

<p>BOARD OF ASSESSMENT APPEALS, STATE OF COLORADO 1313 Sherman Street, Room 315 Denver, Colorado 80203</p> <hr/> <p>Petitioner:</p> <p>DB BEAR PAW LLC,</p> <p>v.</p> <p>Respondent:</p> <p>ROUTT COUNTY BOARD OF EQUALIZATION.</p>	<p>Docket No.: 66188</p>
<p>ORDER</p>	

THIS MATTER was heard by the Board of Assessment Appeals on April 12, 2016, James R. Meurer and Sondra W. Mercier presiding. Petitioner was represented by Thomas E. Downey, Jr., Esq. Respondent was represented by Lynaia South, Esq. Petitioner is protesting the 2015 actual value of the subject property.

Dockets 66187 and 66188 were consolidated for purposes of the hearing.

Subject property is described as follows:

**Edgemont Expansion Parcel
2410 Ski Trail Lane, Steamboat Springs, Colorado
Routt County Account No. R8172679**

The subject is a single parcel of 3.27 acres. It is adjacent to Edgemont Building A, which was developed as 39 condominium units, completed in 2010. The property is zoned RR-2, Residential Resort Zone District Two, High Density, which allows for building heights up to 75', unlimited floor area ratios, and lot coverage ratios up to 60%. The developer had approvals in place for one building of 66 units and 14-duplex-style townhomes. The entitlement expired in 2013.

Petitioner is requesting an actual value of \$6,045,000 for the subject property for tax year 2015. Respondent assigned a value of \$10,075,610, but is recommending a reduction to \$10,000,000 for tax year 2015. Although both parties considered all three approaches to value the subject, only the sales comparison approach was applied. Both parties indicated that it was difficult to identify base period sales of properties comparable to the subject for ski area location and size.

Mr. Garrett Simon, with Meriwether Companies, testified on behalf of Petitioner. Mr. Simon reported that the Bear Paw property sits above the ski base area and has topographic issues that affect development, driving infrastructure costs higher. Mr. Simon testified that permit activity and dollar volume of new residential construction and sales remained below levels reported in 2007 and 2008 at the height of the market. At the same time, construction costs have remained high.

Petitioner's witness, Kevin Chandler, Certified General Appraiser with Chandler Consulting, presented a sales comparative approach consisting of five comparable sales ranging in sale price from \$300,000 to \$5,825,000 and in size from 7,000 to 748,884 square feet representing a range in value for the land of \$7.78 to \$72.22 per square foot. Two of the sales were located in the Town of Steamboat Springs; the remaining three sales were located at the ski area. Sale 3 was analyzed as one transaction although it was sold under two separate deeds.

Qualitative adjustments were applied for conditions of sale, location, physical characteristics, property size, and zoning/land use. After adjustments were made, the sales indicated a value of approximately \$42.00 to \$43.00 per square foot. Mr. Chandler concluded to a land value of \$42.50 per square foot or \$6,045,000, rounded.

Respondent utilized a market approach to conclude to a land value of \$10,000,000.

Respondent's witness, Mr. Kevin Krause, Certified Residential Appraiser, presented a market approach consisting of six comparable sales ranging in sale price from \$300,000 to \$15,000,000 and in size from 5,663 to 107,480 square feet representing a range of \$21.73 to \$143.48 per square foot. Sales 1 and 2 were base area sites at other Colorado ski areas including Breckenridge and Aspen. Sales 3, 4 and 5 were sales of sites located in Steamboat Springs. Sale 6 was the only land sale from the ski area, and included a portion of Petitioner's Sale 3.

Mr. Krause made quantitative adjustments for expenditures made after sale, location, size, topography, economic considerations, and use/zoning. After adjustments were made, the sales ranged from \$43.45 to \$73.27 per square foot. Mr. Krause concluded to a value of \$70.29 per square foot for land value or \$10,000,000.

Respondent assigned a land value of \$10,075,610 to the subject property for tax year 2015, but is recommending a reduction to \$10,000,000.

Both parties presented an analysis of the real estate market for the base area that indicated improvement, but a depressed market for new construction of all property types. This was indicated by the limited number of residential building permits issued in 2013 and 2014 compared to the robust years of 2005 through 2009. Average residential sales prices ranged from \$394,164 in 2013 to \$439,989 in 2014, down 30% to 40% compared to 2007 and 2008. Both parties considered sales of bank owned (REO) properties located at the ski hill that occurred during the extended base period (2012).

The Board has carefully reviewed the sales presented by both parties. The greatest reliance should be placed on the sales of properties located at (or nearest to) the ski base area. Petitioner

presented five comparable sales; two of the sales were located in the Town of Steamboat Springs; the remaining three sales were located at the ski area. Petitioner's Sale 4 was adjusted as equal to the subject, indicating a value of \$42.73 per square foot. Petitioner's Sales 3 and 5 indicated significant upward adjustment, above \$7.78 and \$8.98 per square foot after adjustment. Respondent's Sale 6 included just a portion of Petitioner's Sale 3, and indicated an adjusted value of \$43.45 per square foot.

The Board finds that some consideration can also be given to sales of sites located at the base of other ski areas; however, those sales need to be used with caution and adjusted carefully. The Board was convinced that Respondent understated adjustments for location of Sales 1 and 2 based on sales prices for improved properties extracted from a broad geographical area. For example, Sale 1 was adjusted downward 15% based on the difference in condo sales prices in Routt and Summit Counties. On the other hand, Petitioner presented data to suggest a downward adjustment of closer to 240%. The same held true for Respondent's adjustment to Sale 2, a property located at the base of Aspen Ski area.

Finally, both parties presented sales of sites located in the town of Steamboat Springs. This includes Petitioner's Sales 1 and 2 along with Respondent's Sales 3, 4 and 5. These sales indicated a broad range of \$42.86 to \$72.84 per square foot. Petitioner concluded to the lower end of the range, considering Sale 2 to be generally equal to the subject; while Respondent applied gross adjustments ranging from 105% to 185%.

Petitioner presented sufficient probative evidence and testimony to prove that the tax year 2015 valuation of the subject property was incorrect. After consideration is given to all three approaches to value, the Board agrees with the parties in their use of the market approach.

After careful consideration of testimony and exhibits presented, the Board concludes that Petitioner met its burden of proof, presenting a more compelling market approach. This determination is further supported by the lack of sales at the base area coupled with depressed market indicators for residential sales. The 2015 actual value is reduced to \$6,045,000.

ORDER:

Respondent is ordered to reduce the 2015 actual value of the subject property to \$6,045,000.

The Routt County Assessor is directed to change his/her 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).

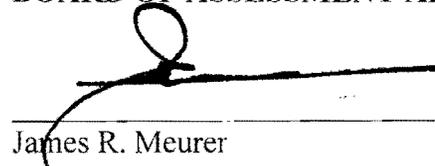
In addition, if the decision of the Board is against Respondent, Respondent may petition the Court of Appeals for judicial review of alleged procedural errors or errors of law within thirty days of such decision when Respondent alleges procedural errors or errors of law by the Board.

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.

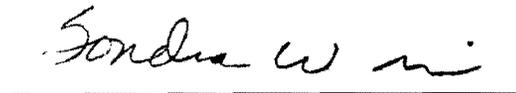
Section 39-8-108(2), C.R.S.

DATED and MAILED this 2nd day of June, 2016.

BOARD OF ASSESSMENT APPEALS

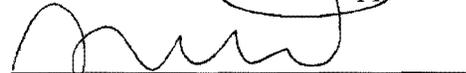


James R. Meurer



Sondra W. Mercier

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



Milla Lishchuk

