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| <p>BOARD OF ASSESSMENT APPEALS, STATE OF COLORADO 1313 Sherman Street, Room 315 Denver, Colorado 80203</p> <hr/> <p>Petitioner:</p> <p>GOLDWEST PROPERTIES AND INVESTMENTS LLC,</p> <p>v.</p> <p>Respondent:</p> <p>ADAMS COUNTY BOARD OF EQUALIZATION.</p> | <p>Docket No.: 73098</p> |
| <p>ORDER</p> | |

THIS MATTER was heard by the Board of Assessment Appeals on April 20, 2018, Cherice Kjosness and Sondra W. Mercier presiding. Petitioner was represented by Richard G. Olona, Esq. Respondent was represented by Meredith Van Horn, Esq. Petitioner is protesting the 2017 actual value of the subject property.

Subject property is described as follows:

**11554 E. 16th Avenue, Aurora, Colorado
Adams County Schedule No. R0097737**

The subject is a four-building apartment complex with 94 units, including 9- studio-, 84-one-bedroom units and one 2-bedroom caretaker's unit not available for rent. The property has had minimal updating since it was completed in 1971. It is situated on a 1.95-acre site.

Petitioner is requesting an actual value of \$4,700,000 for the subject property for tax year 2017. Respondent assigned a value of \$8,948,803 for the subject property for tax year 2017.

Petitioner's witness, Mr. Todd J. Stevens, Stevens & Associates, Inc., presented a market approach to support a value of \$4,700,000. As a test of reasonableness, Mr. Stevens also performed an analysis based on gross rent multiplier, which indicated a value of \$5,027,256. Mr. Stevens disclosed that he was being compensated on a contingency fee basis.

Respondent's witness, Jacquelyn L. Headley, Certified Residential Appraiser with the Adams County Assessor's Office, presented a market approach concluding to a value for the subject of \$9,000,000. Ms. Headley also performed a gross rent multiplier analysis as a test of reasonableness.

Colorado Constitution Article X Section 20 and CRS 39-1-103 specify that the actual value of residential real property shall be determined **solely** by consideration of the market approach to appraisal.

Mr. Stevens considered eight sales of apartment properties that ranged in size from 58 to 119 units, constructed between 1961 and 1975. After adjustment for location, age, economic characteristics, physical characteristics and size, the sales indicated a range in value from \$38,441 to \$54,417 per unit. There was no adjustment for changes in market conditions over time (aka "time adjustment"). Mr. Stevens concluded to a value of \$50,000 per unit or \$4,700,000 for the subject.

Conversely, Ms. Headley considered five sales of apartment properties that ranged in size from 17 to 112 units. After adjustment for personal property included with the sale, changes in market conditions, and quality/condition, the sales indicated a range in value from \$87,717 to \$107,280 per unit. Ms. Headley concluded to a value of \$9,000,000, which is equal to \$95,745 per unit. Ms. Headley made no adjustment for location, age of property, economic characteristics or size.

After careful consideration of all the evidence, including testimony presented at the hearing, the Board finds that Petitioner presented sufficient probative evidence and testimony to prove that the subject property was incorrectly valued for tax year 2017. The Board finds that Mr. Stevens contingency fee arrangement was clearly disclosed to the Board. Given the nature of Mr. Stevens compensation, the Board regards his valuation as a consulting service, not as an independent appraisal. The Board has weighed the evidence provided by Mr. Stevens in light of the disclosed bias shown by the contingency fee arrangement.

The Board was not convinced that Respondent's sales of smaller complexes were indicative of the value of the subject. Both parties considered sales of 1568 Nome and 11102 E 16th Avenue, which indicated unadjusted values of \$63,393 to \$65,657 per unit. Petitioner applied net downward adjustments of 20% to each sale, while Respondent applied upward adjustments of 38% to 46% to these sales.

The Board found these two common sales to be most comparable to the subject. However, the Board was not convinced that all adjustments were correctly applied. The Board was convinced that an adjustment for improved market conditions was reasonable based on information presented by Respondent. However, the lack of adjustment for other property and economic characteristics by Respondent was not credible. Petitioner's downward adjustments of 20% to these two sales for economic and physical characteristics were found reasonable given the lack of updating at the subject and the unit composition including only studio and one-bedroom units. Combining Respondent's time adjustment and Petitioner's characteristic adjustments to these two sales produced a range of \$66,560 to \$70,174 per unit. Sufficient probative evidence was presented to the Board to support a value of \$68,000 per unit or \$6,392,000.

ORDER:

Respondent is ordered to reduce the 2017 actual value of the subject property to \$6,392,000.

The Adams 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 1st day of May, 2018.



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

Milla Lishchuk

Milla Lishchuk

BOARD OF ASSESSMENT APPEALS

Cherice Kjosness

Cherice Kjosness

Sondra W. Mercier

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