

Staff Report for 2024 State Board of Equalization

File No.: 2024-CASS-FARGO-STERLING PROPERTIES, LLLP-GEMSTONE

Prepared By: PROPERTY TAX DIVISION

County or City: CITY OF FARGO

Appellant: STERLING PROPERTIES, LLLP

Type of Appeal: COMMERCIAL VALUE

Appeal Issue: Sterling Properties, LLLP, represented by Sam Jelleberg, is appealing the total property value of \$960,300 on parcel numbers 01-0100-01310-000, 01-0100-01320-000, & 01-0100-01330-000, located at 1037 16th Street N, Fargo, ND.

Analysis:

Summary:

Proposal for Review:

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

WWW.ND.GOV/TAX | TAXINFO@ND.GOV NORTH DAKOTA





Appellant Information – State Board of Equalization

County or City: Fargo, ND
 Appellant: Sterling Properties, LLLP
 Type of Appeal: Residential

Please complete this form in its entirety. The information provided will be taken into consideration when investigating and reaching a conclusion regarding the appeal presented. To provide ample time for investigation, all information to support the appeal (property information, pictures, income information, etc.) must be received by August 1, 2024, and is subject to open records. Please provide one questionnaire per property.

Please email or mail any supporting documentation to:
propertytax@nd.gov
 or
 The Office of State Tax Commissioner, Attn: Property Tax,
 600 E Boulevard Ave., Bismarck, ND 58505-0599

Information for Property Referenced in Appeal:

Property name	Gemstone
City	Fargo
Address	1037 16 ST N
Township Name	Barnes
County	Cass
Parcel ID	01-0100-01310-000
Legal Description	BEARDSLEYS LOT 3 BLK 20

Appellant Contact Information:

Appellant Name: Sam Jelleberg
Address: 4340 18th Ave S, Fargo, ND 58103
Phone Number: 701-201-0645
Email Address: SJelleberg@SRETrust.com

Answer the questions below that apply to the appeal:

Are you the owner of the property of this appeal? Yes No
(If No, please see the Consent to Release Financial Info)

Did you receive a notice of increase letter from the city/township? (choose all that apply)

- Prior to After Township/City Equalization Meeting
 Prior to After County Equalization Meeting
 No Notification Received

At which meeting(s) did you appeal your assessment? (choose all that apply)

- Township/City County N/A

****Please note NDCC § 57-13-04.3(a)(1)(2) requires appellants to appeal to the State Board of Equalization must have applied to both local and county boards.***

Has a recent appraisal been completed on the property?

- Yes (if yes, please attach) No

What grounds is your appeal based upon? Please check all that apply and provide supporting documentation for each selection.

- Factual error, that is, a data collection or clerical error.
 Equity and uniformity claim of discriminatory level of assessment.
 Belief that the valuation is inaccurate.
 Exemption, classification, or assessment limitation.

Please attach or email (propertytax@nd.gov) the following:

1. A detailed explanation of your appeal
2. Evidence to validate the assessment appealed

Appeal Process:

- 1.) Appellant notifies the Property Tax Division of intent to appeal.
- 2.) Submit this form and all applicable documentation to propertytax@nd.gov by the date specified above.
- 3.) The State Board of Equalization meets on the second Tuesday in August to examine and compare the returns of the assessment of taxable property as submitted by North Dakota counties. This is locally assessed property. The board equalizes the property so that all assessments of similar

taxable property are uniform and equal throughout the state. During this meeting, tax directors or other representatives from a county will speak, along with city representatives, and individual taxpayers.

- 4.) After the State Board meeting, your case will be assigned, and staff will reach out to schedule an onsite review of the property (when deemed applicable). While an interior inspection of the property is not required, interior reviews may affect the consideration of value. If denied an interior review, we will assess from the exterior only. Staff will not be allowed to enter the property without the owner or a representative present.
- 5.) Generally, by the first Thursday of October, the property tax division staff will present their findings to the State Board of Equalization with a recommendation. The board deliberates and votes. You can attend this meeting; however, public comments are not accepted.

Gemstone Apartments

Income Approach Tax Analysis

April 5, 2024

Parcel ID Number	2020 (payable 2021)		2021 (payable 2022)		2022 (payable 2023)		2023 (payable 2024)		2024 (payable 2025)	
	Assessed	Taxes	Assessed	Taxes	Assessed	Taxes	Assessed	Taxes	Assessed	Taxes
01-0100-01310-000	223,000	9,576	245,300	10,630	269,800	11,875	304,900	13,143	320,100	
01-0100-01320-000	223,000		245,300		269,800		304,900		320,100	
01-0100-01330-000	223,000		245,300		269,800		304,900		320,100	
Value	669,000	9,576	735,900	10,630	809,400	11,875	914,700	13,143	960,300	0
Increase >			10.0%	11.0%	10.0%	11.7%	13.0%	10.7%	5.0%	-100.0%
No. Units >	12									
Value Per Unit >	55,750		61,325		67,450		76,225		80,025	

<u>Determination:</u>	See word document
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Jacob Lane

April 5, 2024

Annual Statement

Period = Jan 2019-Jan 2023

Book = Accrual ; Tree = ysi_is

		EOY	EOY
		Dec 2019	Dec 2020
40002	INCOME		
40100	Gross Potential Rent	99,250.00	98,755.00
40200	Month to Month Fee	0.00	0.00
40400	Vacancy	-9,540.00	-4,873.00
40600	Rent Incentives	-3,649.50	-3,306.50
40999	NET COLLECTED RENT	86,060.50	90,575.50
41000	OTHER RENTAL INCOME AND FEES		
41300	Pet Rent Income	0.00	0.00
41310	Pet Fees-Nonrefundable Income	0.00	0.00
41999	TOTAL OTHER RENTAL INCOME AND FEES	0.00	0.00
42001	MISC INCOME		
42150	Application Fees	75.00	450.00
42350	Early Termination Fees	0.00	0.00
42400	Interest Income	101.50	154.85
42450	Late Fees	840.00	520.00
42500	Laundry Income	1,535.00	1,591.51
42550	NSF Fees	0.00	0.00
42600	Prelease Incentive Forfeited	0.00	0.00
42650	Revenue Sharing Income	0.00	0.00
42850	Other Income	155.00	20.59
42852	Other Income-Renters Insurance	0.00	0.00
42856	Bad Debt Expense ASC 842	0.00	0.00
42998	TOTAL MISC INCOME	2,706.50	2,736.95
49999	TOTAL INCOME	88,767.00	93,312.45
50000	EXPENSES FROM RENTAL OPERATIONS		
50005	OWNER EXPENSES		
50010	REPAIRS AND MAINTENANCE EXPENSES		
50095	MAINTENANCE STAFF COSTS		
50100	Maintenance Staff	5,709.42	5,925.64
50145	TOTAL MAINTENANCE STAFF COSTS	5,709.42	5,925.64
50150	REPAIRS AND MAINTENANCE OTHER		
50155	Temp Agency and Non-employee	51.23	56.34
50160	Internal Labor-Upgrade	240.00	1,600.00
50170	Caretaker-Internal Labor	681.62	2,367.78
50180	Turn Cleaning-Internal Labor	61.13	0.00

50200	Appliances and Laundry	1,228.53	149.47
50210	Window Treatments	66.49	0.00
50220	Cooling Systems	691.19	0.21
50230	Custodial	1,748.67	946.53
50232	Custodial-Contract and Caretaker	1,755.00	0.00
50234	Custodial-Turn Cleaning	475.00	400.00
50240	Decks and Railings	0.44	0.00
50250	Doors	3,222.45	0.00
50255	Doors-Garage	12.96	0.00
50260	Electrical and Lighting	2,041.47	283.87
50280	Exterior Finishes and Foundation	37.31	1,111.60
50290	Extermination	6.55	0.00
50300	Fire Safety	461.62	448.15
50310	Flooring	5,109.83	170.00
50311	Flooring-Projects	0.00	0.00
50330	Grounds Maintenance	1,534.24	2,192.96
50332	Grounds-Internal Labor	10.65	240.76
50350	Heating Systems	228.72	80.35
50370	Landscaping	2.79	302.87
50380	Locks and Keys	314.99	10.59
50390	Millwork and Cabinets and Countertop	229.67	0.00
50420	Painting-Interior	3,629.54	947.93
50421	Painting-Interior-Projects	0.00	0.00
50431	Parking Lot-Projects	0.00	0.00
50440	Parking Lot-Sweeping and Striping	0.00	162.20
50450	Plumbing	2,006.54	1,335.59
50470	Repairs and Maintenance	403.89	277.02
50474	COVID 19 Direct Expenses	0.00	20.55
50481	Roof-Projects	0.00	1,050.00
50500	Signage	0.00	275.00
50510	Snow Removal	2,365.29	1,716.52
50515	Snow Removal-Internal Labor	295.47	122.85
50540	Windows	1,483.89	56.74
50900	Resident Chargebacks	-2,230.00	-1,295.00
50998	TOTAL REPAIRS AND MAINTENANCE OTHER	28,167.17	15,030.88
50999	TOTAL REPAIRS AND MAINTENANCE EXPENSES	33,876.59	20,956.52
51000	PROPERTY MANAGEMENT AND OPERATING EXPENSES		
51009	OFFICE AND ADMIN		
51095	ON-SITE STAFF COSTS		
51100	On-Site Staff Costs	6,141.60	5,831.59
51130	On-Site Staff Training and Education	1.93	0.00
51145	TOTAL ON-SITE STAFF COSTS	6,143.53	5,831.59
51146	PROPERTY MANAGEMENT EXPENSES OTHER		
51200	Advertising and Marketing	744.83	1,022.95
51210	Applicant Screening	657.00	279.50
51240	Bank Charges	11.97	12.05

51250	Collection Costs	0.00	0.00
51270	Customer Service Accommodation	0.00	0.00
51300	Legal Fees	46.65	0.00
51330	Model Unit and Open Unit Decor	120.27	9.69
51340	Move-In Gifts	99.40	173.12
51360	Office Equipment and Furnishings	253.80	310.93
51370	Office Rent	684.95	648.51
51375	Office Electricity	0.00	3.50
51380	Office Gas	0.00	3.98
51390	Office Telephone and Internet	3.82	15.30
51400	Office Supplies	268.44	185.77
51430	Professional Fees	475.00	475.00
51440	Property Management Fees	4,531.21	4,577.70
51460	Resident Retention	24.06	7.65
51470	Site Equipment	182.34	0.00
51996	TOTAL PROPERTY MANAGEMENT EXPENSES OTHER	8,103.74	7,725.65
51999	TOTAL PROPERTY MANAGEMENT EXPENSES	14,247.27	13,557.24
52000	UTILITIES		
52200	Electricity-Unit	966.58	451.38
52210	Electricity-House	1,777.48	1,717.47
52400	Garbage Removal	916.72	1,090.79
52900	Water and Sewer	3,606.24	3,774.90
52999	TOTAL UTILITIES	7,267.02	7,034.54
53000	OTHER OPERATING EXPENSES		
53100	Real Estate Taxes	9,454.39	9,576.43
53200	Property Insurance	3,568.00	5,207.60
53989	TOTAL OTHER OPERATING EXPENSES	13,022.39	14,784.03
53990	TOTAL PROPERTY MANAGEMENT AND OPERATING EXPENSES	34,536.68	35,375.81
53999	TOTAL OWNER EXPENSES	68,413.27	56,332.33
69990	TOTAL EXPENSES	68,413.27	56,332.33
69999	NET OPERATING INCOME	20,353.73	36,980.12
70000	FIXED EXPENSES		
70010	INTEREST EXPENSE		
70300	Interest Expense-Mortgage	3,294.57	2,684.25
70310	Interest Expense-Mortgage 2nd	3,294.57	2,684.25
70320	Interest Expense-Mortgage 3rd	2,519.67	2,053.04
70600	Interest Expense-Security Deposits	51.23	20.80
70700	Interest Expense-Special Assessments	123.21	117.39
70999	TOTAL INTEREST	9,283.25	7,559.73
71000	OTHER FIXED EXPENSES		
71100	Amortization Expense-Monthly	0.00	70.00
71300	Depreciation	18,547.00	18,660.00

71998	TOTAL OTHER FIXED EXPENSES	<u>18,547.00</u>	<u>18,730.00</u>
71999	TOTAL FIXED EXPENSES	27,830.25	26,289.73
99900	NET INCOME	<u>-7,476.52</u>	<u>10,690.39</u>

69999

53100

EOY	EOY	EOY
Dec 2021	Dec 2022	Dec 2023
97,430.00	100,130.00	106,616.00
225.00	525.00	1,350.00
-20,432.00	-7,742.00	-1,303.00
-740.00	-400.00	0.00
76,483.00	92,513.00	106,663.00
100.00	200.00	552.26
250.00	0.00	750.00
350.00	200.00	1,302.26
420.00	920.00	720.00
300.00	0.00	0.00
27.93	185.21	1,414.42
1,120.00	960.00	400.00
1,205.60	1,547.00	1,263.50
0.00	0.00	35.00
0.00	400.00	0.00
1,243.25	588.20	2,310.61
23.76	7.15	79.74
0.00	90.09	219.19
0.00	-497.44	0.00
4,340.54	4,200.21	6,442.46
81,173.54	96,913.21	114,407.72
5,429.71	6,012.51	6,809.24
5,429.71	6,012.51	6,809.24
226.49	0.00	49.74
0.00	0.00	0.00
2,006.14	942.30	424.68
837.80	-11.21	0.00

1,288.41	165.76	1,501.41
328.39	164.02	111.68
0.00	0.00	0.00
1,957.01	1,288.10	1,968.19
0.00	1,072.50	485.00
1,608.75	982.53	688.75
0.00	0.00	340.31
343.79	1,439.95	307.01
0.00	0.00	0.00
978.75	99.30	16.45
250.00	525.00	845.25
70.00	0.46	70.00
383.28	275.42	413.04
3,483.06	4,338.60	397.50
1,775.77	0.00	0.00
1,834.78	1,650.00	2,600.00
191.85	-2.49	0.00
457.06	90.93	0.00
3.03	148.37	475.00
625.54	369.87	104.22
1,060.00	42.19	16.05
2,165.15	771.48	1,295.00
394.00	0.00	0.00
1,575.00	0.00	0.00
85.00	212.00	0.00
2,166.61	443.54	1,031.01
318.57	322.43	274.56
0.37	0.00	0.00
0.00	0.00	0.00
101.39	0.33	0.00
3,967.50	5,618.26	4,954.85
0.12	0.00	0.00
0.00	400.76	233.50
-6,120.00	-2,272.35	-2,674.45
<hr/> 24,363.61	<hr/> 19,078.05	<hr/> 15,928.75
29,793.32	25,090.56	22,737.99

6,345.53	6,541.57	7,285.28
0.00	0.00	0.00
<hr/> 6,345.53	<hr/> 6,541.57	<hr/> 7,285.28

952.31	2,273.67	2,319.38
313.50	647.00	686.71
2.78	21.32	5.83

640.00	0.00	0.00
90.00	0.00	0.00
0.00	0.00	55.00
5.91	0.00	13.16
0.22	298.57	81.25
435.71	541.79	348.71
637.32	340.86	340.80
31.54	34.23	29.65
28.46	47.60	47.23
128.80	111.53	102.90
113.66	137.54	174.02
655.07	700.00	790.20
4,070.08	4,930.75	5,668.11
12.82	105.81	40.90
72.76	0.00	0.00
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8,190.94	10,190.67	10,703.85
<hr/>	<hr/>	<hr/>
14,536.47	16,732.24	17,989.13
1,442.55	1,427.06	-286.43
1,748.82	2,131.01	2,058.07
1,095.79	1,372.50	1,282.35
4,309.88	4,008.48	4,243.68
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8,597.04	8,939.05	7,297.67
10,630.49	11,875.00	13,143.39
5,230.08	6,316.16	7,340.66
<hr/>	<hr/>	<hr/>
15,860.57	18,191.16	20,484.05
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38,994.08	43,862.45	45,770.85
<hr/>	<hr/>	<hr/>
68,787.40	68,953.01	68,508.84
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68,787.40	68,953.01	68,508.84
<hr/>	<hr/>	<hr/>
12,386.14	27,960.20	45,898.88
2,319.47	2,267.04	2,200.58
2,319.47	2,267.04	2,200.58
1,774.04	1,733.93	1,683.09
19.39	30.30	35.09
114.57	108.09	101.25
<hr/>	<hr/>	<hr/>
6,546.94	6,406.40	6,220.59
105.00	105.00	105.00
18,387.00	17,483.00	17,342.00
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18,492.00	17,588.00	17,447.00
25,038.94	23,994.40	23,667.59
-12,652.80	3,965.80	22,231.29

	2019	2020	2021	2022	2023
NOI	20,353.73	36,980.12	12,386.14	27,960.20	45,898.88
Real Estate Taxes	9,454.39	9,576.43	10,630.49	11,875.00	13,143.39
Projects Expense	0.00	1,050.00	3,744.77	0.00	0.00
Upgrade Expenses	240.00	1,600.00	0.00	0.00	0.00
NOI adding back RE taxes & Projects/upgrades	30,048.12	49,206.55	26,761.40	39,835.20	59,042.27

Rent Roll with Lease Charges

Gemstone (lxgems01)

As Of = 12/31/2023

Month Year = 12/2023

Unit	Unit Type	Unit Resident	Market Charge	Amount	Resident	Other Move In	Lease	Move Out	Balance
		Sq Ft	Rent Code		Deposit	Deposit	Expiration		
Current/Notice/Vacant Residents									
1027-01	CCB2CXXB	925.00 t0398554	862.00 rent	800.00	800.00	0.00 9/1/2023	8/31/2024		0.00
			rentins	11.00					
			petrent	25.00					
			Total	836.00					
1027-02	CCB2CXXB	925.00 t0395958	862.00 rent	760.00	760.00	0.00 7/3/2023	7/31/2024		-385.50
			rentins	11.00					
			Total	771.00					
1027-03	CCB2CXXA	825.00 t0389946	835.00 rentins	11.00	735.00	0.00 9/16/2022	3/31/2023	4/1/2024	-1.00
			rent	765.00					
			rentmtm	75.00					
			Total	851.00					
1027-04	CCB2CXXA	825.00 t0392281	835.00 rent	735.00	735.00	0.00 1/25/2023	1/31/2024	1/31/2024	0.00
			petrent	25.00					
			Total	760.00					
1033-01	CCB2CXXB	925.00 t0396617	862.00 rent	760.00	760.00	0.00 7/3/2023	7/31/2024		0.00
			rentins	11.00					
			petrent	25.00					
			Total	796.00					
1033-02	CCB2CXXB	925.00 t0396042	862.00 petrent	25.00	760.00	0.00 7/21/2023	7/31/2024		0.00
			rent	760.00					
			rentins	11.00					
			Total	796.00					
1033-03	CCB2CXXA	825.00 VACANT	835.00	0.00	0.00	0.00			0.00
			Total	0.00					
1033-04	CCB2CXXA	825.00 t0394912	835.00 rent	735.00	735.00	0.00 5/1/2023	4/30/2024	5/31/2024	0.00
			rentins	11.00					
			Total	746.00					

Rent Roll with Lease Charges

Gemstone (Ilgems01)

As Of = 12/31/2023

Month Year = 12/2023

Unit	Unit Type	Unit Resident	Market Charge	Amount	Resident	Other Move In	Lease	Move Out	Balance
		Sq Ft	Rent Code		Deposit	Deposit	Expiration		
1037-01	CCB2CXXB	925.00 t0379240	862.00 rentins	11.00	350.00	0.00 8/18/2021	8/31/2024		0.00
			rent	755.00					
			Total	766.00					
1037-02	CCB2CXXB	925.00 t0386976	862.00 rentins	11.00	755.00	0.00 7/11/2022	7/31/2024		-816.00
			rent	805.00					
			Total	816.00					
1037-03	CCB2CXXA	825.00 t0384556	835.00 rentins	11.00	690.00	0.00 4/1/2022	1/31/2025		0.00
			rent	865.00					
			rentmtm	75.00					
			rent	-865.00					
			Total	86.00					
1037-04	CCB2CXXA	825.00 t0398123	835.00 rent	745.00	745.00	0.00 9/1/2023	8/31/2024		0.00
			Total	745.00					
		Total	10,182.00	7,969.00	7,825.00	0.00			-1,202.50

Summary Groups	Square Footage	Market Rent	Lease Charges	Security Deposit	Other Deposits	# Of Units	% Unit Occupancy	% Sqft Occupied	Balance
Current/Notice/Vacant Resident/Future	10,500.00	10,182.00	7,969.00	7,825.00	0.00	12	91.66	92.14	-1,202.50
Resident/Annlr	0.00	0.00	0.00	0.00	0.00	0			0.00
Occupied Units	9,675.00	9,347.00				11	91.66	92.14	
Total Non Rev	0.00	0.00				0	0.00	0.00	
Total Vacant Units	825.00	835.00				1	8.33	7.85	
Totals:	10,500.00	10,182.00	7,969.00	7,825.00	0.00	12	100.00	100.00	-1,202.50

Summary of Charges by Charge Code	Amount
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rent 7620

Rent Roll with Lease Charges

Gemstone (Ilgems01)

As Of = 12/31/2023

Month Year = 12/2023

Unit	Unit Type	Unit Resident	Market Charge	Amount	Resident	Other Move In	Lease	Move Out	Balance
		Sq Ft	Rent Code		Deposit	Deposit	Expiration		
rentins		99							
petrent		100							
rentmtm		150							
Total		7,969.00							

Gemstone

Gemstone's valuation exceeds current market values for 2023 in the Fargo market. The age, product type and location of this property, we believe supports a valuation of \$65,476.