

2021

***ASSESSOR'S
REPORT***
*BOARD OF APPEAL AND
EQUALIZATION*

2021 Local Board of Appeal and Equalization

Agenda

April 26, 2021

1. Call the Board of Review to Order
2. Roll Call
3. Read Official Notice of the Board of Review
4. Board Chair outlines the ground rules for the meeting. The specific ground rules may vary for each local board but should include:
 - Purpose of the meeting;
 - Remind property owners that only appeals for the current year valuation or classification may be made. The 2021 board is to review the assessment as of January 2, 2021, which will be used to compute the property taxes payable in 2022. Prior years' assessments or taxes (including taxes payable in 2021) are not within the jurisdiction of the board;
 - The order of the appellants - by appointment first, followed by walk-ins on a first-come basis. The board will also receive written appeals from property owners. The secretary will record the required information (name, mailing address, telephone number, and address of property, etc.)
 - The expectations of the appellant when presenting their appeal (i.e. the appeal must be substantiated by facts; where the appellant should stand or sit; the appellant should be prepared to answer questions posed by the board, etc.);
 - Time limits imposed (if any);
 - The procedure the board will follow for making decisions (Will the board hear all appeals before making any decisions? Will the board send a letter to appellants to inform them of the decision? Etc.) The Board may correct any erroneous valuation and add any omission of properties or increase of value after due process. The total decrease of valuations may not exceed one percent of the total valuation of the taxing district;
5. The Board Chair should give the assessor the opportunity to present a brief overview of the property tax process and a recap of the current assessment.
6. Appellants should then present their appeals to the board. If the assessor has had a chance to review the property prior to the meeting, the assessor can present facts and information either supporting the valuation and or classification, or recommend that the board make a change. If the assessor has not had a chance to review the property prior to the meeting, the board may ask the assessor to review the property and present his/her findings to the board at a reconvene meeting.
7. **Recess or Close the Meeting.** (If needed, the meeting will be reconvened at a date to be determined. The Board of Appeal and Equalization of any city must complete its work and adjourn within twenty days from the time of convening as specified in the notice of the clerk, unless a longer period is approved by the Commissioner of Revenue. No action taken subsequent to such date shall be valid.)

Understanding Your Assessment and Appeal Options

Assessment Process Timeline

In Minnesota it is the duty of the Assessor to value and classify property. This is done annually as of the assessment date of **January 2nd**. Each year's assessment is based on arms-length transactions (sales that meet the criteria of an open market transaction, see [market value definition below](#)) that occurred the **previous October thru September**. When the assessment is completed the local taxing jurisdictions begin their budgeting process for the following year. They use the total assessment to determine their tax base and develop their tax rates (formerly referred to as mill rates). All aspects of the assessment, including but not limited to the assessment date, sales period for each assessment and property tax classification are dictated by state statute and under the oversight of the Minnesota Department of Revenue.

Market Value Defined

As in private appraisal, Market Value is defined as:

The most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by any undue stimulus. Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- *buyer and seller are typically motivated;*
- *both parties are well informed or well advised, and acting in what they consider their own best interests;*
- *a reasonable time is allowed for exposure in the open market;*
- *payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto;*
- *the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale (a foreclosure sale or a short sale [a sale to avoid foreclosure] is not considered an arms-length transaction).*

Mass Appraisal Defined

Property values for Minnesota real estate tax purposes are determined via mass appraisal. Mass appraisal is the practice of determining individual values based on statistical analysis of a group of sales for a large area. The values are determined as of a specific date and are based on arms-length transactions that occurred during a specified sales period.

Sales Statistics Defined

We have the ability by using statistical analysis to test the accuracy of the assessment. We use these statistics to ensure equity between properties at the neighborhood, municipal and county levels. The Minnesota Department of Revenue also uses these same techniques to test for equity between counties. The primary statistics used are:

Median Ratio: This is a measure of central tendency that is the midpoint of a group of sales ratios when arrayed from low to high. The median is a useful statistic as it is not affected by extreme ratios.

Aggregate Ratio: This is the total market value of all sale properties divided by the total sale prices. It, along with the mean ratio, gives an idea of our assessment level. Within the city, we constantly try to achieve an aggregate and mean ratio of 94% to 95% to give us a margin to account for a fluctuating market and still maintain ratios within state mandated guidelines. Also referred to as the **Weighted Mean**.

Mean Ratio: The mean is the average ratio. We use this ratio not only to watch our assessment level, but also to analyze property values by development, type of dwelling and value range. These studies enable us to track market trends in neighborhoods, popular housing types and classes of property.

Coefficient of Dispersion (COD): The COD measures the accuracy of the assessment. It is possible to have a median ratio of 93% with 300 sales, two ratios at 93%, 149 at 80% and 149 at 103%. Although this is an excellent median ratio, there is obviously a great inequality in the assessment. The COD indicates the spread of the ratios from the mean or median ratio.

The goal of a good assessment is a COD of 10 to 20. A COD under 10 is considered excellent and anything over 20 will mean an assessment review by the Department of Revenue.

Price Related Differential (PRD): This statistic measures the equality between the assessments of high and low valued property. A PRD over 100 indicates a regressive assessment, or the lower valued properties are assessed at a greater degree than the higher. A PRD of less than 100 indicates a progressive assessment or the opposite. A perfect PRD of 100 means that both higher and lower valued properties are assessed exactly equal.

Appeals Procedure

Each spring Anoka County sends out a property tax bill (based on the prior year assessment) along with the Notice of Valuation and Classification. Three factors that affect the tax bill are:

1. The amount your local governments (town, city, county, etc.) spend to provide services to your community;
2. The **estimated market value** of your property;
3. The **classification** of your property (how it is used).

The assessor determines the final two factors. You may appeal the value or classification of your property as described on the next page.

Informal Appeal

- Property owners are encouraged to call the appraiser or assessor whenever they have questions or concerns about their market value, classification of the property, or the assessment process.
- Almost all questions can be answered during this informal appeal process.
- When taxpayers call questioning their market value, every effort is made to make an appointment to inspect properties that were not previously inspected.
- If the data on the property is correct, the appraiser can show the property owner other sales in the market that support the estimated market value.
- If errors are found during the inspection, or other factors indicate a value reduction is warranted, the appraiser can easily make the changes at this time.

Local Board of Appeal and Equalization

- The Local Board of Appeal and Equalization is typically made up of city council members or township board members. In certain cases, a special board is appointed and typically consists of real estate professionals.
- The Board meets during late April and early May.
- Taxpayers can make their appeal in person or by letter.
- If an interior inspection is denied no adjustment can be made to value per MN Statute.
- The assessor is present to answer any questions and present evidence supporting their value.

County Board of Appeal and Equalization

- In order to appeal to the County Board of Appeal and Equalization, a property owner must first appeal to the Local Board of Appeal and Equalization.
- The County Board of Appeal and Equalization follows the Local Board of Appeal and Equalization in the assessment appeals process.
- Again, if an interior inspection is denied no adjustment can be made to value per MN Statute.
- Their role is to ensure equalization among individual assessment districts and classes of property.
- Decisions of the County Board of Appeal and Equalization can be appealed to the Minnesota Tax Court.

Minnesota Tax Court

The Tax Court has statewide jurisdiction. Except for an appeal to the Supreme Court, the Tax Court shall be the sole, exclusive and final authority for the hearing and determination of all questions of law and fact arising under the tax laws of the state. There are two divisions of tax court: the small claims division and the regular division.

The **Small Claims Division of the Tax Court** only hears appeals involving one of the following situations:

- The assessor's estimated market value of the property is <\$300,000
- The entire parcel is classified as a residential homestead and the parcel contains no more than one dwelling unit.
- The entire property is classified as an agricultural homestead.
- Appeals involving the denial of a current year application for homestead classification of the property.

The proceedings of the small claims division are less formal and property owners often represent themselves. There is no official record of the proceedings. ***Decisions made by the small claims division are final and cannot be appealed further. Small claims decisions do not set precedent.***

The **Regular Division of the Tax Court** will hear all appeals, including those with the jurisdiction of the small claims division. ***Decisions made here can be appealed to a higher court.***

The principal office for the Tax Court is in St. Paul. However, the Tax Court is a circuit court and can hold hearings at any other place within the state so that taxpayers may appear with as little inconvenience and expense to the taxpayer as possible. Appeals of property located in Anoka County are heard at the Anoka County Courthouse. Three judges make up the Tax Court. Each may hear and decide cases independently. However, a case may be tried before the entire court under certain circumstances.

The petitioner must file in tax court on or before April 30 of the year in which the tax is payable.

Columbia Heights Assessment Overview

Columbia Heights Assessment Staff

Name	Position	License Level	Responsibility
Brandon Hodge	Residential Appraiser	CMA	Residential 1-3 Units
Jim Hughes	Senior Appraiser	CMA – Income Qualified	Commercial/Industrial/Exempt
Diana Stellmach	Chief Deputy	SAMA	Countywide Oversight
Alex Guggenberger	County Assessor	SAMA	Countywide Oversight

City of Columbia Heights Property Breakdown

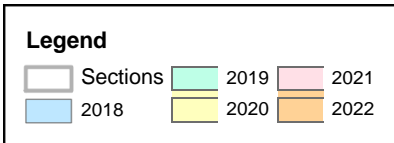
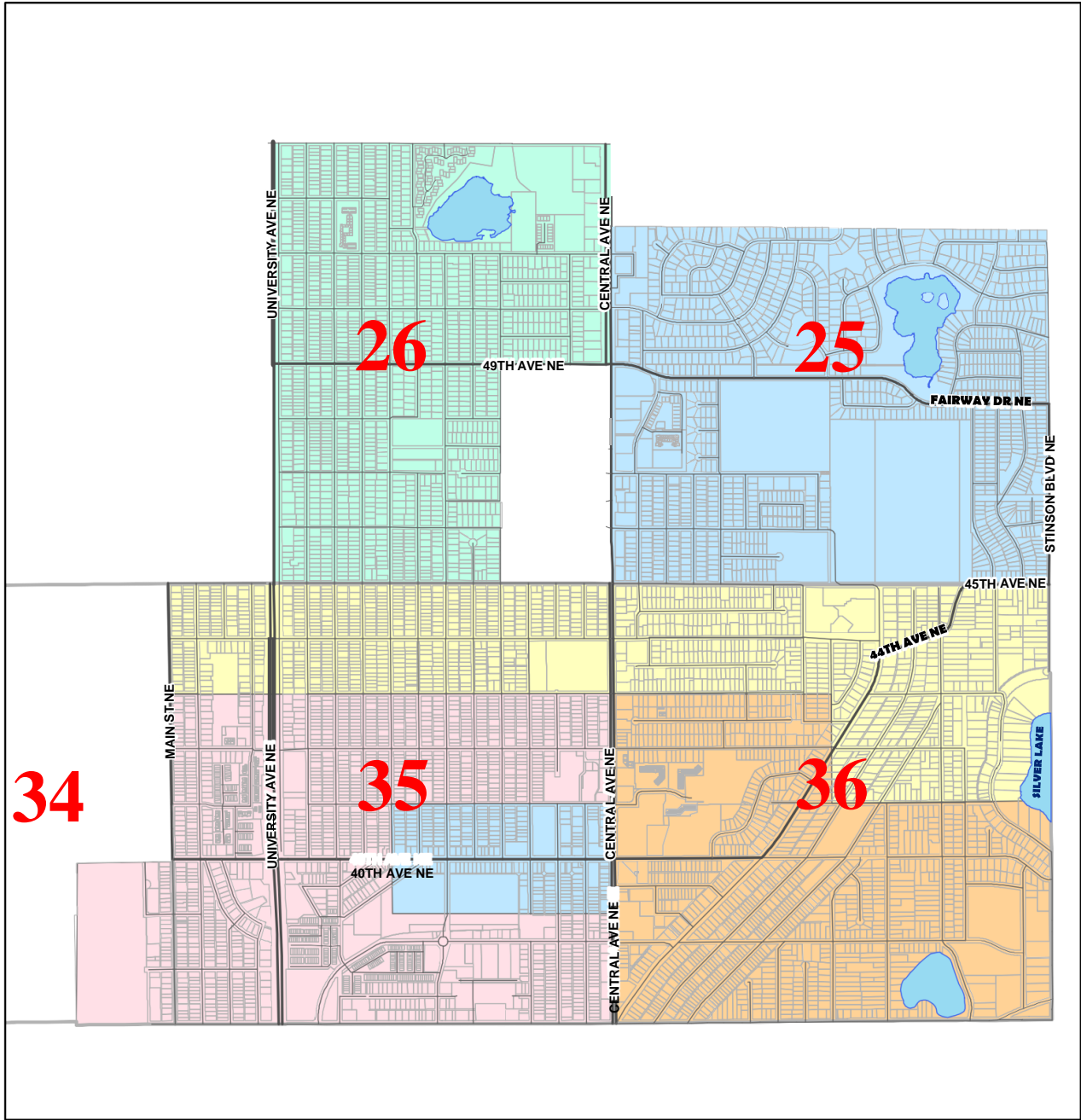
Property Type	Number of Parcels
Vacant Residential	42
Improved Residential	6,851
Apartment (Vacant & Improved)	130
Commercial/Industrial (Vacant & Improved)	230
Total	7,593

2021 Assessment

As part of this mass appraisal process, all properties are re-valued annually based on the information on record. Properties are physically inspected and property records reviewed once every 5 years (as statutorily required). This is an ongoing process whereby 20% (referred to as quintile) of a city is inspected each year so that in a cycle of 5 years all properties have been inspected at least once. In addition to this quintile review, properties are also inspected when there is a building permit issued or at the request of the property owner. The sale of a property does not initiate a reassessment. The map on the next page depicts the residential quintile plan for the next 5 years. Quintile Maps are also available on our Public Website. For further information go to: anokacounty.us/3574/Property-Assessment

Columbia Heights

5 Year Quintile Map



As stated earlier, Minnesota state law governs the assessment date, which is January 2nd of each year, as well as the sales periods associated with each assessment date.

The 2020 assessment which was used for tax calculations this year (2021) was based on transactions that closed between October 1, 2018 and September 30, 2019. Property owners were notified of their 2020 value on their **Notice of Valuation and Classification** (also referred to as a **valuation notice**). The notices were mailed out in April of 2020 in the same envelope as the tax statement. The appeals process took place at the municipal level during the month of April of 2020 and at the county level in June of 2020. At this point, if a property owner wishes to appeal their 2020 assessment (for taxes payable 2021) their only option is to file a tax court petition. This must be done no later than April 30, 2021.

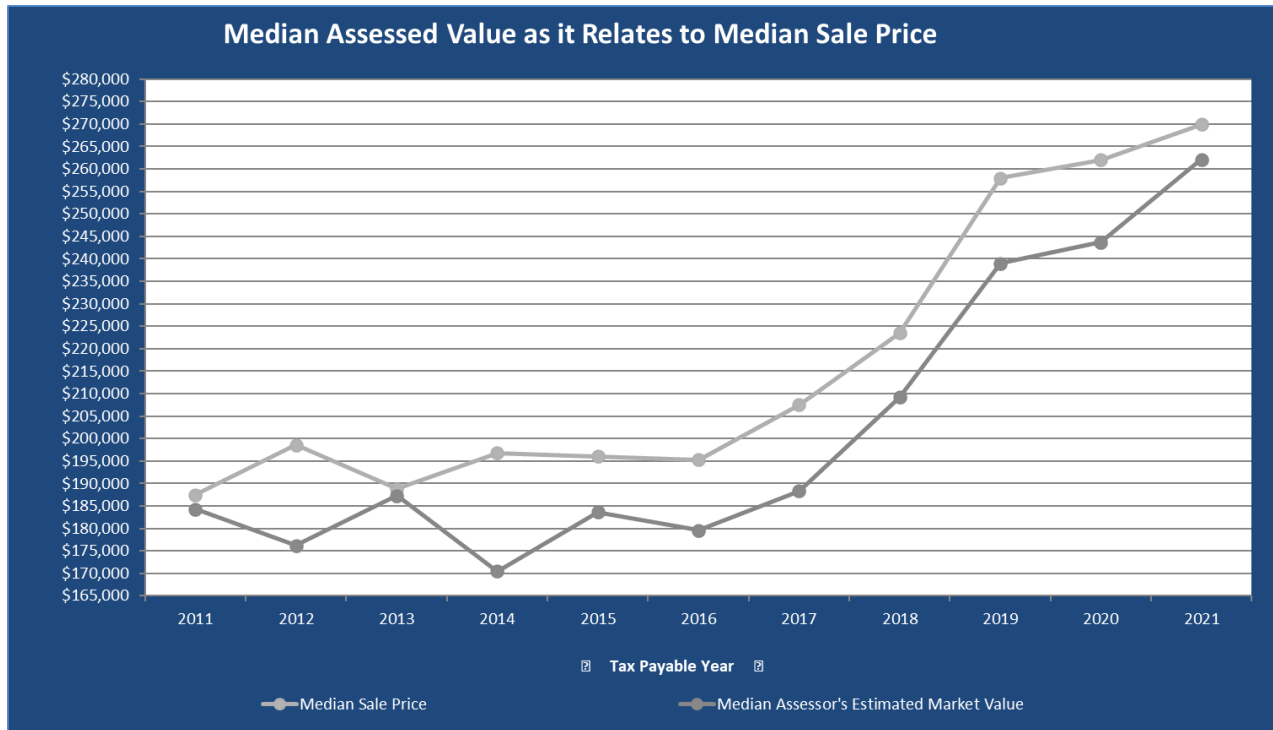
The 2021 assessment was completed in February and the valuation notices were mailed the week of March 29th. The 2021 assessed value will be used for tax calculation purposes next year. The sales period associated with this assessment is October 1, 2019 thru September 30, 2020. As with past assessments, the local appeals process will begin in April and finish up in June. The options and requirements to appeal this assessment are listed on the back of the valuation notice. If a property owner has an issue with their 2021 assessment, the first thing they should do is contact their local assessor. The phone numbers are listed on their valuation notice.

Please note that only arms-length sales that closed between October 1, 2019 and September 30, 2020 have been used to determine valuations for the 2021 assessment, for taxes payable in 2022.

The following chart may be helpful in following the timeline of your assessment:

SALES PERIOD	ASSESSMENT DATE	TAX YEAR
October 1, 2017 to September 30, 2018	January 2, 2019	2020
October 1, 2018 to September 30, 2019	January 2, 2020	2021
October 1, 2019 to September 30, 2020	January 2, 2021	2022

We are aware that due to the time frames we are required to work within it sometimes appears as though the assessor’s estimated market value does not represent the market. It seems lower than it should be during times of inflation and higher than it should be in times of deflation. The following chart illustrates the relationship between assessed values and actual sale prices; and how the assessor’s market values have been following the changes as they occur in the open market.



Note: The Median Assessor’s Estimated Market Value represents the homes that are in the sales study.

One important thing to remember is the assessment process is completed **before** the budgeting process begins. Assessors do not adjust values in order to increase revenue. There is little correlation between changes in assessments due to market changes and how the resulting real estate tax changes. When we adjust assessments due to market conditions, all properties are adjusted. The only time that an adjustment in an assessor’s estimated market value will have an impact on the increase or decrease in tax is if the change in value is due to value added for new construction or value removed due to demolition/destruction of an improvement.

2021 Sales Statistics – Residential

The table below uses various sales metrics to compare how the residential market in Columbia Heights performed compared to the rest of the county. The sales study figures were gathered using Northstar MLS data.

Metric	Columbia Heights	County
Average Sale Price & % Change (YOY)	\$241,600(+11.28%)	\$314,800(+9.00%)
Median Sale Price % Change (YOY)	\$241,000 (+9.54%)	\$287,000(+8.30%)
Median Days on Market (DOM)	12	14
# of Sales & % Change (YOY)	329(-4.64%)	6500(+9.92%)
# of Arm’s Length Sales & % Change (YOY)	326(-2.11%)	6435(+11.08%)
# of Non-Arm’s Length Sales & % Change (YOY)	3(-400.00%)	65(-45.84%)

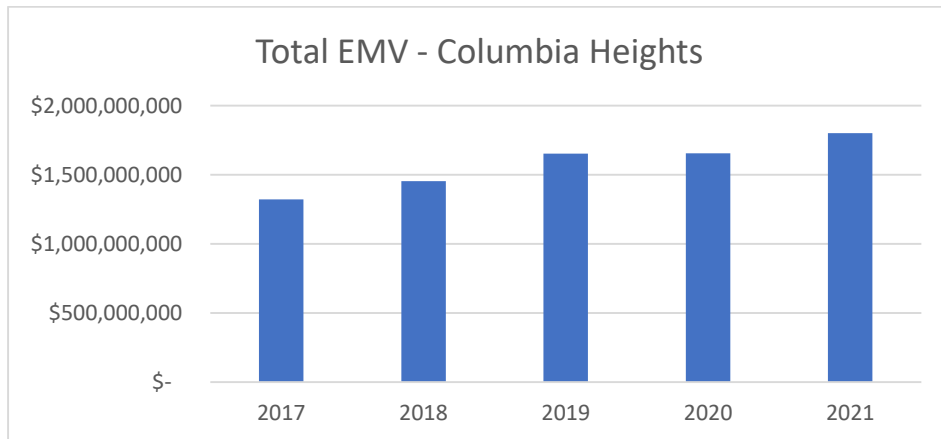
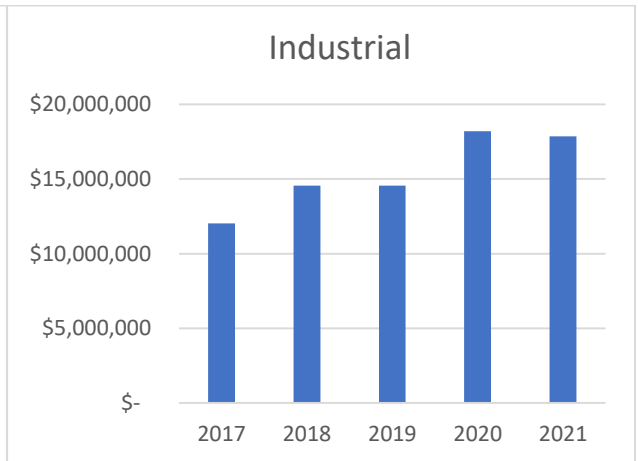
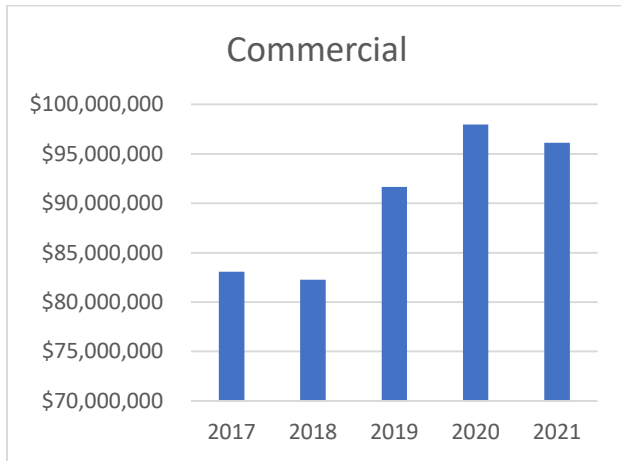
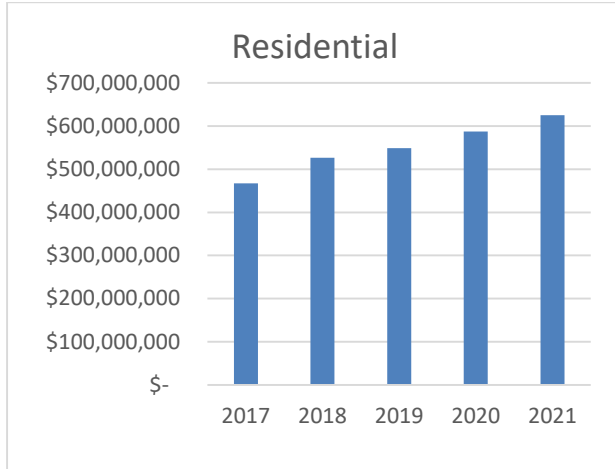
The tables below display the final adjusted sales ratios for Residential, Apartments, Commercial, and Industrial properties. All the numbers are within State of MN requirements and indicate a high-quality assessment with good equalization.

Final Sales Ratio's			
C O M M U N I T Y R E S I D E N T I A L		12 Month	COD
	Andover	94.35%	6.18
	Anoka	94.35%	6.71
	Bethel	90.89%	9.60
	Blaine	94.45%	6.88
	Centerville	94.41%	6.76
	Circle Pines	93.85%	7.71
	Columbia Heights	93.27%	9.12
	Columbus	92.51%	13.42
	Coon Rapids	94.38%	5.37
	East Bethel	94.45%	8.47
	Fridley	94.50%	6.08
	Ham Lake	94.79%	6.20
	Hilltop	93.30%	3.12
	Lexington	94.20%	7.49
	Lino Lakes	94.20%	7.45
	Linwood	94.35%	9.59
	Nowthen	93.13%	8.18
	Oak Grove	92.77%	14.86
	Ramsey	94.37%	7.12
Spring Lake Park	94.54%	6.23	
St. Francis	94.48%	5.64	
Countywide	94.31%	6.96	

Final Sales Ratio's			
A P T		12 Month	COD
	Countywide	93.58%	8.07
	Columbia Heights	96.00%	7.00
C O M		12 Month	COD
	Countywide	90.93%	15.59
	Blaine	90.42%	16.16
I N D		12 Month	COD
	Countywide	92.88%	11.95
	Blaine	92.31%	6.71

Market Value History

The graphs below indicate how aggregate values have changed over the last 5 years for each of the four largest property types.



2021 Market Value Statistics & New Construction

The tables below indicate the percentage change (YOY) for each of the four largest property types as well as the total market value. The increase due to New Construction (NC) is also included in the table below.

Property Type	2021 EMV	% Increase	% Increase Due to NC
Residential	\$1,460,989,900	8.57%	0.18%
Apartment	\$226,473,000	16.63%	
Commercial	\$96,130,900	-1.87%	
Industrial	\$17,868,700	-1.87%	
Total EMV	\$1,801,462,500	8.78%	0.14%