

DATE: October 17th, 2011

TO: North Dakota Legislative Taxation Committee

FROM: Kevin Ternes, Minot City Assessor

SUBJECT: Minot Property Assessments Post Flood

June 22nd, 2011 water from the Mouse River (Canadian name Souris River) began inundating the City of Minot. Approximately 27,000 cubic feet per second came through Minot topping the old record in 1976 of about 10,500 cfs. About 2,800 homes were flooded with overland flooding in the city limits with another approximately 900 homes outside of the city in Ward County flooded. The large majority of these homes had about 4 to 5 feet on the main floor with certain areas getting water up to the roof line. Most of the homes in the valley were the smaller and older homes of Minot with the average year built of 1950. Some were built almost 100 years ago, and some were just recently built in the area of southwest Minot by the Jack Hoeven baseball fields. Except several large apartment buildings and the Arrowhead Shopping Center which had just been remodeled, the effect on commercial property was limited.

In addition another 500 mobile homes were flooded and close to 500 apartment units were lost. The entire valley was inundated with water for about 3 weeks before it went back within in the confines of the river channel. There were about 460 homes that were saved by a secondary dike, however the majority of these had sewer backup and water seepage damage from the extreme pressure of the water table that was produced underneath this dike. These homes were un-livable for several months during the evacuation time and the time it took to clean and sanitize the basements.

The assessor's office divided up about 3,500 properties among 4 appraisers including myself and we visited all neighborhoods and made exterior inspections on the majority of the properties. Before we went out, we determined after visiting with several cities in North Dakota and Cedar Rapids, IA a plan for handling the assessments. We created a 4 tier grading system to track the flood damages based on estimated market values after the flood, and replacement cost tables and estimated repair costs. These damage totals were then pro-rated for 1/2 of the year under the governor's executive Order 2011-22. This prevented the need for citizens to fill out an abatement form and attend abatement meetings. The executive order gave us the ability to make the administrative adjustments in a timely manner.

Damage estimates were about \$235,000,000 for residential and about \$14,000,000 for commercial. Therefore, about \$125,000,000 in true and full value was taken off the tax roll(pro-rated for half of the year) that had been certified by the county prior to the flood event. This was about 5% of the total taxable value of the city.

In essence the 2011 property tax bill that will be received this December by Minot and Ward County flood victims will consist of two parts of the year for flood damaged property. An assessment at full value January thru June, and the flood damage assessment from July to December added together.

Most properties were estimated to have about 70% market value damage so the property tax bill will be about 35% less on the structure portion of the assessment.

All properties will be reviewed by February of next year to see if any repairs have been made and assessments considered for 2012 at that time. If very little repairs are made, the damage deductions that were pro-rated for ½ of 2011, will be doubled for the entire year of 2012.

The total valuation of the City of Minot was projected to increase about 10% as it had for the last 3 years with new construction and the growth in market value of all existing properties. The deductions made for flood damage lowered that increase to about a 3% increase over last year's assessments.

Minot's Consolidated Mill Levy History:

2005	448
2006	441
2007	419
2008	421
2009	349(school drop from state funding)
2010	339
2011	313 projected (estimated city's share reduction of about 26 mills)

The amount of revenue that won't be collected on the valuation that was deducted because of the flood damage at the projected 2011 consolidated mill levy will be about 1.8 million dollars for the 2012 budget years of political subs. Equivalent to about 15 mills. If significant repairs are not made by February 1st, this would probably be close to double next year for the 2013 budget year. If budgets are not cut back enough to make up for 4 million dollars in revenue not collected for a 2013 budget year, then that levy must be spread over the rest of the city. You would have to increase the consolidated mill levy about 30 mills to generate that amount of revenue in total for the local political subdivisions.

Projected 2011 mill levy is expected to be about 313 mills for the City of Minot, which is down about 26 mills from the prior year which is attributed to the city's cut in the property tax levy for their 2012 budget. A 30 mill increase however would be about \$200 for a \$150,000 home for 2012 assessment. This increase would pretty much erase the 26 mill decrease that occurred this year.

Total Count Inundated with overland flooding

- 2731 Residential, includes single family/duplex/triplex
- 51 Townhomes/condos
- 148 Commercial buildings
- 236 Government owned properties to include those vacant lots and those with buildings
- 201 vacant lots
- 52 multi-family apartment buildings with at least 4 units or more (living units)
- 4 church/parsonage buildings
- 33 utility owned properties/railroad corridor
- 4 railroad corridor buildings that are leased
- 1 Hospital property

2 Fraternal organizations

12 charitable owned properties including offices/multi-family apartments(living units-)

504 mobile homes from courts(reported by county)

✓Total of Properties/mobile homes=3,999

Living units in

Houses	2212
Rental Houses	329
Single Family w/apt	73 x 2
Duplexes	52 x 2
Triplexes	22 x 3
Boarding House	8
Townhomes/Condos	54
Mobile Homes	504
Apartments(in 4 plexes or greater)	<u>381</u> apartment units
Total Units	3804 total living units inundated

Pre-Flood Assessed Values

Average Age of home in Evac Zones Built in 1950

✓Average assessed value per square foot of home in Evac Zones not counting the lot value, \$90 per square foot of above ground living area

Estimated Pre-Flood Market Value of Inundated area for Property Tax Assessment Purposes

	Land Assessment	Building Assessment
Residential Improvement Value in Inundated Area...		
includes single family, duplexes and triplexes	\$52,788,500	\$310,684,400
Condos/Townhomes	\$335,600	<u>\$4,451,300</u>
		\$315,135,700

Mobile home assessments of 504 units estimated by Ward County Assessor to be \$6,676,300.

Commercial Pre Flood Assessments not including apartments or charitable or exempt property

	Land Assessment	Building Assessment
	\$11,114,500	\$37,989,900
Multi Family Apartment Buildings (4 plex or greater)	\$1,808,800	\$15,555,400
Commercial Lease Sites of Railroad Corridor		\$525,600