

PROCEEDINGS OF THE COUNTY
BOARD OF APPEAL AND EQUALIZATION
OF MOWER COUNTY, MINNESOTA,
AT ITS REGULAR ANNUAL MEETING
June 15, 2020

The Board of Appeal and Equalization of Mower County, Minnesota, convened their annual session in the Commissioner's room of the Mower County Government Center at Austin, Minnesota, at 6:30 p.m. on June 15, 2020.

The following members were present and subscribed to the Oath of the Board of Appeal and Equalization:

Jeff Baldus, Chair
Polly Glynn
Tim Gabrielson
Jerry Reinartz
Mike Ankeny
Scott Felten, County Auditor-Treasurer

Staff Present: Trish Harren, County Administrator; Joy Kanne, Mower County Assessor and Candy Lahann, Renee Thorpe, Mike Kellar & Fran Bekaert, Property Appraisers

The meeting was opened with the Pledge of Allegiance.

The Chair called the meeting to order and Laurie Clendenning, Chief Deputy Auditor-Treasurer, administered the oath to the Board.

The Chair asked for the assessor's report.

Joy Kanne, County Assessor, introduced her staff and presented a report dated June 15, 2020 which is available on the Mower County website at <https://storymaps.arcgis.com/stories/0edde29e55c14470a2146223db9c5be4>. The Assessor's report included information pertaining to the residential, agricultural and commercial/industrial markets; total estimated market value by classification and new construction data. The valuations are as of January 2, 2020 for taxes payable 2021.

APPEALS

Mike Chavez appeared before the Board to appeal the building value on parcel 30.004.0120.

Dan Wagner appeared before the Board to appeal the building value on parcel 21.110.0050.

The Board tabled the appeals made by Mike Chavez and Dan Wagner to the date and time the Board of Appeal and Equalization reconvenes.

Assessor staff provided the Board with information pertaining to an appeal following the local Board of appeal made by Brian and Diane Hanson regarding the value on parcel 06.004.0010. Staff reviewed the property and recommends changing the value from \$566,900 to \$522,800.

Motion made by Commissioner Glynn, seconded by Commissioner Ankeny, to approve the appeal of Brian and Diane Hanson on parcel 06.004.0010 and decrease the 2020 property value from \$566,900 to \$522,800. Motion carried.

Assessor staff provided the Board with information pertaining to an appeal following the local Board of appeal made by Steven and Naomi Johnson regarding the value on parcel 06.005.0051. Staff reviewed the property and recommends changing the value from \$252,200 to \$236,300.

Motion made by Commissioner Glynn, seconded by Commissioner Gabrielson, to approve the appeal of Steven and Naomi Johnson on parcel 06.005.0051 and decrease the 2020 property value from \$252,200 to \$236,300. Motion carried.

Assessor staff provided the Board with information pertaining to an appeal following the local Board of appeal made by Phyllis Johnson regarding the value on parcel 08.029.0110. Staff reviewed the property and recommends changing the value from \$244,100 to \$226,800.

Motion made by Commissioner Gabrielson, seconded by Commissioner Reinartz, to approve the appeal of Phyllis Johnson on parcel 08.029.0110 and decrease the 2020 property value from \$244,100 to \$226,800. Motion carried.

Assessor staff provided the Board with information pertaining to an appeal following the local Board of appeal made by Gary and Vicky Vogt regarding the classification on parcel 06.028.0010. Staff reviewed the property and recommends changing the classification from agricultural to residential.

Motion made by Commissioner Glynn, seconded by Commissioner Ankeny, to approve the appeal of Gary and Vicky Vogt on parcel 06.028.0010 and change the classification from agricultural to residential. Motion carried.

Assessor staff provided the Board with information pertaining to an appeal following the local Board of appeal made by William and Mary Grover regarding the value on parcel 21.095.0031. Staff reviewed the property and recommends changing the value from \$220,500 to \$99,500.

Motion made by Commissioner Glynn, seconded by Commissioner Reinartz, to approve the appeal of William and Mary Grover on parcel 21.095.0031 and decrease the 2020 property value from \$220,500 to \$99,500. Motion carried.

Motion made by Commissioner Ankeny, seconded by Commissioner Gabrielson, to set June 23, 2020 at 9:30 a.m. to reconvene for action on the appeals brought to the Board this evening. Motion carried.

Motion made by Commissioner Ankeny, seconded by Commissioner Reinartz, to accept assessor's report. Motion carried.
The Assessor's report is as follows:

Presentation available on the Mower County website: <https://storymaps.arcgis.com/stories/0edde29e55c14470a2146223db9c5be4>

2020 Assessment

Prepared for the County Board of Appeal and Equalization

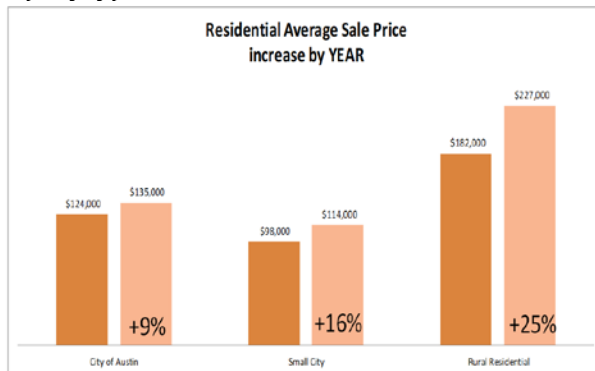
Joy Kanne / June 15, 2020

October 1, 2018 - September 30, 2019

The most current measurement of the assessment was done over this one year period of time.

All qualifying sales transactions occurring within this time period are compared to the reference point of the assessment date and corresponding value on January 2nd, 2020. The difference between the sale price and the assessed value is expressed as a ratio (assessed value/sale price). The ratio provides the data and impetus the assessor requires to closely emulate sales and modify similar properties on a mass appraisal scale to establish values for the 2020 Assessment.

It is the annual goal of the Mower County Assessor's Office to improve assessment accuracy and uniformity. As market data is gathered and the information analyzed, the market information is applied uniformly to all similar property types.



Residential Market

The 2019 Mower County residential market emulated the strong nationwide housing trend fueled by the overall strength of the economy and declining mortgage rates.

Buyer activity remained strong constrained by low inventory levels. Similar to the 2019 assessment we continue to experience a seller's market most notably in the City of Grand Meadow and in the rural residential market.

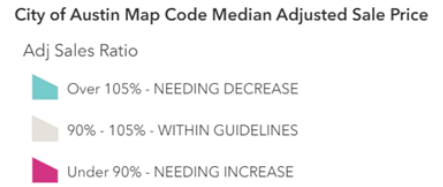
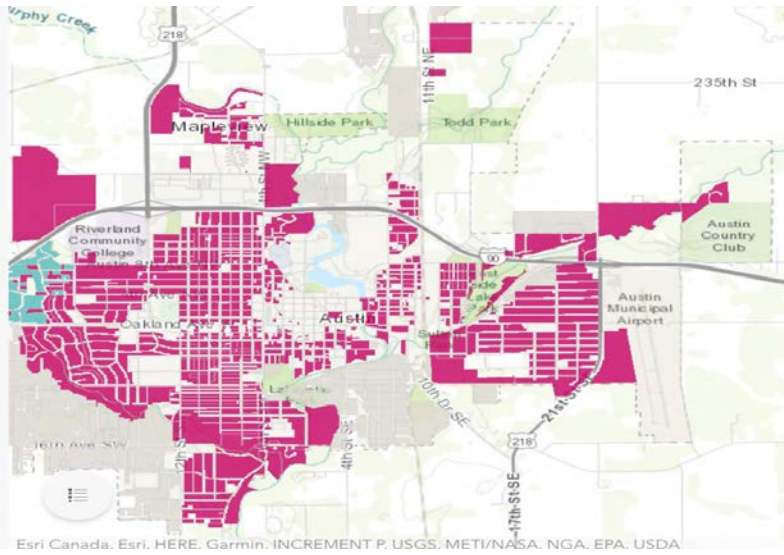
As a result of strong market forces, Mower County received a +5% market adjustment.

2019 Value/ Sale Price

Comparing the 2019 estimated market value to sales occurring from September 2018 through October 2019 indicates the need to adjust the 2020 Estimated Market Value either up or down.

City of Austin before adjustments

Many market areas in Austin had ratios below 90% (indicated by the dark pink) which indicates the sale price was higher than the estimated market value.



2019 1st Ave NE sold \$80,000 on 5/30/2019 (DECKER ACRES) ratio 82%

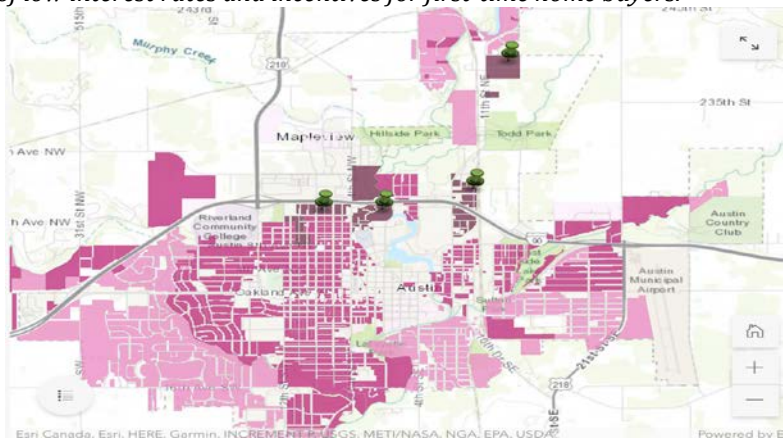


1402 7th St NW sold \$144,000 on 2/28/2019 (CARLOTTO 2ND) ratio 84%

City of Austin after adjustments

The overall 'average' increase in the City of Austin was 7% however, as the map indicates, some areas received increases of up to 10 - 13%. These areas predominately consist of 'starter' homes and have gained significant momentum in a market of low interest rates and incentives for first-time home buyers.

Overall_increases_decreases_City_of_Austin



COMMISSIONERS' RECORD MOWER COUNTY, MINNESOTA



2019 1st Ave NE sold \$80,000 on 5/30/2019 (DECKER ACRES) adj ratio 96%



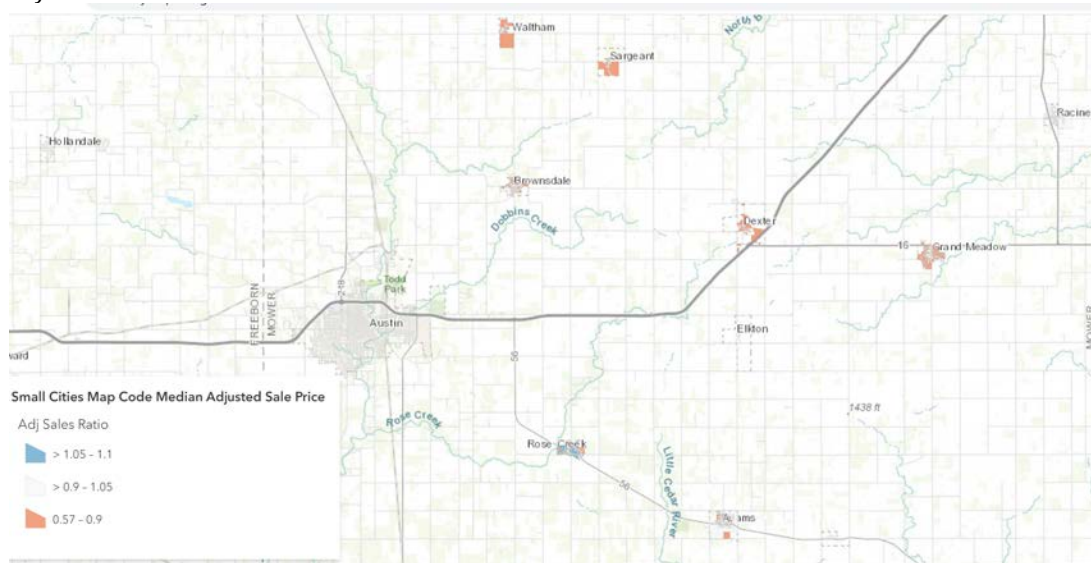
1402 7th St NW sold \$144,000 on 2/28/2019 (CARLOTTO 2ND) adj ratio 94%

Small Cities before adjustments

Sales ratios indicated a need to review and stratify parcels by age and quality of construction in:

- City of Adams
- City of Brownsdale
- City of Rose Creek

Adjusted sales ratios in most small cities indicated a need to increase 2020 values.



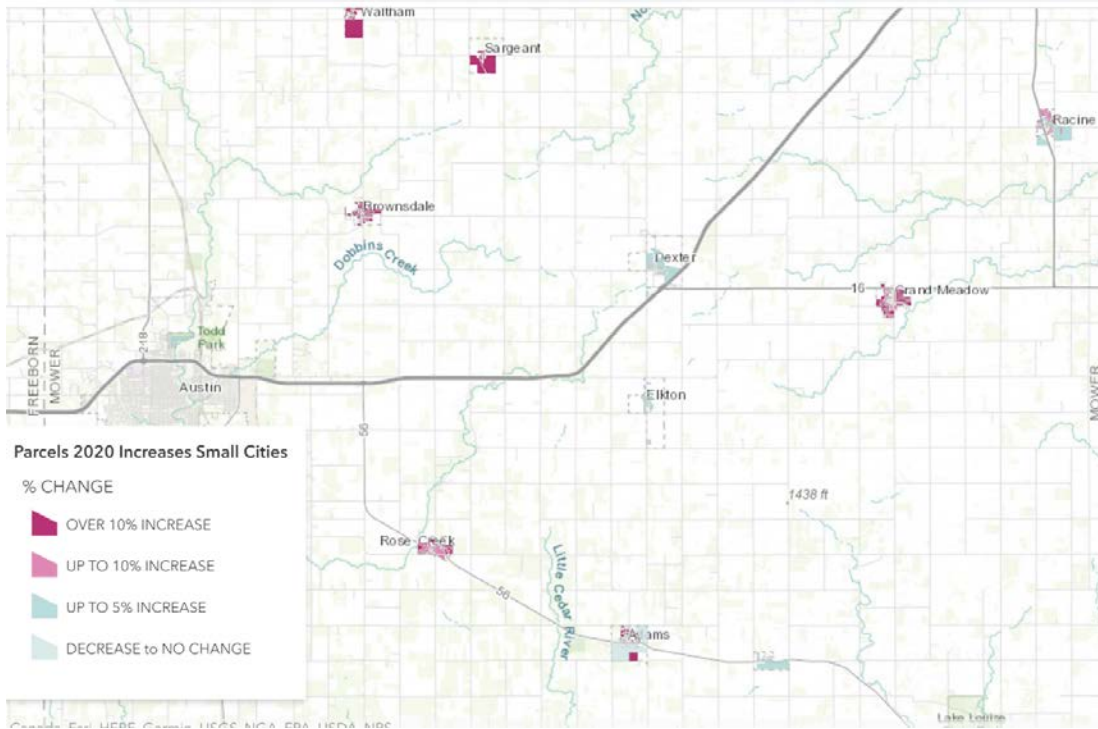
321 Columbus Ave Waltham sold \$99,000 on 2/22/2019 ratio 72%



305 5th St NE Grand Meadow sold \$165,000 on 6/25/2019 ratio 84%

Small Cities after adjustments

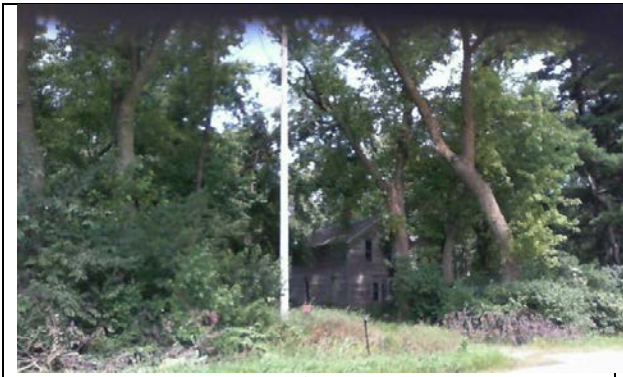
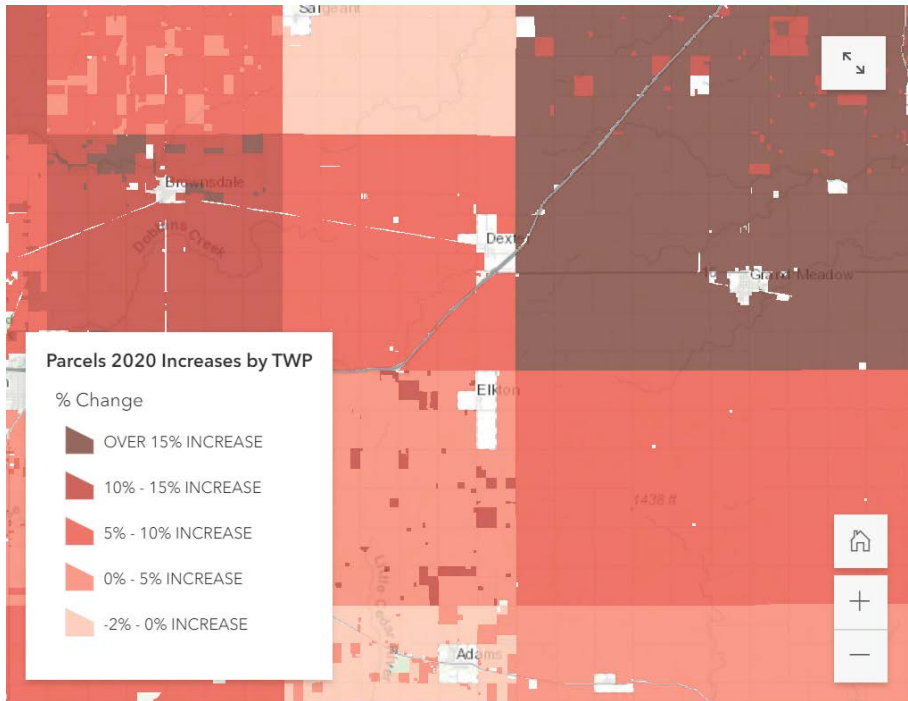
The average market valuation increase in the small cities was 10%, although a significant number had areas that required larger adjustments.



Townships after adjustments

A Countywide increase was made to all building site (land) values. The NE Quadrant of Mower County has experienced significant market increases primarily due to the proximity to Olmsted County. Reassessment work continues to influence market value increases. The following townships were reassessed for the 2020 Assessment:

- *Adams*
- *Nevada*
- *Marshall*
- *Frankford*
- *Sargeant*
- *Waltham*



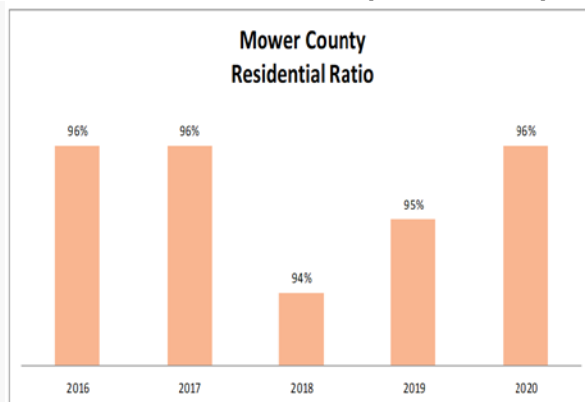
Racine Township 4.7 Acres sold \$125,000 on 7/24/2019 ratio 31%/ adj ratio 81%



Pleasant Valley Twp 5.0 Ac sold \$415,000 on 8/15/2019 ratio 85%/ adj ratio 96%

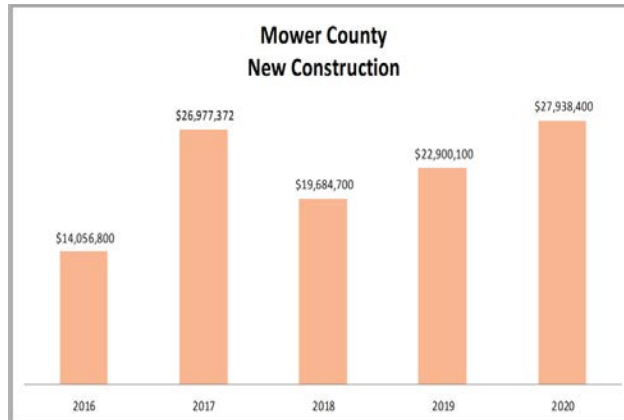
FINAL RESIDENTIAL RATIO

The overall ratio is the median using the 2020 estimated market value divided by the 2019 adjusted sale. The median ratio must be between 90% - 105% to be in compliance with Department of Revenue guidelines.



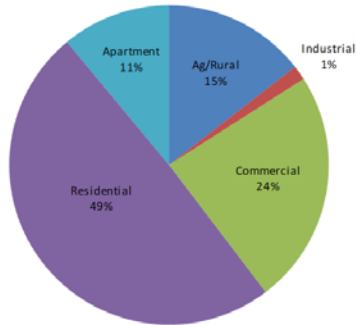
New Construction

The amount of value that is added to the assessment due to new construction is a key economic indicator. New construction value expands the tax base and helps decrease each property owner's share of the tax burden.



New Construction by Classification

New Construction by Class
Mower County



NEWLY CONSTRUCTED

SEMA Equipment, Grand Meadow



Fox Pointe Townhomes, Austin



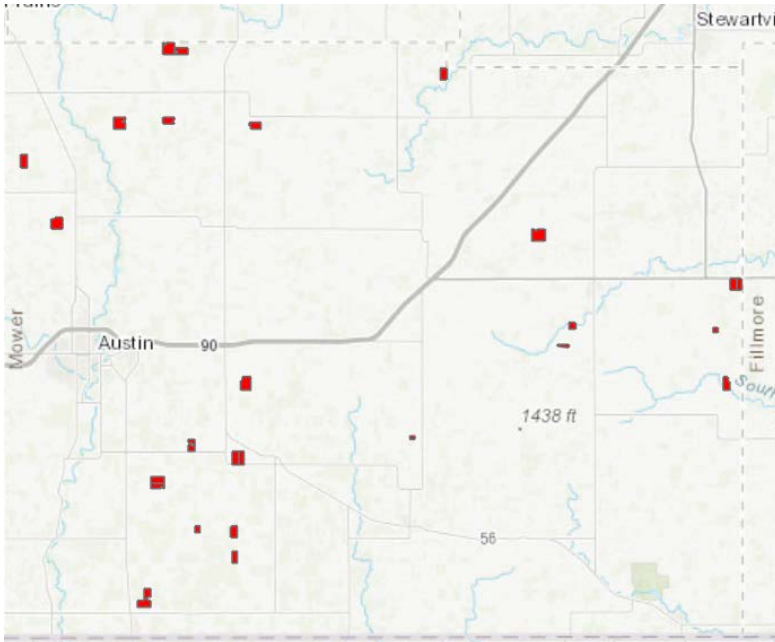
Multi Tenant Retail, Austin



Agriculture Market

The Mower County Ag Land market has continued to be relatively stable with the majority of land transactions occurring between local seller/buyer.

Tillable Land Sales



These 24 sales were used to determine a need to increase or decrease the market value for the 2020 assessment. The median sales ratio (2019 EMV / Sale Price) was 88% indicating a need to increase values approximately 5% on all tillable land.



If the average sale price per acre went down, why did values go up?

The answer is in the Crop Equivalency Rating (CER) assigned to each piece of tillable land. The 2020 sales study included a low average CER causing a lower market valuation than the sale price which created a lower median ratio.

Commercial/Industrial Market

10 sales were included in the sales study with a resulting ratio of 95%. The predominant property type represented in this study was small retail.

Mini Storage

An emerging market over the past two years has been storage facilities. All facilities county-wide were increased 10% - 30%.



Hwy 63 Mini Storage, Racine

Downtown Austin Retail

Retail buildings in Austin had market growth.



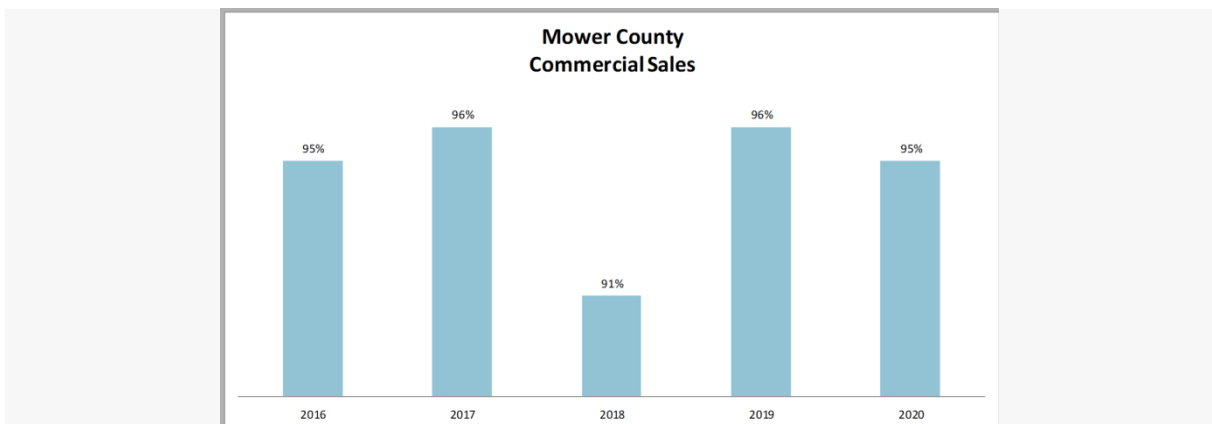
Austin Downtown

Multi-Tenant Retail

The sale and construction of multi-tenant retail made it necessary to consider further equalization of this property type.



Commercial Retail District, Austin

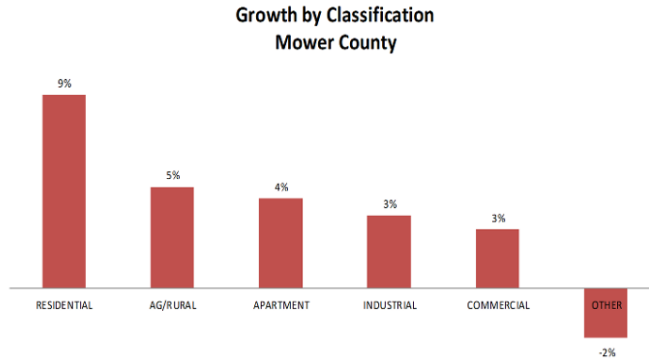


Total Estimated Market Value

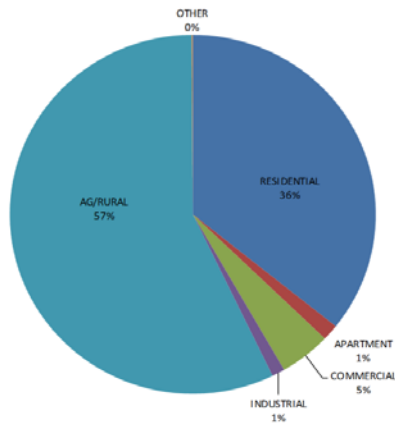
The total estimated market value (EMV) for the 2020 assessment in Mower County is approximately \$5.1 billion. This is a **6% increase** in overall value from the 2019 assessment.

Growth by Classification

The residential growth continues to be influenced by a very aggressive real estate market, new construction and continued reassessment/equalization efforts.



**Total Distribution of Market Value
Mower County**



Motion made by Commissioner Ankeny, seconded by Commissioner Glynn, to recess the meeting at 7:44 p.m. and to reconvene on June 23, 2020 at 9:30 a.m. Motion carried.

THE BOARD OF APPEAL AND EQUALIZATION

BY: _____ **Chairperson**

Attest:

By: _____
County Auditor-Treasurer

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