



BOARD OF APPEAL AND EQUALIZATION (LBAE) MINUTES
TUESDAY, APRIL 2, 2024, AT 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 Spencer, Grotting, Betts, McCoy
ABSENT: None
STAFF: City Administrator Kaltsas, City Administrative Services Director Simon
VISITORS: Hennepin County Assessor Joby Rausch, City Attorney Vose, John Mika, Mark & Lisa Kroskin, Mary Fehn, Joseph Kovack

Johnson started the meeting by explaining that this assessment year was from 10/1/2022-10/1/2023. He said one of the major increases that was seen this year was in AG land. It has gone up from \$7,300 to \$10,000/acre. Anyone with AG land would see that increase.

Joby Rausch stated HC values every property as of January 2nd using sales data from 10/1/2022 to 09/30/2023 and trend any sales forward towards Jan 2, 2024.

This year some growth statistics are as follows:

Single Family residences saw an increase of 3.7%

Other Residential increased by 3.1%

Commercial increased by 5.7%

Industrial increased by 17.7%

Duplex and Triplex increased 4.8%

Total Market Value for the City of Independence is \$1,212,775,300 and included in that is \$21,578,300 worth of new construction. Overall, net percent increase for all property types throughout the city is 4.6% and gross percent increase for all property types is 6.5%.

Johnson stated that he wants to make sure people understand that most cities in the county have turned this hearing over to the county directly. We felt it was important that the council retain this hearing so that if we see a trend happening in Indy or a particular area

that we can negotiate with the assessor for you if we feel the same inclination. That's why we continue to hold the LBAE at the city hall.

Mayor Johnson asked that anyone wanting to speak come to the podium one by one to voice their concerns before we take any action.

Mary Fehn – 2930 Lindgren Ln – On the West side of Lake Independence. PID 13-118-24-24-0031. She stated that she is a single homeowner, and the value has gone up \$400,000 more over the last two years. She said that comps around her are new houses or complete remodels. She spoke with Joby today. She is asking for her house assessment to go down. She said she will have to sell since she can't afford to live there anymore. She needs a new roof and new deck. She sold 1/3 of an acre to her neighbor and after 2 years it's still not completed with HC. It may affect taxes in 2025.

Joby said her value will change depending on when that division is received. She normally wouldn't receive a valuation notice but this one has special circumstances. The deed did not get recorded correctly or at all.

Fehn said she did send the certified appraisal to Joby that was done at the time of the division.

Grotting said it's surprising what is being torn down on the water. Her value is in the land, not the home. The Bridgevine comps should be looked at significantly differently because of the business they are in over there.

Joby said the Bridgevine property wouldn't be included in any sales. We look at sales off of Lindgren Ln. The appraisal was 2 years old. A home sold 3 houses down from her for \$1.1m and it was a tear down as well. He said HC is even low on the assessment now even if they don't include the house value. He said his hands are tied to lower it even more.

Mark & Lisa Kroskin - 6000 Providence Curve stated they were valued at \$964,700 and we bought in 2015 and they didn't do anything besides mechanical and garage updates. In 2016 they had it appraised for a refi. He said he had been talking with Joby on the 18th of March and it came in at \$925k. Joby wrote back and said we still feel number is correct and Mark said he asked why. Joby said the appraiser didn't add value to the common area. Mark said reached out to the appraiser on this – Dave Ostertag. Mark asked the appraiser about the HOA common ground. The appraiser said he mentioned it but didn't give additional value because 90% of it is wetlands. Kroskin said they have a designated area with a gazebo and pond area for people to use but it's pretty disburshed. Members are allowed to use Outlot A, B and C. All of A is wetland. B is wetlands. The appraiser is going to redo it and put his notes in. Kroskin asked if the difference of \$39,700 the value for the common area?

Joby stated that in the appraisal, he didn't take out any of the wetland areas. Almost all the surrounding houses also had wetland area. When comparing their property to yours, the appraiser used an adjustment we haven't seen before and was way higher than we have ever seen before. Joby said he supported the HC value. He said he disagreed with the valuation the appraiser gave. Joby explained that Kroskin technically have more land than you own do because of the wetland areas.

Lisa Kroskin said they technically only own 1.9 acres. She asked how do you parcel out parts of common ground.

Joby said their property will sell differently because they have all that common area as well.

Lisa said if you look at comps in our area, you have comped similar areas such as ours or just recent months. None of these are in an association. When they say 15 acres, its their owned property.

Johnson said you would benefit from that if rules changed and zoning changed in the city. A certain number of acres tillable, but most of it is wetland.

Kaltsas said half of the outlot has to be upland. The Providence development set the standards for future ones.

Lisa said she has been in industry since 1991 in remodeling, kitchen, etc. The comps to their property have done significant remodeling. It would take over \$100k to get it to these comps.

Joseph Kovack – 3060 Lake Sarah Rd – He stated that his valuation has gone up 37% in the last 4 years. The house was built in 1988. There are no out buildings. He has approx. 4 acres all woods, nothing agricultural, and no updates to the house besides septic system.

Johnson asked if he has visited with the assessor.

Kobel said not yet.

Johnson explained that the last two years on average the values have increased 17-19% in the last two years but our taxes in the city did not go up like that.

Joby said until we look at it we won't know but on average we are seeing 20% each year over the last two years across the county.

John Mika – 7620 Pioneer Creek Rd – 21-118-24-34-0002 – Mika said he met with Mr. Rausch. He said his property has been incorrectly assessed as having an extra bedroom and bathroom for several years. His sister and him live right by each other and built the same year. Everything is almost exactly the same.

Rausch said he has more finished sqft.

Mika said they did reduce it a little, but he doesn't think it's enough. He said it is a modular home. The comp home I looked up was at 1760 County Rd 92 N. It has several hundred more sqft, a sport court, outbuilding, and more. He said Joby did reduce the value from \$735k for 2024 is our valuation. Mika said Joby countered at \$720k. He thinks it should be closer to his sisters at \$654k. Joby said his sisters is at \$674k. but sister has less finished sqft.

Council discusses

Fehn:

PID: 13-118-24-24-0031

Johnson said let's start with Mary Fehn's property. He said he doesn't know if there is anything more council can do and there are a lot of moving parts.

Joby said HC supported the values and their decision is made, so HC can't lower it anymore, but it would be up to council.

Johnson said sometimes it is the case where you have not been in the home to see it yourself.

Joby agreed. It was just Mr. Kovack that they have not touched base with yet so they can schedule something or do a reconvene.

Johnson said we usually do a reconvene because we qualify for the time period and we can discuss it more.

Spencer said Mary's is up 31% for this year. He asked if there was any offer or an adjustment.

Joby said he looked at the appraisal, but it was over 2 years old and lake lots have increased significantly. The comps on that street still supported this valuation.

Spencer asked if all appreciation was in land itself.

Joby said yes.

Johnson asked what percent of the property was sold.

Mary said 1.3 acres and sold .3.

Joby said the property that sold right down the road was 1.08 acres for \$1.3m.

Johnson said the value is in the land.

Spencer told Mary it's going to get you again. It will catch up.

Johnson said the reality is the value is in the land. We have enough depreciation with the house.

Joby said we have to value the overall value, that's what the land was worth itself.

Johnson said we can emphasize with you but have to deal with reality too.

Spencer said he has a suggestion. He understands the impact of a 31% increase in one year. He thinks it will catch up with her again next year. The lake is just going up. He said if he were to take some consideration for what you transferred to Roers and take it down to \$600k on the property itself, we would lower the total assessed value from \$910k down to 833k. There is going to be a little adjustment. Propose a reduction by \$77k. **Spencer, seconded by McCoy** land value from 677,300k to 600,300, leave house the same. Total \$833,600k, 5-0

Motion by Spencer, second by McCoy to propose the property assessment reduction in her land valuation from \$677,300 to \$600,300k, removing \$77,000 for the portion of her property that has sold for a total valuation of \$833,600. Ayes: Johnson, Spencer, Betts, and Grotting. Nays: None. Abstain: None. Absent: None. MOTION DECLARED CARRIED. 5.0

Kroskin:

PID: 14-118-24-42-0008

Johnson confirmed the valuation went from \$975k last year to \$964,700k

Spencer said they saw a decrease of \$10,300. The valuation in 2022 was \$823k. They saw the biggest jump from 2022-2023 when interest rates were really low. They are seeing a 17% net which doesn't seem that out of line for Orono school district. Wetlands are valued since you won't see any houses around you. He asked Joby his recommendation.

Joby said his recommendation would be no change.

Motion by Johnson, second by Spencer to leave the valuation as proposed. Ayes: Johnson, Spencer, Betts, and Grotting. Nays: None. Abstain: None. Absent: None. MOTION DECLARED CARRIED. 5.0

Kovack:

PID: 15-118-24-22-0033

Joby recommended no change so we can have time to take a look at it and reconvene.

Spencer said to Kovack that Joby will come out and take a look at it with you. If not, he can come back to the reconvene.

Betts moves no change until assessor visits, seconded by McCoy 5-0

Motion by Betts, second by McCoy to move no change until assessor visits the property. Ayes: Johnson, Spencer, Betts, and Grotting. Nays: None. Abstain: None. Absent: None. MOTION DECLARED CARRIED. 5.0

Mika:

PID: 21-118-24-34-0002

Johnson asked if his sister's property the same acreage.

Mika said yes, about 10 acre lots.

Johnson said the value of \$10k/acre on Ag land has to be considered too.

Grotting said he just sold some AG land on Nelson Rd for \$14,500/acre.

Spencer asked if his sister's property is just to the West of his.

Joby said the address of sister's property is 1912 Co Rd 92 is sister's property. Land value is the same, but building and more sqft and half basement is finished.

Betts asked what year the house built.

Joby said 2004. I was comparing it to the other property on 92 which I found to be large differences. It is several hundred more sqft and large outbuilding as well.

Johnson asked Joby if he has been to this property.

Joby said yes, but not the comp. last sold in 2020.

Mika asked if there is an assessment adjustment for modular construction.

Joby said modular type homes can have a lower quality value, but it doesn't necessarily mean there will be.

Spencer said it wasn't the home value that caused the increase, but increase in the land.

Joby said the value now is \$720k, which was lower than the previous year.

Mika said the valuation was wrong before with the additional bathroom and bedroom.

Spencer confirmed that Joby lowered the structure value. It seems reasonable to lower it to \$720k.

Spencer, seconded by Betts to value at \$720k recommendation from Rausch. 4-1 Grotting (nay)

Motion by Spencer, second by Betts to approve the value recommended by Rausch of \$720k. Ayes: Johnson, Spencer, Betts. Nays: Grotting. Abstain: None. Absent: None. MOTION DECLARED CARRIED. 4.1

Johnson asked if someone contacts you from now until the next meeting, do you still hear them.

Joby said you can keep it open or close it. If anyone calls in between now and the reconvene. We recommend keeping it open.

Joby reads in properties that have agreed with valuation:

Residential

13-118-24-24-0031- \$910,600 -\$833,000 -Board Change

14-118-24-24-0005- \$1,422,000 – \$1,350,000

15-118-24-32-0001- \$492,100 – \$452,000

21-118-24-34-0002- \$761,200 – \$720,000

Industrial

23-118-24-23-0001- \$839,000 No Change

Johnson mentioned that anyone that was here tonight can still appeal at the county level if they do not agree.

Motion by Spencer, second by Johnson to approve the valuations read into record from Rausch. Ayes: Johnson, Spencer, Betts and Grotting. Nays: None. Abstain: None. Absent: None. MOTION DECLARED CARRIED. 5.0

Motion by Betts, second by McCoy to reconvene on April 16th at 6:00pm. Ayes: Johnson, Spencer, Betts and Grotting. Nays: None. Abstain: None. Absent: None. MOTION DECLARED CARRIED. 5.0

3. Adjourn.

Meeting adjourned at 7:09p.m.

Respectfully submitted,

Amber Simon, Recording Secretary