

**BOARD OF ASSESSMENT APPEALS,
STATE OF COLORADO**
1313 Sherman Street, Room 315
Denver, Colorado 80203

Docket No.: 45623

Petitioner:

VILLAGE HOMES OF COLORADO,

v.

Respondent:

DOUGLAS COUNTY BOARD OF EQUALIZATION.

ORDER

THIS MATTER was heard by the Board of Assessment Appeals on July 24, 2008, Sondra W. Mercier and Lyle D. Hansen presiding. Petitioner was represented by Richard Olona, Esq. Respondent was represented by Michelle Whisler, Esq. Petitioner is protesting the 2005 actual value of the subject properties.

At the conclusion of the hearing on July 24, 2008, the Board allowed the submission of additional information related to Respondent's argument that specific parcels should be excluded from this matter pursuant to New Growth Valuation statutes. On August 15, 2008, Respondent filed a Motion to Dismiss the following parcels (Douglas County Schedule Nos.):

R0448069	R0448122	R0449768	R0449783
R0448074	R0448127	R0449769	R0449789
R0448075	R0448129	R0449770	R0449793
R0448104	R0448132	R0449771	R0449794
R0448105	R0448133	R0449781	R0449795
R0448106	R0448134	R0449782	R0449796

Petitioner did not file a Response to Respondent's Motion to Dismiss. Therefore, based on the evidence in the record which demonstrates the above referenced parcels were not vacant and received new growth valuation assessments as of July 1, 2005, the Board grants Respondent's Motion to Dismiss the above referenced parcels from the petition filed by Petitioner. Petitioner is required to protest and appeal the valuation for which new growth has been assessed pursuant to CRS §39-5-122.

PROPERTY DESCRIPTION:

Subject properties are described as follows:

Douglas County Schedule Nos.:

Reata North Filing No. 1

R0448070-8071

R0448079-8085

R0448091-8096

R0448098-8101

R0448107-8115

R0448118-8121

R0448123

R0448130-8131

R0448135-8136

R0448144

R0448147-8151

R0448155

R0448116, Track X

R0448143, Track Q

Reata North Filing No. 2

R0449654-9666

R0449683

R0449690-9695

R0449727-9756

R0449758-9767

R0449772

R0449784-9788

R0449790-9792

R0449797-9811

R0449726, Track F

The subject properties consists of:

44 single-family residential lots located in Reata North Filing No. 1,
84 single-family residential lots located in Reata North Filing No. 2,
Track Q, Reata North Filing No. 1,
Track X, Reata North Filing No. 1, and
Track F, Reata North Filing No. 2
All in the Town of Parker, County of Douglas, State of Colorado.

The single-family residential lots are fully developed with infrastructure and ready for construction of single-family residences. Tracts X and F are described as transitional residential vacant land for future development. Tract X contains a total of 27.22 acres, more or less. Tract F contains a total of 23.26 acres, more or less. Tract Q is an unimproved parcel containing a total of 22.12 acres, more or less.

Petitioner applied the market approach to derive an indicated value for the individual single-family residential lots, prior to discounting, of \$50,000.00 per lot.

Petitioner presented eight comparable individual lot sales ranging in sales price from \$46,074.00 to \$58,333.00 per lot and in average size from 7,055 to 12,802 square feet per lot. After adjustments were made, the sales ranged from \$46,074.00 to \$59,640.00 per lot.

Petitioner then completed a present worth analysis for the lots in both subdivisions. For Reata North Filing No. 1, an absorption period of 5 years and a discount rate of 11.5% was applied to

derive a present worth value per single-family residential lot of \$36,499.00. For Reata North Filing No. 2, an absorption period of 7 years and a discount rate of 11.5% was applied to derive a present worth value per lot of \$33,122.00.

Petitioner presented no comparable sales or valuation analysis to derive a value indication for Tract Q, Tract X, or Tract F. Petitioner concluded a zero value indication for Tract Q stating that since this parcel is assigned for development of the recreation center, the value was incorporated into each lot.

Petitioner is requesting a 2005 actual value of \$36,499.00 per lot in Reata North Filing No. 1 and a 2005 actual value of \$33,122.00 per lot in Reata North Filing No. 2.

Respondent presented an indicated value, prior to discounting, of \$67,000.00 per single-family residential lot for the subject properties based on the market approach.

Respondent presented three comparable bulk lot sales ranging in sales price from \$65,000.00 to \$68,000.00 per lot and in average size from 6,578 to 7,797 square feet per lot. After adjustments were made, the sales ranged from \$66,606.00 to \$69,680.00 per lot. Respondent presented an additional three comparable bulk lot sales and one individual lot sale from the Parker area ranging in sales price from \$61,211.00 to \$83,600.00 per lot and in average size from 6,098 to 9,583 square feet per lot. After adjustments were made, the sales ranged from \$68,532.00 to \$69,660.00 per lot.

Respondent then completed a present worth analysis for the lots in both subdivisions. For Reata North Filing No. 1 an absorption period of 2 years and a discount rate of 11.5% was applied to derive a present worth value per lot of \$56,990.90. For Reata North Filing No. 2 an absorption period of 3 years and a discount rate of 11.5% was applied to derive a present worth value per lot of \$54,105.16.

Respondent concluded an actual value of \$56,991.00 per base lot in Reata North Filing No. 1 and an actual value of \$54,105.00 per base lot in Reata North Filing No. 2 for tax year 2005. For greenbelt influenced lots, Respondent concluded a value of \$65,540.00 per lot in Reata North Filing No. 1 and a value of \$62,221.00 per lot in Reata North Filing No. 2.

Respondent assigned a value of \$51,416.00 per base lot in Reata North Filing No. 1 and assigned a value of \$46,565.00 per base lot in Reata North Filing No. 2. For greenbelt influenced lots, Respondent assigned a value of \$59,128.00 per lot in Reata North Filing No. 1 and assigned a value of \$53,550.00 per lot in Reata North Filing No. 2.

For the valuation of Tracts X and F, Respondent presented four comparable unfinished lot sales ranging in sales price from \$92,370.00 to \$271,243.00 per acre and in size from 12.31 to 81.0 acres. Respondent accomplished no adjustments and concluded a value of \$134,500.00 per acre for Tracts X and F.

Respondent assigned a value of \$40,000.00 per acre for Tract X, or a total value of \$1,090,847.00, and assigned a value of \$40,000.00 per acre for Tract F, or a total of \$932,149.00, for tax year 2005.

For the valuation of Tract Q, Respondent presented three comparable sales ranging in sales price from \$9,074.00 to \$27,504.00 per acre and in size from 105.02 to 234.01 acres. After adjustment, Respondent concluded a value for Tract Q of \$5,000.00 per acre.

Respondent assigned a value of \$5,000 per acre for Tract Q, or a total of \$110,600.00, for tax year 2005.

The Board examined the following areas in its analysis and conclusion.

Petitioner concluded an absorption period for Reata North Filing No. 1 of 5 years and an absorption period for Reata North Filing No. 2 of 7 years. Petitioner testified that these conclusions of absorption periods for the two filings were based upon absorption periods for three other Village Homes subdivisions.

Respondent concluded an absorption period for Reata North Filing No. 1 of 2 years and an absorption period of 3 years for Reata North Filing No. 2. Respondent testified that these conclusions of absorption periods for the two filings were based upon the absorption period extracted from a nearby subdivision called Stroh Ranch Filing No. 12. Respondent extracted a lot absorption figure of 47.3 lots per year from the Stroh Ranch Filing No. 12. For Reata North Filing No. 1, the extracted absorption rate was derived by dividing the 71 remaining lots by 47.3 lots per year resulting in a remaining absorption period of 1.5 years. This figure was rounded to 2 years per ARL instructions. For Reata North Filing No. 2, the extracted absorption rate was derived by dividing the remaining 140 lots by 47.3 lots per year resulting in a remaining absorption period of 2.96 years. This figure was rounded to 3 years per ARL instructions.

In cross examination, Petitioner testified that marketing activity in Stroh Ranch started in 2002 and that sales of lots were still occurring in 2007.

In cross examination, Respondent acknowledged that during the year 2005, Reata North Filing No. 1 had a total of 21 sales. For the total 71 remaining lots, the extracted absorption rate would be 3.38 years rounded to 4 years. Respondent acknowledge that during that same year, Reata North Filing No. 2 had a total of 21 sales. For the total 140 remaining lots, the extracted absorption rate would be 6.67 years rounded to 7 years.

Petitioner included eight individual residential lot sales to derive a value indication for the subject lot value. The Board accepted Petitioner's comparable residential lot sales 1, 4, and 5 because of their location in the same general area in Douglas County as the subject lots. The Board adjusted each residential lot price upward for inferior location, downward for larger site size, and upward for inferior community amenities. The subject lots are included in a larger subdivision that has hiking/biking trails, open space, a public golf course and a community center. The adjusted price range for those three comparable residential lot sales was \$63,250.00 to \$67,083.00 with an average adjusted sale price of \$64,679.00 per lot. Based upon these three comparable residential lot sales, the Board concluded a value in the upper range of \$67,000.00 to reflect the superior location and community amenities of the subject lots.

The Board concluded that Respondent's utilization of bulk lot sales to derive a value for an individual lot was not a true indication of individual lot values. Bulk lot sales involve multiple lots reflecting higher discounts for each lot due to the high volume involved in the sale. However, Respondent's comparable sales are representative of the subject properties' filings since the three comparable sales are all located in the same subdivision and reflect comparable location, view amenity, lot size, access, and subdivision amenities. For these reasons, the Board gave credence to the three bulk lot sales presented by Respondent. Respondent concluded an individual lot value of \$67,000.00 for the subject lots.

The Board concluded an absorption period for Reata North Filing No. 1 between Respondent's conclusion of 2 years and Petitioner's conclusion of 5 years. The Board concluded that the remaining 71 lots in Reata North Filing No. 1 could sell out in 3 years. The Board concluded an absorption period for Reata North Filing No. 2 between Respondent's conclusion of 3 years and Petitioner's conclusion of 7 years. The Board concluded that the remaining 130 lots in Reata North Filing No. 2 could sell out in 4 years. The Board placed greater weight upon Respondent's evidence and testimony and concluded absorption periods within the established range but closer to Respondent's absorption periods.

The Board accepted the discount rate indicated by both Petitioner and Respondent of 11.5%.

For Reata North Filing No. 1, the Board applied the concluded value of \$67,000.00 per lot, an absorption period of 3 years and a discount rate of 11.5% to derive an indicated value per lot of \$54,105.00.

For Reata North Filing No. 2, the Board applied the concluded value of \$67,000.00 per lot, an absorption period of 4 years and a discount rate of 11.5% to derive an indicated value per lot of \$51,416.00.

The lot valuations for Reata North Filing No. 1 and Reata North Filing No. 2 concluded by the Board reflect a value indication for a base lot in each filing. Respondent's assigned values for base lots are less than the Board's value conclusions.

For greenbelt influenced lots, Respondent increased their assigned lot values for base lots by 15% in Reata North Filing No. 1 and Reata North Filing No. 2. The Board accepts the incremental value assigned to the open space lots by Respondent because Petitioner did not present sufficient evidence to prove this increase was incorrect.

The Board agreed with the Respondent on the value conclusions for Tracts Q, X, and F.

Petitioner gave no opinion as to their indication of value for Tracts X and F. The Board accepted Respondent's valuation analysis for Tracts X and F and concluded to a market value indication of \$134,500.00 per acre for each parcel. Respondent's assigned value for Tract X is \$40,000 per acre. Respondent's assigned value for Tract F is \$40,000 per acre.

Petitioner indicated that Tract Q had no value but submitted no evidence to support that conclusion. The Board accepted Respondent's valuation analysis for Tract Q and concluded a market

value indication of \$5,000 per acre. Respondent assigned a value of \$5,000 per acre for Tract Q for tax year 2005.

Respondent presented sufficient probative evidence and testimony to prove that the subject properties were correctly valued for tax year 2005.

ORDER:

The petition is dismissed as to the following Douglas County Schedule Nos.:

R0448069	R0448122	R0449768	R0449783
R0448074	R0448127	R0449769	R0449789
R0448075	R0448129	R0449770	R0449793
R0448104	R0448132	R0449771	R0449794
R0448105	R0448133	R0449781	R0449795
R0448106	R0448134	R0449782	R0449796

The petition is denied as to the following Douglas County Schedule Nos.:

R0448070-8071	R0448123	R0448116	R0449758-9767
R0448079-8085	R0448130-8131	R0448143	R0449772
R0448091-8096	R0448135-8136	R0449654-9666	R0449784-9788
R0448098-8101	R0448144	R0449683	R0449790-9792
R0448107-8115	R0448147-8151	R0449690-9695	R0449797-9811
R0448118-8121	R0448155	R0449727-9756	R0449726

APPEAL:

If the decision of the Board is against Petitioner, Petitioner may petition the Court of Appeals for judicial review according to the Colorado appellate rules and the provisions of CRS § 24-4-106(11) (commenced by the filing of a notice of appeal with the Court of Appeals within forty-five days after the date of the service of the final order entered).

If the decision of the Board is against Respondent, Respondent, upon the recommendation of the Board that it either is a matter of statewide concern or has resulted in a significant decrease in the total valuation of the Respondent county, may petition the Court of Appeals for judicial review according to the Colorado appellate rules and the provisions of CRS § 24-4-106(11) (commenced by the filing of a notice of appeal with the Court of Appeals within forty-five days after the date of the service of the final order entered).

In addition, if the decision of the Board is against Respondent, Respondent may petition the Court of Appeals for judicial review of alleged procedural errors or errors of law within thirty days of such decision when Respondent alleges procedural errors or errors of law by the Board.

If the Board does not recommend its decision to be a matter of statewide concern or to have resulted in a significant decrease in the total valuation of the respondent county, Respondent may petition the Court of Appeals for judicial review of such questions within thirty days of such decision.

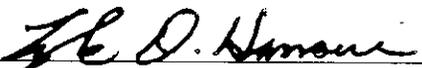
CRS § 39-8-108(2) (2008).

DATED and MAILED this 22nd day of September 2008.

BOARD OF ASSESSMENT APPEALS



Sondra W. Mercier

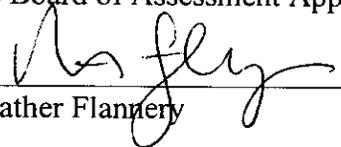


Lyle D. Hansen

This decision was put on the record

SEP 22 2008

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



Heather Flannery

