BOARD OF EQUALIZATION
THE CITY AND BOROUGH OF JUNEAU, ALASKA
Thursday, August 24, 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, Stephen Moseley, Paul Nowlin, and Barbara Sheinberg.

Staff Present: Jane Mores, Deputy Municipal Attorney; Laurie Sica, Municipal Clerk; Bob Bartholomew, Finance Director; Robin Potter, Assessor; Donna Prince, Appraiser II.

III. Approval of Minutes

There were no minutes for approval.

IV. CBJ Attorney Memos/Board Questions

Ms. Mores introduced herself and 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 #:	**2017-0515**	[Panelists: Moseley, Nowlin (chair), Sheinberg]
CBJ Parcel #	5B1401020070	
Physical Location	Yandukin Drive	
Appellant Name	Bicknell, Inc.	
Type:	Vacant Parcel	

2017 Assessed Value:	Site:	$1,767,600
	Improvements:	
	Total:	$1,767,600
Appellant's Estimate of Value	Site:	$ 660,000
	Improvements:	
	Total:	$ 660,000
Assessor's Recommended Adjusted Value:	Site:	$1,767,600
	Improvements:	
	Total:	$1,767,600

Mr. Blommer and Mr. Bicknell spoke on behalf of Bicknell, Inc. There was an appraisal made for a land swap. They do not believe that the assessor should be able to use this as a basis for their assessment as the Assessor was not the intended user of the appraisal. At the time the appraisal was done there were assumptions made that there were no encumbrances on the property, and it was not known that there was no legal access to the property. He referred to a CDD staff report. They are currently working to obtain access to the lot from Maplesden Way, which is a road on the airport property. The property is zoned rural reserve. The assessor is valuing the land as commercially used property. If we tried to build homes, we would need to get a driveway, and we can't get a driveway permit at this time from DOT. We can't use the land to its full potential. Mr. Bicknell said that he would not disagree with the valuation of the assessor if the land had legal access. Mr. Bicknell said that he found out after he purchased the property that there was not legal access. Mr. Blommer said that the email from Beth McKibben identified that the access was not legal at this time and only temporary. Mr. Bicknell said that the access issue was discovered after Horan did the appraisal. They referred to page 6. He agreed with DOT's opinion on the safety concern of accessing the property from Yandukin, but that is the difficulty. The arrived at the $660,000 as the previously assessed value of the land, due to lack of legal access.

Ms. Prince gave a brief overview of the information in the packet and gave several examples of the lot's access from Yandukin Drive. She showed the assessor's notes that indicate an adjustment to the property value was given for flood factors. She said the current assessment at $1,767,600 is fair and equitable. She distributed an appraisal done by Horan and Company dated 2/28/2015. Ms. Potter said that in any appraisal of property in which the city is a party (as in this case for a potential land swap), the information is provided to the Assessor's office. Ms. Prince said that the appraisal says there is access, the maps all show it and she had no reason to differ from the appraisal. Not sure if the grading and wetlands repair was being done during the appraisal, but she had been to the site and saw trucks accessing the property. Regarding valuing the land as "rural reserve," Ms. Potter said they have done a land valuation study of Lemon Creek, looking at the sales in the geographic area. Very large parcels will be valued differently than home sites. $.50 per square foot is the outcome in this case; it is the largest parcel in the neighborhood.

Ms. Sheinberg asked questions about the comparables provided by the Assessor. Ms. Robin spoke about the differing values of the undeveloped land. The price per square foot is based upon the site value, and is put in after the adjustments are put in. They have the same base values. She studied this, they are equitable. Differences are based on location and adjustments. With large acreage parcels, if this was zoned commercial, our standard rate is $12 per sq. foot and the larger the parcel, it can go down to $6 per sq. ft. That zoning is very valuable.

Mr. Blommer asked for verification that the board understood that the parcel was zoned rural reserve and the board agreed.

Mr. Mosely asked if it is accurate to say that this parcel is permanently impaired. Mr. Bicknell said it was not necessarily permanently impaired, but he could not obtain a building permit for development due to the fact the access is not legal. There is a letter from DOT that any change to the use of the property will require a different access. Mr. Blommer said once they get the legal access the property would be worth the assessed value, but until then, it was not. Mr. Bicknell said they only legal thing they could do with the property at this time is place fill.

Ms. Sheinberg said that Egan is a state highway and access by a driveway is not desirable, and there is an existing road, Maplesden, which will provide an alternative that is agreeable to all parties. Mr. Bicknell said Maplesden is not a city street – it is airport property, and he has been in discussion for three months about this.

Mr. Nowlin asked about a difference in assessment – rural reserve or commercial? Ms. Potter said the base value is valued as rural reserve with no improvements. Ms. Potter said she would consider providing an access adjustment of 10% downward. Mr. Moseley asked if that was a uniform adjustment. Ms. Potter said that this property has access, but in this case, if it is limited, or impaired, the value can be adjusted. The current impairment could be offered 10% reduction on the total value.

Ms. Sheinberg asked if 10% a regular adjustment for impaired access – where does the 10% come from. Ms. Potter said that because they are trying to develop the property, and they have needed to wait for safer access, I could give a degree of adjustment, such as 95%, or in this case 90%.

Mr. Bicknell said that he was in the middle of negotiations with the Airport and he will need to pay for access from airport property. He did not believe a resolution would be obtained until spring. Mr. Bicknell did not agree with the 10% adjustment and did not believe it reached a fair solution.

Mr. Nowlin asked what value the property would have with zero access. Ms. Potter she would probably take the value down to 50%.

<u>*MOTION*</u>*, by Sheinberg, to grant the appeal, and ask for a yes vote in order to adjust the assessment downwards by 10%.* [Rough calculation at the meeting $1,590,840]

Mr. Moseley said in absence of information that would be different, he would agree with Ms. Sheinberg.

Ms. Sheinberg said that any additional costs to obtain access would need to be figured in to the 2018 assessment.

All members voted yes, and the appeal was granted, with an adjusted rate of $1,590,840.

Mr. Moseley left the meeting.

Appeal Tracking #:	**2017-MultiParcel**	[Panelists: Epstein (chair) Nowlin, Sheinberg]
CBJ Parcel #	4B2901160-403,404, 405, 407, 408, 409, 410, 411, 412, 413, 414	
Physical Location	Montana Creek West Phase 2B	
Appellant Name	Bicknell III, Roscoe	
Type:	Vacant Parcels	

2017 Assessed Value:	Site:	Ranges from $137,500 to $140,000
	Improvements:	$0
	Total:	Ranges from $137,500 to $140,000

Appellant's Estimate of Value	Site:	$ 20,000 per lot
	Improvements:	
	Total:	$ 20,000 per lot
Assessor's Recommended Adjusted Value:	Site:	No change recommended.
	Improvements:	No change recommended.
	Total:	No change recommended.

Mr. Blommer and Mr. Bicknell spoke on behalf of the appellant. He said the pre-subdivided cost of the parcels were valued at $20,000 and should stay that value until they are sold, developed, and houses are put on them. They are still developing the property and the improvements are incomplete, and were incomplete on January 1, 2017. Subdivision alone should not have increased the value of the property. Mr. Bicknell said there would be no sign off from the city accepting the street as a city street until a few more weeks.

Ms. Prince provided an overview of the materials in the appeal packet. She said that the subject properties for the subdivision did not have a real property deferral for subdivided property exemption on file with the Assessor's office. The unit price of the lots was valued at $21.83 per square foot. There were 17 sales in the area and the median price is $417,900 and the median radio is .9584%

Ms. Potter said that the city put the exemption in place to aid developers with the cost of development. This exemption needs to be applied for but she did not receive an application or exemption for this property. Ms. Potter said the application is processed by the CBJ Community Development Department.

Mr. Blommer said this subdivision did not qualify for the exemption based on the time that the development was started. They applied in 2015 for the subdivision, but the exemption went into place in 2016 and therefore they did not apply for the exemption.

Ms. Sheinberg asked if there was any discussion when the assembly passed the ordinance to allow any retroactive application. Mr. Bartholomew said that the issue used to be a deferral and state law changed to make this an exemption. Mr. Blommer said he understood that if a house is halfway done, it is appraised at less than full value, and he wondered if there could be something similar for a subdivision.

Ms. Potter stated the law and said that type of proration occurs only on building but not on vacant lots.

Mr. Epstein said it appeared there is no recourse to provide relief to the appellant.

Mr. Blommer said if the property is subdivided but it is still a forest, it seems that the property should not be valued the same as fully developed property. Mr. Bicknell listed the unfinished items on the property and at January 1 they were 50% complete of the development funds to be spent in full. There is a bond in place to complete the improvements, and when the street is complete the city will accept it for a city street. He said the utilities were extended from other phases from the subdivision, but these new lots are not connected by the sewer that has been signed off by CBJ.

Ms. Sheinberg asked, as of January 1, when assessments are done, does it matter that the permits are issued but are in progress, what is the approach of the Assessor? Ms. Potter said the value is based upon when the plat is recorded. Whether they were developed or raw land, the lots are still created. She spoke about a case regarding Vista Del Sol and the lots being sold without completion. The lots were being sold, and the market was being set, prior to completion. They transferred the ownership with agreements because the utilities, etc. were not yet done. And we valued the property as what they were being sold at. She felt the table on page 10 of the packet showed the lots were being assessed on a fair and equitable basis with the surrounding properties. She said that the land was assessed based on the extraction method. Sale price, remove cost of improvements, and the remainder is the approximate land value.

Mr. Epstein asked for an explanation of a specific lot. She said the base rate is $21.83 and the lot size was 6300 square feet, for a total value of $137,500. She said for the completed homes there is a market adjustment on the land which increased the value of the land for developed property.

Mr. Bicknell said he understood the Assessor's reasoning but there is a lag time and a disagreement with the financial institutions regarding the value of the property.

Ms. Sheinberg - When the plat is recorded the value of the child lots is then assessed. She asked when the value was set on January 1, what was it based on – undeveloped land, undeveloped land with prep lots with utilities, etc., or some other factor. Ms. Potter said it was valued as a vacant lot, of a certain size, similar to all other lots in the area. Ms. Sheinberg said the new law could have helped the cost of the developer and Ms. Potter said yes.

Mr. Blommer said he had a house on the lot and he was trying to determine the lot value, one of the comparables is a lot that is forested, and that one was appraised lower because of the development that needed to take place. My question is why there is not a downward adjustment to these lots, based on the costs we put into the subdivision.

Ms. Potter said it depended on the location and the type of building going on around it. If you have a vacant lot, you have a vacant lot adjustment. In this circumstance, we visited the site, took pictures, we found that the development was not in the vacant state. The sale prices will include having the services available.

Mr. Blommer said they would not be selling lots as of January 1. It didn't make sense to him. Mr. Bicknell said the new rule took care of this, but there should be another way to address this.

Mr. Epstein said that the board was sympathetic but there was no tool to address the situation. Ms. Sheinberg said the arbitrary sympathy factor was not available to the board.

Mr. Epstein said that all the lots were equally handled in the same assessment matter.

<u>MOTION</u>, by Nowlin, to grant the appeal, and to request a no vote based on the reasons provided by the assessor. All voted no and the appeal was denied.

Appeal Tracking #: 2017-0365 [Panelists: Epstein (chair) Nowlin, Sheinberg]
CBJ Parcel # 8B3401040060
Physical Location 17421 Christine Ave.
Appellant Name David Blommer

Mr. Blommer withdrew his appeal.

IV. Adjournment

There being no further business to come before the Board of Equalization, the meeting was adjourned at 7:10 p.m.

Submitted by Laurie Sica, Municipal Clerk