

<p>BOARD OF ASSESSMENT APPEALS, STATE OF COLORADO 1313 Sherman Street, Room 315 Denver, Colorado 80203</p> <hr/> <p>Petitioner:</p> <p>48TH & WARD B2 LLLP,</p> <p>v.</p> <p>Respondent:</p> <p>JEFFERSON COUNTY BOARD OF EQUALIZATION.</p>	<p>Docket No.: 46159</p>
<p>ORDER</p>	

THIS MATTER was heard by the Board of Assessment Appeals on January 30, 2007, Sondra W. Mercier and Diane M. Devries presiding. Petitioner was represented by Richard Olona, Esq. Respondent was represented by Martin McKinney, Esq. Petitioner is protesting the 2005 actual value of the subject property.

PROPERTY DESCRIPTION:

Subject property is described as follows:

4855 Ward Road, Units 100-600, Wheat Ridge

Currently Described as Jefferson County Schedule Nos. 448109, 448110, 448111, 448112, 448113, and 448114

The subject is a condominiumized flex-type concrete building with approximately 11,445 rentable square feet. The building shell was completed in 2003 but was not operating at stabilized occupancy as of January 1, 2005, when only 35% of the space was finished and leased to Citywide Banks. The remaining 65% of the subject property was in “warm shell” or unfinished interior condition as of January 1, 2005.

Petitioner presented a cost approach to derive a market value for the subject property of \$1,488,050.00. Petitioner relied on the \$1,837,111.00 actual cost to construct the subject and deducted 19% to reflect the sale of Unit 700, which is not part of this appeal.

The Petitioner presented an income model based on the lease to CityWide Bank at \$13.34 per square foot, net of expenses. Multiplying the gross rentable area of 15,719 square feet by \$13.34 per square foot resulted in gross revenue of \$209,691.00. No deduction was taken for expenses or vacancy. Petitioner applied a tax loaded capitalization rate of 11.1%, resulting in a total value of \$1,889,108.00 for the entire building. After deducting 19% for Unit 700, the indication of value is \$1,530,117.00 for the subject property.

For the market approach, Petitioner presented four comparable sales with sales prices ranging from \$96.30 to \$131.07 per square foot. No adjustments were made to Petitioner's comparable sales to account for differences in physical characteristics. Petitioner concluded to an indicated value for the subject of \$1,833,675.00 or \$115.00 per square foot based on the builder's measurement of 15,945 square feet. After deducting 19% to reflect the sale of Unit 700, the resulting indication of value is \$1,485,277.00.

The Respondent presented a cost approach indicating a value for the subject of \$1,982,000.00. Costs were based on actual construction costs provided by the developer. The land value was based on an analysis of the market. Entrepreneurial profit of 12% was added, along with the costs of completing the common area core and the Citywide Bank space.

The Respondent presented seven comparable sales ranging in price from \$177.12 to \$241.99 per usable square foot. After adjustments, the prices ranged from \$153.86 to \$182.03 per usable square foot. A \$35.00 per square foot tenant finish adjustment was applied to the comparables to reflect the unfinished status of the subject. The Respondent concluded to a value of \$161.00 per usable square foot for the majority of the subject, and \$196.00 per square foot for the finished CityWide Bank space. Based on the market approach, the total indicated value of the subject property is \$1,984,000.00. The Respondent placed most weight on the value indicated by the market approach.

In the income approach, Respondent valued Unit 100 at \$201.24 per usable square foot for a total unit value of \$814,000.00. Respondent then added the value indicated in the sales comparison approach for the unfinished area to conclude to a total value of \$2,005,000.00 rounded.

Respondent reconciled to a final estimated value of \$1,985,000. Respondent assigned an actual value of \$1,913,730.00 to the subject property for tax year 2005.

Petitioner contends that Respondent's analysis does not adequately reflect the 65% vacancy rate as of the date of value, and that the lack of finish on the subject's vacant space warrants additional deductions. The Board agrees.

In arriving at its final conclusion of value, the Board recalculated the income approach as follows:

Potential Gross Income: \$13.34 per square foot NNN x 11,445 square feet

Vacancy and Collection Loss: 6% based on Respondent's analysis

Overall Capitalization Rate: 8.3% based on Respondent's comparable sales 1A, 1B and 2, the three sales considered most comparable to the subject in use and location.

Deductions to Reflect Vacancy: 1 year lost income on 7,399 square feet, equal to \$98,700.00

1 year expenses on 7,399 square feet, estimated at \$0.55 per square foot based on Respondent's analysis.

No deduction for tenant finish, as the lower lease rate reflects tenant finish paid by tenant.

6% leasing commissions on \$98,700.00.

Potential Gross Income	\$152,676
Less Vacancy & Collection	<u>(9,160)</u>
Effective Gross Income	\$143,516
Less Operating Expenses	<u>0</u>
Net Operating Income	\$143,516
Capitalization Rate	<u>8.3%</u>
Stabilized Value	\$1,729,105
Less Lost revenue	(\$98,700)
Less Operating Expenses	(\$4,070)
Less Leasing Commissions	<u>(\$6,000)</u>
Estimated Value as of January 1, 2005	\$1,620,335
Value per Usable Square Foot	\$141.58

ORDER:

Respondent is ordered to reduce the 2005 actual value of the subject property to \$1,620,335.00.

The Jefferson County Assessor is directed to change his/her records accordingly.

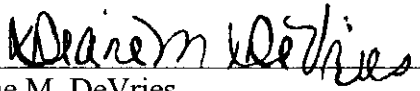
APPEAL:

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 23rd day of February 2006.

BOARD OF ASSESSMENT APPEALS



Diane M. DeVries

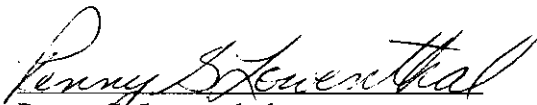


Sondra W. Mercier

This decision was put on the record

FEB 22 2007

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



Penny S. Lowenthal

