



LOCAL BOARD OF APPEALS AND EQUALIZATION MEETING

May 10, 2021

6:00 PM

Fridley City Hall, 7071 University Avenue N.E.

MINUTES

CALL TO ORDER

Mayor Lund called the Local Board of Appeals and Equalization Meeting to order at 6:05 p.m.

PRESENT:

Scott Lund

Ann Bolkcom

Stephen Eggert

Dave Ostwald

Tom Tillberry

OTHERS PRESENT:

Patrick Maghrak, City Assessor

REGULAR AGENDA ITEMS

NEW BUSINESS

1. LBAE Resolution No. 2021-01, Approving the Equalization of Assessed Valuations of Real and Personal Property in the City of Fridley

Patrick Maghrak, City Assessor, stated this meeting is held in accordance with State Statute 274.01. The purpose of the Board is to establish a consistent appeal procedure for the January 2, 2021 valuation or classification. Upon hearing appeals, the Board has three courses of action it may take to the current value based on the information presented: Affirm, Reduce or Increase. The property owners may appeal the decision at the County Board of Appeal and Equalization meeting on June 14, 2021 at 6:00 p.m. The majority of the members must be in attendance in order to have a quorum. There must be at least one member who has completed an appeal and equalization course approved by the Minnesota Commissioner of Revenue within the last four years. If a property is omitted from the tax rolls, it may be added by the Board. The Board may only increase or decrease individual properties.

The appeal procedures are to hear property owners that are present and accept any information provided, and direct staff to review the property. Written appeals will be read once property owners who are present have completed their appeal. According to the Certificates of Real Estate, there were 480 Sales in 2019 and 497 sales in 2020. There are 316 qualified residential sales in Fridley from October 1, 2019 through September 30, 2020. This includes single family homes, townhomes, double bungalows, and condominiums. Structure values were increased from 3-14% to meet State ratio requirements of 90 to 105%. Along with the structure increase, land adjustments were also made. During the 2020

reassessment, staff reviewed neighborhood zones and made changes to all land zones to bring assessed levels toward the goal of 94.5%. The Fridley Roll 2020 after adjustments was 94.51.

Upon review of the apartment sales, a change of -1 to 13.7% was applied to structures countywide, depending on the number of units. Along with changes made during the reassessment, the result was an overall value increase in Fridley apartments of 12.5%. Entry level and move up grade housing saw the largest growth. Sales volume increases were due to new units built near the City Hall campus. Commercial and industrial properties slowed amid concerns of the pandemic and maintained a moderate growth compared to 2020.

Residential sales within the first six months of the 2021 assessment study period indicate a 12.5% increase in the average sales price, with sales volume up considerably from last year. Market time has decreased by nearly 52% and sellers are getting just over 100% of their asking price. Buyers are routinely foregoing inspections, offering 3-5% over list price and adding down payment enhancement clauses to cover potential appraisal shortages. Sale price ranges for the first six months of the 2022 assessment are 3 sales under \$100,000, 28 sales \$100,000-\$200,000, 141 sales \$200,000-\$300,000, 49 sales \$300,000-\$400,000 and 6 sales over \$400,000. As of March 31, 2021, there were only 19 homes on the market and 11 of them had offers with some form of contingency. Two of the remaining eight listings were in the new Locke Point Development which has completely sold out.

Mayor Lund noted there were two calls and asked if they came to an agreement.

Mr. Maghrak replied that they were unable to reach an agreement with the appellants and they did not want to be at this meeting and will move on to the County Board meeting.

Councilmember Bolkcom asked why the housing market was so good with the high unemployment and people out of work.

Mr. Maghrak said the interest rates are low right now. The goal is to try to keep low interest rates through the rest of the year until we come out of the pandemic. 30-year mortgage is 3% right now. Also, with people working from home, there is more demand for housing in Fridley because work location is not important anymore.

Councilmember Bolkcom asked what was different in the economy where more warehouses are needed.

Mr. Maghrak replied that people have changed the way they shop by ordering online and this increases the demand for fulfillment centers.

Councilmember Bolkcom asked if the four-unit buildings were very popular.

Mr. Maghrak replied that they are very popular and have broader demand. 4-plex can be financed easier than 5-unit buildings, as that requires a higher down payment.

Councilmember Eggert recalled that in the past rental values were down.

Mr. Maghrak replied that staff gets at least 5-6 solicitations a week to become part of a network of home sellers for inventory about to go into foreclosure June 21 when the moratorium runs out. The increased inventory will help to balance the market with supply coming online to meet demand.

Councilmember Tillberry asked how other communities compare to our community.

Mr. Maghrak replied that Columbia Heights and Brooklyn Park/Center are the same as Fridley. Now that interest rates and entry level housing is in demand it is a very even housing market with higher costs the more south you go. Within Anoka County, we are doing as well as other cities.

Councilmember Bolkcom asked what percent of homes might be in foreclosure.

Mr. Maghrak said he was not sure, but Minnesota has foreclosure laws that defend the for people to get their homes back. Fridley may see as many as 100 by the end of the year.

Councilmember Ostwald asked if people were willing to pay cash for homes or if people were financing homes.

Mr. Maghrak said he was never close enough to the transaction to know the answer until the sale closes. Some people paid cash and for houses listed for \$275,000 people were offering \$310,000. People have to pay the difference on houses that are not appraising out.

Motion made by Councilmember Bolkcom to adjourn the Local Board of Appeals & Equalization meeting. Seconded by Councilmember Eggert.

UPON A VOICE VOTE, ALL VOTING AYE, MAYOR LUND DECLARED THE MOTION CARRIED UNANIMOUSLY.

ADJOURN

Motion made by Councilmember Ostwald to adjourn the Local Board of Appeals and Equalization meeting. Seconded by Councilmember Eggert.

UPON A VOICE VOTE, ALL VOTING AYE, MAYOR LUND DECLARED THE MOTION CARRIED UNANIMOUSLY.

Respectfully Submitted,

Krista Peterson
Recording Secretary

Scott J. Lund
Mayor