

<p>BOARD OF ASSESSMENT APPEALS, STATE OF COLORADO 1313 Sherman Street, Room 315 Denver, Colorado 80203</p> <hr/> <p>Petitioner:</p> <p>THE WRITER CORPORATION,</p> <p>v.</p> <p>Respondent:</p> <p>ADAMS COUNTY BOARD OF EQUALIZATION.</p>	<p>▲</p>
<p>Attorney or Party Without Attorney for the Petitioner:</p> <p>Name: Alan Poe Address: Holland & Hart LLP 8390 East Crescent Parkway #400 Greenwood Village, Colorado 80111 Phone Number: (303) 290-1616 E-mail: Attorney Reg. No.: 7641</p>	<p>Docket Number: 38826</p>
<p>ORDER</p>	

THIS MATTER was heard by the Board of Assessment Appeals on August 7, 2002, Debra A. Baumbach and Karen E. Hart presiding. Petitioner was represented by Alan Poe, Esq. Respondent was represented by Jennifer Wascak Leslie, Esq., Assistant County Attorney.

PROPERTY DESCRIPTION:

Subject property is described as follows:

Legacy Ridge West Filing #1, W 105th Avenue and Sheridan Boulevard, Westminster, Colorado, 33 vacant residential lots (Adams County Schedule numbers as set forth in Schedule A)

Petitioner is protesting the 2001 actual value of the subject properties, 33 vacant residential subdivision lots in the Legacy Ridge subdivision in Westminster, Colorado.

ISSUES:

Petitioner:

Petitioner contends that the Respondent has overvalued the full market value of the subject properties, and there is disagreement over the discount rate.

Respondent:

Respondent contends that Petitioner's sales are from inferior locations and Petitioner did not account for premiums due to lot locations on the golf course or greenbelt. Respondent's comparables are better as they are sales located in golf course communities with similar attributes as the subject properties.

FINDINGS OF FACT:

1. Petitioner's witness, Mr. Todd J. Stevens, President of Stevens & Associates Cost Reduction Specialists, Inc., presented an indicated value of \$1,881,657.00 for the subject properties.

2. Mr. Stevens testified that he is paid on a contingent fee basis. He inspected the subject properties. The subject properties consist of lots backing to the golf course, greenbelt and pond, or the main subdivision road. As of the assessment date, all of the infrastructure was in place.

3. Writer Corporation purchased the subject properties on April 20, 2000, in a platted and engineered state, without infrastructure. The property was platted according to Writers specifications, which was a contingency of the purchase. The average purchase price of the 45 lots was \$50,548.00 per lot. Only 33 of the original 45 lots are part of this appeal; the remaining lots have been sold. After the purchase, Writer put in place the infrastructure, including utilities and additional curb and gutter.

4. Petitioner's witness presented six comparable sales ranging in sales price from \$29,592.00 to \$81,000.00 per lot. No adjustments were made to the sales prices.

5. Mr. Stevens testified that the first step in valuing vacant land is to determine a full market value, which is then discounted to determine a present worth value. An absorption period of three years was determined for the subject lots.

6. Mr. Stevens testified that he used sales of finished vacant lots to value the subject properties. Sale 1 consisted of 27 lots with an average size of 9,521 square feet; it is inferior to the subject lots as it has no golf course lots. Sale 2 consisted of 16 lots with an average lot size of 8,319 square feet, compared to subject 10,500 to 10,800 square feet. Sale 2 is located in the same subdivision as Sale 1; they were finished lots but not located on a golf course. Sale 3 has 7 lots that front the golf course, with an average lot size of over 13,000 square feet and is located near the subjects. Mr. Stevens considers this sale to be one of the best comparables for the subjects. Sale 4 consists of 33 lots with an average size of 8,690 square feet; 22 lots back to the

golf course. Sale 5 consisted of 14 lots, all of which are located on a golf course, with an average lot size of 9,500 square feet.

7. Sales 1 and 2 are inferior to the subjects as they do not have golf course frontage and are at an inferior location. Sale 3 is superior as it has larger lots; it is a similar location to the subject. Sale 4 had 22 lots located on a golf course, and Sale 5 had all lots located on a golf course. Sales 4 and 5 were considered superior to the subject in location. He placed very little weight on Sale 6. He gave the most weight to Sales 3, 4 and 5. Mr. Stevens determined a value of \$70,000.00 per lot.

8. Mr. Stevens testified that he next determined a discount rate, according to Division of Property Taxation (DPT) guidelines. He chose a 2% management rate and a 3% risk rate; the market is "cooling off" so he used a higher risk rate. He also reviewed the Integra survey, which indicated an internal rate of return from 12% to 20%. His final discount rate was 10.89% rounded to 11%, which was low according to Integra, but reasonable according to DPT guidelines. He then took the adjusted selling price of \$70,000.00 per lot, divided it by a three year sell out, using a present worth of \$1 factor of 2.44371 to arrive at a present worth value per lot of \$57,020.00.

9. Petitioner is requesting a 2001 actual value of \$70,000.00 per lot, discounted to \$57,020.00 per lot, for a total value of \$1,881,657.00 for the subject 33 properties.

10. Under cross-examination, Mr. Stevens testified that his value does not distinguish between lots that front on the golf course versus base lots; he determined an average overall value. He testified that lots that front the main subdivision road would be a lesser value and lots on the golf course would be more valuable.

11. Upon questioning from the Board, Mr. Stevens clarified that he considered 21 lots to be premium: 11 fronting the golf course and 10 fronting the Highline Canal or Margaret's Pond. He determined the 21 premium lots to have a value of \$75,000.00 each and the 12 base lot values to be \$50,000.00 each.

12. Respondent's witness, Mr. Don DeLay, a registered appraiser with the Adams County Assessor's Office, presented an indicated value of \$2,769,240.00 for the subject properties, based on the market approach.

13. Mr. DeLay testified that he was familiar with the subject properties, which consist of 33 lots in the Legacy Ridge West Filing One subdivision in the City of Westminster. Twenty-one of the lots are premiums, valued at \$91,600.00 per lot. There are 45 lots total in the subdivision, 12 of which have been sold. Twelve of the remaining lots are considered base lots with no premium. Premium means golf course or greenbelt frontage. The typical lot size is 10,500 square feet. The infrastructure in place as of the assessment date, which occurred after the sale date, included sewer, water, cable, telephone, curbing, paving, and gutter.

14. Respondent's witness presented five comparable sales ranging in sales price from \$76,661.00 to \$120,000.00 per lot. No adjustments were made to the sales prices.

15. Sale 1 and Sale 2 are located within the Legacy Ridge Subdivision, about 0.25 miles from the subject. Legacy Ridge is a golf course community, but neither Sale 1 nor Sale 2 involved golf course lot sales. Sale 3 is located near to the subject in location; it is also a golf course community, but the sold lots are not golf course lots. He used comparable Sales 1, 2 and 3 to establish his base lot value of \$85,000.00.

16. Sales 4 and 5 are located in the Broadlands subdivision and are sales of individual lots that front on the golf course.

17. Mr. DeLay testified that the comparable sale lots are similar in size and location to the subject properties. The houses in the comparable subdivisions are similar to the subject houses as well.

18. Mr. DeLay testified that he next discounted the sales price. For the base lots he discounted the \$85,000.00 per lot using a three-year sellout at a 10% discount rate. For the premium lots, he discounted the \$110,500.00 per lot using the same three-year sellout period and 10% discount rate.

19. Mr. DeLay testified that the only difference in his discount rate versus Petitioner's calculation is in the risk rate; Mr. DeLay used 2% versus Petitioner's 3%. Mr. DeLay testified that he contacted local lenders in Adams County to determine the risk rate; they indicated 2%. His rounded discount rate was 10%, which is applied to every subdivision within the county.

20. Mr. DeLay arrived at a discounted value of \$2,769,240.00, consisting of 12 lots at \$70,470.00 per lot and 21 lots at \$91,600.00 per lot.

21. Regarding Petitioner's appraisal, Mr. DeLay testified that Petitioner's Sales 1 and 2 are located in Northglenn, which has much lesser house values than Westminster, and there is no golf course. Petitioner's Sale 3 is located in the Broadlands subdivision, the same community as some of his sales, but consists of different lots. Petitioner's Sales 4 and 5 are located in Jefferson County, in the Metro area Southwest quadrant. Sale 6 is located in Brighton and is not comparable to the subject.

22. Under cross-examination, Mr. DeLay testified that his discounted average lot value is \$83,916.00 per lot. He confirmed that Writer purchased the subject properties for \$50,548.00 per lot. Mr. DeLay testified that he used the allocation method as one factor in determining the value of the subject properties. He admitted that none of the sales on page 16 of his report occurred in the base year, though he testified that the time of sale would not affect the allocation rate. He used the improved sales to show the value of three different types of lots: Parkway frontage, base lots, and golf course properties. He used 20% for land allocation, which indicated a higher value than that assigned to the subjects. The 20% allocation values support the market value developed from his vacant land sales. The comparable sales' lots sizes are not included in his report, but they are comparable in size to the subject. His full market value averages just under \$95,000.00 per lot.

23. In redirect, Mr. DeLay testified that he received information from the subject properties' builder that the typical sales price for a base lot with a house would be \$425,000.00 versus \$550,000.00 for golf course and greenbelt lots with houses. Regarding the finished lot

difference in value from the sales price of the subjects, he testified that the property owner did not report the actual infrastructure costs. He testified that it would not be unusual to see a \$30,000.00 cost per lot for infrastructure.

24. Upon questioning from the Board, Mr. DeLay testified that the three-year, ten percent discount factor was 2.486852.

25. Respondent assigned a total actual value of \$2,769,240.00 to the subject properties for tax year 2001. The following properties were assigned an actual value of \$91,600.00 each:

<u>Schedule Number</u>	<u>Schedule Number</u>
124909	124920
124910	124922
124911	124923
124912	124924
124913	124925
124914	124927
124915	124928
124916	124929
124917	124930
124918	124931
124919	

The following properties were assigned an actual value of \$70,470.00 each:

<u>Schedule Number</u>	<u>Schedule Number</u>
124891	124903
124892	124904
124893	124905
124894	124906
124901	124907
124902	124908

CONCLUSIONS:

1. Petitioner presented sufficient probative evidence and testimony to prove that the subject properties were incorrectly valued for tax year 2001.

2. The Board has reviewed all of the sales presented by both parties. Neither party adjusted their sales for differences in physical characteristics. Petitioner's Sales 1 and 2 were located in subdivisions that did not have a golf course amenity, Sales 4 and 5 are located in a different marketing area than the subject properties, and Sale 6 was negotiated two years prior to the December of 1999 sale date, and also appears to be inferior to the subjects in both location and type of dwellings constructed in the development. The Board was not convinced that these four sales are comparable to the subject properties.

3. The Board has determined that Respondent's Sales 1, 2, and 3, as well as Petitioner's Sale 3 are the best comparables to determine the subject properties' base value, prior to an adjustment for premiums. The Board finds that Respondent's base lot value is solidly supported by these sales and hereby affirms the base lot value of \$85,000.00, before discounting.

4. However, Respondent based the premium lot value on two sales of single lots. The Board believes that a bulk sale of the subject lots would command a lesser price per lot than the prices indicated by Respondent's individual lot sales. After reviewing all of the evidence and testimony presented, the Board has determined that a premium lot adjustment of 25% is reasonable. Therefore, the Board finds that the value for the 21 premium lots should be reduced to \$106,250.00 per lot, before discounting.

5. The Board has reviewed the methodology used for the development of the discount rates, and finds that the proper methodology was applied by both parties. The Board was most persuaded by Respondent's evidence and testimony, which indicated that the 2% risk rate used by Respondent was locally determined by interviewing local lenders, developers, and other reliable sources. The Board accepts Respondent's discount rate of 10%.

6. The Board concluded that the 21 premium lots should be reduced to a discounted value of \$88,076.00 per lot. The Board affirms the discounted value for the remaining 12 lots at \$70,470.00 per lot.

ORDER:

Respondent is ordered to reduce the 2001 actual value of the following 21 subject properties to a value of \$88,076.00 each:

<u>Schedule Number</u>	<u>Schedule Number</u>
124909	124920
124910	124922
124911	124923
124912	124924
124913	124925
124914	124927
124915	124928
124916	124929
124917	124930
124918	124931
124919	

The Adams County Assessor is directed to change his records accordingly.

Petitioner's request for a value reduction for the remaining 12 subject properties is denied.

APPEAL:

Petitioner may petition the Court of Appeals for judicial review within 45 days from the date of this decision.

If Respondent alleges procedural errors or errors of law by this Board, Respondent may petition the Court of Appeals for judicial review within 30 days from the date of this decision.

DATED and MAILED this 30th day of August, 2002.

BOARD OF ASSESSMENT APPEALS

Debra A. Baumbach
Debra A. Baumbach

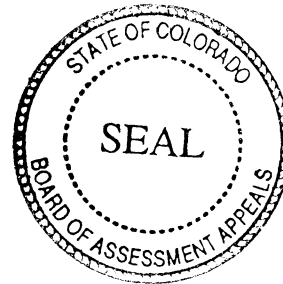
Karen E. Hart
Karen E. Hart

This decision was put on the record

AUG 29 2002

I hereby certify that this is a true and correct copy of the decision of the Board of Assessment Appeals.

Penny S. Bunnell
Penny S. Bunnell



Schedule A

VALUATION BREAKDOWN

SCHEDULE #	LOT	BLOCK	SUBDIVISION NAME	ORIGINAL 2001 Value	S & A VALUE
124891	7	N/A	Legacy Ridge West Filing #1	\$ 70,470	\$ 47,094
124892	8	N/A	Legacy Ridge West Filing #1	\$ 70,470	\$ 47,094
124893	9	N/A	Legacy Ridge West Filing #1	\$ 70,470	\$ 47,094
124894	10	N/A	Legacy Ridge West Filing #1	\$ 70,470	\$ 47,094
124901	17	N/A	Legacy Ridge West Filing #1	\$ 70,470	\$ 47,094
124902	18	N/A	Legacy Ridge West Filing #1	\$ 70,470	\$ 47,094
124903	19	N/A	Legacy Ridge West Filing #1	\$ 70,470	\$ 47,094
124904	20	N/A	Legacy Ridge West Filing #1	\$ 70,470	\$ 47,094
124905	21	N/A	Legacy Ridge West Filing #1	\$ 70,470	\$ 47,094
124906	22	N/A	Legacy Ridge West Filing #1	\$ 70,470	\$ 47,094
124907	23	N/A	Legacy Ridge West Filing #1	\$ 70,470	\$ 47,094
124908	24	N/A	Legacy Ridge West Filing #1	\$ 70,470	\$ 47,094
124909	25	N/A	Legacy Ridge West Filing #1	\$ 91,600	\$ 47,094
124910	26	N/A	Legacy Ridge West Filing #1	\$ 91,600	\$ 47,094
124911	27	N/A	Legacy Ridge West Filing #1	\$ 91,600	\$ 47,094
124912	28	N/A	Legacy Ridge West Filing #1	\$ 91,600	\$ 47,094
124913	29	N/A	Legacy Ridge West Filing #1	\$ 91,600	\$ 47,094
124914	30	N/A	Legacy Ridge West Filing #1	\$ 91,600	\$ 47,094
124915	31	N/A	Legacy Ridge West Filing #1	\$ 91,600	\$ 47,094
124916	32	N/A	Legacy Ridge West Filing #1	\$ 91,600	\$ 47,094
124917	33	N/A	Legacy Ridge West Filing #1	\$ 91,600	\$ 47,094
124918	34	N/A	Legacy Ridge West Filing #1	\$ 91,600	\$ 47,094
124919	35	N/A	Legacy Ridge West Filing #1	\$ 91,600	\$ 47,094
124920	36	N/A	Legacy Ridge West Filing #1	\$ 91,600	\$ 47,094
124922	37	N/A	Legacy Ridge West Filing #1	\$ 91,600	\$ 47,094
124923	38	N/A	Legacy Ridge West Filing #1	\$ 91,600	\$ 47,094
124924	39	N/A	Legacy Ridge West Filing #1	\$ 91,600	\$ 47,094
124925	40	N/A	Legacy Ridge West Filing #1	\$ 91,600	\$ 47,094
124927	41	N/A	Legacy Ridge West Filing #1	\$ 91,600	\$ 47,094
124928	42	N/A	Legacy Ridge West Filing #1	\$ 91,600	\$ 47,094
124929	43	N/A	Legacy Ridge West Filing #1	\$ 91,600	\$ 47,094
124930	44	N/A	Legacy Ridge West Filing #1	\$ 91,600	\$ 47,094
124931	45	N/A	Legacy Ridge West Filing #1	\$ 91,600	\$ 47,094
Totals				<u>\$ 2,769,240</u>	<u>\$ 1,554,102</u>