

<p><b>BOARD OF ASSESSMENT APPEALS, STATE OF COLORADO</b> 1313 Sherman Street, Room 315 Denver, Colorado 80203</p> <hr/> <p>Petitioner:</p> <p><b>ECHO HILL RANCH, INC.,</b></p> <p>v.</p> <p>Respondent:</p> <p><b>TELLER COUNTY BOARD OF EQUALIZATION.</b></p>	
<p>Attorney or Party Without Attorney for the Petitioner:</p> <p>Name: Douglas P. Price, Esq. Address: 102 East Pikes Peak Avenue, Suite 500 Colorado Springs, Colorado 90803 Phone Number: (719) 471-7700 E-mail: Attorney Reg. No.: 13559</p>	<p><b>Docket Number: 39160</b></p>
<p style="text-align: center;"><b>ORDER</b></p>	

**THIS MATTER** was heard by the Board of Assessment Appeals on September 5, 2001, Karen E. Hart and Debra A. Baumbach presiding. Petitioner was represented by Douglas P. Price, Esq. Respondent was represented by Stephen Hess, Esq.

**PROPERTY DESCRIPTION:**

Subject property is described as follows:

**1335 Teller County Road 782  
(Teller County Schedule Number R0019283)**

Petitioner is protesting the 2001 actual value of the subject property, a residential dwelling built in 1994 consisting of approximately 6,738 square feet of living area, with 5 bedrooms and 6.5 bathrooms, situated on a 40-acre tract of agricultural land.

## **ISSUES:**

### **Petitioner:**

Petitioner contends that the subject property is overbuilt for the area, and has been overvalued by the Respondent. The value increase was much larger than the neighbors' increases. Respondent used sales of residential properties to value the subject property, but should have used sales of similar agriculturally classed properties.

### **Respondent:**

Respondent contends that the subject property has been correctly valued using the market approach to value. Values have gone up substantially in Teller County. There were no sales of similarly situated agricultural properties that were comparable to the subject.

## **FINDINGS OF FACT:**

1. Petitioner's witness, Ms. Chris Stanley, a Certified Residential Appraiser, testified that she prepared an appraisal of the subject property. She is familiar with the subject property area. She inspected the property on February 12, 2002.

2. Ms. Stanley testified that driving time is a factor in the market. The subject is approximately thirty minutes from Woodland Park. The access road is dirt. The property zoning is agriculture. The property owners raise cattle. There are outbuildings at the subject property: a large building used as a shop with a lower level with hay storage, a tack shed, a small shed, and a cabin that did not appear to be used. There is a view to the north and east of the property. Her sketch is of exterior measurements. The interior walls are estimates; she did not measure them. The roof pitch limits the headspace; some areas on the second floor were only three feet high. The dwelling was an existing home that has additions, which have limited flow and caused some functional issues. The market will react to design. The subject property is a large home, however, the den area is very small; about 8 x 12 feet. There is a sitting room in a corner with no view, but it does have a fireplace. The home is set up for entertainment. The upper level family room is huge. There are pony walls, which limit the space; the second floor is not a full second story. The owners told her that it was built as a retirement home.

3. Based on the market approach, Petitioner presented an indicated value of \$580,000.00 for the subject property, as of February 12, 2002.

4. Petitioner presented 6 comparable sales; however, all but one of the sales occurred after the level of value date of June 30, 2000. Only sale six occurred within the proper time period.

5. Ms. Stanley testified that she looked for sales of properties with similar location, size of acreage, access, driving time and building size. It was difficult to find comparables of a

similar size of the structure. Comparable #6 was the only property that had a larger square footage than the subject. It sold in 1999, had a spring and had similar zoning as the subject. Comparable #6 was the most similar to the subject, except for the lack of outbuildings.

6. Ms. Stanley testified that there was an extended marketing time for properties of the subject property's size. She concluded that the subject property dwelling was an over-improvement.

7. Under cross-examination, Ms. Stanley testified that she had adjusted Comparable #6 for an increasing market due to the sale date of 1999, but the adjustment is not supported. She believes that the market has changed substantially since then. She admitted that she did not prepare an opinion of value as of June 30, 2000.

8. Ms. Stanley testified that Comparable #6 was incomplete at the time of sale; she did not know the percentage of completion. She did not adjust the sale for being incomplete. The land portion of Comparable #6 has the same characteristics as the subject. Comparable #6 could be used to help establish a land value for the subject property.

9. In redirect, Ms. Stanley testified that the zoning for Comparable #6 was agriculture. Comparable #6 had excess square footage. She stands by her 4,500 square feet for the average square footage of homes in the neighborhood.

10. In re-cross, Ms. Stanley testified that the 7,564 square footage of Comparable #6 is the current listing of the finished area. She does not know what the cost per square foot would have been based on the finished area in 1999.

11. Petitioner's witness, Mr. Glenn B. Bailey, testified that he and his wife are the owners and primary stockholders of Echo Hill Ranch, Inc. The average assessment of the properties around the subject property increased 7-10%. He believes the subject property land value should be \$220,000.00.

12. Petitioner is requesting a 2001 total actual value of \$395,000.00 for the subject property, which includes the assessor's land value.

13. Respondent's witness, Ms. Cathy Brennan, a Certified General Appraiser with the Teller County Assessor's Office, presented an indicated value of \$583,273.00 for the subject property, based on the market approach.

14. Respondent's witness presented 3 comparable sales ranging in sales price from \$449,900.00 to \$570,000.00 and in size from 3,284 to 5,862 square feet. After adjustments were made, the sales ranged from \$588,728.00 to \$619,605.00. The sales prices were adjusted to reflect an improvement value only.

15. Ms. Brennan testified that her concluded value is effective as of June 30, 2000. She conducted an exterior inspection. For interior information, she utilized information from a 1996 interior inspection by another appraiser in the assessor's office. She looked for comparable

properties in the Woodland Park area.

16. Ms. Brennan testified that all of the comparables were adjusted for land values. In each case, they adjusted the land value of the comparables to be equal to the subject property's agricultural land value of \$3,539.00. Each of the comparables were adjusted for differences in quality, effective age, room count, square footage of living area, basement and finish basement square footage, garage type, heating, wood deck, porches, and outbuildings.

17. Ms. Brennan testified that she believes the market value of the property is \$588,728.00, but she is supporting the Teller County Board of Equalization's value of \$583,273.00.

18. Ms. Brennan testified that she could not conduct an interior inspection of the subject property, as Mr. Bailey asked her to do her inspection from inside the vehicle. She assumes the interior quality is the same as the exterior.

19. Under cross-examination, Ms. Brennan testified that she did not use agricultural properties to value the subject. Her assignment was not to value the land, as the subject land was agricultural. She adjusted the land values of the comparables to the agricultural land value of the subject property. She used the additional improvement value of the subject outbuildings and added that value to the comparables. She did not conduct an interior inspection of the comparable sales.

20. Upon questioning from the Board, Ms. Brennan testified that she did not know the market value for the subject property's land. She did not adjust the sales for location. She could not locate any sales of agricultural properties that she believed were comparable to the subject.

21. Respondent assigned an actual value of \$583,273.00 to the subject property for tax year 2001.

## **CONCLUSIONS:**

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

2. Petitioner's appraisal witness did not prepare an opinion of value as of the assessment date, which is June 30, 2000. The Board cannot consider any sales or value opinions that occurred after that date. Therefore, the only comparable sale the Board may consider is Comparable Sale #6. However, Ms. Stanley admitted that this comparable was incomplete at the time of sale, she did not know what the percentage of completion was, and she did not adjust the sale for the incompleteness. Due to these admissions, the Board cannot give any weight to this remaining sale.

3. However, Respondent's witness used only sales of properties that were classified as residential, not agricultural, which is the subject property's classification. Ms. Brennan

testified that she did not make any adjustments to the sales for this attribute, or for location of the sold properties in comparison to the subject. Ms. Brennan also testified that she did not consider the full market value of the subject property, including a market land value. Instead, she made mathematical calculations to the comparable sales to adjust their land values to equal the subject property's agricultural land value.

4. This Board has consistently held that this type of comparable analysis is improper. The subject property should be analyzed according to a total property market value, with adjustments made to the concluded value to recognize the land classification as agriculture. Respondent's methodology does not recognize a market land value difference due to land classification, size, or location. The Board recognizes that these attributes are critical to the proper valuation of any real property parcel.

5. The Board carefully examined the sales presented by the Respondent. The Board determined that Comparable #1 was not comparable to the subject property. The land size was only 1.1 acres and the property was located very near to the town of Woodland Park. We believe these differences should be adjusted for in the Respondent's analysis, but we lack sufficient information to determine what those adjustments should be.

6. Respondents' report indicated that there were no sales of improvements over 6,000 square feet that occurred in the five-year period immediately preceding the appraisal date. This lack of sale data would tend to support Petitioner's assertion that the subject property's dwelling is an overimprovement for the area. The Board determined that a negative 10% adjustment should be made for the subject property for this attribute.

7. The Board added back into Respondent's grid the land value adjustment, and then adjusted Comparables #2 and #3 for the larger land size of the subject property. The adjustment was calculated at the rate of \$5,000.00 per acre, determined from the land allocated value for Comparable 2, the nearest in size to the subject property. The resulting indicated value range for the subject property, after adjustments for overbuilt and acreage size was \$728,923.00 to \$735,610.00. The Board concluded that the market value of the subject property would be \$730,000.00.

8. The Board then subtracted the market land value of the subject property, at the rate of \$5,000.00 per acre and added back the value of the subject property land using the agricultural assigned land value of \$3,539.00. The resulting taxable value of the subject property was determined to be \$533,539.00.

**ORDER:**

Respondent is ordered to reduce the 2001 actual value of the subject property to \$533,539.00, with \$3,539.00 allocated to land and \$530,000.00 allocated to improvements.

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

DATED and MAILED this 13<sup>th</sup> day of September, 2002.

**BOARD OF ASSESSMENT APPEALS**

Debra A. Baumbach  
Debra A. Baumbach

Karen E. Hart  
Karen E. Hart

This decision was put on the record

SEP 13 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

