

## Staff Report for 2019 State Board of Equalization

September 25, 2019

**File No.:** 2019-FARGO-CRYSTAL CREEK

**Prepared By:** Property Tax Division – KV, SM

**County or City:** City of Fargo

**Appellant:** Alliance Management Group LLC

**Issue:** Protests the assessment of parcel number 01-8386-00031-000 – Crystal Creek

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**Summary:** Jonathan Casper of Alliance Management Group LLC, protests the assessment on the Crystal Creek apartment complex located within the City of Fargo and asks the assessment to be lowered to what the City of Fargo Assessing Office recommended.

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**Analysis:** The City of Fargo Board of Equalization was presented an original assessment of \$6,504,000 (380,000 for land and 6,124,000 for improvements) by Fargo City Assessor Ben Hushka. At the time of the City Board of Equalization, the city staff was in the process of reviewing several appealed parcels. Mr. Hushka requested that no change in assessments be made at that time, with the condition that his staff continue to work with property owners and new recommendations would be made at the County Board of Equalization. The Cass County Board of Equalization met on June 3, 2019, in which it was presented a list of 83 commercial appeals in the city of Fargo. The County Board of Equalization, due to the large amount of appeals, recessed so the city staff could continue to work with property owners' appeals. The Cass County Board of Equalization reconvened on June 17, 2019. The Fargo City Assessment Department gathered financial information and physical characteristics through inspections on a portion of the 83 commercial properties that were appealed and provided assessment changes at that time. Mr. Hushka recommended a change of -\$575,000 on the subject property resulting in an assessment of \$5,929,000. The recommendation failed because the County Board of Equalization did not want to set a precedent of considering the income approach, per county minutes. The original assessment of \$6,504,000 was retained.

Staff from the Property Tax Division of the North Dakota Office of State Tax Commissioner met with the Fargo assessing staff and the county tax director in early August. Also, an onsite inspection was completed at that time with a representative from Alliance Management Group. Staff was able to tour vacant units, inspect hallways, common areas, and the exterior. The apartment complex was constructed in 2010. It consists of 2 secured buildings with 31 units in each, 3-efficiency, 4-1 bedroom/1 bath, 20-2 bedroom/2 bath, 4-3 bedroom/2 bath, washer/dryer in units, underground parking with 60 spaces for each building as well as an additional 40 above ground parking spaces, fitness room, community room, and no elevator. Main apartment buildings are metal siding, 2 story, and mirror each other. The complex appears to be in normal condition for its age. According to Mr. Scott Houle, Chief Operations Officer of Alliance Management Group, he has been in contact with the City of Fargo's assessing staff and believes the recommendation of \$5,929,000 is in line with market value.

Consideration was given to the three approaches to value, with information provided by the appellant and city assessor. The cost approach was provided by the City of Fargo's Assessing Office. Alliance Management Group is not disputing cost to build.

Information with financial data was submitted by Alliance Management Group. The data received from the appellant is consistent with the market data used by the City of Fargo. Both parties agree that the information gathered justifies an assessment of \$5,929,000. The Property Tax Division reviewed the appraisal submitted for a similar property, compared the income approach to value and agreed with the City of Fargo's analysis for a final true and full assessment of \$5,929,000.

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**Recommendation:** Direct the City of Fargo to decrease parcel # 01-8386-00031-000 – Crystal Creek by 9% resulting in an approximate assessment of \$5,918,640 and to continue to closely monitor the market and make adjustments as necessary to maintain equitable and equalized assessments.

600 E. BOULEVARD AVE., DEPT 127  
BISMARCK, ND 58505-0599

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