

Kinderton Village

HOME OWNERS ASSOCIATION



Potential Annexation

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Secretary, Single Family Board



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Potential Annexation By Bermuda Run

- **Kinderton Village residents have a unique opportunity to request voluntary annexation by Bermuda Run**
- **KV is already part of the Bermuda Run Extra Territorial Jurisdiction (ETJ)**
- **The Kinderton Village Board of Directors supports the annexation of KV by Bermuda Run**
- **The Bermuda Run annexation process requires that a majority of Kinderton Village residents support annexation**
- **The intent of this presentation is to provide sufficient details to the KV community to enable an informed decision**

Special Note

- **All Kinderton Village residents (property owners and renters) have been notified of this meeting**
- **A special letter was sent to non-resident property owners with summary details of this presentation**
- **The KV Board of Directors and the Bermuda Run Town Council recognize that renters cannot obligate owners to additional property taxes**
- **The Bermuda Run charter requires that all residents participate in the petition process, and does not differentiate between owners and renters.**
- **Renters are being asked to sign the petition, but we believe that Bermuda Run will only consider the petition if a majority of property owners have signed.**

EJT (Extra Jurisdictional Territory)

- **By North Carolina law, every town has the legal right to extend its jurisdiction 1 mile in every direction beyond its town limits. This area is known as the Extra Territorial Jurisdiction (ETJ)**
- **Kinderton Village falls within the 1 mile ETJ of Bermuda Run, and is therefore subject to all ordinances enacted by Bermuda Run.**
- **However, no services are provided by Bermuda Run to ETJ residents**
- **The ETJ does not entitle Kinderton Village to representation on the Bermuda Run town council**

What Does Annexation Mean?

What Will Change If Kinderton Village Is Annexed?

- **Kinderton Village would become part of Bermuda Run**
- **Kinderton Village property owners would pay an ad valorem (property) tax to Bermuda Run. The tax rate is currently 15¢ per \$100 of assessed value (see chart #6 for examples of tax impact)**
- **Bermuda Run would then provide certain services to Kinderton Village (see chart #7)**
- **Kinderton Village would have the right of representation on the Bermuda Run town council**
- **Kinderton Village HOA dues will be reduced by \$15 per month**

Effect Of Ad Valorem Tax – Examples

Assessed Property Value	Additional Annual Tax *
\$90,000	\$135
\$100,000	\$150
\$150,000	\$225
\$200,000	\$300
\$250,000	\$375
\$300,000	\$450
\$350,000	\$525

* Based on a tax rate of 15¢ per \$100 of assessed value

What Will Bermuda Run Do For Kinderton Village?

- **Bermuda Run will assume responsibility for the following:**
 - ✓ **Streets (not including the alleys behind single family houses)**
 - ✓ **Street lighting**
 - ✓ **Common area maintenance**
 - ✓ **Snow plowing**
 - ✓ **Garbage pickup (in the Bermuda Run budget for 2011)**
 - ✓ **Any other services they provide, or will provide, for current Bermuda Run residents**
- **Bermuda Run is financially sound. Its reserves, as a percentage of its budget, are twice that which is required by the state of North Carolina.**

Current Cost Of Services

Current cost of those services which would be provided by Bermuda Run. These costs represent the savings that annexation affords.

Expense	Total Annual Cost	Comments
Landscaping	\$60,000	2010 HOA Budget
Irrigation – Maintenance	\$5,000	2010 HOA Budget
Irrigation – Water	\$7,000	2010 HOA Budget
Street/decorative lighting	\$32,000	Actual cost for first quarter 2010 x 4
Trash (Single Family)	\$205	Not included in HOA dues
Trash (Condos/Quads)	\$7,500	2010 HOA Budget
Total	\$111,500	Not including Single Family Trash

Street Paving Estimate

- Estimate done by Pure Seal, Burlington, NC
- Included all streets in Kinderton Village
 - Single Family alleys were not included
 - Clubhouse parking lot was not included

2010 Estimate	Number Of Households	Assessment per Household
\$643,985 *	359	\$1794

* At a 2.5% inflation rate, the cost is projected to be \$770,000 in 2017 and \$826,309 in 2020

If Kinderton Village Remains Independent

- **Kinderton Village residents will bear the cost of road resurfacing**
- **There are currently no surplus HOA funds designated for road repair or resurfacing**
- **Two options to handle resurfacing expense**
 - **Assess each home owner an equal amount of the actual cost**
 - **Increase HOA dues now to build the required surplus within the 7 or 10 year timeframe**
- **To build a surplus road fund, HOA dues would need to be increased now**
 - **2017 resurfacing (\$770,000) requires a \$25.50 per month increase**
 - **2020 resurfacing (\$826,309) requires a \$19.00 per month increase**

Examples Of Tax Offset By Savings

Resident	Home Value	Annual Bermuda Run Tax	Annual Savings From Trash	Annual Savings From HOA Dues Reduction *	Annual Savings After Bermuda Run Tax
Single Family	\$200,000	\$300	\$205	\$180	\$85
Quad	\$120,000	\$180	Included in HOA dues	\$180	\$0
Condo	\$90,000	\$135	Included in HOA dues	\$180	\$45
Town Home	\$200,000	\$300	\$205	\$180	\$85

* HOA dues will be reduced by \$15 per month if Kinderton Village is annexed

NOTE: Property taxes are tax-deductible while HOA dues are not

What Doesn't Change?

- **KV board governance remains as is**
- **KV will still have responsibility for the clubhouse and pool**
- **KV will still have responsibility for alleys**
- **Addresses will not change**
- **All Kinderton Village covenants remain unchanged and in effect. We will continue to govern ourselves as we do now.**

Next Steps

- **Kinderton Village residents must petition Bermuda Run for annexation**
 - **Residents will be asked to sign the petition**
 - **A majority (greater than 50%) of KV residents must sign the petition**
 - **If a majority is achieved, the petition is presented to the Bermuda Run Town Clerk**
 - **Bermuda Run then starts the annexation process (see next chart)**

Next Steps

- **The Bermuda Run annexation process**
 - **The Town Clerk investigates the sufficiency of the petition and certifies its sufficiency to the Town Council**
 - **The Town Council calls a public hearing on the proposed annexation**
 - **At the hearing, the public comments upon the sufficiency of the petition and the desirability of the annexation**
 - **After the public hearing, the Town Council, if it approves, adopts an ordinance annexing the property included in the petition**
 - **The annexation is then recorded at the Register of Deeds and reported to the Secretary of State**

Summary

- **The Bermuda Run Town Council is receptive to annexing Kinderton Village, but the KV community must initiate the annexation request**
- **The Kinderton Village Board of Directors supports annexation by Bermuda Run**
- **A majority of Kinderton Village residents must sign a petition requesting annexation**
- **The KV Board of Directors is asking you to show your support for annexation by signing a petition which will be presented to Bermuda Run**

Summary

- **What do we want you to do tonight?**
 - ✓ **Sign the petition if you're comfortable doing so**
- **What if you don't feel comfortable signing the petition tonight?**
 - ✓ **There will be other opportunities to sign the petition**
 - ✓ **Times and locations will be published on the HOA website, communicated via email, and posted on the mail kiosks**
- **What if you need more information or have questions about annexation?**
 - ✓ **Use the SpeakUp! feature on the HOA website to submit questions and comments to the HOA Board**
 - ✓ **Send an email to annexation@kindertonvillage.org**