

CITY OF EXCELSIOR
MINUTES - BOARD OF REVIEW
WEDNESDAY, APRIL 2, 2014
7:00 P.M.

1. CALL TO ORDER

Chair Gaylord called the City of Excelsior Board of Review Meeting to order at 7:04 p.m.

Present: Boardmembers Beattie, Caron, Miller, and Chair Gaylord

Absent: Boardmembers Fulkerson

Also Present: City Assessor Erickson, Hennepin County Assessor Jensen, Assistant City Assessor Mott, Assistant City Assessor Leichentritt, City Manager Luger, Finance Director Tumberg and City Clerk Johnson

2. REPORT OF CITY ASSESSOR

Erickson informed the Board that they have the ability to change classifications and value of property. Erickson stated that there are two methods of appeal for property owners: 1) The first method is for a property owner to request that the Hennepin County Board of Equalization look at their property; or 2) The property owner may file a petition of appeal with the tax court. Erickson said that the Excelsior Board of Review may only talk about January 2, 2014 values and classifications. Erickson said this is the last appeal on taxes due this year and that the appeal for 2013 closes on April 30, 2014. Erickson also said that the Board may either finish business tonight or continue to another meeting.

Erickson said that the market in Excelsior for 2013 was a big year and values, in general, are pretty close to what the values were before the market crash. Erickson said the limitation on values was allowed to sunset in 2009. Erickson said there has never been a limitation on commercial property and that, in three years, commercial properties went up 75 percent. Erickson said that, this year, the sales in Excelsior ran away from the values and this is the reason why we have huge increases in valuations.

Erickson said tonight's meeting will not be to discuss taxes. He said if everything went up evenly, taxes would remain the same and that it is impossible to know what will happen to taxes because of these increases.

Chair Gaylord asked what method was used to determine valuations. Erickson said Hennepin County looks at the sales of properties, valuation based on the data the assessor enters into the County's system, and adjusts it along with the land portion of the property. Erickson said that there is a broad variety of houses in Excelsior, and some depreciated almost to nothing because all of the value is in the land. Erickson said the land in this area was

2. REPORT OF CITY ASSESSOR - *Continued*

valued low. Erickson said they compare what a property sold for, take the figures they had from last year, and increase the value to come to 100 percent of market value. Erickson also said the value put on a property is called prima facie, which means the value is correct, until the value is proven to be incorrect.

Chair Gaylord asked Erickson to clarify if a property is under-improved, does that mean increases are due to land valuation? Erickson said increases are due to the land. Erickson also said that Excelsior has the highest percentage of non-homesteaded properties, about 600, including the condos. Erickson said the market is driven by people buying properties who don't live in Excelsior.

Erickson said that 16 out of 22 homes on the Multiple Listing Service (MLS) sold in less than 30 days, causing values to go up. He said there are two houses on the MLS that are for sale in Excelsior right now. Chair Gaylord commented that Excelsior has also seen several teardowns.

Tumberg provided a report from Hennepin County on increases in Excelsior and other cities around the area. Miller asked what period of time the sales are from on this report. Erickson said they are from October 1, 2012 to September 30, 2013, but they also look at sales going out to the assessment date. Miller asked if comparables for residential properties are more recent than September 30, 2013. Erickson said the rates are in the book he provided to the Board, which was included in their packet. Erickson said the houses that sold recently are not over in value but that they are actually under value.

Erickson said, in his assessment, these values are back to 2009 or 2010. Miller questioned if the assessor is looking at year old data but Erickson said no. Erickson said the State has a factor that indicates how the market is doing. He said when the values went down, property owners called lawmakers and County assessors to say their value was not going down fast enough. Erickson said the State checks the County's assessment to ensure the valuation is 100 percent of market value.

Chair Gaylord asked if the valuations are for the time period 2013. Erickson said they are for January 2, 2014, but the data is for the past year. Miller stated that Excelsior values were close to where other cities were for last year. Miller said Excelsior has unique properties, compared to newer structures, and that's why the Board made adjustments in the past. Erickson said the assessor's office doesn't use direct comparables; rather, they use information they have on the property and they try to treat like houses the same. Miller asked if property owners can present data to Hennepin County and have an effect on comparables. Erickson agreed that they may do that.

2. REPORT OF CITY ASSESSOR - Continued

Erickson said every indication, based on properties that are selling, is that the values are not too high.

Chair Gaylord asked Erickson how much the Board could reduce value of properties. Erickson said the Board can reduce values by 1 percent of the entire city value, which would be approximately \$3.75 million.

3. PROPERTY OWNER QUESTIONS/APPEALS

Darel Leipold, 239 Water Street, P.I.D. #34-117-23-110029 and 240 Water Street, P.I.D. #34-117-23-110066, addressed the Board. Mr. Leipold said he and his wife bought both properties in 1976 and 1977. He said they were built about 1901 and 1904 and are essentially the same. He said there is a 65-year-old furnace, some electrical work was done in 1973, and the roof is covered but still has the original roof underneath. He said that in order to rent the 240 Water Street property, he would need to put in \$35,000 worth of updates. He said it would need to be gutted, and the floor, back wall, windows and roof would all need to be redone. He said the same would need to be done to the 239 Water Street property. Mr. Leipold said the bricks on this building are underground and deteriorating. He is asking that the assessor look at these properties in relation to the work that needs to be done on them.

Chair Gaylord said because of depreciation, it sounds like Mr. Leipold wants the value lowered on these properties.

Erickson said if Mr. Leipold is unable to stay for the duration of the meeting, the Board will follow up with him to let him know the result.

Miller asked Mr. Leipold what he feels is the proper value for his properties. Mr. Leipold said 239 Water Street should be \$325,000-330,000 and 240 Water Street should be \$320,000-325,000.

Beattie suggested that property owners, as they come up to the podium, let the Board know whether or not they have already talked with the assessor or if the assessor has already looked at their property.

Erickson said he understands the problems with this property and would not need to look at it again. Erickson said he does not recommend a change on any of the commercial properties the Board will be discussing tonight because those that were raised in value were the smaller properties. Erickson said he has been through all of the commercial properties and feels the increases are justified.

3. PROPERTY OWNER QUESTIONS/APPEALS

Darel Leipold, 239 Water Street, P.I.D. #34-117-23-110029 and 240 Water Street, P.I.D. #34-117-23-110066 - Continued

Miller said the property owner made some compelling arguments and he would support a valuation of \$325,000 for 239 Water Street and \$320,000 for 240 Water Street.

Caron asked, if commercial valuations are reduced, are we shifting a tax burden to residential properties? Erickson said yes, that commercial valuations to residential valuations is two to one.

Miller said the properties at 239 and 240 Water Street have distinct shortcomings. Caron said she doesn't agree and feels these properties are valued accurately. Beattie agreed with Caron. Chair Gaylord doesn't think we can justify the improvements.

Miller said these are very large increases in a single year and will force rents to go up. He believes if rents go up, sales will occur, and so will teardowns.

Caron said she overall agrees, but everyone was shocked by the increases this year. She feels the valuations for Excelsior are high, but that Mr. Leipold's property valuations are fair. She stated that the higher valuations are impacting rent and the quality of tenants that property owners can lease to.

Beattie questioned if the Board can reduce valuations pro rata, rather than choosing from property owners who appealed at tonight's Board of Review. Erickson said reducing pro rata is not allowed by law.

Miller believes Mr. Leipold's properties warrant a reduction and said the quality of the buildings will require a lot to remodel. Erickson said he has allowed for the condition of the buildings. Erickson said the land is valued per square foot.

Miller moved to reduce the valuation of 239 Water Street to \$325,000 and the valuation of 240 Water Street to \$320,000. Motion failed for lack of a second.

Caron believes the assessor's valuations are fair.

Beattie moved, Caron seconded, to accept the assessor's valuation for both 239 Water Street and 240 Water Street. Motion carried 3/1-Miller opposed.

3. PROPERTY OWNER QUESTIONS/APPEALS

Delores and Jean Smith, 349 West Lake Street, P.I.D. #34-117-23-210042, addressed the Board. Jean Smith, daughter of property owner Delores Smith, said their taxes have increased by over \$113,000. Ms. Smith said this property does not have lake views. Ms. Smith said her mother would like a reduction because she feels this is a large increase for this property. Ms. Smith said they have not talked with the assessor prior to tonight's meeting.

Chair Gaylord asked how much of a reduction they are seeking. Ms. Smith said they would like to have their valuation reduced from \$390,000 to \$310,000-320,000, at least. Ms. Smith stated that her mother lost her husband before Christmas.

Caron asked if there has been any change in the property or if any renovations have been done. Ms. Smith said no, that the house was built in 1800 and a lot of work needs to be done on it. She said it would probably be a teardown if anyone else purchases it.

Erickson said this property has a large lot, approximately 12,000 square feet.

Beattie moved to accept the assessor's valuation for the property located at 349 West Lake Road, Caron seconded for discussion.

Caron asked the percentage of increase for this property. Tumberg said the increase is 37.8 percent. Caron said this feels excessive; Miller agreed. Erickson said one comparable property is on First Street that was remodeled in 2000, purchased afterwards for \$385,000, and was taken down and rebuilt at a size of 6,000 square feet.

Motion carried 3/1-Miller opposed.

Brad Patterson, 703 Highway 7, P.I.D. #35-117-23-230071, addressed the Board. Mr. Patterson said this property is commercial and is an old building that hasn't changed in any way to make it more valuable. Mr. Patterson said the property no longer has Highway 7 frontage. Mr. Patterson is looking for a reduction in value because he would not be able to sell it for the value it's at. Mr. Patterson said he rents the property, but, to keep a tenant, he needs affordable taxes. Mr. Patterson would like to see the value reduced by \$22,000.

Erickson said the property was valued at \$286,000 last year and \$308,000 this year.

Mr. Patterson said this is a unique property with no other properties to compare it to.

3. PROPERTY OWNER QUESTIONS/APPEALS

Brad Patterson, 703 Highway 7, P.I.D. #35-117-23-230071 - Continued

Beattie asked Erickson if he feels it is appropriate to leave the valuation where it is; Erickson said yes.

Beattie moved, Caron seconded, to accept the assessor's valuation for the property located at 703 Highway 7. Motion carried 4/0.

Lloyd Bratland, 131 George Street, P.I.D. #34-117-23-210043 and 200 West Lake Street, P.I.D. #27-117-23-430017, addressed the Board. Mr. Bratland said he owns the property at 131 George Street with his daughter. Mr. Bratland said the property value went up 40 percent. Mr. Bratland said the valuation in 2012 was \$253,000 and the appraisal matched that amount. In 2014, Mr. Bratland said the valuation went up to \$318,000. He said the valuation is split between land and buildings and that the land value went up 80 percent. Mr. Bratland said his overall conclusion is that the house hasn't changed at all and it is hard to have the value go up that much in one year in an unattractive location.

Mr. Bratland said he has not talked to the assessors. He said the highest this property has ever been appraised at was \$269,000.

Erickson said the property was valued at \$308,000 in 2008.

Chair Gaylord asked Mr. Bratland how much of a reduction he is requesting. Mr. Bratland said he would like to see a reduction of \$50,000.

Mr. Bratland said he lives at the 200 West Lake Street property. Mr. Bratland said this is a unique property, in that it is all land because the County declared the building as a teardown. Mr. Bratland said the appraisal that was done last year needs to be reviewed because the comparables that were selected, the assessor neglected to adjust for street access, lakeshore development, and home value. Mr. Bratland said this property was compared to 10 George Street, which has a home valued at over \$500,000, and his home is valued at \$0. He also said he had two appraisals done, both by licensed and approved appraisers, that came up with a value extremely lower than the value of the County, by almost \$300,000. Mr. Bratland asked how two professional appraisers can value the property 30 percent lower than the County Assessor and would like to find out which value is correct.

Miller asked if the value was reduced last year. Mr. Bratland said no, the County raised his value when the property was appealed before the Hennepin County Board. Mr. Bratland said he has a lot of questions on what makes properties comparable.

3. PROPERTY OWNER QUESTIONS/APPEALS

Lloyd Bratland, 131 George Street, P.I.D. #34-117-23-210043 and 200 West Lake Street, P.I.D. #27-117-23-430017 - Continued

Beattie asked if Erickson can explain what happened. Erickson said the County believed the property was worth more, but said that any Board may raise or lower the value. Erickson said he provided plenty of material for the Hennepin County Board to review. Erickson said it's an opinion of value and, looking at the adjustments of some of the comparables used for lakeshore properties, Erickson doesn't think they were adjusting enough for Excelsior.

Miller asked how many feet of lakeshore is included with this property. Mr. Bratland said it's about 75 feet.

Chair Gaylord said it's unique that Mr. Bratland has had some appraisals done on this property. Mott said this high of an increase in value doesn't happen often.

The Board reviewed both properties. Mr. Bratland is seeking a \$50,000 reduction for 131 George Street. Miller said this one deserves consideration, with the substandard lot. Chair Gaylord said the properties across the street are an apartment building and a yard with collections.

Beattie asked the assessor about values of homes next to these properties. Caron said she doesn't understand the values on this property. The Board agreed the increase in value is excessive. Beattie said the Board needs to consider the context of the houses around this property.

Tumberg said the 141 George Street property went from \$226,000 to \$248,000.

Beattie asked what the difference is in these properties. Tumberg said the difference is a \$50,000 valuation difference for the building. Tumberg said the land went up \$70,000 and the building went down almost \$50,000 for the 141 George Street property. Erickson said it doesn't sound right that the building value went down.

Beattie asked if the Board can continue some of these properties. Erickson said the Board has 20 days from tonight's meeting to complete the review. Beattie moved, Caron seconded, to continue the review of 131 George Street and 200 West Lake Street until the Board has more data. Miller opposed.

Miller moved, Beattie seconded, to continue review of the 131 George Street and 200 West Lake Street properties to a future date to be set by the Board of Review. Motion carried 4/0.

3. PROPERTY OWNER QUESTIONS/APPEALS

Mike Roberts, 150 First Street, P.I.D. #27-117-23-440022, passed on speaking to the Board.

Tom Wolfe, 122 Second Street, P.I.D. #34-117-23-120093, passed on speaking to the Board.

Ruth Schmudlach, 166 Linwood Avenue, P.I.D. #27-117-23-430008, addressed the Board. Ms. Schmudlach said she is here tonight on behalf of her mother. Ms. Schmudlach father's property was located at 140 Lake Street. Ms. Schmudlach said the Linwood Avenue property is a blank property except for a small barn where her father raised animals as a child. She said there is no sewer or water and that they tried to get water hook-up when the roads were done but they did not get it. Ms. Schmudlach said the property went up 56 percent, or about \$90,000. Ms. Schmudlach said her mom is turning 89 next month and Ms. Schmudlach is trying to help her keep the property so she may plant a garden. Ms. Schmudlach said these increases create a hardship for her mother. Ms. Schmudlach looked up land in the paper online and found one acre for \$169,000 and another 1.5 acre parcel of land for \$159,000, both with an Excelsior area address.

Caron asked the valuation on the 166 Linwood Avenue property. Tumberg said the valuation went from \$156,000 to \$243,000. Erickson said he is familiar with this property. Mott said she spoke with Ms. Schmudlach husband. Erickson said this property is 9,306 square feet. He also said that properties that people would consider high in valuation, can actually go up to \$350,000 and someone will put a house on it. Erickson said the same property in Maple Plain would be \$80,000. Erickson said the assumption is that someone would be able to build on that lot.

Miller asked Erickson if consideration is given to properties that have no sewer or water, when valuing the land. Erickson and Mott said the sewer and water lines are in the street near this property. They said that as long as someone can go into the street and tap into sewer and water, the assumption is that the property could be built on.

Luger said she is trying to remember if there was any reason this property was denied utilities and suggested that some research be done on whether or not this property is indeed buildable.

Caron asked what the 2009 value was. Erickson said the value in 2009 was \$181,000 and \$226,000 in 2007.

Ms. Schmudlach asked how she will be notified of the Board's decision. Chair Gaylord said Ms. Schmudlach will receive a letter from the Board. Luger said she would like to continue the review of this property.

3. PROPERTY OWNER QUESTIONS/APPEALS

Ruth Schmudlach, 166 Linwood Avenue, P.I.D. #27-117-23-430008 -
Continued

Beattie moved, Caron seconded, to continue the review of the 166 Linwood Avenue property to a future date to be set by the Board of Review. Motion carried 4/0.

Sue Veazie, 519 Wheeler Drive, P.I.D. #35-117-23-23005, said she would prefer to speak with the Board at the end of tonight's meeting.

Kenneth Kuhnly, 539 Mill Street, P.I.D. #35-117-23-320014, passed on speaking to the Board.

Jeff Michaels, 49 Center Street, P.I.D. #34-117-23-110049, was not in attendance when called upon by the Board.

Peggy Edlund, 159 First Street, P.I.D. #27-117-23-440007, addressed the Board. Ms. Edlund asked the assessor what the square footage is of her lot. Jensen replied that the lot located at 159 First Street is 7,326 square feet. Ms. Edlund said her home is located between two large homes that were built this year. Ms. Edlund said she spoke with her neighbors and they told her their property values went up between 25 and 40 percent. Ms. Edlund said her property value went up 66.3 percent and asked why her property went up so much more than another property with over 9,000 square feet. She said her valuation went from \$188,000 to \$290,000.

Ms. Edlund said she talked with Mott about her property valuation. Mott said she offered to go to the property and look at the house in order to determine a valuation. Erickson said he has been in the house, but it has been a few years since he was there.

Ms. Edlund asked why her property is valued more than a property 20 percent larger.

Caron asked Ms. Edlund if she has a garage. Ms. Edlund said she doesn't even have a driveway and that the property is narrow and would be difficult to put a garage on it. Caron asked what the back of the property is like. Ms. Edlund said there is a 5 foot retaining wall on each side of the property, and the back yard is a slight hill that's been left wild, fenced in, and backed to a parking lot.

Chair Gaylord said Ms. Edlund has brought up some valid points. Beattie asked if Erickson looked at the property. Erickson said he looked at it in the office. Erickson suggested comparing it to a house on Third Street that has the same situation with no access to the backyard and sloping to the back,

3. PROPERTY OWNER QUESTIONS/APPEALS

Peggy Edlund, 159 First Street, P.I.D. #27-117-23-440007 - *Continued*

which recently sold for \$340,000. Ms. Edlund's property is closer to the lake and The Commons.

Ms. Edlund questioned why other houses on her street didn't go up as much as hers. Erickson said he would need to look at specific addresses.

Tumberg stated the increase is actually 54 percent, not 66.3 percent as stated by Ms. Edlund. Erickson believes the increase is a fair valuation for this property. Caron said she doesn't understand the increase.

Chair Gaylord asked about the street frontage. Tumberg said the property is 55.5 feet x 132 feet, or 7,300 square feet.

Erickson said the house is substantially depreciated and the lot value is similar to other properties.

Miller said he doesn't feel the system is fair and that the Board has the power to modify the system.

Beattie asked if the \$188,000 base value was artificially low. Erickson said the sales of homes in those years indicated that we were going on a downward trend and properties were reduced. He said the peak was \$288,000 in 2007.

Chair Gaylord recommended reducing the rate on this property.

Beattie moved, Caron seconded, to continue the review of the 159 First Street property to a future date to be set by the Board of Review, with direction from the Board that Erickson and Mott provide more data on this property. Motion carried 4/0.

Rhoda Brooks, 859 Excelsior Boulevard, P.I.D. #35-117-23-210020 and 423 Lake Street, P.I.D. #34-117-23-110098, was not in attendance when called upon by the Board.

John Uran, 19 Center Street, P.I.D. #34-117-23-110045, addressed the Board. Mr. Uran said when he purchased this property, he went to the City and inquired about tearing down the structure and rebuilding. At that time, Mr. Uran said he was told this was not a buildable lot. He said one side of the property has 2.5 feet to the lot line and the other has 5 feet at most. Mr. Uran said there is an alley in the back and no yard. He said it was built in 1927 with no footings and the cement blocks that it sits on are caving in. Mr. Uran said the value is too high.

3. PROPERTY OWNER QUESTIONS/APPEALS

John Uran, 19 Center Street, P.I.D. #34-117-23-110045 - Continued

Chair Gaylord asked what Mr. Uran feels the valuation should be. Mr. Uran questioned if the property would be worth anything at all if it burned down. Luger said the City cannot prohibit him from rebuilding, if there were a natural disaster.

Chair Gaylord asked what the dimensions are of the lot. Beattie said it is 2,500 square feet. Tumberg said the measurements are 40 feet x 66 feet. Mr. Uran said the home is 32 feet x 38 feet. Mott asked what the value is for 2014. Tumberg said from \$350,000 in 2013 to \$452,000. Mr. Uran said he is looking for a reduction.

Caron asked if Mr. Uran has a garage and driveway. Mr. Uran said he has an alleyway that five homes share and no garage. He said there used to be a tuck under garage but it is no longer there.

Tumberg said this property value is a 29 percent increase. Miller thinks this should be lowered. Erickson said the baseline for this neighborhood is \$242,000.

Beattie moved, Caron seconded, to keep the valuation for 19 Center Street at the 2013 valuation of \$350,000. Motion carried 4/0.

Karyn Peterson, 141 First Street, P.I.D. #27-117-23-440004, passed on speaking to the Board.

Jon Turner, 101 Center Street, P.I.D. #34-117-23-110050, addressed the Board. Mr. Turner said he spoke with Erickson, who also came out to visit the property. Erickson said he reduced the valuation by about \$32,000. Erickson said the valuation originally went up almost 30 percent but he reduced it to 22 percent, with an \$82,000 increase in value. Mr. Turner said he is appealing because the lot is about 6,288 square feet, which is one of the smaller lots compared to homes around his property. Mr. Turner said his home is a 1,900 foot 2-bedroom cape, seven houses from the lake. He said others are seeing property increases \$100,000 less than his. Mr. Turner said Erickson adjusted his property valuation from \$520,000 to \$489,000 but he is appealing for a further reduction to \$450,000. This would make his 2014 valuation 15 percent.

Erickson said the adjustment he already made would need to be approved by the Board. He said where the valuation is at today would be a 20 percent increase.

Beattie moved, Caron seconded, to accept the adjusted amount of \$489,000, for the property at 101 Center Street. Motion carried 3/1-Miller opposed.

3. PROPERTY OWNER QUESTIONS/APPEALS

Matt Ratliff, 631 Pleasant Street, P.I.D. #34-117-23-130048, was not in attendance when called upon by the Board.

Elmer Schoon, 181 George Street, P.I.D. #34-117-23-120031, addressed the Board. Mr. Schoon said he has a small 5,400 square foot lot with no driveway, though there is an easement for a driveway on the property next to his. He said his house was built in 1905 and that he moved in about 1952. Mr. Schoon said an appraiser would probably call it a teardown. Mr. Schoon said the valuation is at 25 percent.

Beattie asked for the history on valuation for this property. Erickson said the property is 95 feet deep x 55 feet across the back and 60 feet in front, and the County records show the square footage as 6,244. County records indicate the property is 64 feet x 50 feet x 70 feet x 85 feet. Erickson said the value is from \$252,000 in 2013 to \$315,000.

Chair Gaylord asked if there was a recent survey of the property; Mr. Schoon said no. Chair Gaylord said, if the dimensions are incorrect, this will affect the value. Erickson said the County would require a survey of the property to determine the discrepancy, though he also said that if the property dimensions are off by 500 square feet one way or the other, they work within a range and it probably wouldn't make much of a difference in the value. Erickson said the assessor uses a base price and a visual valuation of the lot. Mr. Schoon said the problem with the property is that the monument or stake has been pulled out in the front.

Mr. Schoon said the valuation is too high because the house would be a teardown.

Erickson said he visited the property a few years ago.

Chair Gaylord said the County's position is not whether the home is considered a teardown but what the property could be sold for. Chair Gaylord thinks the increase on this property is outrageous. Beattie said this property is on a unique lot.

Beattie moved to accept the assessor's valuation. Chair Gaylord agreed. Motion failed for lack of a second.

Caron moved to reduce the valuation to 20 percent, making the value \$305,000 rather than \$315,000. Motion failed for lack of a second.

Miller moved, Caron seconded, to reduce the valuation to 15 percent, with a value of \$290,000. Motion failed.

3. PROPERTY OWNER QUESTIONS/APPEALS

Elmer Schoon, 181 George Street, P.I.D. #34-117-23-120031 - Continued

Miller moved, Caron seconded, to continue the review of the 181 George Street property to a future date to be set by the Board of Review. Motion carried 4/0.

Tom Nye, 35 Center Street, P.I.D. #34-117-23-110043, addressed the Board. Mr. Nye said the valuation on this property increased by 43 percent or \$120,000 and that the value went from \$283,000 to \$403,000. Mr. Nye said this is a very modest house, at a little over 2,000 square feet. Mr. Nye said he spoke with Wells Fargo about a home equity loan and they determined the property to be in the area of \$290,000-\$300,000. Mr. Nye said there is no driveway and no garage and he feels this increase in one year is excessive. Mr. Nye is asking for a reduction in value closer to \$300,000.

Beattie asked Mr. Nye if he spoke with the assessor. Mr. Nye said he spoke with him on Monday. Erickson said he had been through the house when the valuation was done this year. Erickson said the lot is 8,879 square feet.

Miller moved to reduce the valuation to 15 percent, or \$325,000. Motion failed for lack of a second.

Beattie moved, Caron seconded, to continue the review of the 35 Center Street property to a future date to be set by the Board of Review. Motion carried 4/0.

Steven Bubb, 174 West Lake Street, P.I.D. #27-117-23-430018 and 261 School Avenue, P.I.D. #34-117-23-140051, addressed the Board.

Mr. Bubb said the valuation for 174 West Lake Street went up \$200,000. He said he spoke with the assessor a year ago and asked why the valuation didn't match the appraisal at that time. Mr. Bubb would like some consideration on the \$200,000 increase and asked that the assessor view it the same as other properties similar to his that are also listed as lakefront. Mr. Bubb said other properties have a much nicer lakeshore. He would like to see this valued as it was when it was under \$1.4 million and that \$1.5 million is not unreasonable to ask for, in comparison to other properties.

Caron asked what the percentage of increase was. Mr. Bubb said 15 percent. Miller asked how many feet of lakeshore is included with this property. Mr. Bubb said he has 70 feet of lakeshore.

Mr. Bubb said that the increase for 261 School Avenue was minor. He said this is an old school building, valued now at \$1.934 million. Mr. Bubb said the value is about commercial office buildings and what can be charged for rent. He said the value has come down, but not enough, which he hasn't

3. PROPERTY OWNER QUESTIONS/APPEALS

Steven Bubb, 174 West Lake Street, P.I.D. #27-117-23-430018 and 261 School Avenue, P.I.D. #34-117-23-140051- Continued

pursued. Mr. Bubb said he now has a comparable property, which is the old Lyman Building across the street at 520 Third Street. He said the Lyman Building has more office space and square footage, but the valuations were almost the same a year ago. Mr. Bubb said the valuation for the Lyman Building went down from \$1.9 million to \$1.25 million, based on recent sales and the market. Mr. Bubb said that renting office space has been tough for the past seven years. He would like to see this reflected by the market to some extent and is asking for consideration down to \$1.5 million. Mr. Bubb said it's reasonable to say the value is closer to \$1.25 million; however, \$1.5 million would be acceptable, compared to the \$1.9 million valuation.

Miller asked if the recent sale of the Lyman Building affected any commercial properties. Erickson said it was a bank sale and, this year, they did some interior remodeling. Erickson said he would have to look at the Lyman Building property but that it is also a different type of property. He said it is not a real substantial building, stating that they incorporated the old house into it when it was built and it's not in the best condition. Erickson said the buyer did some inside remodeling and they also have additional value for their parking lot. Beattie asked if the Lyman Building property was a foreclosure. Erickson said it was a bank that sold it; it didn't go into foreclosure.

Erickson requested income and expense information from Mr. Bubb, in order to review the value. Erickson stated that this information will be considered private and not shared with the Board.

Beattie moved, Caron seconded, to the review of the 174 West Lake Street and 261 School Avenue properties to a future date to be set by the Board of Review. Caron stated that historic properties are valued higher than other properties. Motion carried 4/0.

Anthony Skinner, 180 West Lake Street, P.I.D. #27-117-23-430043, addressed the Board. Mr. Skinner said this property is in his wife's name, Katherine Forbes. He said the value went up \$266,000, which is about a 16 percent increase. Mr. Skinner said he is asking for consideration from the current value of \$1.862 million to between \$1.65 million to \$1.7 million.

Miller asked how much lakeshore is included with this property. Mr. Skinner said there is 78 feet of lakeshore and that the property is pie-shaped.

The Board continued the review of the 180 West Lake Street property, along with all other lakeshore properties appealed at tonight's meeting, to a future date to be set by the Board of Review.

3. PROPERTY OWNER QUESTIONS/APPEALS

Patrick Foss, 456 Lafayette Avenue, P.I.D. #34-117-23-210050, addressed the Board. Mr. Foss said his property is part of the group that in 2011 was valued over what their actual purchase price was. He said his property value is going up about \$100,000 this year. Mr. Foss said the property is on a large corner lot with lakefront, though most of it is lagoon or channel. Mr. Foss said other properties are \$120,000 to \$140,000 less than his; however, those properties are located in Shorewood. Mr. Foss said his value is up almost 60 percent from when he purchased it in 2011 and questioned what happened in the last ten years. He said the highest appraisal he could find was when he purchased the property. Erickson said the highest valuation was \$830,000 in 2007 and it is currently up 11 percent.

Beattie asked what the valuation was in 2013. Tumberg said it was \$899,000 in 2013 to \$1 million.

Chair Gaylord asked about the comparable lot on the corner and said that Shorewood increased their properties by 7 percent. Erickson said the County has just begun assessing Shorewood properties and that 456 Lafayette Avenue would be comparable to properties on Timber Lane.

Miller said he doesn't understand why the property in Shorewood is valued less when it is mostly lakeshore. Erickson said this is because it is valued by another city. Miller thinks there is a good argument for Mr. Foss' property.

The Board continued the review of the 456 Lafayette Avenue property, along with all other lakeshore properties appealed at tonight's meeting, to a future date to be set by the Board of Review.

Christiane Pike, 510 Wheeler Drive, P.I.D. #35-117-23-230054, addressed the Board. Tumberg said this property is valued at \$172,000 in 2013 to \$234,000. Ms. Pike said her property does not have lakeshore, but they do have water because she lives across the street from a swamp. She said it's possible that someone could tear down and rebuild, but she believes there would be an aesthetic issue. Ms. Pike said her value went up 36 percent. She said prior to this increase, the value was low, but she doesn't believe she could sell it for 36 percent higher. She said the swamp fills up every year and there are a lot of mosquitoes and frogs. Ms. Pike is seeking a 15 percent increase, rather than 36 percent.

Caron said this neighborhood is cut off by Highway 7 and she questioned this area, as well. Caron said this neighborhood doesn't feel anything like the core part of Excelsior. Caron said only one home has sold in that area and for a higher price. Caron said it was the biggest lot with a large historic home, which threw off the values for the entire neighborhood. Caron asked if that home was considered part of the valuations. Mott said there are five other homes sold in this neighborhood, which is what values were based on.

3. PROPERTY OWNER QUESTIONS/APPEALS

Christiane Pike, 510 Wheeler Drive, P.I.D. #35-117-23-230054 - Continued

Erickson said the larger home Caron spoke of was under value. Beattie asked if the larger home mentioned or another home that was recently sold on College Avenue was included in this year's valuation. Mott said no. Erickson said the College Avenue property sold for \$608,500 and was treated by the assessor's office as a new house. Erickson said it won't be used in valuations until it sells again.

Caron asked if Ms. Pike's property is in the same range of lot size as others in her neighborhood. Jensen said Ms. Pike's property is 8,580 square feet.

Beattie moved, Caron seconded, to continue the review the 510 Wheeler Drive property to a future date to be set by the Board of Review. Motion carried 4/0.

Mark Bowers, 194 West Lake Street, P.I.D. #24-117-23-430041, addressed the Board. Tumberg said the value for this property went from \$877,000 to \$1.048 million, which is an increase of 19.5 percent, or \$171,000. Mr. Bowers said he has had ongoing conversations with Erickson over the years. Mr. Bowers said he is here to challenge the 2014 value of \$1.048 million. He believes that this is an excessive increase, based on research he has done on www.zillow.com. Mr. Bowers said a 2013 appraisal of his property was \$790,000.

Mr. Bowers stated that this is the third time tonight the Board has heard about someone who had an appraisal come in less than their taxable market value and questioned where it will stop. Mr. Bowers said many property owners may be forced to sell. He said he has lived here 22 years. He said he appealed his valuation last year to Erickson, the Local Board, and the Hennepin County Board. Mr. Bowers said his appraised value last year was \$898,000 and the Local Board left the value at that amount, so he appealed to the Hennepin County Board. He said he refinanced 11 months ago and an independent appraiser gave it a value of \$897,000 as of April 27, 2013. Mr. Bowers said an appraisal review company was also hired and they didn't see any inadequacies in the appraisal. They thought the value of \$897,000 was supported.

Mr. Bowers said he set up an appointment with the Hennepin County Board for an appeal in June of 2013. Mr. Bowers said the County appraiser lowered the value from \$898,000 down to \$877,000. Mr. Bowers believes the process is not a level playing field. He said the letter he received from the County indicated his value was \$877,000. Mr. Bowers said the 2014 value of \$1.048 million is a 33 percent increase in less than a year.

3. PROPERTY OWNER QUESTIONS/APPEALS

Mark Bowers, 194 West Lake Street, P.I.D. #24-117-23-430041 - Continued

Mr. Bowers also commented on the fact that Excelsior's 25 percent of single family homes are non-homesteaded and believes there is speculation that many are developers flipping houses and said this is a problem.

Miller asked how much lakeshore is included with the property. Mr. Bowers said he has about 80 feet. Mr. Bowers said he is looking for his value to be under \$1 million, which would be a reduction of about \$50,000 to \$60,000. He said the property is on a hill.

Beattie asked Erickson if the newer homes on Third Street and Maple Street were used for valuation or if they will wait to go into the pool until they are resold. Erickson said they are in the pool only for the sale price right now. Beattie asked what happens if the owner doesn't resell for 10-15 years. Erickson said it will be whenever the first sale is. Erickson said, depending on the time of the sale and when the improvement was done to a property, if the property sat for a year with no improvement, then it may be used. He said it is the timing of when a property sells and that the sale price of the house won't be used until it sells again the next time around. Erickson said the sale would not be used for the value of any other house, but the house will be valued at market value.

Mr. Bowers said his taxes for next year are up 33 percent. Chair Gaylord reminded him that tax rates and valuations are separate. Mr. Bowers gave the book he received when he had the appraisal done to Chair Gaylord for review.

The Board continued the review of the 194 West Lake Street property, along with all other lakeshore properties appealed at tonight's meeting, to a future date to be set by the Board of Review.

Bruce Kelly, 165 Maple Street, P.I.D. #34-117-23-120113, addressed the Board. Mr. Kelly said his property value went up from \$356,000 to \$452,000, which is a \$92,000 increase or 30 percent. Mr. Kelly said he added an egress window, but it's not a bedroom, yet, and feels this increase is excessive. Mr. Kelly said rental property values that increase by \$100,000 would have to increase their rent by \$100, at least. Mr. Kelly feels if homes in Excelsior are sold and torn down, the city will lose the charm that Excelsior is known for. Mr. Kelly said average homes in Excelsior are well below \$1 million and is asking that his property increase only by about 10 percent.

Erickson said the current increase in valuation is 26.3 percent. Caron doesn't believe Mr. Kelly's request of 10 percent is possible.

3. PROPERTY OWNER QUESTIONS/APPEALS

Bruce Kelly, 165 Maple Street, P.I.D. #34-117-23-120113 - *Continued*

Caron moved, Beattie seconded, to continue the review of the 165 Maple Street property to a future date to be set by the Board of Review. Motion carried 4/0.

Sue Veazie, 519 Wheeler Drive, P.I.D. #35-117-23-230051, addressed the Board. Ms. Veazie said she believes her neighborhood won't change and most likely will not have large homes built. She said she has been in this home less than two years. Ms. Veazie said her property has a lot of water, wildlife and mosquitoes and is the smallest lot in the neighborhood. She said the back side of her property is only another 4 feet to the end of her lot. She said the lot behind hers belongs to the house on Third Street, which has very little land. Ms. Veazie said her property value went up 31 percent, which she believes is excessive. She is asking that it be reduced to 20 percent.

Ms. Veazie said she spoke with Mott. Ms. Veazie said the sale price two years ago was \$237,000 and the value for 2014 is \$266,000. Mott asked if improvements were made prior to Ms. Veazie's purchase of the property, but Ms. Veazie is unaware of what improvements may have been done. Ms. Veazie said she has a very small lot of 6,656 square feet that backs into the swamp.

Miller thinks this area is substandard, backing into the swamp, which gives Ms. Veazie compelling arguments. Caron agreed.

Beattie said if Ms. Veazie had a 10 percent increase over what she paid for it, her value would be at \$260,000. Beattie said the proposed adjustment is \$266,000. Miller thinks the assessment is reasonable for a 20 percent increase. Caron stated that Ms. Veazie has only owned the property for two years and paid \$237,000.

Beattie moved, Caron seconded, to continue the review of the 519 Wheeler Drive property to a future date to be set by the Board of Review. Motion carried 3/1-Miller opposed.

Janice Leafer, 175 First Street, P.I.D. #27-117-23-440008, sent a letter to the Board for review. Chair Gaylord stated that the value of this property is going up 32 percent.

Erickson said that Leichentritt went through the house and recommended \$450,000, based on the condition of the house. The valuation is currently at \$474,000 and it was at \$364,000 last year. Ms. Leafer signed the letter in agreement with the assessor for a valuation of \$450,000.

3. PROPERTY OWNER QUESTIONS/APPEALS

Janice Leafer, 175 First Street, P.I.D. #27-117-23-440008 - Continued

Beattie moved, Caron seconded, to accept the adjusted value of \$450,000 for the property located at 175 First Street. Motion carried 4/0.

Charlie James, 10 Water Street, P.I.D. #34-117-23-110059, sent a letter to the Board for review. Chair Gaylord said the increase in valuation for this property brings it to \$1.895 million, which is 8.25 percent. Mr. James stated in his letter that he believes the value should not be increased because it is currently vacant land.

Erickson said he has not spoken with Mr. James.

Beattie moved, Caron seconded, to accept the assessor's valuation of \$1.895 million for the property located at 10 Water Street. Motion carried 3/1-Miller opposed.

Chair Gaylord asked if anyone in the audience had any other questions. None were received.

Miller requested that Erickson look at the lakeshore properties that were appealed tonight. Miller would like to know the quality of the lakeshore for these properties and requested that Erickson do a qualitative analysis to provide the Board with more information, in order that the Board may make a better analysis. Beattie asked if that will include Mr. Foss' property on Lafayette. Chair Gaylord said it should be all lakeshore, so Mr. Foss' property would be included in the analysis.

Beattie moved, Miller seconded, that the Board contact property owners by phone that signed in for tonight's Board of Review meeting but did not discuss their property valuation with the Board. Erickson will contact these property owners and ask if they want a review of their property valuation or if they only want to keep their right open for an appeal with the Hennepin County Board. Motion carried 4/0.

The Board directed the assessor to provide additional information on properties that the Board voted to continue to a future meeting date, the date of which is to be set by the Board of Review. The information requested by the Board includes: information on adjacent properties (all four sides), and information on lakeshore properties, going back two years. The Board requested that the assessor provide this information in a table format for each property.

4. SET DATE TO RECONVENE BOARD OF REVIEW, IF NEEDED

Miller moved, Caron seconded, to set 5:00 p.m., Tuesday, April 8, 2014 as the date to reconvene the Board of Review meeting.

Boardmember Caron left the meeting at 10:30 p.m.

5. ADJOURNMENT

Miller moved, Beattie seconded, to adjourn at 10:35 p.m. Motion carried 3/0.

Respectfully submitted,

Shirley Johnson
City Clerk