



APPEAL #2022-0236

2022 REAL PROPERTY APPEAL PACKET

BOARD OF EQUALIZATION September 20, 2022

ASSESSOR OFFICE

Appellant: Senate Properties LLC

Location: 175 S Franklin St

Parcel No.: 1C070B0J0010

Property Type: Commercial – Retail/Office space

Appellant's basis for appeal: Excessive, building has major deferred maintenance issues.

	Appellant's Estimate of Value	Original Assessed Value	Recommended Value
Site:	\$1,180,610	\$1,749,300	\$1,749,300
Buildings:	\$1,619,390	\$1,619,390	\$1,619,390
Total:	\$2,800,000	\$3,368,690	\$3,368,690

Subject Photo



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OVERVIEW

The subject is a four story multi-tenant, mixed-use retail/office space building located in the tourism district.

Subject Characteristics:

- Land
 - 10,000 SF lot
 - Located within the S Franklin core tourist district
 - Approximately 97.45' of frontage on S Franklin St.
 - Front portion of parcel is a largely level, developed lot while the remaining 40%, located at the rear, can be described as steep. This is typical for parcels located along this side of Franklin St.
- Building
 - 4 Story
 - 24,255 SF GBA

SUBJECT PHOTOS



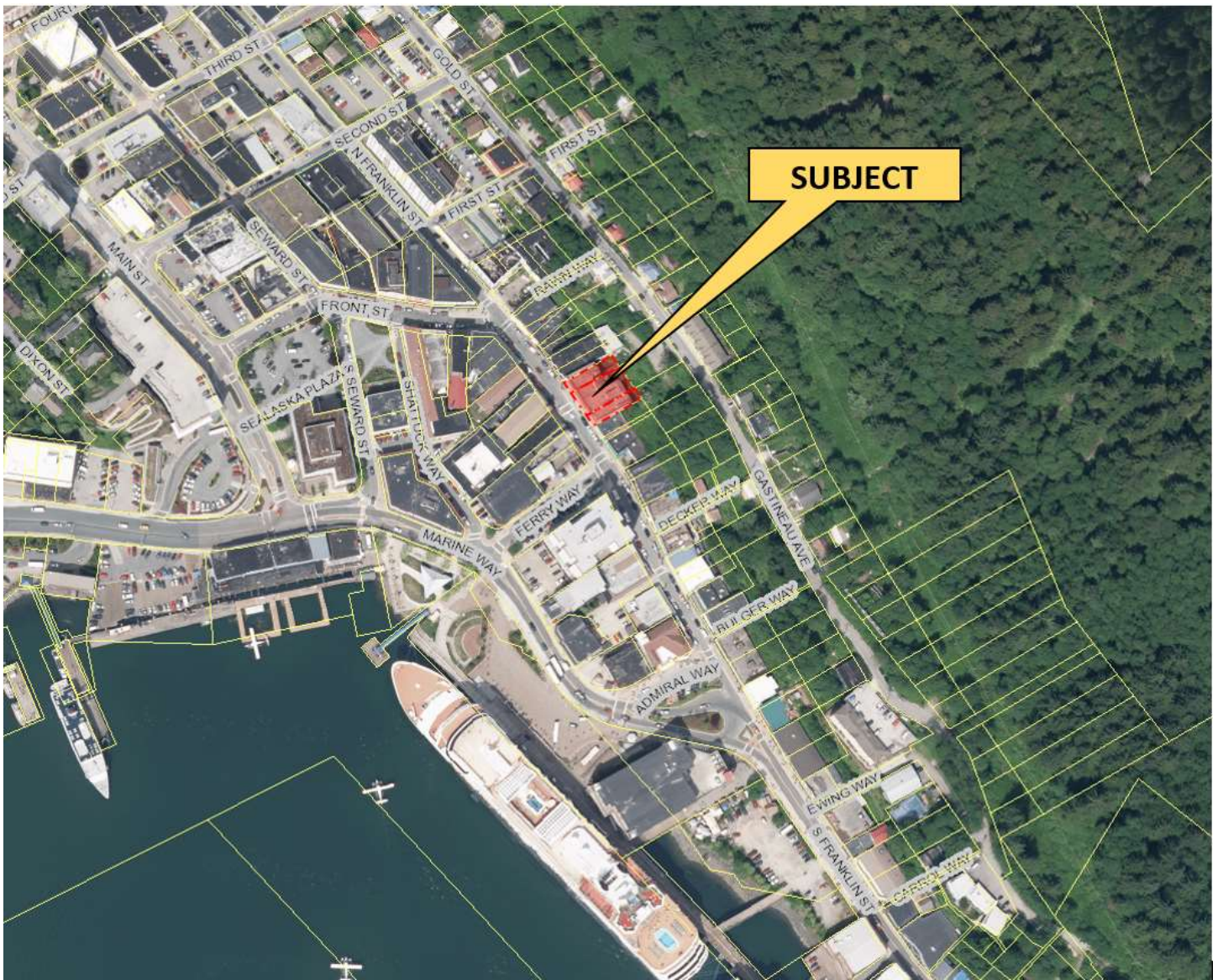
Front right



Front left from S Franklin

AREA MAP & AERIAL





ASSESSED VALUES

Total assessed value is the primary test against market. The distribution of that value between the Land Component and the Building Component is secondary and can vary from one model to another. The total assessed value is tested against market indicators (sales, lease rates, etc.) and is adjusted to market value by application of market area and feature adjustments.

All three approaches to value (Cost, Sales Comparison and Income) are considered for commercial properties.

LAND

Land values are developed on a market area basis. The land is examined to understand the typical land characteristics in the market area. These characteristics include size, slope, view, water frontage, significant wetlands and others. The characteristics are used to develop a market area land valuation model. This model is tested and refined in consideration of sales of both vacant and developed parcels. The resulting model is then applied to all of the land in the market area or to all of the properties in that subclass of properties to establish assessed site values.

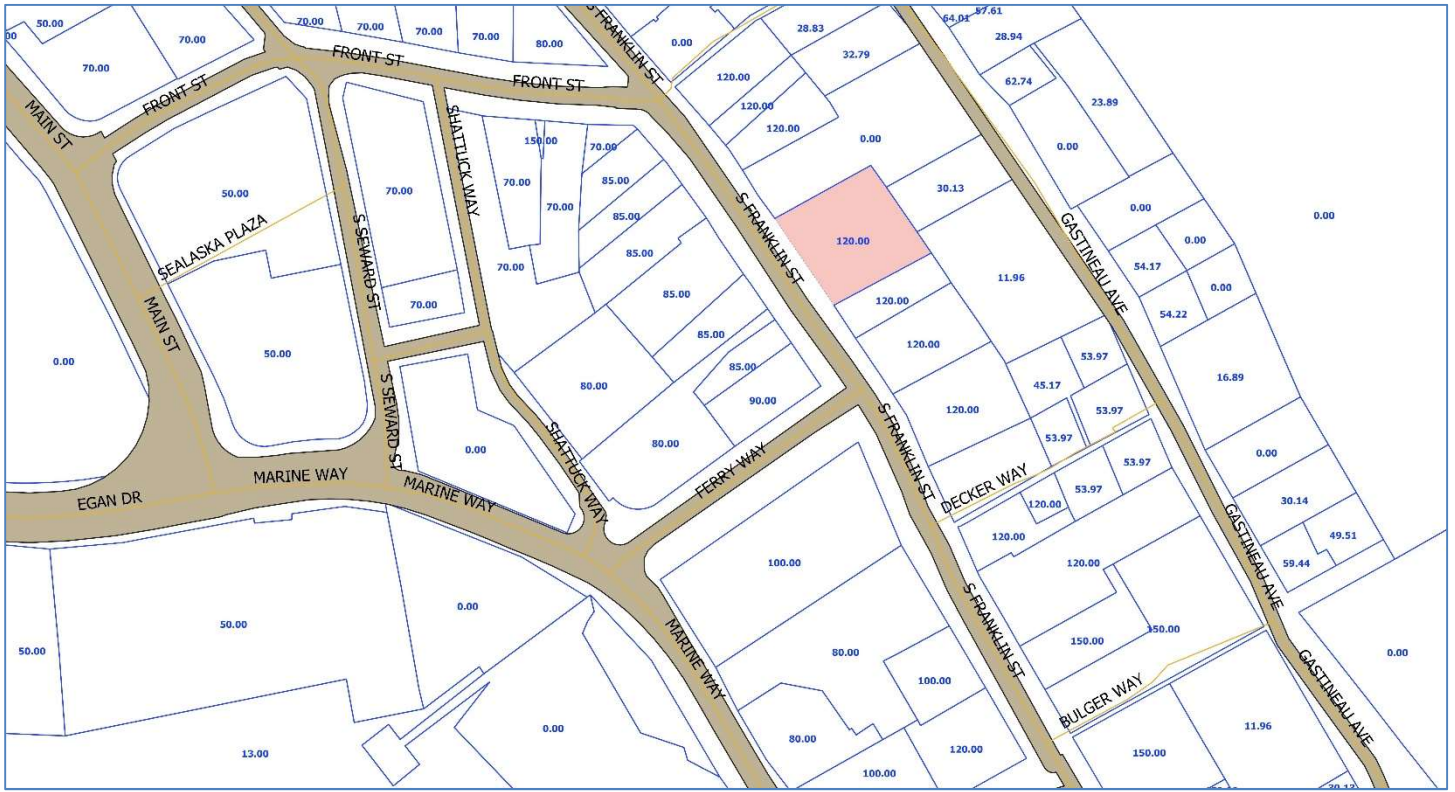
The subject parcel's land value is equitable and is not excessive.

Land Characteristics:

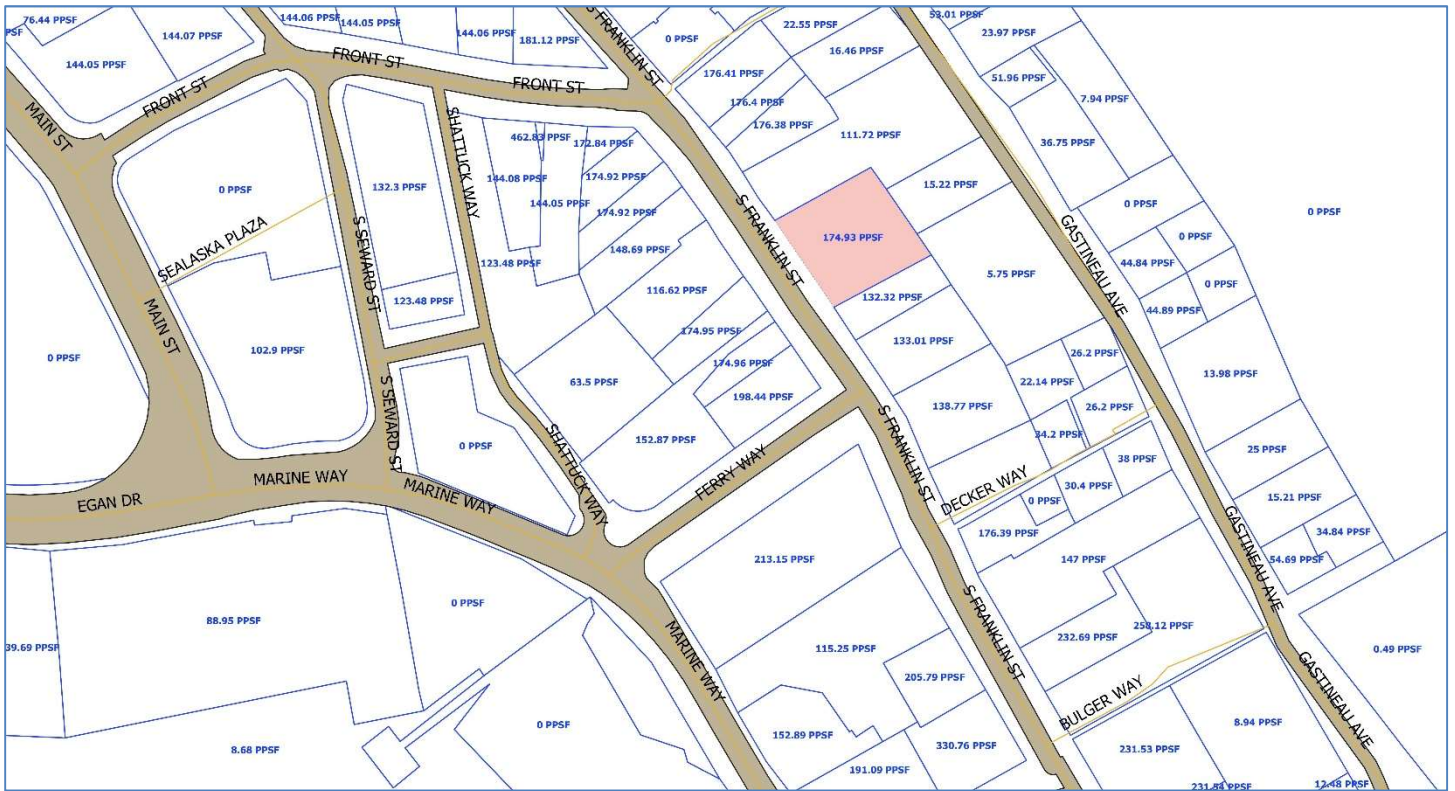
- 10,000 SF lot
- Located within the S Franklin tourist district
- Approximately 97.45' of frontage on S Franklin St.
- Front portion of parcel is a largely level, developed lot while the remaining 40%, located at the rear, can be described as steep. This is typical for parcels located along this side of Franklin St.

Land Values

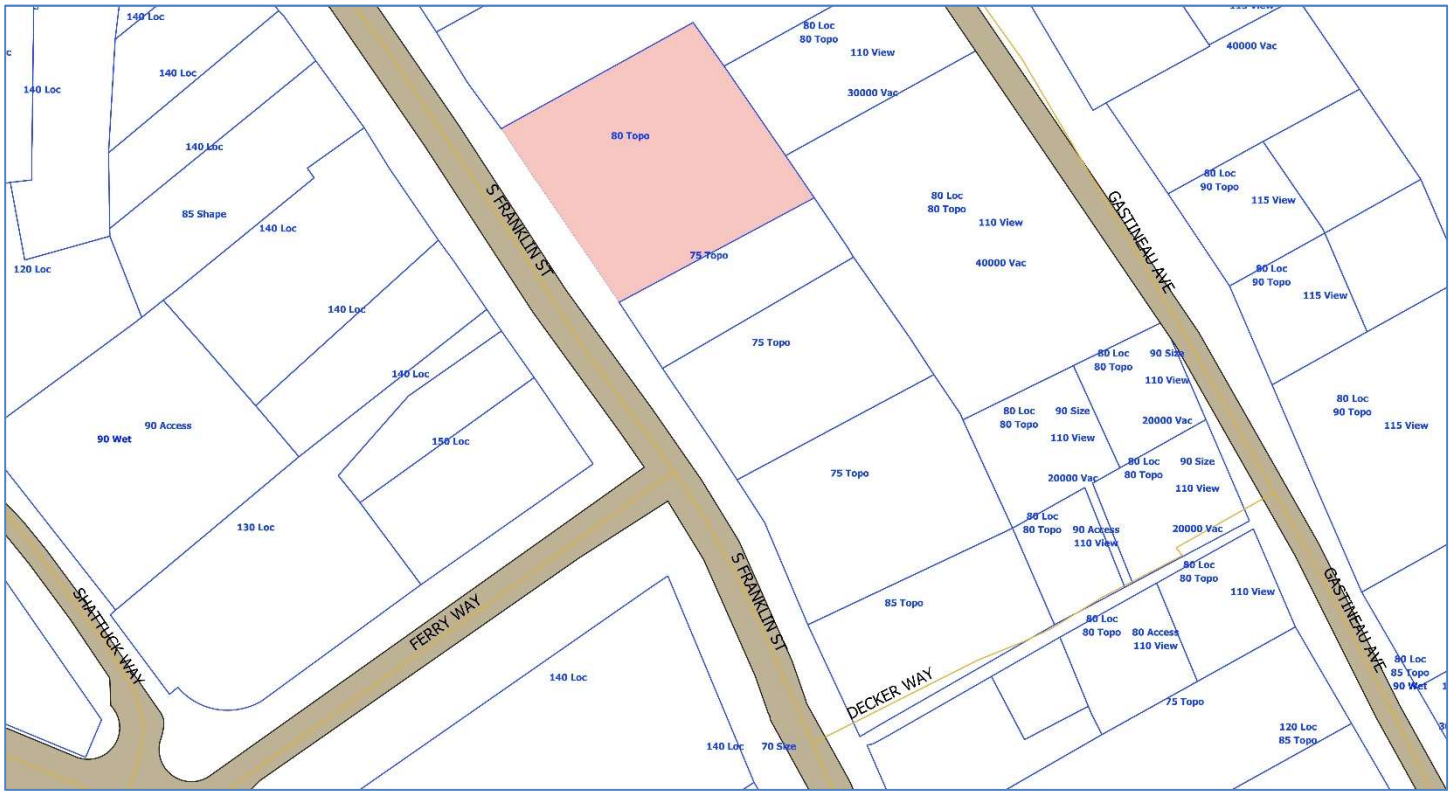
Base Rate



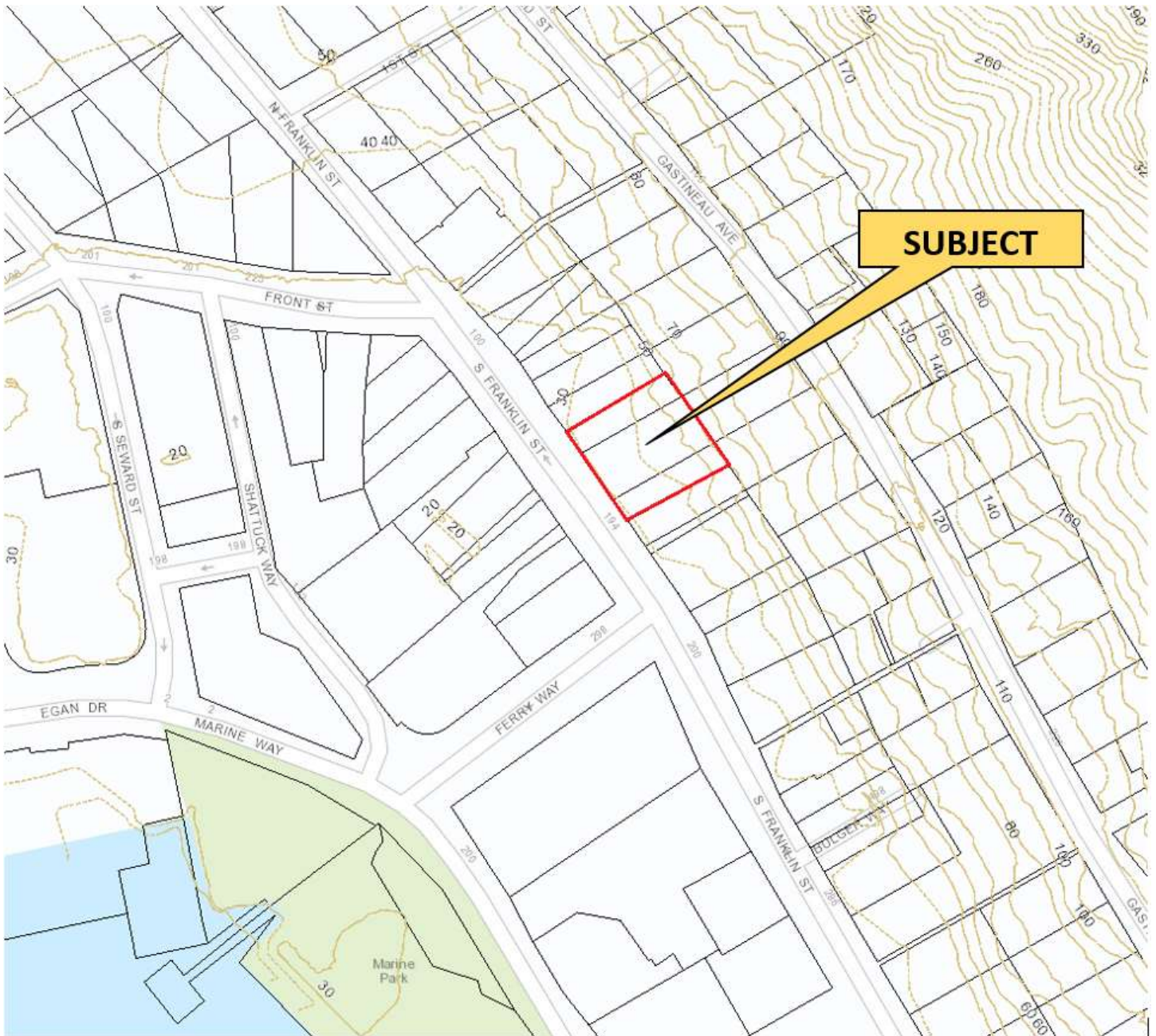
Price per SF



Feature Adjustments



Topo Lines



The building component may be based on market adjusted cost tables, residual from sales after extraction of the land value or other appropriate means.

Building Characteristics:

- ### Sketch of Improvements:



COST REPORT

The cost report below was utilized in the review process in response to the filing of the Petition for Review by the appellant. The cost report indicates that the building component is not overvalued.

There are two costs reports included here. The first is a recreation of the 2018 report that the building value is based off of. The second report shows the current cost report indicative of today's market.

As of 2018

Cost Report - Commercial

1470		Record		2			
Parcel Code Number	1C070B0J0010	Number of Stories (Building)		04			
Owner Name	SENATE PROPERTIES LLC	Number of Sections		1			
Parcel Address	175 S FRANKLIN ST	Perimeter		340			
Effective Year Built	1992	Class		D			
Year Built	1900	Height		10			
Building Model	C- 13 Stores, Commercials	Rank		Average			
Building Type	Mixed Retail w/ Office Units	Total Area		24,255.00			
Section 2	Description	Units	Percent	Cost	+/-	Total	
	Base Cost	24255		70.62		1,712,920	
	Exterior Wall	24255		12.25		297,071	
	Heating & Cooling	24255		611.00		611	
	Heating & Cooling	24255		7.57		183,610	
	Architect Fee	24255		6.60		160,083	
	Sprinklers	24255		3.01		73,008	
	Fire Alarm System	24255		1.46		35,412	
	Sub Total					\$2,462,714.95	
	Local Multiplier		1.43	[X]		\$3,521,682.00	
	Current Multiplier		1.02	[X]		\$3,592,116.00	
	Neighborhood Multiplier			[X]		\$3,592,116.00	
	Depreciation - Physical		46.00	[-]		\$1,652,373.00	
	Depreciation - Functional		10.00	[-]		\$359,212.00	
	Depreciation - Economic			[-]		\$0.00	
	Percent Complete		100.00	[-]		\$1,580,531.00	
	Cost to Cure						
	Neighborhood Adjustment						
	Replacement Cost less Depreciation					\$1,580,531	
Miscellaneous Improvements							
	Miscellaneous Improvement	Elevator		[+]		57,100	
		John_Sahno					
	Miscellaneous Improvement	1.18.2018 PER CANVAS		[+]		13,400	
Total Improvement Value							\$1,651,000

As of 2022

Cost Report - Commercial

1470		Record	2
Parcel Code Number	1C070B0J0010	Number of Stories (Building)	04
Owner Name	SENATE PROPERTIES LLC	Number of Sections	1
Parcel Address	175 S FRANKLIN ST	Perimeter	340
Effective Year Built	2001	Class	D
Year Built	1900	Height	10
Building Model	C- 13 Stores, Commercials	Rank	Average
Building Type	Mixed Retail w/ Office Units	Total Area	24,255.00

Section 2	Description	Units	Percent	Cost	+/-	Total
	Base Cost	24255		76.88		1,864,785
	Exterior Wall Stud Walls-Wood Siding	24255		13.35		323,808
	Heating & Cooling Heating & Cooling	24255		611.00		611
	Heating & Cooling Hot Water	24255		8.28		200,831
	Architect Fee	24255		6.60		160,083
	Sprinklers Sprinklers	24255		3.30		80,042
	Fire Alarm System	24255		1.46		35,412
	Sub Total					\$2,665,572.13
	Local Multiplier		1.43	[X]		\$3,811,768.00
	Current Multiplier		1.16	[X]		\$4,421,651.00
	Neighborhood Multiplier			[X]		\$4,421,651.00
	Depreciation - Physical		30.00	[-]		\$1,326,495.00
	Depreciation - Functional		10.00	[-]		\$442,165.00
	Depreciation - Economic			[-]		\$0.00
	Percent Complete		100.00	[-]		\$2,652,991.00
	Cost to Cure					
	Neighborhood Adjustment					
	Replacement Cost less Depreciation					\$2,652,991

Miscellaneous Improvements

Canopy		[+]	13,400
Elevator	M&S Sec 13 Pg 39 avg	[+]	67,700
Total Improvement Value			\$2,734,100

Cost Report Summary

2018 Cost	1,651,000
2022 Cost	2,734,100
2022 Building AV	1,619,390

INCOME APPROACH

The income approach was not the basis for setting most of the assessed value for 2022. The appellant did not provide income information for 2021 as requested, however, we did review income data from 2020 with a cap rate of 7.7% based on local appraisal data and national surveys. The income approach suggests we are not overvalued.

COMMERCIAL MARKET & ASSESSMENT ANALYSIS

The 2022 sales analysis for commercial properties included 59 qualified sales from 5 years of sales covering January 1, 2017 through December 31, 2021. The sales volume for the commercial market increased in 2021 and indicate continued appreciation.

- Assessment Year 2022 Summary for Commercial Properties
 - Level of Assessment – 80.57% overall, 80.53% for vacant land, and 85.29% for improved properties
 - Coefficient of Dispersion (COD) – 17.46% for the combined group, 14.45% for vacant land, and 18.71% for improved properties (For these types of property groups the Standard that we work towards would be 20% or less for the subsets of land and improved properties. The combined set would be expected to have a higher COD.)
 - Applied Time Trend for Sales Analysis – 5% per year for 2017, 2018 and 2019; 3% for 2020 and 2% for 2021 (actual market movement remained more than 5% movement each year over the 5 year period so in applying a lesser trend we fell further behind the market.

SUBJECT ASSESSMENT HISTORY

City and Borough of Juneau Assessment History Report

1C070B0J0010
SENATE PROPERTIES LLC
175 S FRANKLIN ST
JUNEAU TOWNSITE BL I LT 1 FR (SE 1/2) & BL J LT 2 & 1 FR (NW 1/2)

<u>YEAR ID</u>	<u>LAND VALUE</u>	<u>MISC VALUE</u>	<u>BLDG VALUE</u>	<u>CAMA VALUE</u>
2022	\$1,749,300.00	\$70,500.00	\$1,548,890.00	\$3,368,690.00
2021	\$1,785,000.00	\$70,500.00	\$1,580,500.00	\$3,436,000.00
2020	\$1,190,000.00	\$70,500.00	\$1,580,500.00	\$2,841,000.00
2019	\$1,190,000.00	\$70,500.00	\$1,580,500.00	\$2,841,000.00
2018	\$1,190,000.00	\$70,500.00	\$1,580,500.00	\$2,841,000.00
2017	\$1,190,000.00	\$71,800.00	\$1,547,000.00	\$2,808,800.00
2016	\$1,190,000.00	\$71,800.00	\$1,547,000.00	\$2,808,800.00
2015	\$1,190,000.00	\$60,600.00	\$1,547,000.00	\$2,797,600.00
2014	\$1,190,000.00		\$2,000,700.00	\$3,190,700.00
2013	\$1,190,000.00		\$2,000,700.00	\$3,190,700.00
2012	\$1,190,000.00	\$0.00	\$2,000,700.00	\$3,190,700.00
2011	\$1,190,000.00	\$0.00	\$2,000,700.00	\$3,190,700.00
2010	\$1,000,000.00	\$0.00	\$2,344,400.00	\$3,344,400.00

SUMMARY

State statute requires the Assessor to value property at “full and true value”. According to appraisal standards and practices set by the Alaska Association of Assessing Officers, the State of Alaska Office of the State Assessor, and the International Association of Assessing Officers, correct procedures of assessment were followed for the subject. These standards and practices include consideration of any market value increase or decrease as determined by analysis of sales.

The assessed value was reviewed in response to the Petition for Review. Our findings are as follows.

The land and buildings are valued using the same methods and standards as all other properties in the Borough.

Additional Details:

- The appellant states that their assessed value is excessive.
 - We find that, based on analysis of market sales and 2020 income information, the value it is not excessive.
- These are further addressed in the land, building, cost report, income, commercial market and assessment analysis, summary and conclusion sections of our response in your packet.
- For additional information on the assessment process, assessed values, analysis process, ratio studies and other related areas please see the “Property Assessment Guide” included in the packet.
- The appellant states that value should be lowered due to deferred maintenance
 - We did an inspection of the property where the owner walked us through the deferred maintenance. Items noted included the roof, the siding on the back and sides of the building, and the access walkways and stairs in the back.
 - The assessed value is based on the application of 56% depreciation within the cost report. This is a high percentage of depreciation within life cycles of a building. The result is a reduction in the value that amounts to just over 2 million dollars for repairs. Therefore, no additional reduction is warranted.

CONCLUSION


The 2022 Assessed values were based on analysis of sales through ratio studies and subsequent trending of values based on the analysis findings. Underlying this standard compliant trending are the prior approach decisions and the locational and property feature models and adjustments that have been applied to Juneau commercial properties for many years. The ratio studies indicate that after our adjustments to values the level of assessment for commercial properties was 80.57% overall, 80.53% for vacant land, and 85.29% for improved properties.


For the subject property:


- The percentage change for this property from 2021 to 2022 was a reduction of -2%.


We find that no change to the 2022 assessed value of \$3,368,690 is warranted and ask that the BOE uphold the assessed value.

Addendum A - Communications

 Reply

 Reply All

 Forward



Greg Morris

BOE

Bruce Denton

9/1/2022

Retention Policy CBJ Sent Items 90 day retention (90 days)


Expires 11/30/2022

Hello Mr. Denton,

The Clerk's Office is planning on scheduling a BOE meeting for your property on 9/20. Please let us know if you would like to proceed or withdraw your appeal. Preparation for a BOE takes significant staffing hours and the BOE packets will be due by 9/14, so please do let us know how you would like to proceed as soon as possible.

Thank you,

Greg Morris
Appraiser II
Assessor's Office
City & Borough of Juneau, Alaska
On the Traditional Land of the Tlingit People
(907) 586-5215 x4036



Mary Hammond

From: Bruce Denton <brucecdenton@gmail.com>
Sent: Saturday, June 4, 2022 9:28 AM
To: Michael Dahle
Subject: Re: Petition for Review for 1C070B0J0010

EXTERNAL E-MAIL: BE CAUTIOUS WHEN OPENING FILES OR FOLLOWING LINKS

Hello Michael,
I am out of the country with spotty internet until the 21st

Sent from my iPhone

On Jun 4, 2022, at 3:09 AM, Michael Dahle <Michael.Dahle@juneau.org> wrote:

Bruce,

I am starting the review for your property. You mentioned in the petition that you would like to schedule an inspection. Could we do the inspection on Thursday, June 9 at 10:00 am?

Also, the office will be sending out a "no change" response letter on Monday. We can still proceed with additional review, do the inspection, have conversation and even ultimately decide to apply a change but getting the letter to you gets timelines rolling for any potential BOE scheduling if it goes that route.

Michael Dahle

Deputy Assessor
City & Borough of Juneau
907-586-5215 ext. 4036
907-586-4520 (Fax)
Michael.Dahle@juneau.org

<image001.png>

Mary Hammond

From: Bruce Denton <brucecdenton@gmail.com>
Sent: Monday, June 20, 2022 7:50 PM
To: Mary Hammond
Subject: Re: Appeal/ Senate Properties

EXTERNAL E-MAIL: BE CAUTIOUS WHEN OPENING FILES OR FOLLOWING LINKS

Hi Mary,
I am on my way back to Juneau from Croatia. I can call you Wed morning to set up a time to do a walk through.
Thank you
Bruce

Sent from my iPhone

On Jun 20, 2022, at 5:19 PM, Mary Hammond <mary.hammond@juneau.org> wrote:

Hi Bruce,

I left you a voicemail but I'm not sure how closely you monitor that. I'd like to schedule an inspection of the Senate Building as soon as possible.

Mary Hammond she/ her
Assessor
City & Borough of Juneau
(907) 586-5215 ext. 4033