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BOARD OF REVIEW
Tuesday, May 13, 2008 – Council Chambers

PRESENT: Messrs. Benz, Schilling, and Lemke; Ms. Stevens (9:45 a.m.) -4

ALSO Mr. Miner, Assessor; Mr. Lenski, Deputy Assessor; Ms. Aldana, Asst. City Attorney/
PRESENT: Human Resources Director; Ms. Ledesma, City Clerk

Ms. Ledesma called the meeting to order at 9:05 a.m. and asked for nominations for Chair.

Moved by Mr. Benz, seconded by Mr. Lemke to nominate
Mr. Schilling as Chair. Ayes, 2, Noes, 0, Abstain, 1 (Schilling)

Mr. Schilling assumed the Chair and asked for nominations for Vice Chair.

Moved by Mr. Lemke, seconded by Mr. Benz to nominate
Mr. Benz as Vice Chair. -3

Ms. Ledesma verified that in compliance with Wisconsin Statutes 70.46(4), three board members have attended the Board of Review training: Messrs. Benz and Schilling and Ms. Stevens.

Mr. Miner presented the completed 2008 assessment roll with the signed affidavit. Mr. Schilling asked if the assessed values of any properties are changed if they are sold at the end of the year. Mr. Miner responded that the values are not changed at that point; however, most owners will contact the Assessor's office if they feel there is a discrepancy between the selling price and the assessed value. The department then sends out an appraiser to look into making any adjustments that may be necessary.

Mr. Miner added that the city assesses properties every four years. He noted that the market has shown a 2 to 2 ½ % decrease in assessed value. This year they are projecting that the Department of Revenue will put them at 98% in terms of tracked sales. They have been trying to track different neighborhoods to gauge how they differ from others. He explained that some neighborhoods are homogenous and others need further study because of the variety of properties.

Mr. Schilling asked about the difference between the lower to medium assessed values as opposed to the medium to high. Mr. Lenski responded that some properties are quite a bit above the medium value and some are quite a bit below. For some properties it is a case of the interior condition and any updating and remodeling. Mr. Miner said that ultimately the assessed value is determined by the condition of the property. Those that have been updated sell faster than those that haven't. Mr. Lenski added that the higher value homes seem to have more disparity.

Mr. Schilling inquired about the process of inspecting homes. Mr. Lenski answered that, in the past, the inspections were triggered by the building permit process. This year they are trying to perform more inspections. When they are notified of issued building permits, they try to inspect the whole property. They are also trying to get an accurate sales file by tracking and inspecting home at the time of sale. They have reviewed a few recent sales and made any adjustments that were needed.

Ms. Aldana asked how many people received change notices. Mr. Miner responded that about 550 to 600 have had change notices based on physical changes in the property such as remodeling. Mr. Lenski added that the changes are included in the open book process.

Moved by Mr. Benz, seconded by Mr. Lemke to accept the
2008 assessment roll – 3

Mr. Miner reported that his department is in the process of evaluating and moving forward with new software with the goals of increasing their efficiencies and providing better service to the public. They are soliciting proposals from vendors and will make a recommendation to the Budget & Finance Committee shortly.

Mr. Schilling noted that sometimes at the hearings people question how the Assessor's office gets its data and whether it is proprietary. Mr. Miner commented that the new software will provide a remedy in that petitioner comparables could be compared with staff comparables; this will help eliminate home owner concerns. He noted that the current software is not flexible in that way.

Mr. Lenski provided the board with a list of 2008 Corrections of Errors. He added that they netted approximately a one million dollar increase over the listing in the document.

Regarding any requests to waive the 48-hour notice of intent to file, Ms. Ledesma reported that she was aware of one notice of intent to file (an objection form), but she has not heard from the applicant since Friday. There was no one present at the meeting to file a late objection form. There were no other cases yet to schedule.

The Board began to hear scheduled objections. Board members present were Messrs. Benz, Schilling, and Lemke.

2855 N. Mayfair Road
Tax Key No. 299-9988-00

City Clerk Ledesma swore in Todd Shebesta, Easley, McCaleb & Associates, W67 N222 Evergreen Boulevard, Cedarburg, and Messrs. Miner and Lenski.

Mr. Miner stated that the assessed value as of January 1, 2008 was \$3,226,000. The estimated fair market value is \$3,291,800.

Mr. Shebesta, present on behalf of the property owner, CSM Family Holdings LLC, 500 Washington Avenue South, Minneapolis, Minnesota, stated that the fair market value as of January 1, 2008 should be \$2,600,000. He noted that the assessor's valuation is a reduction from the 2007 assessed value of \$3,703,200 and he is appreciative.

Mr. Shebesta stated that this 22-year old building housed a Best Buy store for 20 years. It has been vacant since December 2006 and is being for lease. While Best Buy leased the property at \$16 per square foot, that figure has since been reduced to \$12 per square foot triple net. There is interest in leasing it in the \$6-8 per square foot range, provided the owner makes updates. The building (26,600 sq. ft.) is big for the site, which is about 76,000 square feet. There is considerable competition in the market. It is felt the best option may be to raze the building and start over, as has been done with other properties in the general vicinity along Mayfair Road.

The following exhibits were presented and entered into the record:

- Exhibit 1 Objection form
- Exhibit 2 Petitioner document entitled “Vacant Best Buy Building”
- Exhibit 3 Assessor’s office document containing exhibits #1-11

Mr. Miner reviewed the contents of his information packet, noting that this property is in average condition and quality, with a brick exterior. It has a sprinkler system, a drive-up dock, paved parking (108 stalls), and lot lighting. This is one of the larger parcels (76,182 sq. ft.) along this section of Mayfair Road, though probably not large enough for a ‘tear-down.’ The owner’s rental price of \$12 per square foot is representative of the market. As reported by the owner’s representative, the 2008 assessed value has been reduced by \$477,200.

Mr. Miner added that staff researched several comparable properties in the metro area when determining the assessed value. This building has value, is in a desirable location, and should not be valued as vacant land. Buildings older than the subject property have found buyers. Mr. Miner acknowledged that some tenant improvements will be needed and this is reflected in the ‘cap rate’ used by staff. The cap rate also reflects the fact that the building is vacant. In touring the building this week, it was noted that no maintenance issues are in evidence.

Mr. Shebesta stated that he and the assessor’s office staff are in agreement that the land is worth about \$30 per square foot. He did not consider current sales of occupied properties as comparisons as the subject property is vacant. Furthermore, the owners are unwilling to spend \$20 per square foot on improvements just to lease it out for \$10 per square foot. In response to a query by Mr. Lenski, Mr. Shebesta stated that the property had been rented for a short time before Halloween for the cost of utilities and a nominal amount more.

Mr. Benz observed that Mayfair Road rentals are still holding high values. This is a good-sized property. He is comfortable with the assessor’s value.

Mr. Schilling noted the lengthy vacancy of this property and that a tenant will have to invest in improvements to make it functional for their purpose. The assessor did use appropriate methods when valuing this property, however. It is questionable whether the owner’s representative presented enough relevant evidence to overturn the assessor’s presumption of correctness.

Mr. Lemke opined that the building may be close to functional obsolescence, given how long it has remained vacant. He felt a \$2.6 million dollar fair market value may be appropriate.

It was moved by Mr. Benz, seconded by Mr. Schilling to sustain the assessor’s valuation as insufficient evidence was presented to overcome the presumption of correctness. Ayes 2, Noes 1 (Lemke)

Mr. Lemke left the Board and was replaced by Ms. Stevens.

2553 N. 62nd Street
Tax Key No. 330-0330-00

City Clerk Ledesma swore in petitioner David Ryser, 2553 N. 62nd Street, and Ms. Chabron and Mr. Lenski of the assessor’s office.

Ms. Chabron stated that the assessed value as of January 1, 2008 was \$250,700. The estimated fair market value is \$255,800.

Mr. Ryser stated the fair market value should be \$208,000. There was a sharp drop in market values during the last quarter of 2007. A very comparable property to his is next door; it is similar in style and in layout. It sold for 29% less than the stated fair market value. This is supported by data on the city's website. His area of the city increased in value less than other parts of the city. On average, real estate values are back to 2005 levels, particularly so for those areas that had the most rapid increase in fair market value. The fair market value of his house in 2005 was under \$200,000. Mr. Ryser also questioned the accuracy of the assessor's square footage data.

The following exhibits were presented and entered into the record:

- Exhibit 1 Objection form and petitioner attachments
- Exhibit 2 Assessor's information packet containing exhibits #1-9

Ms. Chabron stated that Mr. Ryser purchased the subject property in 2006 for \$250,000. The property listing information cites many desirable amenities. Air conditioning was added in 2006 and the value was adjusted in 2007 (by \$1.50/sq. ft.) to reflect this improvement. The property owner currently carries \$250,000 in fire insurance. Ms. Chabron reviewed staff's comparable properties which have been adjusted to account for differences with the subject property. Four recent sales of bungalows in this neighborhood indicate very strong sales prices. By contrast, the petitioner compared properties of different styles with his bungalow. Ms. Chabron addressed the question about accurate square footage data, stating that the assessor's office takes exterior measurements; it appears Mr. Ryser may have taken interior measurements.

Mr. Ryser countered that the assessor's office comparable properties all sold in early 2007 before the market deteriorated, save one. These are not accurate reflections of current market conditions. He reiterated that the property next door to his – with comparable amenities – sold for 29% less than the fair market value. He acknowledged that he carries \$250,000 in fire insurance; it was purchased when he bought the property and hasn't been adjusted since.

Mr. Benz observed that the house was listed at \$249,900 and Mr. Ryser purchased it for \$600 over the asking price. This is a fine piece of property to which some upgrades have been made. Property values in the city have stayed static; it is just taking longer to sell. The assessor's value is appropriate.

Ms. Stevens stated that one cannot compare different housing styles when attempting to establish property value and concurred that the current value is correct.

Mr. Schilling added that not enough evidence was presented to overcome the presumption of correctness of the assessor's value.

It was moved by Mr. Benz, seconded by Ms. Stevens
to sustain the assessor's valuation. -3

1440 N. 66th Street
Tax Key No. 369-0193-00

City Clerk Ledesma swore in Ed Michaelis, 1440 N. 66th Street, and Messrs. Lenski and Tuff from the assessor's office.

The assessed value as of January 1, 2008 was \$306,500.

Mr. Michaelis stated the fair market value should be \$270,000. A real estate agent, Trish Collins, has estimated that the value is between \$265-270,000. There is no way it would sell for the assessed value.

The following exhibits were presented and entered into the record:

- Exhibit 1 Objection form and attachments
- Exhibit 2 List of comparable properties (compiled by Ms. Collins) sold between mid-2007 and April 2008 between N. 60th – N. 68th Streets, south of Milwaukee Avenue
- Exhibit 3 Assessor's office packet, including exhibits #1-7

Mr. Michaelis noted that Ms. Collins' comparables do not identify any homes selling for over \$300,000, save a Tudor with much character on N. 63rd Court. His home, while newly constructed (2007), is a bungalow; the total construction cost, including the lot, was \$259,000.

Mr. Tuff acknowledged there is little new construction occurring in the city. He pointed out that Mr. Michaelis paid \$11,000 for his lot. It was not on the market at the time of purchase. Rather, the buyer approached the seller about purchasing the land. The transaction is not an arm's length sale, nor is it representative of the land's true value. By contrast, vacant land at 435 N. 103rd Street sold for \$80,000 in May 2006; land on N. 117th Street sold for \$53,000 in November 2005.

Newly constructed homes which sold after the assessment date cannot be used as comparables; nevertheless, they are indicative of new construction activity: 1910 N. 85th Street, \$349,900; 521 N. 114th Street, \$329,900, 11119 W. Clarke Street, \$399,900; 7702 Milwaukee Avenue, \$399,900.

Mr. Michaelis noted that their lot was not for sale, per se; they approached their neighbor and asked to purchase it. The \$11,000 price was set because of their relationship with their neighbor. Mr. Michaelis stated he sold his house (next door to the subject property) for \$181,000; it is on the same size lot. Another home across the street has been on the market for 11 months; the price was reduced from \$220,000 to \$190,000. It has four bedrooms, a brick exterior, two-car garage and a larger lot. The subject property has a single car garage.

Mr. Benz expressed concern with the lack of comparable properties in the immediate area.

Ms. Stevens opined that it would have been helpful had Ms. Collins attended the meeting.

Mr. Schilling stated that insufficient evidence was submitted to rebut the presumption of correctness of the assessor's valuation.

It was moved by Ms. Stevens, seconded by Mr. Benz to sustain the assessor's valuation. -3

It was moved by Mr. Benz, seconded by Ms. Stevens to adjourn the 2008 Board of Review *sine die* as there was no further business before the Board. -3

The meeting adjourned at 12:15 p.m.

Carla A. Ledesma, Secretary to the Board