

**CITY OF UNALASKA
BOARD OF EQUALIZATION**

IN THE MATTER OF:

APPEAL FROM THE 2023 REAL PROPERTY TAX ASSESSMENT FOR TAX PARCEL #04-03-540, L7 BLK 1, ILULAQ SUBDIVISION, APPEAL NO. 2023-002

Appellant: Steven Engman
Appellant's Representative: Steven Engman

Appellee: City of Unalaska
Appellee's Representatives: Mike Renfro, Martins Onskulis, City Assessors

FINDINGS OF FACT AND CONCLUSIONS OF LAW

Having sat to hear the above-referenced appeal pursuant to Sections 6.32.100 and 6.32.110 of the Unalaska Code of Ordinances on May 9, 2023, and having considered the evidence in the record, the City of Unalaska Board of Equalization adopts the following:

Findings of Fact

1. The property involved in this appeal is Lot 7, Block 1 of the Ilulaq Subdivision, according to Plat No. 79-03 of the Aleutian Islands Recording District ("the Property").
2. The Property is located at 45 Makushin Drive, within the City of Unalaska.
3. The owner of the Property is Steven Engman.
4. A 2023 Assessment Notice was mailed to Engman on March 24, 2023 ("Assessment Notice").
5. The land and the improvements constituting the Property were assessed separately. According to the Assessment Notice, the assessed value of the land was \$48,000. The assessed value of the improvements was \$416,600. The total assessed value of the Property was \$464,600. No portion of the assessed value is tax exempt. Thus, the taxable value of the Property was \$464,600.
6. The Assessment Notice states that a notice of appeal must be received or post-marked no later than April 24, 2023.
7. Engman's appeal of the assessed valuation of the Property was received April 17, 2023.

8. An appeal hearing before the Board of Equalization was set for May 9, 2023.
9. Together with the city's administrative review and appeal form, Engman submitted a two-page summary of the basis for his appeal and submitted photographs prior to the hearing for inclusion in the record before the board.
10. Engman asserts that the valuation set forth in the Assessment Notice overvalues the Property. In summary, Engman's written request for appeal asserts that the assessor failed to adequately account for the condition of the improvements, specifically the residential building on the Property.
11. Engman appeared before the board to present his appeal. The city's assessors Michael Renfro and Martins Onskulis ("Assessor") appeared on behalf of the city.
12. Prior to the hearing, on May 5, 2023, Engman submitted photographs of the Property, documenting its condition. The photographs are part of the record before the board.
13. At the hearing, Engman provided additional information regarding the condition of the Property.
14. Engman provided information tending to show that:
 - a. The building is 22 years old, and has not had exterior maintenance performed in that time;
 - b. The roof is wind-damaged; and
 - c. The building suffers from water-intrusion damage, including mold.
15. Engman presented information relating to the costs incurred 22 years ago to acquire and construct the improvements on the land.
16. Engman was unable to obtain quotes or estimates to replace the roof or the other work required to address the building's condition. Engman opined that the total cost to repair the building would be \$200,000 to \$250,000.
17. Engman acknowledged that the assessed value of the land, \$48,000, was reasonable.
18. The Assessor submitted a written statement and also provided testimony.
19. The assessor's office inspected the Property on May 8, 2023, joined by Engman and a construction contractor.
20. The Assessor generally concurred with Engman regarding the condition of the building and acknowledged further deterioration could be discovered as repairs are performed.

21. Based on the condition of the improvements, the Assessor recommended a downward adjustment of the assessed value, lowering the value of the improvements by 20%, to \$333,300, for a total assessed value of \$381,300.

22. The Assessor opined that a 20% downward adjustment to the value of improvements is typical for properties with similar issues.

23. This 20% adjustment was based in part on the Percentage Breakdown of Base Cost table contained in the Marshall & Swift Valuation Manual, which provides estimated value percentages for various components of construction.

24. Engman and the Assessor observed that both real estate prices and construction costs have increased significantly in recent years.

25. Engman argued that the Assessor's valuation of the Property takes into account the increase in real property prices but not increased construction costs.

26. The Assessor's 20% adjustment for the condition of the Property indirectly accounts for the increase in construction costs because the adjustment was made from similarly increasing real property values.

27. The Assessor also identified three comparable sales and used these comparable sales to estimate the market value of the Property if the building were of average condition, without the issues identified by Engman. The Assessor determined that the Property would sell quickly at \$550,000 if the building did not have the issues identified by Engman.

28. Notably, Engman's estimate of repair costs and the Assessor's estimate of the market value were the Property were in average condition are not in conflict. While the sum of Engman's cost repair estimate and the revised valuation exceed the Assessor's estimate of fair market value of \$550,000 by \$30,000-\$80,000, a new roof and the additional repairs would likely result in above-average condition for the market. Or, as was observed at the hearing, the full cost of necessary repairs is often not reflected in sales prices of homes in Unalaska.

29. Engman identifies the 2001 purchase price of the Property as \$219,000, consisting of the following:

- a. \$30,000 – land
- b. \$119,000 – pre-fabricated building to Seattle Dock
- c. \$35,000 – shipping
- d. \$5,000 – set up
- e. \$15,000 – foundation & side walls
- f. \$10,000 – concrete floor

g. \$5,000 – concrete driveway

30. Sales price and replacement cost are both recognized methods of real property valuation. However, Engman did not provide information indicative of present replacement cost. He provided information relating to acquisition costs. This information is 22 years old and not indicative of current replacement costs nor particularly probative of current market value of the Property.

31. Engman did not provide sufficient information upon which the board could find that the Property should be assessed at \$219,000, \$237,000, or at any specific value less than \$381,300.

Conclusions of Law

32. The appellant bears the burden of proof. The only grounds for adjustment of assessment are proof of unequal, excessive, improper, or under valuation based on facts that are stated in a valid written appeal or proven at the appeal hearing.

33. Engman failed to prove that \$381,300 is an unequal, excessive, improper valuation of the Property.

34. The Board of Equalization determined, by a vote of five in favor and one opposed, that the revised assessed value of \$381,300 is not in error.

35. Having set forth findings of fact and conclusions of law, the Board of Equalization of the City of Unalaska, sitting as an appeal body under UCO 6.32.100, hereby AFFIRMS the Assessor's adjusted assessment of \$381,300.

This is the final administrative action of the City of Unalaska on these appeals. This action may be appealed to the superior court in accordance with Alaska Statute 29.45.210(d). Any such appeal must be filed within 30 days from the date these Findings of Fact and Conclusions of Law are mailed or otherwise distributed to the appellant.

Duly adopted this 23rd day of May 2023.

Vincent M. Tutiakoff, Sr.
Chair, Board of Equalization
Mayor

ATTEST:

Marjie Veeder, CMC
City Clerk