

<p>BOARD OF ASSESSMENT APPEALS, STATE OF COLORADO 1313 Sherman Street, Room 315 Denver, Colorado 80203</p> <hr/> <p>Petitioner:</p> <p>GEORGE PETERS TRUST</p> <p>v.</p> <p>Respondent:</p> <p>BOULDER COUNTY BOARD OF EQUALIZATION</p>	<p>Docket No.: 49112</p>
<p>ORDER</p>	

THIS MATTER was heard by the Board of Assessment Appeals on April 22, 2008, Karen E. Hart and Debra A. Baumbach presiding. George Peters appeared pro se for Petitioner. Respondent was represented by Michael A. Koertje, Esq. Petitioner is protesting the 2007 actual value of the subject property.

PROPERTY DESCRIPTION:

Subject property is described as follows:

**1236 Meadows Street, Longmont, Colorado
Boulder County Schedule No. R0082728**

The subject property is a single family residence situated on a 4,792-square-foot site. The residence is a two-story wood frame structure built in 1981. The residence consists of 1,272 square feet of gross living area with an attached one car garage. There are two bedrooms, one bathroom, and no basement. The quality of construction has been rated as average.

Petitioner presented an indicated value of \$150,000.00 for the subject property.

Mr. Peters testified the subject property is in below average condition. The roof and the interior flooring are in bad shape and both need to be replaced. There has been no updating done and the property is considered inferior in the market for only having two bedrooms and one bathroom.

Mr. Peters testified that he has purchased many single family homes as investments; he is very aware of the motivations of buyers and sellers. In his experience as an investor, one of the main criteria in purchasing a single family residence is bedroom count. Investors look at the potential income that can be obtained from the property.

Petitioner relied on one sale to support his market value. The property at 1260 Meadow is located within the subject's market area and sold for \$160,500.00. Based upon his experience Petitioner adjusted the sale as follows: \$4,000.00 for condition, \$12,000.00 for bedroom count, \$4,000.00 for bathroom area, and \$1,000.00 for excessive demand to arrive at a value of \$140,000.00.

Mr. Peters believes adjusting for gross living area versus adjusting for bedroom count is an inappropriate and unlawful unit of comparison. Differences in bedroom count should be separately adjusted because of the effect it has on the overall value of a property.

Petitioner is requesting a 2007 actual value of \$150,000.00 for the subject property.

Respondent presented an indicated value of \$163,000.00 for the subject property based on the market approach.

Respondent presented six comparable sales ranging in sales price from \$155,000.00 to \$186,000.00 and in size from 1,272 to 1,344 square feet. After adjustments were made, the sales ranged from \$154,000.00 to \$169,000.00.

Respondent's witness, Mr. Stewart A. Leach, testified an exterior inspection of the subject was performed. The subject is tenant occupied and an interior inspection could not be obtained. All of the sales selected are located within the same market area and are similar in size, style, quality, condition, and appeal. A major factor affecting the subject is the location of the Burlington Northern Santa Fe Railroad. The subject, as well as four of the comparable sales, back up to the railroad and share the same influences.

Respondent's Sale 1 is the same model as the subject. This sale is located several doors down on the same side of the street. No adjustments other than time were required for this sale. Two sales used by Respondent did not abut the railroad and an adjustment was extracted to account for the railroad influence. Respondent's Sale 4 is the same sale used by Petitioner. Mr. Leach adjusted the sale for time, size, and bathroom count difference. The gross living area adjustment was based on \$40.00 per square foot and the ½ bathroom area was adjusted at \$4,000.00. Mr. Leach testified it is appropriate appraisal methodology to adjust for differences in gross living area and not specifically bedroom count difference. The utility of the subject and Sale 4 were considered to be similar because of the minimal difference in living area, therefore an adjustment was made for the difference in living area and not specifically bedroom count. There was no market recognition for a difference in bedroom count.

Respondent assigned an actual value of \$162,000.00 to the subject property for tax year 2007.

After consideration of all evidence and testimony, the Board finds that Respondent presented sufficient probative evidence and testimony to prove the subject property was correctly valued for tax year 2007.

Respondent's sales are well documented and supported. All of the sales are within the same market area and share similar characteristics. Adjustments were made for all physical characteristics and adjustments were supported. Respondent's Sale 1 required no adjustment other than time; therefore it is the best indication of value.

The Board gave no weight to Petitioner's adjustments for bedroom count difference. It appears the adjustments were based on potential income streams rather than market extraction. Petitioner did not provide any sales or other data to support the assertion that the market would pay more for a home with similar gross living area having two bedrooms versus a home having three bedrooms. When valuing residential property for ad valorem tax purposes per Colorado Revised Statutes section 39-1-103(5)(a), "The actual value of residential real property shall be determined solely by consideration of the market approach to appraisal." Residential property value must be derived from market sales and not the income stream the property can produce. The methodology used to determine what adjustments should be made needs to be derived from the market extraction method. This method indicates that the number of bedrooms is not an influence on the subject property's value.

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 30th day of May 2008.

BOARD OF ASSESSMENT APPEALS

Karen E Hart

Karen E. Hart

Debra A Baumbach

Debra A. Baumbach

This decision was put on the record

MAY 30 2008

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

Heather Heinlein

Heather Heinlein

