

2023
ASSESSMENT
REPORT



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Report Date: March 6, 2023

Summary

- The total estimated market value for Minnetonka in assessment year (AY) 2023 is \$13.39 billion, a 6 percent increase from \$12.59 billion in AY 2022. Approximately 71 percent of the total market value comes from residential property, while about 29 percent comes from commercial, industrial, and apartment properties. The table below outlines the growth (including new improvements) in the market by main property classifications:

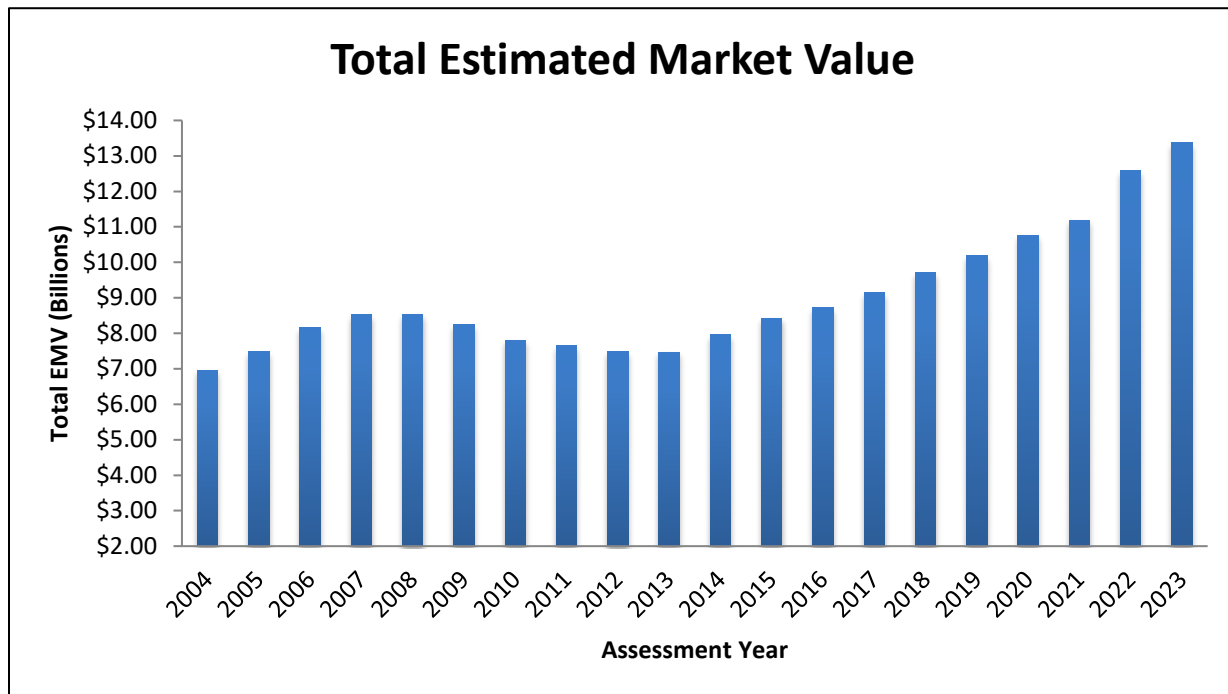
	Overall Growth	Total Change (millions)
Single-household Residential	4.9%	\$387.7
Lakeshore	9.6%	\$55.0
Townhouses	4.2%	\$43.5
Condominiums	7.6%	\$57.0
Commercial	2.6%	\$54.6
Industrial	6.2%	\$30.0
Apartments	13.4%	\$205.6
Other Property Types	6.0%	\$14.9
Total Change	5.2%	\$848.4

- Single-household sales volume was down 13.1 percent for AY 2023. For the first time in seven years, the number of qualified residential sales has fallen below 500, at 445 sales. The lowest point in sales volume occurred in AY 2012, when there were 58 percent fewer sales than AY 2023.
- Apartment values continued to climb this year. Values on existing apartments increased 6.9 percent, while the overall change (including new construction) was 13.4 percent.
- Overall industrial growth was up 6.2 percent, showing strong growth. Commercial growth overall was 2.6 percent, with office properties staying relatively flat and retail properties exhibiting stronger growth.
- The new construction value has increased from \$96.1 million in 2021 to \$199.2 million in 2022. Much of this is due to several large apartment complexes starting construction in 2022.
- The 6.0 percent growth of “Other Property Types” was due to land, seasonal, and other miscellaneous property types.

2023 Assessment from a Historical Perspective

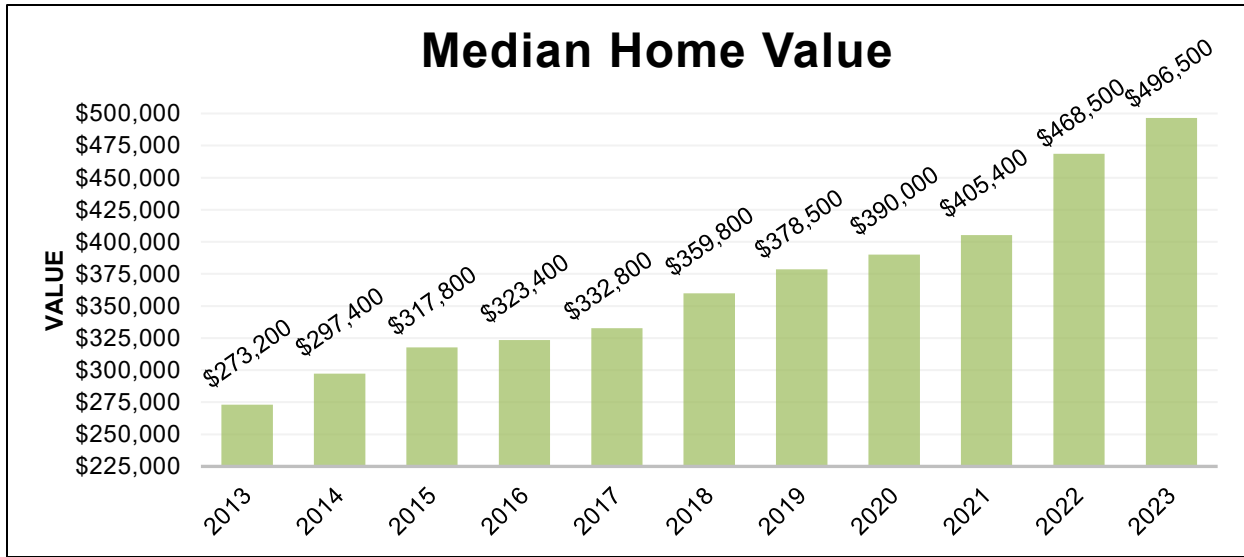
The 2023 property assessment for Minnetonka is complete. Property owners will receive a Notice of Estimated Market Value in March. The 2023 property assessment applies to property taxes payable in 2024 and reflects market conditions between October of 2021 and September of 2022. With values finalized, the overall movement in the city’s real estate market is clear.

The City of Minnetonka has typically experienced steady growth in the market value of real property since the early 1990s. The city was not immune to the economic downturn that affected real estate values throughout the Twin Cities metro area and most of the nation during the Great Recession. As depicted in the chart below, the 2009 assessment was the first year of declining values, which continued through the 2013 assessment. There has been ten years of value growth since 2013, with a 5.2 percent increase in AY 2023. The total estimated market value of real estate in Minnetonka is \$13.39 billion, establishing a new high above the peak of \$12.59 billion in AY 2022.



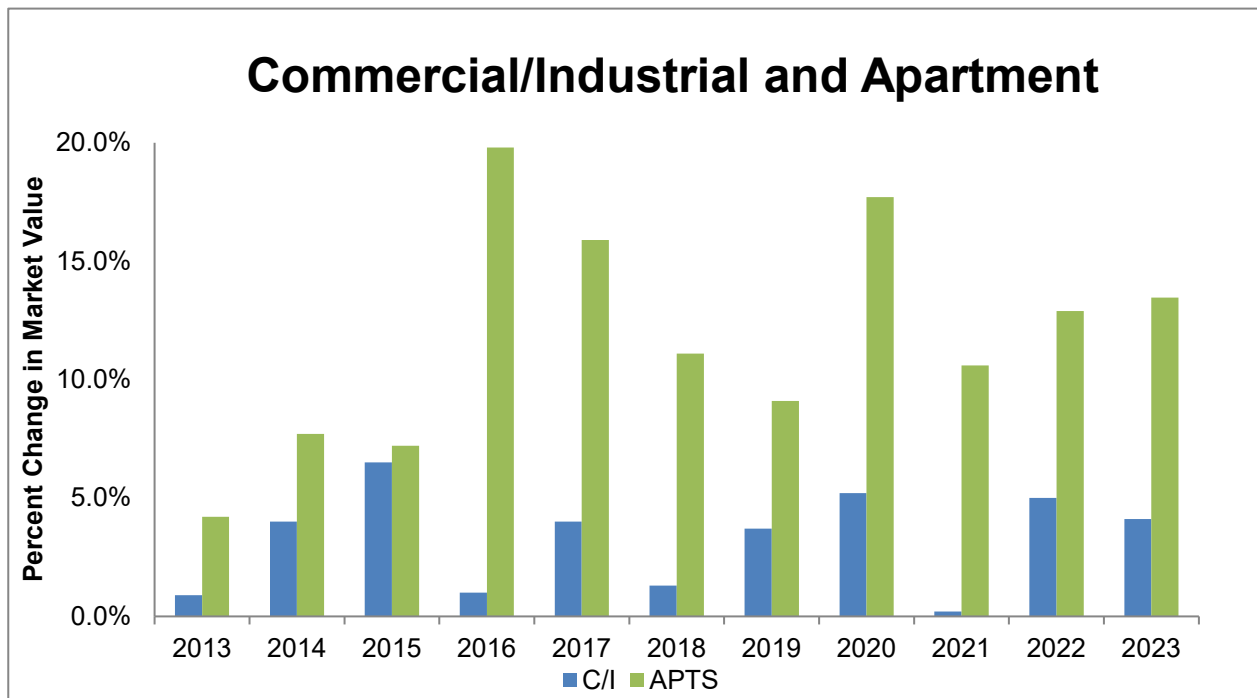
The decline in the overall market value of the city between assessment years 2009 and 2013 came from both the residential and commercial sectors. In the residential sector, the median home value reached its low in AY 2013, with a median value of \$273,200. As the following chart indicates, the median home value has increased for nine consecutive years, bringing the 2023 median home value to \$496,500.

*The Minnetonka data and statistics used in this report are from the 2023 assessment approved by Hennepin County on February 7, 2023. The data and statistics may not precisely match the 2023 Hennepin County Assessment Report due to the timing or the methodology used in calculating the statistics.



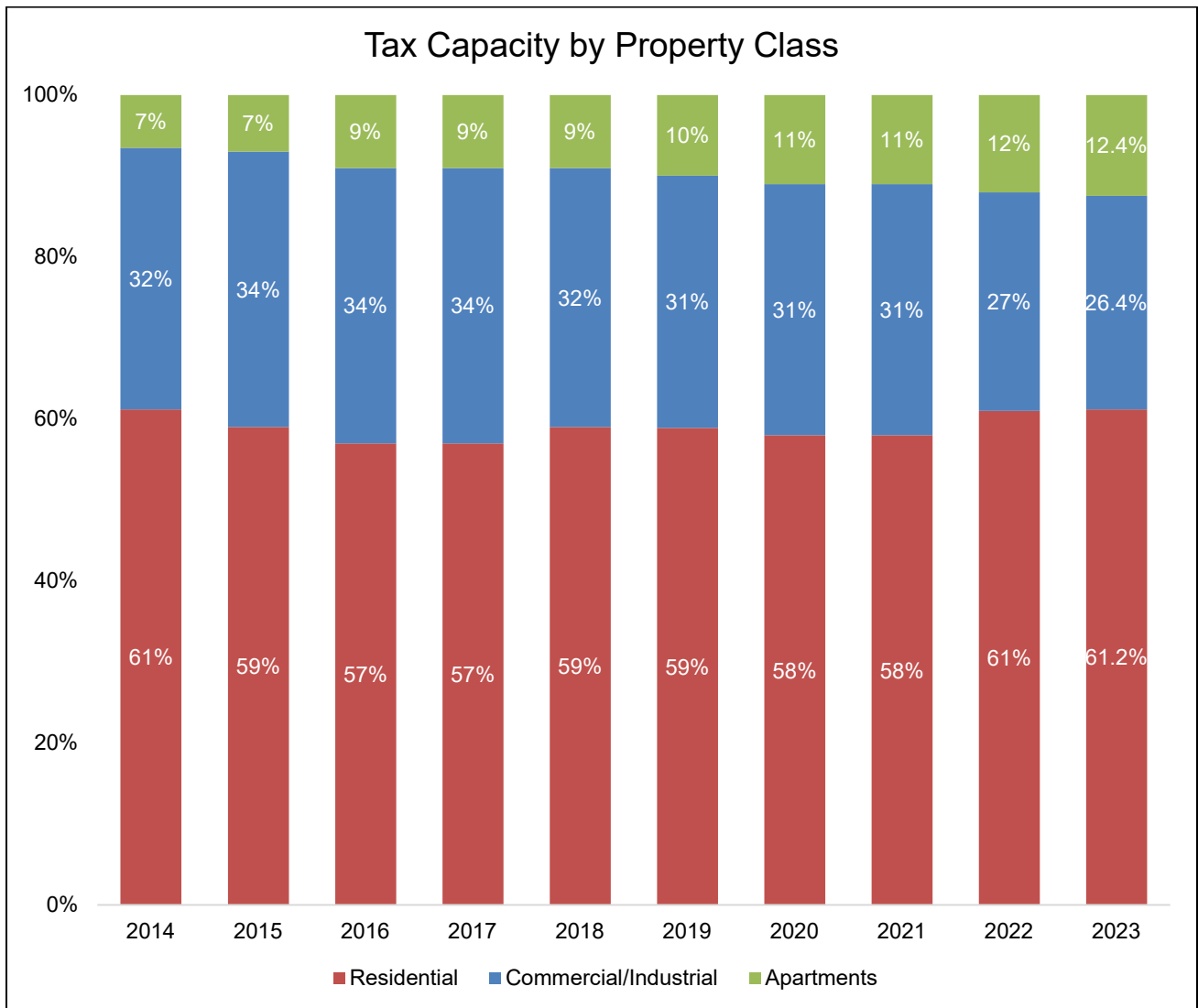
For AY 2023, the commercial markets exhibited increases in value varying by market sector. Most sectors are back to pre-pandemic levels with the exception being hotels. Industrial continues to show strength and increases as the world shifts towards delivery-reliant distribution centers.

Apartment values have increased significantly over the past ten years due to both new construction and a strong apartment market. For AY 2023, there were four apartment projects under construction encompassing 1040 units. The overall value increase in AY 2023 was 13.4 percent, including 6.9 percent market growth on existing units.



Tax Capacity

The property tax capacity of a city is structured by state law and is used to allocate property taxes each year. The total tax capacity is divided among property classes to determine the allocation of the property taxes paid by class. Tax capacity is a function of market value. When the proportions of value by property class within a jurisdiction change, the tax capacity changes. Single-household residential properties represent the majority of the total tax capacity in Minnetonka, followed by commercial/industrial, and then apartments. Even though 71 percent of the value in Minnetonka is generated by the residential market, only 61 percent of the tax capacity is residential due to the higher class rates for commercial/industrial and apartments.



The Residential Market

In Minnetonka, roughly 96 percent of the 20,925 taxable parcels are residential. The assessing staff uses city-wide comparisons of similar styles, qualities, and classes of homes in making the annual property assessment. This comparison results in the same market value adjustments applied to like properties throughout the city. For example, an average-sized, three-bedroom rambler in the northeastern part of the city is valued based on the actual sale prices of similar ramblers throughout the city. Adjustments are made to the property for location and positive or negative attributes to reflect the property's market value. This provides more accuracy to account for the differences in the localized geographic area.

This system can be applied to all styles of homes (rambler, two-story, etc.) and allows the appraiser a range of judgment in setting the quality class for a particular home. When the quality class has been determined based on the physical characteristics, the appraiser applies a prescribed dollar rate to the square footage. The appraiser also adds or subtracts other dollar adjustments depending on the specific features and characteristics. This technique is similar to fee appraisal techniques used in the private appraisal industry.

Single-household properties are grouped into geographic districts in order to conduct periodic physical inspections of properties. Quality features are re-examined at this time, along with other characteristics of the home. During the revaluation process, staff looks for markets within the geographic districts, which are studied individually to improve accuracy. The current revaluation process is completed on a five-year cycle to ensure that each property is physically reviewed at least every five years.

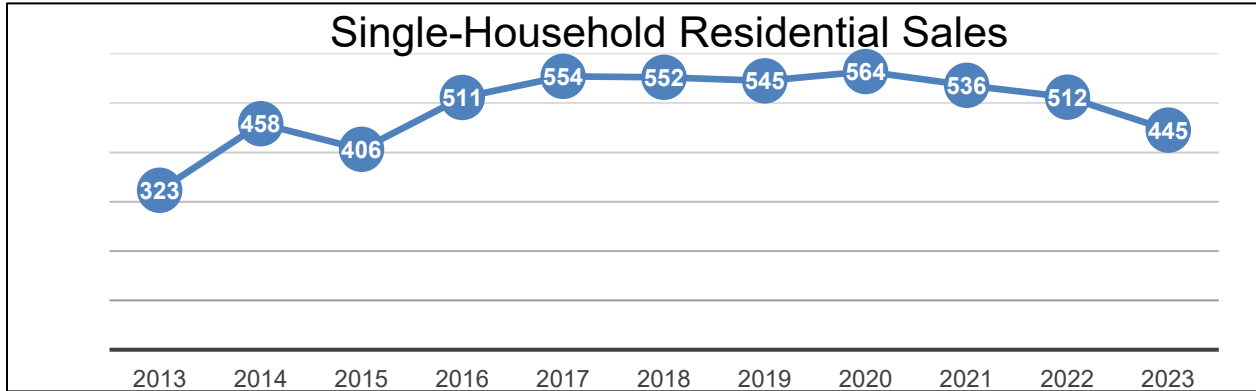
Staff uses the Local Government Information Systems (LOGIS) property data system (PDS) computer-aided mass appraisal (CAMA) to determine the market value for each residential property. This PDS system allows the appraisal staff to revalue each residential property annually. By revaluing both land and improvements annually, the accuracy and equity of the assessment improves.

The LOGIS consortium continues to make updates as needed. Searching capabilities and data analysis continue to be improved, allowing the appraisers to do their work more efficiently.

Residential Sale Data

While a larger sample set generally provides greater precision in calculating market value, staff carefully considers all factors that could affect current market conditions and adjusts accordingly. While on average, all residential sub-markets increased in value, not every parcel changed the same amount. Because of all of the factors that affect market value, some parcels increased above the average, while some increased at a much lower rate. A small percentage of parcels declined in value, which is typically due to changes in a submarket or parcel-specific characteristic changes observed during quintile or permit reviews.

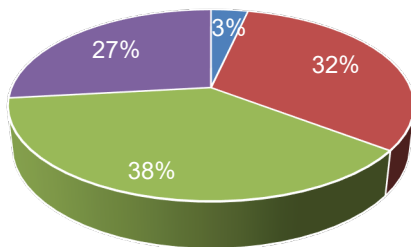
As illustrated in the following graph, the number of qualified single-household home sales has fallen below 500 for the first time in seven years.



The 2023 Distribution of Sales by Price chart below indicates the largest segment of home sales for AY 2023 is represented by homes selling for \$450,000 - \$699,999 (43 percent), followed by homes selling for \$300,000 - \$449,999 (34 percent), then by homes selling for \$700,000 and higher (20 percent), and finally by homes that sold for less than \$300,000 (3 percent). The two higher-priced strata of sales combine to account for 63 percent of sales over the study period, indicating that the majority of sales continue to be in the higher-valued homes.

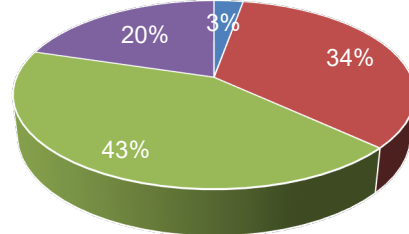
The charts below also compare the distribution of single-household home sales from AY 2022 to the distribution of single-household home sales in AY 2023. The distribution of sales remained relatively consistent from AY 2022 to AY 2023.

2022 Distribution of Sales by Price



- Less than \$300,000
- \$300,000 to \$449,999
- \$450,000 to \$699,999
- \$700,000 and Higher

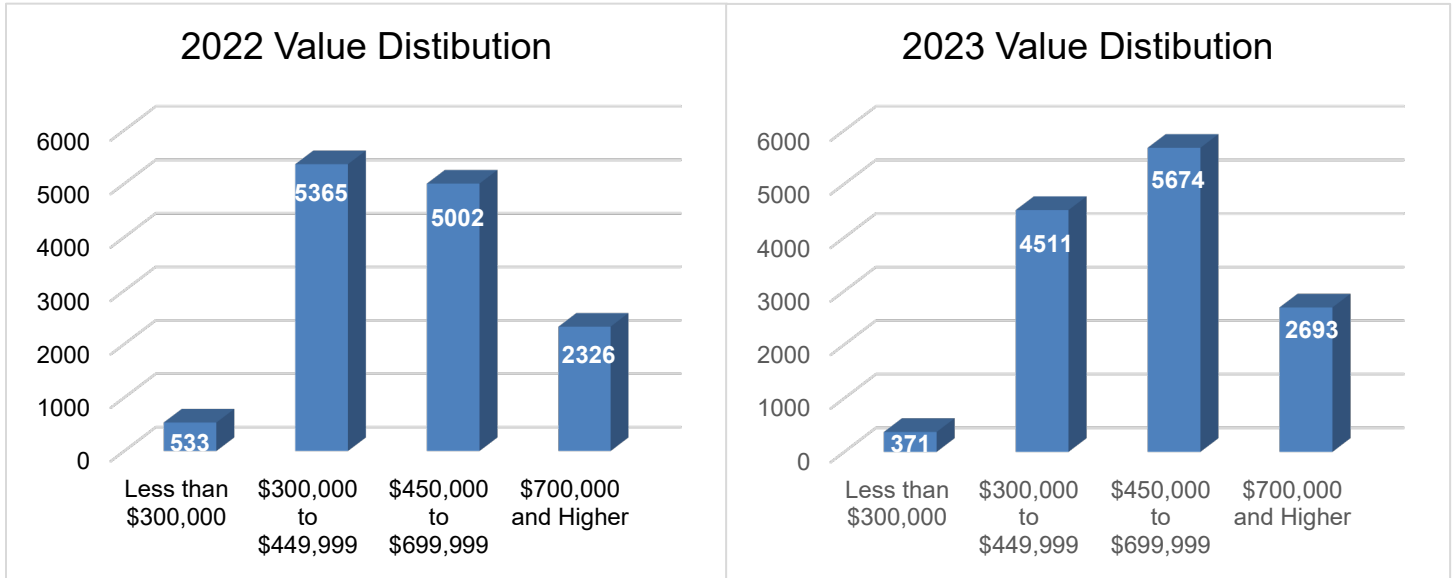
2023 Distribution of Sales by Price



- Less than \$300,000
- \$300,000 to \$449,999
- \$450,000 to \$699,999
- \$700,000 and Higher

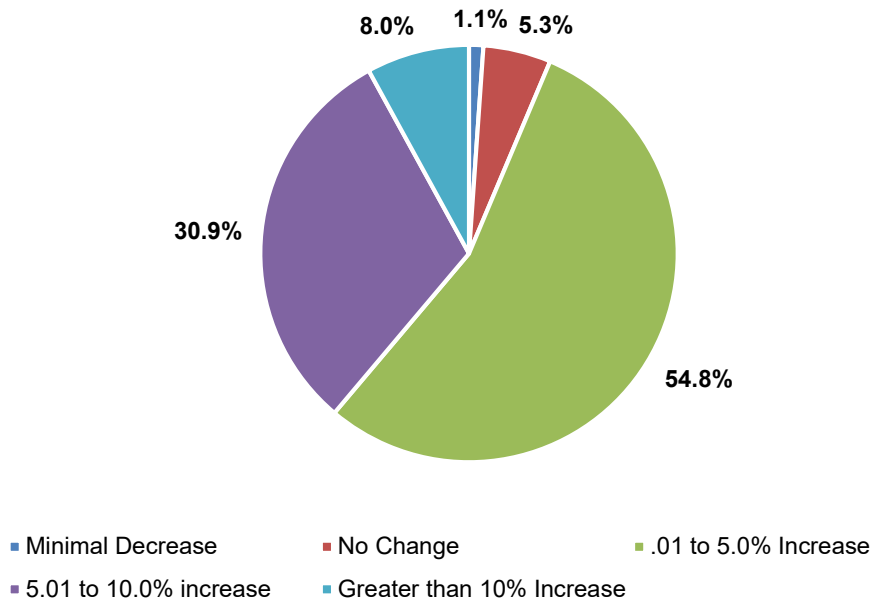
2023 Percentage Change in Value

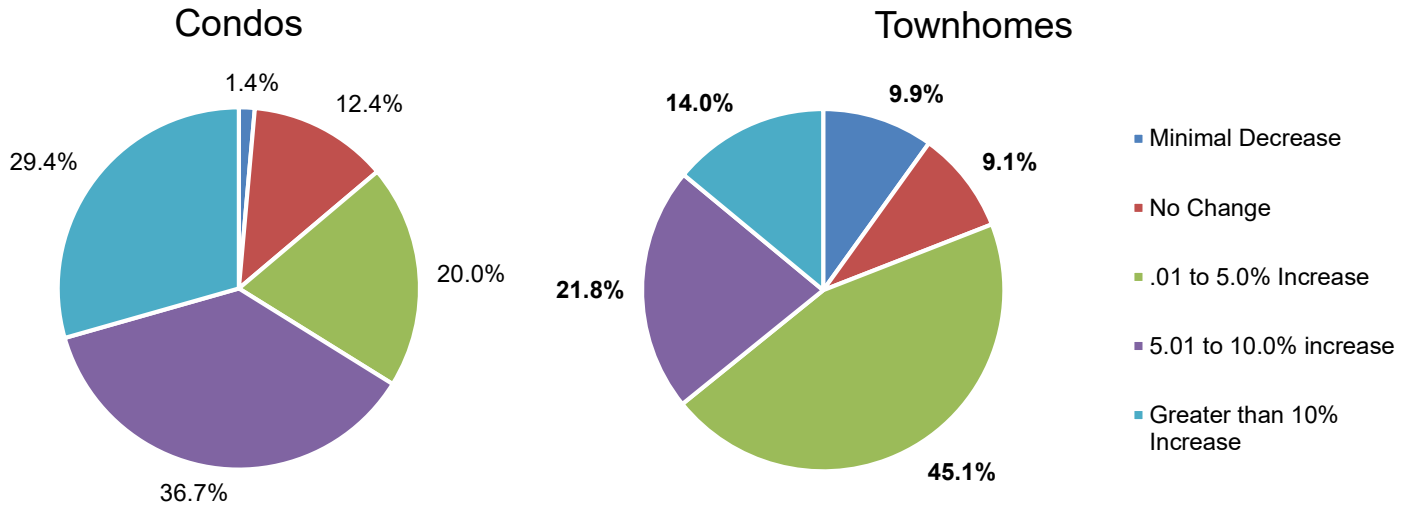
The charts below utilize the same parameters as the previous page to show the 2023 value distribution. This illustrates that for AY 2023, very few homes remain valued under \$300,000.



Various segments of the residential market are illustrated in the charts below. Over sixty percent of the single-household market saw less than five percent increases. Condos saw more significant increases for AY 2023, with two-thirds seeing greater than five percent growth.

Single-Household





Residential market data throughout neighboring jurisdictions is listed in the chart below. Throughout the west metro, single-household residential real estate net increases were in the range of 0.5 percent to 6.7 percent. Minnetonka’s growth of 4.9 percent was slightly more than the average growth of 3.5 percent.

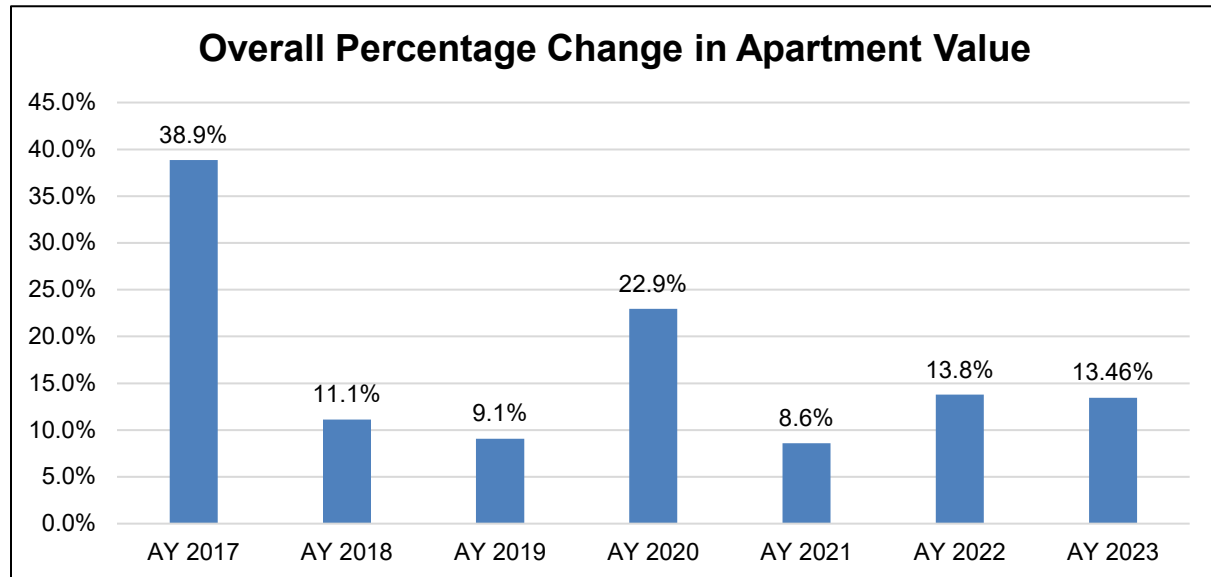
Single-Household Market Adjustments			
Jurisdiction	2021	2022	2023
St. Louis Park	6.6%	11.4%	0.5%
Maple Grove	5.3%	20.5%	1.0%
Bloomington	6.6%	16.7%	1.7%
Eden Prairie	3.5%	19.2%	4.5%
Minnetonka	3.7%	15.3%	4.9%
Plymouth	3.0%	16.9%	5.3%
Edina	2.4%	13.4%	6.7%
Average	4.4%	16.2%	3.5%

The Apartment Market

The apartment market in Minnetonka has remained strong amidst the COVID-19 pandemic and post-pandemic. The city’s market experienced strong growth in AY 2022 and 2023. This is consistent with both the Twin Cities metro area and national trends. Sale prices per unit are increasing in the west metro. Some of the factors driving the demand for apartments are empty nesters selling single-household homes and moving into rental housing, millennials flocking to the metro area for jobs, and the willingness of lenders to provide institutional financing.

Minnetonka has contributed to the active metro apartment market. Minnetonka has over 1,000 new multi-household units currently under construction, bringing the total number of units from 7,956 to 9,010 over the last year.

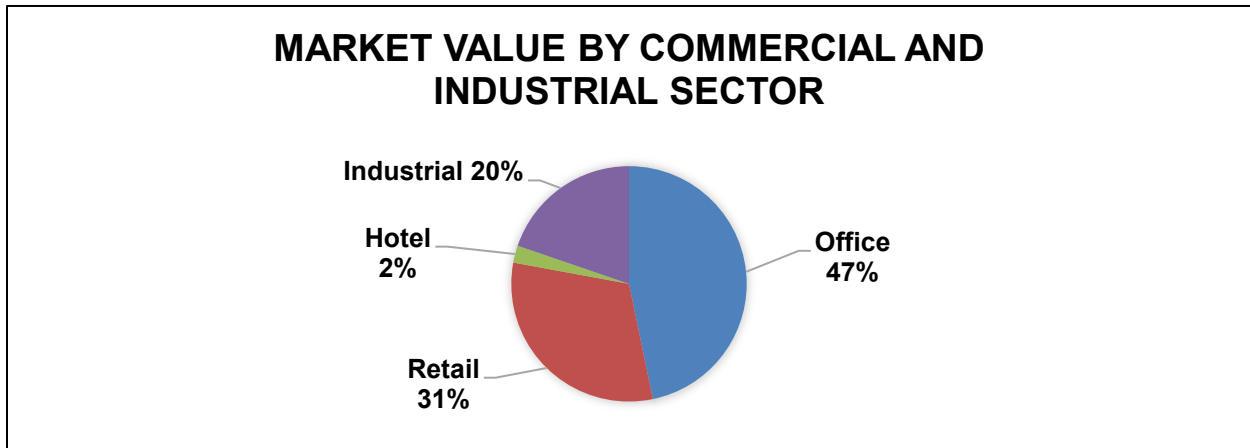
	AY 2018	AY 2019	AY 2020	AY 2021	AY 2022	AY 2023
Total EMV:	\$928,561,500	\$1,012,895,000	\$1,245,286,100	\$1,352,358,900	\$1,538,665,100	\$1,745,844,600
New Value:	\$ 35,957,000	\$ 28,725,000	\$ 119,001,000	\$ 94,468,000	\$ 21,250,000	\$ 101,197,500
New Units:	0	648	903	75	0	1,054
Total Units:	6,330	6,978	7,881	7,956	7,956	9,010



The Commercial and Industrial Market

While only three percent of the assessed parcels in Minnetonka are commercial or industrial, these property types have historically comprised a significant share of the tax base (tax capacity). For AY 2023 (taxes payable in 2024), the commercial and industrial share is 26 percent.

Commercial properties consist of office, retail, and hotel sectors. The chart below displays the makeup of the commercial and industrial markets for AY 2023. The sectors stayed relatively consistent from AY 2023 to 2022.



Changes in gross market values for these real estate sectors vary due to several factors. The various sectors within commercial real estate can move at different rates depending on demand within the sector. In addition, the quality and location of the buildings can play an important role in changes to value. Commercial real estate can be more sensitive to socio-economic trends as the general outlook of real estate investors is based on the anticipation of relatively short-term gains. The pandemic did have an effect on the commercial market for 2021 and 2022. The most significant effect was in the retail and hotel sectors, which both showed reductions in value in AY 2021. Many of those properties increased in value for AY 2022, but not yet to pre-pandemic levels. For AY 2023, most sectors of the commercial real estate markets are back to pre-pandemic levels.

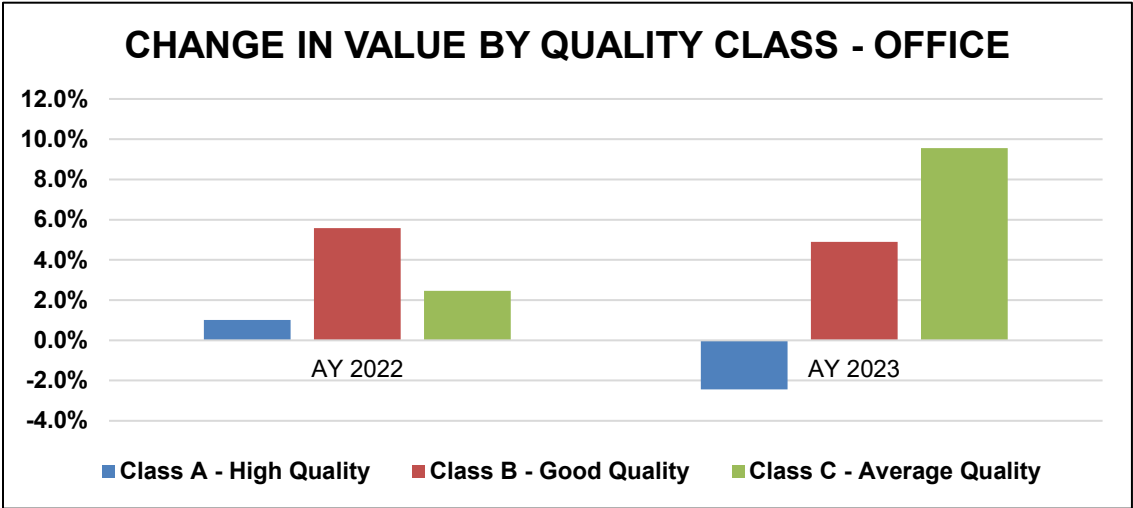
COMMERCIAL MARKET VALUE CHANGE BY SUBMARKET AND ASSESSMENT YEAR								
	2016	2017	2018	2019	2020	2021	2022	2023
Office	-2.20%	4.40%	3.20%	2.90%	5.73%	1.54%	2.60%	1.92%
Industrial	1.50%	9.60%	3.00%	9.50%	7.10%	4.09%	10.30%	6.20%
Retail	2.10%	1.50%	0.50%	2.00%	3.79%	-1.75%	5.53%	5.93%

Office Market

For AY 2023, the office market remains in flux. With many companies working on a hybrid schedule, less office space is needed. Many of these companies have reduced the amount of space they require, resulting in an abundance of square feet available for sublease and increasing vacancy rates.

Class A (the highest quality) office spaces saw small value decreases for 2023. This is mainly due to a comparable Class A sales throughout the western suburbs. One sale to note is the Normandale Lake Office Park in Bloomington. This large office park sold for \$366 million, which was a small discount from the last time it sold in 2014.

As noted below, the Class B and Class C space continues to experience growth. These tend to be owner/user-type buildings. They also tend to be less densely populated, which is more adaptable to change during the pandemic. They also tend to be smaller properties, making them more affordable to buyers even with increased values.



New construction in the office sector for AY 2023 was mostly limited to tenant improvements and remodeling of existing buildings. Many Class B and C properties continued to be renovated to become more competitive in the future or for use by owner-occupants.

Industrial Market

The Minnetonka industrial market continues to increase with moderate growth. Higher rents and lower vacancies were the story again in 2022. This continued growth through the pandemic and post-pandemic can be seen on a county-wide and regional basis as well. Although flex-industrial style properties led the way, all different types of industrial properties contributed to the AY 2023 industrial growth.

The city will likely continue to see redevelopment and creative changes in the use of its industrial properties. Especially older industrial in locations that could be put to better use. Functional and well-located industrial properties are still in demand by investors.

Retail and Hotel Market

The retail sector was affected to varying degrees by the pandemic. In AY 2023, retail property types saw moderate growth throughout the subtypes. Some strong subtypes include properties with drive-thru capability and grocery-anchored retail centers.

Minnetonka’s hotel sector was hit the hardest by the pandemic. Hotels decreased in value by large percentages in AY 2021 and saw some recovery in AY 2022. For AY 2023, we saw continued recovery, but not to pre-pandemic levels. This will be an area the city will continue to watch closely and analyze in future years.

Commercial Net Growth

The following chart displays the average net growth of seven adjacent cities surveyed for the 2023 assessment. The seven-city average was 4.9 percent. Minnetonka’s net commercial change was 2.6 percent, falling slightly below the average.

Commercial Market Adjustments			
Jurisdiction	2021	2022	2023
Minnetonka	-1.1%	2.1%	2.6%
Bloomington	-5.7%	5.4%	2.9%
Eden Prairie	-2.7%	0.8%	4.1%
St. Louis Park	-1.1%	1.7%	5.5%
Maple Grove	-2.5%	5.1%	5.6%
Edina	-1.8%	3.7%	5.8%
Plymouth	-1.8%	4.1%	7.8%
Average	-2.4%	3.3%	4.9%

Serving the Public

The purpose of the assessment process is to accurately estimate the market value of each parcel of property on an annual basis. As assessors, the Minnetonka assessing division upholds the Uniform Standards of Professional Appraisal Practice, which states, “An appraiser must promote and preserve the public trust inherent in appraisal practice by observing the highest standards of professional ethics.” The assessing office takes pride in serving the City of Minnetonka not only as public employees, but also as appraisers striving to provide impartial, objective, and independent values.

In order to best serve the public, there are many quality control processes in place. These quality checks include verifying data during property visits, using statistics to check the accuracy and equity of our assessment, and working with taxpayers during a review or an appeal.

Property Data

The Minnetonka assessing division maintains a record of every real estate parcel in the city, including its size, location, physical characteristics, and condition. This record is verified and updated at least every five years during the quintile inspection, permit inspections, and when a physical review is requested by the property owner. All data is retained electronically, allowing statistical comparisons of properties by type and location.

It is important to know that assessors use a mass appraisal process for valuing residential properties. Mass appraisal uses different techniques than the fee appraisals used by banks, mortgage companies, and others. The mass appraisal system used in Minnetonka involves the comparison of thousands of properties with the residential sales of homes throughout the city.

While differences exist between individual fee appraisals and mass appraisal, they are based on the same fundamental theories of value. Furthermore, any estimate is only as good as the data the appraiser has available. One primary difference between individual appraisals and mass appraisal is that the individual appraiser typically views the interior of the home, which provides the appraiser with a better sense of the quality and condition of the home and makes it easier to compare multiple homes. We encourage citizens to work with the assessing staff to view the interior of homes whenever possible, providing a fair assessment for all.

Sales Data

Having the local assessment system operate effectively requires as much information about the local real estate market as possible. The assessing division makes a record of all property sales using the electronic Certificate of Real Estate Value (eCRV) filed with the State of Minnesota for each property sale. When necessary, appraisers call the buyers or sellers in a transaction to gain more information about the circumstances of the sales.

In all cases, the assessing division carefully scrutinizes the sale information collected. Evidence that suggests a forced sale, a foreclosure, a sale to a relative, or anything other than an arms-length transaction as determined by the MNDOR requires the sales to be excluded from the sales study. This process is important because the real estate sales information constitutes the statistical comparisons necessary to make the property assessment.

Sales Ratio Standard

The accuracy of the assessing division's estimated market values is measured by the sales ratio, which is simply the assessor's estimated market value divided by the actual selling price. For example, a house having its estimated market value assessed at \$380,000 and an actual selling price of \$400,000 results in a sales ratio of 95 percent ($\$380,000 / \$400,000 = 0.95$). For all jurisdictions in the state, the accepted range for the median sales ratio measurement is 90 to 105 percent. In other words, the median (or midpoint) of the sales ratios for all properties sold should fall within 90 to 105 percent. Minnetonka's median sale ratio for the 2023 assessment is 95.5 percent.

With some changes to the sales ratio methodology set by the Department of Revenue, the median target ratio has a range to allow for slight variations if necessary. A sales ratio of slightly less than 100 percent is desirable to avoid having many properties valued at more than their actual market value. If the median sales ratio were at 100 percent, it would mean that half the properties are valued at less than market value and half are higher. On the other hand, a sales ratio of 95 percent means half the properties are below 95 percent of actual market value, while the other half remains above that 95 percent threshold. Therefore, the acceptable range is 90 to 105 percent, with a target of approximately 95 percent.

A measure of the equity of the property assessment is the coefficient of dispersion (COD). The COD measures the average deviation from the median or midpoint. The more closely the assessor's values are grouped around the midpoint, the more equitable the assessment because relatively few properties have been valued too high or too low compared to actual selling prices. For older or heterogeneous areas like Minnetonka, a COD under ten percent is deemed acceptable. Minnetonka's 2023 assessment reflects a COD of 5.6 percent.

Review Process

The review process is a crucial aspect of the mass appraisal system. Because some properties receive statistic-based adjustments to market value, the review process allows the assessing staff the opportunity to examine certain properties individually. Where there is evidence that a property has been valued inequitably, an appropriate adjustment is applied.

The Appeals Process

The property appraisal system provides individual property owners the right to appeal. Minnetonka's assessment procedures offer this opportunity through inquiries from the property owners to the staff, appeals to the Local Board of Appeal and Equalization (LBAE), appeals to the County Board of Appeal and Equalization (CBAE), and appeals to the Minnesota State Tax Court.

Key steps in the market value appeals process are:

1. **Staff Review** – It is important for anyone having questions about their market value or the assessment process to contact the assessing staff. A vast majority of property owners' concerns can be resolved through this administrative review. The last day on which the assessing staff can make changes without having Local Board approval is **April 7, 2023**.

2. **Local Board of Appeal and Equalization (LBAE)** – The Local Board of Appeal and Equalization will meet on **April 17** and **May 1, 2023**. Staff will attempt to provide complete information regarding each property that is the subject of an appeal. We request that property owners contact the assessing division in advance of the meeting if they intend to appeal. The Minnetonka City Council appoints local real estate professionals as advisors to the LBAE. A property owner who is unsatisfied with the assessing staff's review may appeal to the board. Property owners can reach the assessing division by phone at 952-939-8220 or by email at assessor@minnetonkamn.gov. Property owners who wish to be on the agenda are requested to contact the assessing division by **April 7, 2023**, to notify staff of their intent to appeal.
3. **County Board of Appeal and Equalization (CBAE)** – Property owners may appeal the decision of the LBAE to the CBAE, which meets on **June 12, 2023**. The property owner must first appeal to the Local Board to be eligible to appeal to the County Board. Owners are requested to call to make an appointment with the CBAE by **May 17, 2023** to be placed on the agenda. The number to call is 612-348-7050.
4. **State Tax Court** – Property owners may appeal the decision of the CBAE to the State Tax Court. Petitions regarding the 2023 value for taxes payable in 2024 *must be filed by April 30, 2024*. Petitioners may choose to appeal directly to the Minnesota Tax Court. It is common practice for commercial/industrial property owners to take this approach due to the complexity of the issues. For more information, contact the Minnesota Tax Court at 651-296-2806.

To provide a complete understanding about the appeals process, the assessing staff has posted information on the City of Minnetonka website to assist property owners. Staff may be reached at 952-939-8220.

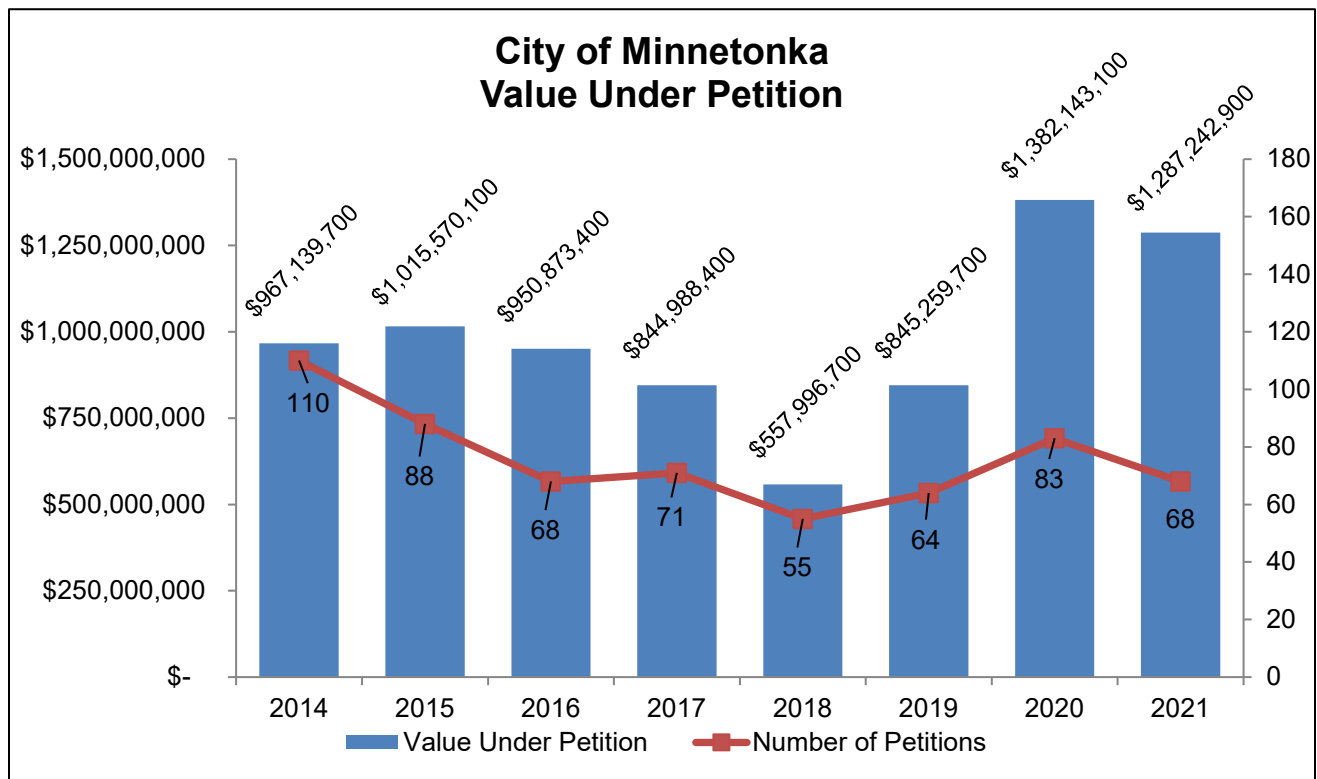
Appeal History

In the following chart is a recap of market value inquiries and appeals over the past seven years. As illustrated, the number of formal appeals to the Local Board of Appeal and Equalization (LBAE) is typically less than one percent of the total parcels in the city. Between the mailing of notices on March 4, 2022 and the LBAE reconvene meeting on April 25, 2022, staff fielded an unprecedented 754 calls and reviewed 677 properties. Procedurally, staff cannot make value changes within the ten days prior to the first LBAE meeting, and due to the high volume of calls, many changes recommended by staff were formally changed at the LBAE meetings. Ultimately, 101 changes were made by the LBAE, 93 recommended by staff and 8 recommended by our advisors. One property appealed formally to the County Board of Appeal and Equalization (CBAE) and received no change.

Local Board Appeal History							
	2016	2017	2018	2019	2020	2021	2022
Total Parcels	20,650	20,774	20,839	20,893	20,910	20,919	20,925
Staff Inquiries	257	289	474	351	311	239	754
Staff Reviews	166	155	271	286	242	159	677
Change/No Change	42/124	57/98	73/198	43/243	47/195	42/82	109/568
Appeals to LBAE	59	43	72	79	77	22	135
Change/No Change	54/5	39/4	52/20	66/13	60/17	11/9	101/34
Appeals to CBAE	1	0	11	6	9	1	1
Change/No Change	1/0	N/A	5/6	5/1	5/4	0/1	0/1

Tax Court

In the past eight years, about \$7.8 billion in Minnetonka property value has been appealed by filing petitions with the Minnesota Tax Court. These petitions require a substantial amount of time and resources to resolve. Although the timeframe has been shortened with scheduling orders, many of these cases may remain on the tax court calendar for multiple years. During the interim, the property owners must continue to pay taxes. If a reduction in value is stipulated more than one year after the initial petition is filed, they receive a refund plus interest (at a rate determined by Hennepin County). The deadline to file an appeal with the Minnesota Tax Court is April 30th of the year the taxes are due; thus the most recent category in the chart below is the 2021 appealed values for taxes payable in 2022.



Commercial Petition Activity

After many large value changes through the Covid-19 pandemic, staff expects the number of petitions filed to rise. Property owners tend to file more petitions when the market is in a state of change. Since there is a lag in time between the assessment and the appeal filing deadlines, it is difficult to know just how many upcoming petitions there will be. The MN Tax Court filing deadline for the 2022 assessment is April 30, 2023.

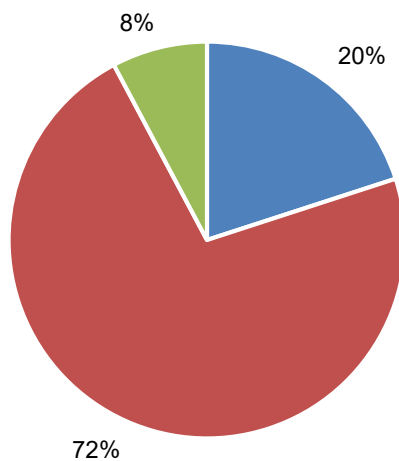
Residential Petition Activity

There have always been fewer residential petitions than commercial petitions filed, and the number of residential petitions continues to decrease. Often homeowners file on their property because they have missed the LBAE and CBAE process. Many of Minnetonka's cases are stipulated to a value agreed upon between the homeowner and the staff appraiser.

The charts below show the distribution of tax court petitions, as well as the value of those petitions. Although the vast majority of cases are commercial/industrial, apartment petitions make up a substantial amount of value under appeal.

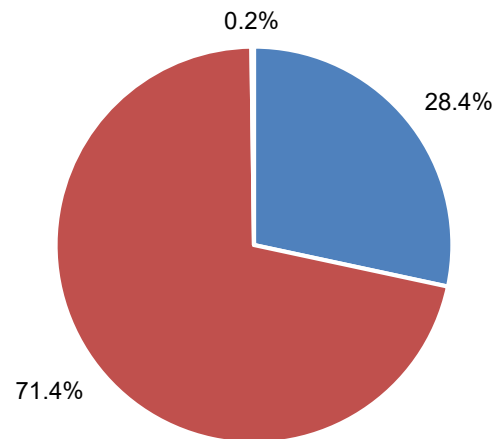
Total Petitions for Taxes Payable 2022

Petitions by Property Type



■ Apartment ■ Commercial/Industrial ■ Residential

Petition Value by Property Type



■ Apartment ■ Commercial/Industrial ■ Residential

Despite a large amount of value under petition, the assessing division continues to seek ways to increase productivity in handling the tax court process. The goal is to resolve cases sooner to ease the scheduling burden and ultimately reduce any refunds given back to the petitioners. Commercial petitions are typically resolved with several petition years rolled into one negotiation.

Public Information and Citizen Relations

The city provides public information in several ways to keep Minnetonka residents informed about the market value process, methods for appeal, and current property tax rates. Staff regularly updates the city's web page with current information, annually posts the assessment report on the City of Minnetonka website, and provides information in the Minnetonka Memo and social media outlets. Information regarding the Property Tax Refund, the Senior Citizens' Property Tax Deferral, and foreclosure prevention counseling is on the City's website.

The assessing division staff uses several methods to ensure that all who contact the city about market values or property taxes receive a prompt, courteous response. A record-keeping system tracks inquiries about market values to see that those inquiries are appropriately tracked through the review process. Every property owner that requests a staff review of their market value receives a response from the city assessing staff.

The assessing staff has worked diligently to provide clear information to property owners about a property tax system that is complex and often difficult to understand. Every spring, assessing staff sends introductory letters to residents in reappraisal neighborhoods. These have been well received by property owners and have helped increase the number of inspections the assessing division conducts in these neighborhoods.

Assessing Staff

The assessing staff consists of the City Assessor, one Commercial Appraiser, two Principal Appraisers, one Residential Appraiser, and one Assessment Specialist.

Melanie Putz - City Assessor Melanie has been with the City of Minnetonka for six years and has seven years of experience in the assessment field. As the City Assessor, she is responsible for finalizing and approving the assessments every year, along with overseeing and directing the assessing staff. She also works to resolve tax court cases as they are scheduled. Melanie currently holds the Senior Accredited Minnesota Assessor (SAMA) designation as awarded by the Minnesota State Board of Assessors, the highest designation awarded to assessors by the Minnesota State Board of Assessors.

Jim Dahl - Commercial Appraiser Jim joined the City of Minnetonka in January of 2023 with nearly 15 years of experience appraising commercial property in Anchorage and throughout the state of Alaska. Jim's experience includes property valuation and consulting work for financing, condemnation, estate planning/taxation, property taxes, conservation, and a variety of other purposes on behalf of both private and public entities. His responsibilities will include the valuation of commercial properties and property tax appeals.

Amy Weber - Principal Appraiser Amy has been with the City of Minnetonka for the past 25 years. Her primary role is the valuation of residential properties, which includes single-household homes, condos, and townhomes throughout the city. Amy currently holds the Accredited Minnesota Assessor (AMA) designation as awarded by the Minnesota State Board of Assessors.

Erin Kastner - Principal Appraiser Erin has been with the City of Minnetonka for five years. Before the City of Minnetonka, she worked for Rice County in Minnesota as a residential appraiser. Her primary role is the valuation of residential properties, including single-household

homes, condos, and townhomes. Erin currently holds the Accredited Minnesota Assessor (AMA) designation as awarded by the Minnesota State Board of Assessors.

Amy McNamara - Residential Appraiser Amy has been with the City of Minnetonka for four months. Before the City of Minnetonka, she worked for Dakota County in Minnesota as a residential appraiser. Her primary role is the valuation of residential properties, including single-household homes, condos, and townhomes. Amy currently holds the Certified Minnesota Assessor Income Qualified (CMA-IQ) designation as awarded by the Minnesota State Board of Assessors.

Laurie Goodman - Assessment Specialist Laurie has been with the City of Minnetonka for the past five months and has worked in the assessing field for the last ten years. Her role in the assessment office is the handling and coordinating of all the special assessments, homesteading, and other administrative functions regarding special property tax classifications.

Along with each designation, the Minnesota State Board of Assessors requires continuing education hours. Certified Minnesota Assessors are required to complete 50 hours of continuing education, while Accredited Minnesota Assessors and Senior Accredited Minnesota Assessors are required to complete 60 hours of continuing education in a four-year education cycle. This requirement ensures that each appraiser is continually learning more about the profession and staying current with market trends and valuation expectations.

2023 ASSESSMENT CALENDAR

DATE	ACTION
March	Informational articles mailed as part of the March <i>Minnetonka Memo</i>
March	Social media push regarding 2023 valuation notice and property tax bills.
March 1	2023 property tax information updated on the Hennepin County website with mailing of 2023 property tax bills to follow
March 6	City Council Receives the 2023 Assessment Report
March 6	City council appoints advisors to the Local Board of Appeal and Equalization
March 10	City Assessor's target date for mailing the 2023 value notices for taxes payable 2024
April 7	Property owners are requested to file a formal appeal to appear at the Local Board of Appeal and Equalization
April 17 & May 1	Local Board of Appeal and Equalization
April 30	Last day for property owners to file State Tax Court petitions for the 2022 assessment (payable 2023)
June 12	Hennepin County Board of Appeal and Equalization

Appendix: Statutory Requirements

General

Minnesota law establishes specific requirements for the property tax system, including the assessment of property (M.S. Chapter 273). Properties that qualify for the homestead market value exclusion receive a reduction in taxable market value. The exclusion is a maximum of \$30,400 at \$76,000 in market value and then decreases by nine percent for every dollar over \$76,000 in market value as the property value increases. The exclusion phases out for properties valued at \$413,800 or greater.

The law now requires the following:

1. All real property is valued at market value, which is defined as the usual or most likely selling price during the study period. Special exclusions such as the homestead market value exclusion and the veteran's exclusion are subtracted from the market value to arrive at the taxable value.
2. Property is classified according to state law, and the tax capacity is calculated based on the following tax capacity rates.

Tax Capacity Rates for Property Taxes Payable in 2023

Residential Homestead:		
First \$500,000 of value		1.00%
Amount over \$500,000		1.25%
Rental Housing:		
First \$500,000 of value		1.00%
Amount over \$500,000		1.25%
4 or more units		1.25%
Commercial/Industrial Preferred:		
First \$150,000 of value		1.50%
Amount over \$150,000		2.00%
Seasonal Residential:		
First \$500,000 of value		1.00%
Amount over \$500,000		1.25%

3. The tax capacity is multiplied by the tax rate (the total of county, school, city, and miscellaneous levies) to determine the amount of property tax.
4. Finally, any credits, such as those for agricultural preserve, are then subtracted to yield net taxes due.

The annual property assessment focuses on the very first step of this process – establishing an estimated market value for each parcel of property. Market values are assessed locally by the city or township assessor, if there is one, or by the county assessor. The work of the local assessor is monitored by the county assessor, whose work, in turn, is monitored by the Minnesota Department of Revenue. The Minnesota Department of Revenue is authorized by law to adjust the property assessment to help ensure county-wide and state-wide equalization of property assessments.

As a result, Minnetonka and other Hennepin County cities must regularly report to the county assessor, who has established the standard that local property assessments reach at least a 95 percent target ratio of actual market values to sale prices. At times, local assessments have been adjusted by the county assessor or the State of Minnesota to meet this standard.

State law also requires that each individual property be inspected by the assessor at least once every five years. As a result, Minnetonka and other cities set up rotating appraisal schedules to ensure that this requirement is met.

Veterans Exclusion

In 2008, the State legislature amended the homestead law that provides a market value exclusion for all or a portion of property owned and occupied as a homestead by a military veteran who has a service-connected disability of 70 percent or more (M.S. 273.13 subd. 34). To qualify, a veteran must have been honorably discharged from the United States armed forces and must be certified by the United States Veterans Administration as having a service-connected disability. A veteran who has a disability rating of 70 percent or more qualifies for a \$150,000 market value exclusion.

A veteran who has a disability rating of 100% total and permanent qualifies for a \$300,000 market value exclusion. To receive this value exclusion, a property owner must apply to the assessor by December 15 of the assessment year. The exclusion is a one-time application, and the property continues to qualify until there is a change in ownership. If a disabled veteran qualifying for a \$300,000 value exclusion predeceases the veteran's spouse, and if upon death of the veteran, the spouse holds the legal or beneficial title to the homestead and permanently resides there, the exclusion carries over to benefit the veteran's spouse until he or she remarries, sells, transfers, or otherwise disposes of the property.

For the 2023 assessment year, there are 99 properties in Minnetonka that will be receiving the veteran's exclusion, totaling \$23,550,000 in value excluded for taxes payable in 2024.