

Town of Bar Harbor

Board of Assessment Review

Thursday, March 3, 2022 via Zoom videoconference

Meeting Minutes

1. **Meeting call to order:** Chair Kevin Knopp called the meeting to order at 3:30 p.m. The meeting was recorded. All board members were present: Mr. Knopp, Stewart Brecher and Charles Saul. Also in attendance were Finance Director Sarah Gilbert, Assessor Steven Weed, Tax Collector Jennifer Sawyer, Town Clerk Liz Graves, appeal applicant Doris Plumer and witnesses for applicant Jacqueline Levesque and Sally Cook.
  - a. Excused absences: None.
2. **Minutes:** Mr. Brecher, with second by Mr. Saul, moved to approve the minutes from the February 2, 2022 Organizational Meeting as presented. Roll Call Vote:

<u>Knopp</u>	<u>Y</u>
<u>Brecher</u>	<u>Y</u>
<u>Saul</u>	<u>Y</u>

Motion passed 3-0.
3. **Adoption of the agenda:** Mr. Saul, with second by Mr. Brecher, moved to adopt the agenda as published. Roll Call vote:

<u>Knopp</u>	<u>Y</u>
<u>Brecher</u>	<u>Y</u>
<u>Saul</u>	<u>Y</u>

Motion passed 3-0.
4. **Chair to recap rules and procedures that are in place for the benefit of the BAR members, the appellants and the assessor:** Mr. Knopp reviewed the Hearing and Procedural Guidelines as adopted by the board and revised 4/15/2011.
5. **Hearing: Appeal of Assessor’s Denial of Abatement Request, Doris Plumer, Land @Map 104, Lot 428, 10 Ledgelawn Ave.** Mr. Knopp swore in the parties and witnesses.

**Mr. Weed summarized his position on the application.** The revaluation done by Vision Government Solutions for the tax year 2021. He said the assessment is the benchmark and no evidence was presented that disproved the benchmark.

Mr. Brecher asked Mr. Weed if he feels that the curve methodology provides a fair assessment of the actual value of the property. Mr. Weed said that it is a market premise that the less you have, the more per unit the market dictates. Mr. Brecher asked whether the fact that the property is nonconforming affects the value. He said it does not meet minimum lot size, minimum area per family, or setbacks—no future owner could use the property in any other way. Mr. Weed said the assessment is based on what is there now.

Mr. Saul asked if there is a benchmark for lot size in the downtown area. Mr. Weed said acres is the starting place for everything, but there aren’t many acre lots downtown. Assessors evaluate their curve based on sales in the area. Ms. Plumer’s is a very small lot, but there are similar and smaller lots that have sold.

Mr. Knopp reviewed the process to date: Ms. Plumer went first to Vision Government Solutions, which agreed to a small abatement. Mr. Weed granted a further partial abatement, \$66,700. Mr. Knopp asked if that was the amount she requested, or a compromise. Mr. Weed said it was based on his assessment; it was not the amount the applicant had asked for. He said he agreed that having no driveway on a very small lot is impactful. He found a property 32 Bridge Street, in a similar situation, that was receiving a 20% reduction on the land which he put on Ms. Plumer's lot. He said he doesn't have sales data to determine impact of a lack of driveway but felt it was fair to treat the two properties the same on that issue. Because it's such a small lot you likely can't put a driveway in. He said the new vacation rental rules can't be a factor for an April 1 assessment.

Mr. Knopp asked when the last full town assessment was done in Mr. Weed said it was 2006. Mr. Knopp asked if it's reasonable to wait that long. Mr. Weed said the town was strictly in compliance with criteria in state law, assessment ratio and quality rating, but he would have preferred to do it sooner since the longer you wait, the larger the one-time jump.

Mr. Knopp said he is struggling with how the curve is working when you get to very small, in-town lots. He lives on Ledgelawn Ave as well and doesn't see why Mr. Plumer's lot is valued at \$5M/acre while his own is valued at \$2 or \$3M/acre.

Mr. Weed said Vision developed the curve. He said it can seem like a lot of variation house to house if you only go by acres or square feet, but assessors are also trying to follow market information. He said a property at 78 Ledgelawn, 1,179 square foot lot, sold in October 2021 for \$435,000.

Mr. Brecher said the curve seems unsophisticated in that it doesn't account for zoning and other factors in the community. Mr. Weed said the town is also required to follow the law and what Maine Revenue Service requirements. In order to get enough data is extremely difficult in a town with 3,700 parcels. Where we have the data, we refine, but we often don't, and that results in the simplified model that we're talking about. Are you spending three times as much money to create three percent more accuracy? We go back to market value and what are things selling for. On average, what the revaluation did meets state rules.

Mr. Brecher noted that everybody is in a different position to survive the annual increases. Annual mortgage payments used to be less than the tax bill is now. What can we do to not penalize people in the course of trying to treat everyone the same?

Mr. Knopp noted that the timing of the revaluation was poor. It was during the pandemic, which possibly created a bit of a bubble, the rental rule change did create a buying frenzy because people bought and got their permit in before the change. When the results came out, what was the review process to look for large swings and aberrations? Some people got a reduction in their tax bill, and some people got ridiculous raises of 100 percent. After 15 years, how could anyone expect their tax bill to go down?

Mr. Weed said the town is not raising more money, but redistributing who's paying what based on what the market says. We were looking at data that was saying downtown was significantly lower than the rest of the town in terms of market value, so we knew from the start there was going to be a burden shift to downtown. Some other areas of town had been adjusted since the 2006 reval. He agrees the timing was poor—he signed the contract for the reval four days before

the entire state shut down. Mr. Weed said case law is clear that if you try to speculate, you will lose when you go to court.

**Ms. Plumer presented her argument.** She said she turned in her request 40 days ago and received Mr. Weed's written rebuttal three days before the hearing. Her taxes went from \$2,030 to \$3,039. She said she doesn't consider her furnace room as living space. Subtracting that from the square footage, she has about 900 square feet. She said she realizes that a house that has twice the land does not pay twice the amount. A neighbor next door has seven times the land; his taxes are slightly over two times what hers are. His living space is about 3,600 square feet. Board members asked if she brought up the living space question in her application. She said it is in the written appeal material.

She said she thinks it's significant that there's now a cost for parking; friends can't come for an impromptu visit without applying and paying for permit. She also thinks the new rental rules will affect the value of her property. Before November 2021 there was potential added benefit for selling to an investor. Someone could have bought the house for the purpose of using it as a vacation rental. Now you have to live in it year-round, without winter parking for six months. What about people that aren't selling their house? She just want to live here year-round. The curve is really preventing the little guy from living in Bar Harbor. With the parking situation the way it is, she thinks her house has depreciated.

She said she looked at the latest information on property taxes online yesterday. Ms. Gilbert said she spoke with Mr. Plumer yesterday and explained there is an issue with software programs that town staff was not aware of and will work on.

Ms. Plumer discussed 32 Bridge Street, another downtown property with no driveway. She asked where to find the 20% reduction in value of the land Mr. Weed mentioned. Mr. Weed said it is at the bottom of the property card, land line valuation section. The "condition" section says 0.8; that's where the 20% is.

**Deliberations:** Mr. Knopp closed the testimony and hearing part of the meeting at 4:38 for the board to go into deliberation. He said the board needs to make a finding of whether Ms. Plumer met the burden of proof that her assessment, after the partial abatement that was granted, is manifestly wrong.

Mr. Saul wondered whether actual interior size of the living space is different than what can be determined from the outside. He asked about giving a closer look, even independent appraisals, for properties at either end of the curve. He said the 20% reduction in the land valuation seems like a puny adjustment; with the combination of no driveway and the nonconforming lot the land does seem to be overpriced. He asked if there is any latitude to increase the 20% reduction on the land. Is that in our purview? Mr. Knopp said this board has no evidence basis of fact to make such a finding.

Mr. Knopp said Ms. Plumer's tax bill based on the abated value is lower by almost \$650 and he wouldn't call that puny. He said he doesn't agree with it or understand it, but everyone in town was based on this same curve, so he doesn't think the board can grant an exception to just one property owner. He doesn't see anything that says she's met the burden of proof for a further abatement.

Mr. Brecher, with second by Mr. Saul, moved that the board understands that the 20% abatement plus adjustment to value of the structure is reasonable in the circumstances and deny the application. Roll Call Vote:

Knopp                    Y

Brecher                Y

Saul                     Y

Motion passed 3-0.

Board members expressed sympathy for Ms. Plumer's situation and thanked her for her effort. Ms. Plumer thanked the board members for their time. Mr. Knopp thanked Mr. Weed.

6. **Other business:** Board members discussed a date for the next hearing and proposed March 17 at 3:30 p.m. in person. Ms. Gilbert said she would check that date with the applicant. Board members discussed the process overall and a possible discussion with the Town Council. Having money in the town budget set aside for regular assessment improvement and information gathering would be helpful.
7. **Adjourn:** Mr. Knopp declared the meeting adjourned at 5:15 p.m.

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Elizabeth Graves, Town Clerk