

CITY AND BOROUGH OF SITKA – ASSESSMENT APPEAL 2017-01

Per Alaska Statute 29.45.110(b) the appellant bears the burden of proof and 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**. If a valuation is found to be too low, the Board of Equalization may raise the assessment.

Property Description:

Assessor's Parcel No(s). 1-1052-000 – 210 Lake Street – Sitka Residences, LLC
Legally described as L 1,2,PC82 B10 Sitka Townsite USS Survey 1474
Appellant: George Swift

Owner's Opinion of Value:	Revised Assessed Value:
\$350,000 + \$1,216,300=\$1,566,300	\$1,963,300

Appeal Overview:

The appellant has presented an appeal based upon the **excessive** criteria, but has failed to provide the necessary information in order to substantiate that reduction request as required by AS 29.45.110(b). Therefore, the property's recent 2016 sale information is the most-heavily weighted data used to substantiate this valuation. The building value was reduced based upon documented construction costs incurred as of the valuation date, but the land value was upheld.

Documentation by Appellant:

The property owner provided construction costs estimates as of January 1, 2017, but failed to provide all requested information to factually support this appeal by the April 26, 2017 deadline. Factual support commonly consists of property-specific appraisals, photos, drawings, insurance estimates, and/or cost-to-cure estimates, and is required in order to meet the burden of proof which rests upon the appellant, per AS 29.45.210(b). **Supporting data specifically requested on April 12, 24 & 25th via email and phone requests for consideration included a recent 2016 appraisal and sale closing documents, but only the building costs to date were supplied.**

Appeal Points Summary:

- Subject property was purchased for \$880,000 in 2016 and consists of a 14,037 square foot lot of prime downtown Central-Business District zoned commercial property with utilities in place, with an older 1970's commercial office building and a 1940's single-family residence.
- These older structures were very near the end of their economic life and were of marginal value; thus they were demolished and construction of the new 71-room, 43,600 square foot Aspen Hotel began in 2016.
- The property was inspected by the Assessing Department on November 25, 2016, and was estimated to be 24% complete by the January 1, 2017 valuation date; this estimate was the basis for the original 2017 building valuation..
- The property owner requested a reduction of the land from \$746,900 to \$350,000 citing he felt the land value was too high, and a reduction of the estimated building costs from \$2,592,700 to \$1,216,400 citing the inaccuracy of the 24% completion estimate.
- The building value was reduced as requested based upon the submission of construction costs to the valuation date, but the land value was upheld citing the subject property's sale at \$880,000 as the best indicator of value as a land sale.

CITY AND BOROUGH OF SITKA – ASSESSMENT APPEAL 2017-01

- Property's land value was completed using the standardized CBD land model based upon CBD land sales city-wide from 2010-2016 for equity among all land owners; these sales, as well as the subject's 2016 sale, were the basis for this land valuation conclusion.
- The appellant has provided no alternative valuation information (the subject appraisal or alternative sales) to support this reduction request.

2017 Assessed Valuation:

The 2017 assessed valuation is not a full-market valuation, it is a market based land value derived utilizing comparable land sales, and building value reconciled on the cost approach at an estimated 24% complete as of the valuation date. The building value was further revised to actual costs to date based upon the property owner's supplied information. As such the changes in assessed values from 2016-2017 are as follows:

	2016	2017	REVISED 2017
Land Value	\$ 376,800	\$ 746,900	\$ 746,900
Building Value	\$ 466,000	\$ 1,845,800	\$ 1,216,400
Total Value	\$ 842,800	\$ 2,592,700	\$1,963,300

Value Conclusion:

Per SGC 4.12.040 and Alaska Statute 29.45.110 the Assessing Director is required to value all property equitably at market value. Market value is determined by arms-length market sales. The subject's purchase price of \$880,000 was considered to be a land sale, and the very best indicator of value. It was considered a land sale because of several factors: the purchaser's immediate demolition of the original structures, making way for the hotel construction, because of the interim use of the original structures and marginal contributory value they inherently possessed. The property essentially changed to its highest and best use from that of an office income producing property to a hotel income property. The subject property's sales price is reflective of the high-demand for short-term rentals in Sitka, and the limited supply of suitable parcels for the construction of a large hotel within the Central Business District. The land value was resolved down from \$880,000 to \$746,900 to account for additional development costs and net building salvage value if any, and this was assumed to be about 15% of the cost of acquisition.

The building value was derived based upon a percent complete cost approach as is customary for properties under construction. The building value estimate was revised down from \$1,845,800 to \$1,216,400, based upon the actual construction costs submitted by the property owner.

For tax year 2017 the level of valuation detail is brief and summary due to the incomplete stage of construction. At completion, the property value most likely will reconcile somewhere in the value range of \$3,799,600 to \$9,785,500, the range of assessed values for the other five Alaska Aspen Hotels constructed by this same property owner.

PARCEL NO.	LOCATION	AV17	AV17 \$/RM	AV17 \$/SF	GBA	ROOMS	LD SF	LV17	BV17	BV17 \$/SF	YB
1-1052-000	Aspen-Sitka	TBD	TBD	TBD	44,457	71	14,037	\$ 746,900	TBD	TBD	2017
5B1501010020	Aspen-Juneau	\$ 5,284,500	\$ 67,800	\$ 118.71	44,517	78	43,566	\$ 523,000	\$ 4,761,500	\$ 106.96	2016
C-PSS-00-06A0	Aspen-Haines	\$ 4,253,300	\$ 85,100	\$ 140.37	30,300	50	52,707	\$ 228,000	\$ 4,025,300	\$ 132.85	2016
009-167-45	Aspen-Anchorage	\$ 9,785,500	\$ 106,400	\$ 195.60	50,028	92	59,489	\$1,113,600	\$ 8,671,900	\$ 173.34	2011
4705236	Aspen-Kenai	\$ 5,884,800	\$ 84,100	\$ 137.88	42,681	70	93,654	\$ 490,500	\$ 5,394,300	\$ 126.39	2007
6024041	Aspen-Soldotna	\$ 3,799,600	\$ 60,300	\$ 114.76	33,108	63	98,446	\$ 453,700	\$ 3,345,900	\$ 101.06	2001

(Notes: AV17=Assessed Value 2017, GBA=Gross Building Area, LDSF=Land Square Feet, LV17=Land Value 2017, BV17=Building Value 2017)

CITY AND BOROUGH OF SITKA – ASSESSMENT APPEAL 2017-01

Subject Photos (Original Structures Prior to Demolition in 2016):



Subject Photo (as of January 1, 2017 Valuation Date):



Assessor's Recommendation:

The appellant bears the burden of proof and has failed to provide any evidence to support the assertion that this property value needs to be further reduced.

In light of the foregoing information supporting this valuation, the Assessing Department respectfully requests that you uphold the 2017 Assessed Valuation of \$1,963,300 on appeal. This value is supported by the evidence presented, with every effort made to ensure accurate and equitable valuations between all properties.

Reference:

AS 29.45.110. Full and true value.

(a) The assessor shall assess property at its full and true value as of January 1 of the assessment year, except as provided in this section, AS 29.45.060, and 29.45.230. The full and true value is the estimated price that the property would bring in an open market and under the then prevailing market conditions in a sale between a willing seller and a willing buyer both conversant with the property and with prevailing general price levels.

Reference (Continued):

AS 29.45.210. Hearing.

(a) If an appellant fails to appear, the board of equalization may proceed with the hearing in the absence of the appellant.

(b) 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. If a valuation is found to be too low, the board of equalization may raise the assessment.

(c) The board of equalization shall certify its actions to the assessor within seven days. Except as to supplementary assessments, the assessor shall enter the changes and certify the final assessment roll by June 1.

(d) An appellant or the assessor may appeal a determination of the board of equalization to the superior court as provided by rules of court applicable to appeals from the decisions of administrative agencies. Appeals are heard on the record established at the hearing before the board of equalization.

Corrected Assessment - Tax Year 2017

April 21, 2017

City and Borough of Sitka
Assessing Department
100 Lincoln Street, Suite 108
Sitka, AK 99835
Phone: 747-1822
Fax: 747-6138
Email: assessing@cityofsitka.org



Parcel Identification Number:

1-1052-000

Corrected Assessment No: 2017-61

Property Address: 210 Lake Street

Owner(s): Sitka Residences, LLC

January 1, 2017 Assessor's Value (from assessment notice):

Land Value: \$ 746,900 Bldg Value: \$ 1,845,800 Total Value: \$ 2,592,700

I wish to withdraw this appeal at the value as stated below:

CORRECTED ASSESSMENT

Land Value: \$ 746,900 Bldg Value: \$ 1,216,400 Total Value: \$ 1,963,300

Reduced building to actual expenses as of January 1, 2017, as provided by property owner, land upheld as supported by market data.

Signature: _____

Date: _____

Signature: _____

Date: _____

Each property owner or designee must sign, date and return this withdrawal to the address, fax number or email listed above

This withdrawal will not be final until signed and returned by the appellant, and the value is approved by the Assessor.

ADJUSTMENT NOTICE

If your signed response has not been received BY APRIL 24TH, 2017, this value recommendation will move forward for hearing by the Board of Equalization May 1, 2017.

1-1052-000

City and Borough of Sitka
Petition for Adjustment of Assessed Valuation
Real Property

Date Filed: 4-14-2017

The deadline for filing an appeal with the Assessor is 4:00 pm April 14, 2017. However, appeal of the Board of Equalization, in what is deemed to be unusual circumstances; by unanimous vote may waive this time provision. The Assessor **must be** contacted during the 30 day appeal period.

Parcel Identification No. 1-1052-000

1. I, GEORGE SWIFT, representing SITKA RESIDENCES LLC
The owner of the above identified property, hereby request the Assessor review the assessment of said property.

2017 Assessed Value:

Land \$ 746,900 Building(s) \$ 1,845,800 Total \$ 2,592,700

2. Please answer the following questions for the information of the Assessor and the Board of Equalization in considering this appeal:

- A. What date was the property acquired? 11/2015
B. What was the full consideration/price? 880,000
C. Did this price include any furniture/ fixtures? If so, List approximate value \$ NO
D. What do you consider the market value?
Land \$ 350,000 Bldg \$ _____ Total \$ _____
E. Have you ever offered this property for sale? Yes _____ No X
F. Have you ever received an offer? Price/when NO
G. have you had the property appraised in the past 2 years? \$ YES

3. There is an error or omission on the assessment of this property for the following reason(s):

BOUNDARY VALUE NOT ACCURATE
LAND VALUE SHOULD BE LESS THEN WE PAID BECAUSE OF EXISTING BUILDINGS

Print Name: GEORGE SWIFT Phone# 206-954-1931

Sign here: [Signature] Date: 4-14-2017

Western Steel, Inc.
Job Cost Report
As of Dec 31, 2016

Filter Criteria includes: 1) IDs from 20120 to 20120; 2) Active Jobs. Report order is by ID

Job Description	Phase Description	Cost Code Description	Act. Expenses	Act. Revenue
Hotel Site, Sitka, Alaska				1,171,309.00
	Design Cost: Archt. Engin		17,550.84	
	Testing & Inspection		3,166.00	
	City/Permit Fees		1,624.10	
	Insurance, Work Comp		12,282.00	
	Geneml Conditions		13,633.80	
	Freight		44,023.57	
	Labor Supt Camp		44,548.22	
	Dumpster Fees		20.00	
	Equipment Rent & Expen		27,544.30	
	Site Work		289,309.54	
	Building Supplies		9,810.52	
	Tools		9,511.15	
	Concrete Forms & Materi		149,149.08	
	Framing Labor		128,521.45	
	Framing Materials & Exp		154,537.40	
	Trusses		105,003.72	
	Metals		5,300.00	
	Plumbing		160,196.84	
	Electrical & Fire Alarm		240,006.67	
	HVAC/PTAC Equi. Rms		10,776.00	
	Elevator		31,350.00	
	Exterior Finish		958.45	
	Windows & Storefronts		21,350.00	
	Vanities & Bath Fixtures		6,569.52	
			<u>1,486,743.17</u>	<u>1,171,309.00</u>
			<u>1,486,743.17</u>	<u>1,171,309.00</u>

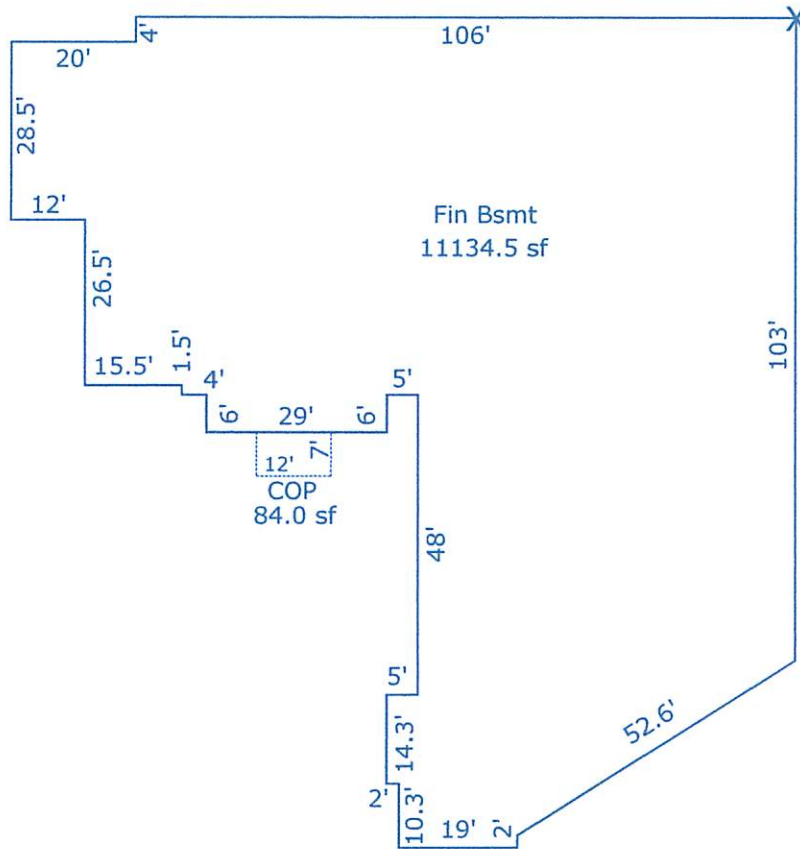
The underlined items were paid for BUT NOT
INSTALLED ON THE PROJECT

SUBJECT

Zip 99835

Inspection Date 11/22/16

IMPROVEMENTS SKETCH



Scale: 1" = 14'

AREA CALCULATIONS

AREA CALCULATIONS SUMMARY					
Code	Description	Factor	Net Size	Perimeter	Net Totals
BSMT	Fin Bsmt	1.00	11134.51	520.1	11134.51
P/P	COP	1.00	84.00	38.0	84.00

Comment Table 1	
Comment Table 2	Comment Table 3

SKETCH/AREA TABLE ADDENDUM

Parcel No 11052000

Property Address 210 Lake Street

City Sitka

State AK

Zip 99835

Owner Sitka Residences, LLC

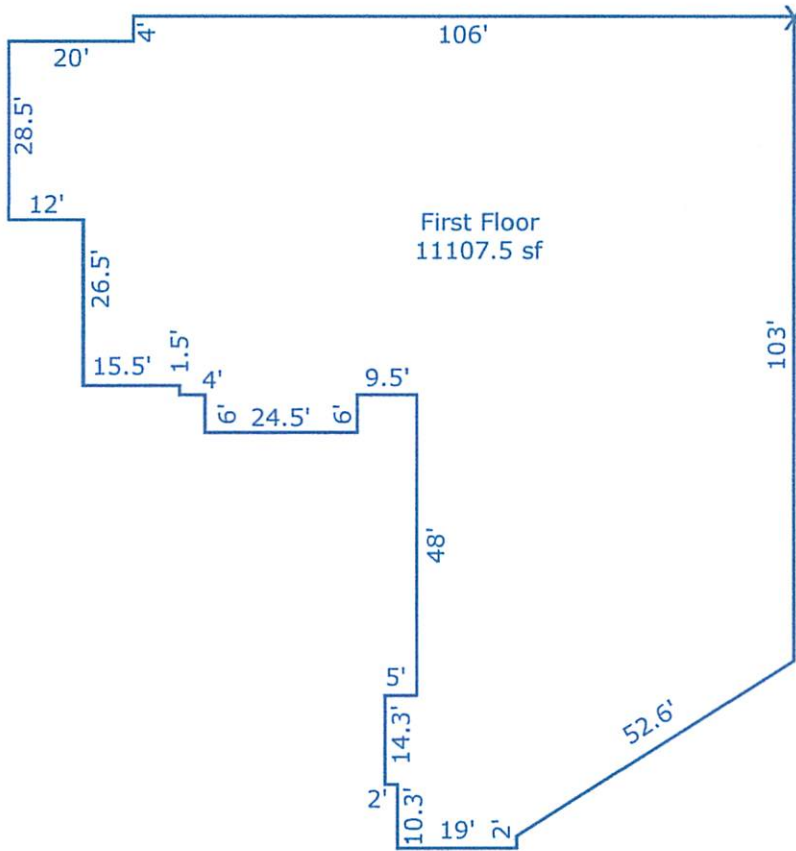
Client

Appraiser Name Josh Joseph

Inspection Date 11/22/16

SUBJECT

IMPROVEMENTS SKETCH



Scale: 1" = 14'

AREA CALCULATIONS

AREA CALCULATIONS SUMMARY

Code	Description	Factor	Net Size	Perimeter	Net Totals
GBA1	First Floor	1.00	11107.51	520.1	11107.51
Net BUILDING Area (rounded w/ factors)					11108

Comment Table 1

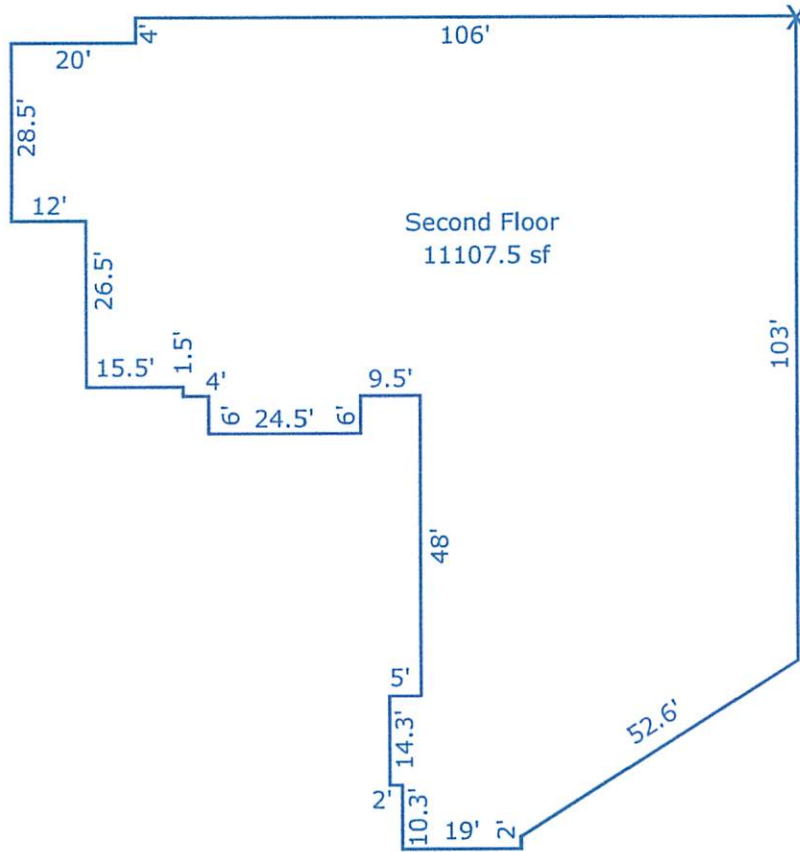
Comment Table 2

Comment Table 3

SKETCH/AREA TABLE ADDENDUM

Parcel No 11052000

SUBJECT	Property Address 210 Lake Street		
	City Sitka	State AK	Zip 99835
	Owner Sitka Residences, LLC		
	Client		
	Appraiser Name Josh Joseph		Inspection Date 11/22/16



Scale: 1" = 14'

AREA CALCULATIONS	AREA CALCULATIONS SUMMARY						Comment Table 1	
	Code	Description	Factor	Net Size	Perimeter	Net Totals		
	GBA2	Second Floor	1.00	11107.51	520.1	11107.51		
	Net BUILDING Area (rounded w/ factors)					11108	Comment Table 2	Comment Table 3

SKETCH/AREA TABLE ADDENDUM

Parcel No 11052000

Property Address 210 Lake Street

City Sitka

State AK

Zip 99835

Owner Sitka Residences, LLC

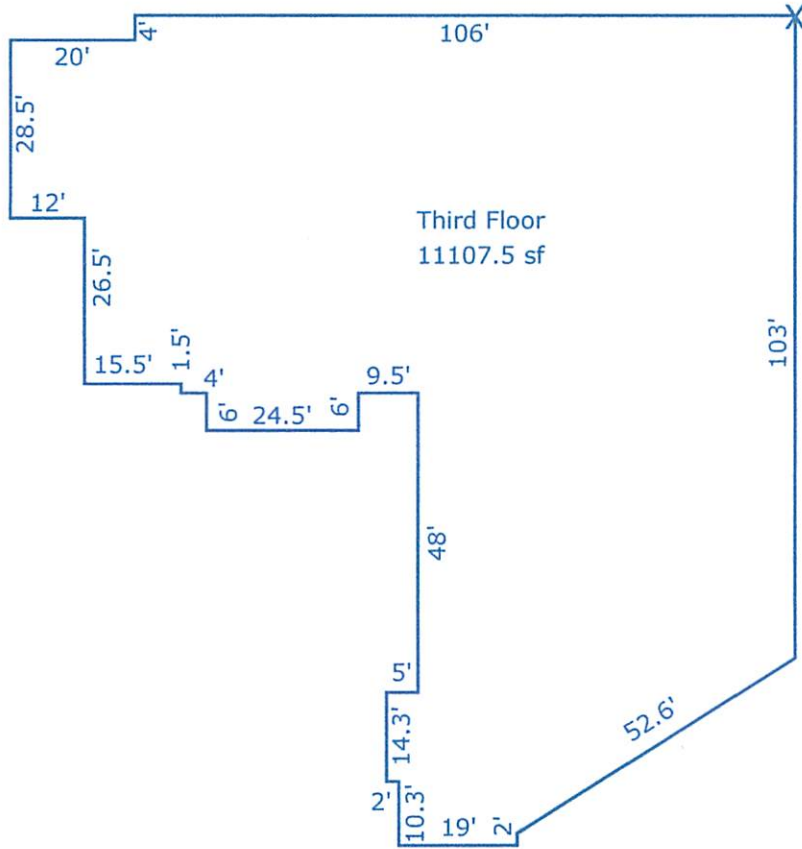
Client

Appraiser Name Josh Joseph

Inspection Date 11/22/16

SUBJECT

IMPROVEMENTS SKETCH



Scale: 1" = 14'

AREA CALCULATIONS

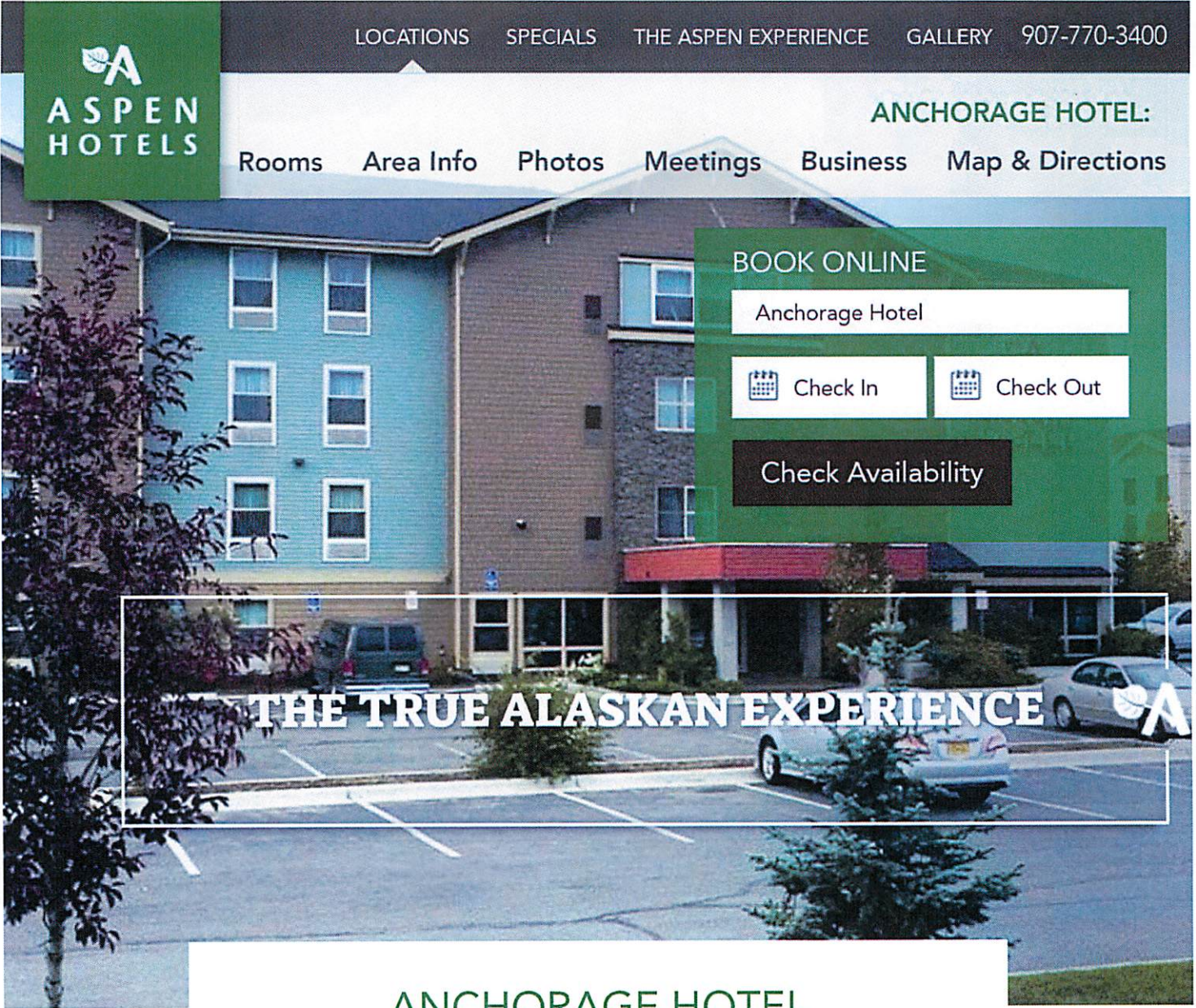
AREA CALCULATIONS SUMMARY

Code	Description	Factor	Net Size	Perimeter	Net Totals
GBA3	Third Floor	1.00	11107.51	520.1	11107.51
Net BUILDING Area (rounded w/ factors)					11108

Comment Table 1

Comment Table 2

Comment Table 3



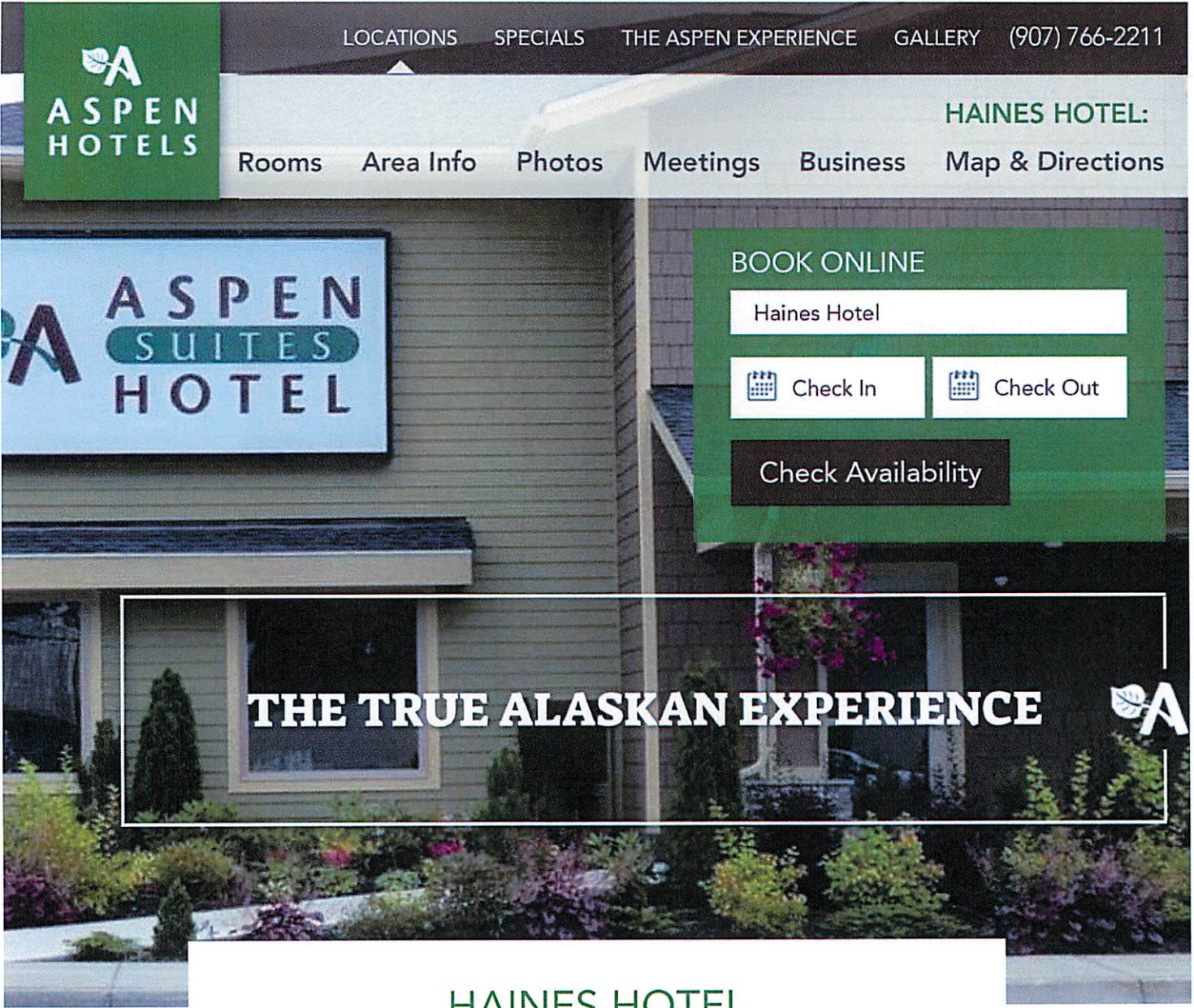
2017 ASSESSED VALUE - \$9,785,500 - 92 Rooms Valued at \$106,400 PER ROOM

Aspen Suites Hotel Anchorage in midtown, is in the heart of one of the largest cities in Alaska. Just 3 miles east to the Ted Stevens Anchorage International Airport and minutes from downtown Anchorage Alaska.



MIDTOWN
ANCHORAGE HOTEL

GUEST ROOM
OPTIONS



2017 ASSESSED VALUE - \$4,253,300 - 50 Rooms Valued at \$85,100 PER ROOM

Aspen Suites Hotel in Haines is in the heart of one of the most scenic areas of Southeast Alaska. With miles of beautiful coastline, plentiful wildlife, cultural facilities and incredible outdoor recreation opportunities you are certain to enjoy your Haines Alaska experience.



HAINES HOTEL

GUEST ROOM

Aspen Suites Hotel in Haines is a perfect choice

LOCATIONS SPECIALS THE ASPEN EXPERIENCE GALLERY (907) 500-7700

ASPEN HOTELS

JUNEAU HOTEL:

Rooms Area Info Photos Meetings Business Map & Directions

BOOK ONLINE

Juneau Hotel

Check In Check Out

Check Availability

THE TRUE ALASKAN EXPERIENCE

JUNEAU HOTEL

2017 ASSESSED VALUE - \$5,284,500 - 78 Rooms Valued at \$67,750 PER ROOM

Aspen Suites Hotel in Juneau is in the heart of one of the most scenic state capitals in the nation. Close to the Juneau Airport and 4 miles from Alaska Marine Ferry Dock, Aspen Suites Hotel Juneau is also just minutes from the awe-inspiring Mendenhall Glacier.



JUNEAU HOTEL

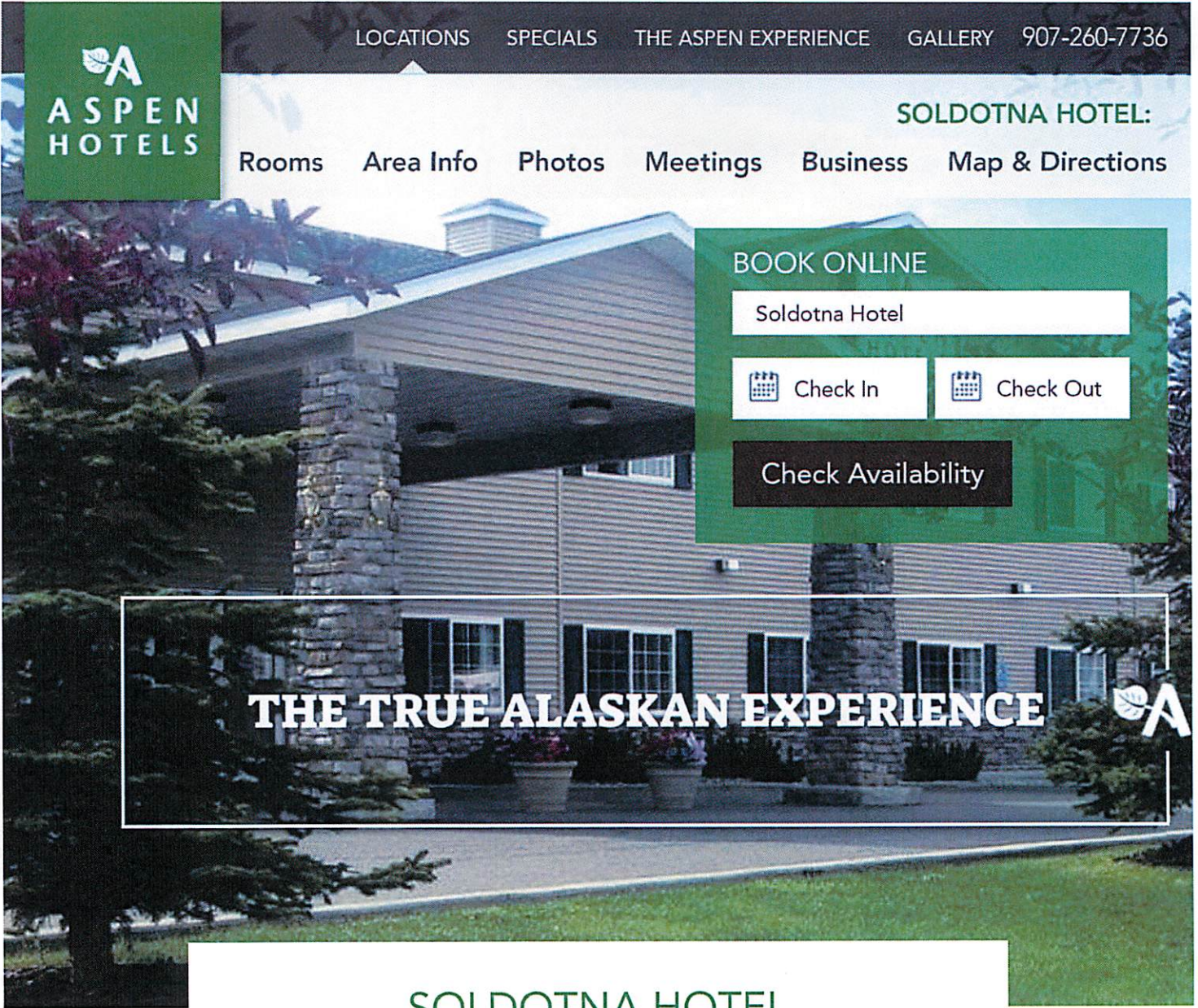
GUEST ROOM

Aspen Suites Hotel in Juneau is a perfect choice



GUEST ROOM OPTIONS

4/25/17, 3:08 PM




2017 ASSESSED VALUE - \$3,799,600 - 63 Rooms Valued at \$60,300 PER ROOM

Soldotna’s newest and finest hotel located in the heart of downtown. The Aspen Hotel offers excellent access to the world famous Kenai River with plenty of freezer storage for your prized “catch.”



SOLDOTNA HOTEL
ON THE KENAI

GUEST ROOM
OPTIONS



LOCATIONS

SPECIALS

THE ASPEN EXPERIENCE

GALLERY

SITKA HOTEL:

Rooms

Area Info

Photos


Meetings


Business

Map & Directions

BOOK ONLINE


Sitka Hotel

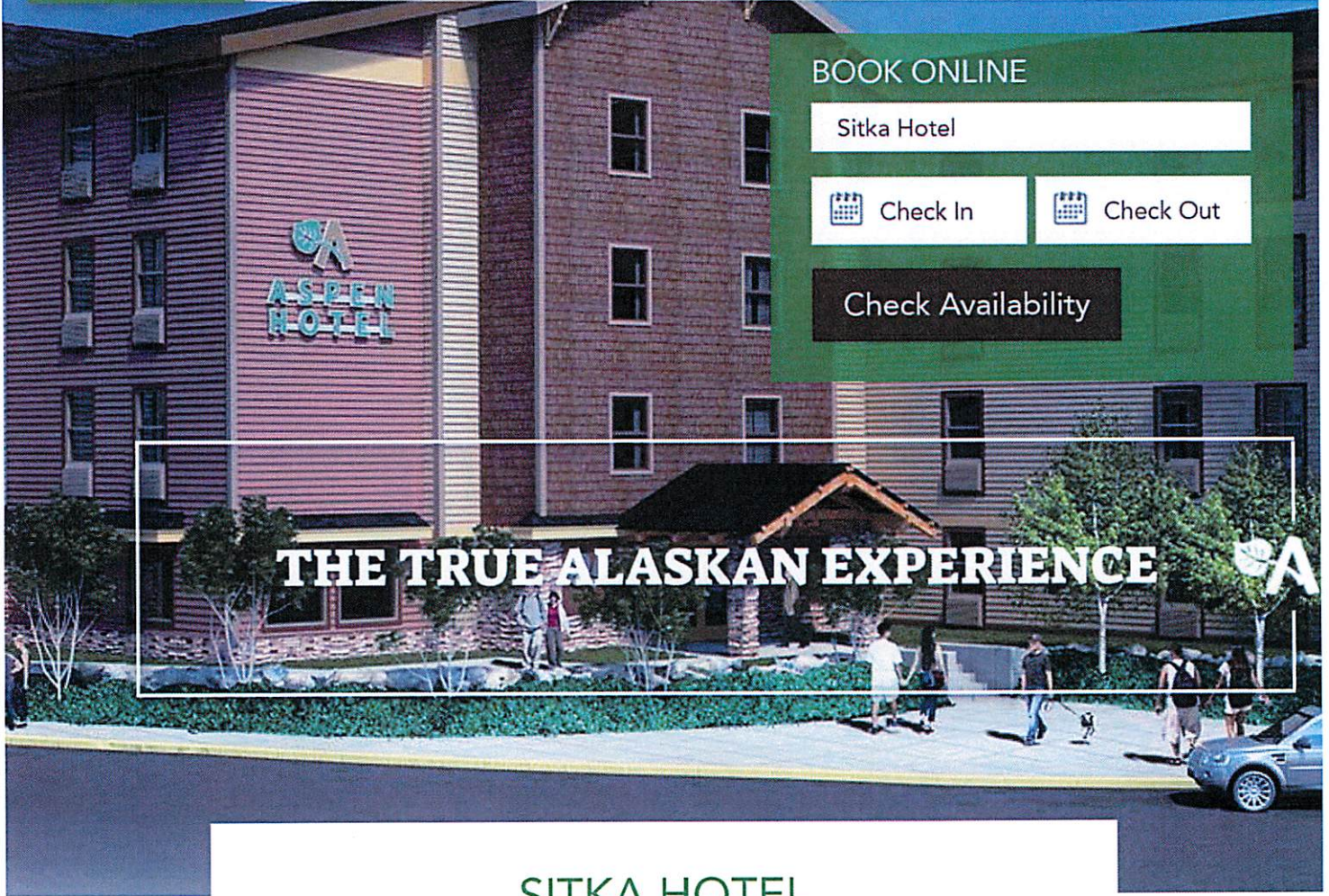
 Check In

 Check Out

Check Availability

THE TRUE ALASKAN EXPERIENCE





SITKA HOTEL

Aspen Suites Hotel Sitka, is located in the former capital of Russian America. This sea-side community is often considered to be the most beautiful of all the southeast Alaskan cities. Sitka is located on the west side of Baranof Island and is flanked on the east by majestic snow-capped mountains, and on the west by the Pacific Ocean.

