

<p>BOARD OF ASSESSMENT APPEALS, STATE OF COLORADO 1313 Sherman Street, Room 315 Denver, Colorado 80203</p> <hr/> <p>Petitioner:</p> <p>WILLIAM A. AND BETTY ROY PITTS,</p> <p>v.</p> <p>Respondent:</p> <p>MESA COUNTY BOARD OF EQUALIZATION.</p>	<p>Docket No.: 47907</p>
<p>ORDER</p>	

THIS MATTER was heard by the Board of Assessment Appeals on April 21, 2008, Diane M. DeVries and MaryKay Kelley presiding. Petitioners were represented by William A. Pitts pro se. Respondent was represented by David Frankel, Esq. Petitioners are protesting the 2007 actual value of the subject property.

PROPERTY DESCRIPTION:

Subject property is described as follows:

**333 North Avenue, Grand Junction, Colorado
(Mesa County Schedule No. 2945-142-03-004)**

The subject property is a 4,939 square foot one-level structure built in 1955 as a motel. It was purchased in 2005 for conversion to office suites. Respondent assigned a value of \$446,540.00 for tax year 2007. Petitioners are requesting a value of \$238,980.00.

Petitioners purchased the subject property at a tax auction for \$238,986.81 in August of 2005. Conversion from motel to office space began in December of 2005, and the first suite was leased in April of 2006. Four of the sixteen office suites were renovated and leased by the January 1, 2007 date of assessment. Arguing that 75% of the property had not been converted and was uninhabitable, Petitioners contended that value should be the same as tax year 2006.

Respondent presented the following indicators of value:

Market:	\$450,000.00
Cost:	\$440,000.00
Income:	\$450,000.00

Based on the market approach, Respondent presented an indicated value of \$450,000.00 with five comparable sales ranging in sales price from \$200,000.00 to \$750,000.00. Uses were office/retail/car wash, convenience store, and retail. After adjustments were made, the sales ranged from \$433,595.00 to \$533,085.00. Respondent did not give this approach considerable weight.

Respondent used a state-approved cost estimating service to derive a market-adjusted cost value for the subject property of \$440,000.00. Respondent did not give this approach any weight.

Respondent used two income approaches, triple net and actual/gross, to derive a value of \$450,000.00 for the subject property.

Respondent's triple net income approach assumed professional management, continuing renovations, the space was rentable, and the owners' willingness to market the property competitively and secure additional tenants. Respondent's witness testified that the \$12/square foot rental rate was typical for the marketplace per Bray & Company Commercial Brokers. A 7% vacancy and collection loss was applied to favor Petitioners. Total expenses of 30% were assumed. The capitalization rate of 8.5% was based on low-rise office building data per Smith and Burbach Real Estate Investment Survey.

Respondent's gross income approach reflected actual use. The \$18/square foot rental rate was provided by Petitioners and is fifty percent higher than typical market rents per Respondent. Although the vacancy rate was actually 75%, Respondent applied 25% so as to be favorable to Petitioners. The 10.5% capitalization rate reflected the higher risk associated with above-market rents.

The Board is convinced that as of the date of value, January 1, 2007, use of the property was office space. Pursuant to article X section 3(1)(a) of the Colorado Constitution, valuation shall consider the three approaches to value. Petitioners failed to present any valuation testimony or evidence to support their value request. The Board finds that Respondent's income approaches to value support the assigned value.

Respondent presented sufficient probative evidence and testimony to prove that the tax year 2007 valuation of the subject property was correct.

ORDER:

The petition is denied.

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 Colorado Revised Statutes section 24-4-106(11) (commenced by the filing of a notice of appeal with the Court of Appeals within forty-five days after the date of the service of the final order entered). Colo. Rev. Stat. § 39-8-108(2) (2007).

DATED and MAILED this 2nd day of May 2008.

BOARD OF ASSESSMENT APPEALS

Diane M. DeVries

Diane M. DeVries

MaryKay Kelley

MaryKay Kelley

This decision was put on the record

MAY 02 2008

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

Heather Heinlein

Heather Heinlein

