



DeRoche, "Noticed we had 96 foreclosures." Moegerle, "Those are foreclosure sales, sales of foreclosed homes." Tolzmann, "Sales that we considered bank sales, or surrounded a foreclosure." DeRoche, "There were 75 last year, about a 125 the year before, is this a trend more so around here? How do we compare with Ham Lake or Forest Lake?" Tolzmann, "In Columbus their foreclosures were up this past year too. Varies by community." DeRoche, "How many of these are business foreclosures?" Tolzmann, "There has been a few, I don't have the number." Moegerle, "When I looked at the figure, I thought it was a good sign that the foreclosed properties were being sold. The code enforcement issues were going away. Get them off the bank books and people moving in." Voss asked what our inventory of foreclosures is? Davis, "The last figure he saw was approximately 180 homes that were in foreclosure. That number is probably about two years old."

DeRoche, "Distressed homes. I read the report, but I don't quite understand what you mean when you say a distressed home." Tolzmann, "Those are tough to track. By state law we look at 20% of the homes every year. Obviously if there is a distressed home that is within that 20% we will pick up on it. The hard part is to pick up on some of these you haven't seen. I try to keep an eye out on the properties that are for sale through the MLS records. But, we basically do the best we can." DeRoche, "No, this isn't anything on you. I am just trying to understand what a "Distressed Home" is. What is the definition?" Tolzmann, "Could be bankruptcy, a number of things." Lawrence, "Does it mean it is falling apart?" Tolzmann, "It could."

DeRoche, "I noticed the median sale price took a hit too. Coon Lake Beach is down 20%." Tolzmann, "Yes, and Columbus was down like 23%. Confident that once we get through this foreclosure situation, we will see the market come back. That is what is driving the prices down right now. The influx of bank sales and foreclosed properties." Lawrence, "So when it drives the price down, that doesn't necessarily drive the tax value down." Tolzmann, "It does indirectly. They are competition on the market and if the supply of homes on the market are at a lower rate, if someone wants to sell their house they will probably have to take a lower price. The assessed value of the homes seems to be dropping, even though the taxes don't seem to be doing it as much. But, I think the county has readjusted how the value your home." Stellmach, "Your taxes may not drop, they may not go up either. When values were rising, your taxes weren't probably going up. Because budgets are the other part of the tax. That is the other driving force behind the taxes. So, if values go down, but budgets don't change, in theory, taxes won't change either." Lawrence, "You didn't quite answer my question. I was told the county is changing how they are reevaluating our home." Stellmach, "I am not aware of any changes."

Tolzmann, "There is only one purpose this market value serves, to determine everyone's fair share of the cost of the services. The City, the County, any other taxing district. It just serves as a proportion. If you dropped all the values county-wide by 50% and the budgets stayed the same, the rate would go up and the taxes would stay the same." Moegerle, "Right, and one of the things I was looking at here was on page 10, the historical change of taxable market value for the entire City. We are down to \$838,000,000. When at one point we were at over 1 billion dollars. So that is not a good thing, because those tax rates are going to go up. My understanding is that there is no limit on the taxes that the City can assess? Is that correct?" Pierce, "At one time the state had a levy limit, but there is no longer a levy limit." Moegerle, "Do we know if that will ever come back, is it before the legislature?" Davis, "There has been no discussion at the legislature on the levy limit and the levy limit actually said you could only raise taxes by X number of %. It didn't set a base rate." DeRoche, "So what do you, you have to pay your bills." Moegerle, "You have to get more money out of less value."

Davis explained that at this time, the City Council sitting as the Board of Appeals and Equalization will hear resident concerns regarding assessed values for properties in the City.

Gary Fessenden (PIN 25-33-23-42-0024), "I feel that my lot across the road on East Front Boulevard is way out of line in estimated market value. It is a postage stamp compared to most lots. According to the size it is not buildable. There is no water or sewer; nothing on it. There is an old garage from 1950 that I moved from the front lot to the back lot which is only a shelter. It is not even a good garage. In 2008 the value went way up to \$25,000 which I thought was high, but I didn't complain then. Now my house goes down, everybody's property seems to be going down but my lot is the same as it was in 2008. It went up \$9,000 one year in estimated market value. I think that is absurd. Tolzmann, "Let's look at it. For pay 2012 it looks like it was revalued, it went to \$24,000. For this assessment it went down to \$20,000. So the value has gone down. Fessenden, "It was \$16,000 the last time I paid taxes on it. I haven't known of any lots along there selling, do you?" Tolzmann asked, "What size is this lot?" Fessenden, "1/3 of an acre." Tolzmann asked, "Is it wetland?" Fessenden said, "No. There is a drainfield in the lot next to him." Tolzmann asked, "Is it wooded?" Fessenden, "There are probably six trees on there."

Tolzmann, "The question he would have is whether or not this is a buildable site? It is up to the homeowner to work with us, let us know whether it is buildable or not." Davis, "If it is 3/10s of an acre, and on the information he has given it would probably be questionable if it would be a buildable lot. We would have to examine it further to give a determination." Fessenden, "The estimated market value went from \$16,100 to \$25,500 this year, what happened? And what are we going to do? May 15<sup>th</sup> comes fast." Tolzmann, "He would suggest to the board that we value it by the acre. 3/10s of an acre would be considered \$2,900. He could initiate abatement for the tax for this year. And then he will contact you to get taxes reduced for payable 2012. You will have to make payment for 1<sup>st</sup> half, but any difference will be sent back to you."

Gerald Fingal, 19223, East Front Blvd. NE, "I have lots across the streets as well, with no buildings as well. My value increased like Gary mentioned, like what happened all of a sudden. I don't have my lot numbers with me, but the valuation I believe was the same as Gary was saying. There is a whole string of lots that are marginal in size. Tolzmann, "In that area, some of the parcels have garages, some are vacant, and by themselves they are not buildable. But they can be combined to become buildable. I had indicated to a resident that I would go over there and look at it and see what is buildable. To come up with a plan for over there. Fingal, "It has to be looked at and what is going to happen for this year." Tolzmann, "You are on the lake. He would need numbers on the lots and be able to look at them." Fingal, "I am on the lake, but these lots are not."

Tolzmann asked, "Would the board like me to go out and look at these lots and determine which ones have buildings on them and which don't?" Fingal, "It is about a 1/2 mile stretch with like you indicated some empty lots, some with just garages." It was determined that Tolzmann would meet the property owners there on Saturday, April 28<sup>th</sup> at 10:00 a.m. Council Member Voss will also meet with them at the property.

Bob Stoner, "We had spoken before about a lot adjacent to mine, and as long as you are going to look at these lots, I would like you to look at mine also. It does have a garage on it, which confuses the issue, but I would still like you to look at it because I think it is valued a little high." Tolzmann, "I still have your number and would be glad to look at it on Saturday."

Voss said these are all my neighbors and I am involved in this too, so I am going to have to abstain from it. But, my suggestion is there has to be at least a dozen lots like this up and down East Front that are valued way high. Moegerle asked Tolzmann, "And you haven't been to this area last year when you did your 20% tour?" Tolzmann, "His understanding is these are 1/2 acre lots?" Voss said some are 1/10 of an acre lots. All are small lots.

**Moegerle made a motion to table the Board of Appeals and Equalization until May 2, 2012 at 6:30 p.m. DeRoche seconded; all in favor, motion carries.**

**Moegerle made a motion to recess the Board of Appeals and Equalization meeting at 7:07 p.m. Voss seconded; all in favor, motion carries.**

The Board of Appeals and Equalization was reconvened on May 2, 2012 at 6:30 p.m. In attendance were Council Member Moegerle, Council Member DeRoche and Mayor Lawrence. Members Excused were Council Member Boyer and Council Member Voss.

**Lawrence made a motion to reconvene the Board of Appeals and Equalization meeting. Moegerle seconded; all in favor, motion carries.**

Tolzmann, "At the instruction of the Board, I went out and looked at the properties on East Front Street and came up with a recommendation to the Board. Not only for the three appellants, but 25 changes. These lots are not buildable lots, garages might be built on them. Market for the lot would be pretty closed, just maybe somebody in the area, probably the only one interest in buying. On one hand good for the people that live on the lake to be able to have a back lot for a little extra storage, but by the same token it is not a buildable site, so somebody is not going to be able to build a house in there. Moegerle, "Is that lot contiguous to the other property or is it a stand alone?" Tolzmann, "Most of these are typically these are across Front Street from the dwellings." Moegerle, "Because we have regulations that say unless you have a house on a property you can't have a stand-alone garage. So your idea of putting a garage there, I don't think it would even be qualified for that. Unless it is legally non-conforming." Tolzmann, "In my report I say may, it is just a question. As you go through report you will see that basically those 25 lots have a \$17,000 adjustment per lot. Those are the only changes that I am recommending to this Board. Does the Board have any questions?"

**DeRoche made a motion to approve the estimated market value change decrease of \$17,000 for the 25 lots as follows: PINs 25-33-23-13-0036, 25-33-23-13-0037, 25-33-23-13-0038, 25-33-23-13-0039, 25-33-23-13-0041, 25-33-23-13-0043, 25-33-23-13-0049, 25-33-23-13-0053, 25-33-23-13-0056, 25-33-23-42-0023, 25-33-23-42-0024, 25-33-23-42-0025, 25-33-23-42-0026, 25-33-23-42-0027, 25-33-23-42-0028, 25-33-23-42-0029, 25-33-23-42-0030, 25-33-23-42-0031, 25-33-23-42-0032, 25-33-23-42-0034, 25-33-23-44-0006, 25-33-23-44-0012, 25-33-23-44-0013, 25-33-23-44-0014, 25-33-23-44-0015 as recommended by the City Assessor for payable 2013 assessment. Moegerle, "So 1/10 of an acre is \$1,000 so the value of an acre is \$10,000? It is basically a recreation lot, no buildable value." Tolzmann said, "Basically." **Moegerle seconded.****

Lawrence, "What were the lots being taxed at?" Tolzmann, "They were being taxed at \$20,000 which was incorrect and they are going down to \$3,000. And I am going to be initiating abatements for pay 2012 on those same sites if that is agreeable with the board." **DeRoche amended the motion to direct the assessor to initiate the abatement process on each site listed above for property taxes due in 2012. Moegerle seconded the amendment; all in favor, motion carries. .**

Troy Parker, 21383 Ulysses St. NE, Fat Boys Bar & Grill, "My 2012 tax base was \$764,000, were last year it was \$784,000. And my taxes did go up about \$500 with the lower value. I made a business decision last month and the property sold for \$700,000. Am I able to get some kind of abatement?" Tolzmann, "Do you have your value?" Parker, "It was \$689,000." Tolzmann, "That is your current value. What that means is as of this year we felt that your property was worth \$689,000. That would tie right in with the \$700,000 that you are talking about." Parker, "What is this fiscal disparity charge of \$9,000 for?" Tolzmann, "That is a charge that all commercial, seasonal and recreational properties pay into metro-wide. Then it is redistributed to areas which are considered winners and others that are considered losers. It is a complicated formula that they use to determine that. A fund that goes into a metro fund and is redistributed back to municipalities. Parker, "I don't know how the residences are classified. When we built this seven years ago we were classified incorrectly. Taxes went from \$14,000 to \$42,000 and now back down to \$28,000. My home was worth ½ million and taxes were \$4,000."

Tolzmann, "Taxes on commercial property are about three times the rate as on residential property. We have you at \$689,000 and you are saying its worth \$700,000." Parker, "It was worth \$1.4 million seven years ago, now it is worth half. That is happening now. I just know it is a lot of money and I know this is probably not the arena. I know you are trying to bring business into the City, but this is chasing business out." Tolzmann, "I would be happy to stop by and talk to you. But right now that is what we feel the property is worth."

Moegerle asked, "My understanding is primarily the value comes from the building not the land?" Tolzmann, "It is a combination of both, this is commercial property, right on 65." DeRoche asked, "How do we compare to other cities?" Tolzmann, "The rates we use as a City come right from the county. They are used county-wide. The only thing that may vary is the land value. Land is based on East Bethel." Moegerle, "We want to retain you there. It would be a very bad thing to have your establishment vacant and boarded up. This is not something that is trivial. So after you talk to Ken grab one of us and talk."

**Moegerle made a motion to adjourn the meeting at 6:47 PM. DeRoche seconded; all in favor, motion carries**

Attest:

Wendy Warren  
Deputy City Clerk