



TO: Mayor Shaun Sipma
Members of the City Council

FROM: Kevin Ternes, Minot City Assessor

DATE: 11/25/2019

SUBJECT: 2017 ABATEMENT REQUEST FOR 46 TOWNHOMES OWNED BY TOWNHOMES AT STONEBRIDGE LLC, FARGO, ND, MI PARCEL NUMBERS ML.01.D06.010 0010 TO ML.01.D06.020.0300

I. RECOMMENDED ACTION

The City Assessor recommends denial of the abatement request in its entirety.

II. DEPARTMENT CONTACT PERSONS

City Assessor, Kevin Ternes, 701-857-4160
kevin.ternes@minotnd.org

III. DESCRIPTION

A. Background

Property owners have the right to appeal their assessment through the form of an abatement per NDCC 57-23-04. This abatement request goes back to the year 2017 for 46 townhomes along 7th St NE from 3335 to 3477 also known as parcel numbers listed above in Subject. Fredrikson & Byron, 51 Broadway, Suite 400, Fargo, ND 58102-4491 is representing the property owners for the above listed parcel numbers. Additional attachments and information follow this agenda memo regarding the parcels that are part of the abatement request and our recommendation. The Assessor recommends denial of the applications based on the following reasons:

1. Currently there has been no support for the applicant's request. Last year the applicant submitted an appraisal for all 46 townhomes dated October 26, 2015 for the amount of \$9,850,000. The appraiser at that time appraised these properties as an apartment complex. The properties combined 2017 assessed value was \$9,864,000, which was virtually the same as the properties owner's prior years private appraisal.
2. A market study analysis of each residential townhome as compared with other comparable sales in the area at the time of the assessment was also not presented to be considered in support of their request for this public hearing. These are 46 individual townhomes and assessed as such. They are not assessed as a commercial complex because they are individual units and can be bought and sold as such.
3. The City Assessor has asked for appointments to be made to physically review the townhomes prior to November 26th. The assessor asked for 5 minutes in each unit to verify the information on the current assessor's property record card. To date at the time of this memo, no contact has been established or made with our office to provide the opportunity for the inspections per NDCC 57-23-05.1.

4. It is the Assessor's position the 46 townhomes were fairly and equitably assessed as to a reasonable market value for 2017 based on all market data and comparable sales data as of 2017 with consideration to location, age and style as compared to other residential townhomes. **See attachment referencing additional information.**
5. It is the Assessor's position that the Assessor's residential mass appraisal model was within state tolerance of between 90% and 100% of estimated market valuation levels for the 2017 tax year as determined by the State Tax Department's annual sales ratio study. **See attachment referencing additional information.**
6. Several discussions have been had with representatives of the owners of these townhomes in the past. They have asked for these residential townhomes that are platted as individual residential legal descriptions that could be sold one or more at a time to be assessed as if it were one large apartment complex. These are actually 4 and 5 unit multi-level townhome buildings that are rented out. The fact the owner is using these single family townhomes as rentals is a management decision. Assessing these as single family townhomes which is what they are versus assessing the whole package of 46 units as one investment property or one large apartment complex which is what the owner would like is the reason we are not going to arrive at similar conclusions. The owner is basically asking for a quantity discount or wants townhomes assessed as apartments which they are not. After further consideration, a visit with the state tax department and other assessors, the Assessor disagrees with the owner's request and valuation approach as it relates to the assessment. The city assessor recommends a motion to deny the request.

IV. IMPACT:

Any financial impact for the city or other governing body should not be considered in the deliberation of the 2017 assessment of the parcels attached to this memo as the issue is whether the assessment was fair, equitable, and a reasonable estimate of the True and Full Value as defined by NDCC, 57-02-0.15 "*True and full value*" means the value determined by considering the earning or productive capacity, if any, the market value, if any, and all other matters that affect the actual value of the property to be assessed..... and 57-02-11.1 *All real property subject to taxation must be listed and assessed every year with reference to its value, on February first of that year.*

It is the assessor's position that a granting of the applicant's request would in fact place this property below a reasonable estimate of market value which existed as of February 1st, 2017 regarding similar residential townhomes. It would also give them a lower assessment for 2017 than other similar townhomes.

V. TIME CONSTRAINTS

At the time of the writing of this memo, no information in support of the abatement had been received from the applicant, nor was an appointment made to inspect the properties under abatement request although it was asked for by the City Assessor's Office. This application had been received on the final day of the deadline for filing an abatement for the 2017 tax year.

The deadline for notifying the applicant of their hearing was met and the date of the hearing was held within the deadline based on NDCC 57-23-04. The Council recommendation will go forward to the Ward County Commission for their final action.

VI. LIST OF ATTACHMENTS **Supporting Documentation**