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BOARD OF EQUALIZATION THE CITY AND BOROUGH OF JUNEAU, ALASKA

Thursday, June 8, 2017, 5 PM
Municipal Building – Assembly Chambers

Minutes

I. Call to Order

Chair Gaguine called the meeting to order at 5:05 p.m.

II. Roll Call

Board of Equalization Panelists Present: John Gaguine, Stephen Moseley, Paul Nowlin.

Staff Present: Robert Palmer, Assistant Attorney; Laurie Sica, Municipal Clerk; Robin Potter, Assessor; Mary Grant, Appraiser III; Dora Prince, Appraiser II; Donna Prince, Appraiser II; Jenna Mallinger, Administrative Assistant II.

III. Approval of Minutes

There were no minutes for approval.

IV. CBJ Attorney Memos/Board Questions

Mr. Palmer introduced himself and said he was available to assist the board with any questions.

V. Property Appeals

CBJ Appeal Tracking #	2017-0147		
<i>Subject Property</i>			
CBJ Parcel #	4B2901270030		
Physical Location	1112 Slim Williams Way		
Appellant Name	Corinne and Charles Orsborn		
2017 Preliminary Assessed Value			
Land	\$ 163,400	Improvements	\$ 298,600
Exemptions	\$ -		
TOTAL TAXABLE			\$ 462,000
Appellant's Estimated Value			
Land		Improvements	
Exemptions	\$ -		
TOTAL TAXABLE			\$ -
CBJ Assessors Office Recommendation			
Land	\$ 163,400	Improvements	\$ 280,900
Exemptions	\$ -		
TOTAL TAXABLE			\$ 444,300

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Dora Prince, Appraiser II, spoke on behalf of the Assessor. She reviewed the information provided in the meeting packet.

Charles and Corinne Orsborn were present and Mr. Orsborn spoke on behalf of the appellants. He provided the assessment notice from 2016, which assessed the site at \$121,579 and the building at \$266,962 for a total assessment of \$388,541. He provided the assessment notice from 2017, which assessed the site at \$163,400 and the building at \$298,600, for a total assessment of 462,000. He provided a fee appraisal dated 2012, which valued the property at \$382,000.

Ms. Prince provided an adjusted value of the 2012 fee appraisal at the amount of \$446,000. She said that upon further review of the property, she made an adjustment to the original assessed value of the improvements of \$298,600 to \$280,900, ensuring a correct depreciation and the correct building components were in place.

Mr. Orsborn said he didn't believe that a home could increase in value \$60,000 in a five year period. He disagreed with the Assessor's listing of 2017 comparable sales and said his property was being compared to new homes in neighborhoods with curb, gutter, sidewalk and paved streets. His home was 23 years ago. He provided some market listings from the internet of homes that were larger than his and the price was lower than his. He said he is a surveyor and he did not see a market for new homes as he was not doing much surveying work for that type of construction. Mr. Gaguine accepted the information Mr. Orsborn provided as evidence. Mr. Gaguine asked why he did not provide a suggested value. Mr. Orsborn said he was a layman and overlooked the question.

Mr. Moseley asked how the Assessor measures the change in overall market value. Ms. Prince said state statute required an assessment within 5% of the market value. Alaska is a non-disclosure state, meaning that the actual sales price of a property is not required to be reported. The Assessor asks the seller and the buyer for the sales price when they are notified of a sale. They get a return of about 30% from their mailing. Ms. Potter said they get within 95-100% of the market - we assess at the market for the prior year and then review sales for the next year. We seldom have an area where prices have gone down, some areas stay flat, but we do mass appraisal and we use the median price of the measurable transactions in any year. We take the sales that we can obtain and review to ensure they are not arms-length or a distressed home value. She reviews assessed value by the sales price to arrive at a sales ratio. We use two years- worth of sales, so we temper the fluctuations. There is a formula that is applied.

Mr. Gaguine asked why the assessment in 2012 was \$380,000, in 2016 was \$389,000 and 2017, \$444,300 and asked if she could provide the intervening year assessments. Ms. Potter said she did not have that and Mr. Gaguine asked why it would go up to such a great degree in one year. Ms. Potter said this area was in the five-year inspection canvass cycle and in the intervening years since the last time it was inspected, the Assessor only does market adjustments based on the information available. On the year of field inspections, the appraisers observe the properties and re-cost the structure and remove all of the

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previous year's market to just get the cost of the structure and any changes that have occurred to the property. The land has been revalued and remodeled as part of the system. Instead of individual values, the land is placed on a model of that area. The structures are then put on at cost with any depreciation, the land is then compared to the market and the land is adjusted to what the market is for that neighborhood. As a final, we look at actual sales and determine if there still needs to be a market adjustment, which is then applied to everything. Every year, the areas that are subject to the 5 year inspection derive the most appeals, as that is where changes in the system are made, and sometimes they can be radical. We find properties that have been under-assessed or over-assessed for some time.

Mr. Gaguine said it appears that the value of the subject property is increasing at about 3% per year.

Mr. Mosely asked about Mr. Orsborn's point regarding the comparables. Ms. Prince said the comparables are from the neighborhood called Back Loop North. She looked at sales of similar sized homes within 500 square feet either way. There were no sales of single family residences or single family with an apartment on Slim Williams Way in the last year. Based on reported sales, they believed this is an equitable result. Ms. Potter explained that CBJ was broken into neighborhood areas for appraisal, and that they are required to stay within the neighborhoods when selecting comparables to follow their guidelines, and not choose recent sales in other neighborhoods for use as a comparable.

MOTION, by Mosely, to grant the appeal and he asked for a no vote for the reasons provided by the Assessor's Office. All voted no. The appeal was denied.

Mr. Orsborn said he will get a new appraisal and if it is lower, he will take this case to court.

CBJ Appeal Tracking #	2017-0104		
<i>Subject Property</i>			
CBJ Parcel #	5B2401470110		
Physical Location	8165 Thunder St		
Appellant Name	James and Tamira Potdevin		
2017 Preliminary Assessed Value			
Land	\$ 127,100	Improvements	\$ 270,400
Exemptions	\$ -		
TOTAL TAXABLE			\$ 397,500
Appellant's Estimated Value			
Land	\$ 113,000	Improvements	\$ 276,700
Exemptions	\$ -		
TOTAL TAXABLE			\$ 389,700
CBJ Assessors Office Recommendation			
Land	\$ 127,100	Improvements	\$ 270,400
Exemptions	\$ -		
TOTAL TAXABLE			\$ 397,500

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Mary Grant Appraiser III, spoke on behalf of the Assessor. She reviewed the information provided in the meeting packet.

No one was present to represent the appellants, James T. and Tamira L. Potdevin. The information provided to the board included disagreement with the increase in site value by 23.8% and the decrease in improvements by 2%.

Ms. Grant said the subject property was in the area that was canvassed in the last year, put in the system, and the Assessor equalized land values. The market adjustment for the neighborhood was applied to the property. She reviewed the file and compared to lots of similar size to ensure an equal assessment. She valued the building based upon review from the street. Ms. Potter discussed land values of vacant and improved lots.

***MOTION**, by Mosely, to grant the appeal and he asked for a no vote for the reasons provided by the Assessor's Office. All voted no. The appeal was denied.*

CBJ Appeal Tracking #	2017-0298		
<i>Subject Property</i>			
CBJ Parcel #	1D050L070021		
Physical Location	2621 Douglas Hwy		
Appellant Name	Allison Gillum		
2017 Preliminary Assessed Value			
Land	\$ 118,700	Improvements	\$ 149,700
Exemptions	\$ -		
TOTAL TAXABLE			\$ 268,400
Appellant's Estimated Value			
Land	\$ 97,000	Improvements	\$ 162,000
Exemptions	\$ -		
TOTAL TAXABLE			\$ 259,000
CBJ Assessors Office Recommendation			
Land	\$ 118,700	Improvements	\$ 148,000
Exemptions	\$ -		
TOTAL TAXABLE			\$ 266,700

Mr. Mosely said he was on a non-profit board of which Ms. Gillam is an executive director. He did not believe there was a conflict of interest. Mr. Palmer said he did not believe it was. Hearing no objection, Mr. Moseley participated in the hearing.

Mary Grant represented the Assessor's office. The Board acknowledged reading the packet and Ms. Grant said she would respond to any questions. She said the appellant provided a fee appraisal done on December 17, 2015 stating a value of \$259,000. The original assessed value for 2016 was \$268,400. Ms. Grant adjusted the assessed value to \$266,700 for the effective age of the property.

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Mr. Gaguine said that the appellant raised the question that her lot is much smaller than the other lots, and asked how was that taken into consideration. Ms. Potter spoke to the “land assessment” information in the packet. The first adjustments the Assessor makes to the land model are for zoning, location and size, and the lots in the table are ranked from the smallest to the largest. The subject parcel is 2,762 square feet and assessed at 118,700 and properties even smaller are assessed at the same rate. It is structured according to the size and it is not a flat rate per foot. The value is based on a model, and then there may be adjustments if there is a slope. All are in Bellevue subdivision and very similar.

Mr. Gaguine said the increase in assessed value was fairly small and asked her what was appropriate. She said the increase was 3.6%. She said she purchased the home in January 2016 with an appraisal from Dec. 2015. The 2016 assessed value was at \$276,300. She appealed and her 2016 assessment was adjusted by the Assessor to be \$97,000 for the site and \$162,000 for the improvements, for a total of \$259,000 which matched her fee appraisal. She was surprised that the 2017 assessment increased by 3.6% increase, which seemed excessive for one year. I understand that I am getting adjusted to what is happening in the neighborhood, but my appraisal should have value, and perhaps inform their valuation of the neighbor’s property and provide them with an adjustment.

Mr. Moseley said the assessment was not excessive or improper but should be considered for the factor of unequal based on the variance from her neighbor’s properties. Ms. Grant explained the valuation of attached units. Ms. Gillum said that her assessment lowered the improvement value and increased the land value. She believed that her assessment this year should be based on the appraisal, unless the Assessor is correct in lowering the value of the improvements. Ms. Potter spoke about the nature of fee appraisal and the comparatives are based on recent sales that were not her exact neighbors. The fee appraisal is a snapshot in time only. Ms. Potter explained the sales information and neighborhood ranges in the packet.

Mr. Gaguine asked about the methods of valuation and Ms. Potter explained market, cost and income approaches to valuation. Ms. Potter spoke about the Marshal and Swift measure and said the Assessor’s ability to adjust is limited. She said fee appraisers do not do land value studies. All of Douglas was modeled last year with base rates set up in order to be equitable. This parcel was brought in line to be fair and equitable.

MOTION, by Moseley, to grant the appeal and asked for a yes vote based on the reasons provided by the appellant regarding an unequal assessment based on the values of the neighboring properties.

Mr. Gaguine disagreed and said land is not valued on a square foot basis. He said a 3.6% increase was not unreasonable.

Vote: Moseley, yes; Gaguine, no; Nowlin, no. The appeal was denied.

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VI. Late Filed Appeals

Randall L Beason

Mr. Beason was not present. Mary Lou Bavard and Pam Markeson were present to represent Mr. Beason.

Ms. Bavard said that Mr. Beason is a commercial fisherman and was out fishing and he had not seen the mailing in time to file an appeal. She said he did not have mail service, phone service or internet while fishing.

The board explained the burden of proof upon the property owner that he was unable to file a timely appeal.

Mr. Gaguine said that he was aware that he received an assessment annually, that he could have put someone in charge of his mail, and that just being absent was not justification for being unable to file timely.

Mr. Moseley said he wanted to go on the record of objecting to the 30 day filing window for appeals. Mr. Palmer stated that the city and state had the same 30-day filing window in 29.45.290b and 15.05.160a.

Mr. Nowlin said the jurisdiction of the Board was limited and arrangements could have been made to monitor the mail.

MOTION, by Moseley, to accept and hear the late filed appeal and he asked for no vote. All voted no. The late filed appeal was not accepted.

Richard J and Merridy L Davis

No one was present to represent the appellants. The filing stated the reason for being unable to submit timely was "Commercial Fishing out of Sitka Alaska March and April 2017. Just returned to Juneau, went through my mail. I'd like to appeal these 2 parcels please."

The board indicated that the same reasoning from the Beason case applied in this matter.

MOTION, by Moseley, to accept and hear the late filed appeal and he asked for no vote. All voted no. The late filed appeal was not accepted.

Nathan Stewart

Sylvan Robb was present to represent the appellant. She said that Mr. Stewart purchased a boat shelter in the harbor and was not aware that it was subject to

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property taxes, so therefore was not looking for a tax assessment or realizing that a tax bill would be sent. He received the assessment notice in the mail on May 9, which was after the deadline to file an appeal.

Mr. Mosely asked if there was evidence to show when the mailing was received and she said no.

Mr. Gaguine said the burden of proof was upon the appellant, and Mr. Mosely and Mr. Nowlin said that not knowing the law was not an adequate excuse.

MOTION, by Moseley, to accept and hear the late filed appeal and he asked for no vote. All voted no. The late filed appeal was not accepted.

Brian P Rotola

No one was present to represent the appellant. Mr. Rotola's reason for being unable to file timely was included in the packet, "I work for Alaska Marine Highway. I am an able body seaman and I work on deck and helmsman on bridge. I was held over in my position for 3 weeks at sea. When I got home and read your petition for review /appeal the deadline to respond had passed by only a few days. I'm requesting the opportunity to appeal the 2017 assessment received."

The Board discussed the being "held over" as a factor that was out of the control of the appellant, and therefore, making him unable to file timely.

MOTION, by Moseley, to accept and hear the late filed appeal and he asked for a yes vote. All voted yes. The late filed appeal was accepted.

Patricia A Young

No one was present to represent the appellant. Ms. Young's reason for being unable to file timely was included in the packet, " The assessor's office erroneously and without my knowledge changed my mailing address from the correct address, which was on file last year, to someone else's address. I have not received a Notice of Assessed Value because it was not sent to me. When I realized that the time of year for the Notice was upon us, I immediately contacted the assessor's office, but the date of the appeal had already passed."

Ms. Potter said she had no knowledge of an address error. She said she had two new staff members and she had one other case of a mis-addressed mailing but that was during a deed change . However, this applicant is knowledgeable of the date and she has appealed before.

Mr.Nowlin said even if the mail was mis-addressed, she was knowledgeable of the process.

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MOTION, by Moseley, to accept and hear the late filed appeal and he asked for no vote. All voted no. The late filed appeal was not accepted.

Ewing Way Associates

St Vincent De Paul Society – Hillview Apts

St Vincent De Paul Society – Strasbaugh Apts

Dan Austin was present to represent all three subject properties. He submitted a letter to the Board from the St. Vincent de Paul Society, which owns two of the properties and manages a third.

Mr. Austin said by every year we are supposed to meet an application for the submission of the information that they need to assess the LHITC. The mandated application deadline is May 15 each year, and if they miss it they lose the ability to qualify.

He spoke about being out of town to attend to his wife's medical needs, the loss of staff in the office to handle this matter, and the need for the program to support their work. He said he had called to find the deadline for the submission of required paperwork to qualify for the tax credit program and wrote down an incorrect deadline.

Mr. Gaguine asked for the explanation of LHITC properties and Ms. Potter explained the program.

Mr. Palmer said read AS 29.45.110d which provided a May 15 filing deadline for LIHTC but was silent regarding a standard of review for a late file. He said the board denied hearing an appeal last year of another LHITC applicant and had applied the "unable to comply" standard. This was appealed to Superior Court and the board had prevailed. He was not aware of another standard that could be applied.

Mr. Nowlin said that Mr. Austin was out of town on medical leave and unable to meet the deadline.

Mr. Mosely asked if Mr. Austin's wife's medical condition prevented him from applying. Mr. Austin said his attention was devoted to his wife's medical needs.

MOTION, by Moseley, to accept and hear the late filed appeal and he asked for a yes vote. All voted yes. The late filed appeal was accepted

VII. Adjournment

There being no further business to come before the Board of Equalization, the meeting was adjourned at 7:43 p.m.

Submitted by Laurie Sica, Municipal Clerk