

**LOCAL BOARD OF APPEAL AND
EQUALIZATION MEETING
CITY OF FRIDLEY
APRIL 12, 2010**

The Board of Appeal and Equalization meeting for the City of Fridley was called to order by Mayor Lund at 7:05 p.m.

ROLL CALL:

MEMBERS PRESENT: Mayor Lund
Councilmember-at-Large Barnette
Councilmember Saefke
Councilmember Varichak

MEMBERS ABSENT: Councilmember Bolkom

OTHERS PRESENT: William Burns, City Manager
Fritz Knaak, City Attorney
Scott Hickok, Community Development Director
Richard Pribyl, Finance Director
Debra Skogen, City Clerk
Mary Smith, City Assessor
Lynn Krachmer, City Appraiser
Don Abbott, Director of Public Safety

LOCAL BOARD OF APPEAL AND EQUALIZATION MEETING

Mary Smith, City Assessor, stated this is the first meeting of the Board of Equalization and, if needed, we can have another meeting on April 26. This meeting is held in accordance with Minn. Stat. § 274.01. The purpose of the Board is to establish a consistent appeals procedure. Only appeals for the January 2, 2010, valuation or classification may be made. As the Board, the City Council has the ability to change values or classifications in accordance with State law. The Board has three possible courses of action: affirm, reduce, or increase the current value based on information presented. If upon reaching a decision, the property owner feels the Board did not resolve their concern, they may bring their case to the County Board of Appeal and Equalization which will be held at 6 p.m. on June 14.

Ms. Smith stated the Board needs to have a majority of its members be in attendance to have a quorum. There must be at least one member at each meeting of the local board who has attended an Appeals and Equalization course developed or approved by the Commissioner of Revenue within the last four years. If a property is omitted from the tax rolls, it may be added by the

Board. The Board cannot give a class of property an increase or a decrease. They may only increase or decrease individual properties.

Ms. Smith stated if the Board makes reductions to individual properties, the amount of the reduction cannot exceed 1 percent of the citywide aggregate assessment. If the Board finds a case of under valuation, it may raise the valuation of the property; but it must first notify the owner. The Board must complete and adjourn within 20 days from the time it is convened.

Ms. Smith stated the procedures for the Board of Appeal and Equalization will be to hear the property owner's concern and accept any information the appellant may have in regards to their value. The Board may then direct staff to reappraise the property and report back to them at a reconvened meeting. Written appeals will be read once the property owners who are present have completed their appeal. Once read, the Board may confirm the 2010 estimated market value giving the property owner the opportunity to take the appeal to the County Board.

Ms. Smith stated the 2009 reassessment consisted of viewing approximately 1,800 properties. These properties were located in the northernmost area of the City. Each of these properties was initially visited and if they found the owners not at home, a tag was left asking them to call and set up an appointment. If there was no response, values were estimated assuming some improvements had been made since the City's last reassessment. In order for these property owners to appeal their value, they will need to have the City physically review their property.

Ms. Smith stated regarding the review of the 2010 assessment, there were 329 residential sales that occurred in Fridley from October 1, 2008, through September 30, 2009. These sales involved single-family homes, town homes, double bungalows, and condominiums. Of these sales, 124 were arms-length sales. Arms-length sales that occurred from October 1, 2008, through September 30, 2009, are used by the State for the sales ratio study. To bring our assessment within the State's recommended range of 90-105 percent, there were decreases in structure values of all property types.

Ms. Smith stated single-family structures received a reduction of approximately 11 percent depending on the style. Townhomes decreased by an average of 10 percent while condominiums saw a 9 percent reduction. Double bungalows received the largest decrease of approximately 25 percent. Along with these reductions, most land zones saw a decrease in value of approximately 12 percent. This reduction brought the assessment within the State and County's recommended ratio. These adjustments resulted in an overall decrease in residential properties of 10 percent.

Ms. Smith stated a study of the commercial and industrial properties within the County indicated that values were decreasing. All commercial and industrial properties experienced an average reduction of 5 percent in structure. There was also a decrease in all land value of 7 percent. This created an overall average decrease of 6 percent. Decreases averaging 7 percent were made to apartments also.

Councilmember Barnette said foreclosures were not included in this.

Ms. Smith replied, correct. Foreclosures, short sales, bank sales, are not considered good sales because of their duress.

Kevin Kraut stated two years ago he was assessed at \$212,000. Last year it was \$182,000. Finally, this time he got his notice and it is \$159,000. These are pretty drastic declines. He had the property appraised early last year by the V.A. for \$170,000 but yet he was paying taxes on \$212,000. That is \$32,000 in value that he was paying taxes on that he believes he should not have. If the City is two years behind on assessments, when values start going up, is it going to take two years for his value to also go up again?

Ms. Smith replied the City just follows the market. The sales period they use every single year is statewide. It is used that way in every county and city.

Mayor Lund said if Mr. Kraut is saying that his house had just been appraised at \$170,000, the City could re-evaluate it. He is saying now the City has assessed his property at \$159,000.

Mr. Kraut replied they are saying \$159,000, but he is paying taxes on \$212,000. The VA came in and appraised it at \$170,000.

Mayor Lund said he will pay taxes on the appraised value of \$159,000 next year. Mr. Kraut stated last year he came in with a valuation of \$182,000; and his appraisal was \$170,000. He got the valuation from the City about the same time last year. He asked Ms. Smith when they looked at the property.

Ms. Smith replied the assessment date is always January 2 of any given year. For the sales period he is talking about, that would have been sales from 2006-2007 to establish the 2008 values for taxes payable in 2009.

MOTION by Councilmember Barnette to reaffirm the valuation of Mr. Kraut's property at 6366 Dellwood Drive NE. Seconded by Councilmember Varichak.

UPON A VOICE VOTE, ALL VOTING AYE, MAYOR LUND DECLARED THE MOTION CARRIED UNANIMOUSLY.

Chad Saari, 7165 East River Road NE, stated he had called the City approximately three days ago to establish his being here tonight. He purchased his house in 2009. It was a foreclosure, and he had it reappraised after he rehabbed it. The reappraisal came in at \$148,000. His tax value assessment for payable taxes in 2010 is at \$206,500.

Ms. Smith stated that is the 2009 value.

Mr. Saari stated when he purchased his house in 2009, rehabbed it in 2009, and had it reappraised, he came up with a value of \$148,000 and he had the paperwork. There are three comps with it, all within the \$150,000 range.

Mayor Lund asked Mr. Saari who he spoke to at the City when he called.

Mr. Krachmer stated he spoke with him about the process. He told him it did not include foreclosures. Mr. Saari did not say anything about an appraisal. He said he was just going to come and observe.

Mayor Lund stated in all fairness Mr. Saari should make an appointment with the assessor or appraiser between now and the next meeting, and they will certainly look at it.

Ms. Smith stated the value Mr. Saari is talking about is the 2009 value. She asked what the 2010 value was because that is what they were here to discuss—the value for taxes payable next year.

Mr. Saari stated for 2011 it is \$191,400.

Mayor Lund asked Mr. Saari if he wanted to dispute that. He asked him if he would sell his house today for \$148,000.

Mr. Saari replied, if that is what it is worth.

Mayor Lund recommended to Mr. Saari that he make an appointment to discuss the valuation. He asked if Mr. Saari had a bona fide appraisal.

Mr. Saari said he did. He asked what the difference was between homestead and non-homestead.

Mr. Krachmer said the maximum credit difference is \$304 if your property is worth \$76,000. As your value goes up, that homestead credit goes down. At \$407,000 it zeroes out. So, on \$150,000 Mr. Saari is probably getting about a \$200 difference.

Mr. Saari stated he noticed paying taxes last year as a non-homestead to this year homestead is only a \$50 difference.

Mayor Lund stated that may be true but then taxes went up, too.

Mr. Saari said he thought the school district made a difference.

Mr. Krachmer stated Mr. Saari is in District No. 14 which saw a big increase.

Pete Eisenzimmer, 6535 Oakview Drive, stated when he got his taxes for this year he noticed they went up instead of down. The valuation in 2008 was \$198,400 and reduced in 2009 to \$190,000. When they took the taxes up before, they were taken up \$20,000 a year instead of \$10,000. He cannot see why they cannot reduce the same amount. He thinks the City overspent a little and now the City wants the taxpayers to pay for that overspending. He thinks it should have been looked at and controlled before they got into this. If they have to go to our assessors and have them come back out and redo it, this is what they have to do. If they cannot get any

satisfaction here they have to go to Anoka County. The homes around him are all selling way less than what his is valued at. They are selling for \$140,000 to \$150,000. They still have his valued at about \$183,000. Next year the amount is \$172,000.

Mayor Lund stated the Board of Review is only to discuss if he is disputing the valuation.

Mr. Eisenzimmer stated he wants to bring that valuation down for next year.

Mayor Lund asked if he had contacted the assessing staff at the City of Fridley prior to tonight.

Mr. Eisenzimmer replied, no.

Mayor Lund stated so what they should probably do in all fairness is look at his statement. The valuation they are discussing here is \$172,000.

Mr. Eisenzimmer stated the \$172,000 would be next year.

Mayor Lund stated he understands but that is the valuation that he currently got from the County. That is the only item they can legally discuss here tonight is the valuation that he recently got and it is \$172,000. His property was at \$198,000, went down to \$190,000 the next year, and for the next year it is \$172,000, so it is devaluating.

Mr. Eisenzimmer stated it is still only \$100 difference.

Mayor Lund asked him to make an appointment with the City assessor or the appraiser and see. Council will come back at the next meeting and make a determination whether we should reduce it, leave it the same, or potentially increase it.

Mr. Eisenzimmer stated and if they do not reduce it, then he has a right to go to the County.

Mayor Lund replied, that is right. If he does not agree with their final outcome, he can go to the County.

MOTION by Councilmember Saefke to continue the Board of Appeal and Equalization until April 26, 2010. Seconded by Councilmember Varichak.

UPON A VOICE VOTE, ALL VOTING AYE, MAYOR LUND DECLARED THE MOTION CARRIED UNANIMOUSLY.

Respectfully submitted,

Denise M. Johnson
Recording Secretary

Scott J. Lund
Mayor