

BOARD OF EQUALIZATION
THE CITY AND BOROUGH OF JUNEAU, ALASKA
Wednesday, June 15, 2016 at 5:30 PM
Municipal Building – Assembly Chambers

Minutes

I. Call to Order

Chair Boyer called the meeting to order at 5:30 p.m.

II. Roll Call

Board of Equalization Panelists Present: Mike Boyer, David Epstein, Paul Nowlin..

Staff Present: Jane Sebens, Deputy Attorney; Laurie Sica, Municipal Clerk; Robin Potter, Assessor; John Sahnaw, Appraiser III; Dora Prince, Appraiser II; Jack Albrecht, Appraiser I.

III. Approval of Minutes

Hearing no objection, the minutes of the May 17, 2016 Board of Equalization Meeting – Panel 1 were approved as presented.

IV. CBJ Attorney Memos/Board Questions

Chair Boyer reviewed the Board's procedures as outlined in the packet provided to the Board, staff and the appellants.

V. Property Appeals

In the following 2016 property appeals, the appellant and the Assessor were unable to reach a value agreement for the parcel values.

CBJ Appeal Tracking #	2016-0050		
Subject Property			
CBJ Parcel #	5B2101200090		
Physical Location	3335 MEANDER WAY		
Appellant Name	Bjorn Wolter		
2016 Preliminary Assessed Value			
Land	\$ 160,400	Improvements	\$ 277,600
Exemptions	\$ -		
TOTAL TAXABLE			\$ 438,000
Owner's Estimated Value			
Land	\$ 144,000	Improvements	\$ 258,000
Exemptions	\$ -		
TOTAL TAXABLE			\$ 402,000
CBJ Assessors Office Recommendation			
Land	\$ 160,400	Improvements	\$ 269,700
Exemptions	\$ -		
TOTAL TAXABLE			\$ 430,100

Stephanie Wolter, was present to represent the appellant. She believed the estimated market value was assessed too high. She referred to the minutes of the previous BOE meeting and Ms. Prince's comment that the borough wide sales analysis over the last year showed a rate of change of 3.41% increase. She said if this rate was applied to their home, the value would be \$416,520, which was \$21,480 less than the \$438,000 initial assessment. Ms. Prince and Ms. Sahnou had lowered the value to \$430,100, but that was still higher than the 3.41% rate. This is a rise of 6.35% rate, almost double the borough rise estimate. She said the comparables used by the assessor had larger lots and larger homes than their property. Her husband researched comparables of similar homes on Meander Way that had similar size lots and square footage and were assessed lower than their property, on the river in their neighborhood. She provided the Assessor's database print outs of 3141 Meander Way, 3437 Meander Way and 3451 Meander Way. She said the Assessor had been very helpful, but she felt there was not a lot of transparency on the assessment process. She would like to understand the algorithm and data used for assessment and why the values provided on websites such as Zillow was not acceptable data. She asked what the Assessor's use for weighting the assessment, such as property characteristics such as riverfront, two-story, etc. She said based upon her comments she believed the value should be established at \$402,000.

Mr. Sahnou said there is an area called the "meander bend" on Meander Way near Northland that have significant damage due to the river flooding and there is a large project involving eight parcels in that area. The Assessor's office was informed about this by Tom Mattice, CBJ Emergency Programs Manager. The Assessor has spoken with those owners about the visible damage and the costs to repair that they will bear, so there was a reduction to three –four of those properties, and they stand out – they are not equitable with the rest of the neighborhood, and are the reason why those don't match up. The rest of the properties are in equity with the appellant's parcel.

We value the buildings based on a cost approach and the land on a statistical model based on a typical size and variations to that in the neighborhood and combined to arrive at a basis, then they use an analysis of sales and to determine what adjust is made to all parcels in the area to bring them to a market value. In the May 17 we discussed the confusion of the 3.41%. It was not the market change, but it had to do with how older sales are used in a sales analysis.

Ms. Wolter said Zillow said the assessed value showed \$402,000 and would like to know the difference. Mr. Epstein said Zillow is a commercial market system that we have no idea what they base their values on. The Assessor looks at sites on a neighborhood basis and evaluates each property based on that neighborhood.

Ms. Potter said the State Assessors Office provides the CBJ Assessor with a software program to determine trended sales. That is what is required in the annual state taxable report. If using one year of sales, including all valid sales for the entire borough, there is a formula in the program that can calibrate by the month and year, a monthly rate and an annual rate, based on how old the sales are. She has found that if just one year of sales are used, there will be a higher rate, so if she adds more years, it adjusts that factor. We need to have a sufficient number of sales to make a median rate of change. If using only one year of sales the rate would have been about 5%, so she added more years to temper the rate of change.

Ms. Wolter asked Ms. Potter about how a recent sale of her neighbors' home affected her assessment. Ms. Potter explained that she would use information of all of the available sales if information was provided. She said Alaska is one of the few non-disclosure states in which providing the sales price on a property transaction was voluntary.

Ms. Wolter asked if she had an appraisal done, if that would meet the burden of proof for the Board to make an adjustment. Mr. Boyer said that information could be given to the Assessor for any adjustment before an appeal reached the board.

Mr. Nowlin said she would have to prove inequitable treatment in the assessment.

Mr. Epstein said the basis was unequal, improper or excessive – it is a fairly high bar – it must be unequivocal, and there must be proof of error.

MOTION, by Epstein, to grant the appeal, requesting a “no” vote based upon the analysis of value provided by the Assessor. All members voted no, the appeal was denied. The value was established at \$430,100.

CBJ Appeal Tracking #	2016-0191		
Subject Property			
CBJ Parcel #	3B4101030142		
Physical Location	24540 GLACIER HWY		
Appellant Name	Doug Drexel		
2016 Preliminary Assessed Value			
Land	\$ 100,358	Improvements	\$ 176,630
Exemptions	\$ -		
TOTAL TAXABLE			\$ 276,988
Owner's Estimated Value			
Land	\$ 78,000	Improvements	\$ 160,000
Exemptions	\$ -		
TOTAL TAXABLE			\$ 238,000
CBJ Assessors Office Recommendation			
Land	\$ 100,000	Improvements	\$ 161,000
Exemptions	\$ -		
TOTAL TAXABLE			\$ 261,000

Mr. Doug Drexel was present to represent the appeal and brought some photos to show the board of the subject property and the comparables used in the appeal. He said he has over 50,000 square feet, and showed an aerial photograph – Strawberry Creek is on the east side of the property, which is anadromous and there is a 50' no build setback. He has a corps permit for the building pad area and the property contains 28,000 square feet that is undevelopable. The cost per square footage of the other lots not under the same wetlands restriction is lower, for example the lowest is \$1.48, the highest comparable is \$1.79 and his property is \$1.99 per square foot. He showed a list of 20 comparable properties and of those, only one parcel is paying the same rate as his. He thanked the board for its consideration. The estimated value submitted in the appeal was \$238,000.

Mr. Boyer asked if Mr. Drexel agreed with the assessment of the improvements and Mr. Drexel said yes.

Ms. Prince said she walked the site and on page 5 of the packet there are pictures that she took. On page 4 there is a description about how land is developed. She discussed the wetlands with the Assessor and the property has been provided an adjustment for the wetlands. A neighboring site was also adjusted down for wetlands influence. She said the land and buildings were valued using the same methods and standards as all other properties in the borough.

Ms. Potter said the assessors reviewed all the lots in the area – property can have different rates from one area to another so the values are area specific and most of the land in this specific area have some wetlands influence. The size and shape of the property can influence the adjustment – the rate per square foot becomes less the larger the parcel.

Mr. Boyer asked for the reason that it is higher. Ms. Potter said that site improvements such as a brick driveway would make no difference to the rate, the value is specific to the site itself.

Mr. Drexel said that the list of properties he provided were from Amalga Harbor to Eagle Beach and he believed that was his neighborhood. Ms. Potter provided the Board with the spreadsheets that they used to review the properties. Mr. Sahnaw said there were many variables out the road for properties including shape, size, type of wetlands. Ms. Potter said that in this area wetlands are typical – the house has a building on it so it has a sufficient site, and we have made an adjustment on it and that is all we can do – you will not find a lot in that area that has 100% buildable land.

Mr. Sahnaw said the lots are not valued on a square foot basis. He said that they are developed on the basis of having a buildable lot and the rest is excess to that purpose and not useful for comparison. The assessor captures the market effect of being “wet” - having wetlands is typical. We go a little further with Mr. Drexel’s lot because there is a 50 ft. setback from the anadromous stream.

There was discussion about an incorrect size and the Assessor takes the information from Community Development regarding lot size and if there is a question about the actual lot size, there is a process to go through CDD.

Mr. Epstein said he felt there was not enough information. Ms. Potter said the total was the assessment and the rules did not allow for a valuation of the parts but required an assessment as a whole. She said that in prior years all lots were valued the same, regardless of the size/condition of the lot, however she makes adjustments.

Mr. Drexel said that looking at the neighborhood, he said he may have done the math wrong, but his lot was still higher, almost \$10,000 more, and that seemed substantial.

Ms. Potter said she had information she should have given to him and he said that he lives and works out the road and he did not have time to bring in the information to the assessor until tonight.

MOTION, by Epstein, to remand the case to the assessor office for further analysis and with a recommendation that a meeting be held between the assessor and the appellant.

Yes: Epstein, Boyer

No: Nowlin

Motion passed 2 yes-1 no. The case was remanded to the Assessor’s Office.

CBJ Appeal Tracking #	2016-0008		
Subject Property			
CBJ Parcel #	5B2501830050		
Physical Location	4137 BIRCH LANE		
Appellant Name	Jason Hart		
2016 Preliminary Assessed Value			
Land	\$ 111,100	Improvements	\$ 220,000
Exemptions	\$ -		
TOTAL TAXABLE			\$ 331,100
Owner's Estimated Value			
Land	\$ 111,100	Improvements	\$ 200,000
Exemptions	\$ -		
TOTAL TAXABLE			\$ 311,100
CBJ Assessors Office Recommendation			
Land	\$ 108,972	Improvements	\$ 220,000
Exemptions	\$ -		
TOTAL TAXABLE			\$ 328,972

Mr. Hart was not present. The appellant did not provide any written reason for the appeal other than checking the boxes as “excessive” and “improper.”

Mr. Sahnaw said the house and lot is typical for the valley. He met with Mr. Hart on site and did discover that one or two houses were out of equity (reference page 5 in the parcel’s packet information) and the appellants site was reduced in value due to that inequity. The house was re-roofed recently – that is considered normal upkeep, and the sales data used were of houses in the 1970’s range, rather than those of the 1980’s. He did not see any reason to reduce the original assessment of the improvements.

***MOTION,** by Epstein, to grant the appeal and he asked for a no vote, based on the analysis provided by the assessor. All voted no. The appeal was denied and the value was established at \$328,972.*

CBJ Appeal Tracking #	2016-0078				
Subject Property					
CBJ Parcel #	7B0801003030				
Physical Location	1890 GLACIER AVE UNIT 303				
Appellant Name	Sara Howlett Willson				
2016 Preliminary Assessed Value					
Land	\$	5,000	Improvements \$	152,000	
Exemptions	\$	150,000			
TOTAL TAXABLE				\$	7,000
Owner's Estimated Value					
Land	\$	-	Improvements \$	-	
Exemptions	\$	-			
TOTAL TAXABLE				\$	-
CBJ Assessors Office Recommendation					
Land	\$	5,000	Improvements \$	152,000	
Exemptions	\$	150,000			
TOTAL TAXABLE				\$	7,000

Sarah “Sally” Willson was present to represent the appeal and said she has learned it is up to the appellant to prove the case and she checked the box that said she felt the property was assessed “excessively” and said the most proper value for her condo was based on the value last year and the end of 2014 - \$149,500 and using the rate of .034% increase value rate, she felt a fair assessed value was \$154,700. She said there has been no improvements to her condo since 2001, and other units have been improved.

Mr. Boyer noted that the Assessor’s value was \$157,000. Mr. Sahnaw said condos are valued for assessment using a method different than all other residential since condos as a legal concept have an undivided legal common interest, so they only use sales within the subject property. There were two relatively recent sales and both were of similar size to the subject. They time adjust sales to the effective date January 1, 2016 – the original sales price of \$152,000 and 159,000 –and we assume they have some improvements with an eye to sale. The assessor does not take every unit in the project to the highest sales price. The value of \$157,000 is not the top of the range but is the assessed value for all the units of that size. We had good information on the sales we had – the information was verified, the process that was used was the same for all condos. If there were no sales we would have no basis for a change.

Mr. Boyer asked about the view. Mr. Sahnaw said all units in the project had the same view, but they did not have enough sales to differentiate a value for a top vs. a bottom level unit, so that is why they did not go to the highest value.

Mr. Epstein asked if the approach to the market value was a recognized method. Mr. Sahnaw said yes, we use historic sales information – the smaller units sell for less than the larger units and that remains constant over time so the variation on unit size is consistent.

Mr. Epstein said the bar is high to prove an improper or excessive assessment and based upon what he had heard, did not believe the assessment was either.

MOTION, by Epstein, to grant the appeal, requesting a no vote, based upon the analysis provided by the Assessor. All members voted no, the appeal was denied. The value was established at \$157,000.

VI. Late Filed Appeals

Fanning, Luke and Christine - Late Filed Appeal Request

Mr. Boyer explained the nature of the proceeding.

Mr. Fanning was present to speak about the request and said he works with tax assessments in his profession and appreciated the work of the Assessor. He bought a new house, got keys on March 19, and the assessment notice was not mailed to him, it was mailed to the previous owner. The previous owner delivered the notice to him personally after the time to file an appeal was past. They did not have 30 days notice to file an appeal.

Mr. Nowlin asked if this was the first property they had owned in Juneau and he said it was not. Mr. Nowlin asked when the assessments were mailed and the Assessor said March 21, when the assessments were also updated on the CBJ website.

Mr. Sahnaw explained that the Assessor pulls the warranty deed transactions from the State Recorder's office for information on property ownership.

Ms. Potter explained the media campaign to alert the public to the assessment notices. When a title company closes a transaction, the title company has to pro-rate the taxes, the title company will use an estimate. For March 21 we would look for closes as of mid-April and typically our administrative assistant will send out letter.

Mr. Fanning said that the records online were not updated with his name as owner until at least 6 weeks after the sale.

Mr. Epstein said it is the owners responsibility to notice the assessor of the change of address. Mr. Fanning said they did not change their address – the change of ownership was changed. He said it was a failure to get the right information to the right owner.

Ms. Potter explained that the assessor's office is required to mail the notice to the most recent owner and the website is updated on the date of mailing the notices. She said that there were a number of ways to file an appeal, including making a phone call.

Mr. Fanning said he had a picture of the assessor's website that showed the increased value but the previous owner's name, but it was after the deadline for appeal. He said he could have gone on-line to see the valuation earlier but did not do that.

Mr. Epstein said that Mr. Fanning had received cards in the past, the process was the same every year, and with diligence he could have contacted the Assessor's office.

MOTION, by Epstein, to accept and hear the late file, and asked for a no vote because the appellant had not proved that he was unable to file a timely appeal. All voted no, the motion failed and the request to hear a late filed appeal was denied.

McDowell, Chris - Late Filed Appeal Request

Mr. McDowell was not present. His written appeal stated that he was out of town fishing and his spouse was busy with children and a lack of transportation contributed to being unable to file an appeal timely.

Mr. Nowlin said that based on the information from the Assessor that the Assessor would take information about a potential appeal over the phone and had driven an appeal form to an appellant, that he did not see a reason in this case that an appeal could not be filed timely.

MOTION, by Epstein, to grant the appeal, and he requested a no vote for lack of evidence that an appeal could not be made in a timely manner. All voted no, the motion failed and the request to hear a late filed appeal was denied.

IV. Adjournment -7:20 p.m.

Submitted by Laurie Sica, MMC, Municipal Clerk