

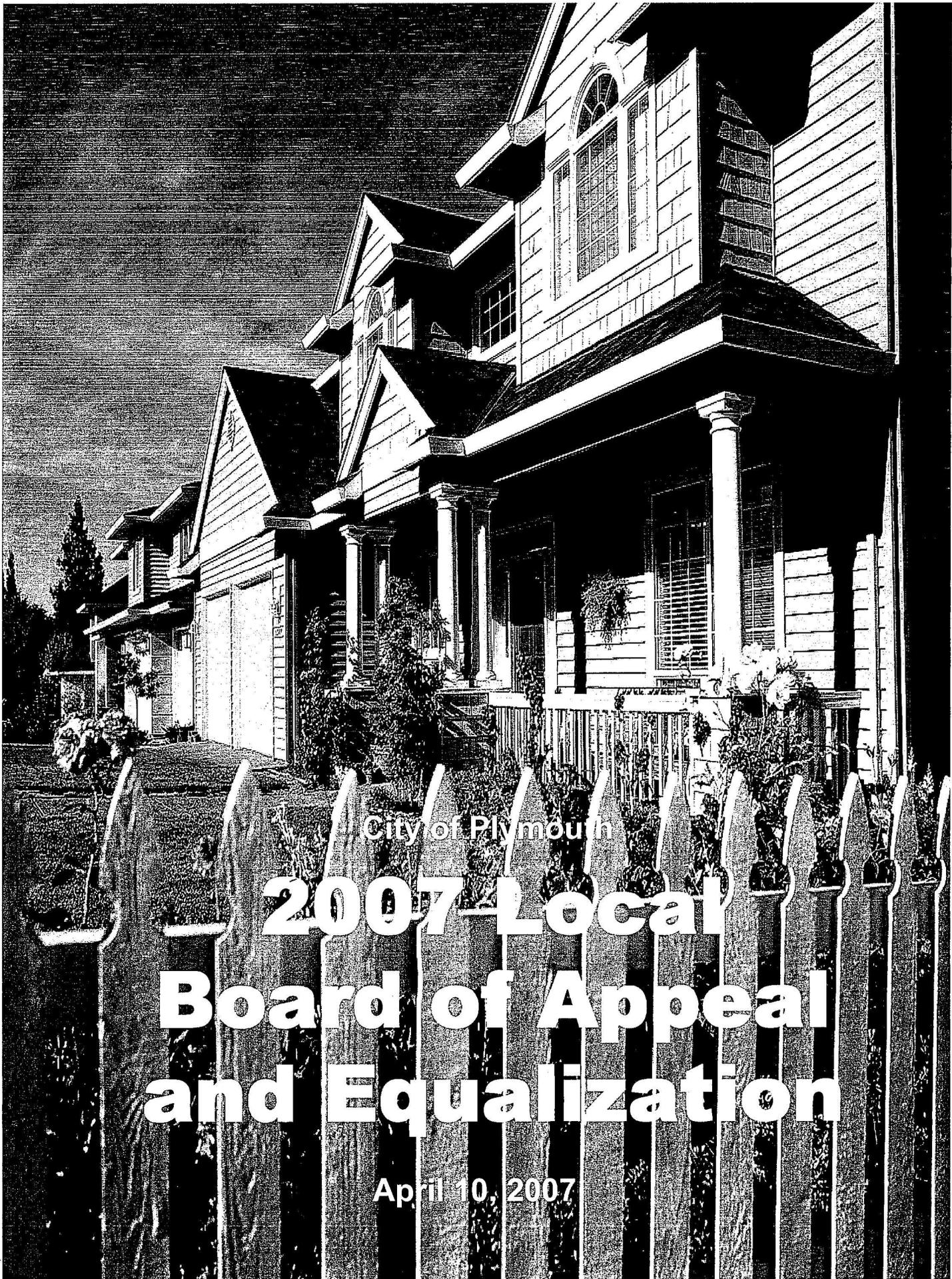
# **Agenda**

## **City of Plymouth Board of Appeal and Equalization**

**Tuesday, April 10, 2007  
5:30 p.m.**

### **Council Chambers**

1. Call to Order.
2. City Assessor's Report.
3. Public Comments.
4. Adjourn.



City of Plymouth

**2007 Local  
Board of Appeal  
and Equalization**

April 10, 2007

**MEMO**

**CITY OF PLYMOUTH**

3400 PLYMOUTH BOULEVARD, PLYMOUTH, MN 55447

**DATE:** April 10, 2007  
**TO:** Plymouth Local Board of Appeal & Equalization  
**FROM:** Nancy Bye, City Assessor  
**SUBJECT:** 2007 LOCAL BOARD OF APPEAL & EQUALIZATION

The following report includes statistical analysis and general information about the 2007 assessment for the Local Board of Appeal & Equalization. The Assessing Division uses this information to determine values for the annual January 2 assessment.

The purpose of the Local Board of Appeal & Equalization is to hear testimony from property owners on their objections to the assessor's 2007 estimated market value or property classification. Testimony may be provided in three ways:

- In person;
- In writing; or
- By the property owner's representative.

Please keep in mind that under state law, the scope of the Board of Appeal & Equalization's authority is limited. The board may only address market value and property classification issues. It may **not** adjust taxes.

At the conclusion of the meeting, the Board of Appeal & Equalization will recess. It will reconvene on April 24, 2007 at 5:30 p.m. The board will decide on all appeals at that time based on staff reports and information submitted by property owners or their representatives.

We hope that the information in this report makes your job as a member of the Board of Appeal & Equalization easier. As you review it, please feel free to contact me with any questions or comments you may have before the board convenes.

**Background: Historical Perspective**

At the end of April, I will retire after 27 years working for the City of Plymouth. With the departure of long-term employees, organizations can lose their historical perspective. In an effort to retain some of Plymouth’s history, I am including the following information to record how Plymouth has changed over my tenure with the City.

In 1979, Plymouth was quite rural. The rolling landscape adjacent to Rockford Road/Co. Rd. 9 was dotted with numerous farms – it included very few residential properties.

The current City Center area was then called “downtown.” It consisted of City Hall, which was built in 1978, and vacant farm land. At that time, Plymouth’s major new residential subdivisions included Ferndale North, located south of Co. Rd. 6 on Ferndale Road, and the Mission Hills Park, which was south of Rockford Road and west of Zachary Lane. The Prudential Insurance Office Building on Bass Lake Road and the Holiday Inn (now the Comfort Inn) were also under construction in 1979.

During the past 27 years, Plymouth has seen tremendous growth and change which are reflected in the numbers below.

<b>Category</b>	<b>1979</b>	<b>2007</b>
Estimated Market Value	\$767,772,600	\$10,113,750,400
Number of Parcels	11,066	25,165
Population	29,850	72,000
Number of Homestead Properties	7,487	20,864
Average Residential Market Value	\$68,000	\$380,100

Noteworthy changes in property values occurred in 1979 and 1980. The increase in all residential valuations for the 1979 assessment was 20% with another 15% increase in 1980. Commercial/industrial properties valuations increased between 10% to 15% in both 1979 and 1980.

Limited market value was in existence until the 1980 assessment when it was declared unconstitutional and repealed by the Legislature. The Legislature reinstated it for the 1993 assessment.

Nancy Bye  
Extension #5351  
E-mail [NBye@ci.plymouth.mn.us](mailto:NBye@ci.plymouth.mn.us)

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## LOCAL BOARD OF APPEAL & EQUALIZATION AUTHORITY

Minnesota Statutes, Section 274.01, provides that the council of each city shall be or shall appoint a Board of Appeal & Equalization. The Plymouth City Charter requires that the City Council act as the Local Board of Appeal & Equalization. The 2004 Legislative session enacted a bill that requires members of the Local Boards to attend a training session that outlines their duties and responsibilities. Councilpersons Bildsoe, Hewitt and Black have attended that training session.

Assessments of property are made to provide the means for the measuring of the relative share of each taxpayer in meeting the costs of local government. It is the duty of the Assessor to assess all real and personal property except that which is exempt or taxable under some special method of taxation. If the burden of local government is to be fairly and justly shared among the owners of all property of value, it is necessary that all taxable property be listed on the tax rolls and that all assessments be made accordingly.

The authority of the local board extends over the individual assessments of real and personal property. The board does not have the power to increase or decrease by a percentage all of the assessments in the district of a given class of property. The County Board of Equalization can make changes in the aggregate assessments by class.

Although the local board has the authority to increase or reduce individual assessments, the total of such adjustments must not reduce the aggregate assessment made by the Assessor by more than one percent of aggregate. If the total of such assessments does lower the aggregate assessment made by the Assessor by more than one percent, none of the adjustments will be allowed. This limitation does not apply, however, to the correction of a clerical error or to the removal of a duplicate assessment.

In reviewing the individual assessments, the board may find instances of **under** valuation. Before the Board can raise the market value of property, it must notify the owner. The law does not prescribe any particular form of notice except that the person whose property is to be increased in assessment must be notified of the intent of the board to make the increase. The Local Board of Appeal & Equalization assures the property owner an opportunity to contest the valuation that has been placed on his/her property or to contest or protest any other matter relating to the taxability of his/her property except the tax. The board is required to review the matter and make any corrections that it deems just.

## 2007 BOARD OF APPEAL & EQUALIZATION SUMMARY

Some properties in the City of Plymouth saw changes in their estimated market value. The value changes range from basically no change to general citywide increases to substantial increases due to locational market activity. The market this last year has been slower. We have been use to a sellers market for the last few years with inflated prices and houses selling not only at a rapid pace but over their list price. Houses are now on the market for a longer period of time and are selling for list price or below. Average percentage changes in valuation are as follows:

<u>Property Type</u>	<u>Value Percent Change from</u> <u>2006 to 2007</u>	<u>Value Percent Change</u> <u>from 2005 to 2006</u>	<u>Value Percent Change</u> <u>from 2004 to 2005</u>
Residential	+ 2.3%	+ 7.8 %	+ 6.5 %
Residential Lakeshore	+13.0%	+ 4.1 %	+ 17.0 %
Condominiums	+ 2.3%	+ 4.2 %	+ 5.0 %
Townhomes	0%	+ 5.2 %	+ 5.0 %
Apartments	+14.2%	+ 3.0 %	0 %
Commercial/Industrial	+18.4%	+ 7.2 %	+ 5.5 %

Exceptions to the above market value changes would include new construction, quintile areas, reappraisals, and/or other market adjustments.

The condominium and townhouse market has slowed down and the market is saturated with inventory for sale. It has become a highly competitive market. The buyers have more to choose from and inventory is remaining on the market for longer periods of time. Vacant land sales continue to indicate a tremendous upswing in the market value of buildable land. Vacant land that can be built upon is becoming increasingly difficult to locate. The schedule that is used by the Assessing Division is as follows: Land outside the MUSA with no utilities is valued at \$120,000 an acre. Land inside the MUSA with no utilities is valued at \$160,000 an acre. Land inside the MUSA with utilities is valued at \$200,000 an acre. The value calculations exclude any wetlands or unbuildable areas when determining the acreage. The majority of rural sales has been by developers speculating on their ability to develop in the near future.

On March 12, 2007 estimated market value notices were mailed to all Plymouth property owners.

State law provides that the assessment shall be an annual assessment with all property in the taxing jurisdiction re-valued to its market value every January 2<sup>nd</sup>. The City of Plymouth continued to have a high quantity of building permits for new construction and remodeling projects. This does not include the 5,033 quintile parcels that had to be reviewed and re-appraised.

The Legislature in its 1993 session passed a law imposing a limit on how much an assessor's estimate of market value is permitted to increase from one year to the next for taxation. Under the law, assessors are required to continue to estimate the market value of all

properties. However, the law requires the use of a limited market value for purposes of determining property tax bills. Approximately 855 of the 25,165 parcels in the City qualify for a limited value. These properties are taxed on their limited market value, not their estimated value. \$55,575,700 of estimated market value is not being taxed due to the limited taxation law. The Limited Law is gradually being phased out over the next several years and is scheduled to sunset in 2009.

The assessment just completed for 2007 represents many hours of staff research and time. We feel confident the 2007 assessment is fair and well equalized throughout the City of Plymouth.

Respectfully submitted  
Assessing Department Staff

## INTRODUCTION TO THE 2007 ASSESSMENT

The 2007 Assessment affects all property owners in the City of Plymouth. As required by current state law, the Assessor is required to reassess all property each year.

State Statute reads: “All real property subject to taxation shall be listed and assessed every year with reference to its value on January 2 preceding the assessment.” This has been done and the owners of property in Plymouth have been notified of any change. Minnesota State Statute 273.11 reads: “All property shall be valued at its market value. It further states that “in estimating and determining such value, the Assessor shall not adopt a lower or different standard of value because the same is to serve as a basis for taxation, nor shall he adopt as a criterion of value the price for which such property would sell, or in the aggregate with all the property in the town or district but he shall value each article or description of property by itself, and at such sum or price as he believes the same to be fairly worth in money.” The statute says all property shall be valued at market value. This means that no factors other than market (such as economics, personalities or politics) shall affect the Assessor’s value and the subsequent action by the Board of Appeal & Equalization.

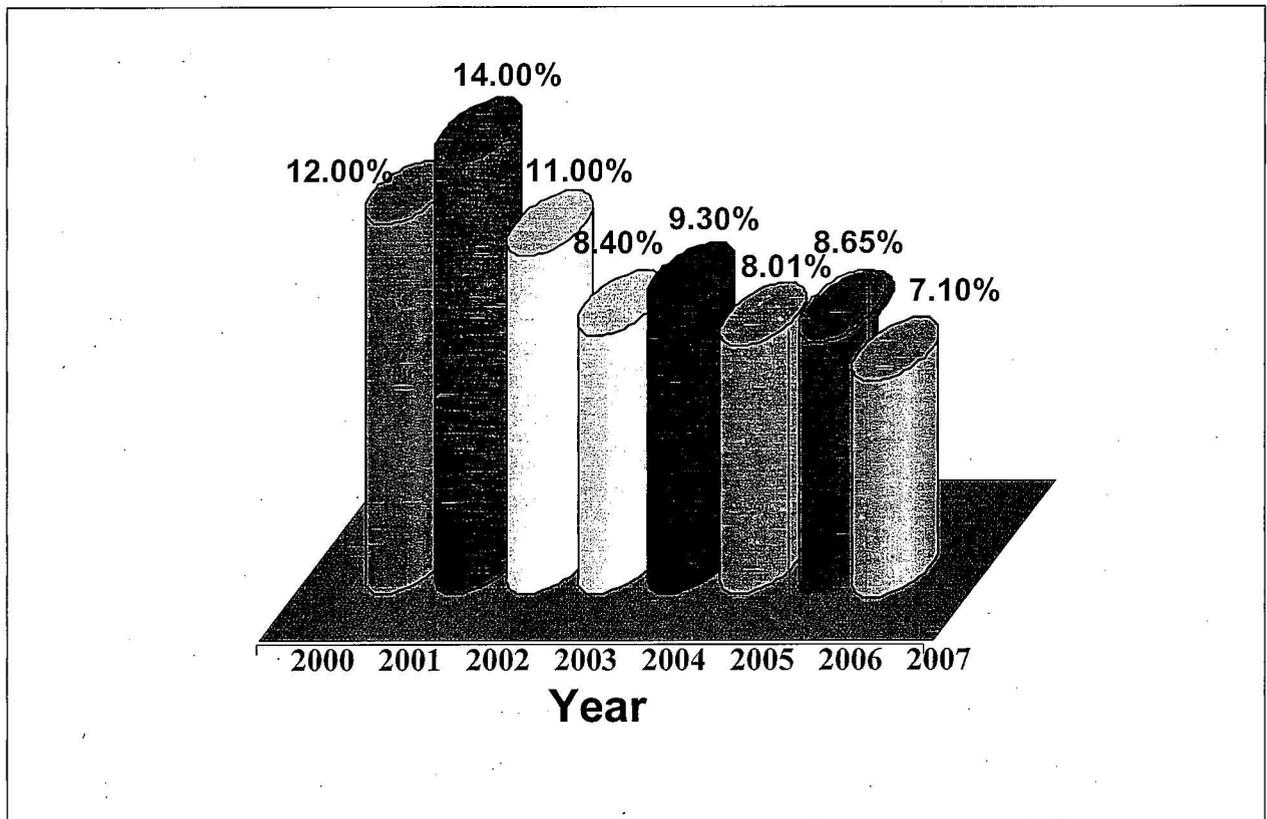
Market value has been defined many different ways. Simply stated, it is “the highest price estimated in terms of cash which a property will bring if exposed for sale on the open market by a seller who is willing but not obligated to sell, allowing a reasonable time to find a purchaser who is willing but not obligated to buy, both with knowledge of all the uses to which it is adapted and for which it is capable of being used.”

The real estate tax is an ad valorem tax which is based on the value of property and not on the ability of the property owner to pay. The values placed on all real estate in Plymouth are based on the amount of land and the improvements upon the land, while no consideration is given to who owns the land.

The 2007 Assessment (not the 2007 taxes) reflects an increase of 7.10% overall valuation increase over the 2006 assessment (including new construction, quartile adjustments, and/or market adjustments). This can be demonstrated as follows:

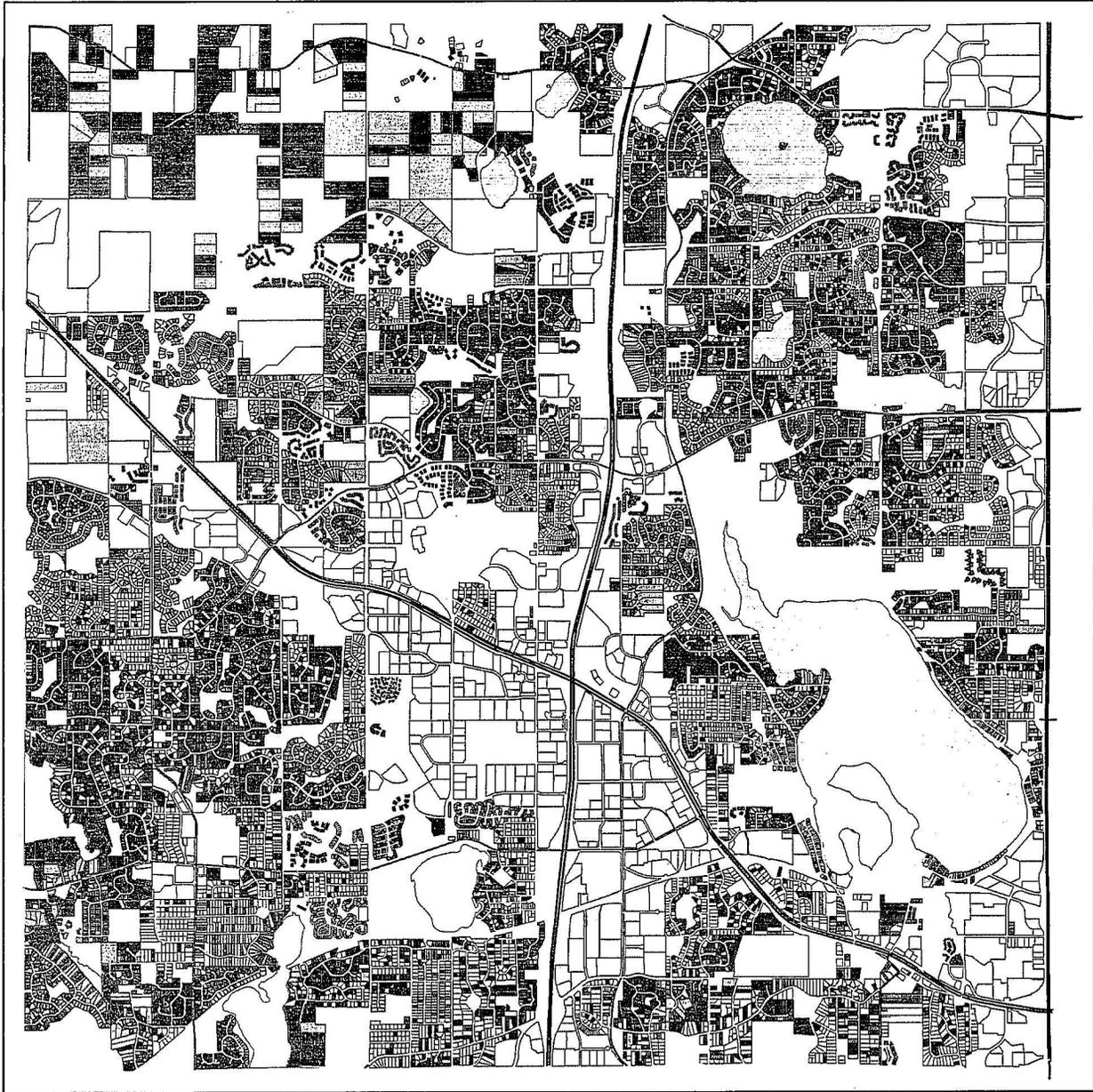
2006 TOTAL CITY VALUE	2007 TOTAL CITY VALUE (PRELIMINARY)	2007 PERCENTAGES
\$9,440,899,000	\$10,113,750,400	
<b>Total Value Increase:</b>	<b>\$672,851,400</b>	<b>7.10%</b>
<b>Value of New Construction:</b>	<b>\$81,989,000</b>	<b>0.80%</b>
<b>Appreciation of Existing Property:</b>	<b>\$590,862,400</b>	<b>6.30%</b>

# CITY OF PLYMOUTH PERCENTAGE VALUE GROWTH



# 2007 RESIDENTIAL PROPERTY VALUES

## Total Estimated Market Values According to Assessor Records



City of  
Plymouth, MN

This represents a compilation of information and data from city, county, state and other sources that has not been field verified. Information should be field verified and compared with original source documents.



### MARKET VALUE RANGES

- \$125,000 and under
- \$125,001 to \$200,000
- \$200,001 to \$300,000
- \$300,001 to \$400,000
- \$400,001 to \$500,000
- \$500,001 to \$700,000
- Over \$700,000

## 2007 ASSESSMENT INTRODUCTION

During this past year, our staff has concentrated on collecting data on property field cards. Once collected the data was entered into and calculated by the computer system. The output is then analyzed for accuracy and parity.

Those areas of the city that equal 20% of all existing properties have been physically reviewed during 2006 and represent over 6,500 parcels, excluding 3,553 building permits. This is commonly referred to as the "Quintile". In the areas of re-inspection, new items that previously were not on our records were added, or where applicable, deleted. 57% of all homes reviewed were internally inspected. A preliminary sales study was analyzed, prior to placing a final value on each property inspected.

Plymouth's preliminary residential median ratio entering the 2007 assessment was 92.1 %. Hennepin County determines this ratio. They compare the January 2, 2006 estimated market values to sales occurring from October 1, 2005 through September 30, 2006. The average residential increase for the January 2, 2007 assessment was 2.3%. This was determined by comparing the January 2, 2007 estimated market values to the same sales, thus establishing the 2007 estimated market values at a median sales ratio of 95.5 and a mean ratio of 95.7 with a coefficient of dispersion of 5.8. In accordance with the results of this sales study, certain areas of the city, certain styles, and certain sizes of houses were adjusted in value, either lower or higher than the prior year value, to more properly reflect actual market values. This past year the appreciation on existing homes was in the single digits.

The 2006 median sale price of existing housing stock (off the lake) in the City was \$380,100; this price does not include townhouses or condos. This is extracted from the Hennepin County Ratio Study of all arms-length transactions involving single family homes.

Lakeshore in Plymouth was adjusted according to the sale activity on each individual lake. The average lakeshore property received an increase of approximately 13%. The median sale price of existing lakeshore property in 2006 was \$622,500.

Various townhouse and condominium complexes were adjusted according to market activity as well as studied to determine if the number of bedrooms per unit affected the sales prices. The majority of townhomes received no increase to value. The increase to condominiums was approximately 2.3%. The median sale price of condominiums was \$185,600. The median townhouse sale price was \$262,700.

Overall commercial and industrial values increased by approximately 18%. Strong regional job growth, combined with ongoing improvement in the fundamentals of the commercial office market in particular, resulted in very solid performance for the Twin Cities commercial real estate markets. Specifically, the aggregate growth in the market values office and industrial properties increased approximately 20%, while the retail and lodging sectors increased approximately 15%. While property specific changes may have occurred, little change was demonstrated in the restaurant, bank, and daycare sectors.

Smaller owner-user office condos are continue to hold strong because interest rates have remained low. How hot they remain will depend on how stable those rates stay and how brokers deal with office vacancy rates in the future. While real estate is generally a stable investment, the questions about occupancy costs and the viability of someday reselling office condos are legitimate. The key issue for office condominium ownership is to make the decision based on the viability of the condo as a good home for ones business.

Speculative office development is returning to the market on a limited basis. As expected, developers are moving cautiously toward launching new projects in the face of rising construction and land costs. Costs have risen significantly since the last major period of new development in the late 1990s. Some estimate that the cost of new commercial office and industrial buildings is 25% higher than 10 years ago. Rental rates will need to reflect these added costs, and developers are expected to tread lightly until there is assurance that the market is ready to accept these higher costs.

There was considerable improvement in the apartment market in 2006. The number of vacancies dropped, fewer concessions are being given and the rents have increased. In 2006, institutional and local buyers were purchasing the newer, higher bracket apartments. Stoneleigh @ the Reserve apartment complex sold in October for \$48,750,000/\$135,000 a unit and the Jefferson @ Plymouth apartment complex on Bass Lake Road sold in December of 2006 for \$39,250,000/\$130,400 a unit. With the increase in valuations on the Class "A" apartment complexes, the 2007 apartment assessment increased 14% from the 2006 assessment.

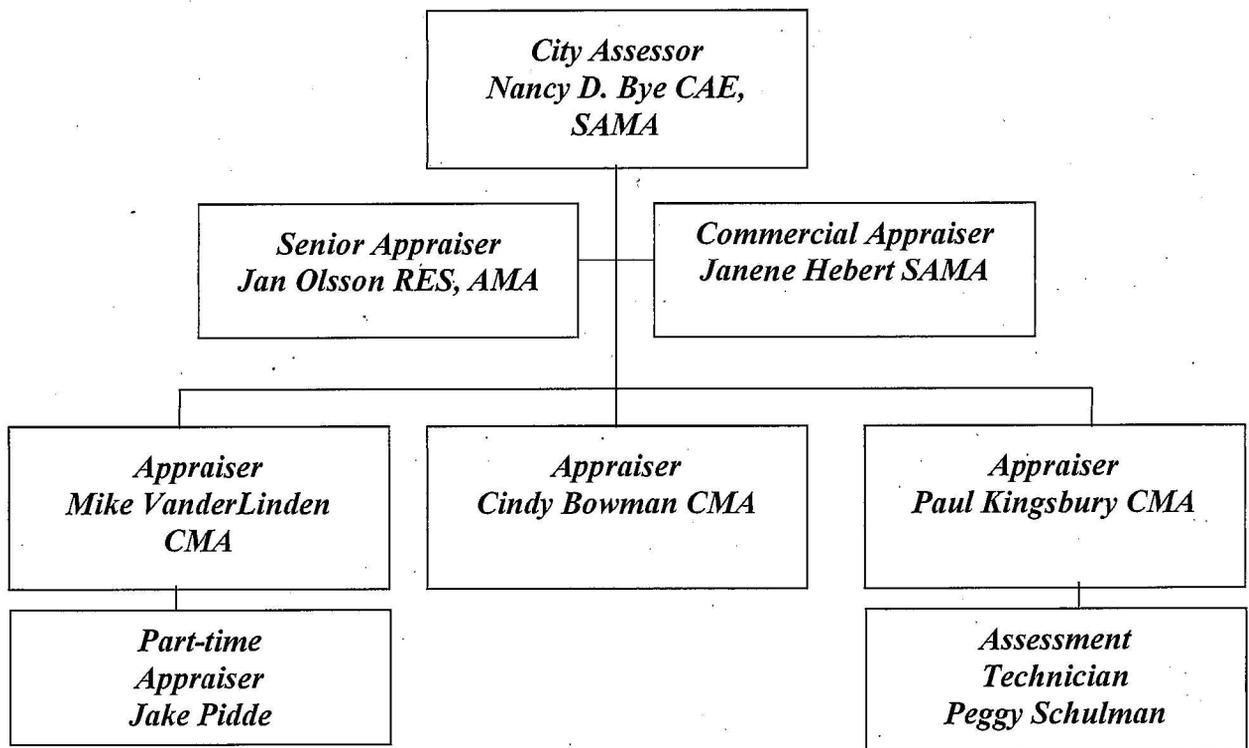
The value we place on the property is accomplished only after we have conducted thorough studies in the market place. Costs of replacement are checked with builders in the area, as well as cost manuals that are available, which are put together by experts in the field of building and appraising. Sales of property are constantly analyzed to see what is happening in the market place. The assessors/appraisers do not create value; they only measure its movement.

Assessing property values equitably is partly science, partly judgment, partly communication skills, and largely a mystery to many property owners. Add to that the fact that property construction, financing and ownership are more complex today than ever before and the task becomes more difficult.

Training cannot tell us how to find the "perfect" value of a property, but training can consistently produce the same estimate of value for identical property by different assessors. That, after all, is a working definition of equalization.

The following pages contain information that hopefully will inform you and make your job as a member of the Board of Appeal & Equalization a more productive one.

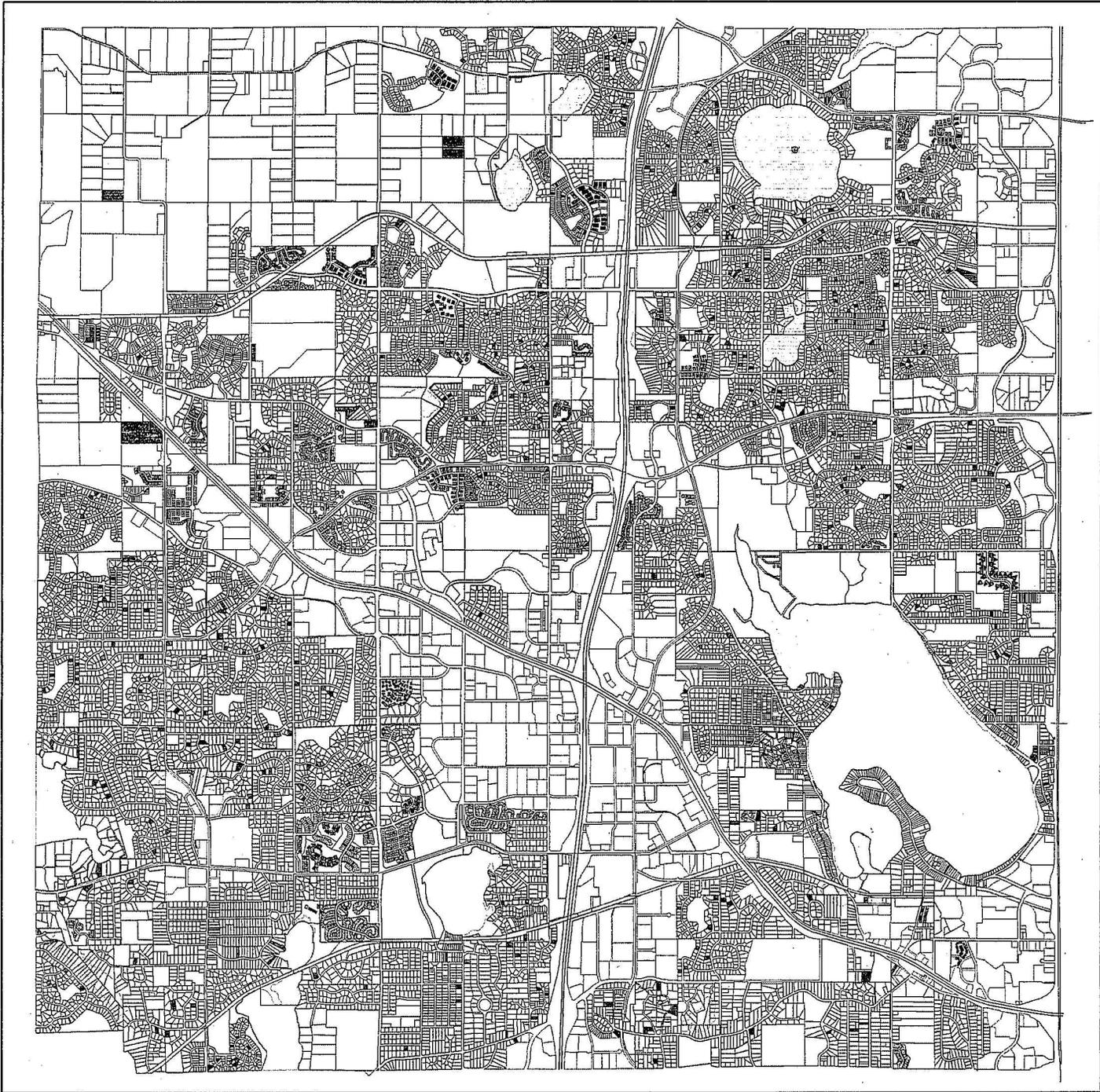
# Plymouth Assessing Department



## 2007 ASSESSMENT STATISTICS

Total City Parcel Count (01-02-06)	24,752
Total City Parcel Count (01-02-07)	25,165
Parcel Count Per Appraiser 2007 Assessment	4,194
Assessor's Industry Standard per Appraiser	3,000
2006 Total Estimated Market Value	\$9,443,307,700
2007 Total Estimated Market Value (Preliminary)	\$10,113,750,400
2005 to 2006 Total City Valuation Growth	+8.65%
2006 to 2007 Total City Valuation Growth	+7.10%
2005 Total Building Permits	2,479
2006 Total Building Permits	3,553
2004 Plymouth's Median Home Sale Price	\$356,200
2005 Plymouth's Median Home Sale Price	\$367,900
2006 Plymouth's Median Home Sale Price (Does not include townhouses or condos)	\$380,100
2006 "Median" Sales Ratio (Assessment Level)	96.1%
2007 "Median" Sales Ratio (Assessment Level)	95.7%
2006 Coefficient of Dispersion (Assessment Accuracy)	5.8%
2007 Coefficient of Dispersion (Assessment Accuracy)	5.8%
2005 Approximate Number of Sales (including new construction)	2,312
2006 Approximate Number of Sales (including new construction)	1,847

**2007 ASSESSMENT - RESIDENTIAL SALES  
SALES OCT 1, 2005 THRU SEPT 30, 2006**



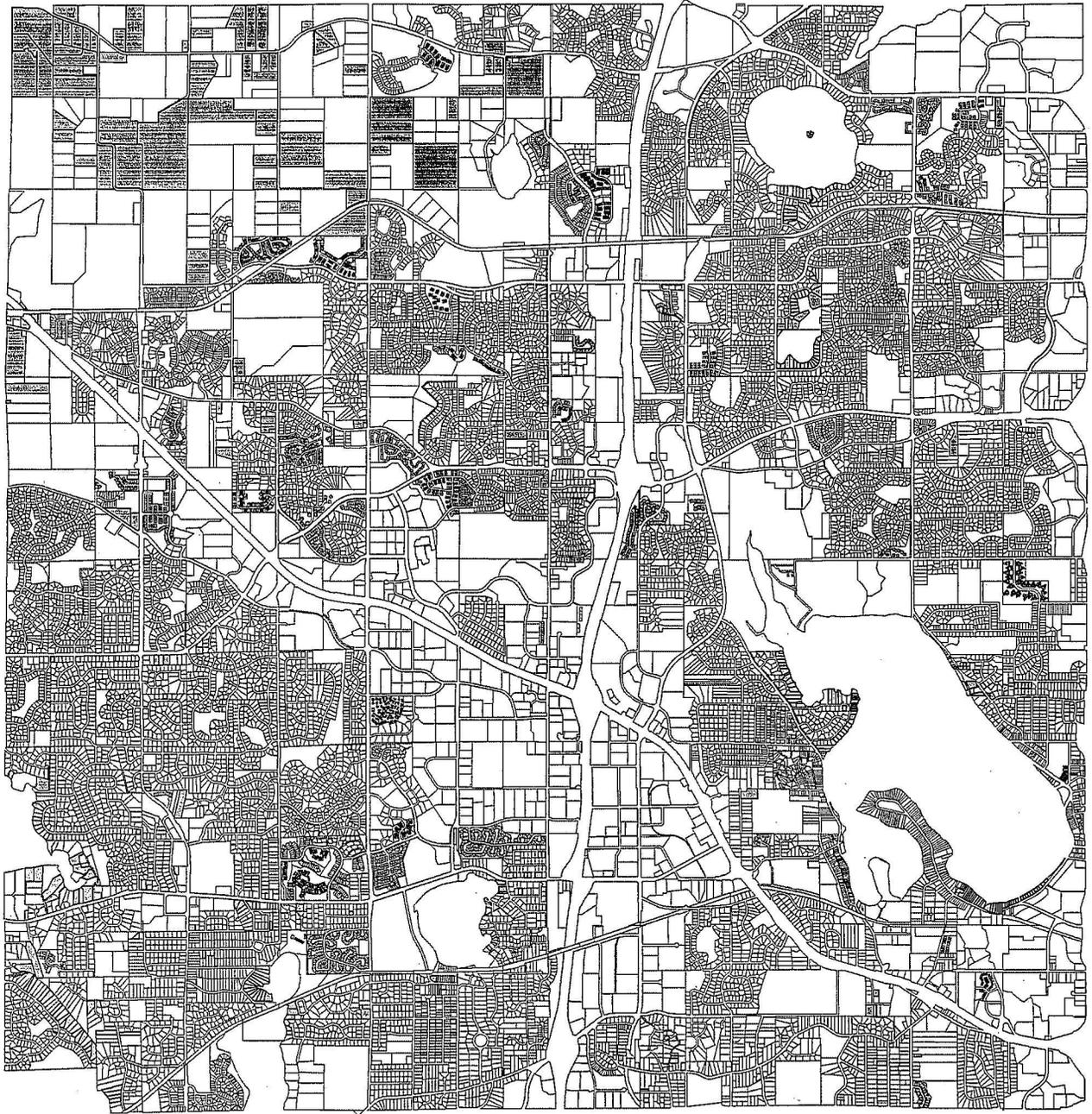
**City of  
Plymouth, MN**

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**SALE PRICE RANGE**

	\$125,000 and under		\$400,001 to \$500,000
	\$125,001 to \$200,000		\$500,001 to \$700,000
	\$200,001 to \$300,000		Over \$700,000
	\$300,001 to \$400,000		



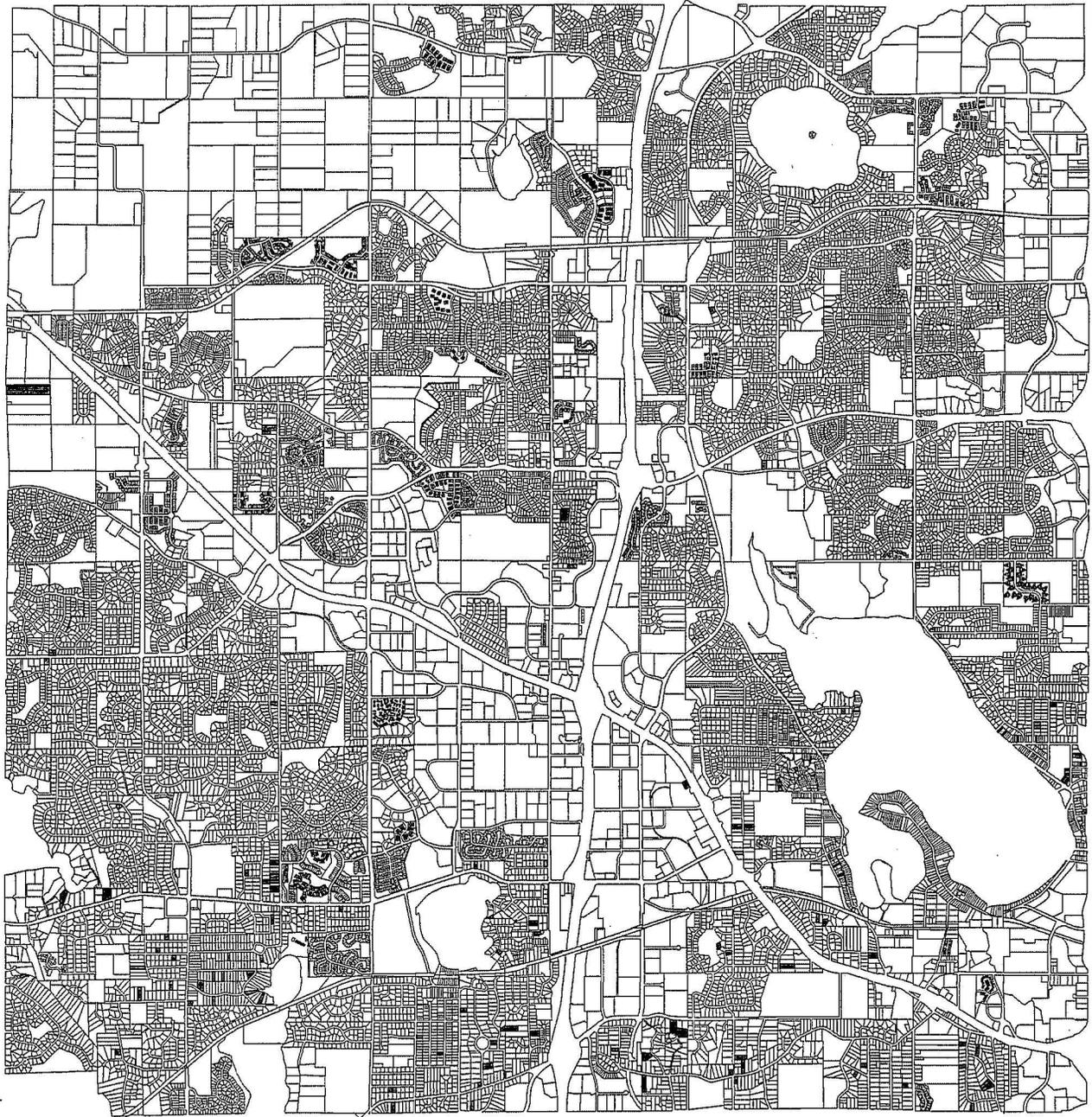
City of  
Plymouth, MN

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## 2007 LIMITED MARKET VALUE

\$ 55,575,700 NOT TAXED  
855 PARCELS





City of  
Plymouth, MN

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2007 THIS OLD HOUSE

\$1,306,200 NOT TAXED  
113 PARCELS



## 2007 SALES RATIO STUDY

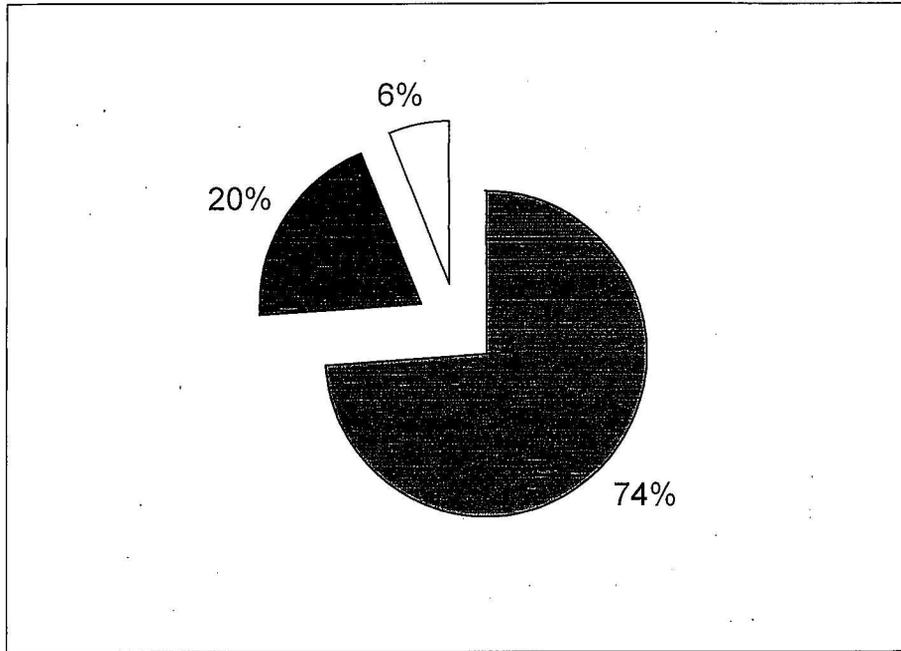
Equalizing is done today through the process of sales studies. These studies compare the Assessor's value with that same property's actual sale price. This comparison gives us ratio indicators that are recognized by the County and the Minnesota State Commissioner of Revenue. The ratio indicators must reach acceptable levels or they will trigger corrective action for general across-the-board adjustments by the County Assessor or the Commissioner of Revenue. These general corrections are essentially a "shotgun blast" type correction that affects the adequate and inadequate values alike, and although they correct equalization across jurisdiction lines, they do just the opposite within a jurisdiction by increasing inequity

The Commissioner of Revenue and the Hennepin County Assessor have mandated that any jurisdiction falling below a 90.0% plateau will be forced into corrective action, and then everyone suffers.

Our coefficient of dispersion in this year's study is 5.8%. This is comparable to other jurisdictions of our size in Hennepin County. (Anything under 10 is considered excellent.) This is a direct result of our computerization of the appraisal process and demonstrates our ability to administer fair and equalized valuations at both ends of the value spectrum.

Our price-related differential is currently at 100.621. This shows our ability to treat higher priced homes as equally as the lower priced homes. 100 is considered perfect.

## Distribution of 2007 Estimated Market Value by Property Type



### ESTIMATED MARKET VALUE

	2007 Percentage	2006	2007
Residential	74%	\$7,244,123,600	\$7,512,872,400
Commercial/Industrial	20%	1,665,849,100	1,982,433,000
Apartments	6%	<u>533,335,000</u>	<u>618,445,000</u>
<b>TOTAL EMV</b>		<b>\$9,443,307,700</b>	<b>\$10,113,750,400</b>

**MEMO  
CITY OF PLYMOUTH**

3400 PLYMOUTH BOULEVARD, PLYMOUTH, MN 55447

DATE: January 24, 2007  
TO: Assessing Staff  
FROM: Nancy Bye, City Assessor  
SUBJECT: LIVING UNIT BREAKDOWN

The following is a listing of the type and the number of living units for each that is on the tax rolls for assessment year January 2, 2007.

<u>TYPE OF DWELLING</u>	<u>2006 ASMT # OF UNITS</u>	<u>2007 ASMT # OF UNITS</u>
Apartment Units	7,059	7,190
Single Family Homes	15,690	15,737
Duplex	72	72
Condominiums	3,035	2,824
Townhomes	2,937	3,226
Permalease	35	32
Mobile Homes	58	59
Farm Houses	13	12
Seasonal Res. (Cabins)	6	6
Co-Op Units	210	210
<b>TOTAL LIVING UNITS:</b>	<u>29,115</u>	<u>29,468</u>

2007 Assessment represents an increase of 353 living units over January 2, 2006.

Total number of homesteads (1/2/07) 20,864.

**MEMO**

**CITY OF PLYMOUTH**

3400 PLYMOUTH BOULEVARD, PLYMOUTH, MN 55447

DATE: January 26, 2007

TO: Nancy Bye, City Assessor

FROM: Jan Olsson, Senior Appraiser

SUBJECT: ASSESSMENT - HENNEPIN COUNTY STUDY  
SALES STATISTICS

OVERALL SALES RATIO

(2007 Estimated Market Values were used on all sales)

<u>STYLE</u>	<u># OF SALES</u>	<u>AVG. SALE PRICE</u>	<u>MEAN RATIO</u>
*Ramblers	125	\$323,700	0.958
*Splits	158	\$323,000	0.965
*Two Stories	210	\$469,000	0.967
*Rambler - Cluster Homes	13	\$355,800	0.989
*Splits - Cluster Homes	14	\$279,400	0.958
*Two Stories - Cluster Homes	10	\$279,600	0.957
Condominiums	197	\$185,600	0.975
Townhomes	182	\$262,700	0.969
<b>TOTAL</b>	<b>909</b>		

The above figures are based on the sale of existing homes that meet the state criteria for arm's length transactions.

Approximate Number Homes Sold (Including New Construction) 1,847

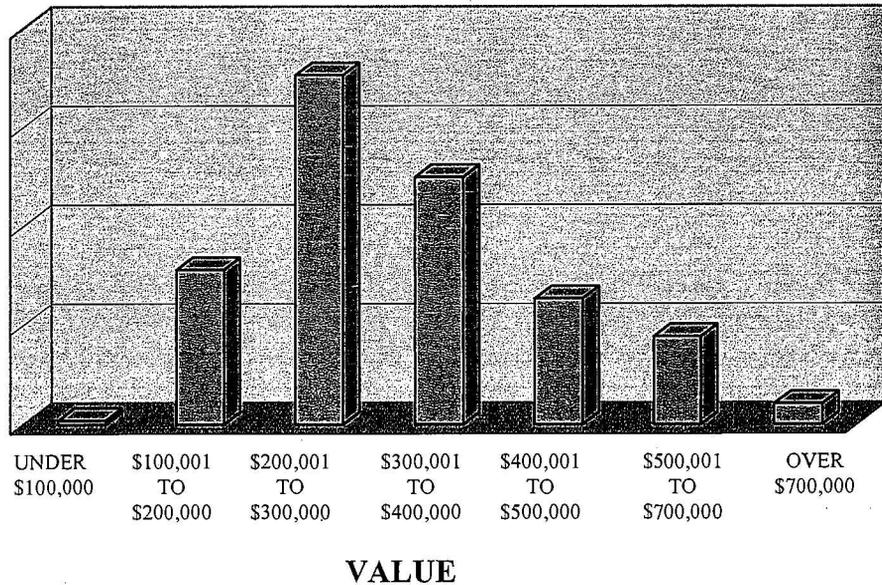
\*Average Sale Price of Single Family Homes \$380,100

cc: Appraisal Staff

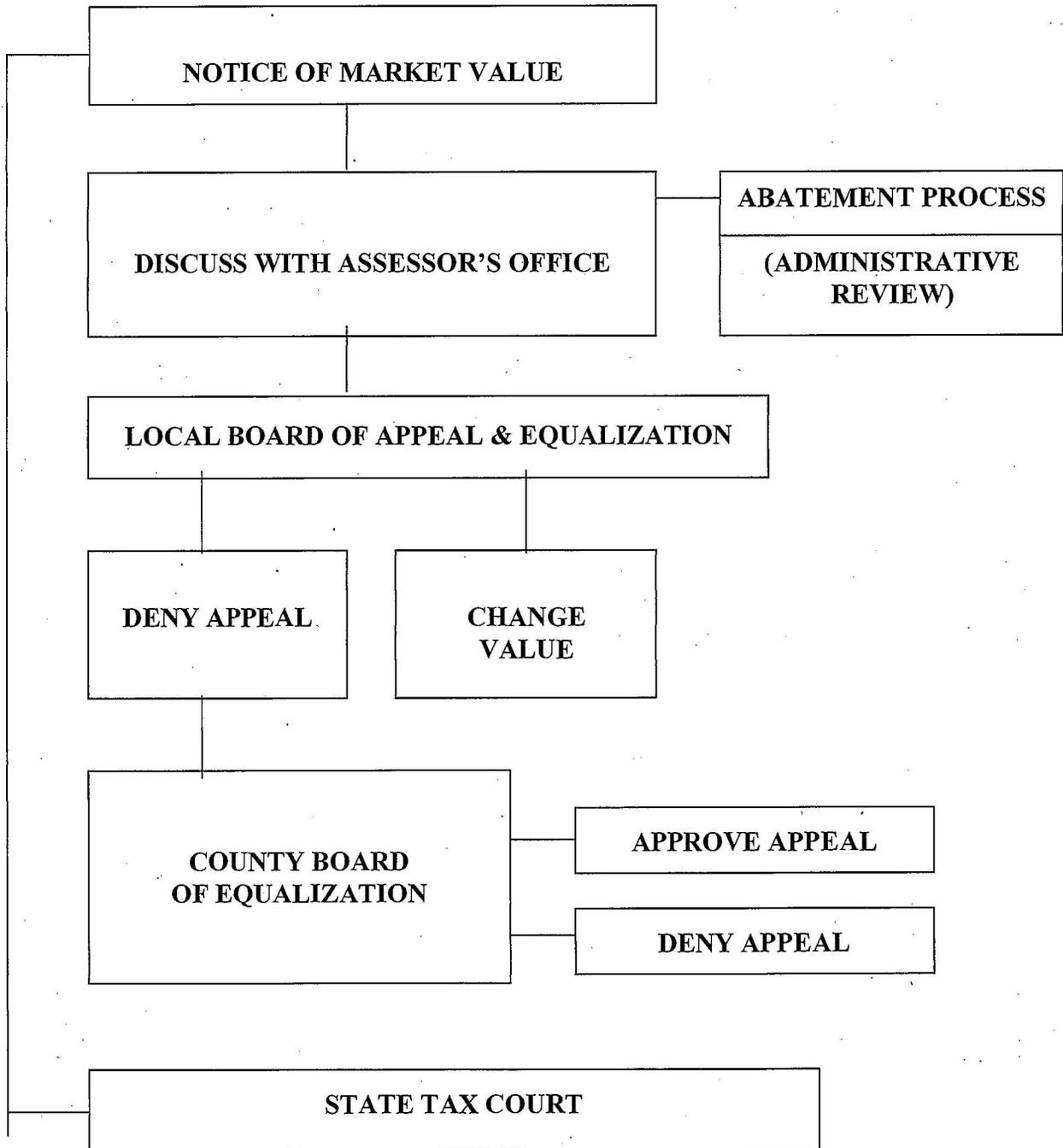
## PLYMOUTH RESIDENTIAL PROPERTY VALUE DISTRIBUTION 2007

\$ VALUE	PERCENT	# OF HOMES
Under \$100,000	0.51	111
\$100,001 to \$200,000	14.56	3,192
\$200,001 to \$300,000	34.35	7,524
\$300,001 to \$400,000	25.43	5,570
\$401,000 to \$500,000	13.12	2,875
\$500,001 to \$700,000	9.38	2,055
Over \$700,000	<u>2.65</u>	<u>580</u>
<b>TOTAL</b>	100%	<b>21,907</b>

### 2007 Residential Value Distribution



## MARKET VALUE APPEAL PROCESS



**2007 RESIDENTIAL LAKE SHORE SALES STUDY**  
**(2006 SALES)**

NUMBER OF PARCELS	NAME OF LAKE	1 YEAR OF SALES	AVERAGE LOT VALUE	AVERAGE SALE PRICE
116	Bass	0	\$225,000 TO \$505,800	\$0
37	Gleason	2	\$210,000 TO \$645,000	\$420,000
48	Hadley	1	\$210,000 TO \$100,000,000+	\$775,000
33	Lost	2	\$200,000 TO \$256,000	\$464,500
139	Medicine	5	\$300,000 TO \$500,000	\$819,400
43	Mooney	1	\$210,000 TO \$893,100	\$770,000
53	Parkers	0	\$220,000 TO \$300,000	\$0
8	Pike	0	\$200,000 TO \$234,400	\$0
59	Schmidt	2	\$220,000 TO \$300,000	\$582,000
536 Parcels		13 Sales		

Hennepin County Sales Study of all Residential Lake Shore Sales in Plymouth for the 2007 Assessment included:

<b>TOTAL SALES: 10 AFTER ADJUSTMENTS</b>	<b>MEDIAN RATIO: 84.3% Preliminary Ratio MEDIAN RATIO: 98.0</b>
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Lakeshore properties were given a city wide average increase, then attention was paid to the location of the lakes, the similarity of the lakes, and the market activity in the last year in the various neighborhoods surrounding each lake to determine if further adjustments were necessary.