

Staff Report for 2023 State Board of Equalization

File No.: 2023-CASS-FARGO-WILLOW PARK APARTMENTS

Prepared By: Property Tax Division

County or City: City of Fargo

Appellant: Willow Park 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 \$8,808,400 on parcel number 01-3710-00150-000, located at 4949 16th Avenue South, Fargo, ND.

Analysis: The Cass County Board of Equalization approved a 2023 true and full value of \$8,808,400, of which \$8,259,400 is attributable to the improvement and \$549,000 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.

Willow Park Apartments, owned by Sterling Properties, LLLP, is a one-building, 3-story, 102-unit apartment complex with underground parking and parking in front of the building. Willow Park Apartments is made up of studio, 1-bedroom, 2-bedroom, and 3-bedroom apartments. There is a common room, elevator, and postal room located on the first floor.

The income approach to value was considered for this appeal. The calculated value per unit is \$56,600, resulting in an estimated improvement value of \$5,773,200. Adding in the county approved land value of \$549,000 results in a total estimated value of \$6,322,200, which is lower than the approved true and full value of \$8,808,400.

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 \$7,823,400. The calculated average land value is \$3.50 per square foot, resulting in an estimated land value of \$549,600, which results in a total estimated value of \$8,373,000, which is lower than the approved true and full value of \$8,808,400.

The cost approach to value was also considered for this appeal. The calculated value per unit is \$67,500, resulting in an estimated improvement value of \$6,885,000. Adding in the county approved land value of \$549,000 results in a total estimated value of \$7,434,000, which is lower than the approved true and full value of \$8,808,400.

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 \$66,800 for the 102-unit apartment complex which indicates an improvement value of \$6,813,600 with the sales approach indicated land value of \$549,600. This results in a total estimated value of \$7,363,200 which is lower than the approved value of \$8,808,400. Property Tax Division staff recommend a reduction of 16% to get to an estimated total valuation of \$7,363,200.

Proposal for Review: Direct Cass County to decrease the value on parcel 01-3710-00150-000 by 16% to an approximate total valuation of \$7,363,200.