

**BOARD OF ASSESSMENT APPEALS,
STATE OF COLORADO**
1313 Sherman Street, Room 315
Denver, Colorado 80203

Docket No.: 65895

Petitioner:

KATHLEEN KROHN,

v.

Respondent:

GUNNISON COUNTY BOARD OF EQUALIZATION.

ORDER

THIS MATTER was heard by the Board of Assessment Appeals on July 21, 2016, Diane M. DeVries and Sondra W. Mercier presiding. Petitioner was represented by Barbara R. Butler, Esq. Respondent was represented by Gretchen Stuhr, Esq. Petitioner is protesting the 2015 actual value of the subject property.

The parties stipulated to the admission of Petitioner's Exhibits 1 through 8 and Respondent's Exhibit A.

Subject property is described as follows:

**652 Snowshoe Lane, Cimarron, Colorado 81220
Gunnison County Schedule No. 4049-060-01-002, R011656**

The subject property consists of a 1,641-square-foot single family residence that was built in 1982. The residence has a 1,008-square-foot finished basement. The home is situated on a one-acre lot.

Petitioner is requesting an actual value of \$325,700 for the subject property for tax year 2015. Respondent assigned a value of \$409,220 for the subject property for tax year 2015 but is recommending a reduction to \$335,000.

Lucia Lebon, Real Estate Broker, testified on behalf of Petitioner. Ms. Lebon indicated that the market was still in recession with declining property values. She testified that log structures should receive a 10% to 20% upward adjustment for log construction. Ms. Lebon reported that the

value of individual lots varied significantly depending on location (interior/meadow), tree coverage and views, and that value differences of up to 50% were reasonable when comparing interior (lower) lots and view (upper) lots. She testified that Arrowhead is a well-developed community with great infrastructure and that it should be its own economic area, but it is currently a part of the larger Gunnison County Economic Area 8.

Petitioner, Kathleen Krohn, testified that the subject is comparable to surrounding properties and that it is not a log home, not a view lot, but is rather a circular one-acre lot with a house and a small garage. Ms. Krohn owns two adjoining lots that were purchased during base period for \$12,000 and \$21,000; therefore, she believes that the assessor has overvalued the lot at \$40,000. Petitioner presented a series of land sales extracted from the Assessor's website. Petitioner presented four comparable sales ranging in sale price from \$240,000 to \$325,000 and in size from 1,493 to 1,624 square feet. The sales were adjusted at a rate of 1.5% per month for market conditions and by the difference in the assessor's assigned land value for each sale. After adjustments were made, the sales ranged from \$244,807 to \$320,547.

Ms. Krohn reported that she had never received a request to inspect the subject, and believes that the value of the subject property should be set at \$325,700 for tax year 2015.

Respondent presented a value of \$335,000 for the subject property based on the market approach.

Respondent's witness, Mr. Robert J. Blackett, Certified Residential Appraiser with the Gunnison County Assessor's Office, presented five comparable sales ranging in sale price from \$230,000 to \$475,000 and in size from 1,484 to 1,624 square feet. All five sales were located in the Arrowhead subdivision. According to Mr. Blackett, no adjustment for market conditions was applied or supported. The sales were adjusted for living area square footage, basement space, quality, condition, garage size and lot view. After adjustments were made, the sales ranged from \$268,900 to \$423,900. Mr. Blackett testified that he made no adjustments for log versus stick built construction, but placed more weight on Sales 1 and 2, which were similar to the subject and not log construction. The two sales indicated a narrow range in value of \$334,200 to \$335,400. Mr. Blackett concluded to a value of \$335,000 for the subject using the market approach.

Mr. Blackett reported that all of his sales were located in Arrowhead. He used vacant land sales to determine the difference between view and non-view lots and applied a flat adjustment of \$10,000 to all but one lot. Mr. Blackett also discussed the difference between very good, good, and average condition. In his analysis, homes that are maintained and have regular upkeep, would be considered as average. If renovations were done on the property, he would apply a better condition classification. Based on a 2013 exterior inspection of the subject after its renovation was completed, it was classified as being in "very good" condition.

Respondent assigned an actual value of \$409,220 to the subject property for tax year 2015 but is recommending a reduction to \$335,000.

Petitioner contends that the land value assigned to the subject site is above what is indicated by comparable land sales, including Petitioner's own purchase of adjacent lots. Respondent provided a site specific appraisal report as part of the *de novo* hearing before the Board. Respondent correctly indicated at hearing that valuation of the subject site separately from the improvement would be in violation of the Unit Assessment Rule, pursuant to Section 39-1-106, C.R.S.

To correctly apply the market approach, a representative body of sales is considered and each compared to the subject, with appropriate adjustment made. The sales are analyzed as a "unit of real property" defined by the court in *City and County of Denver v. Regis Jesuit Holding, Inc.*, 848 P.2d 355 (Colo. 1993). However, using typical appraisal practice, adjustments should be considered for differences between the comparable properties when compared to the subject, including potential adjustment for site elements such as views, access, and other locational differences.

Both parties presented comparable sales and considered adjustments for location. Petitioner's adjustments were based on a comparison of the land value assigned to each property by the assessor's office. Respondent applied a fixed downward adjustment of \$10,000 to lots that offered a scenic view; however, Respondent's use of a fixed adjustment was not well supported. Petitioner's methodology is flawed as it disregards the concept of unit assessment.

Three sales that were common to both parties were presented before the Board:

- Petitioner's Sale 2, located at 301 Crest Drive (also Respondent's Sale 5). After adjustment, that sale indicated a value of \$266,817 by Petitioner and \$268,900 by Respondent. Both parties gave this sale limited consideration in their final estimate of value.
- Both parties identified the sale of 663 Crest Drive as their Sale 4. After adjustment, this sale indicated a value of \$320,547 by Petitioner and \$340,300 by Respondent.
- Respondent gave considerable weight to the sale of 702 Crest Drive, identified as Sale 2 which indicated a value for the subject of \$334,200 after adjustment. Petitioner also used this sale (Petitioner's Sale 3), indicating a value of \$313,000 after adjustment for difference in land value. However, Petitioner failed to apply additional adjustment to this sale for finished basement, condition, or garage space. The Board finds this sale to provide a reliable indication of value for the subject.

Sufficient probative evidence and testimony was presented to prove that the value of the subject property was incorrect. Despite some methodology issues with the analysis prepared by both parties, their conclusions indicated a relatively narrow range of value, especially for two of the three common sales. Based on the testimony and evidence presented, the Board concluded that the 2015 actual value of the subject property should be reduced to \$330,000.

ORDER:

Respondent is ordered to reduce the 2015 actual value of the subject property to \$330,000.

The Gunnison County Assessor is directed to change their records accordingly.

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.

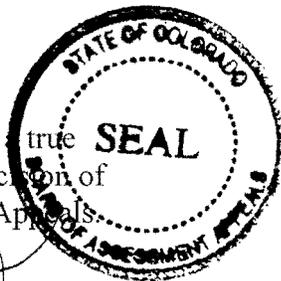
If the Board does not recommend its decision to be a matter of statewide concern or to have resulted in a significant decrease in the total valuation of the respondent county, Respondent may petition the Court of Appeals for judicial review of such questions within thirty days of such decision.

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

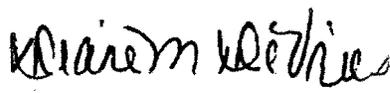
DATED and MAILED this 4th day of August, 2016.

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


Milla Lishchuk



BOARD OF ASSESSMENT APPEALS


Diane M. DeVries


Sondra W. Mercier