

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

1313 Sherman Street, Room 315
Denver, Colorado 80203

Docket No.: 62338

Petitioner:

DOVE VALLEY BUSINESS CENTER, LLLP.,

v.

Respondent:

**ARAPAHOE COUNTY BOARD OF
EQUALIZATION.**

ORDER

THIS MATTER was heard by the Board of Assessment Appeals on July 2, 2014, Gregg Near and Debra A. Baumbach presiding. Petitioner was represented by Kendra L. Goldstein, Esq. Respondent was represented by George Rosenberg, Esq. Petitioner is protesting the 2013 actual value of the subject property.

Subject property is described as follows:

**7852 S. Wheeling Court, Lot 2, Dove Valley Business Park Subdivision 12th Filing, Englewood, Colorado
Arapahoe County Schedule No. 2075-36-1-10-002**

**7760 S. Wheeling Court, Lot 5, Dove Valley Business Park Subdivision 12th Filing, Englewood, Colorado
Arapahoe County Schedule No. 2075-36-1-10-005**

The subject property consists of two vacant land parcels located in the Dove Valley Business Park Subdivision Filing 12, in unincorporated Arapahoe County. Lot 2: Schedule No. 2075-36-1-10-002 consists of a 4.05 acre irregular shaped site, zoned A-MU (mixed-use commercial) and classified as vacant commercial land. The topography is gently sloping with available utilities and curbs and gutters. Lot 5; Schedule No. 2075-36-1-10-005 consists of a 2.177 acre irregular site zoned A-MU(mixed-use commercial) and classified as vacant commercial land. The topography is gently sloping with available utilities and curbs and gutters. Both lots have access off South Wheeling Court and are located within close proximity to Centennial Airport. The sites are influenced by The

Overlay District Airport Influence Area guidelines that regulate development in the area and aircraft noise.

Petitioner is requesting an actual value of \$229,343 for Lot 2; Schedule No. 2075-36-1-10-002 and \$123,279 and for Lot 5; Schedule No. 2075-36-1-10-005 for tax year 2013. Respondent assigned a value of \$310,496 for Lot 2; Schedule No. 2075-36-1-10-002 and \$166,890 for Lot 5; Schedule No. 2075-36-1-10-005 for tax year 2013.

Petitioner's witness, Ms. Brenda Fearn, with Sterling Property Tax Specialists, Inc., presented a market approach consisting of three comparable vacant land sales ranging in sales prices from \$260,771 to \$500,000 and in size from 131,551 to 313,632 square feet. Ms. Fearn testified she considered sales that were considered the most similar to the subject in size, topography and location. The subject lots and comparable lot sales were all influenced by The Overlay District Airport Influence Area. No adjustments were made to the sales and Ms. Fearn concluded to a weighted average based on size, location and proximity to the airport of \$1.71 per square foot for Lots 2 and 5.

Ms. Fearn testified that at least seven lots within Filing 12 were vacant, with approximately 57.1% total vacancy within the subdivision. After reviewing the ARL, Volume 3, Section 4.4, Ms. Fearn determined that the subject lots qualified for present worth discounting because they were vacant and the 80% sellout threshold necessary for present worth discounting has not been reached.

Ms. Fearn presented a present worth analysis based on an unadjusted sale price per square foot of \$1.71 and an 8-year absorption period. She applied a 13.5% discount rate resulting in a per square foot value of \$1.01 for each of the lots.

To derive a value of the raw land, Ms. Fearn presented a comparable raw land analysis and identified three raw land sales within Arapahoe County and one sale located within Douglas County. The sales ranged in price from \$102,000 to \$1,151,700 and in size from 313,632 to 1,568,596 square feet. No adjustments were made, and Ms. Fearn concluded to raw land value of \$1.30 per square foot.

Ms. Fearn testified that according to the ARL, Volume 3, Section 4.10, vacant land present worth actual value must never drop below the actual value of the most comparable raw, undeveloped vacant land. Therefore, Ms. Fearn concluded to a value of \$1.30 per square foot resulting in an indicated land value of \$229,343 for Lot 2; Schedule No. 2075-36-1-10-002 and \$123,279 for Lot 5; Schedule No. 2075-36-1-10-005.

Respondent's witness, Mr. Kyle Hooper, Property Tax Specialist III, for the Division of Property Taxation, testified his primary responsibility and expertise is in agricultural classification, valuation, vacant land valuation and present worth discounting procedures. Mr. Hooper explained that the Division of Property Taxation developed guidelines outlining the criteria, procedures and applicability of present worth discounting. Mr. Hooper provided testimony interpreting present worth discounting procedure guidelines in the ARL. Mr. Hooper discussed the definition of an "end user", and the criteria outlined in the ARL in establishing an "end user." Also, he discussed how sales to

“end users” count towards reducing the vacant land inventory in absorption calculations and the 80% sellout threshold. Mr. Hooper also described raw land as the lowest market value of land that would sell in a particular area and that raw land in itself can be market value. The primary reason in establishing a raw land floor value is to ensure there are no inequities in valuation going through the present worth discounting procedures.

Respondent’s witness Mr. Jesse Bequette, a Licensed Appraiser with the Arapahoe County Assessor’s Office, presented a market approach consisting of five vacant land sales ranging in price from \$110,000 to \$1,484,300 and in size from 55,321 to 478,812 square feet. After a 5% adjustment to Sale 2 for lack of visibility, the sales ranged from \$1.99 to \$3.10 per square foot. In concluding to a value, Mr. Bequette gave most weight to Sales 1 and 2 because they were both located within the same subdivision as the subject parcels. Secondary weight was placed on Sale 3 based on its location in a similar market area. Mr. Bequette concluded to a value of \$2.50 per square foot for Lots 2 and 5.

Mr. Bequette presented a raw land analysis consisting of four comparable sales. The land sales ranged in sales prices from \$47,492 to \$3,320,000 and in size from 27,007 to 1,896,167 square feet. No adjustments were made and Mr. Bequette concluded to a raw land value of \$2.00 per square foot. Mr. Bequette determined that the 80% sellout threshold necessary for present worth discounting has not been reached and the subject lots qualified for present worth discounting. Mr. Bequette presented a present worth analysis based on an unadjusted sale price per square foot of \$2.50 and an 8-year absorption period. He applied a .59 discount factor resulting in a per square foot value of \$1.48 for each of the lots. Mr. Bequette testified that based on the indicated \$1.48 per square foot value after the present worth analysis, the value fell below the raw land floor and therefore he concluded to the raw land value of \$2.00 per square foot.

Mr. Bequette applied a unit value of \$2.00 per square foot resulting in an indicated land value of \$352,800 for Lot 2; Schedule No. 2075-36-1-10-002 and \$189,700 for Lot 5; Schedule No. 2075-36-1-10-005 for tax year 2013.

Petitioner presented insufficient probative evidence and testimony to show that the subject property was incorrectly valued for tax year 2013.

The burden of proof is on Petitioner to show that Respondent’s valuation is incorrect. *Bd. Of Assessment Appeals v. Sampson*, 105 P.3d 198 (Colo. 2005). After careful consideration of the testimony and exhibits presented at the hearing, the Board determined the comparable land sales presented in Respondent’s analysis concluding to \$2.50 per square foot reasonably supported market value for Lots 2 and 5. Respondent relied on a total of five vacant land sales as opposed to Petitioner’s three sales. Although both parties relied on the sale located at 12826 E. Adam Aircraft Circle, it was the only sale used by Petitioner within close proximity to the subject lots. Respondent’s Sales 1, 2 and 3 were located within close proximity to the subject lots representing similar market perceptions and airport influence. The Board found Petitioner’s Sales 2 and 3 to be located further from the market area which might reflect a different market perception and be less affected by the airport influence.

The Board was not convinced that Petitioner's raw land sales analysis sufficiently supported a raw land value in the market area. Petitioner presented a total of four raw land sales including a sale that was reported by Co-Star, as an assemblage, but could not be confirmed through Douglas County. Petitioner provided insufficient evidence to determine whether the sale was purchased at market value or at a discounted price because it was a part of an assemblage. All of Respondent's raw land sales with the exception of Sale 2 are zoned A-MU. The Board was convinced that Respondent's raw land sales supported a value of \$2.00 per square foot. Respondent's raw land sales were located within closer proximity to the subject. The Board placed most weight on Respondent's raw land Sale 4 because it is within close proximity to the subject lots and because the zoning is A-MU.

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-nine 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-nine days after the date of the service of the final order entered).

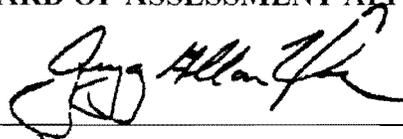
In addition, if the decision of the Board is against Respondent, Respondent may petition the Court of Appeals for judicial review of alleged procedural errors or errors of law within thirty days of such decision when Respondent alleges procedural errors or errors of law by the Board.

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 7th day of August, 2014.

BOARD OF ASSESSMENT APPEALS

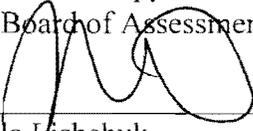


Gregg Near



Debra A. Baumbach

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



Milka Lishchuk

