

**Minutes of the Grand Forks City Council/Board of Equalization
Tuesday, April 9, 2019 - 5:30 p.m.**

The city council of the city of Grand Forks, ND was called to meet as the Board of Equalization in the council chambers on Tuesday, April 9, 2019 at 5:30 p.m. with Mayor Brown presiding. Present at roll call were Council Members Weigel (by phone), Weber, Sande, Vein – 4; absent: Council Members Dachtler, Mock, Marshall - 3.

Duties of City Board of Equalization

John Warcup, Asst. City Attorney, reported that the duties of the City Board of Equalization are set forth in NDCC 57-11, and are to make sure that the property and any protests are properly classified as exempt or non-exempt, the property is properly classified as residential, commercial or industrial and that the property valuation is equally applied between similar properties throughout the city of Grand Forks.

Statutorily protests are set for the second Tuesday of April but can be continued as needed to determine the actual outcome of the protest; and any protests received have typically been referred to the finance and development committee or committee of the whole and then back to a future Board of Equalization for final action. The City Assessor will propose a change in that process to a two meeting process, which would meet statutory requirements. The property owner who is protesting their value will have the opportunity to provide in writing or a presentation, with the assessor then providing their input on the property owners protest.

Comments by City Assessor.

Houdek introduced assessing department staff and recognized the work that they have put into the software conversion. This conversion is nearing the end after five years of work and at conclusion will have looked at every property in the city to ensure that it is properly valued. The department is hoping to complete the process this year, but may have some townhome and condo properties that roll over into next year. Once all property has been converted, annual program routine maintenance will be done on a rotation basis with a different sector of the city being looked at each year.

Houdek reported that in 2019, the department sent out notices of increase to 984 properties, with more than half of the reason for increase being due to annexations, exemptions rolling off or being newly constructed properties. The 2019 residential market has been stable, which is reflected in the lower number of letters sent. The assessment process compares all sales to the city value and median ratio is what the state watches, requiring that we be between 90-100%, with our target being 95%. Based on the comparisons, we are at 94.7% in 2019, identical to 2018. Commercial sales were also within the target range at 95.8%. Houdek noted that commercial ratio study is harder to use due to lack of sales.

The board reviewed a handout detailing information on comparison of True and Full Value from 2018 to 2019. It was noted that there is an overall change of 1.49% for all reasons of valuation change, as compared to 2017-2018 when there was a 2.1% change. This is comparable to the valuation changes in similar cities in the state such as Bismarck (1.95%) and Minot (1.24%), with a majority of the properties having a stable value. Fargo was a little higher at 4.6%.

The preliminary value of a mill is projected to go up \$3,373 2019, as compared to \$4,586 in 2018 and \$10,627 in 2017.

Receive formal protests and refer to City Council meeting on May 6

Mr. Houdek reported he had received written formal protests, including that Sterling Properties, LLLP had initially submitted appeals on 15 apartment complex properties, have reviewed the information

submitted and discussed with them, which resulted in their decision to withdraw 6 and are only proceeding with those listed.

Properties submitting protests are:

- Christopher T. & Mia Boe, 687 Vineyard Dr.
- STERLING PROPERTIES LLLP, DBA Oakview Townhomes, multiple addresses.
- STERLING PROPERTIES LLLP, DBA Amberwood Court, 2520&2600 9th Ave S&824 S 25th St
- STERLING PROPERTIES LLLP, DBA Cherry Creek, 905 32nd Ave S
- STERLING PROPERTIES LLP, DBA Chandler 1866 Apartment, 1866 S 20th St
- STERLING PROPERTIES LLLP, DBA Mayfair Apartment, 1711 22nd Ave S
- STERLING PROPERTIES LLLP, DBA Southview Apartment, 2249 30th Ave S
- STERLING PROPERTIES LLLP, DBA Stanford Court, 3514, 3532, 3538 11th Ave N
- STERLING PROPERTIES LLLP, DBA Sunview Apartments, 2701 S 26th St & 2700 S 25th St
- STERLING PROPERTIES LLLP, DBA Valley Homes Dup., multiple addresses
- COLE KO GRAND FORKS ND, LLC, DBA Kohl's, 3301 32nd Ave S
- FURN USA ND, LLC, DBA Ashley Furniture, 3201 32nd Ave S,
- Steven Argall, 818 Cedar Burls Dr., parcel #1378.034.000

Christopher Boe, 687 Vineyard Dr, commented regarding the valuation increase for his property, that it has increased at average rate for other properties in the city in prior years, but this year after revaluation is proposed to go up almost 25% despite making no changes in his property. He provided information on comparable properties and historical data from neighbors that have attempted sales of their home recently but been unsuccessful at the higher values. Mr. Boe stated that he has made no new improvements to his property and would request that the value be returned to the 2018 value with a typical increase as has been in prior years.

Steve Argal, 818 Cedar Burls Dr, expressed concern on special assessments on his home and why he is being taxed on interest, which is adding to the value of the property and doesn't seem right to be taxed on the interest. Council Member Sande provided information on the special assessment deferral program that was put in place, which does have interest accruing during the deferment period. Houdek explained how special assessments factor into the process and that special assessments are added to the sale price of the house, that they are not added to the true and full value of the property. We have adjusted so that the interest from deferred projects are not being included in the sale price. Houdek provided rationale for why special assessments are included in the sale price, which is to keep the properties equivalent, between those that choose to pay more for a lot with infrastructure included or pay less for the lot, but then pay for the infrastructure through special assessments, and that in the end the lot has the same value just different means of getting there. Houdek explained the difference between the sale price and true and full value, which are not interchangeable terms. The true and full value is the basis for property taxes and does not include the special assessments.

Jude Freeman, 315 Belmont Road, commented regarding incentives given for new apartment buildings, which he believes has resulted in a loss of potential tenants due to the new units on the market. He stated that he would like to see an incentive for older units like he owns. Mayor Brown stated that this is not a request that the Board of Equalization can address.

Houdek explained that staff will take all information received and review it, meet with property owners and determine a recommendation on the appeal. He proposed eliminating an additional meeting for comments and suggested that the Board of Equalization be reconvened prior to the City Council meeting

on May 6 at which property owners could still provide comments, staff will provide their findings on the review of the appeals, and the Board of Equalization could make their decision that night or call for a third meeting if necessary. He explained that the action taken by the Board of Equalization is forwarded to the County Board of Equalization, and then on to the State. There is no action needed from the City Council.

It was moved by Council Member Sande, and seconded by Council Member Vein to reconvene the Board of Equalization on Monday, May 6 at 5:30 p.m. just prior to City Council.

Council Member Sande moved and Council Member Vein seconded to adjourn the meeting at 6:07 p.m.

Respectfully submitted,

Maureen Storstad
City Auditor