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Borderwars

North Carolina is among the few states that allow cities to annex property without the permission of owners. when is it in the public interest?

By DEMORRIS LEE, Staff Writer

Ron Thoreson cherishes his home on a wooded acre in unincorporated Wake County, even though it lacks round-the-clock paid police and fire protection and relies on a septic system and well.

Living outside city limits means that Thoreson can burn trash if he likes and that, when he steps out on his porch at night, no streetlights mask the flicker of starlight. More importantly, it means he and his neighbors don't have to pay city taxes.

All of that could soon change. The town of Cary has taken the first step to annex 7,000 acres -- including the 240-home Dutchman Downs subdivision where Thoreson lives. He and others are fighting the move.

"This is not a democratic process -- it's a dictatorship," said Thoreson, head of a push to repeal the state law allowing property annexation without the owner's consent. The group has a Web site -- www.stopcary.com -- to spread its message and plans to lobby the General Assembly to give affected property owners a vote on annexation. Group members call forced annexation a form of taxation without representation.

Their urgency follows 3,906 annexations across the state between 1999 and last year. Besides in Cary, forced annexations are



The fast-growing town of Cary is a hot annexation battleground.

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the big issue

An urban expansion wave has intensified opposition to a North Carolina law that allows cities and towns to annex property without the permission of the owner. The state says the policy is needed so people who enjoy the benefits of urban living will share in the costs. Opponents say forced annexation is a form of taxation without representation. How do we balance property rights with healthy cities?

how it works

If an area is urban in character and a municipality can provide services, state policy says the area should be part of the municipality.

To qualify for involuntary annexation, areas must:

* Border the current city limits; at least one-eighth of total boundary must abut current city limits.

Dwindling breed
Volunteer firefighters give way to paid ones as small towns turn to suburbs.

Haiti's leader OKs plan
But armed rebels and political opponents don't like the U.S.-backed power-sharing proposal.

Edwards makes bold jobs pledge
John Edwards and John Kerry would both chart a course on U.S. trade policy that differs from President Bush's.

Cooper rebuked in Gell case
AG handled retrial badly, law pros say.

Powwow aims to lure brains
Six middle-schoolers huddled together on the top bleacher in the N.C. School of Science and Mathematics gym, nudging and teasing each other the way teens often do.

Drivers may see more green
Raleigh intends to update its traffic signals to reduce congestion and time spent at red lights.

Four die in collision
Girl, 12, loses parents, sisters.

He wins friends and influences land deals
Sig Hutchinson stands behind the podium, speaking softly to the group before him.

Heels hold off Noles
UNC returns to .500 in ACC as FSU comeback

comes up short.

Succeeding quietly

You won't see these coaches on ESPN - they aren't flashy and they aren't in trouble. But they are having an impact on local athletes.

UCLA victim No. 23

No. 1 Stanford stays unbeaten.

Randolph shows 'drive' to succeed

Versatile Duke big man making strides.

Wolfpack faces Husky non-conference test

The offer was first extended in May, Washington coach Lorenzo Romar said, but also was open-ended. Fox Sports Net said it would line the Huskies up against an ACC team and put the game on national television, on its Sunday night package. The catch: the Fox people couldn't tell Romar whom the Huskies would play.

Canes, Francis tie it up

In a draw with the Bruins, Canes captain Ron Francis scores to tie for 20th in career goals.

Tire wear wears on Cup teams

The Rock chews up rubber at a rapid rate.

Fat refunds?

Fat chance, for most people. The bulk of the savings will go to a narrow slice of people, mainly the wealthy.

Many fail to claim valuable tax credit

Thousands of low-income taxpayers across North Carolina fail to claim a credit that can lower their tax bills or increase their refunds.

Jobless also must pay taxes

Few job seekers realize that unemployment benefits are taxable

at issue in Eden, Fayetteville, Wendell and Winston-Salem, to name just a few places. State law allows towns and cities to annex unincorporated urban areas on their borders so long as they can provide such services as water, sewer, and police and fire protection.

Proponents say involuntary annexation has many benefits: It keeps North Carolina vibrant because it allows cities to expand their tax bases, spreading the cost of essential services and public improvements over a bigger pool of taxpayers. It helps regulate development and prevent the proliferation of private wells and septic systems, which may harm the environment. And it brings more services, including streetlights, sidewalks, garbage pickup and access to parks and recreation programs. It also keeps people living near cities from sharing the benefits without paying for them.

"Historically, [the state's annexation laws] are a big part of why cities are strong," said S. Ellis Hankins, executive director of the N.C. League of Municipalities. "I mean financially, economically, politically and socially. Without the statutes, North Carolina would be a different place and different for the worse."

Foes face tough opposition in their bid to change state law. State Sen. Andrew Brock, a Republican who represents Davie, Rowan and Yadkin counties, introduced a bill in April providing for a referendum on annexation. Under the bill, which is stuck in the Rules Committee, property owners could petition for a vote on possible annexations. City officials would then decide whether the entire city or only the voters being annexed would cast ballots. Another bill in the state House of Representatives would require county commissioners' approval for annexations to go forward.

"It comes down to a sense of fairness, and I believe people should have a say-so if elected officials decide to put a tax increase on them," Brock said. "I have people from all over the state in great support of this bill, and it is amazing just how disheartened they are." He said that Rules Committee chairman Tony Rand, a Fayetteville Democrat, won't move his bill and that it is unlikely to "see the light of day" because of opposition from cities.

"But I'll keep reintroducing the bill," Brock added. "All we want is a vote on it."

Rand said that he is not familiar with Brock's bill but that "planning in urban areas is a tradeoff and is something we always need to watch and continue to work on."

The state's reasoning

North Carolina, Tennessee, Idaho and Kansas are the only states where annexation without the property owner's consent is standard. Louisiana, Illinois and Oregon allow it in limited

* Lie in unincorporated areas.

* Be developed for urban purposes as defined by a legal formula.

Annexed property owners must pay city and county taxes and are entitled to services from both.

cases. The reasoning is that strong urban development is in the public interest and that residents, if allowed to vote, would be loathe to approve the added taxes that annexation brings.

Cities in North Carolina once needed the General Assembly's approval to annex. By 1947, though, annexations were taking up more time than lawmakers liked, and they changed the law to give cities the authority. Back then, voters could force a referendum with petition signatures from 15 percent of people in an affected area. In 1957, annexation requests in Greensboro and Charlotte led the General Assembly to study the issue again, and it came up with a law close to the one now in effect.

"People didn't want to get annexed any more than they do now," said David Lawrence of the Institute of Government at UNC-Chapel Hill. He noted that the 1957 study concluded that a person who owns property close to a city should expect to be part of that city and share responsibility for the services it provides.

Typically, city services include police and fire protection, water, sewer, road construction and repair, streetlights, garbage pickup, parks and recreation. Responsibility for health services and schools, sheriff and correction services falls to North Carolina's 100 counties.

Wake County manager David Cooke said cities are in a better position than counties to provide services needed for North Carolina's growing population.

"We [Wake County] grow by 20,000 residents a year," he said. "In five years, we will add 100,000 new people; in 10 years, 200,000. How we want to grow and where are valid questions. We have said we want that growth in and around municipalities because that's where the infrastructure is to handle it."

David Rusk, an urban policy consultant from Washington, said annexation has kept North Carolina strong. In his book, "Cities Without Suburbs," Rusk compared Raleigh with Richmond, whose annexation powers were halted in 1970 by Virginia's General Assembly.

From 1970 to 2000, Virginia's capital had suburbs springing up just beyond its borders but could do nothing to get those residents to invest in its core, Rusk said. Raleigh, however, was annexing the tax base into its limits and was able to spread that money throughout the city. Poverty and segregation are more pronounced in Richmond than in Raleigh.

Rusk sees other benefits to annexation. He said North Carolina's cities are economically stronger so they are considered better credit risks and can borrow money for public projects at lower interest rates than those in Virginia. Annexation also means North Carolina lacks the welter of small local governments and overlapping taxing districts that dot states such as Pennsylvania and New York.

"For North Carolina to change its annexation laws that promote regional success would be to abandon the wisest urban policy in the country for one that inevitably leads to urban and regional distress," Rusk said.



But urban planner Sam Staley, who has written three books including "Smarter Growth: Market-based Strategies for Land-use Planning in the 21st Century," said he sees no evidence for Rusk's view that cities who forcibly annex are better off financially or socially.

"Many cities annex and give the appearance of population growth and income," he said. "But when you look, you find they have the same problems as other cities. They've just been able to hide them."

Most cities annex for fiscal reasons, not so they can provide better services, he said, and because a city annexes your neighborhood, it doesn't necessarily mean you get better government. People move to unincorporated areas because that's the level of service they want, Staley said.

A matter of balance

That argument resonates with Priscilla McCloud, who has lived in Arran Lakes, a Cumberland County subdivision, for 26 years. To the objections of many, her neighborhood will become part of Fayetteville on June 30. The annexation of about 43,000 residents is the largest in the city's history.

"I have good garbage service, great water, and when I needed to call the sheriff's department, they've been Johnny on the spot," she said. "I have streetlights. I don't have sidewalks, but neither does half of the folks who live in the city. I'm getting annexed because the city needs the tax money to put services where they haven't yet. I may be wrong, but I don't think in my lifetime I'll get the services the city promises."

To city manager Roger Stancil, it comes down to balancing the public good with individual property rights.

Cumberland was the only county to win exemption from North Carolina's 1959 annexation law, and it wasn't until 1983 that Fayetteville was allowed to annex without referendums. The result, Stancil said, was a large urban area that looked like a city but had no city services. By 1972, the area had about 60,000 septic tanks. "It was a ticking time bomb," he said of the potential for environmental damage. Once allowed to annex, the city invested about \$50 million on sewer and water improvements.

"We had to look at the overall community," he said.

That's also the aim of Raleigh's plan to annex nearly 1,300 people in the city's north end this year, including the Fox Glen, Remington Park and River Landings subdivisions. Some of the areas are so-called "doughnut holes," unincorporated areas surrounded by the city. Those property owners pay only the county's tax rate of 60.4 cents per \$100 of assessed value. The annexation, which has encountered no widespread opposition, will add Raleigh's 38 cents per \$100 to their property tax bills.

Meanwhile, residents near Wendell are fighting the annexation of about 260 acres along Wendell Boulevard, N.C. 97 and Edgemont Road. The area encompasses about 200 developed properties and 700 undeveloped tracts between

the town's current limits and the U.S. 64 Bypass, now under construction. The town wants to control how that property will be developed, with a potential eye to commercial growth and the higher tax returns it would bring. So far, foes have held up the process, demanding that town officials follow state law to the letter.

"It's unjust for the municipality to extend boundaries and force those citizens to pay taxes," said Ray Lamb, president of the Bridgegate Homeowners' Association. Annexation will add 54 cents per \$100 to their property tax bills. "It's very unjust for the citizens to move out to a suburban area then the city comes in and wants to tax them, especially when they are not going to be able to provide services at the tax rate."

The politics of annexation have been especially contentious in Cary, which quadrupled its land area between 1980 and 2000 through annexation.

Folks in Dutchman Downs thought they had dodged annexation in December when Cary dropped a massive annexation plan during a dispute with Holly Springs. Both towns wanted control of the same unincorporated area, and opponents fought being part of Cary. Now Cary is taking another approach. It has asked Wake County to put 7,000 acres along its southern border, including Dutchman Downs, under Cary's jurisdiction. If the county agrees, Cary will immediately control development in the area and will have 10 years to annex it.

Already, Thoreson and others are fighting back, hoping that when Dutchman Downs comes up for annexation, they will be able to vote on it.

Cary Mayor Ernie McAlister said that state policy means the area should be part of Cary and that North Carolina's annexation policy is sound.

"If it wasn't for those laws, you could have three times as many municipalities, with a section outside of Raleigh called North Raleigh, or outside Cary called Lochmere," he said. "As people move from the middle of town to those areas, it keeps them contributing to the health of that community."

To UNC's Lawrence, it's about values.

"On one side is the value that you let people vote on this sort of thing," he said. "That's the value in place in a lot of states. The other is trying to maintain the fiscal health of cities and the sense that the metropolitan community is one community and a small area shouldn't have the right to affect the whole community. People will react to those values differently, and you have to make a choice."

Staff writer Demorris Lee can be reached at 829-8937 or demlee@newsobserver.com.

Staff researcher Toby Lyles contributed to this story.

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