

<p>BOARD OF ASSESSMENT APPEALS, STATE OF COLORADO 1313 Sherman Street, Room 315 Denver, Colorado 80203</p> <hr/> <p>Petitioner:</p> <p>LAMAR STREET ASSOCIATES LTD.,</p> <p>v.</p> <p>Respondent:</p> <p>JEFFERSON COUNTY BOARD OF EQUALIZATION.</p>	<p>Docket No.: 49000</p>
<p>ORDER</p>	

THIS MATTER was heard by the Board of Assessment Appeals on June 10, 2008, Diane M. DeVries and MaryKay Kelley presiding. Petitioner was represented by Dan R. Bartholomew, Esq. Respondent was represented by James Burgess, Esq. Petitioner is protesting the 2007 actual value of the subject property.

PROPERTY DESCRIPTION:

Subject property is described as follows:

**6066 Lamar Street, Arvada, Colorado
(Jefferson County Schedule No. 086917)**

The subject property is an apartment complex with 5 three-story buildings built between 1973 and 1983. Petitioner reports 183 total units (16 studios, 144 one-bedroom units, and 23 two-bedroom units). Respondent reports 182 total units (16 studios, 142 one-bedroom units, and 24 two-bedroom units). Amenities include secured entries with interior hallways, one laundry room per building, an outdoor pool, and open parking. The neighborhood is a mix of single and multi-family residential housing and industrial buildings. Respondent assigned an actual value of \$9,017,000.00 for tax year 2007. Petitioner is requesting a value of \$6,400,000.00.

Petitioner’s witness, Mr. Greg Evans, offered three exhibits: Exhibit A, an appraisal by Integra Realty Resources (effective date March 17, 2005); Exhibit B, an appraisal by CB Richard Ellis, Inc. (effective date January 23, 2003); Exhibit C, photographs of comparable sales used in

Exhibit A and Mr. Evans' verbal value conclusion of \$6,400,000.00. The Board gives no consideration to value conclusions in Exhibits A and B, relying only on data within these reports used by Mr. Evans.

Petitioner's witness presented the following indicators of value:

Sales Comparison Analysis	\$6,400,000.00
Gross Income Multiplier Analysis	\$6,500,000.00

Based on the market analysis, Mr. Evans relied on six comparable sales ranging in price from \$4,135,000.00 to \$27,650,000.00 and in price per unit from \$35,000.00 to \$49,226.00. The sales were located in Denver and northern and eastern suburbs. After adjustments were made, the sales ranged from \$33,250.00 to \$41,842.00 per unit. The witness reconciled to a value of \$6,400,000.00 based on adjustments for location, design, and unit mix.

Based on effective gross income multipliers of the six comparable sales ranging from 5.60 to 8.53, Mr. Evans estimated a multiplier of 7.2, testifying that the subject property has the smallest rentable area, inferior location and design, a greater share of one-bedroom units, and is an overall inferior complex. The Board notes that C.R.S. § 39-1-103(5)(a) does not allow consideration of the gross income multiplier analysis in valuation of residential apartment projects.

Respondent presented the following indicator of value:

Sales Comparison Analysis	\$11,500,000.00
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Respondent's witness, Ms. Sara M. Thorpe, presented four comparable sales ranging in sales price from \$7,114,000.00 to \$22,900,000.00 and in price per unit from \$58,078,090 to \$88,789.00. The sales were selected for their locations in Jefferson County and similarity in age. After adjustments were made, the sales ranged from \$56,314.00 to \$81,894.00 per unit. Sales 1 and 2 were given most weight due to similarity in age and location, suggesting a rounded range from \$63,000.00 to \$67,000.00 per unit or \$11,466,000.00 to \$12,194,000.00 total for the subject's 182 units. Value was estimated at the lower end or \$11,500,000.00.

Mr. Evans argued that Respondent's witness used the subject's gross rather than net rentable area, reported an incorrect average unit size, failed to consider the inordinately large number of one-bedroom units in the subject complex, should not have included Sales 1 and 2 (portfolio sales), selected Sales 3 and 4 despite locations in higher-rent areas with low vacancy rates, and did not consider a gross rent multiplier analysis.

The Board gives no weight to Petitioner's gross income multiplier analysis or to reliance on income-related issues; neither falls within the valuation process allowed by statute for residential properties, including apartment complexes. "The actual value of residential real property shall be determined solely by consideration of the market approach to appraisal. A gross rent multiplier may be considered as a unit of comparison within the market approach to appraisal." C.R.S. § 39-1-103(5)(a). Petitioner did not present a gross rent multiplier.

Respondent's market approach is more convincing due to the proximity of comparable sales to the subject property and the same marketing area. The Board, however, agrees that the following issues were not adequately addressed: gross rather than net rentable square footage; the inordinate number of one-bedroom units affecting vacancy rates and, thus, marketability; two reported portfolio sales; and superior locations of Sales 3 and 4. The Board recognizes that these issues would negatively affect value and considers Respondent's estimated value of \$11,500,000.00 excessive. However, Petitioner did not present any data regarding adjustments for these issues and did not convince the Board that value should be lowered below the assigned value of \$9,017,000.00.

Respondent presented sufficient probative evidence and testimony to prove that the tax year 2007 valuation of the subject property was correct.

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).

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 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).

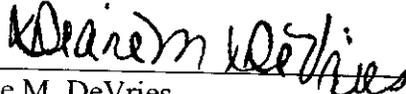
In addition, if the decision of the Board is against Respondent, Respondent may petition the Court of Appeals for judicial review of alleged procedural errors or errors of law within thirty days of such decision when Respondent alleges procedural errors or errors of law by the Board.

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.

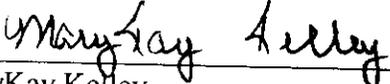
Colo. Rev. Stat. § 39-8-108(2) (2007).

DATED and MAILED this 16th day of July 2008.

BOARD OF ASSESSMENT APPEALS



Diane M. DeVries

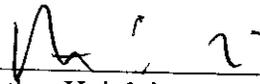


MaryKay Kelley

This decision was put on the record

JUL 16 2008

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



Heather Heinlein

