

Minnetonka 2010 Local Board of Appeal and Equalization Meeting of April 5, 2010

Brief Description: 2010 Local Board of Appeal and Equalization

Recommended Action: Refer appeals to the advisors

Introduction

The first meeting of the Local Board of Appeal and Equalization (the “Local Board”) will be held on Monday, April 5, 2010, at 6:15 p.m. in the Council Chambers. The second meeting (reconvene) of the Local Board will be held Monday, April 19, 2010, at 6:15 p.m.

Agenda

Attached is the agenda for the April 5, 2010, meeting. The 2010 market value notices were mailed to property owners on March 2, 2010. As indicated, seven property owners have appealed the 2010 estimated market values established by the assessing division. Information for each appeal appearing on the agenda includes a map, preliminary information from the property owner, and staff comments regarding the property.

It is possible that some property owners not on the agenda may “walk-in” and present their appeal at the meeting. Such appeals may be added to the list already appearing on the agenda in order to preserve their right to appeal to the Hennepin County Board of Appeal and Equalization (the “County Board”).

There may also be other property owners who wish to appeal their market values to the County Board, which will meet on June 14, 2010. It is necessary for property owners to appeal first to the Local Board in order to preserve their right to appeal to Hennepin County.

Meeting Procedure

The procedure of the city council, serving as the Local Board, has been to use the first meeting to receive all appeals of the assessor’s estimated market values. It is not necessary for property owners to address the board, although some property owners may wish to speak in order to provide additional information.

When all appeals have been received, the board should refer the appeals to the real estate advisors for their recommendation of market value. The Local Board should then be continued to Monday, April 19, 2010, at 6:15 p.m.

After the appeals are referred to the advisors, the assessing staff will make appointments for the advisors to visit each property, typically in teams of two. During this on-site visit, the property owner has the opportunity to discuss the property and present any information they believe may assist the advisors in a market value recommendation.

The recommendations developed by the advisors will be communicated to each property owner prior to the reconvene and will be included in the packet for the April 19 meeting. The advisors will also be present at that meeting to discuss their recommendations.

Role of the Advisors

The city council has appointed four real estate professionals to serve as the advisors to the 2010 Local Board. The advisors are an added resource for property owners and the council. Through the advisors' recommendations, the council receives an independent, expert opinion when making its decisions on appeals, and the property owners receive a second professional opinion of the property's estimated market value.

2010 Local Board of Appeal and Equalization Advisors

Larry Kriedberg: Mr. Kriedberg is an agent with Coldwell Banker Burnet. He has been a realtor for eight years. This will be his eighth year serving as an advisor.

Herb Bacal: Mr. Bacal has been a broker/agent since 1973, and a licensed appraiser since 1990. He has been a resident of Minnetonka since 1973 and currently works for Counselor Realty in Wayzata. This will be his fifth year as an advisor.

Linda Hegland: Ms. Hegland is an agent with Coldwell Banker Burnet. She has been an agent since 1984. She has been a resident of Minnetonka for over three years. This will be Ms. Hegland's first year as an advisor.

Gregg Roeglin: Mr. Roeglin is an agent with Edina Realty. He has been a realtor since 1979. He has been a resident of Minnetonka since 1994. This will be Mr. Roeglin's first year as an advisor.

2010 Assessment Review

As outlined in Minnetonka's 2010 Assessment Report, the 2010 assessment maintained an already highly-rated coefficient of dispersion, which measures the equity of the assessment. For 2010, the coefficient for residential properties is 4.1. This continues a trend that has steadily improved from a coefficient of 7.4 in 1993. For further information refer to the 2010 Assessment Report which is posted on the city's website.

Since the 2010 Notices of Valuation and Classification were mailed for the 18,800 properties in the city, the assessing staff has responded to 250 calls and inquiries about market values, and conducted 150 formal reviews. Of those formal reviews, values for 120 were changed, and the remainder was not.

The majority of the calls and inquiries staff received during the review period centered on the concept that there had been a continued decline in 2009 in the residential real estate market. Staff had measured this decline in all areas of the residential market and had made adjustments to reflect those statistics in each market segment prior to mailing the Notices of Valuation and Classification.

There are still two distinct areas in today's real estate market, and they are segmented between lender-mediated sales and traditional sales. Media coverage typically includes the lender-mediated sales in their statistical analysis which can be misleading to property owners because they include the homes in foreclosure or threatened with foreclosure. These properties may have been severely discounted and are not representative of a typical arms-length transaction as is required for a taxable market value assessment.

This is a difficult requirement for most property owners to understand or accept, and staff spent significant time during the review period explaining these market segments and rule to property owners.

Numerous calls were from homeowners who had recently received a private appraisal for refinancing purposes, many of which were lower than the value for the 2010 assessment. A large number of these private appraisals used foreclosure sales. Appraisal standards as well as lending have tightened, and it is more difficult to obtain financing than it was in the past. Staff reviewed these appraisals when submitted, completed their own additional review and analysis of the 2010 assessed value, and made changes when deemed appropriate.

It is also important to note that several calls received were from owners who did not believe the value of their home had dropped as dramatically as was calculated. Staff reviewed these and after discussions increased the value if it was warranted.

Property Tax Issues

By law, the purpose of the Local Board is to determine an accurate market value for property where an appeal has been filed. However, property owners' concerns about property taxes are not germane to the market value review and the decision that must be made by the board.

Please contact the city manager if you have any questions about the information or procedures relating to the Local Board of Appeal and Equalization meeting.

Recommendation

Refer the appeals to the advisors.

Submitted through:

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