

<p>BOARD OF ASSESSMENT APPEALS, STATE OF COLORADO 1313 Sherman Street, Room 315 Denver, Colorado 80203</p> <hr/> <p>Petitioner:</p> <p>BASELINE OFFICES, LLC</p> <p>v.</p> <p>Respondent:</p> <p>BOULDER COUNTY BOARD OF EQUALIZATION.</p>	<p>Docket No.: 51392</p>
<p>ORDER</p>	

THIS MATTER was heard by the Board of Assessment Appeals on January 6, 2010, MaryKay Kelley and James R. Meurer presiding. Petitioner was represented by Brad Borncamp, sole member of Baseline Offices, LLC. Respondent was represented by Michael A. Koertje, Esq. Petitioner is protesting the 2008 actual value of the subject property.

PROPERTY DESCRIPTION:

Subject property is described as follows:

**1319 West Baseline Road, Suite 201, Lafayette, Colorado
(Boulder County Schedule No. R0507346)**

The subject is a 2,191 square foot office condominium unit located in a two-story building in Lafayette, Colorado. The unit is on the second floor of the building and ownership includes 941 square feet of storage space located in the basement. The building was constructed in 2003, is occupied by general office and medical offices uses, has a stucco and stone exterior and is serviced by one passenger elevator. The subject unit has office finish and in addition to the common area restrooms has two restrooms within the unit. The unit was purchased in shell condition in September of 2005 for \$500,000.00 and Petitioner subsequently spent approximately \$70,000.00 in tenant finish. According to Petitioner, approximately one-third of the unit is subleased to a tenant at \$11.50 per square foot, triple net. Association dues are \$650.00 per month.

Petitioner presented the following indicators of value:

Market:	\$400,000.00
Cost:	\$418,000.00
Income:	\$305,000.00

Petitioner presented an indicated value of \$374,000.00 for the subject property.

Petitioner presented a Cost Approach indicating a value for the total land and building including finish of \$1,672,456.00 and then adjusted this value to reflect the one-quarter undivided interest of the subject unit. Petitioner concluded to a value for his unit of \$418,000.00 via the Cost Approach considering this pro rata interest.

Petitioner presented a Market Approach reflecting the average price per square foot of office condominium sales in a 15 mile radius of Lafayette, Colorado. The average sales price per square foot for 2005 was \$169.09 and for 2006 was \$195.91. Petitioner reconciled these sales at \$182.50 per square foot resulting in an indication of value via the Market Approach of \$400,000.00. No time trending, physical or economic adjustments were considered in the analysis.

Petitioner also presented an Income Approach reflecting rents ranging from \$12.25 per square foot to \$14.69 per square foot triple net, and overall rates ranging from 6.5% to 8.8%. Petitioner emphasized the \$12.25 rental rate and the 8.8% overall rate in his conclusion via the Income Approach resulting in a value of \$305,000.00.

In addition, Petitioner argued that the purchase price of the property reflected investment value rather than market value and should be given minimal weight. Petitioner further argued that the market rent and overall rate assumptions used in Respondent's Income Approach were unrealistic and did not reflect market conditions.

Petitioner is requesting a 2008 actual value of \$374,000.00 for the subject property.

Respondent presented the following indicators of value:

Market:	\$500,000.00
Cost:	Not Provided
Income:	\$479,000.00

Based on the Market and Income Approach, Respondent presented an indicated value of \$500,000.00 for the subject property.

In the Market Approach, Respondent presented six office condominium sales including the sale of the subject ranging in sales price from \$303,000.00 to \$525,000.00 and in size from 1,447 to 2,693 square feet. After adjustments were made, the sales ranged from \$195.73 to \$294.40 per square foot. Respondent concluded an adjusted value of \$228.00 per square foot reflecting a value

of \$500,000.00 via the Market Approach. Respondent placed most weight in the analysis on Comparables 1, 2, and 3, and the sale of the subject.

Respondent also presented an Income Approach resulting in a value of \$479,000.00 for the subject unit. Five rent comparables were referenced in the analysis resulting in an indication of market rent of \$12.50 per square foot. A 5.0% vacancy and collection loss and 8.0% expense factor were used in the model and the net operating income of \$23,937.00 was then capitalized at a 5.0% overall rate. The overall rate was supported by five sales derived from information provided by CoStar and contained in Boulder County Assessor's files.

Respondent assigned an actual value of \$495,200.00 to the subject property for tax year 2008.

Respondent presented sufficient probative evidence and testimony to prove that the tax year 2008 valuation of the subject property was correct.

Petitioner did not present sufficient probative evidence to dispute Respondent's assigned value. "[Petitioner] must prove that the assessor's valuation is incorrect by a preponderance of the evidence. . . ." *Bd. of Assessment Appeals v. Sampson*, 105 P.3d 198, 204 (Colo. 2005). After careful consideration of the testimony and exhibits presented in the hearing, the Board concludes that a Market Approach is the most supportable method of establishing value for the subject office condominium unit. The Board finds that the comparable sales used in Respondent's Market Approach and the explanation and adjustments to those sales are reasonable and therefore most accurately reflect the market value for the subject.

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 Section 24-4-106(11), C.R.S. (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 Section 24-4-106(11), C.R.S. (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).

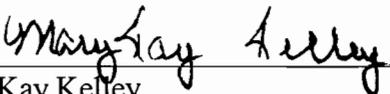
In addition, if the decision of the Board is against Respondent, Respondent may petition the Court of Appeals for judicial review of alleged procedural errors or errors of law within thirty days of such decision when Respondent alleges procedural errors or errors of law by the Board.

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.

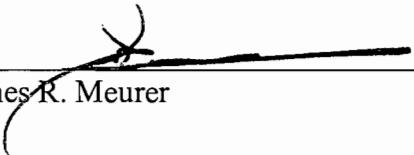
Section 39-8-108(2), C.R.S.

DATED and MAILED this 9th day of March, 2010.

BOARD OF ASSESSMENT APPEALS



MaryKay Kelley



James R. Meurer

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



Heather Flannery

