BOARD OF EQUALIZATION
THE CITY AND BOROUGH OF JUNEAU, ALASKA
Thursday, September 7, 2017 at 5:30 PM
Municipal Building – Assembly Chambers

Minutes

I. Call to Order

Chair Epstein called the meeting to order at 5:30 p.m.

II. Roll Call

Board of Equalization Panelists Present: David Epstein, John Gaguine, and Paul Nowlin. Stephen Moseley was present to assist if needed but left the meeting shortly after it convened.

Staff Present: Jane Mores, Deputy Municipal Attorney; Laurie Sica, Municipal Clerk; Mary Grant, Appraiser; Aaron Landvik, Appraiser.

III. Approval of Minutes

There were no minutes for approval.

IV. CBJ Attorney Memos/Board Questions

Ms. Mores said she was available to assist the board with any questions.

V. Property Appeals [Note: the record reflects the order of the meeting, not of the agenda]

Appeal Tracking #:	**2017-0152**
CBJ Parcel #	5B2502000040
Physical Location	3718 Channcie Ct.
Appellant Name	Janna Lelchuck
Legal Description:	Marciano Lt. 4

2017 Assessed Value:	Site:	$136,700
	Improvements:	$267,400
	Total:	$404,100
Appellant's Estimate of Value	Site:	$112,000
	Improvements:	$263,000
	Total:	$375,000
Assessor's Recommended Adjusted Value:	Site:	$136,700
	Improvements:	$266,600
	Total:	$403,300

Ms. Lelchuk said that the increase of her property's assessed value was dramatic. She sold her condo to her son and his son's house has still not sold as the market is not there. She did not believe the Assessor had used appropriate comparables. She provided a handout with her explanation to the Assessor and said it showed a more comparable house located on Duran Court. She built her home based on that home, it is larger, updated and is assessed at a lower value. She did not understand why the assessments on Channcie Court were higher than on Duran Court, as she felt that Duran Court was a more favorable location. Mr. Gaguine asked for the location of Duran Court and she explained its location.

Mr. Landvik reviewed the material in the packet. He said the time adjusted sale price of the house she mentioned on Channcie Court was sold for $518,500, which was much higher than the assessment. Mr. Landvik said Duran court is in the central valley and Channcie Court is in the southeast valley and there is a neighborhood adjustment in the land model that accounts for the differing rates in land assessment. Ms. Grant said Ms. Lelchuk's property was compared to other sales in the southeast valley neighborhood, not the central valley.

Ms. Lelchuk said that the location of Channcie court had difficult access onto the main roadway and was a louder location and she would move her house to the Duran Court location in a heartbeat.

Mr. Epstein said he did not see the value as excessive to neighboring properties. Ms. Lelchuk said that there was a dramatic increase in the last year. Ms. Grant said the land in the southeast valley was remodeled in the land program used by the Assessors and the neighborhood was adjusted as a whole. Mr. Landvik said the methodology of assessment has not changed, but the sales in the neighborhood have caused the increase and her property has been undervalued for several years.

<u>MOTION</u>, by Gaguine, to grant the appeal, and ask for a no vote as the appellant has not carried the burden of proof.

Mr. Nowlin said he did not believe the burden of proof was met to show inequality. Mr. Epstein said the property was valued in the middle of all other properties.

All members voted no, the appeal was denied.

Appeal Tracking #:	**2017-0533**
CBJ Parcel #	8B3701050111
Physical Location	19100 Williwaw Way
Appellant Name	Kristine Trott
Legal Description:	USS 377 Lt 1A

2017 Assessed Value:	Site:	$423,800
	Improvements:	$422,500
	Total:	$846,300
Appellant's Estimate of Value	Site:	$292,896
	Improvements:	$281,448
	Total:	$574,344

Assessor's Recommended Adjusted Value:	Site:	$293,200
	Improvements:	$438,800
	Total:	$732,000

Ms. Trott said that the improvement value was overestimated given the amount of depreciation. She said she could understand a $50,000 increase for market value but that $157,656 in one year was excessive. She said this was a large old house built in 1984. They have had to go to only wood heat and electric heaters in the timber frame portion. There is an old metal roof on the timber frame house and an old shingle roof on the bungalow. There is a leaking door in the timber frame and damage from prior tenants into the wood of the floor which needs replacement. There are large bay windows with water damage and they have tried to shore them up but they need replacement and are fogged between the panes as are the windows on the second floor and attic. We try to keep the moss off the roof windows.

Ms. Hanalei Elkan, Ms. Trott's daughter, said they are fighting massive depreciation in the home which has a dirt sub-floor with water entering into the lower levels.

Ms. Trott spoke about the trouble with the dock. It is valued at $7300 and explained that it is not considered a private dock as she did not have a tideland lease for the area under the dock. She had dismantled the walkway to the dock and planned to dismantle the dock itself this fall. She has told other boat owners that are using the dock to move their boats. She is prohibited from getting rent from boats tying up there and there is no water or electricity to that dock. The carport is actually a half barn that has plastic tarps for walls. She explained the photos that she distributed to the board in a packet that shows the rot in beams in the barn. They are removing items from the barn into a temporary tent so that the barn can be demolished. The assessor is valuing this structure at $9600 and she called the structure a disaster waiting to happen. She explained trouble with the plumbing in the main house – the 2nd bath on the 2nd floor has leaks and is unfinished.

Mary Grant said she visited the site and said they identified that there were more bathrooms on the property than originally assessed at only bathroom. She did not do an interior inspection and asked for one but the owner chose not to provide her access so some of this information is new. She was not aware that the dock is not a private dock. Ms. Grant recommended a decrease of $45,680 for a total assessment of $686,300, based on the effective age of the property.

Mr. Epstein asked Ms. Trott about doing an interior inspection. She said the fixtures are very beautiful, but the bones of the house have significant issues, which gives a false impression of the home's value.

Mr. Gaguine asked Ms. Trott if she could repair the home for the $45,000 reduction and she said no. Mr. Epstein said that maintenance issues do not play that large a role in an assessment. Mr. Epstein said there was some adjustment in the property for depreciation in the current assessment.

Ms. Trott said an assessor visited the previous year and was told the numbers of bathrooms in the home. Ms. Elkan said that the property is unique, but many of the comparables are on the south end of Tee Harbor are not comparable. Mr. Gaguine said that the appellants had already agreed to the site value.

Ms. Grant said the bathrooms were not noted last year so it was undervalued then and the reduction offered is based on the condition of the larger house and the dock. Mr. Epstein clarified that the value of the dock is $0 and is part of the reduction offered.

The Board discussed the value of the carport at $12,000. Mr. Gaguine suggested giving it a zero value. Mr. Epstein said the structure was on the property on January 1, but could agree to a 75% reduction in the amount of $9000.

677,300 valuation moved by Gaguine. Grant the appeal and asked for a yes vote to $677,300. All voted in favor, motion carried.

<u>MOTION</u>, by Gaguine, to grant the appeal, and asked for an adjusted value of $384,100 for the improvements based the effective age of the structures, for a total assessment of $677,300.

All board members voted yes and the appeal was granted.

Appeal Tracking #:	**2017-0216**
CBJ Parcel #	8B3701020230
Physical Location	Cohen Way
Appellant Name	Christopher and Sandra Landis
Legal Description:	Tee Harbor Alaska BL 2 LT22

2017 Assessed Value:	Site:	$142,200
	Improvements:	$
	Total:	$142,200
Appellant's Estimate of Value	Site:	$ 89,000
	Improvements:	$
	Total:	$ 89,000
Assessor's Recommended Adjusted Value:	Site:	$111,000
	Improvements:	$
	Total:	$111,000

Mr. Landis noted an error in the packet on page 5 in the history report and said that the value of $112,800 was the original proposed value in 2013 but that is was lowered to $89,000 based upon his appeal. He said that even with the proposed reduction from the assessor, he said the increase in value was still a shock. In every case, the city's valuation is in excess of actual sales or the current asking prices. This valuation is excessively high in his opinion. The property is forested wetlands, with lots of skunk cabbage and high site development costs to make a proper building lot. The reduction in 2013 that I appealed was based on the sale of a lot on the other side of his property which sold for $89,000, after being on the market for 9 years. The owner of that lot was still trying to sell another adjacent lot and it was currently listed for $89,000. He understood that the assessor had to have a model program, but there needs to be a recognition of the marketplace and he suspected a flaw in the program because it was based on properties that have been developed, and they are extrapolating the house from the land and not considering the amount of site prep it takes to have a building pad installed. A lot that sold for $90,000 last year required $100,000 of work to create the building pad. He lives on the lot next to the subject lot, and on the other side, there was an earlier appeal on those two lots and the assessment was adjusted. They are asking $89,000 for the two lots, not the $213,000 that the model provides. Mr. Landis reviewed his handout he provided to the board at the meeting with the board and explained how he obtained the sales prices.

Ms. Grant said Alaska is a non-disclosure state and the Assessors do not get all of the information. We don't have verification of vacant land sales but do have it for improved parcels. Vacant parcels are based upon extraction. The value of the building is removed from the sale price of the parcel and the remainder is the land value. Site improvement is generally half of the cost. The $30,000 was a vacant land adjustment. She understood the frustration but this is the method that is used for all similar properties. Ms. Grant said that the value was fair and equitable based upon information obtained by reputable sources.

<u>MOTION</u>, by Gaguine, and recommended a yes vote. He said the information provided by the appellant was compelling for market value and he was convinced that $89,000 was a fair market value. He said a sales price was an accurate market value.

Mr. Nowlin voted no based on the fact that the assessor is not privy to the sales information and the assessment was equitable to other properties. Mr. Nowlin said the Assessor had to use models required by the state and the board did not have the authority to determine that the model used was inappropriate.

Mr. Epstein said that he voted no based upon the assessment being equitable as the Assessor had applied a standard means of assessing the property. He did not challenge Mr. Landis's information and said he did not think there is a flaw in the model.

The appeal was denied, 1 aye, 2 nays.

Appeal Tracking #:	**2017-0263**
CBJ Parcel #	8B3601050070
Physical Location	Randall Rd.
Appellant Name	Daniel Gonce
Legal Description:	Kool Katz View 2 LT3

2017 Assessed Value:	Site:	$126,300
	Improvements:	$
	Total:	$126,300
Appellant's Estimate of Value	Site:	$ 76,755
	Improvements:	$
	Total:	$ 76,755
Assessor's Recommended Adjusted Value:	Site:	$105,900
	Improvements:	$
	Total:	$105,900

Mr. Gonce said the total purchase price of the two lots and home were $488,000 in a recent purchase. He met with Ms. Grant on the site and they agreed to adjustments based on the slope of the property. He distributed a picture of the property for the board. Both pieces of property have a cliff that exceeds the height of the power poles. The vacant lot is solely on Randall Road. He said this is over 300% increase in property values. He was not sure how to separate the appeal because the purchase price was for both lots and a house. Mr. Gonce prorated the proposed assessed value and the sales value to arrive at $76,755. It would be very difficult to put any improvement on the vacant lot and install any type of septic system.

Ms. Grant said that the property value was based upon the Tee Harbor model in the Tee Harbor neighborhood. There is a $30,000 vacancy adjustment as for all vacant properties in the neighborhood, and an additional slope adjustment was given. The original value was $126,300. The slope adjustment is at 15%. Mr. Epstein asked if that was the maximum adjustment and she said no. She reviewed similar properties in the area in the packet.

Ms. Grant said the cost to develop was subjective based upon building options and $30,000 was a standard. She believed that Mr. Gonce payed less for the property than it was worth, it was not an arms-length transaction and it was an owner financed transaction that was not on the open market and there was a relationship between the buyer and seller. Last year the lot was assessed at $112,800. The assessor's offer is a reduction from that.

Mr. Gonce said he was acquaintance with the seller but there is no relationship. We just closed on the sale of our house in Haines and once done we will transfer over and get our own mortgage.

<u>MOTION</u>, by Nowlin, grant the appeal and asked for a no vote, based on the information provided by the assessor.

All board members voted no, the appeal was denied.

Appeal Tracking #:	**2017-0262**
CBJ Parcel #	8B3601050081
Physical Location	19006 Glacier Highway
Appellant Name	Daniel Gonce
Legal Description:	Kool Katz View 2 LT 1A

2017 Assessed Value:	Site:	$258,520
	Improvements:	$405,014
	Total:	$663,534
Appellant's Estimate of Value	Site:	$157,108
	Improvements:	$246,136
	Total:	$403,244
Assessor's Recommended Adjusted Value:	Site:	$208,600
	Improvements:	$392,700
	Total:	$601,300

Daniel Gonce said the sale price is significantly different from the original assessed value and the recommendation for reduction is not sufficient. This lot is similarly steep and the upper half of the property is unusable. He referred to his photo of the rock face the house sits on top of and it is very steep, unusable for construction. Mr. Gonce explained the driveway, which hairpins up the length of a property, and said it is difficult to access and plow. He explained the topography of the lot to the board. Mr. Gonce said he arrived at the value he provided as a prorated cost of the purchase price.

Ms. Grant said that this parcel was given a 15% slope adjustment. It is a single family residence with multiple shop buildings. One of the structures is not valued as it is a collapsible storage facility. She walked the site with Mr. Gonce and she felt that the value is fair and equitable. She said it would be hard to find a comparable to this parcel. This property is unusual and is valued on the cost approach based upon the improvements on the property. The adjustment was based on taking the property out of the standard values and removal of some structures from valuation, some added to valuation, and the slope adjustment. Ms. Grant distributed and explained the residential cost report for the property.

Mr. Epstein asked for an explanation of the price per square foot, and Ms. Grant said it was based on Marshall Swift estimates, adjusted for Alaska, and the explained the type of siding in existence.

Mr. Gaguine asked if things would change based on the sale price of the property in the coming year. Ms. Grant said no, the Assessors do mass appraisal.

Mr. Gonce said he did not know the definition of an arms-length transaction. They moved in three years ago but the recorded sale took place in May of 2016.

Ms. Grant said an arms-length transaction is a sale between a willing seller and willing buyer that is not listed on the open market and is sold at an agreed upon price. To their knowledge this sale wasn’t an open market sale. She said the Assessors would not increase the value of a property because of a higher sale price. The Assessors did not value a single parcel based on its sale price. The sale prices are put together and are evaluated as a whole on the mass appraisal basis. They find the ratio and that is applied to all of the properties in the neighborhood.

<u>MOTION</u>, by Gaguine, to accept the appeal and recommend a no vote. He said the assessor has followed a legitimate methodology and the purchaser got a good deal.

Mr. Nowlin said he did not see any inequity.

Mr. Epstein said the assessor met the burden of proof on how the site value was calculated.

All board members voted no, the appeal was denied.

Appeal Tracking #:	**2017-0533**
CBJ Parcel #	1C03J060020
Physical Location	Behrends Ave.
Appellant Name	Theresa Shanley
Legal Description:	Subd. Highlands BL F LT 14&15

2017 Assessed Value:	Site:	$ 76,900
	Improvements:	$
	Total:	$ 76,900
Appellant's Estimate of Value	Site:	$ 19,000
	Improvements:	$
	Total:	$ 19,000
Assessor's Recommended Adjusted Value:	Site:	$ 76,900
	Improvements:	$
	Total:	$ 76,900

No one was present to represent the appellant. The appellant's basis for appeal is "the property was excessive." Per the notes in the packet: "This property and the adjacent home at 225 Highland Drive are currently listed for sale by the Shanley Trust estate. The Highland Bl F Lot 14&15 property is composed of 2 adjacent vacant lots, one is in the moderate avalanche zone and one is in the severe avalanche zone. They have limited access, as the original alley adjacent to the property has been vacated and now access is off the undeveloped end of Troy Ave, currently a dirt path, with the path partially encroaching on the lots, (as per a property survey completed in 2015). These lots along with the house have been listed with a realtor since August 2015, 21 months, at list price below tax assessment value, with no offers for the lots. There have been 2 offers recently for the house to include the lots. The highest offer for the house to include the lots is currently pending at 318,000, with the house listed at 299,000. Given nearly 2 years on the market with no independent offers for these lots, with lots listed below tax value, the property value seems excessive."

Ms. Grant said this appeal is for a vacant parcel in the Highlands neighborhood. The appellant filed an appeal for an adjacent residence which settled, but this one was not settled. This parcel is valued by the same extraction method as others in the borough. The Assessors have reviewed it for equity and any issues previously unidentified. The assessor recommends no change to value.

Mr. Epstein noted the same assessment since 2014. Ms. Grant said it was adjusted in 2014 based on appeals of similar properties. Ms. Grant said that the size of the parcel of the adjacent property was incorrectly sized and that error was corrected.

Mr. Gaguine asked about the assessment of the properties higher up on the hill. Ms. Grant said that to her knowledge they were CBJ properties and were not assessed.

Mr. Nowlin questioned a document asking if it was showing that the property was for sale for $76,000.

Mr. Gaguine asked for the basis of the appeal. Ms. Grant said that the owner filed it based on the property being on the market for more than a year.

MOTION, by Nowlin, to grant the appeal and asked for a no vote based upon the reasons provided by the assessor.

Mr. Gaguine said he did not see that the appellant had met the burden of proof.

Mr. Nowlin said that the seller is listing the property for the same amount as the assessment – no burden of proof was met.

All board members voted no, the appeal is denied.

IV. Adjournment

There being no further business to come before the Board of Equalization, the meeting was adjourned at 8:50 p.m.

Submitted by Laurie Sica, Municipal Clerk