

**BOARD OF ASSESSMENT APPEALS,
STATE OF COLORADO**

1313 Sherman Street, Room 315
Denver, Colorado 80203

Docket No.: 48987

Petitioner:

SAPPHIRE POINTE DEVELOPMENT, INC,

v.

Respondent:

DOUGLAS COUNTY BOARD OF EQUALIZATION.

ORDER

THIS MATTER was heard by the Board of Assessment Appeals on April 4, 2008, Lyle Hansen, Karen E. Hart, and James R. Meurer presiding. Petitioner was represented by Lenn M. Haffeman, president of Sapphire Pointe Development, Inc. Respondent was represented by Robert D. Clark, Esq. Petitioner is protesting the 2007 actual value of the subject property.

PROPERTY DESCRIPTION:

Subject property is described as follows:

**Lots 1, 2, 3, 4, 7, 8, 9, 10, & 11
Block 16, Maher Ranch No. 2
(Douglas County Schedule Nos. R0454462, R0454562, R0454563, R0454565,
R0454568, R0454569, R0454570, R0454571, & R0454572)**

The subject property consists of nine single-family detached residential lots located in Filing No. 2 of the Maher Ranch (aka Diamond Ridge) subdivision outside the town of Castle Rock in Douglas County. Diamond Ridge is a single-family attached and detached project that will consist of roughly 1,000 units at completion.

The subject lots average approximately one acre each in size and are designed to accommodate custom homes. The price point for the completed houses is anticipated to be \$1,000,000 to \$1,500,000. All of the lots have premium views and locations and are located in the western portion of the subdivision.

Based on the market (sales comparison) approach, Petitioner presented a discounted value of \$120,720 per lot for Lots 1, 2, 3, & 4 and a discounted value of \$140,845 per lot for Lots 7, 8, 9, 10, & 11. The value of \$120,720 for lots 1, 2, 3, & 4 was derived by using a base value of \$156,750, a 20% premium for location and views, a seven year absorption period, and a 12.5% discount rate. The value of \$140,845 per lot for Lots 7, 8, 9, 10, & 11 was derived by using a base value of \$156,750, a 40% premium for location and views, a seven year absorption period, and a 12.5% discount rate.

Petitioner's support for the base retail value came from sales of multiple lots within the subdivision. The estimated premiums for views and location for the subject lots, as well as the estimated absorption period, were based on Petitioner's experience and projections within the subdivision and competing subdivisions. Petitioner and Respondent both agreed that the 12.5% discount rate was appropriate to estimate the discounted value.

Petitioner is requesting a 2007 actual value of \$120,720 per lot for Lots 1, 2, 3, & 4 and an actual value of \$140,845 per lot for Lots 7, 8, 9, 10, & 11.

Respondent presented an indicated discounted value of \$298,000 per lot for the subject lots based on a market approach.

Respondent presented five comparable land sales ranging in sales price from \$380,000 to \$495,000. After adjustments were made, the sales ranged from \$351,000 to \$450,000. The significant adjustments to the comparables were for sales concessions, lot size, and view. Respondent's reconciled value of \$355,500 per lot was discounted for a two year absorption period at a 12.50% rate to arrive at an average value of \$298,444.38 per lot.

Respondent assigned an actual value of \$226,665 per lot to the subject lots for tax year 2007.

The major points of disagreement between Petitioner and Respondent were the comparable lots used in the analysis, the appropriate adjustments to these sales, and the projected absorption period.

Respondent presented sufficient probative evidence and testimony to prove that the subject lots were correctly valued for tax year 2007.

After review of the comparables used by Petitioner and Respondent, the Board determines that the sales and adjustments to the sales used in Respondent's market approach are more reflective of the market conditions during the study period. These comparables result in a supportable indication of an average retail value of \$355,500 for the subject lots. However, the Board determines that a five year absorption period, rather than the two year absorption period used by Respondent, is more supportable given that Respondent considered sales of lots that were not similar in size, product type, and price point and therefore outside of the "competitive environment." *3 Assessor's Reference Library: Land Valuation Manual* 4.17 (2006). This absorption estimate is based on historical sales of lots and changing market conditions during the study period. Both

Petitioner and Respondent agree that a 12.5% discount rate for the lots is appropriate. The present worth calculation using a five year absorption period is as follows:

Indicated Lot Retail Value	\$355,500
Absorption Period (years)	5
Adjusted Annual Lot Value	\$71,100
PV \$1 per period factor @12.5%	3.560568
Estimated Discounted Value per Lot	\$253,156

The Board notes that its calculated discounted per lot value of \$253,156, while less than the \$298,000 per lot value presented by Respondent, is higher than Respondent's assigned value of \$226,665.

ORDER:

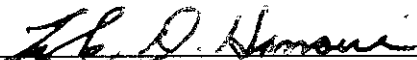
The petition is denied.

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 Colorado Revised Statutes ("CRS") section 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). Colo. Rev. Stat. § 39-8-108(2) (2007).

DATED and MAILED this 15th day of May 2008.


BOARD OF ASSESSMENT APPEALS



Lyle Hansen



Karen E. Hart

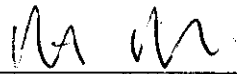


James R. Meurer

This decision was put on the record

MAY 15 2008

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



Heather Heinlein

