

Staff Report for 2023 State Board of Equalization

File No.: 2023-CASS-FARGO-FOXTAIL CREEK TOWNHOMES

Prepared By: Property Tax Division

County or City: City of Fargo

Appellant: Foxtail Creek Townhomes, Sterling Properties, LLLP

Issue: Appeal of Commercial Property Valuation

Summary: Sterling Properties, LLLP, represented by Sam Jelleberg, Sterling Management, is appealing the property value of \$2,681,000 on parcel number 01-6420-00260-000, located at 3720, 3740, 3760, and 3780 42nd Street South, Fargo, ND.

Analysis: The Cass County Board of Equalization approved a 2023 true and full value of \$2,681,000, of which \$2,096,000 is attributable to the improvements and \$585,000 is attributable to the land.

Property Tax Division staff completed an onsite inspection on Tuesday, August 29, 2023, with representatives Sam Jelleberg and Lucas Seltvedt present. Staff also visited with Cass County Director of Tax Equalization, Paul Fracassi, and City of Fargo Assessor, Michael Splonskowski.

Foxtail Creek Townhomes, owned by Sterling Properties, LLLP, is a 2003 4-building, 2-story, 30-unit townhome complex with detached garage space. Foxtail Creek Townhomes is made up of 2-bedroom, 3-bedroom, and 4-bedroom townhomes. The property features private entrances, multistory units, and in-unit laundry, with an onsite playground.

The income approach to value was considered for this appeal. The calculated value per unit is \$32,000, resulting in an estimated improvement value of \$960,000. Adding in the county approved land value of \$585,000 results in a total estimated value of \$1,545,000, which is lower than the approved true and full value of \$2,681,000.

The sales approach to value was also considered for this appeal. The calculated average value per unit is \$122,000, resulting in an estimated improvement value of \$3,660,000. The calculated average land value is \$5.11 per square foot, resulting in an estimated land value of \$544,300, which results in a total estimated value of \$3,821,700, which is higher than the approved true and full value of \$2,681,000.

The cost approach to value was also considered for this appeal. The calculated value per unit is \$62,100, resulting in an estimated improvement value of \$1,863,000. Adding in the county approved land value of \$585,000 results in a total estimated value of \$2,448,000, which is lower than the approved true and full value of \$2,681,000.

Upon review of all information submitted by Sterling Properties, LLLP, the City of Fargo, and Cass County, and after consideration was given to the changing market conditions, the three approaches to value were weighted. The per unit value reached is \$74,000 for the 30-unit apartment complex which indicates an improvement value of \$2,220,000 with the sale approach indicated land value of \$544,300 results in a total estimated value of \$2,764,300 which is higher than the county approved value of \$2,681,000. The difference is an opinion of assessment and could fluctuate depending on how the market is viewed and does not warrant a change.

Proposal for Review: No action required.