

<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>RENO W. AGER,</b></p> <p>v.</p> <p>Respondent:</p> <p><b>ROUTT COUNTY BOARD OF EQUALIZATION.</b></p>	<p><b>Docket No.: 44415</b></p>
<p><b>ORDER</b></p>	

**THIS MATTER** was heard by the Board of Assessment Appeals on September 22, 2005, Karen Hart, Diane DeVries, and MaryKay Kelley presiding. Petitioner appeared pro se. Respondent was represented by John D. Merrill, Esq. Petitioner is protesting the 2003 actual value of the subject property.

**PROPERTY DESCRIPTION:**

Subject property is described as follows:

**201 Moffat Avenue, Yampa, Colorado  
(Routt County Schedule No. R6848957)**

The subject property, known as the Royal Hotel, is a two-story structure built in 1908. The Flattop Liquor Store and a restaurant/bar are located on the first floor. The second floor contains seven rental units and an apartment.

**FINDINGS OF FACT:**

1. Petitioner is requesting that the actual value of the subject property be reduced to \$170,000.00 for tax year 2003.
2. Petitioner purchased the subject property in 2000 for \$250,000.00; \$150,000.00 of which Petitioner attributed to the real estate and \$100,000.00 to inventory. Petitioner provided no credible evidence to substantiate the allocation of the purchase price.

3. Petitioner asserted that the subject property cannot be insured and that it has numerous physical deficiencies. The building has not been updated, the second floor is unheated, the mechanical systems do not meet code, and the structural integrity is questionable. Attempts to rent the second floor rooms have been largely unsuccessful. The subject is not in a prime location and signage on county roads is not permitted.

4. Petitioner contends that the subject property has been listed for sale since 2001 and that four purchase offers have been withdrawn because of issues regarding inventory. Realtors will not list the property for a sales price near the original purchase price. A recent offer for \$170,000.00 was tendered for the real estate alone but the prospective purchaser could not obtain financing. Petitioner's requested value is based on this recent offer.

5. Respondent presented the following indicators of value:

Income:	\$235,950.00
Market:	\$280,000.00

6. Respondent's income approach to value was based on a net rent of \$5.00 per square foot for the bulk of the real estate and \$1.50 per square foot for the storage area, 10% vacancy and collection loss, 10% for non-reimbursable expenses, and 2% to 5% for net to gross square footage loss. The net operating income of \$30,663.20 was capitalized at 12.5%, to conclude to an initial value of \$245,310.00. Respondent subsequently adjusted the value indicated by the income approach to \$235,950.00 to reflect the lodging area located on the second floor. After consideration of the adjusted sales price of \$220,050.00 (\$250,000.00 purchase price less \$7,950.00 allocated to personal property and \$20,000.00 allocated to inventory) and the \$235,950.00 value indicated by the income approach, Respondent assigned an actual value of \$230,000.00 to the subject property for tax year 2003.

7. Respondent presented an independent appraisal indicating a value of \$280,000.00 based on the market approach. Five comparable sales were presented that ranged in price from \$140,000.00 to \$227,500.00 or from \$46.00 to \$105.00 per square foot. After adjustments, the sales ranged from \$38.00 to \$105.00 per square foot. The market value of the subject property was estimated at \$60.00 per square foot for the main level space of 4,667 square feet or a total indicated value of \$280,020.00. No specific value was allocated for the second level space but the concluded value considers its potential to generate additional income.

### **CONCLUSIONS OF LAW:**

1. Pursuant to §39-1-103(5)(a), "The actual value of such property . . . shall be that value determined by appropriate consideration of the cost approach, the market approach, and the income approach to appraisal." As such, the Board may not base its determination of value on prospective purchase offers.

2. Respondent presented sufficient probative evidence and testimony to prove that the tax year 2003 valuation of the subject property was correct.

**ORDER:**

The petition 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 15<sup>th</sup> day of October 2005.

**BOARD OF ASSESSMENT APPEALS**

Karen E Hart  
Karen E. Hart

Diane M DeVries  
Diane M. DeVries

MaryKay Kelley  
MaryKay Kelley

This decision was put on the record

OCT 14 2005

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

Penny S Lowenthal  
Penny S. Lowenthal

