



CITY OF WAUWATOSA
7725 WEST NORTH AVENUE
WAUWATOSA, WI 53213
Telephone: (414) 479-8917
Fax: (414) 479-8989
<http://www.wauwatosa.net>

BOARD OF REVIEW

Wednesday, June 24, 2009 – 10:00 a.m.

PRESENT: Messrs. Benz, Rice, Schilling -3

ALSO Mr. Miner, City Assessor

PRESENT: Ms. Aldana, Asst. City Attorney/HR Director

Mr. Schilling in the Chair

6103 W. North Avenue

Tax Key: 345-0026-00

Deputy City Clerk Van Hoven swore in Assessor Miner and the property owner's agent and property manager, Jeff Howard, 2436 N. Weil Street, Milwaukee.

The assessed value as of January 1, 2009 was:

Land	\$ 72,000
Improvements	\$125,000
Total	\$197,000

The total assessed value and estimated fair market value are the same for 2009, 100%.

Mr. Howard commented that he was unable to find comparable properties because this is a hybrid building with commercial and residential. The owner paid \$135,000 before the real estate market collapsed. There were some offers on the property, but they fell through. The fair market value should be \$170,000.

Mr. Howard listed the defects: 1) basement flooded with mud, 2) basement remediation would cost between \$45,000 and \$50,000, and 3) the wood framing touching the floor is rotting away. He believed the structural defects are critically negative. He noted that the vacancy rate in the neighborhood was very high. This is an income property, but there is no income and they have not been able to attract tenants. He thought the Assessor's value on the property was too much.

Mr. Miner reported that they inspected the property in February of this year. The sale is a different matter. He noted that there were two different company names as owners.

Mr. Howard clarified that the owner is Panqing He. Mr. Panqing is an attorney who was going to have office space on the second floor of the building, but he left and moved out of state.

Mr. Miner asked how the property was marketed. Mr. Howard responded that North Shore Realty marketed the property and it has been on the market for a long time.

Mr. Schilling read the list of exhibits submitted by the Assessor. He noted the ReMax listing of the property and the photos.

Mr. Miner noted that according to assessor methodology, the sale of the subject property is the best indicator of the value. The building was built in 1918 and added retail in 1951. He pointed to a listing back to April, 2008 that shows the property listing for \$289,900. A couple of months later it was listed for \$264,900 and then \$259,900. That continued for a while. In the last listing in June, 2009 the brokers said the building was well maintained with a new roof. The objection form noted that there was a prior offer of \$170,000 and the buyers wanted the basement fixed.

Mr. Miner pointed out that during the February inspection the duplex upper unit was described as better than average. The lower unit was average and the extension was fair to average. There are no split utilities, basement flooding, and problems with the roof.

In referring to the sales grid contained in his document packet, Mr. Miner noted that all of the buildings aren't identical uses they are mixed use. The sales price is \$55-\$117 per square foot. He noted that after the property was purchased by Mr. Panqing the value went up to \$258,900. Mr. Howard did not provide estimates for repairs.

Mr. Benz questioned why the buyer purchased the building in December 18, 2008 for \$135,000 and then a couple of months later listed it for \$259,000.

Mr. Howard responded that the owner wanted to start with that price and then come down if he had to, but the property was taking so long to sell that the broker pulled out of the listing. The former owner had put on a new roof, but the job was poorly done.

Mr. Benz noted that, at this time, the owner is getting a return of \$8,000 per year on his \$135,000 investment. Mr. Howard reiterated that the condition of the basement is discouraging offers. Vacancies are a problem. The viability as a commercial property is not going anywhere.

Mr. Miner asked how much and what type of fire insurance the property has. Mr. Howard did not have that information. Mr. Miner commented that after looking at all the aspects of the assessment they reduced the amount to \$197,000 which he believes to be the appropriate value.

Testimony was closed. Mr. Schilling mentioned that the Assessor is presumed correct and his methods conformed to the Assessor's manual. The taxpayer did not provide enough information. The Assessor has already brought the value down almost \$62,000.

Mr. Rice observed that this is an unusual property; however, the Assessor is extremely conservative and he believed that the Assessor is correct.

Mr. Benz had concerns as to why the property was purchased for \$135,000 and then turned around to sell for \$259,000. He was questioning whether the seller was engaging in real estate speculation. Mr. Howard didn't think so.

Moved by Mr. Benz, seconded by Mr. Rice to uphold the Assessor's value at \$197,000 – 3

The Board reconvened at 10:58 a.m. on June 24, 2009 with Messrs. Schilling and Benz, Ms. Wakefield, and Messrs. Miner and Lenski present. Also present, Ms. Ledesma, City Clerk/Board Secretary.

2578 Wauwatosa Avenue (continued from June 23, 2009)
331-0792-00

In response to a query by Mr. Collision, Mr. Miner explained that while a Phase 1 study may give indication of the presence of contamination based upon past use of the property, the standard in Wisconsin accepted by the assessment community is a Phase 2 study.

Ms. Wakefield inquired on what basis the City of Milwaukee reduced Mr. Collision's Milwaukee property assessment. Mr. Collision explained that Milwaukee has a rigid Phase 2 policy.

In response to a question by Mr. Schilling, Mr. Collision stated that while he did attempt to list the property, he has not had an appraisal performed. In response to a second question, Mr. Collision stated that he did have Jerry Schwarten, an environmental inspector, review the property. The report dates back to 1999. Mr. Schwarten had some discussions with former assessor Isleb about the property, so there is an outside source for the assessor's office to rely on when assessing this property.

Mr. Miner confirmed the presence of a letter dated May 22, 2000 from Mr. Schwarten to the former assessor in which he addressed several environmental conditions affecting the subject property. Asbestos and perchloroethylene were present. The latter was noted in four old dry cleaning machines and within several locations in the basement and on the basement floor slab; it must be monitored during removal. This letter does not change his opinion, however.

In his closing comments, Mr. Collision opined that cities have imposed burdensome requirements on property owners with respect to performance of Phase 2 studies before owners can get a fair assessment of their property. This requirement exposes property owners to the possibility of expensive remediation. Section 903.01 of the statutes notes that a conclusive presumption of law is illegal. You can have presumption, but it must be rebuttable. A Phase 2 study has no option for rebuttal.

Mr. Miner noted that the insurance carried on the building is for \$187,896. He speculated that an insurance company would be disinclined to insure for that amount if the property were valued at \$100. Mr. Collision explained that the insurance is simply a continuation of what was carried a long time ago.

Mr. Miner summarized his position, stating that he was guided by state statutes and the Wisconsin Professional Assessor's Manual in this matter. This property is potentially contaminated, based upon the owner's testimony. However, the evidence submitted is not conclusive. All assessment approaches were taken into consideration when valuing the property at \$78,500.

Testimony was closed. Mr. Benz noted that Mr. Miner is not an environmental engineer, and that a reduction in the assessment has already been made based upon the building's condition. (Improvements were reduced from \$110,000 to \$43,000.) Since there are no underground tanks on this property, it does appear that contamination, if present, may be confined to the building itself. Mr. Benz noted that when he toured the building many years ago and observed the odor of perchloroethylene, there was still solvent in the machines; this may have accounted for the odor. No evidence has been presented that the assessor has erred in this assessment.

Ms. Wakefield speculated that after a building is used for a dry cleaning business for 60 years, some contamination may be present. There is no information proving this, however, nor information indicating its extent. Not knowing this information, therefore, makes the property unsalable. Whether anything beyond the improvements may be contaminated is not known. Without a professional study, no one knows what has occurred.

In response to a question, Mr. Miner stated he would take into account a pronouncement by the Health department that the building is uninhabitable.

Mr. Schilling concurred that contamination may be present. But the Board must rely on testimony and evidence; none has been presented, save sworn testimony by the taxpayer. But not enough evidence of contamination has been submitted. Likewise, the assessor's office staff may suspect the presence of contamination, but the valuation of the property has been conducted in accordance with established protocol in the absence of data from a professional source.

Mr. Benz concurred, noting that the complexity of this situation suggests that resolution needs to come from an authority beyond a board of review.

It was moved by Mr. Benz, seconded by Ms. Wakefield
to sustain the assessor's valuation.

Stipulations

4100 N. 124th Street
Tax key #257-9994-07

	<u>From</u>	<u>To</u>	<u>Change</u>
Land	7,462,400	6,218,700	-1,243,700
Improvements	6,500,500	6,500,500	
Total	13,962,900	12,719,200	

7520 W. Blue Mound Road
Tax key #406-0177-00

Land	422,800	422,800	
Improvements	2,250,200	1,722,600	- 527,600
Total	2,673,000	2,145,400	

12140 W. Burleigh Street
Tax key #297-9995-05

Land	2,651,700	2,651,700	
Improvements	1,876,300	1,759,000	- 117,300
Total	4,528,000	4,410,700	

3180 N. 124th Street
Tax key #297-9995-09

Land	1,699,200	1,569,500	-129,700
Improvements	912,700	912,700	
Total	2,611,900	2,482,200	

11602 W. North Avenue
Tax key #337-0110-00

Land	243,100	243,100	
Improvements	555,400	373,100	-182,300
Total	798,500	616,200	

10101 W. Capitol Drive
Tax key #260-9996-01

Land	450,000	450,000	
Improvements	468,300	290,000	-178,300
Total	918,300	740,000	

201 N. Mayfair Road
Tax key #411-9994-03 and
Mayfair Road
411-9976-05

These properties are owned by Covenant System Healthcare, Inc. The City is currently in litigation with them; both parties have agreed to no change in the interim.

It was moved by Mr. Benz, seconded by Ms. Wakefield to approve the foregoing stipulations. -3

The Board recessed and will reconvene on August 25, 2009.

Carla A. Ledesma, Board Secretary

cal