

**Minutes of the
Board of Appeal and Equalization
Harris Township
Wednesday, April 29, 2014
9:00am**

Pursuant to due notice and call thereof, a Local Board of Appeal and Equalization was conducted on Wednesday, April 29, 2014 at 9:00am at the Harris Town Hall, with following officers of the board present: Supervisors Larry Key and Gary Rosato, and Clerk Michele Smith. *Absent: Supervisor Dennis Kortekaas and Treasurer Becky Adams.*

Also in attendance were Brian Connors-Itasca County Assessor, Kelly Whitted -Assessor/Appraiser for Harris Township, and Russ Namcheck & Jim Pietila- County Assessor/Appraisers. Trish Klein-Itasca County Administrator and Rusty Eichorn – County Commissioner were also in attendance at today's meeting.

There were 6 Harris Township residents in attendance: Thompson, Gunderson, Reynolds, Ives, Brackeen, and Myers.

1. Opening Comments

Chairman Rosato opened the meeting and then it turned over to County Assessor Brian Connors. Connors introduced his staff, who was there to help with taxpayer concerns and give onsite property reviews if necessary. The assessor staff was there to represent the County Assessor's Office. Connors also introduced the Local Board of Appeal and Equalization for Harris Township: Supervisor Key and Supervisor Rosato. It was noted that Supervisors Rosato and Key both had their current local Board of Appeal and Equalization training and certification, prior to today's meeting. Connors reminded the board that motions are required for any valuation or classification changes.

Connors explained that this meeting was to review the 2014 classifications and assessments/valuations of Harris Township properties that are used to calculate taxes payable in 2015. Any person feeling aggrieved could discuss their complaint with the Board and Assessor. The meeting was to be kept orderly and anyone becoming loud or out of order would be asked to leave. The complaints would be reviewed in the order they appeared on the sign-in list.

It was further noted that in order to appear before the *County* Board of Appeal and Equalization, a resident needed to appear before the *Local* Board of Appeal, either in person or via letter. Even if no change is made at the local level, the board will need to make a motion, second, and approve that a resident has the right to appear before the County Board of Appeal.

This is a meeting of the residents; the local board should be addressed with all grievances – not the county Assessor. A reminder was given that this meeting is about property valuations - not about taxes.

Connors explained that at the end of today, the board would have two choices – to adjourn, or to recess if more information is needed. If recessed, the date for a second meeting date must be set within 20 days. At that time, they would then finalize any issues and adjourn.

For clarification, Connors explained that only 2 things could be changed at today's meeting:

- The classification for 2014 (such as homestead vs. non homestead, business vs. residential, etc.) that will affect taxable payable in 2015.
- The valuation amount that is shown on the yellow form from the county. (This was *not* a meeting to discuss *taxes* – but rather the property valuations and classifications.)

County wide changes were noted by Connors:

- None

In Harris Township Kelly Whitted recapped the local sales study packet for the area that was shared with the board and audience (*copy attached*):

- There were 28 sales in Harris Township from Oct 1 2012 to Sept 30, 2013. Whitted commented that all sales are reviewed as they need to meet the Department of Revenue criteria and standards to qualify for the sales study; bank foreclosures are *not* included.
- The ratio between the sales price and the estimated market value (EMV) is required to be between 90-105%. Harris Township came in at 92.6% so no changes were necessary to land or buildings.
- Total assessed value of all Harris Township land is \$369 million in 2014.
- A vacant land sales page and a breakout of land value per acre page were also included in the packet.

The audience questioned what sales – not included in the study – occurred in Harris Township, such as short sales, relative sales, those in duress, etc. The county replied that while not shown in the sales packet, the county can put together a list of such sales as all are tracked; Kelly Whitted will compile and provide to the township.

Also, a page on “lake sales” was not included in the county’s sales packet, as it usually is. The county agreed they can provide this as well.

Consider property owners complaints and answer questions about their assessments.

With no other comments or questions, the residents were called in order of sign-in, to discuss their grievances with the Local Board of Appeal and Equalization:

1.

Taxpayer name(s): Harold Thompson	Parcel number (s): 19-615-0120
Address: Wendigo Heights Road	Classification: Lakeshore
<p>Nature of grievance: Regarding lots 12 & 13 (particularly 12) of “Windago Heights” plat, which he’s owned for 44 years, 100 feet was suddenly <i>added</i> to his lakeshore (from 209 to 309 frontage feet). The resulting property value increase resulted in an increase in his property taxes of \$1,200.</p> <p>Thompson explained that years ago, the county put in a road to prevent erosion, and since then, the sand and leaves have washed in and settled along his lake shore, creating a wider peninsula. However, it’s muck and cattails – not usable lakeshore in his opinion.</p> <p>Thompson talked to zoning, and Christa Rajala, Brian Connors and Kelly Whitten before today’s meeting. Don Dewy in the County Environmental Services Office stated that zoning still views his plat as having 209 feet lakeshore – according to plat map.</p> <p>Connors commented that Zoning, for their purposes, looks at the width of lot. The Assessors, however, go by the shape of the shoreland, as that’s what the market reacts to. So, while it’s not more land, there is more lakeshore – according to the Assessor’s officer. Connors noted that the additional footage is considered “access shoreline only” so it’s value is discounted by 50%, along with 9 feet of the original footage. The other 200 feet is considered “good” shoreline, and is valued at the full rates.</p> <p>Thompson contested adding 100 feet of lakeshore and paying taxes on it. He is fine with the 200 feet, but doesn’t feel he could advertise 309 feet of lakeshore if he were to list his property.</p> <p>The Board tended to agree with Thompson. The plat shows 130 feet for lot 13 and 80 feet for lot 12.</p> <p>Connors commented that the plat could not be adjusted, but what is <i>now</i> the length of current lakeshore is longer, based on GIS and the “high-water line”. However, the Board can direct the county to change the value.</p> <p>The Board would like the county to investigate the fluctuation of lakeshore based on erosion, gains or losses. Connors noted they would need to talk to the surveyor.</p>	

Action taken:

A motion was made by Supervisor Key to have the county investigate Thompson's lake frontage and the reason for the large increase in footage vs. plat. And that Thompson could then present his case to county board of appeals. Rosato seconded the motion, and thus was duly passed.

Thompson stated he would like to be a part of the investigation and have the opportunity to give input on the history of the road that was put in, to prevent erosion. Whitted agreed to set up an appt with Thompson to start the process.

Connors confirmed that any change would affect his 2015 taxes, as it's the assessed value from 2014 that is being considered today. However, abatement may be able to apply for adjustments to prior taxes – if affected, for hardship or clerical error.

2.

Taxpayer name(s): Vern Reynolds via Meadowbrook's ranch LLC	Parcel number (s): 19-625-0160
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Address: New house being built - Wendigo Park Road	Classification:
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Nature of grievance:

The valuation is at \$115,000 – which is twice as much as he has into in. Reynolds estimated he has put in \$60,000 worth of materials, and noted the home is currently a shell – only 20% complete. However, the EMV is based 55% complete.

Whitted commented that she'd met with Reynolds and reviewed what was complete from the outside only. She did reassessed the home at 46% completed based on their new construction tables. She viewed the outside of the house, measured it, and sketched it but was not able to actually enter the facility as no one was present. It is still in construction phase - foundation complete, framed, roof, windows, some doors. Roughed in plumbing and electrical.

Whitted commented that if the board approved her recommendation to a reduction to 46% complete, the result would be a reduction in value by apx \$10,000-15,000.

Reynolds commented that he didn't feel that - if he sold as is - could get \$115,000.

Connors added that the county has to estimate the value based on the estimated *completed* market value for a similar home for its size and then take a percent of that value for the partially constructed status. Reynolds did not agree with this theory.

Reynolds said he could get an appraisal, but knew there would be a cost for that.

Action taken:

A motion was made by Supervisor Rosato, seconded by Supervisor Key, to reduce the valuation of Reynolds house to 46% complete, based on the Assessors recommendation,. And that Reynolds may appear before the County board of appeals and equalization if he wishes. Motion carried.

A new evaluation form will be sent, per Whitted.

3.:

Taxpayer name(s): Richard Gunderson	Parcel number (s): Various
Address: Underwood Road	Classification:
Nature of grievance: Regarding his numerous parcels, some are classified as green acres, some as rural preserves, some both, and some are neither. Why are they not all the same? Per Connors, Rural Preserves is part of the Green Acres program and both are treated the same for tax purposes. The difference has to do with the land use. If it's tillable soil, it's Green Acres; if it's not tillable land, it's Rural Preserves. If a part of a parcel is tillable and another part is wooded – that results in the use of both classifications on one parcel. Connors added that the Board cannot affect green acres – and asked Gunderson to meet with him at the Assessor's office to make sure he's applied for Green Acres on <i>all</i> parcels. Regarding parcel #19-013-2400: Gunderson tore the house on this parcel down between July 2012 – and June 2013, including filling in the basement, and removing the electricity. A new house started being built in June 2013. Which was he being taxed on? Whitted commented that she had met with Gunderson and measured building, then entered the information into the computer, and drew new sketch - removing old structures and adding the new home. Gunderson commented that the classification of this parcel is agricultural homestead despite his application for green acres. Regarding the out buildings on the above noted parcel, including an old garage that has been condemned, and a storage shed. Gunderson asked about the taxable values of the buildings as he felt they should have very little value. Connors shared that the one building is valued at \$500, a newer garage is valued at \$8,500; and a machine shed is valued at \$4,000. Gunderson replied that the latter was not worth 4,000 as it is made of block – which were crumbling, had old, broken windows, etc. Though rated as 'average' by the county, Gunderson felt it should be rated as 'poor'. He added that it may look okay from outside, but the inside is <i>not</i> good. Whitted offered to have a site visit done to review the outbuildings, and consider reassessing their value; when she visited the property, she was there to review new construction – so did not review the existing out buildings. Gunderson and board supported doing this site review today. <i>Appraiser Namcheck went with Gunderson to view the out buildings at 10:17 a.m.</i> to view old garage and machine shed. <i>They returned at apx 11:00 a.m...</i> Action taken: <u>Per Appraiser Namcheck:</u> The old garage that Gunderson questioned the value on, Namcheck recommend reducing the value from 75% use, down to 50%. And, regarding the storage building, Namcheck also recommended reducing the value from 70% use, down to 40%. This recommendation was based on the condition of block and slabs, doors being almost impossible to open, the header on large shed is bowed, so roof is sagging, and the foundation was cracking. He confirmed that both are still being used by Gunderson, so there is still some value retained. <i>A motion was made by Supervisor Key to take the county assessor's recommendations and reduce the value of two outbuildings as explained above: Reduce the garage down to 50% and the shed down to 40%; Rosato seconded the motion, so the motion carried.</i> Gunderson will set up a meeting with Connors to discuss green acres.	

4.:

Taxpayer name(s): Michael H. (Burl) Ives	Parcel number (s): 19-016-4105
Address: Sunny Beach Road	Classification:
Nature of grievance: Ives has attended the Local Board of Appeal and Equalization the past 5 years, and he again attended this year due to his neighbors having lower assessed values along the same lakeshore. He did receive an adjustment by the board last year, but has gained all that back, plus. He has lived on his non compliant lot for 25 years. He has and A-frame house, and has put on numerous additions. It is on wooden piers – and has no basement. The well was installed in 1971. He did upgrade to a mound sewer system. His shoreline is soft, due to Woodtick’s flow (its “mooky”). Ives stated his real complaint today was not about the house value, but the land value. He felt he was paying more per lineal foot of lakeshore than his neighbors – even though they share the same shoreline. From the information on the county GIS website, Ives calculated the price per foot for comparison as follows: <ul style="list-style-type: none">• Ives has 100 feet of lake shore, and pays \$1,730/foot. -compared to-• Neighbor – Rutt – 153ft lakeshore \$1,535/foot – or \$195 less per foot• Neighbor – Ives (father), 200 ft lakeshore \$1,330/foot – or \$400 less per foot• Another lot – Green- 150 ft lakeshore, also \$1,300/foot• Another lot, for sale – 150 ft lakeshore, \$1,300/foot (with better frontage)• Another lot, 246 ft of lakeshore, \$900/foot Connors commented that on every lake, there is a minimum lot size. As you increase the size of the lot, the assessors don’t assume you will subdivide. Ives lot is smaller than most – thus non compliant. However, it’s still a lakeshore site, and the market has a minimum to be on the lake. So, that amount divided by the feet of lakeshore equates to a higher cost per foot. At first, the Board agreed that it didn’t appear that lakeshore on same shoreline was valued fairly between the owners. However, Connors then clarified that the actual price per lineal foot of Ives lakeshore was \$1,438/lineal foot– which is already discounted by 16%. Connors asked Ives how he’d determined his figure of \$1,730/foot. Ives clarified that he calculated the cost by dividing the total land value of \$173,000 by the 100 feet of lakeshore to come up with the \$1,730/foot figure. Connors clarified that the \$173,000 total land value figure also includes the value of the well and septic – and not just the value of lakeshore. The well and septic alone were valued at \$15,000. In addition, 8 feet of lakeshore was only valued at \$900, and the upland site value was \$14,000. Thus, of the \$173,000 total value, there was \$29,000 worth of other components incorporated. Thus, the value of just the good lakeshore was apx \$143,000. Ives stated that only the house and land values are shown online – not all the other components – so that’s what he went by.	
Action taken: <i>Given the information provided by Connors, Supervisor Key made a motion for <u>no change</u> to Ives assessed land values, as a good shoreline valued at \$1,438/foot was fair. The motion was Seconded by Supervisor Rosato, and thus passed. (Landowner could appear before the County Local Board of Appeals if desired)</i>	

5.

Taxpayer name(s): Brian Brackeen	Parcel number (s): 19-520-0320
Address:	Classification:
<p>Nature of grievance: The first item was the value of the house. Brackeen had met with Whitted and reviewed site and buildings, who affirmed water damage and mold in the basement. The original assessed value was \$346,000 and Brackeen requested that the board affirm the reassessed value by Witted of \$332,600. (see handout)</p> <p>The second item Brackeen brought to the board was a request to change the classification of his property to “non homestead – residential”, from its current class of “seasonal – recreation”.</p> <p>Connors commented that by statute, they have to use the highest and best use value when assessing a property, and for Brackeen’s property, that was seasonal-recreational. Usually classifications along a lake are either homestead or seasonal, but the board has the power to change the classification. Currently, there is a value in being residential – non homestead vs. seasonal-recreational residential (the latter is a little higher).</p> <p>Brackeen added that he is at this property during the week, or about 300 days/year. In addition, his neighbor on Sunny Beach Addition Road has the non homestead – residential classification. There is only cabin next to him who is a seasonal. Brackeen wants a residential - non homestead classification.</p>	
<p>Action taken: <i>A motion was made by Supervisor Key to reduce the value of PID 19-520-0320 from \$346,000 to <u>\$332,600</u>, per the assessor’s recommendation. Upon a second by Rosato, motion passed.</i></p> <p><i>A motion was then made by Supervisor Rosato to change the property classification from seasonal recreational to <u>residential-non homestead</u> per the request of homeowner. Upon a second by Key, motion carried.</i></p>	

6.

Taxpayer name(s): Judy Myers	Parcel number (s): 19-017-2313 19-017-2315
Address: Crystal Springs Road – RV park	Classification:
<p>Nature of grievance: Myers came for clarification regarding her RV park at 32990 Crystal Springs Road. She didn’t understand which decks she was being assessed on.</p> <p>Connors explained that anything on the land is valued and taxed, because if one site has a deck & screen house, a person would be willing to pay more for that site. Therefore, things such as buildings and decks add value to the property and they are required to include them in the assessed value. Connors noted that the size does matter, and that information is fed into a formula. Myers asked if the deck was portable, would it still be taxed. Connors replied that it depends. A sketch of the current park was shared with Myers and the board, showing the various deck sizes. There was one 8’ x 20’ deck – 160 sq feet – which was the only one that met the criteria to be taxed. When the value of any amenities value is more than a \$1,000 threshold, it is then taxed. There is no magic formula for price per foot of a deck.</p> <p>Whitted agreed to meet with Myers whenever these questions come up. Myers thanked the county for the information, and did not contest the assessment as it equated to only \$23, thanked for info.</p>	
<p>Action taken: <i>Motion by Rosato by to affirm values of two parcels and no changes were made, nor any action taken – but noted the landowner could appear before the County Local Board of Appeals if desired. Second by Key, motion carried.</i></p>	

7. Assessors recommendation Jerry Julien Sr. – PID# 19-012-4301 (Wendigo Road/County Rd 67)

Whitted performed a site visit to the adjoining property on 3/11/14 and viewed the mobile home that had burned. The Assessor's Office recommended removing \$800 value of the mobile home, as the door is mission, and windows are broken; it is close to salvage value.

Motion by Rosato, second by Key, to reduce the mobile home value of \$800 down to zero on PID# 19-012-4301, as it had no value due to the recent fire damage. Motion carried.

8. Assessors recommendation received from assessor Whitted, regarding an Undivided Interest Assessed Parcel

PID 19-440-0105 needed to be created as the parent parcel with a valuation of \$220,200, which reflects .18 acres. The parent parcel represent an undivided 1/8 interest for each of the individual "children" parcels, valued at \$2,500 each. The 8 second parcels are 19-440-0110, 19-440-0120, 19-440-0130, 19-440-010, 19-440-0220, 19-440-0230, 19-440-0240, and 19-440-0210. The location is off of Sunny Beach Road, next to Wendigo Picnic Park. The assessor requested that the town board affirm the value of the parent parcel, in the amount of \$20,200 so assessment could be shared accordingly to the children parcels.

Motion by Rosato to affirm the value of parent parcel #19-440-0105 in the amount of \$20,200 as recommend by assessor. Upon a second by Key, motion passed.

9. Assessors recommendation received from assessor Whitted, to affirm the value of parent parcel #19-513-0148

Trish Klein commented regarding the Mishawaka Shores Assoc. storage building – which is shared by 8 people. She is one of the owners who is selling, and needs to transfer ownership of her 1/8 share of the storage building during closing. However, the building is not currently broken out into the 8 owners PIDs. The value currently is placed only on the parent parcel for \$55,000. No tax value will be generated until children parcels are developed. The Mishawaka Shores Association has been contacted by Whitted.

As requested, a motion was made by Supervisor Rosato to affirm value of parent parcel #19-513-0148, which holds common storage building of the Mishawaka Shores Association, so that it can be deeded out to 8 individual parcel owners. Upon a second by Key, motion carried.

10. Appeal via letter received from Kim Culp – PID #19-585-0020

Culp submitted an appraisal from last fall, with comparable sales. The 2015 valuation of \$350,300 was being contested based on this appraisal, which came in at \$336,500 – what the owner had paid for the property.

Upon review, Connors commented that the first sale in the comparison was a "relative sale", and therefore they would not consider that as valid. And, overall, recommended there's not enough information in the appraisal as the sales used related party sales, which are not valid.

Motion by Rosato for no change to the assessed value of 19-585-0020. Upon a second by Key, motion carried. The owner could contact the County Board of Appeal and Equalization if desired.

11. Recommendation by Assessor regarding PID #19-008-4101 and 19-008-4105 (parcel split)

PID# 19-008-4101

The split of this parcel was in progress when the valuation reports were prepared, and so they didn't go out correctly. The assessors recommend the value of this PID, which now represents a smaller split parcel, be reduced from \$75,800 to \$50,900.

Motion by Key, second by Rosato to reduce the value of PID #19-008-4101 to \$50,900. Motion carried.

PID# 19-008-4105

The assessor further recommended that \$31,600 be the assessed value for the new, smaller but upland parcel that resulted from the above noted parcel being split into two parcels.

Motion by Rosato, second by Key, to accept the assessor's recommendation and value PID#19-008-4105 at \$31,600. Motion carried.

With no other residents on the docket, nor any other letters of appeal to review, Supervisor Key made a motion at 11:59 a.m. to adjourn and close the Local Board of Appeal and Equalization meeting. The motion was seconded by Supervisor Rosato and upon roll call, the motion carried and the meeting was adjourned.

Respectfully submitted,

Michele Smith, Clerk