

<p><b>BOARD OF ASSESSMENT APPEALS, STATE OF COLORADO</b> 1313 Sherman Street, Room 315 Denver, Colorado 80203</p> <hr/> <p>Petitioner:</p> <p><b>BENJAMIN S. AND GAIL E. CATLIN 32.9996%</b></p> <p>v.</p> <p>Respondent:</p> <p><b>BROOMFIELD COUNTY BOARD OF EQUALIZATION.</b></p>	<p><b>Docket No.: 45576</b></p>
<p><b>ORDER</b></p>	

**THIS MATTER** was heard by the Board of Assessment Appeals on November 21, 2006, Debra A. Baumbach and Lyle D. Hansen presiding. Petitioner was represented by Richard Olona, Esq. Respondent was represented by Tami Yellico, Esq. Petitioner is protesting the 2005 actual value of the subject property.

The subject property is described as follows:

**11001 West 120<sup>th</sup> Avenue, Broomfield, Colorado  
Broomfield County Schedule Number R1108043**

The subject property is a four-story Class A office building built in 1999 on a 7.82 acre site. The building has 107,271 net rentable square feet and is designed to accommodate multiple office tenants. Respondent assigned an actual value of \$11,587,520.00 to the subject property for tax year 2005. Petitioner is requesting an actual value of \$8,100,000.00.

The parties presented the following indicators of value:

	<u>Petitioner</u>	<u>Respondent</u>
Market Approach	\$6,436,260.00	\$14,480,000.00
Cost Approach	N/A	\$12,140,000.00
Income Approach	\$5,638,789.00	\$11,320,000.00

## **Market Approach**

Petitioner utilized four comparable sales ranging in sales price from \$41.67 to \$95.44 per square foot and in size from 63,352 to 419,090 square feet. After adjustments, Petitioner's sales ranged from \$53.75 to \$79.30 per square foot. The Board determined that Petitioner's Sales 1, 3 and 4 are not comparable to the subject property. All three sales are dissimilar to the subject in net rentable area, and Sales 3 and 4 have excess site area and were vacant at the time of sale.

Respondent relied on three comparable sales ranging in sales price from \$175.70 to \$193.62 per square foot and in size from 113,260 to 161,218 square feet. After adjustments, the sales ranged from \$133.60 to \$139.07 per square foot. The Board did not consider the value indicated by Respondent's market approach, as all three comparable sales had long-term leases in place at the time of sale. This influence results in higher sale prices that reflect leased fee interest values rather than fee simple interest values.

The Board utilized Petitioner's Sale 2 for analysis in the market approach. The reported sales price of \$6,400,000.00 included a \$200,000.00 credit to update the elevators. This credit is considered to be a seller concession and should be deducted from the contract sale price. Thus, the net sales price was \$6,200,000.00 or \$81.72 per square foot. The Board agreed with all of the adjustments made to Sale 2, with the exception of the negative 5% adjustment for physical characteristics. The Board concluded to a total net adjustment of 0%. Multiplying the unadjusted net sales price of \$81.72 per square foot by the subject's net rentable area of 107,271 square feet results in an indicated value of \$8,766,186.00.

## **Cost Approach**

Respondent utilized three comparable land sales to derive an estimated land value of \$2,725,120.00. Using a state approved cost estimating service, Respondent concluded to an improvement value of \$9,413,384.

As the subject property is income producing, the Board finds the income approach to provide a more reliable indication of value for the subject property.

## **Income Approach**

Petitioner's income approach was based on an \$11.00 per square foot absolute net rental rate, \$8.40 per square foot for CAM reimbursement income, 25% for vacancy allowance, 5% for management fee, \$777,076.00 for CAM less property tax, and 5% for operating, maintenance and reserves to arrive at an annual net income of \$631,539.00. The annual net income was capitalized at a rate of 11.2% to conclude to an indicated value of \$5,638,789.00.

Respondent's income approach was based on an \$11.80 per square foot absolute net rental rate, a 20% vacancy and collection loss rate, a 4% management fee, and 1% reserves for replacement to arrive at an annual net income of \$962,006.00. Respondent applied an 8.5% capitalization rate to conclude to an indicated value of \$11,317,722.00.

The Board recalculated the income approach using an \$11.80 per square foot absolute net rental rate, a 20% vacancy rate, 4% for management expenses, 1% for reserves for replacement and 18% for common area maintenance attributable to vacant office area, and a 9% capitalization rate to conclude to a fee simple interest value indication of \$8,700,000.00.

The Board concluded that the 2005 actual value of the subject property should be reduced to \$8,700,000.00.

**ORDER:**

Respondent is ordered to reduce the 2005 actual value of the subject property to \$8,700,000.00.

The Broomfield County Assessor is directed to change his/her records accordingly.

**APPEAL RIGHTS:**

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 14<sup>th</sup> day of December 2006.

**BOARD OF ASSESSMENT APPEALS**

*Debra A. Baumbach*

Debra A. Baumbach

*Lyle D. Hansen*

Lyle D. Hansen

This decision was put on the record

**DEC 14 2006**

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

*Penny S. Lowenthal*  
Penny S. Lowenthal

