

Staff Report for 2022 State Board of Equalization

October 6, 2022

File No.: 2022-WEST FARGO-TEVYE LLC

Prepared By: Property Tax Division

County or City: City of West Fargo

Appellant: Tevye, LLC

Issue: Appeal of residential property valuation

Summary: Tevye LLC, represented by Tami Norgard, Vogel Law Firm, requests a reduction in valuation on Parcel 02-4955-00010-000, located at 4980 Sheyenne St., within the City of West Fargo.

Analysis: Cass County Board of Equalization approved a 2022 assessed value of \$6,196,600. Tevye, LLC, represented by Tami Norgard of the Vogel Law Firm, requests a reduced assessed value of \$3,136,000.

Tevye, LLC, purchased the 8.78-acre parcel on May 26, 2017, for \$1,465,492. At the time of purchase, the parcel contained two structures that were built in 1996, a residential structure (House B) and a 2,560 square-foot pole building. The pole building has since been improved. In July 2018, a building permit with the value of \$4,100,000 was obtained for the construction of a new main residence (House A).

Property Tax Division staff conducted an onsite inspection on August 24, 2022, with Invertase and Tevye staff present. The appeal was discussed with Tevye, LLC's representatives Tami Norgard and Gerald Bock, independent appraiser. Staff also discussed the appeal with Nick Lee, City of West Fargo Assessor, and Paul Fracassi, Cass County Tax Equalization Director.

The cost and sales approaches to value were considered for this appeal. The cost approach, based on square footage, characteristics of the property, and local and regional multipliers, with calculated depreciation and an external obsolescence factor for the large size of House A, resulted in an estimated value of \$9,331,500. The same approach was used on House B, excluding the obsolescence factor for size, resulting in an estimated value of \$204,700. Combined with the land value of \$872,200, the estimated value for this parcel using the cost approach is \$10,408,400, which is higher than the assessed value of \$6,196,600.

The sales approach was considered using sales provided by Mr. Lee, City of West Fargo Assessor. The thirteen comparable sales are current sales located in the vicinity of the subject property which were each sold for over one million dollars. The sales approach used a square foot comparison for both land and improvements. The average assessed improvement value of the comparable sales is \$304.58 per square foot and the average assessed land value is \$7.75 per square foot. As assessed, the Tevye property's improvement value is \$420.00 per square foot and the land value is \$2.28 per square foot. The sales approach for the property resulted in an estimated value of \$6,825,700, which is higher than the assessed value of \$6,196,600.

Based on the Property Tax Division's analysis of the cost approach, the Tevye property's assessed value of \$6,196,600 is lower than the estimated assessed value of \$10,408,400. The sales approach findings show that using the average assessed value of the comparable sales for improvements and land, with the square footage of the Tevye property's improvements and land, the value determined is \$6,825,700 and is above the city's assessed value of \$6,196,600.

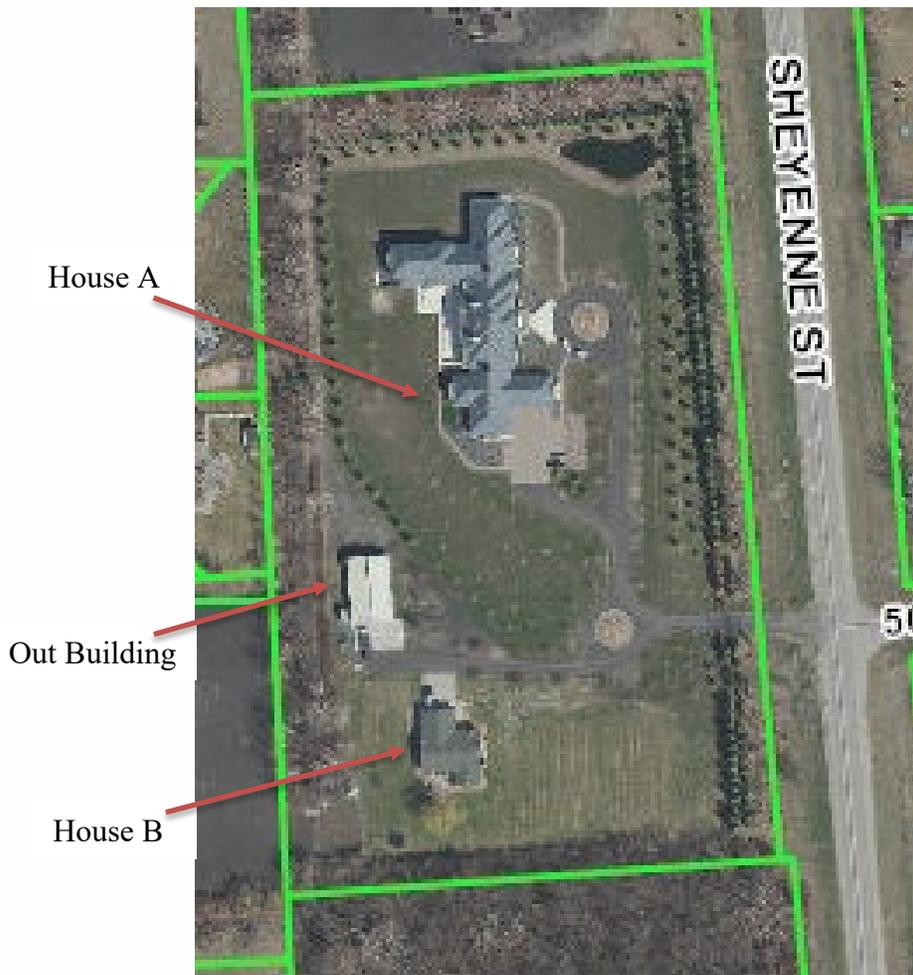
Upon review of all information submitted by Tevye, LLC, and the city, the assessment of the subject property is reasonable, and no change is necessary.

Recommendation: No action required.

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