

<p><b>BOARD OF ASSESSMENT APPEALS, STATE OF COLORADO</b> 1313 Sherman Street, Room 315 Denver, Colorado 80203</p> <hr/> <p>Petitioners:</p> <p><b>MARCELLA R. &amp; KENNETH A. GLAESER,</b></p> <p>v.</p> <p>Respondent:</p> <p><b>TELLER COUNTY BOARD OF EQUALIZATION.</b></p>	
<p>Attorney or Party Without Attorney for the Petitioner:</p> <p>Name: Marcella R. &amp; Kenneth A. Glaeser Address: 1309 North Bennett Avenue Colorado Springs, CO 80909 Phone Number: (719) 635-2969 E-mail: Attorney Reg. No.:</p>	<p><b>Docket Number: 39163</b></p>
<p><b>ORDER</b></p>	

**THIS MATTER** was heard by the Board of Assessment Appeals on January 7, 2002, Debra A. Baumbach and Karen E. Hart presiding. Petitioners appeared pro se. Respondent was represented by Stephen A. Hess, Esq.

**PROPERTY DESCRIPTION:**

Subject property is described as follows:

**LOT 39 LUTHERAN VALLEY RANCH  
(Mesa County Schedule No. M002840)**

Petitioners are protesting the 2001 actual value of the subject property, two single-wide mobile homes. The Kirkwood mobile home is 12' x 50' in size and was built in 1970. The Broadmore mobile home was built in 1969 and is 12' x 60' in size. The two mobile homes are connected by a doorway and are under a single roof structure. The mobile homes are located on land owned by the Lutheran Valley Ranch (LVR).

## **ISSUES:**

### **Petitioners:**

Petitioners contend that the subject property mobile homes are situated on land not owned by Petitioners. They are older mobile homes that cannot be moved anywhere within Teller County due to their age. Respondent used improper sales to value the subject and also should not have included utility services in the mobile home value.

### **Respondent:**

Respondent contends that the subject property was properly valued using the market approach to value. The subject is located in a unique area, and the sales used to value the subject were from the same area and are the best indicators of value.

## **FINDINGS OF FACT:**

1. Petitioner, Mr. Kenneth A. Glaeser, presented the appeal on Petitioners' behalf.
2. Based on the market approach, Petitioners presented an indicated value of \$7,500.00 to \$12,000.00 for the subject property.
3. Petitioners presented three comparable sales, which occurred in Teller County, ranging in sales price from \$3,500.00 to \$4,500.00 and in size from 520 to 994 square feet. No adjustments were made to the sales.
4. Petitioners also presented eight comparable sales, which occurred in El Paso County, ranging in sales price from \$3,000.00 to \$6,000.00 and in size from 522 to 792 square feet. No adjustments were made to the sales.
5. Mr. Glaeser testified that the subject property is located on land owned by the Lutheran Valley Ranch, Inc. (LVR). You must be a member in good standing of The Lutheran Church – Missouri Synod to be a member of the ranch. Exhibit A defines what membership entails. The ranch is located in a remote area in the northwest portion of the county. The county does not maintain 6.7 miles of the road access. The ranch is not a private subdivision and there is no recorded plat for the area. There are no lots for sale at the ranch. No mobile homes located on the ranch have ever been sold; only cabins on foundations have transferred to other owners. Mobile homes have temporary permission to be located on the ranch, and the LVR Board of Directors may ask for the mobile homes to be removed at any time.
6. Mr. Glaeser testified that Respondent improperly used cabins and a “Tuff” shed as market comparables for the subject property. Respondent also erred in adding value to the mobile homes for utility services. Respondent did not properly consider the special marketing conditions created due to LVR's membership requirements; any possible future purchasers are limited to ranch members.

7. Mr. Glaeser testified that the tongues and axles are still attached to the mobile homes. He has titles for each mobile home; they have not been purged. Each mobile home should be valued separately; the only connection between the mobile homes is a 42-inch doorway where there used to be a window. They are not on permanent foundations and are movable; they should not be considered a cabin. The subject mobile homes cannot be insured. There is no working furnace in the mobile homes.

8. Mr. Glaeser testified that he used comparable sales of single-wide mobile homes to arrive at a value per mobile home, he then added the values together. He used comparable sales from both Teller and El Paso Counties. He also presented newspaper mobile home sale advertisements to support his value, noting that the highlighted ads were similar in age and condition as compared to the subject mobile homes. He presented a letter from Riley's Mobile Home Sales indicating that the N.A.D.A. value for the subject property, considering condition, would be \$4,800.00 for the Broadmore and \$2,450.00 for the Kirkwood.

9. Upon questioning from the Board, Mr. Glaeser testified that mobile homes of this age cannot stay in Teller County if moved. The only heat is via the kitchen range. The Broadmore mobile home has a kitchen; the other mobile home does not. There is a 3 to 5 inch variance in the floor height between the mobile homes.

10. Under cross-examination, Mr. Glaeser admitted that Comparable 1, Lot 7, was sold and was not removed from LVR, but pointed out that it is a cabin and not a mobile home.

11. Petitioners' witness, Ms. Dori Hassen, testified that she is a realtor and has sold mobile homes. N.A.D.A. guidelines are used to appraise mobile homes. It is referred to as a "blue book" value and is used when a mobile home is still movable. The subject property's axles and tongues are still attached; therefore, they could be moved. In order to sell the subject mobile homes, disclosures must be made that neither Teller nor El Paso Counties will accept them, as the mobile homes do not meet HUD specifications.

12. Petitioners' witnesses, Ms. Catherine Walsh and Mr. Craig Hohfeldt, both testified that Ms. Sylvia Goff, an appraiser with the Teller County Assessor's Office suggested that Petitioners should either do a control burn or demolish the subject mobile homes, as they cannot be moved within the county.

13. Petitioners' witness, Mr. Mike Fay, of Fay Appraisals, testified via telephone conference that he was acting as a consultant rather than an appraiser. He considered the mobile homes to be personal property. He believes a mobile home can be classified as real property if the title has been purged and the mobile home is on a permanent foundation. He inspected the subject properties and they are not on a permanent foundation. Lending institutions require mobile homes to be on a permanent foundation or a loan cannot be given. Mr. Fay testified that "use" value is a value that pertains to a particular person, unlike market value, which is a result of open market exposure.

14. Mr. Fay testified that he used the Marshall & Swift Cost Service as it applied to mobile homes, considered the age and condition of the property, and arrived at a replacement cost new less depreciation range of \$5,000.00 to \$7,500.00. He used a 30-year effective age and a 35-year economic life. The mobile homes are at the end of their economic life and are nearly fully depreciated.

15. Under cross-examination, Mr. Fay testified that he did not perform an appraisal of the subject properties. He treated them as personal property and did not look for market comparables. He calculated a replacement cost value using personal property methodology. Replacement cost before depreciation was \$39,600.00 to \$46,200.00.

16. Under redirect, Mr. Fay testified that he could not in good conscience value the subject property, as Petitioners do not own the land.

17. Petitioners are requesting a 2001 actual value of \$7,500.00 to \$12,000.00 for the subject property.

18. Respondent's witness, Ms. Sylvia L. Goff, a Certified General Appraiser and Chief Appraiser with the Teller County Assessor's Office, presented an indicated value of \$25,620.00 for the subject property based on the market approach.

19. Respondent's witness presented three comparable sales ranging in sales price from \$4,500.00 to \$17,300.00 and in size from 288 to 640 square feet. After adjustments were made, the sales ranged from \$25,512.00 to \$28,180.00.

20. Ms. Goff testified that she is familiar with Lutheran Valley Ranch (LVR) and admits that it is a hard area to value. She used a range of value derived from three sales in the area. She gave consideration to the fact that the land was owned by LVR and also considered the ownership restrictions of LVR.

21. Ms. Goff testified that she used the only sales that have occurred in LVR. She used \$16.00 per square foot for market value. Age has no impact on value. She adjusted the comparables for utility services and size. She made no adjustment for wells. The primary reason to use the sales is because they are located in LVR. The subject property is superior to Sales 2 and 3, as these comparables do not have utility services. All of the comparables are smaller than the subject property. All of the comparables are a low quality grade; the subject is in better shape than the fair quality grade that is listed on their property records.

22. Regarding Petitioners' Exhibit C, Ms. Goff testified that these are mobile homes located in mobile home parks, valued by the market adjusted cost approach, and are located 35 miles from the subject. Petitioners did not make any adjustments to the sales. The values at the bottom of the exhibit are Teller County Assessor values.

23. Ms. Goff testified that mobile homes cannot be valued according to the cost approach. Comparable #2 sold between family members, but the sale price appeared indicative of an arm's-length price. She does not believe the El Paso County sales are comparable. The Lutheran Valley Ranch is a unique property, and the best comparables should come from the ranch.

24. Under cross-examination, Ms. Goff testified that she believes the construction costs and utility of the comparables are similar to the subject property. She read the LVR bi-laws about seven years ago. The "market indicated" cost approach is a cost approach that is adjusted to reflect the market. Comparables 1 and 2 are located on permanent foundations.

25. Upon questioning from the Board, Ms. Groff admitted that the utility services would stay with the land if the subject mobile homes were moved. She would not normally use a sale that was adjusted 466.93%, as was Comparable Sale #3. She chose her comparables based on their location being within LVR. Location was her most important consideration, due to the unusual and unique situation involving private ownership of improvements on LVR land. There was not enough market evidence to determine a time trend, if warranted.

26. Respondent assigned an actual value of \$25,620.00 to the subject property for tax year 2001.

## **CONCLUSIONS:**

1. Petitioners presented sufficient probative evidence and testimony to prove that the subject property was incorrectly valued for tax year 2001.

2. The Board gave no weight to Mr. Fay's value conclusion, as he admitted that his analysis was based on the cost approach, and the Colorado Constitution requires that residential property be valued using only the market approach to value.

3. The Board recognizes the valuation difficulty associated with unique properties such as the subject and understands Respondent's desire to choose sale properties that were similar to the subject in location, due to this uniqueness. However, the Board is convinced that location cannot be the sole determining factor in choosing comparable sales. Respondent's comparables are not mobile homes, and one or all of the comparables are not similar in type of construction, design, or size. The percentages of adjustments are simply too large to give much reliability to the adjusted sales prices.

4. The Board also was convinced that attaching the value of utilities to the subject property was improper. The subject property can be characterized as improvements on leased land. If the subject property were removed, the utility services would remain and be available to the next tenant. Utility services such as electrical, well, and septic systems should be considered site improvements and as such should be included in the land value. For mobile home parks, Teller County recognizes these services as site improvements and they are valued with the land. The Board does not see a substantial difference between the subject property mobile homes and mobile homes located in a mobile home park. Similar to a mobile home park situation, the subject mobile homes are owned by someone other than the landowner, are subject to an uncertain future at the hands of the landowner's discretion, and the utility services would remain if the mobile homes were removed.

5. The Board found Respondent's square footage calculation to be in error. According to testimony as well as photo evidence, the tongues are still attached to the mobile homes. The square footage of the 1970 Kirkwood (12' x 47') appears to have been corrected to include only the living area excluding the tongue measurement. The square footage of the 1969 Broadmore still included the tongue measurement. Therefore, the Board recalculated the square footage of this mobile home based on measurements of 12' x 57'. The corrected total living area for the two mobile homes was 1,248 square feet.

6. Respondent presented no mobile home sales. Therefore, the Board used Petitioners' three Teller County sales and made adjustments for size, quality, and porch differences, as best could be determined from the evidence. The resulting value range was \$5.90 to \$14.28 per square foot. The Board also gave consideration to the desirability of the subject property location, as well as the limited utility of the subject as a summer property and the superior roof covering of the subject. The Board chose a value of \$12.00 per square foot, near the upper end of the range. The resulting value was \$14,976.00, rounded to \$15,000.00, based on a total of 1,248 square feet.

7. After careful consideration of all the presented evidence and testimony, the Board concluded that the 2001 actual value of the subject property should be reduced to \$15,000.00.

### **ORDER:**

Respondent is ordered to reduce the 2001 actual value of the subject property to \$15,000.00.

The Teller County Assessor is directed to change his records accordingly.

### **APPEAL:**

Petitioner may petition the Court of Appeals for judicial review within 45 days from the date of this decision.

If Respondent alleges procedural errors or errors of law by this Board, Respondent may petition the Court of Appeals for judicial review within 30 days from the date of this decision.

**DATED and MAILED** this 20 day of February, 2002.

**BOARD OF ASSESSMENT APPEALS**

Debra A. Baumbach

Debra A. Baumbach

Karen E. Hart

Karen E. Hart

This decision was put on the record

FEB 20 2002

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

Diane Von Dollen

Diane Von Dollen



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