

## 2022 MINUTES – DRAFT COPY

### LOCAL BOARD OF APPEAL & EQUALIZATION CITY OF OWATONNA

Council Vice President Raney called the meeting of the Local Board of Appeal and Equalization (LBAE) to order at 6:00 p.m. on Tuesday, April 19, 2022 in Council Chambers at City Hall. Present were Council Members Boeke, Dotson, Burbank, Svenby, Voss and Raney; Mayor Kuntz; William Effertz, Steele County Assessor; Brock Nelson, Steele County Assistant Assessor; City Administrator Busse and Administrative Specialist Clawson.

Council Member Svenby made a motion to approve the agenda, Council Member Voss seconded the motion, all members voted aye in approval. City Administrator Busse explained State Statute requires at least one voting member of the Council be certified with the Department of Revenue for completing LBAE training within the last four years. Current certifications are held by Council Members Svenby, Voss and Boeke.

County Assessor Effertz commented he plans to retire at the end of May so this will be his last year to present the City's Annual Assessment Report. The Steele County Assessor's Department analyzes real estate sales during a 12-month period to modify the mass appraisal system to the current market as well as to improve equalization amount properties. Sales from October 1, 2020 – September 30, 2021 were used to complete this report and analyzed for market trends and assessment to sale ratio. Effertz explained the purpose of the LBAE is to provide a fair and objective forum for property owners to appeal their valuation and/or classification. The goal of the LBAE is to address property owner's issues fairly and objectively.

They are required to inspect 25% of parcels; this year, they looked at properties east of I-35, south of Cherry Street and north of School Street. The objective of the assessor is to be both accurate and uniform. There are three reasons that valuations change each year:

1. Market Adjustments: Occur due to the ever-changing market conditions of the real estate market. Different types of real estate changes at different rates. The 2022 adjustment rate was 17.07%, last year it was 6.31%.
2. Equalization. Even in a stable market, property values will change due to equalization. If a property value based on analysis of sales, is thought to be under or over assessed, either in relation to other properties or to a range of acceptable guidelines, the valuation may increase or decrease.
3. New improvements.

The Commissioner of Revenue requires all property types be assessed between 90-105% of selling price. Any assessment by aggregate property type that is outside of this range will be adjusted accordingly by the State Board of Appeal and Equalization. Percentage of Property Types within the City for 2022 Estimated Market Values are:

|                         |        |
|-------------------------|--------|
| Residential             | 73.91% |
| Commercial & Industrial | 18.85% |
| Apartments              | 5.79%  |
| Agriculture Land        | 1.45%  |

Minnesota Statue 273.1251 states all property must be valued at its market value. To facilitate this the Department of Revenue mandates the median ratio in each jurisdiction, with an

adequate number of sales between 90%-105%. This ratio is determined by taking the assessed value by the sale price. The City's ratio at the beginning of the evaluation cycle was 74.55%; 421 sales were used in the Sales Ratio Study to adjust this property ratio to 91.07%.

Net Tax Capacity, the effective measurement of the tax base, increased \$4.65 million or 17.7%. This reflects the changes in the market valuations plus the addition of new construction which leads to the expanding tax base. Owatonna's Net Tax Capacity has been on a steady incline over the last five years creating a ripple benefit for everyone.

The total Estimated Market Values without New Construction expanded 15.7% to \$2.672 billion. Valuations of all property types increased during 2022 (these ratios do not include new construction values):

|                           |       |
|---------------------------|-------|
| Total Agriculture / Rural | 3.84% |
| Total Residential         | 20.2% |
| Apartment                 | 5.76% |
| Commercial/Industrial     | 2.6%  |
| Industrial                | 5.48% |

Estimated Market Value of New Construction was \$41,842,300.

Miscellaneous 2022 Data:

|                                    |                                                       |
|------------------------------------|-------------------------------------------------------|
| Residential Home Sales:            | 630 transactions; 61 more transactions than last year |
| Median Sale Price                  | \$215,000; \$28,000 increase over last year           |
| Residential Vacant Lot Sales:      | 39 sales; 9 more than last year                       |
| Median Sale Price                  | \$35,600; \$2,600 increase over last year             |
| Residential Estimated Market Value |                                                       |
| Median Value                       | \$221,650; \$39,450 increase (20.2%) over last year   |
| Median Value per square foot       | \$172; \$28 increase over last year                   |
| Number of new homes built          | 35; 2 more than last year                             |

Assessor Effertz explained property owners have opportunity to appeal their proposed property valuations. Their appeal is first presented to the Local Board of Appeal. After tonight's meeting, if the property owner is still not satisfied with their proposed 2022 assessment, the next step in the appeal process is to make an appointment to attend the Steele County Board of Appeal and Equalization Meeting. This meeting will be held on June 14, 2022 at 7:00 p.m. in the County's Administration Center. Valuation protests were received on these parcels within the City of Owatonna with the proposed recommendations from the Assessor's office shown:

| PARCEL ID   | DEEDHOLDER                                     | ADDRESS          | PROPERTY TYPE              | VALUE     | ADJUSTED VALUE | CHANGE    | REASON            |
|-------------|------------------------------------------------|------------------|----------------------------|-----------|----------------|-----------|-------------------|
| 17-003-2305 | James Bain                                     | 509 Hazel Lane   | Residential - Single Dwell | \$92,100  | \$92,100       | 0         | No Change         |
| 17-009-1240 | MKP Properties, LLC<br>% Mark & Karen Peterson | 600 Hoffman Dr N | Comm Land/Blk              | \$512,000 | \$472,100      | -\$39,900 | Value High - land |
| 17-009-2410 | Kevin Oyloe                                    | 486 bridge St W  | Residential - Single Dwell | \$148,400 | \$148,400      | 0         | No Change         |
| 17-108-0207 | Kevin & Wende Oyloe                            | 205 Wall Avenue  | Residential - Single Dwell | \$290,800 | \$290,800      | 0         | No Change         |

|              |                                      |                            |                                          |             |             |           |                          |
|--------------|--------------------------------------|----------------------------|------------------------------------------|-------------|-------------|-----------|--------------------------|
| 17-139-0302  | Sherry Lynn Ahlrichs                 | 1039 Grove Ave S           | Residential - Single Dwell               | \$164,000   | \$164,000   | 0         | No Change                |
| 17-182-0317  | James & Gabrielle Thon Trustees      | 1314 Lincoln Ave S         | Residential - Single Dwell               | \$211,000   | \$211,000   | 0         | No Change                |
| 17-187-0134  | John & Lee Gehan                     | 2110 Linn Dr               | Residential - Single Dwell               | \$309,800   | \$301,600   | -\$8,200  | Value High – Land        |
| 17-210-0106  | Thomas & Connie Griffin              | 346 13 <sup>th</sup> St NE | Residential - Single Dwell               | \$184,600   | \$184,600   | 0         | No Change                |
| 17-221-0301  | LZL Engineering LLC                  | 2300 Park Dr               | Ind Land/Bld – 1 <sup>st</sup> \$150,000 | \$1,568,500 | \$1,568,500 | 0         | No Change                |
| 17-275-0108  | Craig & Janice Kautz                 | 150 18 <sup>th</sup> St NE | Residential - Single Dwell               | \$282,600   | \$282,600   | 0         | No Change                |
| 17-284-0207  | Kyle A Skov                          | 763 17 <sup>th</sup> St SE | Residential - Single Dwell               | \$281,400   | \$281,400   | 0         | No Change                |
| 17-298-0114  | Allen & Donna Grosland               | 735 Gilmar PL              | Residential - Single Dwell               | \$303,700   | \$303,700   | 0         | No Change                |
| 17-305-0111  | Jerry & Francie Drake                | 155 Cedar Pl               | Residential - Single Dwell               | \$250,700   | \$250,700   | 0         | No Change                |
| 17-307-0120  | Stephen & Heather Brownell           | 395 Arglen DR              | Residential - Single Dwell               | \$226,300   | \$213,900   | -\$12,400 | Value High – Bldg        |
| 17-310-0103  | Scott & Donette Smith                | 1616 Mosher Ave            | Residential - Single Dwell               | \$263,900   | \$263,900   | 0         | No Change                |
| 17-3127-0406 | Joanne Stohl & Jennifer Stohl Powell | 645 Allan Ave SW           | Residential - Single Dwell               | \$194,300   | \$194,300   | 0         | No Change                |
| 17-50-0217   | Todd & Kristen Andrix                | 1805 Greenhaven NE         | Residential - Single Dwell               | \$366,700   | \$366,700   | 0         | No Change                |
| 17-374-0101  | Michael & Deanne Shaw                | 547 School St E            | Residential - Single Dwell               | \$298,500   | \$298,500   | 0         | No Change                |
| 17-375-0327  | Patrick & Kensi Proehl               | 921 Greenhaven             | Residential - Single Dwell               | \$309,700   | \$309,700   | 0         | No Change                |
| 17-383-0105  | Nathan & Diane Skala                 | 520 Hazeltine Pl NE        | Residential - Single Dwell               | \$418,100   | \$418,100   | 0         | No Change                |
| 17-538-0108  | Richard & Susan Strom                | 1925 Whitetail Run Pl NC   | Residential - Single Dwell               | \$469,300   | \$469,300   | 0         | No Change- no Inspection |
| 17-555-0403  | Doug & Jill Holmes                   | 1135 Jadden Lane SE        | Residential - Single Dwell               | \$494,000   | \$494,000   | 0         | No Change                |
| 17-572-0106  | Brian & Rachel Sande                 | 2175 Maple Leaf Ln NE      | Residential - Single Dwell               | \$430,700   | \$430,700   | 0         | No Change                |
| 17-593-0124  | Gary & Tammy Adams, as Trustees      | 2168 Harbor Oak Dr SE      | Residential - Single Dwell               | \$466,200   | \$449,000   | -\$17,200 | Value High – Building    |

|             |                                 |                         |                            |           |           |           |                       |
|-------------|---------------------------------|-------------------------|----------------------------|-----------|-----------|-----------|-----------------------|
| 17-598-0112 | Ryan & Anne Hemann              | 2720 Timber Ridge PL NE | Residential - Single Dwell | \$506,000 | \$483,000 | -\$23,000 | Value High – Building |
| 17-599-0001 | Cole Bishman                    |                         | Residential- Vacant Land   | \$7,100   | \$6,300   | -\$800    | Value High – Land     |
| 17-599-0215 | Cole & Lindsey Bishman          | 1507 Eagle Ridge St NE  | Residential - Single Dwell | \$308,800 | \$304,500 | -\$4,300  | Value High – Land     |
| 17-605-0101 | Gary & Tammy Adams, as Trustees | 1514 Smith Ave SE       | Residential - Single Dwell | \$174,500 | \$174,500 | 0         | No Change             |
| 17-612-0108 | Daniel & Cheryl Attig           | 1570 Eagle Ridge St NE  | Residential - Single Dwell | \$310,000 | \$310,000 | 0         | No Change             |

Present to appeal their proposed property valuations were:

Chris Gartner, 227 East Mill Street, said he has owned this property for 27 years and questions the 30% valuation increase proposed this year.

Dale Sommers, 855 20<sup>th</sup> St NE, stated his property has received annual average increases of 8% but this year, the proposed amount is a 40% increase.

Assessor Effertz commented his office will add these two properties to the appeal list. His office will review the proposed valuations for potential adjustment. Effertz commented this year, the average valuation adjustment in Steele County was a 20% increase.

Council Member Dotson made a motion to accept the 2022 Property Owner Appeal List presented by the Steele County Assessor's office with addition of these two parcels and the proposed adjustments as recommended. Council Member Svenby seconded the motion, all members voted aye for approval.

At 6:32 p.m., a motion was made by Council Member Boeke, seconded by Council Member Dotson to adjourn.

Dated April 26, 2021

Respectfully submitted,

Jeanette Clawson, Administrative Specialist