

MINUTES

Meeting of the Greenwood City Council Acting as the Local Board of Appeal & Equalization



6pm, Thursday, April 9, 2015
20225 Cottagewood Road, Deephaven, MN 55331

1. CALL TO ORDER | ROLL CALL | APPROVE AGENDA

Mayor Kind called the meeting to order at 6pm.
Members Present: Mayor Kind; Councilmembers Bill Cook, Bob Quam, and Rob Roy
Members Absent: Councilmember Tom Fletcher
Others Present: Assessors Rob Winge and Michael Smerdon

Motion by Roy to approve the agenda as amended. Second by Quam. Motion passed 4-0.

Mayor Kind explained the appeal process. The board will gather information from the property owners and assessor at the 4/9 meeting. Over the next two weeks the assessor will visit each of the properties on the roster. By law the board cannot make a change for a property owner who refuses entry to the assessor. The board will reconvene at 6pm on 4/23 to hear the assessor's recommendations and take final action. Property owners are not required to attend the 4/23 meeting, but are welcome to do so. Property owners will be notified of board action in writing.

2. ASSESSORS' PRESENTATION REGARDING PROPERTIES ON ROSTER

The assessors had an opportunity to comment regarding the below appeals as each was discussed.

3. ROSTER OF PROPERTY VALUATION APPEALS:

- A. David Walsh, 21630 Fairview Street. Submitted an appeal via email (attached).
- B. Keith Stuessi, 5000 Meadville Street. Submitted an appeal in writing (attached) and in person. The assessor stated that Stuessi's 43% increase is higher to make up for an error that was made in 2014. Mr. Stuessi met with a new lakeshore expert from the county assessor's office who is recommending a 27% increase instead of the 43% increase originally proposed. Steussi is encouraged that the county is interested in taking a new approach for assessing lakeshore properties.
- C. Karen Koehnen, 5200 Meadville Street. Submitted an appeal in person. Stated: (1) That 22.50% increase is too much based on one Meadville sale. (2) She would like her increase to match the 3.3% average for other lakeshore properties in the city.
- D. Richard Spiegel, 5090 Meadville Street. Submitted an appeal in writing (attached) and in person. Stated: (1) That his property has limited grandfathered rights with its current 30% hardcover. (2) The low level of his lot limits what could be built on his property. (3) He would like his increase to match the 3.3% average for other lakeshore properties in the city.
- E. Bob & Sandy Sevey, 4926 Meadville Street. Submitted an appeal in writing (attached) and in person. Stated: (1) According to recent sales, properties on Excelsior Blvd should have had similar increases to Meadville, but they did not. (2) The "neighborhood" sizes need to be reviewed and enlarged so that 1 sale does not affect a neighborhood so much. (3) Need to recognize and ignore "outliers." (4) Would like increase to match the 3.3% average for other lakeshore properties in the city.
- F. Jeff Sagal, 21420 Excelsior Boulevard. Submitted an appeal in person. Stated that something is wrong with the current tax system, where taxes are shifted from Minneapolis where commercial values are declining, to Greenwood where residential property values are increasing.
- G. Mark & Sandy Setterholm, 5250 Meadville Street. Submitted an appeal in person. Stated that there needs to be a more graduated way to apply assessments.
- H. Tom Hessian, 4990 Meadville Street. Submitted an appeal in person. Stated (1) That 18.9% increase is too much. (2) Has a very small lot, which limits what could be built on it in the future.
- I. Frank Brixius, 21720 Fairview Street. Submitted an appeal via email (attached).
- J. Jeff & Malana Schmidt, 21957 Minnetonka Blvd, Villa #16. Submitted an appeal via email (attached).

- K. Bill Darusmont, 21955 Minnetonka Blvd Villa #4. Submitted an appeal in writing (attached) and in person for himself and on behalf of Lanna Kimmerle, 21955 Minnetonka Blvd, Villa #1. In addition to his very detailed letter and additional note, Mr. Durasmont stated: (1) The land increases should not be different for different units. (2) Condos are carrying too much of the Greenwood tax burden. (3) The recent sales are not reflective of the overall condo values.
- L. Amy Connors, 21650 Fairview Street. Contacted the assessor and mayor via phone. Concerned that property is one of the lowest on Fairview Street and experienced flooding during record rainfalls in 2014.
- M. Ted Hanna, 4960 Meadville Street. Contacted assessor.
- N. Richard & Nancy Wyatt, 5120 Meadville Street. Contacted assessor.
- O. Bonnie & Timothy Lane, 21250 Excelsior Blvd. Contacted assessor.
- P. Bud & Luann Wudlick, 4930 Sleepy Hollow Road. Contacted assessor.
- Q. Jim Jetland, 4940 Meadville Street. Submitted an appeal in person. Stated that it is mind-boggling that so few sales can affect such a small area.
- R. Alan Lizee, 4980 Meadville Street. Submitted an appeal in person. Stated that the properties to the right and left of his had lower increases compared to his.
- S. Bob & Maureen Burns, 5080 Meadville Street. Submitted an appeal in person. Stated: (1) Property is very low which limits the size of home that can be built on it. (2) Cannot afford another tax increase. The assessor suggested that Mrs. Burns complete an MPR1 Form (available at the Post Office) to get a tax break refund if property *taxes* (not property *valuation*) go up by 12% or more.
- T. Harold Roberts, 21955 Minnetonka Blvd, Villa #8. Submitted an appeal in person. Stated that the villa unit that sold for \$1.225 million did major renovations before selling, so it was not representative of the condition of other villa units.

Councilman Cook asked if there is a process for changing the size of assessment neighborhoods and suggested that grandfathered rights be incorporated into the assessment process. The city council will schedule a worksession with the assessors for sometime this summer.

4. RECESS TO THURSDAY, APRIL 23, 2015

**Motion by Roy to recess the meeting at 8:07pm and reconvene at 6pm on Thursday, April 23, 2015.
Second by Quam. Motion carried 4-0.**

William J. Darusmont

21955 Minnetonka Blvd. Villa 4

Greenwood, MN 55331

(952)-353-4732

April 8, 2015

To: Mayor Deb Kind and the Greenwood City Council

Subject: 2015 property taxes

One year ago, I, and some other St. Albans Bay Villas owners went to the council meeting to protest the increases. I then spoke with Mike Smerdon, the assessor, who said he needed to see at least some of the units, which several of us did.

There were some adjustments made which reduced the taxes on all units which was discussed at the follow-up meeting. The Villas were the first item since they involved the same parcel.

The council approved the changes and said that there was no need for us to stay and went on with other business. As it turned out, *after* we left, the council reversed itself and many of us who were told we would get reductions were cut out – the ones who had allowed the assessor access! We were not pleased but put it aside.

When I invited Mike Smerdon to look at our unit (over my wife's objection I might add), he said it helped him because our unit was well under a similar unit at the other end of the building. I was glad that he reduced that assessment and went so far as to tell him that since we had purchased our unit at a depressed price, I would prefer the reduction go to her. I added that if my unit had a similar increase a year later I would be upset. He said he understood. My unit was decreased in value to \$539,000 from \$546,000, which resulted in a 20.5% increase.

For all units the increase was cut from 26.5% to 20.6%, a 6% reduction. Had my unit participated at the average the bill would have been \$513,000 instead of \$539,000, but as I said I was okay with that as we had succeeded in reducing some of the excessive increases. The smallest increase was Unit 1 which was the one that had been previously grossly overvalued, while the largest was Unit 8 at 24.7%, but like mine had been purchased in a distress sale.

One of the reasons for the increase was the sale of Unit 6 which was purchased from an owner who had not planned to sell, and since Unit 8 had sold at a low price, was the only unit for sale at that time. Another unit (3) also sold for more than the appraised value

The other reason was Unit 20 which was sold in July 2014 for much less than the \$1.325 million asking price at \$1.15M. While the unit was in fine condition it was seriously in need of 'updating'. We had told the assessor it was overvalued and the selling price confirmed we were correct. By lowering that assessed valuation it had helped bring the others in line.

In December 2014, Unit 8 was resold for \$1.25M but that one was 'renovated', not remodeled. It was stripped to the bare walls and well over \$300,000 was spent on it. Thus it was those upgrades which pushed the price up, not the broad real estate market or demand for the Villas.

Unit 11 sold in Oct. 2014 for \$720M. The proposed valuation is \$665,000, a 24.8% increase, which seems appropriate given how late in the year it was sold.

Segueing into the new proposed tax bills, the increases are once again high, ranging from 1.1% (unit 20 which is very close to the selling price) to 24.8%. The second highest at 24.2% was Unit 1 – this was the item that was overvalued before and reduced by the assessor, and is now being grossly overvalued again! As for other unit increases, it is up to the individual owners to decide, but it appears nearly all are seriously overvalued, in my humble opinion. Also troubling is that there is no consistency on a per unit basis for land values (which we were told by the assessor was not relevant for condominiums. If that is the case, why were none of the land values for the three Excelsior condos changed? This in fact was the reason for the huge increase for Unit 1, while Unit 20 *decreased* by 12.2%. In fact, nine units were lower and 11 higher by -5.6% to +8%?

Why my interest in taking all the time to do this research? First, as I said I am writing on my own behalf, not as an agent for the other owners. Mine increased by 14.8%, which when added to the previous 20.6% is a 35.4% increase in just two years!

Secondly, if several owners were to sell at the same time the selling prices would be significantly lower. Why should someone be assessed on a value that may not be achieved? This is not a rhetorical question: as I told Michael Smerdon last year, there is a serious flaw in not increasing the values at a steady rate. Shouldn't an owner be able to forecast their expenses? That is impossible when they are rising by double digit levels, and is detrimental to those on fixed incomes, especially thanks to the 2008 financial crisis which has interest rate returns to less than one percent! This is an advantage to a buyer but a huge problem for an individual on a fixed income.

Why should you care? The answer is easy for me, because I lived in Santa Monica, California when Prop. 13, the Gann Amendment (yes, a very bad amendment to the state constitution!), passed with flying colors, largely due to the Los Angeles County Tax Assessor sending out the property tax bills about a week prior to the election! This caused intelligent people to vote for this damaging amendment, over their better judgment, because some of us saw a doubling of property taxes – in one year! That was thanks to a boom in real estate prices which only escalated further after Prop. 13,

Here is what the impact was:

1. assessed valuations could only increase by 1% per annum; unless the home was sold
2. services such as trash collection and libraries were no longer included in property taxes; since this made them non-deductible items to the detriment of property owners
3. the next year, Beverly Hills had the largest increase in property values in its history

The worst part is that the alleged hero, Al Jarvis, was head of the Bay Area Property Owners Assn., the largest *apartment house* owners association in California. Since the owners did not reduce the tenants rent, it resulted in several rent control boards, mostly in Santa Monica and Berkeley. This penalized owners (like my grandmother) who only raised her rents as her costs went up, and later her estate when they tried to sell to a condominium developer!

Also, since large buildings are held as a corporation, the buildings are not sold, only the stock in the corporation, so despite doubling and tripling of buildings like the Bank of America building, the appraised value could still increase by just one percent per year!

Can it happen in Minnesota? You bet it could and having experienced it, I do not want that to happen but with increases like these, ultimately the people will unite. Instead, a steady increase in the valuations, of say 5% a year, would avoid all this. In the short life of the Villas (2004-06), taxes have been increased sharply (13.4% the first year then 9.7% the next, only to decline for three years (2009-2011) by a combined 20%! We need to stop the insanity so home owners can budget for the future.

Using your own Greenwood property tax table, Byron Circle, which adjoins the Villas, had *zero* increase; Meadville an average of 12.5% (with 12 properties showing *zero* increase), combining Meadville with Fairview the mean is 9.8% with a median of 7.3%. In fact, for all of Greenwood the average was 3.3% and 8.4% for Excelsior *for lakefront property only*.

I cannot comprehend these discrepancies with our 13.2% and three units increasing by 21%+.

I will be late coming to the Thursday night meeting but I await an explanation.

Respectfully submitted,



William J. Darusmont

Note to accompany the letter. I realize the letter was long, but to simplify, I call your attention to the two tables following the letter. Something is not right, despite the recent sales, as only one unit (#8) sold significantly higher which was due to the prior owners, had bought it in a distress sale, totally 'demoing' it to bare walls, and investing over \$300,000 in a total renovation thus it is not a reflection of the values of the other units. Last year we were shocked at the valuation on Unit 20 which was then for sale and listed at \$1.3 million, but sold for \$1.115 million (see explanation in my letter).

We also noted that the valuations the council approved at the final meeting, after which we were told we could leave, then the council 'appeared' to reverse itself totally changing what we believed to be in effect.

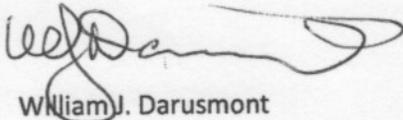
Comparing the proposed assessments, last years, and both the five and ten year averages posted on Greenwood's website, we are bearing more than our fair share of the taxes. This follows the newly formed lake district where we had two amounts, one for each unit and another for share of the lake frontage (as I see it).

Lastly, as a resident of not only California in 1976 at the time of the passage of the Gann Amendment, also known as Prop. 13, I included a summary of the consequences of that action to show the problems that would be created if the taxpayers decide they have had enough. It was a horrible act, and the state has suffered for it ever since as I explained.

I, and I am sure the other owners, who I do not represent in my objections, would appreciate your attention to what we see as a grievous error.

Thank you for your consideration on this serious matter to the Villa owners.

Sincerely,

A handwritten signature in black ink, appearing to read 'William J. Darusmont', written in a cursive style.

William J. Darusmont

Comparison of SAB Villas with Greenwood

Source: Greenwood Website

Greenwood:	2014-15	2015-16
	10.5%	3.3%
Mean	21.3%	n/a
All Residential	21.1%	3.3%
Off Lake		
Only	n/a	-0.1%
On Lake		
Only:	11.8%	3.0%
SAB		
Condos	18.9%	13.2%
3 Adj. props on lake:		
Land	7.0%	0.0%
Bldg	7.3%	0.0%
Total	7.2%	0.0%
Growth	Total	Mean
5-Year	1.4%	-0.2%
10-Year	14.4%	-1.2%
SAB Villas		
5-Year	27.4%	n/a
10-Year	18.9%	n/a

Bldg. A	Assd Val	2014	Minnetonka Blvd	2015	Greenwood	2016 (P)	% Change Proposed	Land Only	2014	Land Only	2015	Land Only	2016 (P)	Land Inc.
#1	\$	545,000	\$	604,000	\$	750,000	24.2%	\$	306,000	\$	354,000	\$	412,000	16.4%
#2	\$	565,000	\$	678,000	\$	781,000	15.2%	\$	306,000	\$	405,000	\$	412,000	1.7%
#3	\$	565,000	\$	678,000	\$	781,000	15.2%	\$	306,000	\$	405,000	\$	412,000	1.7%
#4	\$	447,000	\$	539,000	\$	619,000	14.8%	\$	214,000	\$	294,000	\$	288,000	-2.0%
#5	\$	768,000	\$	922,000	\$	1,031,000	11.8%	\$	474,000	\$	607,000	\$	606,000	-0.2%
#6	\$	733,000	\$	916,000	\$	967,000	5.6%	\$	474,000	\$	624,000	\$	597,000	-4.3%
#7	\$	732,000	\$	827,000	\$	964,000	16.6%	\$	474,000	\$	555,000	\$	597,000	7.6%
#8	\$	764,000	\$	953,000	\$	1,158,000	21.5%	\$	474,000	\$	642,000	\$	606,000	-5.6%
#9	\$	819,000	\$	923,000	\$	1,043,000	13.0%	\$	536,000	\$	624,000	\$	639,000	2.4%
#10	\$	813,000	\$	912,000	\$	1,033,000	13.3%	\$	536,000	\$	620,000	\$	639,000	3.1%
#11	\$	459,000	\$	533,000	\$	665,000	24.8%	\$	214,000	\$	276,000	\$	288,000	4.3%
#12	\$	569,000	\$	708,000	\$	787,000	11.2%	\$	306,000	\$	430,000	\$	412,000	-4.2%
#13	\$	578,000	\$	694,000	\$	802,000	15.6%	\$	306,000	\$	405,000	\$	412,000	1.7%
#14	\$	564,000	\$	677,000	\$	779,000	15.1%	\$	306,000	\$	405,000	\$	412,000	1.7%
#15	\$	782,000	\$	971,000	\$	1,050,000	8.1%	\$	474,000	\$	642,000	\$	606,000	-5.6%
#16	\$	744,000	\$	838,000	\$	982,000	17.2%	\$	474,000	\$	553,000	\$	597,000	8.0%
#17	\$	747,000	\$	882,000	\$	987,000	11.9%	\$	474,000	\$	593,000	\$	597,000	0.7%
#18	\$	901,000	\$	1,104,000	\$	1,230,000	11.4%	\$	474,000	\$	642,000	\$	606,000	-5.6%
#19	\$	838,000	\$	966,000	\$	1,068,000	10.6%	\$	536,000	\$	648,000	\$	639,000	-1.4%
#20	\$	856,000	\$	1,066,000	\$	1,078,000	1.1%	\$	536,000	\$	728,000	\$	639,000	-12.2%
Totals	\$	13,789,000	\$	16,391,000	\$	18,555,000	13.2%	\$	8,200,000	\$	10,452,000	\$	10,416,000	-0.3%
Average				18.9%					410,000		522,600		520,800	-0.3%

From: Debra Kind dkind100@gmail.com
Subject: Re: Greenwood
Date: April 6, 2015 at 9:02 PM
To: Frank Brixius fbrixius@mac.com



Frank —

Got it. I will add your name to the roster at the 4/9 meeting and distribute your email below.

Deb

DEBRA J. KIND
Mayor, City of Greenwood
20225 Cottagewood Road
Deephaven, MN 55331
www.greenwoodmn.com
Main: 952.474.6633
Direct: 612.718.6753

On Apr 6, 2015, at 8:58 PM, Frank Brixius <fbrixius@mac.com> wrote:

Hi Deb,

Just got the Assessor's valentine giving us a more than \$400,000 increase. I am out of town and unable to object in person. Please accept this email as my request for review by the Board. The Assessor's office had two representatives look at our property two years ago, at which they agreed that my property value should be reduced and that they would not have to look at it again for another five years.

Thank you for your consideration of my request.

Frank

Sent from my iPhone

From: **Malana Schmidt** malanaandjeff@gmail.com
Subject: Re: Greenwood Condo information for the 2015 assessment
Date: April 8, 2015 at 4:44 PM
To: Michael J Smerdon Michael.Smerdon@hennepin.us
Cc: Robert C Winge Robert.Winge@hennepin.us, Debra Kind dkind100@gmail.com

Dear Mike,

My wife and I are in California visiting our daughter and her family, and are unable to attend the meeting tomorrow evening at City Hall. I tried calling you today, but got your voice mail, and left word to have you call me to discuss the proposed assessment against our condo unit, #16, at the St. Albans Bay Villas (21957 Minnetonka Blvd.) in Greenwood.

Please accept this letter as our appeal of the proposed assessment of \$982,000, which, I believe, is higher than the fair market value of our unit. I have provided some of the rationale for my position in a previous email to you, and will discuss further when you are able to return my call.

Thank you for your consideration,

Jeff and Malana Schmidt
612-961-6909 (cell)
Sent from my iPad

On Mar 17, 2015, at 5:39 AM, Michael J Smerdon <Michael.Smerdon@hennepin.us> wrote:

If you have any questions feel free to contact me on my cell phone or in an email.

Michael Smerdon, SAMA
Senior Residential Appraiser
Hennepin County Assessor's Office
Cell : 612-802-8761
Office : 952-249-4641

"Value and Classify Property, Uniformly and Accurately"

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<Greenwood Condo info for Mr. Schmidt.pdf>

**Bob & Sandy Sevey
4926 Meadville Street
Greenwood, MN 55331
PID: 26-117-23 24 0001**

January 1, 2015 Notice of Valuation Protest

January 1, 2013 Valuation: \$1,392,000

January 1, 2014 Valuation: \$1,508,000

January 1, 2015 Valuation: \$1,845,000 22.35% increase from 1/1/2014

It appears there are two methods used to evaluate Greenwood lakeshore property for real estate tax purposes. The traditional method used is to look first at front footage and second at square footage in order to calculate the land value and then value the structure as a separate component. Under the second method the Assessor utilizes the City's Sales Study which uses a cluster concept (i.e., Meadville-main, Meadville-Excelsior Bay, Fairview, etc.) to determine neighborhood valuations. There are 21 houses in our cluster called Meadville-main.

Comparable Properties

Utilizing the cluster concept there are two properties comparable to our property: 4950 and 4980 Meadville.

We have attached a schedule of real estate data for the 3 properties for 2013, 2014, and 2015. These properties are similar in size, shape and front footage. They are three and six houses away from ours.

Evaluation of 4950 and 4980 vs our property shows our property had a higher land value in 2013 of \$110,000 and \$165,000 respectively. This compares to 2015 where our land value is now higher by \$250,000 and \$255,000 respectively with no change in front footage or square footage.

What changed?

Sales Study Method

The Sales Study directs the assessor to use a system that very few property owners understand. This conflict of "law" vs impression has, in our opinion, made it difficult to disagree when one sale out of the ordinary can skew an entire neighborhood.

We are faced with a 22.35% increase based on one sale, which happens to be our next door neighbor of 40 years. To dissect what has truly occurred within our small community is difficult.

We would like to point out how this one sale skews all of Meadville-main and deviates from the comparable method.

The Sales Study produces a percentage based on Estimated Market Value as compared to Market Conditions Adjusted Prices (MCAP) and the result is the MCAP ratio. Our Greenwood website shows the Greenwood 2014 Fall Sales Study results for the 2015 Assessment Year.

This Sales Study lists 8 total Greenwood lakeshore property sales and their associated MCAP ratios.

	<u>MCAP ratio</u>
There were 4 sales on the Main Lake (2 Meadville-main and 2 Fairview)	85.77%
There were 4 sales on St. Alban's Bay (2 Excelsior Blvd and 2 Channel)	84.73%

Any way we've grouped them (Main Lake vs St. Albans Bay, all Lakeshore, large lots vs small lots) the ratios produce an MCAP ratio of approximately 85% for all Greenwood lakeshore sales in the Sales Study.

Reviewing the above MCAP ratios would lead you to believe most lakeshore property in all of Greenwood would receive similar increases. The sales are spread throughout the neighborhoods and, per the MCAP ratios, are uniform as to the Median.

In actuality 17 houses (out of 21) on Meadville-main received valuation increases of over 20% on their land. For example, the Fairview neighborhood, for practical purposes, is really an extension of Meadville-main as viewed from the lake. Yet, the median land increase in that neighborhood was 6.33%.

The remaining lakeshore properties in Greenwood received either no increase or even a decrease, even though the MCAP ratio would indicate an increase was due on all lakeshore.

The Assessor has published the 2015 Assessment Growth for Greenwood for lakeshore properties as 3.3%.

It appears the significant increase on only Meadville-main is a direct result of one outlier sale – 4930 Meadville.

The MCAP ratio for this outlier is 73%, thus allowing a 22% increase to get to the 95% assessor goal. This one outlier sale drastically reduces or eliminates otherwise required increases on the vast majority of the remaining lakeshore properties in Greenwood.

We do not believe one sale constitutes a reason to raise the entire street's value and then ignore the data provided by the Sales Study that indicates the remaining properties on the City lakeshore also need to be raised.

As per discussion with the Assessor, this is a subjective call by cluster/neighborhood. If he feels any area should not be raised he has the option for minimal or no raise (even though the study indicates one is required). The Excelsior Blvd area is a perfect example of where the sales study indicates increases are needed yet there was no increase given by design.

Conclusion

As you can tell from our data we have quite a dilemma. If we use the comparable method we would ask for a land value of \$1,510,000 and home value of \$80,000 for a total of \$1,590,000. But this would mean using the 20% plus inflated numbers for 4950 and 4980 Meadville. And if those numbers are lowered we would expect (as comparables) for our value to also be lowered.

A second possibility would be to ignore the Assessor's disparate 20%+ increase to our neighborhood and instead use the Assessor's published 2015 Assessment Growth for Greenwood for lakeshore of 3.3%. This would indicate our value would increase by 3.3% or to \$ 1,557,800.

As these numbers are relatively close we will ask for the published average Greenwood lakeshore growth of 3.3%

We are requesting a corrected 2015 valuation of \$1,558,000.

Thank you for your consideration of this matter.

Bob and Sandy Sevey
Sandy cell: 952-220-2999

**Bob & Sandy Sevey
4926 Meadville Street
Greenwood, MN 55331
PID: 26-117-23 24 0001**

Comparable properties:

<u>2013</u>	(1) <u>Lake shore</u>	(2) <u>Lot Size</u>	<u>Year Built</u>	2013 <u>Land</u>	2013 <u>Building</u>	2013 <u>Total</u>	
4926 Meadville	100	13638	1913	\$ 1,295,000	\$ 97,000	\$ 1,392,000	
4950 Meadville	90	14472	1961	\$ 1,185,000	\$ 87,000	\$ 1,272,000	
4980 Meadville	100	13354	1915	\$ 1,130,000	\$ 34,000	\$ 1,164,000	
<u>2014</u>	<u>Lake shore</u>	<u>Lot Size</u>	<u>Year Built</u>	2014 <u>Land</u>	2014 <u>Building</u>	2014 <u>Total</u>	Increase <u>from 2013</u>
4926 Meadville	100	13638	1913	\$ 1,428,000	\$ 80,000	\$ 1,508,000	8.33%
4950 Meadville	90	14472	1961	\$ 1,229,000	\$ 89,000	\$ 1,318,000	3.62%
4980 Meadville	100	13354	1915	\$ 1,227,000	\$ 50,000	\$ 1,277,000	9.71%
<u>2015</u>	<u>Lake shore</u>	<u>Lot Size</u>	<u>Year Built</u>	2015 <u>Land</u>	2015 <u>Building</u>	2015 <u>Total</u>	Increase <u>from 2014</u>
4926 Meadville	100	13638	1913	\$ 1,765,000	\$ 80,000	\$ 1,845,000	22.35%
4950 Meadville	90	14472	1961	\$ 1,515,000	\$ 89,000	\$ 1,604,000	21.70%
4980 Meadville	100	13354	1915	\$ 1,510,000	\$ 50,000	\$ 1,560,000	22.16%

Note: The comparable method would lead you to believe 4926 Meadville was overvalued both in 2014 and 2015.

(1) : Lakeshore footage obtained from Hennepin County Property Tax Website

(2) : Lot size obtained from Hennepin County Property Tax website, Interactive Maps

RICHARD & JUDITH SPIEGEL
5090 MEADVILLE ST.
EXCELSIOR, MN 55331

April 2, 2015

Greenwood City Council
c/o Gus Karpas

We are writing this letter protesting the 23% increase in the 2016 EMV of our home at 5090 Meadville St., Greenwood. We have owned this home since December, 1975 and this is by far the largest increase we have experienced.

I, Richard, called the assessor, Michael Smerdon, to understand his rationale for this very large increase. I asked him about the sales of comparable homes in the area. He mentioned four. What struck me, however, was that he said the sale of the home on 4930 Meadville St. was the main reason for the significant increase in our EMV. I was incredulous that the sale of one property was the primary basis for the 23% increase on our home.

We don't agree with this increase in EMV as our lot has only 70 feet of lakeshore and our house and hardscape fills most of the buildable area of our 11,000 square foot lot. 4930 Meadville has 78 feet of lakeshore, 11.4% more than we have. Further, in building a new house on our property, it would take significant variances to justify this increased EMV. I doubt those variances would be granted.

Another reason that the two properties are not comparable is that our lot is only a few feet above lake level while 4930 Meadville has a large rise from the lake. No walkout could be built on our property whereas 4930 Meadville could have one, increasing any new house built there by 30-50% more than a house on our property. We have not been called by the assessor to view our home inside and out. With such a large increase in the EMV, that should have been a given.

Finally, in the past we have been given different rationales for determining EMV by different assessors. For example, we were told a few years ago that the EMV was determined mainly by the lakeshore footage. This didn't even come up in my conversation with the Mr. Smerdon. We need clear and consistent guidelines for valuations. It shouldn't vary from assessor to assessor.

For these reasons we are requesting a reduction in EMV for 2016.

Sincerely,

Richard and Judith Spiegel

March 31, 2015

Mr. Michael Smerdon
Hennepin County Assessor

cc. Mr Earl Zent
GW B of A
Neighbors

Reference: Protest 2015 EMV for 5000 Meadville. Greenwood. 55331

Dear Mr. Smerdon:

I am protesting my 43.7% increase of \$415,000. This represents about a \$6500 tax increase in one year driving my 2016 taxes payable to over \$20,000 for a small 11,560 SF lot with a teardown.

You indicated on the phone last week the only reason for the huge increase was the sale of 4930 Meadville in April of 2014 for \$1,550,000.

The main issue I have with assessor "methods" is the leveraging up of whole neighborhoods, based upon one sale. And that is particularly onerous when that one sale has leveraged grandfathering to the max and has obtained variances (special rights) the rest of us likely will not be able to obtain. Please consider:

- 1.) **Leveraging up my property 43.7% and the 20 others on west-facing Meadville 14-22% based on one sale is contrary to guidelines.** Where in "equalization" statutes and guidelines does it say you can use a single sale to increase all the neighboring properties a double digit percent?

The Local Board of Appeal and Equalization Handbook states that: "The Dept. of Revenue has determined that a minimum of six sales in a jurisdiction are required for the median ratio to be reflective of actual assessment levels." Your resulting sales ratio was about 90% implying our properties are 10% undervalued, and upon further MICAP changes the average increase for Greenwood for 2015 is 3.3%.

With those city-wide averages, how do you come up with 43% for me and an average of 18% increases for the 20 others on west-facing Meadville?

Why would you not at least also use 21500 Fairview sold at \$875,000 last year and average it in with 4930? This property is 9603 SF, only 900 SF smaller than 4930. It was sold to a very sophisticated buyer who said he and another well-known builder (Jon Monson) would not have paid more than \$900k for his Fairview lot.

Both also have great side-yard separation from their neighbors, where 13 other small Meadville properties are jammed together with zero lot lines. We can pass the bananas.

- 2.) **The only other "reason" you gave was my taxes didn't change last year and I ask why is that relevant for increasing my taxes so much this year?** Our mayor has calculated GW property taxes have increased 14.4% over the last 10 years. My taxes paid have increased 94% from 2004 to 2014. So was my 2014 EMV undervalued 43%?
- 3.) **The guidelines on "equalization" should also deny your use of 4930 to increase my property 43%, because the properties are not equal.** Sure our properties are close in size and width where a new house would go. But 4930 was awarded unusual variances by leveraging their "grandfathered" hardcover and setbacks, resulting in a 44% hardcover variance and a variance to add a whole second story to non-conforming 6 foot setbacks.

I was held to 30% hardcover when we added on in 1983. My old house is at least 13 feet from both lot lines and I have nothing significant to leverage.

There is enough legal history to demonstrate that everything else being equal, if one property is granted significant additional rights, they clearly are not equal. I would need at least a 40% hardcover variance to move the new 4930 footprint to my property.

4.) The pattern of leveraging “the one sale” as THE reason for major EMV increases in an area has happened repeatedly.

In 2007 Bill Davey leveraged up all of Meadville and Fairview based on the only main lake sale the previous year out of 54 main lake properties. Based on grandfathering, that property was also awarded 44% hardcover and large side-yard variances.

The EMV of all properties on Meadville, Fairview and Linwood went up \$200 to \$400k in 2007 as a result of that sale and construction in 2006.

I asked you why a neighboring property with a new 4300 SF house (\$250-300 per SF) is assessed only \$89,000 more than my property with a teardown? (\$1,454,000 vs. \$1,365,000). The investment in that property is about \$1 million more than the 2015 EMV which makes no sense. Why is that?

5.) To eliminate this “one-sale” method, the sampling method I have proposed since 2007 includes at least 6 “equivalent” properties in our Southshore area where you average property SF and sell price, and look at other important variables. Using this method again this year, I found 6 properties I averaged with the conclusion my property value could be increased \$162,000 which is still a 17% increase.

Background: Greenwood’s main lake turnover is so low over the past 37 years it defies any kind of meaningful statistical valuation analysis. There are 25 of us (out of 54 main lake properties) who are still in our houses after more than 30 years. Yes, on the average less than one older property turns over per year for decades.

In the last 3-4 years we have had more turnover because of the big new houses selling and reselling. E.g. 5030 Meadville next to me has sold twice in the last two years. The Brad Radke house on Fairview has turned over at least 4 times in recent years. The owners of 5210 and 5220 Meadville moved out of town last year.

On this lake, people pay for property based upon what they can build on the property.

The solution I have proposed going back to 2007 to resolve this “one sale issue” is to divide our properties into size categories (small, medium, R-1 and Grande). These become our new “market categories”. Then every year find 6 equivalent sold properties in our 55331 communities to develop an average SP for each market category.

I did this again for my property by looking for sold properties in the 9,000 to 13,000 SF size range in the most recent Oct. 1 to Sep 30 assessment year. In addition to the two Meadville sales, using CBB data and “sell sheets”, I found 4 more properties I would consider “equivalent” or better than my property. Each is substantially newer and/or recently remodeled.

I listed a 7th property on Burch Bluff Road, though it is not an equivalent for my “market category” as it is almost 32,000 SF. However I wanted to list it because it shows what most people expect when they pay a price at my 2015 EMV. It is a spectacular lakeshore setting in

Shorewood and only a few more minutes to the new library in Excelsior and the same drive time to DT Minneapolis. A brand new 6500 SF Rick Carlson house is being constructed on this property.

See page four for these comps and the attached CBB sell sheets.

The average size for the 6 “comps” becomes 12,548. And the average SP becomes \$1,112,000. At this SP my increase would be \$162,000 or 17% - - still a \$2400 tax increase.

Here are the advantages of this valuation method:

First it follows the concept and intent of “equalization.”

Second, by including a larger sample, individual property idiosyncrasies tend to even out and provide a useful discussion basis from year to year.

You can explain to a resident in one sentence why their values changed.

Additional assessor inconsistencies that effect all of our City valuations:

The “methods” used to increase our city-wide sales ratios and baseline talking points for EMV changes are statistically non-valid or reliable. In statistics lingo that means they are not accurate nor do they measure what they are supposed to measure.

The “EMV” itself is a made-up value that often bears no relationship to a recent SP used in sales ratio analyses. See my email with questions last year regarding 5210 and 5220 Meadville where EMVs were set over 40% below list prices published for over a year. Is that why many properties on South Meadville got \$450 to 500k increases in their EMVs last year?

Your “sales ratio” was about 90%, implying all of GW was undervalued by 10%. Why did West Meadville averaging double digit increases take the brunt of all increases when 35 of 39 lakeshore houses from West Street to St Albans Green got zero to minus % increases? Similarly, why did 16 of 17 houses on Excelsior Blvd. get zero to minus % increases?

There is a consistent pattern of increasing the EMVs of old teardown land values over many years. And new houses get appraised far less than their recent cost to build. E.g. Out of 20 houses from Fronius to Walzer, for 2015, 10 old properties got 18-22% increases averaging 20.7%. The 10 newer houses averaged only 13.4%. Taking my 43 % increase out of the equation, the old house average increase is 18.4% - - or 5 % higher.

These methods are so inconsistent the whole assessment process loses its credibility.

Thank you for your consideration. Please call or email for questions or clarifications.

Keith Stuessi
5000 Meadville
Greenwood 55331
612-386-5597

Attachment to 5000 Meadville. Greenwood, 55331 2015 Market Value Protest

Comps used are referenced in the letter:

The objective was to find 6-7 “comps” to 5000 Meadville. Three are in Greenwood, one on Gideons Bay (Main Lake), One in Tonka Bay (Main Lake), one Shorewood (Upper Lake), one in Cottagewood.

All were sold in the last official assessment year - - Oct 1, 2013 to Sep. 30, 2014, or later.

Though the Birch Bluff property is not truly a comp, I wanted to include it for contrast. It helps to answer the question: What do buyers expect when they purchase a \$1,300,000 property?

It is a spectacular almost 32,000 SF west facing property where Rick Carlson is building a 6500 SF 4-car garage home.

1.) 4930 Meadville	GW	10,498 SF	\$1,550,000 SP	04.03.14	\$148/SF
2.) 21500 Fairview	GW	9603 SF	\$ 875,000 SP	11.15.13	\$ 91/SF
3.) 20040 Mntka Blvd	CTWD	15,246 SF	\$1,189,050 SP	10.01.13	\$ 78/SF
4.) 492 Lafayette	EX	13,939 SF	\$ 900,000 SP	09.25.14	\$ 65/SF
5.) 6 Maclynn Rd	GW	15,246 SF	\$1,175,000 SP	11.24.14	\$ 77/SF
6.) 255510 Birch Bluff RD	SW	31,733 SF	\$1,300,000 SP	10.01.13	\$ 41/SF
7.) 155 Woodpecker Ridge Rd	TB	10,759 SF	\$ 980,000 SP	08.27.14	\$ 91/SF

Average SF of property 15,289 SF (7 comps) **12,548 SF (6 comps excludes Birch Bluff)**

Average Sell Price \$1,138,000 (7) **\$1,112,000 (6 excludes Birch Bluff)**

CBB notes on Sell Sheets.....

20040 Mntka Blvd – Recently reconstructed w/o home. 90 feet of level sand lakeshore. Expansive views of quiet safe Carson Bay.

492 Lafayette - Prime location on lower lake for sailors. Panoramic views and superb sunsets. In town. Rare find. Vintage charmer, Walk to downtown Excelsior

6 Maclynn Road – 250 feet of beautiful westerly facing lakeshore on SAB. New updated kitchen and master bath. 2 docks. 2 decks. Walk to Excelsior. Private paved road.

25510 BB Road – Gorgeous ¾ acre lot with enchanting upper lake views and 110 feet of hard sand.

155 Woodpecker Ridge Rd – Beautiful newer home (2850 SF) on Prime Gideon Bay with gorgeous views. Huge master. Your cosmetics “updates” make this a “10.”

From: David Walsh walshdk@gmail.com
Subject: property taxes
Date: March 28, 2015 at 11:53 AM
To: Debra Kind dkind100@gmail.com

Deb,

Would you mind including our name to the list for property review? Last year I was not diligent and therefore missed out on the reductions that were given. My flying schedule prevents my attendance at the meeting. Your consideration is greatly appreciated.

Kindly,

David Walsh
21630 Fairview Street
Excelsior, MN 55331