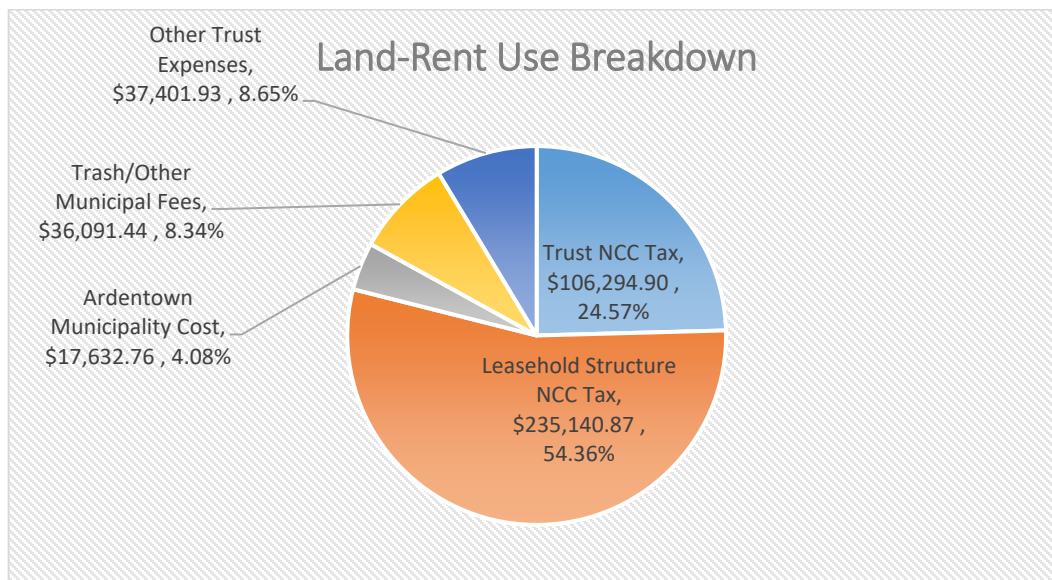


Figure 1: Land-Rent Use Breakdown



### 3. LAND-RENT CALCULATION

Land-rent is calculated by the Trustees per the Deed of Trust in whatever method they determine. From material provided by the Trustee's including the land-rent sheet passed out by the Trustees during the February 2020 Town Meeting [1], the below calculation was determined. The below calculation does not account for the commercial portion of land-rent assessed to Ivy Gables.

1. Desired land-rent total is determined by the Trustees. How this is determined is up to the Trustees, however it must at a minimum equal the sum of expected NCC tax, village budget, and trust budget for the year.

$$LR_D = \sum NCC_{tax} + Village\ Budget + Trust\ Budget$$

Where:  $LR_D$  is the desired land-rent.

$\sum NCC_{tax}$  is the New Castle County tax assessed on all of the Ardentown Trust leaseholds

2. The per square foot cost is determined by dividing the desired land-rent by the total square footage.

$$LR_{sqft} = \frac{LR_D - LR_C - municipal\ fee}{1,990,395\ ft^2} = \frac{\$432,561.90 - \$41,299.33 - \$36,091.44}{1,990,395\ ft^2} = \frac{\$355,171.13}{1,990,395\ ft^2} = \$0.178/ft^2$$

Where  $LR_C$  is the commercial land-rent used for Ivy Gables.

$LR_{sqft}$  is the land-rent per square foot

3. Base Rent is calculated:

$$B_R = A_{LH} * LR_{sqft}$$

Where  $B_R$  is the base rent.

$A_{LH}$  is the area of a leasehold

4. Each individual bill is then calculated using the below equation<sup>3</sup>

$$LR_i = B_R + municipal\ fee + B_R * G_F + B_R * F_F - B_R * R_D - B_R * RR_D$$

Where  $LR_i$  is the individual leasehold land-rent.

$G_F$  is the greens fee

$F_F$  is the forest fee

$R_D$  is the road discount

$RR_D$  is the rail road discount

Green and forest fees along with road and rail road discount calculated values can be found in table 1 on page 1.

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<sup>3</sup> Greens and forest fees along with rail and road discounts were determined by using cost shown in the Trustee provided land-rent sheet. The values shown corresponded to a multiplier on the base rent and that multiplier was determined to be accurate across multiple leaseholds. Due to the associative and distributive properties of mathematics, this % multiplied to base rent could also be shown as a 'per square foot cost' multiplied to the leasehold area with the same result to the total land-rent. [2]

# 4. LAND-RENT ANALYSIS FOR ARDENTOWN

In 2020, excluding Ivy Gables which is shown in figure 2 and pays \$41,000 in land-rent at a commercial rate, Ardentown leasehold land-rent is between \$1,500 and \$8,250 see figure 3. The majority of leaseholds pay \$2,400 or \$4,600. Ardentown Trust land-rent corresponds directly to square footage of each leasehold, and there are a large number of leaseholds that are approximately 10,000 sq-ft and 20,000 sq-ft in the Ardentown Trust, see figure 4 and figure 5. Note, figure 3 and figure 5 appear exactly the same if the horizontal column values are not considered, as land-rent is directly tied to leasehold size.

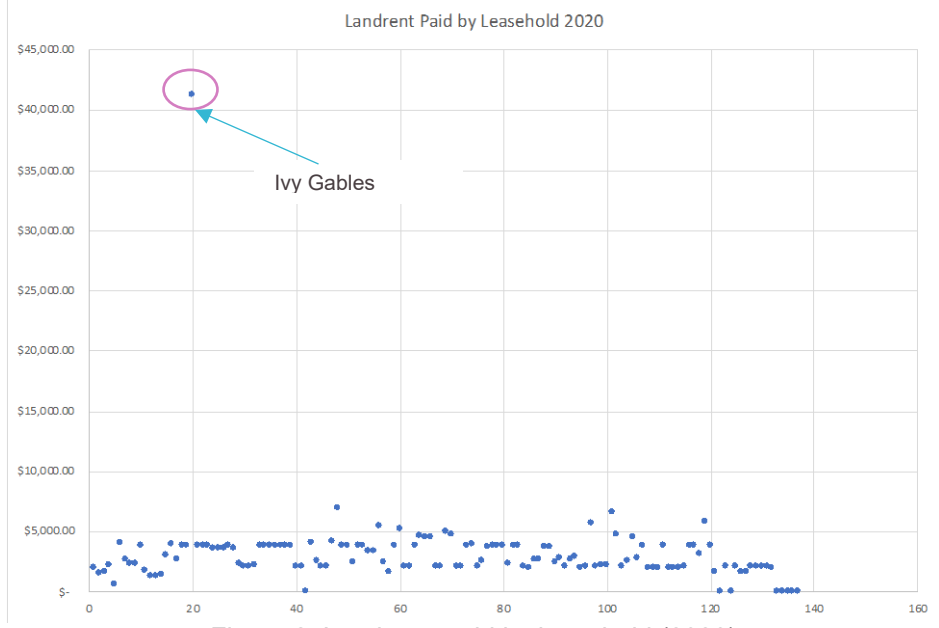


Figure 2: Land-rent paid by leasehold (2020)

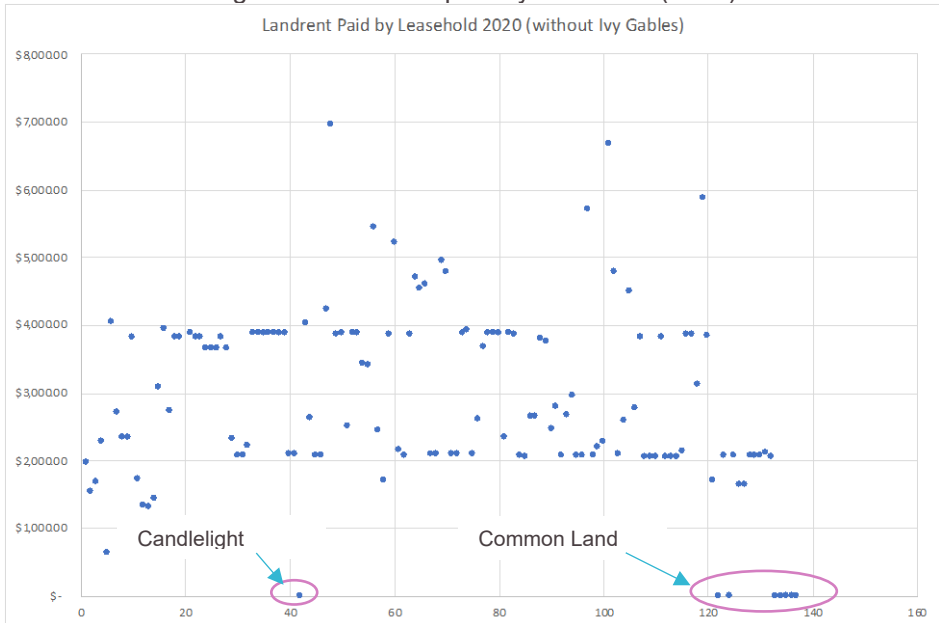


Figure 3: Land-rent paid by leaseholder 2020 (without Ivy Gables)

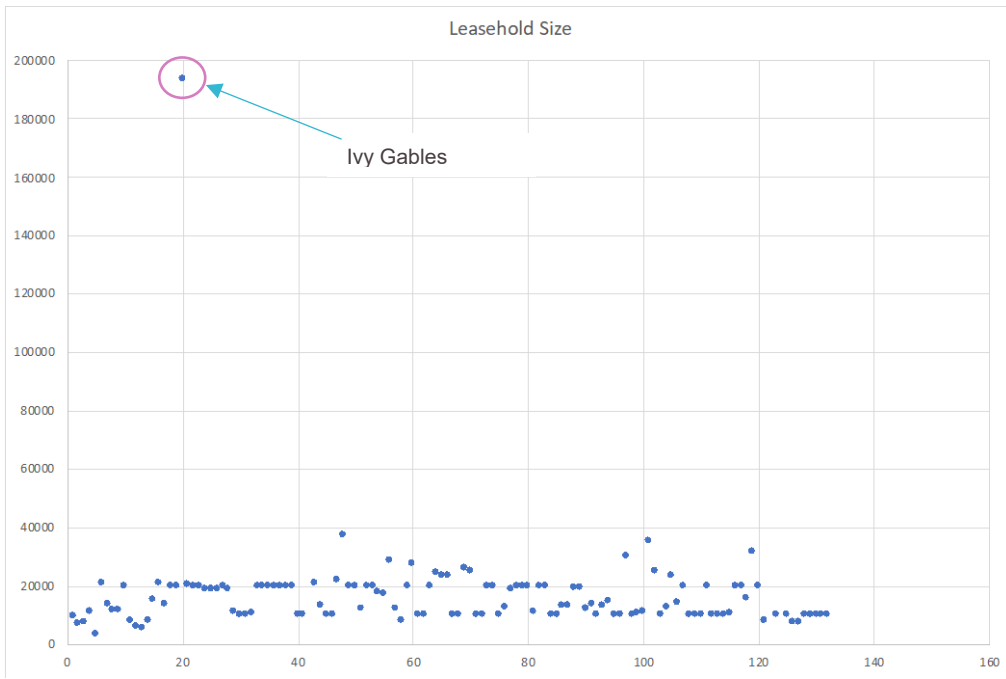


Figure 4: Leasehold size (Sq-Ft)

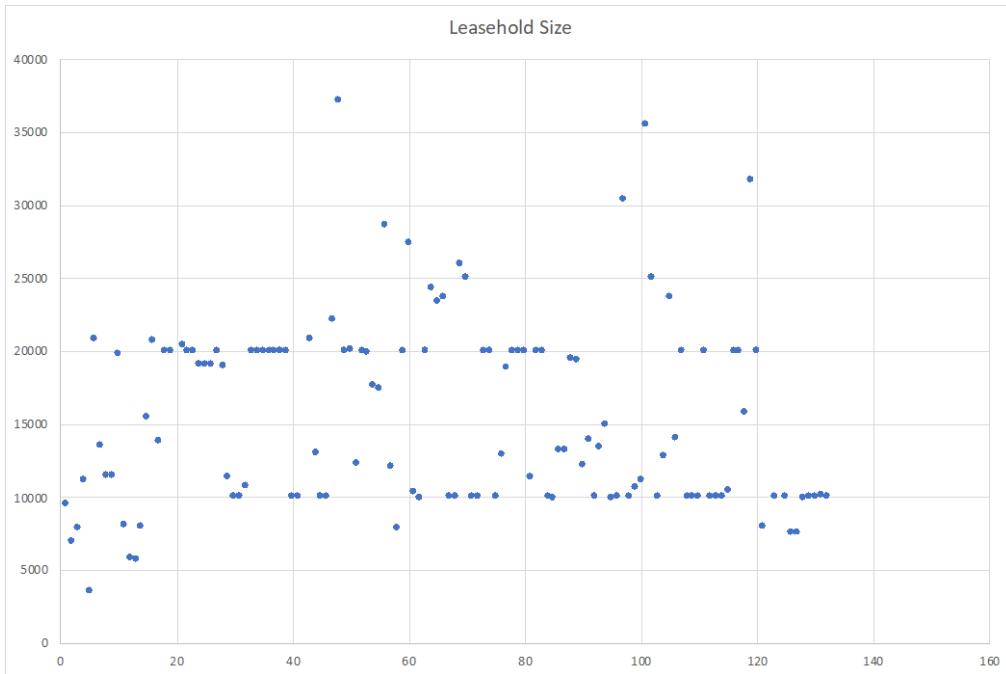


Figure 5: Leasehold size in square-feet (without Ivy Gables)

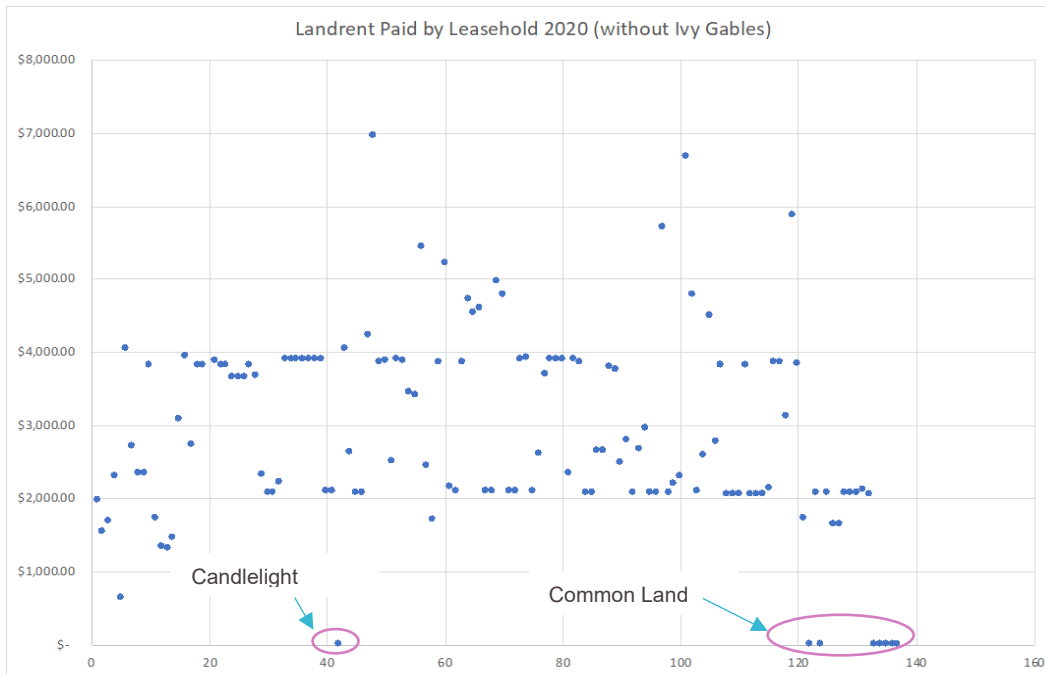


Figure 6: Land-rent paid by leaseholders 2020 (without Ivy Gables)

#### 4.1. NEW CASTLE COUNTY COMPONENT OF LAND-RENT

NCC real estate tax is comprised of a county tax component and a school taxed component. The county portion is further divided into a county property portion and a crossing guard portion. The school tax component is further divided into a Brandywine portion and a NCC Vocational component. In 2020, NCC taxed each leaseholder's lot based on their assessed value of the structure on the leasehold only, the land is all part of the Trustee Parcel 2700100001T<sup>4</sup>. The county portion multiplies the assessed value by 0.75880 (County property) and again by 0.01815 (crossing guard) and adds those two results. The school portion multiplies the assessed value by 2.53850 (Brandywine school district) and again by 0.17100 (NCC vocational) and adds those two results. See figure 7 for a sample tax bill from an Ardentown leasehold. The same rates are shown on leasehold structure NCC tax as on the Trust parcel figure 8.

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<sup>4</sup> NCC treasury confirmed the NCC assessment components and that it does not include the land. Trust parcel includes all the land, common and leaseholder. The assessment office phone number is 301-395-5520. Parcel 2700100001T includes only land. Parcel 2700100001 was original parcel that included all of the Ardentown Trust, the land stayed with original parcel when each leaseholder parcel was separated.



<b>COUNTY, AND OTHER TAXES AND FEES</b>					
 <p>For inquiries concerning your County tax bill, please call (302) 395-5340            For inquiries concerning any "Land Use Fees" listed below, please call (302) 395-5040</p>					
<b>Tax</b>	<b>Taxable</b>		<b>Rate/\$100</b>		<b>Current</b>
	<u>Assessment</u>	X	<u>Assessment</u>	X	<u>%</u> = <u>Amount</u>
COUNTY PROPERTY	59200		0.75880	100	449.21
CROSSING GUARD	59200		0.01815	100	10.74
	<b>Total Current Tax</b>				459.95
	<b>Prior Balance</b>				0.00
	<b>Penalty</b>				0.00
	<b>TOTAL COUNTY AND OTHER ITEMS DUE</b>				459.95
<b>LOCAL SCHOOL DISTRICT TAXES STATE OF DELAWARE</b>					
<p>School tax rates are set by your school district and are collected by New Castle County as required by State law. For inquiries concerning your school tax rates, please call -            School: 302-793-5000 Vocational: 302-995-8000</p>					
					
	<u>School District</u>		<u>Rate/\$100</u>		<u>Current</u>
		X	<u>Assessment</u>	X	<u>%</u> = <u>Amount</u>
BRANDYWINE	59200		2.53850	100	1,502.79
NCC VOCATIONAL	59200		0.17100	100	101.23
	<b>Total Current Tax</b>				1,604.02
	<b>Prior Balance</b>				0.00
	<b>Penalty</b>				0.00
	<b>TOTAL SCHOOL DISTRICT TAXES DUE</b>				1,604.02
<b>TOTAL TAXES AND FEES DUE</b>					<b>2,063.97</b>

Figure 7: NCC tax assessed on leasehold (sample)

**LOCAL SCHOOL, COUNTY, AND OTHER TAXES AND FEES**

New Castle County, Delaware  
 For Fiscal Year 07/01/2020 - 06/30/2021  
 www.nccde.org

If you have filed bankruptcy, this bill may not reflect the entire debt owed to New Castle County. Please contact Treasury for an accounting of all pre-petition and/or post-petition amounts you may owe. New Castle County will not seek to collect pre-petition balances until the automatic stay provided in 11 U.S.C. 362 has terminated. New Castle County will continue to collect all post-petition amounts, including penalty.

See back of bill for Discount / Exemption Information.

ACCOUNT NUMBER:  
2700100001T

PROPERTY DESC:  
Lot No.:  
02206 MILLERS RD

BILLING DATE:  
07/21/2020

MAIL BY:  
09/15/2020

Mortgage Company Information  
119

Exempt Codes  
NONE

Rates Based on 100 Percent of Assessment Value

Bills are due and payable upon receipt. Statutory penalties will be applied if payment is not received by 09/30/2020 without regard to postmark.

Current amounts becoming past due will be assessed an immediate penalty of 6%. ALL accounts will be charged an additional 1% penalty on the first of every month thereafter.

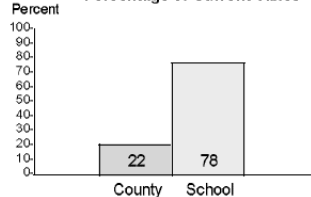
Unpaid taxes constitute a lien against your property. Failure to make timely payment may subject your property to foreclosure.

PLEASE NOTE ANY CHANGE OF MAILING ADDRESS ON THE REVERSE SIDE

COUNTY AND OTHER TAXES AND FEES					
For inquiries concerning your County tax bill, please call (302) 395-5340 For inquiries concerning any "Land Use Fees" listed below, please call (302) 395-5040					
Tax	Taxable Assessment	X	Rate/\$100 Assessment	X	% = Current Amount
COUNTY PROPERTY	2773500		0.75880		100 = 21,045.32
CROSSING GUARD	2773500		0.01815		100 = 503.39
<b>Total Current Tax</b>					<b>21,548.71</b>
<b>Prior Balance</b>					<b>0.00</b>
<b>Penalty</b>					<b>0.00</b>
<b>TOTAL COUNTY AND OTHER ITEMS DUE</b>					<b>21,548.71</b>

LOCAL SCHOOL DISTRICT TAXES STATE OF DELAWARE					
School tax rates are set by your school district and are collected by New Castle County as required by State law. For inquiries concerning your school tax rates, please call - School: 302-793-5000 Vocational: 302-995-8000					
School District	Taxable Assessment	X	Rate/\$100 Assessment	X	% = Current Amount
BRANDYWINE	2773500		2.53850		100 = 70,405.30
NCC VOCATIONAL	2773500		0.17100		100 = 4,742.69
<b>Total Current Tax</b>					<b>75,147.99</b>
<b>Prior Balance</b>					<b>0.00</b>
<b>Penalty</b>					<b>0.00</b>
<b>TOTAL SCHOOL DISTRICT TAXES DUE</b>					<b>75,147.99</b>
<b>TOTAL TAXES AND FEES DUE</b>					<b>96,696.70</b>

Percentage of Current Taxes



THIS PORTION IS FOR YOUR RECORDS

Figure 8: Ardentown Trust NCC real estate tax

**4.2. NEW CASTLE COUNTY REAL ESTATE TAX CHANGES**

NCC tax comprises 79% of land-rent for Ardentown leaseholders as shown in figure 1 on page 2, therefore any changes to the real estate tax are impactful to Ardentown leaseholders and a concern of this report. There are two components that determine overall tax burden for NCC tax, assessed property value by NCC, which includes only the structure on leasehold land, and the tax rate that is multiplied to the assessed value.

**4.2.1. Increases in NCC Tax**

Figure 9 and figure 10 on page 9 show NCC assessed values for the years 2015 through 2020. These graphs show that with few exceptions, such as new construction, in the past 5 years assessed values have remained the same. The graphs have all 5 years for each leasehold, however most leaseholds do not have an assessed value change over the 5 years, and therefore have a single dot representing each of the 5 years. Removing Ivy Gables, Candlelight, and the common land, the NCC assessed range for the majority of Ardentown homes is between \$25,000 and \$75,000.

Figure 11 and figure 12 show that the tax assessed for each leasehold has increased throughout the past 5 years. Table 3 shows the changes between 2015 and 2020, which shows variability in the county tax over the past 5 years.

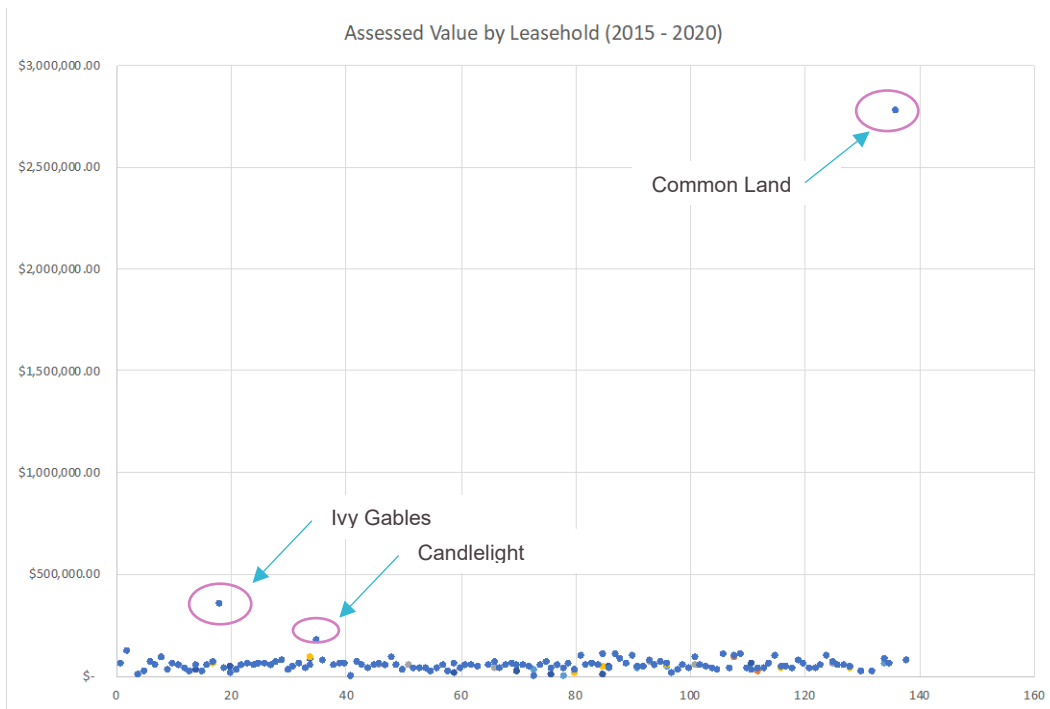


Figure 9: Ardentown Leasehold County Assessment Values (2015 – 2020)

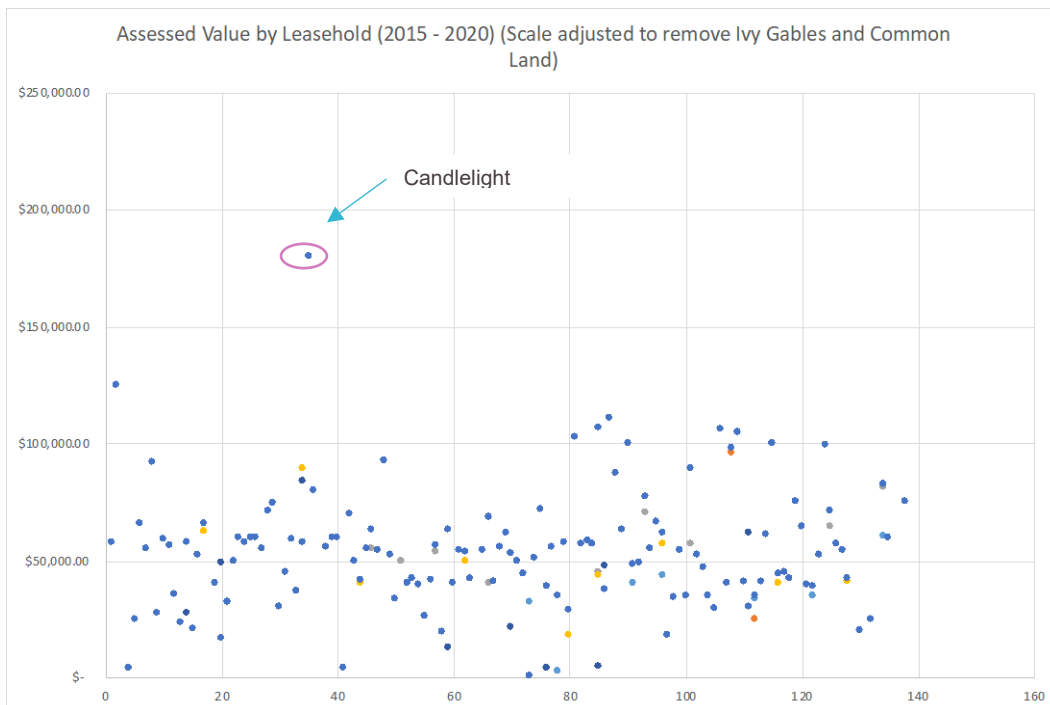


Figure 10: Ardentown Leasehold County Assessment Values (2015 – 2020) (Scaled to remove Ivy Gables and Common Land)

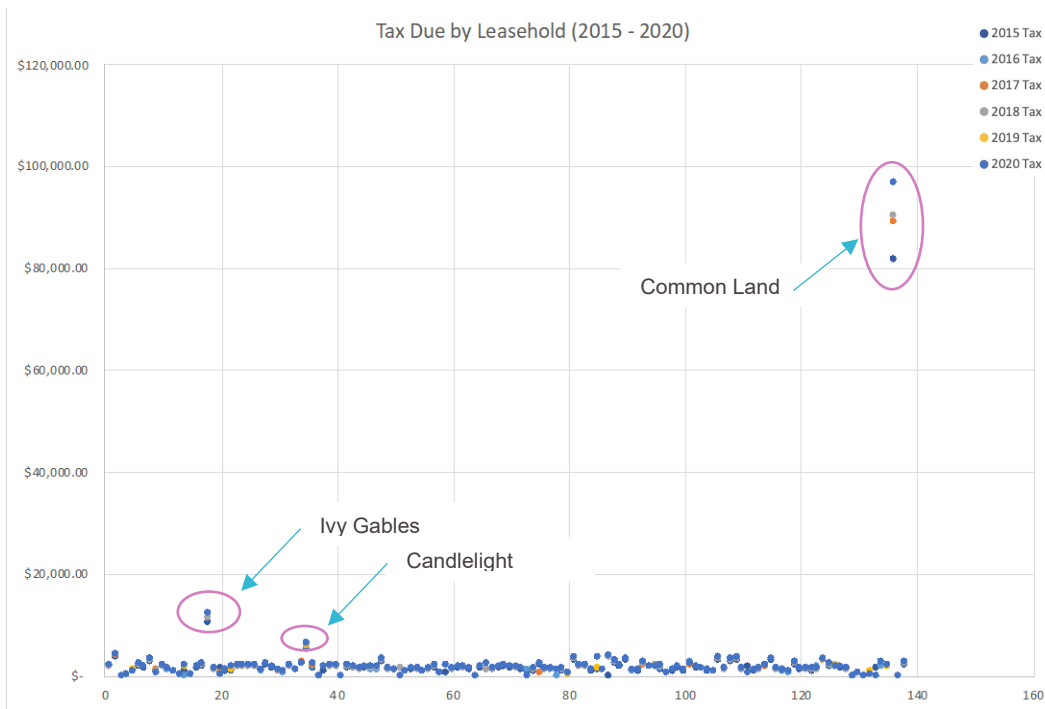


Figure 11: NCC Tax Due by Leasehold (2015 – 2020)

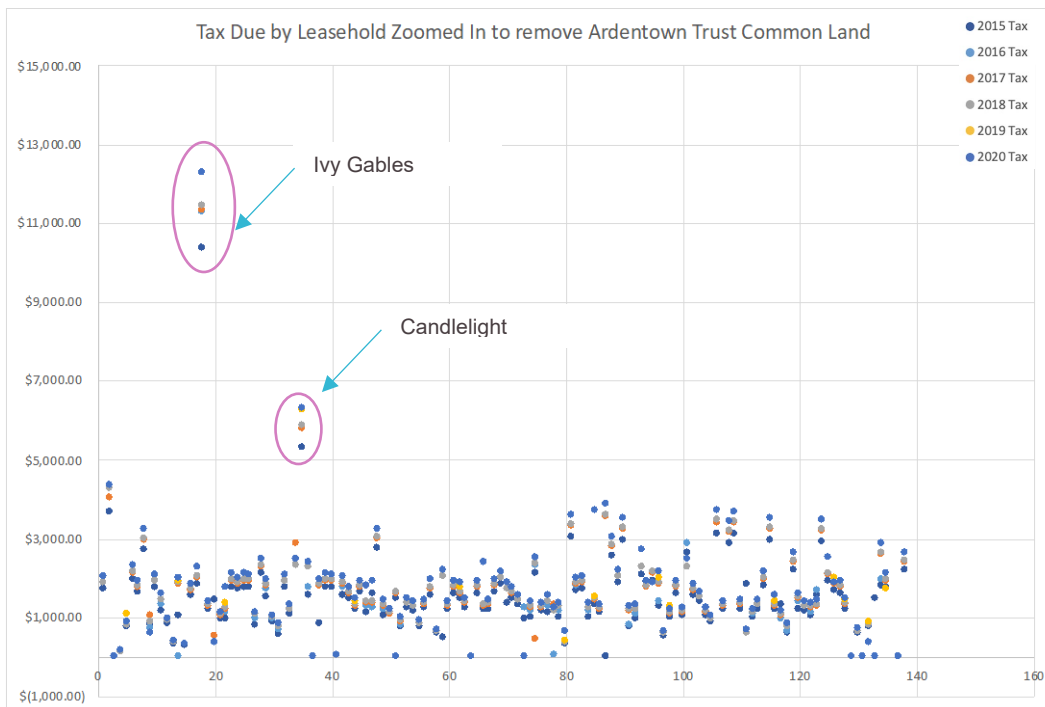


Figure 12: NCC Tax Due by Leasehold (2015 - 2020) Adjusted to remove Common Land



Table 3: Tax Rate Information (2015 - 2020)

	2015	2016	2017	2018	2019	2020
Total Ardentown assessment	\$9,833,700	\$10,004,100	\$10,067,500	\$10,079,500	\$10,114,400	\$10,175,500
Assessment change since previous year		+1.733%	+0.634%	+0.119%	+0.346%	+0.604%
Total Ardentown school tax	\$223,765	\$249,291	\$252,176	\$253,347	\$263,318	\$265,902
School tax change since previous year		+11.408%	+1.157%	+0.464%	+3.936%	+0.982%
Total Ardentown County tax	\$57,738	\$58,162	\$58,865	\$62,770	\$75,079	\$75,533
County tax change since previous year		+0.734%	+1.208%	+6.635%	+19.609%	+0.605%
Total Ardentown NCC tax	\$281,503	\$307,453	\$311,041	\$316,117	\$338,397	\$341,436
Total NCC tax change since previous year		+9.218%	+1.167%	+1.632%	+7.048%	+0.898%

#### 4.2.2. New Castle County Tax Assessment and its Ardentown Land-Rent Effects

When NCC assessed tax is compared to land-rent on an individual leasehold level, the data reveals that each leasehold contributes varying amounts towards the Ardentown Trust, see figure 13. This comparison is valid, as this comparison shows what it costs Leaseholders to live in Ardentown. The analysis in section 3 shows that each leaseholder pays the same amount on a per square foot basis towards the Ardentown Trust, but when each Leasehold is compared to what each Leasehold costs the Trust, the analysis (figure 13) shows a wide range of contributions to the Ardentown Trust. Over time, these difference in Leaseholder contributions to the Ardentown Trust has grown, meaning, some Leaseholders contribute more than others for the same benefit of living in Ardentown. Figure 15 reveals room for improvement if Leaseholder contribution is to be considered as a metric to evaluate equity and fairness between lots of the same size when considering leasehold contributions to the Ardentown Trust. The contribution difference is complicated by the New Castle County assessment issues from reference [3]. If the current Land Rent approach is not changed, and NCC structure tax approach remains unchanged, Leaseholders with lower NCC assessments will continue to pay for leaseholders with high valued structures. As assessment values will continue to rise with inflation and upgrades, this equity issue will worsen over time. The cost to leaseholders of other leaseholder improvements was addressed by the Trustees during the Ivy Gables expansion. The Ardentown Trustee's have deviated from the approach outlined in section 3 for Ivy Gables, which will pay for all increased cost burden on the Ardentown Trust from expansion so that the leaseholders do not. Based on this precedence set by the Ardentown Trustees, a similar approach could be applied to all Leaseholders on improvements over a threshold value to avoid sharing those increased cost burdens on unimproved leaseholds and gain equity with regards to Leaseholder contributions. Other approaches should be considered and analyzed for their impacts on leaseholders and economic philosophies.

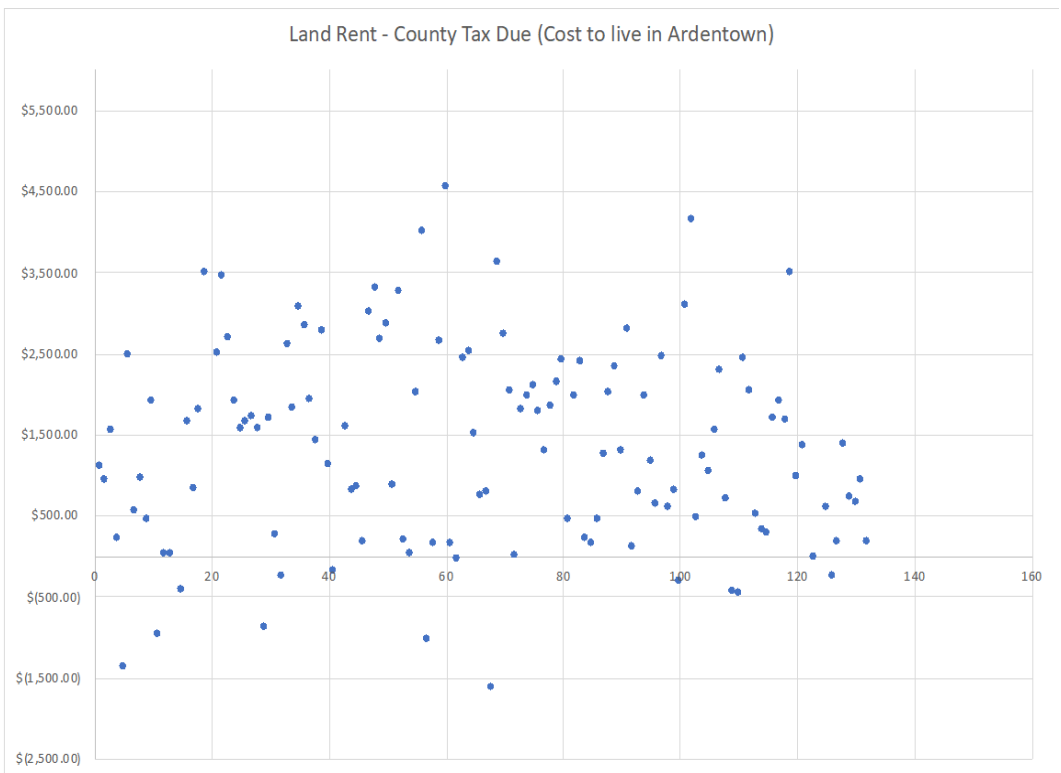


Figure 13: 2020 NCC tax subtracted from land-rent (leasehold contribution to Ardentown Trust)

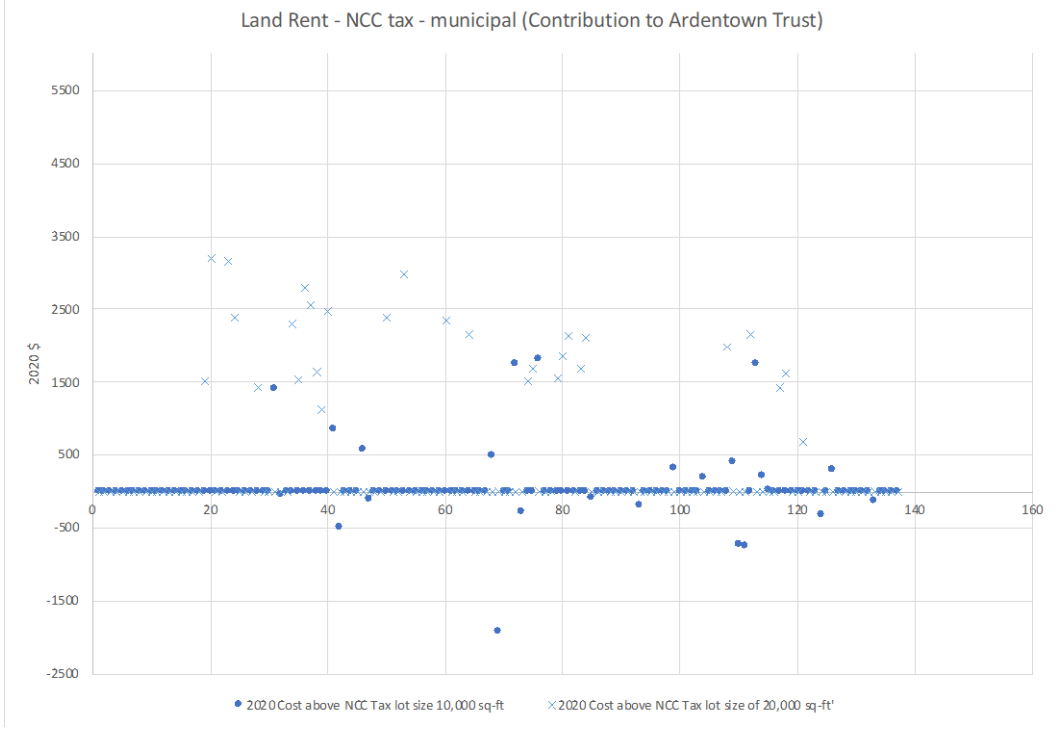


Figure 14: lot sizes of 10,000 and 20,000 sq-ft - 2020 NCC tax and municipal fee subtracted from land-rent (leasehold contribution to Ardentown Trust)

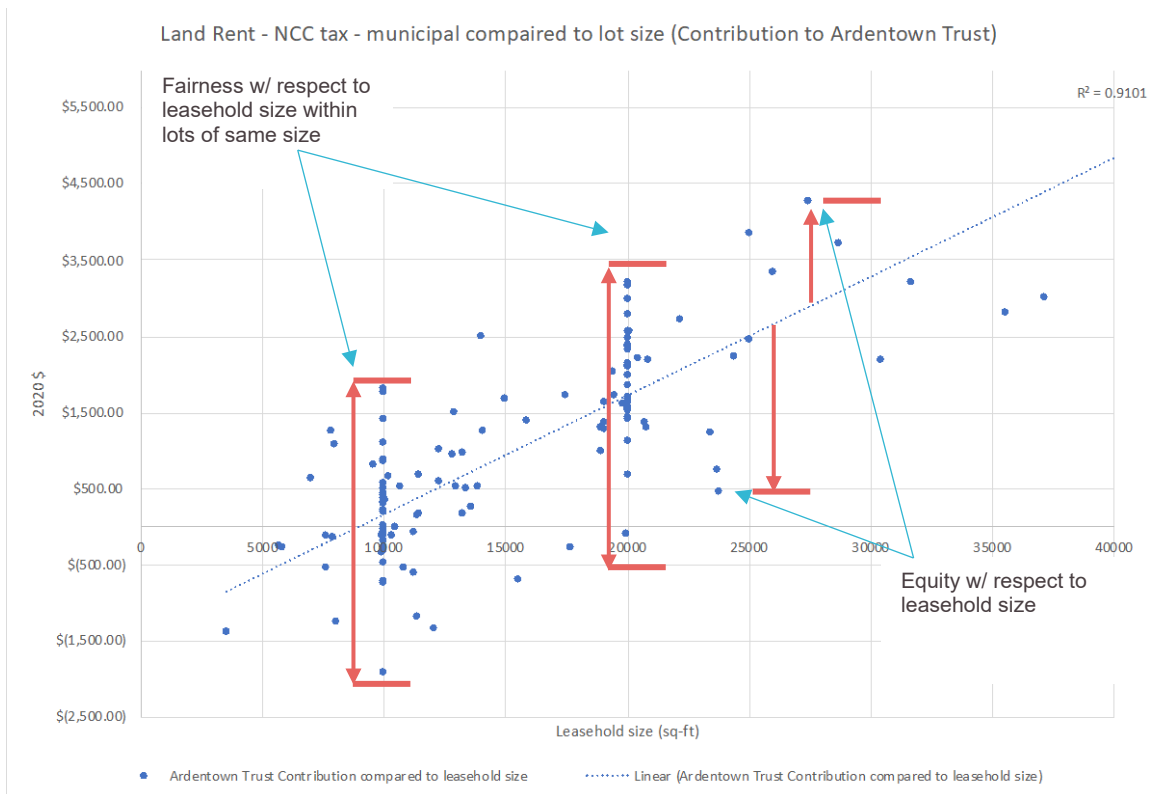


Figure 15: 2020 NCC tax and municipal fee subtracted from land-rent verse leasehold size (leasehold contribution to Ardentown Trust)

NCC along with the 2 other counties within Delaware have had their tax assessment approach challenged legally. On May 8, 2020 the NCC assessment was ruled unconstitutional (C.A. No. 2018-0029-JTL) [3] in an Opinion by the Court of Chancery of the State of Delaware. Below is an excerpt from the case opinion:

*“The NAACP-DE and the DEO proved at trial that when preparing their assessment rolls, the counties fail to comply with two legal requirements. First, under the Delaware Code, “[a]ll property subject to assessment shall be assessed at its true value in money.” 9 Del. C. § 8306(a) (the “True Value Statute”). The Delaware Supreme Court has held that a property’s true value in money is the same as its present fair market value. Second, under the Delaware Constitution, “[a]ll taxes shall be uniform upon the same class of subjects within the territorial limits of the authority levying the tax . . . .” Del. Const. art. VIII, § 1 (the “Uniformity Clause”). The Delaware Supreme Court has held that the Uniformity Clause requires all taxpayers within the same general class to be treated the same.”*

How NCC updates its assessment, which may not happen in the next few years, may impact the observed fairness and equity within the Ardentown Trust regarding the cost for each leasehold to be in Ardentown (see figure 9 and figure 10 for assessed value and figure 16 and figure 17 for the break-out of the observed fairness and equity). Due to the land-rent methodology from section 3 showing how total NCC tax is distributed to each leaseholder, figure 16 and figure 17 show that a benefit is created for some at the expense of others. These figures subtract leasehold NCC tax from leasehold land-rent (figure 16) and NCC tax from leasehold land-rent and municipal fee (figure 17). These figures show that some leaseholds cost more than they contribute creating a unfairness between leaseholds. These figures also show that each leasehold contributes a varying amount to the Trust when compared to the cost they impose to the Trust.

The inequity created within Ardentown from the NCC assessment and tax imposed is apparent when the land-rent assessed for each leasehold is subtracted from the real estate taxes for that leasehold. The result of this subtraction represents the cost for each leasehold to be in Ardentown, and therefore what each leasehold contributes to the Ardentown Trust. This shows a wide range in contributions to Ardentown from each leasehold ranging from \$4,500 to \$0 or below, in some cases (17 leaseholds, or 13%) the result is negative. A negative cost to live in Ardentown means that other Ardentown leaseholds pay for that particular leasehold to be in Ardentown. Figure 16 shows the breakout of what leaseholds contribute to the Ardentown Trust. When the analysis is updated to include the municipal fee (Trash) of \$286.44 the number of leaseholds that pay less than the leasehold incurs in cost rises from 17 to 33 (13% to 26%) see, figure 17.

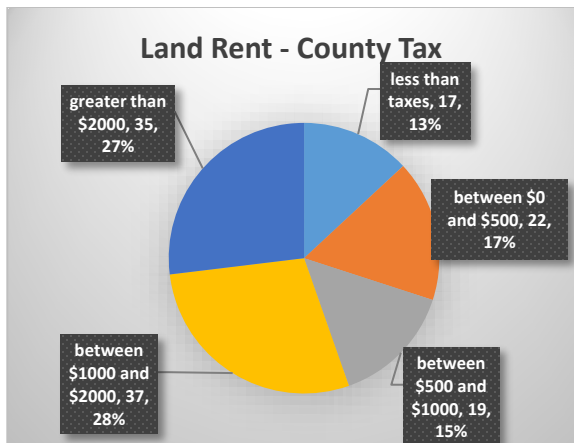


Figure 16: NCC tax subtracted from land-rent

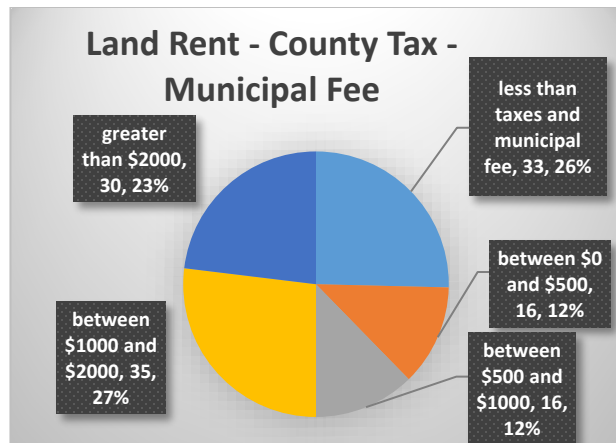


Figure 17: NCC tax and municipal fee subtracted from land-rent

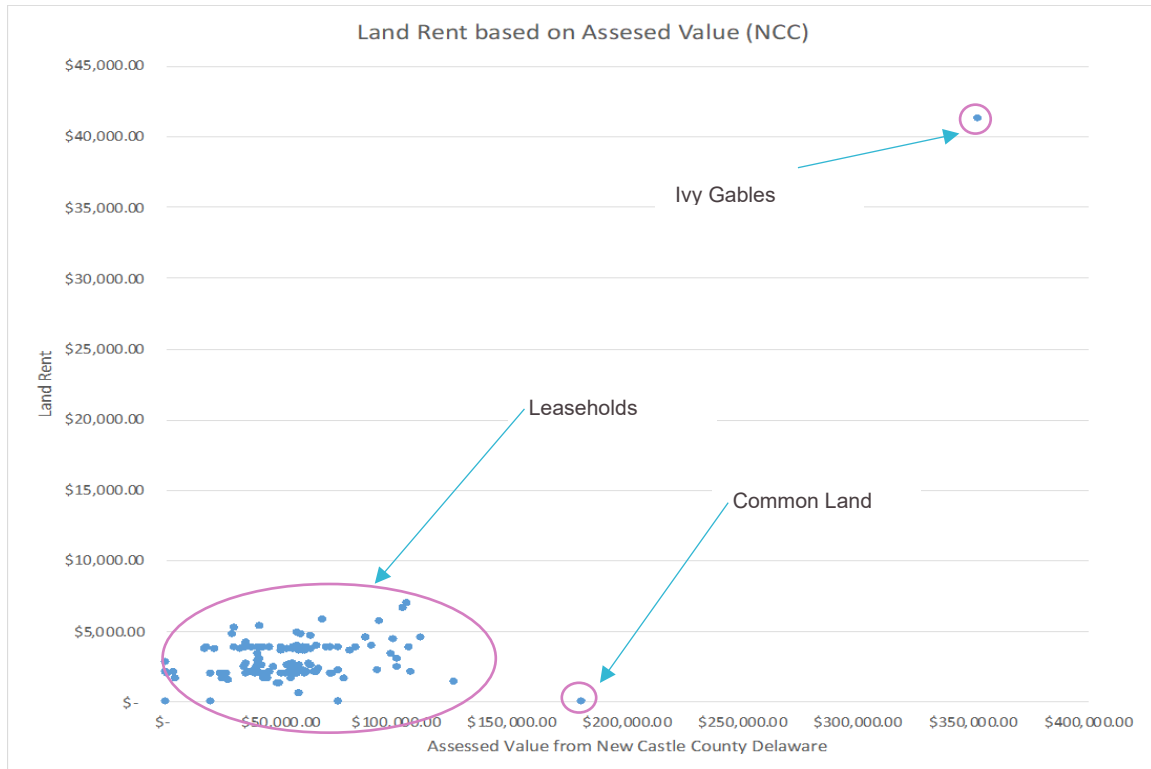


Figure 18: Land-rent verse assessed value

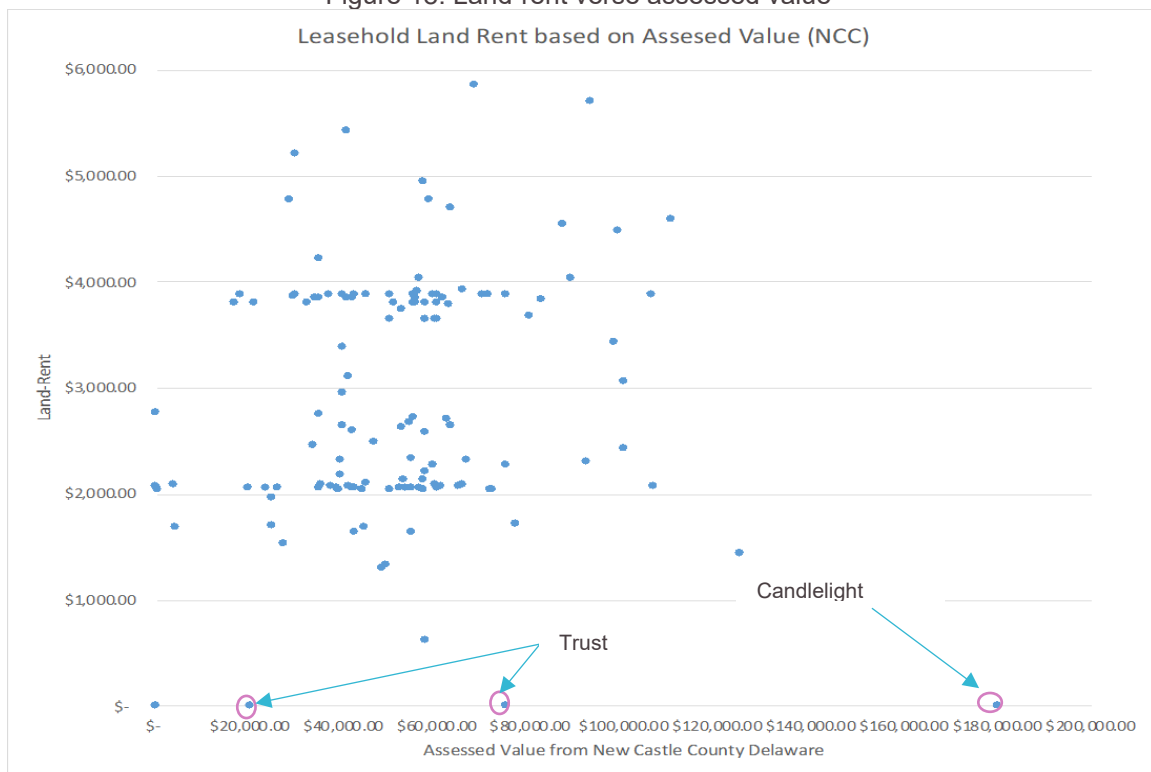


Figure 19: Leasehold land-rent verse assessed value

# APPENDIX A SUPPLEMENTARY INFORMATION

Table 4: Ardentown Lot, Parcel, and Address Cross Reference

Parcel #	Lot #	Address	Remarks
2700100502	150	1707 HARVEY RD	
2700100506	150.5	2207 LORELEY LN	NCC - P-152
2700100501	151	2204 LOWER LN	
2700100507	152	2209 LORELEY LN	NCC - P-152
1600400641	153	2210 LOWER LN	Shown as lot 153, which crosses to 1600400641 on TRUSTEE land-rent, also lot 66 Parcel # 2700100629. Need to identify if Arden is sharing part of this and how. 2020 tax was 2,011.87 per NCC. Removed from this table until status is known.
2700100508	154	2211 LORELEY LN	
2700100592	155	2301 LORELEY LN	
2700100619	156	2303 LORELEY LN	
2700100591	156.5	2305 LORELEY LN	
2700100590	157	2309 LORELEY LN	
2700100589	158	2311 LORELEY LN	
2700100588	159	1701 APPLETREE LN	
2700100587	159.5	2317 LORELEY LN	
1600400669	160	2326 WALNUT LN	ARDEN. Need to identify if Arden is sharing part of the country tax.
2700100586	161	1611 ORCHARD RD	
2700100503	161.5	1705 HARVEY RD	
2700100504	162	1701 HARVEY RD	
2700100511	163	1611 HARVEY RD	
2700100512	164	1601 HARVEY RD	
2700100515	166	2209 MILLERS RD	Also lots 167-180-181-182-193-194-195
2700100516	168	2200 MILLERS RD	
2700100517	169	1517 HARVEY RD	
2700100518	170	1515 HARVEY RD	
2700100519	171	1513 HARVEY RD	
2700100520	172	1511 HARVEY RD	
2700100521	173	1507 HARVEY RD	
2700100522	174	1505 HARVEY RD	
2700100523	175	1503 HARVEY RD	
2700100505	177	2205 LORELEY LN	
2700100510	178	2204 LORELEY LN	NCC - P178
2700100513	179	2203 SWISS LN	NCC - P179
2700100531	183	2204 MILLERS RD	
2700100530	184	1520 THE MALL	
2700100529	185	1516 THE MALL	
2700100528	186	1514 THE MALL	

Table 4: Ardentown Lot, Parcel, and Address Cross Reference

Parcel #	Lot #	Address	Remarks
2700100527	187	1512 THE MALL	
2700100526	188	1508 THE MALL	
2700100525	189	1506 THE MALL	
2700100524	190	1502 THE MALL	
2700100509	191	2208 LORELEY LN	
2700100514	192	2205 SWISS LN	NCC - P-179
2700100532	196	2208 MILLERS RD	
2700100597	197	1605 MILLERS RD	
2700100598	198	1603 MILLERS RD	Shows as lot 204, Parcel 2700100601 on Trustee Sheet - possibly swapped.
2700100596	199	2302 LORELEY LN	NCC - P179
2700100595	199.5	2304 LORELEY LN	NCC - P199.5
2700100600	200	2303 ORCHARD RD	
2700100605	201	2302 ORCHARD RD	NCC - P201
2700100594	202	2306 LORELEY LN	Shows as this address under NCC parcel 2700100605 on Trustee sheet
2700100601	203	2305 ORCHARD RD	
2700100599	204	1601 MILLERS RD	1601 Millers shows lot 198 on Trustee Sheet - possibly swapped
2700100593	207	2310 LORELEY LN	
2700100602	208	1602 APPLETREE LN	
2700100604	209	2308 ORCHARD RD	The only 209 in Trustee Sheet, NCC P-209
2700100603	209.5	2310 ORCHARD RD	NCC - P-209
2700100607	210	1525 SPRINGHOUSE LN	
2700100612	212	1519 APPLETREE LN	NCC - P-212
2700100613	212.5	1517 APPLETREE LN	NCC - P-212
2700100609	213	1515 APPLETREE LN	
2700100608	214	2310 HILLTOP RD	
2700100578	215	1511 WOODLAND RD	
2700100611	216	2316 ORCHARD RD	
2700100610	217	2311 HILLTOP RD	
2700100585	218	1609 ORCHARD RD	
2700100584	219	1603 ORCHARD RD	
2700100583	220	1521 WOODLAND RD	
2700100582	221	1519 WOODLAND RD	
2700100581	221.5	1517 WOODLAND RD	
2700100580	222	1515 WOODLAND RD	

Table 4: Ardentown Lot, Parcel, and Address Cross Reference

Parcel #	Lot #	Address	Remarks
2700100579	223	1513 WOODLAND RD	
2700100538	225	1517 THE MALL	
2700100537	225.5	1519 THE MALL	
2700100536	227	2303 EAST MALL	
2700100535	228	2305 EAST MALL	
2700100534	229	2307 EAST MALL	No tax bill per NCC website
2700100615	229.5	2309 EAST MALL	
2700100533	230	2313 EAST MALL	
2700100539	231	1513 THE MALL	
2700100540	232	1511 THE MALL	
2700100560	233	1507 THE MALL	
2700100625	234.5	1503 THE MALL	
2700100542	235	2304 EAST MALL	
2700100541	236	2305 BRAE RD	
2700100559	237	2306 BRAE RD	NCC - P-237
2700100558	237.5	2308 BRAE RD	NCC - P-237
2700100556	238	2305 SCONSET RD	
2700100557	238.5	1504 VALLEY RD	
2700100543	239	2308 EAST MALL	
2700100546	240	2311 BRAE RD	
2700100547	241	2312 BRAE RD	
2700100548	241.5	2314 BRAE RD	No tax records after 2018, sold in 2018.
2700100554	242	1501 VALLEY RD	
2700100544	243	2312 EAST MALL	
2700100549	245	2320 BRAE RD	
2700100552	246	2319 SCONSET RD	NCC - P-246
2700100553	246.5	2317 SCONSET RD	NCC - P-246
2700100545	247	2319 BRAE RD	
2700100550	248	2322 BRAE RD	
2700100551	249	2321 SCONSET RD	
2700100616	249.5	2327 SCONSET RD	
2700100577	250	2401 EAST MALL	&251
2700100576	252	2401 BRAE RD	
2700100618	255	2329 SCONSET RD	
2700100575	255.5	2400 SCONSET RD	
2700100622	256	2326 SCONSET RD	
2700100574	257	2324 SCONSET RD	
2700100573	258	2320 SCONSET RD	
2700100572	259	2316 SCONSET RD	
2700100623	260	2314 SCONSET RD	NCC - P-260
2700100571	260.5	2312 SCONSET RD	NCC - P-260
2700100570	261	2308 SCONSET RD	



Table 4: Ardentown Lot, Parcel, and Address Cross Reference

Parcel #	Lot #	Address	Remarks
2700100569	262	2306 SCONSET RD	NCC - P-262
2700100568	262.5	2304 SCONSET RD	NCC - P-262
2700100567	263	2302 SCONSET RD	NCC - P-263
2700100566	263.5	2300 SCONSET RD	NCC - P-263
2700100565	264	2208 SCONSET RD	
2700100564	265	2206 SCONSET RD	
2700100563	266	2204 SCONSET RD	NCC - P-266
2700100562	266.5	2202 SCONSET RD	& 267
2700500502	270	2234 MARSH RD	
2700500500	271	2232 MARSH RD	
2700500501	272	2300 MARSH RD	
2700500503	274.5	50 CHESTNUT ST	
2700500002T	274.5	60 CHESTNUT ST	
2700100628	216 A	1516 WOODLAND RD	
2700100561	234 A	2301 SCONSET RD & 1501 THE MALL	
2700100626	234 B	2303 SCONSET RD	
2700100555	242 A	2311 SCONSET RD	
2700100620	242.5A	2313 SCONSET RD	NCC - 242%A1
2700100621	242.5B	2315 SCONSET RD	NCC - 242%B1
2700100614	243 A	2314 EAST MALL	
2700100624	259A	2318 SCONSET RD	
2700100001	No Lot #	2206 MILLERS RD	Trust
2700500002	No Lot #	60 CHESTNUT ST	Trust
2700500001T	No Lot #	2232 MARSH RD A	Trust
2700500001	No Lot #	2232 MARSH RD A	Trust
2700100001T	No Lot #	2206 MILLERS RD	Trust