

<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>VERA D. BOUGHNER TRUST,</b></p> <p>v.</p> <p>Respondent:</p> <p><b>MESA COUNTY BOARD OF EQUALIZATION.</b></p>	<p><b>Docket No.: 47946</b></p>
<p><b>ORDER</b></p>	

**THIS MATTER** was heard by the Board of Assessment Appeals on April 21, 2008, Diane M. Devries and MaryKay Kelley presiding. Petitioner was represented by Harley Boughner, trustee. Respondent was represented by David Frankel, Esq. Petitioner is protesting the 2007 actual value of the subject property.

**PROPERTY DESCRIPTION:**

Subject property is described as follows:

**1753 Main Street, Grand Junction, Colorado  
(Mesa County Schedule No. 2945-133-16-004)**

The subject property consists of a 1,440 square foot modular office building built in 1973 and an 800 square foot shed located on a 6,250 square foot site in a commercial area near the I-70 business loop.

Respondent assigned a value of \$143,900.00 for the subject property for tax year 2007. Petitioner is requesting a value of \$52,000.00.

Petitioner purchased the property on April 14, 2006 for \$120,000.00 and invested \$18,392.95 in renovations prior to opening his business in August of 2006. Mr. Boughner hired outside contractors for roof replacement and interior drywall but did most of the remaining work himself: electrical updating; furnace repair; interior door replacement and trim; paneling, painting, and flooring. Two rooms in the rear one-third of the building remained unfinished and without heat and

air conditioning. Petitioner contended that the property value for tax year 2007 should be based on its inferior condition at time of purchase and equal to value of the improvements for the 2006 tax year.

Petitioner presented a cost approach based on the N.A.D.A. Manufactured Housing Cost Guide (January through April, 2008). Petitioner used a 1973 depreciated value of \$17,139.00 and subtracted costs for a second furnace, water heater, and refrigerator, arriving at a depreciated value of \$14,864.00. Petitioner applied 61% for poor condition and added the depreciated value of the metal shed and the assessor's 2007 land value of \$40,630.00 to arrive at a total value of \$51,361.04.

Petitioner offered a Letter of Condition from Mark B. Wallick of Wallick Appraisal Services stating that the assessor's improvement value of \$103,270.00 "seems a bit unrealistic." The Board gives no weight to this letter. It is not an appraisal report and falls dangerously short of estimating value without accompanying research.

Petitioner contended that the assessed value of the improvements increased by 97%, and he presented assessed values of other properties, none of which were admitted as evidence. Comparisons of assessed values do not provide any physical data for comparison to the subject; cost, market, and income approaches, pursuant to article X section 3(1)(a) of the Colorado Constitution, are valid and acceptable methods for establishing value.

Respondent presented a cost approach based on a Marshall & Swift software program with reconciliation at \$145,993.00. Physical depreciation reflected the unfinished rear portion of the building.

Respondent presented a market approach with an indicated value of \$147,000.00. Five comparable sales were presented, one being the sale of the subject itself. No sales of modular construction occurred within the base period or the extended base period, necessitating use of stick-built residences converted to office use. Sale prices ranged from \$115,000.00 to \$184,000.00. After adjustments were made, the sales ranged from \$139,755.00 to \$166,760.00. Value was reconciled at \$147,000.00.

Respondent presented an income approach indicating value at \$144,800.00. Data sources were the property owner, Bray & Company Commercial Real Estate Brokerage, and Smith/Burbach Real Estate Investment Survey. Potential gross income was estimated at \$12.00 for 1,440 square feet and reflects the unfinished area, 5% for vacancy and collection loss, 20% for expenses, 5% replacement reserves, and a capitalization rate of 8.5%. The unfinished rear of the building was considered when estimating income. Respondent gave most weight to this approach.

The Board was provided with only one source of value data by the Petitioner, that being the N.A.D.A. cost approach, which was given no weight because the depreciated value does not reflect renovation or the property's physical condition as of the January 1, 2007 date of value.

The Board finds that the assigned value of \$143,900.00 is supported by the following: the sale of the subject property plus renovation costs and labor; Respondent's income approach, which was based on owner-supplied and market data; and Respondent's cost approach despite its subjectivity in estimating effective age and depreciation. The Board gives little weight to Respondent's market approach because of the lack of modular-built comparable sales.

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 ("CRS") 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 2<sup>nd</sup> 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

