

## Staff Report for 2020 State Board of Equalization

September 23, 2020

**File No.:** 2020-CASS-NYMARK

**Prepared By:** Property Tax Division

**County or City:** Fargo

**Appellant:** Richard Nymark-RNymarkLLC

**Issue:** City of Fargo proposed assessed valuation of 1121 2<sup>nd</sup> Ave. S. Fargo

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**Summary:** Richard Nymark is protesting the market value of his rental property in the City of Fargo.

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**Analysis:** The City of Fargo Board of Equalization was presented an original assessment of \$177,000 (\$35,000 for land and \$142,000 for improvements) by the Fargo Assessing Office. At the time of the City Board of Equalization, the city staff was in the process of reviewing several appealed parcels. Mr. Ben Hushka requested that no change in assessment be made at that time, with the condition that his staff continue to work through it and may have recommendations at the County Board of Equalization. On June 15, 2020, the Cass County Board of Equalization was presented with a new value by the Fargo Assessing Office based on the property's condition. The new value which was approved by the County Board was \$164,000 (\$35,000 for land and \$129,000 for improvements) which is a reduction of \$13,000.

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 August. Also, an onsite inspection was completed at that time with the owner of the property Mr. Rick Nymark. Staff was able to tour 1 vacant unit, inspect common laundry in the basement and the exterior. The building was constructed in 1904. It consists of 5 units; 4 units are 1 bed/1 bathroom, and 1 unit is an efficiency. The building is 1,919 square feet, 2-story, and has parking spaces. 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. The appellant is not disputing the cost to build but believes the sales approach is not using correct sales.

The following income approach was calculated using actual income data provided by the appellant. The subject property has a gross income of \$23,076, a 5% vacancy and loss was deducted for an effective operating income of \$21,922. Allowable expenses of 40% was subtracted from the effective operating income, which calculated a final potential net operating income of \$13,153. A loaded capitalization rate of 7.5% provided a final estimate of value at \$175,378.

The sales approach was considered by reviewing comparables provided by the City of Fargo and the appellant's realtor. Mr. Nymark's realtor provided 3 sales, 2 of which were in 2019 and the City of Fargo included these 2 sales in their analysis. Based on the information provided, a comparable sale of similar age and square footage sold for \$160,000.

The property is currently on the market and being sold together with 1115 2<sup>nd</sup> Ave S for a combined total of \$375,000. The current assessed values for both properties total \$378,000. Upon completion of the review, the information gathered by the Property Tax Division supports the assessment of \$164,000, as approved by the city and county.

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**Recommendation:** No action required.