

Staff Report for 2023 State Board of Equalization

File No.: 2023-CASS-FARGO-SUMMIT POINT APARTMENTS

Prepared By: Property Tax Division

County or City: City of Fargo

Appellant: Summit Point Apartments, 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 \$7,046,500 on parcel number 01-5680-00012-000, located at 1704, 1714, and 1724 Gold Drive South, Fargo, ND.

Analysis: The Cass County Board of Equalization approved a 2023 true and full value of \$7,046,500, of which \$6,114,500 is attributable to the improvements and \$932,000 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.

Summit Point Apartments, owned by Sterling Properties LLLP, is a three-building, 3-story, 87-unit apartment complex with detached garage space. Summit Point Apartments is made up of studio, 1-bedroom, 2-bedroom, and 3-bedroom apartments. This property features in-unit laundry, vaulted ceilings, and several different floorplans.

The income approach to value was considered for this appeal. The calculated value per unit is \$56,100, resulting in an estimated improvement value of \$4,879,500. Adding in the county approved land value of \$932,000 results in a total estimated value of \$5,811,500, which is lower than the approved true and full value of \$7,046,500.

The sales approach to value was also considered for this appeal. The calculated value per unit is \$76,700, resulting in an estimated improvement value of \$6,672,900. The calculated average land value is \$3.50 per square foot, resulting in an estimated land value of \$932,300, which results in a total estimated value of \$7,605,200, which is higher than the approved true and full value of \$7,046,500.

The cost approach to value was also considered for this appeal. The calculated value per unit is \$66,200, resulting in an estimated improvement value of \$5,759,400. Adding in the county approved land value of \$932,000 results in a total estimated value of \$6,691,400, which is lower than the approved true and full value of \$7,046,500.

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 \$66,400 for the 87-unit apartment complex which indicates an improvement value of \$5,776,800 with the sales approach indicated land value of \$932,300. This results in a total estimated value of \$6,709,100 which is lower than the approved value of \$7,046,500. Property Tax Division staff recommended a reduction of 5% to get to an estimated total valuation of \$6,709,100.

Proposal for Review: Direct Cass County to decrease the value on parcel 01-5680-00012-000 by 5% to an approximate total valuation of \$6,709,100.