

City of Columbus
Board of Appeal and Equalization
April 23, 2019

The April 23, 2019 meeting of the Board of Appeal and Equalization for the City of Columbus was called to order at 7:00 p.m. by Mayor Jesse Preiner at the City Hall. Present were Board Members Shelly Logren, Janet Hegland, and Denny Peterson; City Administrator Elizabeth Mursko, Assessor Ken Tolzmann, and Public Communications Coordinator Jessica Hughes.

Absent: Board Member Jeff Duraine.

Also in attendance: Scott Schultz and Diana Stellmach from the Anoka County Assessor's Office, Pat Preiner, Arlen Logren, Barb Bobick, Don Santanni, Ron Hanegraaf, Barb and Fran Hearley, Susan Copeland, and Janice Cole.

1. Call to order 7:00 p.m.

2. Approval of Agenda

Motion by Hegland to approve the agenda. Second by Duraine. Motion approved unanimously.

The purpose of the meeting is for the public to question or discuss their 2019 property market value assessment for taxes payable in 2020.

3. Introduction and Presentation

Ken Tolzmann, Columbus' Assessor, reviewed the 2019 Assessment Report. He said he is available normal working hours during the week and evenings and weekends by appointment.

The Assessment Report includes general information about both the appeals and assessment process, as well as specific information regarding the 2019 assessment.

Minnesota Statutes establish specific requirements for the assessment of property. The law requires that all real property be valued at market value, which is defined as the usual or most likely selling price as of January 2, 2019.

The estimated market values established through the 2019 assessment are based upon actual real estate market trends of Columbus properties taking place from October 1, 2017 through September 30, 2018. This is the process state wide. From these trends a mass appraisal system is used to determine individual property values. Property owners who have questions or concerns regarding the market value set for their property were asked to contact the Assessor prior to this meeting.

In summary, last year's estimated market value of the City increased by 10.7% from \$609,358,000 to \$682,701,200. This is a continued increase in the City's tax base from the 5.7% increase in market value the City experienced last year. Tolzmann stated that in his opinion the high increase is directly related to an increase in demand for homes in Columbus. The

Minneapolis Association of Realtors Residential Real Estate Report stated that the median sale price for homes in Columbus increased from \$277,500 in 2017 to \$346,000 in 2018, which is a 25% increase in market value.

4. General Questions

Barb Hearley expressed concern that the process for determining value does not take into account the variety of homes located in Columbus. She lives across the street from a development with expensive homes and feels as if using recent sales in the area to determine value will artificially inflate the value of less expensive homes like theirs. She noted that although her home has similar square footage to the more expensive homes, it does not have high quality added features like these homes do. She asked Tolzmann if he takes that into consideration?

Tolzmann replied that they do. He uses a grading system to quantify the quality of the home. The scale is from 1-6 and 3/3.5 is considered average. The Hearley's home is at grade 4. When determining this value for a home he takes into account quality, size, age, wear and tear, and how well the home has been kept up. Tolzmann added that this information is public and can be shared with the Hearley's if they request.

Susan Copeland came forward and asked Tolzmann if there is a state law that limits the amount one's taxes can increase in a year? Diana Stellmach from the Anoka County Assessor's Office said that there used to be, but the law has since been repealed.

Copeland continued by asking what Tolzmann means when he references a sales ratio? Tolzmann said that it is a comparison of the price a home sells for and the value that the assessors have assigned to it. Stellmach continued to say there is a statutory requirement that Tolzmann must meet a sales ratio between 90 and 105. Anoka County works to ensure that each community falls into the upper 90s. If it is not possible for Tolzmann to hit an appropriate sales ratio, the County will step in, and if there are still issues, the State will step in.

Logren asked if there is any way the Council can argue that Columbus is not being assessed fairly compared to other cities in the County? She is aware of people selling land in Columbus who feel that potential buyers are going to other Cities to purchase. Stellmach said that it is possible to share information with the County and to compare homes that are similar to see how they might be treated differently in Columbus.

Logren asked if the sales ratio can be wrong or skewed? Hegland echoed Logren's point, saying that basing the sales ratio on only 34 sales does not provide a high confidence level. Stellmach said that she agrees that the sample is small, but Columbus cannot be given a different ratio than the rest of the County. She added that the minimum number of sales required in the ratio is 6. Hegland asked if there is a way to take a closer look at the sales ratio, to determine if it is skewed toward new homes? Stellmach replied that there is not because of state rules about how the ratio is determined. She added that new construction is not included in the ratio. Tolzmann added that there was a great variety in Columbus' sale prices.

Don Santanni asked if, for example, property value goes up by 10% would his taxes increase the same amount? Tolzmann said that is not necessarily true. Santanni replied that he would not like Tolzmann to come out to his property for a second look.

5. Appeals

Arlen Logren – 14063 Furman Street – 35-32-22-22-00-11 (Appearance)

Logren submitted a handout to Tolzmann regarding his appeal. He said that he will be proceeding to the County level for review.

Susan Copeland – 28-32-22-44-0002, 28-32-22-44-0003, 28-32-22-44-0004 (Appearance)

Copeland came forward to address the valuation on her three vacant lots just east of Lake Drive in Columbus. She noted that she missed the meeting last year, which is when the value of one of her properties increased by a significant amount after little to no change for many years.

The three lots are very similar. Each are long and narrow with just under 10 acres of land. There is no access to the parcels from Lake Drive, but there is a 75-foot road easement attached to each.

Copeland expressed frustration that the middle lot was valued much higher than the other two lots. She said that it is misleading to potential buyers to view the tax record and assume that the middle lot is the only valuable parcel.

Tolzmann replied that from GIS mapping he noticed many vehicles stored on the middle parcel, and it appeared that that parcel also had the most high ground for buildability. Also, in 2017 he valued all properties along Lake Drive, including Copeland's land. He said that if Copeland has a wetland delineation he would take a look at it to determine the true amount of buildable land.

Copeland replied that all three lots are buildable and have roughly the same amount of high ground. Tolzmann said that none of her lots are being valued as buildable because of data from the GIS imagery. He added that she could combine the three lots in an effort to decrease the amount owed in taxes. Copeland replied that she is not interested in combining the lots, adding that all properties are buildable and have road easements attached.

Tolzmann said that he is happy to take a look at her valuations but would need more evidence that there is more high ground than originally thought. From his perspective it appears the only useful parcel is the middle one. He continued by asking Mursko if the sites would be considered buildable with the easements? Mursko replied that there is not a dedicated public right-of-way to access the properties, so anyone who purchased one would have to improve the right-of-way for it to be buildable. Tolzmann continued to say that he recommends no change and that the County should review the valuation. He added that he could come on site to potentially reestablish the amount of usable acres on the other two lots, but noted that it would likely raise her taxes if there is more buildable property.

Copeland followed up by asking what the process is if Tolzmann revisits the property to check on the amount of usable acres? Mursko explained that the Board of Appeals and Equalization has 20 days to reconvene with Tolzmann to discuss any changes after follow up visits to the properties. The Board would recess tonight and must reconvene within 20 days.

Janice Cole – 30-33-22-33-0014, 30-33-22-33-0015, 30-33-22-33-0016, 30-33-22-33-0017, 30-33-22-33-0018 (Appearance)

Cole came forward to discuss her seasonal properties located on Coon Lake. She owns five adjacent parcels, PIN #'s: 30-33-22-33-0014, 30-33-22-33-0015, 30-33-22-33-0016, 30-33-22-33-0017, and 30-33-22-33-0018. Cole said that she also missed last year's meeting, which is when the value of her properties increased dramatically.

Cole wants to ensure the value of her properties are protected for 2020 and to make the Board and Tolzmann aware that it is her intention to combine the two westernmost lots (30-33-22-33-0014 and 30-33-22-33-0015) to help decrease the amount owed in taxes. The paperwork for the combination is complete but the County has not completed the process.

Cole added that she would also like to move the lot line on the middle lot (30-33-22-33-0016) 10 feet to the east. Once the survey is completed for the lot line adjustment she will send exact dimensions and a legal description to Mursko. It is her hope that these adjustments will be reflected on her 2020 taxes.

Stellmach noted that the at the County they are cautious about advising people on combining lots or doing lot line adjustments, because they are unaware of the City's regulations on those activities. She added that there is an assessor's statute that will allow Tolzmann to revalue property at the time of a combination.

In terms of the timeline for the combination and lot line adjustment, Mursko said the combination could be signed off on as soon as tomorrow, but the lot line adjustment could take a few weeks to complete. Stellmach noted that December is the deadline to complete a lot line adjustment and have it reflected in the 2020 taxes. Mursko said she would not have a problem meeting that deadline.

Cole understood, but commented that she is frustrated with the difficult process. She believes communication needs to be improved. She added that she could purchase a home with City utilities on a lake in White Bear Lake for \$600,000, while her land with an old cabin and no public infrastructure is valued at \$800,000.

Don Santanni – 15225 Quinalt Street NE – 22-32-22-32-0010 (Appearance)

Santanni expressed his frustration that the value of his home increased by roughly \$33,000 and wants to understand the reasoning behind the increase. Tolzmann said that building rates and land rates are increasing because people are paying more for property in Columbus than they used to. That is the main reason behind the increase. He added that the valuation of the Santanni's property was decreased somewhat due to water in the basement. Tolzmann finished

by saying he believes the \$241,400 valuation is fair, but would be willing to take another look at the property. Santanni said he would like that.

Barb and Fran Hearley – 8145 W. Broadway Avenue – 03-32-22-41-0005 (Appearance)

The Hearley's came forward to address a \$37,000 valuation increase that occurred as part of last year's taxes. Tolzmann said that he visited the property in 2018 and made an adjustment for grade and took the value of the deck off the property.

Barb Hearley expressed frustration because she believes that because brand new homes in her neighborhood are raising valuations in the area. The Hearleys feel like there are no checks and balances to the development that is coming into the City.

Barb Hearley continued to say that comparable houses in Forest Lake are selling for \$50,000 - \$75,000 more than hers could. Tolzmann said that they only look at sales of existing homes in Columbus, which there were 34 of last year. However, those values are compared with County-wide statistics which had thousands of existing home sales. Tolzmann noted that this is the accountability system that is available to check land sales in communities across Anoka County.

Fran Hearley said that he saw on the News that property values should only be increasing by 3-5% each year. Tolzmann said that overall market values went up by 10.7% in Columbus. He explained that in theory if the levy increases by 5% for Columbus the rates will be recalculated because the tax base changed roughly 10%. In theory as a result there would be a decrease of roughly 5%.

Logren asked if Tolzmann is required to meet a certain quota based on what sales are City-wide? Tolzmann replied yes, that by law the sales ratio must fall within the quota. He added that there is nothing he can do about large, beautiful homes being built.

Hegland said that so much of what happens with the valuation of homes is out of their control because it is dictated by a higher authority. It is not just about getting the correct valuation of a home, its about a bigger equation that has to be satisfied. Tolzmann agreed, clarifying that the process is scientifically based on different attributes of the home and land. He said he believes the process is accurate.

The Hearley's said they still believe the grade on their home is too high, and asked how to appeal the decision. Tolzmann said that he is sticking with his recommendation and the board can consider the Hearley's request. Stellmach said that they could appeal to the County Board, but noted that someone from the County will need to go out and visit the property. The other option is for the Local Board of Appeal and Equalization to make a decision during this meeting.

Hegland said that she would like to see documentation of a valuation that the Hearley's believe is fair. Peterson agreed and said that he would only accept an appraisal as documentation before considering a change in valuation.

Mursko said that the Local Board of Appeal and Equalization will reconvene within 20 days, and if a decision is not made at that meeting the appeal will go to the County Board.

The following requests for value review fell within the 10 day notification period required by the State of Minnesota. As such, the Local Board of Appeal and Equalization must address the requests submitted by the Assessor on behalf of said owners.

Rod Bierman – 7010 167th Avenue NE – 09-32-22-43-0007 (Written)

Request a reduction in value from \$469,600 to \$431,900 on the building based on corrections to a sketch.

David Wolfgram – 16159 Kettle River Blvd – 14-32-22-23-0020 (Written)

Request a reduction in value from \$460,200 to \$443,100 on the building based on corrections to grade.

Ronald Hanegraaf – 9222 181st Avenue NE – 01-32-22-21-0002 (Written)

Request a reduction in value from \$453,700 to \$432,800 on the building based on corrections to grade.

Janise Properties, LLC – 15250 Hornsby Street NE – 23-32-22-41-0008 (Written)

Request a reduction in value from \$342,600 to \$297,300 on the building based on corrections to grade.

Peter Schlosser – 7418 151st Lane NE – 22-32-22-32-0016 (Written)

Request a reduction in value from \$416,100 to \$378,900 on the building because there is no finished basement.

See the minutes from the 05.08.19 City Council meeting for a motion approving these reductions.

Mursko suggested that the Local Board of Appeals and Equalization reconvene at the 05.08.19 City Council meeting, and the Board agreed.

Motion by Hegland to recess the Local Board of Appeal and Equalization meeting to 05.08.19 at 7:00 pm. Seconded by Duraine. Meeting adjourned at 8:44 p.m.

Respectfully Submitted,

Jessica Hughes
Public Communications Coordinator