

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

1313 Sherman Street, Room 315
Denver, Colorado 80203

**Docket No.: 58930 and
58932**

Petitioner:

CTS INVESTMENTS LLC,
v.

Respondent:

GARFIELD COUNTY BOARD OF EQUALIZATION.

ORDER

THIS MATTER was heard by the Board of Assessment Appeals on February 28, 2012, James R. Meurer and Gregg Near presiding. Petitioner was represented by J. Aaron Atkinson, Esq. Respondent was represented by Cassie Coleman, Esq. Petitioner is protesting the 2011 actual value of the subject property.

The parties agreed to consolidate the hearings of dockets 58930, 58931, and 58932.

Subject property is described as follows:

**Vacant Land
Castle Valley Ranch
New Castle, Colorado**

Garfield County Schedule Numbers:

Docket No. 58930: R043959

Docket No. 58932: R043961

The subject property consists of two parcels of vacant land located within the Castle Valley Ranch PUD in the town of New Castle. The parcels vary in size, location within the PUD, and in the level of approved development by the town. The parcels are briefly described as follows:

Schedule No. R043959: 10.766 acres commercial development raw land
Schedule No. R043961: 61.216 acres entitled for residential building units

The Castle Valley Ranch PUD consists of 640 acres of land annexed to the town of New Castle in 1984. The PUD, as currently amended, allows for development of 1,400 residential units and 100,000 square feet of commercial improvements. To date, there have been 740 residential units constructed. Currently the development has 39 townhome sites and 33 single family sites with approvals for construction. An additional 17 single family sites have infrastructure but no approvals.

Petitioner presented the following indicators of value:

Docket No. 58930:	\$53,000.00 via Market Approach
Docket No. 58932:	\$300,000.00 via Market Approach

Respondent presented the following indicators of value:

Docket No. 58930:	\$322,980.00 via Market Approach
Docket No. 58932:	\$1,836,480.00 via Market Approach

Petitioner's witness, Mr. Steven Craven, a representative of CTS Investments LLC, testified regarding his history with the property. Mr. Craven is also a builder and developer and he detailed the recent history of the property. In 2004 and 2005, Village Homes purchased the subject holdings and others and controlled 440 developable lots. Village Homes eventually constructed 75 single family homes and 17 townhomes before entering chapter 11 bankruptcy in November 2008. Mr. Craven stated there were only two building permits issued in New Castle in 2009 and one in 2010. To go forward with construction, the owner must invest an additional \$50,000.00 per lot for remaining development costs and \$1.5 million must be invested in road infrastructure.

Petitioner's witness, Mr. Ronald Atkinson, a Vice President of CVR Investors Inc., detailed the purchase in April 2010 of 13 developed tri-plex pads, 17 platted single-family lots and 120 acres of vacant ground for \$700,000.00. Mr. Atkinson stated that the purchase involved 56 lots that were ready for construction with an anticipated sale price of \$20,000 each; and no value was given to the vacant land. The parties had agreed to a price of \$1,067,000.00 that was later reduced to \$700,000.00 as an incentive to expedite the sale.

Petitioner's witness, Mr. James Capecelatro, a real estate broker who represented the seller in the listing and sale to CVR Investors, related the marketing history. The property was listed in June 2009 for \$2 million. By January 2010, the price had been reduced to \$1.2 million and at that time CVR approached the seller. The seller was RFC Construction Funding, LLC (GMAC ResCap) as a result of the bankruptcy of Village Homes and subsequent non-performance on a \$15 million development loan.

Mr. Atkinson related his understanding that the entitlements for the 17 platted single-family lots were to expire in July 2013. The New Castle City Council had indicated no extensions of the previous approvals would be granted. Going forward with development was an additional cost of \$23,000.00 per lot.

Petitioner's witness, Mr. Michael Van Donselaar, a property tax advisor, testified regarding a consulting assignment completed for Petitioner. Mr. Van Donselaar provided a Market Approach for unimproved land sales for both Dockets and a present worth valuation for Docket No. 58932 only.

Mr. Van Donselaar's unimproved land sales ranged in sale price from \$150,000.00 to \$1,230,424.00 and in size from 37.39 to 230.24 acres. Sales 2, 4 and 5 were adjusted downward for existing improvements to narrow the indications to land only. After adjustments were made for location, platting, utilities, terrain/shape, water and infrastructure, the sales ranged from \$3,365.00 to \$8,871.00 per acre. Sale 7, the April 2010 purchase by CVR Investors Inc, is included within the sales and is adjusted to \$5,469.00 per acre. This sale is then adjusted further by subtracting an additional \$438,100.00 for the value of the triplex lots leaving a per acre value of \$2,232.00. Mr. Van Donselaar concluded to a unit value of \$2,232.00 per acre and a value of \$24,000.00 for the 10.77 acres in Docket No. 58930 and \$137,000.00 for 61.22 acres in Docket No. 58932.

Mr. Van Donselaar determined a present worth valuation by presenting five comparable improved lot sales ranging in sale price from \$45, 000.00 to \$99,900.00 and in size from 5,250 to 10,934 square feet. After adjustments were made for location, size, view, terrain/shape and utilities, the sales ranged from \$47,250.00 to \$68,400.00 with a concluded value of \$57,500 per lot. Based upon a maximum of 111 lots that can be constructed on the CTS ownership with the available water rights, the cost of remaining finish, a 50-year sell out and the appropriate present value factor, a value of \$1,984.00 per lot, or \$220,177.00, was derived.

Mr. Van Donselaar reconciled to a value of \$2,232.00 per acre. For Docket No.58930 the value indication is \$24,000.00. For Docket No. 58932 the value indication is \$137,000.00.

Respondent presented the following indicators of value:

Docket No. 58930:	\$322,980.00 via Market Approach
Docket No. 58932:	\$1,836,480.00 via Market Approach

Respondent's witness, Ms. Alicia Smith, a Registered Appraiser with the Garfield County Assessor's Office, presented four comparable sales ranging from \$1,070,000.00 to \$6,000,000.00 and in size from 40.22 to 148.2 acres. Due to inadequate sales within the base period, the research was extended to a 48-month time frame. After adjustments were made for time, location and size, the sales ranged from \$20,513.00 to \$93,244.00 per acre.

The adjusted sales have a median indication of \$30,800.00 per acre that is reconciled to a unit value of \$30,000.00 per acre.

Ms. Smith testified she chose not to consider the April 2010 purchase of the property by CVS because it did not meet the definition of an arms-length sale.

Petitioner contends there is virtually no market for development land or improved lots. With the rate of sales in the last two years it will be hundreds of years before the lots will be absorbed.

Petitioner also points to the impending loss of entitlements for the 17 single family sites as further evidence values are depressed. Petitioner also insists the property value is too high because Petitioner is paying 20% of the purchase price each year for property taxes.

Respondent questioned the comparability of Petitioner's sales. The sales reported were either farms or land acquired for oil and gas development. Petitioner's sales were located long distances from grocery stores or schools and not similar in use to the subject. Respondent also asserts Petitioner's characterization of a several hundred year sell-out as too extreme.

Respondent presented sufficient probative evidence and testimony to show that the subject property was correctly valued for tax year 2011.

The Board was not convinced by Petitioner's comparable sales and does not consider them to represent the same highest and best use as the subject. Respondent's sales were within the allowed time frame and were adjusted for time. The Board agrees with Petitioner's procedure of separating the finished townhome sites in the analysis, however, Petitioner did not present the Board sufficient justifications for the adjustments. The Board agrees with Ms. Smith's decision not to consider the April 2010 purchase of the property by CVS because it did not meet the definition of an arms-length sale.

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 27th day of March, 2012.



BOARD OF ASSESSMENT APPEALS

Gregg Near

James R. Meurer

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

Milla Crichton