



BOARD OF APPEAL AND EQUALIZATION (LBAE) MINUTES
TUESDAY, APRIL 4, 2023
6:00 P.M.

1. CALL TO ORDER

Pursuant to due call and notice thereof the Independence City Council/ Local Board of Appeal and Equalization meeting (LBAE) was called to order by Mayor Johnson at 6:00 p.m. in the City Hall Chambers.

2. ROLL CALL

PRESENT: Mayor Johnson and Councilors Betts and Grotting.

ABSENT: McCoy and Spencer.

STAFF: City Administrator Kaltsas, City Administrative Services Director Simon

VISITORS: Hennepin County Assessor Joby Rausch, Dave Thompson and Jason Veit-
Hennepin County Assessor Office, Kenton Anderson, Robert Babcock, Marty
Chelstrom, Kent Lee, and Wyman Haberer.

3. Hennepin County Assessor Joby Rausch: Present Preliminary Local Board of Appeals and Equalization Information

Johnson explained that this is an annual event. This is the first step and if someone wants to appeal their evaluation you need to come before Council and regardless of what our decision you can still appeal with the Hennepin County LBAE at a later date. We need to have at least 2 council members that have gone through LBAE training, and we have a quorum tonight.

Joby Rausch, Hennepin County Assessor introduced himself as one of the principle residential appraisers in Hennepin County for the county and the lead appraiser of Independence. He stated that the valuation data comes from sales between October 1, 2021, to September 30, 2022. In that time there were 30 good home sale transactions, down from 33 sales the previous year. Overall, the sales indicated an average increase of 8.7% of residential sale types. This does not include new construction or property type shifts. Commercial is up about 17%, Industrial is up 37.4%, and Agricultural is up about 7.7%. The Tillable rates increase this year was quite significant this year compared to other years. The increase went from \$7,300 to \$8,800. Pasture and Woods increased from \$2,600 to \$2,800. Wetlands stayed relatively flat at \$1,000. Storage Condos this year saw a very large increase since this is the first time there has been a sale in a long time. The

increase was about 46%. Independence has been quite low for quite some time so that is why it is seeing a larger increase this year.

Joby Rausch said the 2023 assessment is as follows:

The Total Market Value for Independence is \$1,141,773,600 and that includes New Construction of \$12,343,900. The Net Percentage Increase for all property types was 8.9% and the Gross Percentage that would include New Construction was at 10.1%. Yearly, we review 1/5 of the City's properties. This year areas North and South of Maple Plain were reviewed and include sections 23, 24, 25, 26, and 27.

Mayor Johnson stated that the latest evaluations used are from 6 months ago, ending September 30, 2022. There was a 19% increase for the previous year, and this year was another 8+% in home evaluations.

Kenton Anderson at 3447 Cty Rd 92, PID 09-118-24-31-0002 asked how his value went up since interest rates went up. He wanted it clarified if he's being taxed on history or present-day. Johnson stated that evaluations have remained stable, but sales have been going down and the reaction is quite delayed. Rausch said that the County is always looking at the same study period- the previous 12-18 months. If the market changes after that fact, it will be reevaluated the following year. If interest and inflation cause values to drop or level out, then we look at those following.

Robert Babcock at 360 Kuntz Dr., PID 33-118-24-31-0003 came to listen, but he spoke with Joby who had agreed that his value would be reviewed.

Marty Chelstrom at 3150 Brei Kessel Rd., PID 14-118-24-12-0003 shared statistics with the Council that he had previously shared with HC Assessor Rausch regarding the process. His neighborhood is seeing a 20% overall increase while other adjoining ones are averaging 11% and 9%. Joby looks at these neighborhoods individually, and Marty doesn't agree with that premise. He asked if these micro-neighborhoods get their own rates, then why wouldn't Brei Kessel have its own micro-neighborhood, too? Most of these homes have larger acreage, are closer to the big comps which are driving values up, yet their increases are ½ of mine with the same curb appeal. He urged the Council to show appreciation for that fact. Meadow Ridge had a 12% bump. Hillstrom had a 10% bump. Fieldstone Place had an 11% bump. McDow Lane 5%, 11%, closer than he was at a 20% increase. Melissa had previously come by and reduced it to 15%, so he had a 35% increase over two years. The trend is downward now, and he knows that the Council is in arrears with the study. He urged the Council to consider Brei Kessel its own micro-neighborhood.

Grotting stated when doing a comparative market analysis, we wouldn't limit it to a couple of streets in Independence. He could do that in St. Louis Park but not in Independence. We must expand in order to get some data and some valuation info for the client. Marty asked how other neighborhoods were taxed at half the rate that he was. Joby had not yet viewed his house and Mayor Johnson reminded that he needed to let Joby visit you at your house. Marty said this will continue to be a yearly conversation and wondered what his recourse is if he gets another 20% increase. He asked if the City thinks it is a good idea to micro neighborhood. Mayor Johnson

stated that it's been done that for years and that the City doesn't have any authority over Hennepin County. Joby said a lot of neighborhoods are compared with similar properties, land, connected roads, wooded, etc. Grotting thanked them for their input but noted changing Hennepin County Assessor's Department policies isn't happening in this meeting. He's wondering if this is the same approach as for other cities and if there is an opportunity to rethink that on fringe municipalities. Rausch said that all data should have reflected the individual neighborhood as well as a whole.

Mary Fehn at PID 13-118-24-24-0031 was trading messages with Joby and had mentioned that she'd sold 1/3 of her land to my neighbor and had received a 20% increase and asked for it to be looked at. Joby had not had the chance to look at it yet. She asked if there was a cap on anyone with disabilities. Joby said there was not. She had been told there is an advantage for homesteading as disabled but had not seen any benefit. She would like it for her land value. Joby will look at her property with the reduced acreage, but it is valued according to current sales.

Kent Lee at 6651 Fox Ridge Cir., PID 34-118-24-44-0002 had spoken with Joby today and appreciated his quick response. They received a 20+% value increase last year and received a 12% increase this year but thought a 6% increase would be much more reasonable. They are on the West side of Painters Marsh, not in a neighborhood, and live on a gravel road which factors in when driving. They purchased in 2014 at a price that was significantly below assessed value, but we believe to give some year over year resistance to the increases. Mayor Johnson said his property would be added into the record for recommended studies.

Kent Anderson asked for a positive spin for the future value and tax increases and wondered if taxes were going to continue to rise. Mayor Johnson shared that 2008/2009 were the highest they'd been for years and then everything dropped. Until 3 years ago, home valuation hit what they were in 2008. If we see interest rates as they are and dropping values, we will see a downward trend immediately. As shared in the Spring Newsletter, the Council tried to be extremely careful in our budget to drop the rate considerably so that we could keep a flat rate in taxes. 50+% of our residents will see a flat or negative on taxes. Grotting encouraged Anderson to be a part of the budget meetings where he can see how mindful the Council is to keep the taxes flat. The County level's budget process also plays into the taxes. Unfortunately, we're running out of time to educate on the process of tax calculation and the actual taxes.

Assessor Rausch read into the record the following 14 properties who have been reviewed, given recommendations, and the owners have agreed to the values of:

11-118-24-43-0005 - 3251 Brei Kessel - reduced from \$1,052,100 to \$988,000.
14-118-24-42-0008 - 6000 Providence Cur - reduced from \$1,031,400 to \$975,000.
17-118-24-44-0009 - 2465 Co Rd 92 - reduced from \$955,800 to \$844,800.
24-118-24-23-0008 - 5395 Pagenkopf - reduced from \$602,400 to \$535,000.
26-118-24-42-0001 - 5810 Drake - reduced from \$444,600 to \$370,000.
26-118-24-42-0005 - Unassigned - reduced from \$92,000 to \$70,000.
27-118-24-41-0002 - 1190 Polo Club - reduced from \$780,900 to \$724,000.

27-118-24-42-0003- Unassigned - reduced from \$35,000 to \$20,000.
27-118-24-43-0004- 1005 Polo Club - reduced from \$771,500 to \$726,000.
28-118-24-23-0001- 7850 Turner Rd- reduced from \$624,300 to \$564,400.
28-118-24-32-0007 – 7845 Turner Rd - reduced from \$894,400 to \$814,000.
33-118-24-31-0003 – 360 Kuntz Dr - reduced from \$630,300 to \$600,000.
22-118-24-44-0010 – 6461 US Hwy 12 - reduced from \$2,218,000 to \$1,865,000.
22-118-24-44-0013 – 1799 Co Rd 90 - reduced from \$1,888,000 to \$1,500,000.

Motion by Betts, second by Grotting to approve the valuations listed above per Joby Rausch's recommendation. Ayes: Johnson, Betts, and Grotting. Nays: None. Abstain: None. Absent: Spencer and McCoy. MOTION DECLARED CARRIED. 3.0

Since the meeting will remain open, anyone here can appeal their property value with Hennepin County Assessor Joby Rausch. People can still call and be entered into the re-convene meeting.

Those who met with Joby Rausch and agreed to changes prior to 10 days before this council meeting do not have to be recognized by the LBAE.

Motion by Grotting, second by Betts to re-convene on April 18th at 6:00pm. Ayes: Johnson, Betts, and Grotting. Nays: None. Abstain: None. Absent: Spencer and McCoy. MOTION DECLARED CARRIED. 3.0

Meeting adjourned at 6:37pm.

Respectfully submitted,

Linda Johnson, Recording Secretary