

<p>BOARD OF ASSESSMENT APPEALS, STATE OF COLORADO 1313 Sherman Street, Room 315 Denver, Colorado 80203</p> <hr/> <p>Petitioner:</p> <p>E. MICHAEL SENTER,</p> <p>v.</p> <p>Respondent:</p> <p>CHAFFEE COUNTY BOARD OF EQUALIZATION.</p>	<p>Docket No.: 48133</p>
<p>ORDER</p>	

THIS MATTER was heard by the Board of Assessment Appeals on May 30, 2008, Diane M. DeVries and Sondra W. Mercier presiding. Petitioner, E. Michael Senter, appeared pro se. Respondent was represented by Jennifer A. Davis, Esq. Petitioner is protesting the 2007 actual value of the subject property.

PROPERTY DESCRIPTION:

Subject property is described as follows:

**112 Mill Street, Buena Vista, Colorado
(Chaffee County Schedule No. R327117115261)**

The subject is a 21-unit self storage property built in 1989. The building is 1,362 square feet on a 3,075 square foot site.

Petitioner presented two comparable sales; however, only one was within the base period. Petitioner contends that based on the sale of 210 Beldon Street for \$200,000, a property approximately four times larger in size, his property would be worth \$50,000, or ¼ the value of this sale. Petitioner contends that the land value assigned to the subject, at \$29.62 is excessive compared to the land value assigned to other self storage properties. Petitioner presented income and expense information for 2004, 2005, and 2006 indicating an average annual net income of \$4,332.00. Based on this income level, Petitioner contends that the property would be valued at \$43,300.00.

Petitioner is requesting a 2007 actual value of \$60,000.00 for the subject property.

Respondent presented the following indicators of value:

Market:	\$118,000.00
Cost:	\$113,000.00
Income:	\$62,975.00

Based on the market approach, Respondent presented an indicated value of \$118,000.00 for the subject property. Respondent presented three comparable sales ranging in sales price from \$200,000.00 to \$225,000.00 and in size from 2,673 to 5,200 square feet. Adjustments for location, quality, and condition were made. Respondent extracted land value to conclude to a price per square foot of building area ranging from \$21.49 to \$21.94. Respondent concluded to a building value of \$21.50 per square foot or \$29,283.00, and added the concluded subject land value of \$89,175.00.

The Board finds that Respondent incorrectly extracted the land value from building value in the market approach. Sale 2, located in Salida, was not appropriately adjusted for a superior location. Sale 3 was not appropriately adjusted for the inclusion of a cabin residence. The Board finds only Sale 1 to be a reliable indicator of value for the subject. Prior to adjustment, the value indicated by this sale is \$38.46 per square foot of building area, inclusive of land. Applying the value indicated by this sale to the subject results in a value indication of \$52,382.52.

Respondent used a state-approved cost estimating service to derive a market-adjusted cost value for the subject property of \$113,000.00. Respondent presented three land sales ranging from \$15.96 to \$25.76 per square foot. All three sales received upward adjustments ranging from 19% to 50%. Respondent concluded to a value of \$29.00, above the range indicated by the comparable sales prior to adjustment. Respondent concluded to a building unit cost of \$25.12 per square foot. Depreciation was calculated as 25% for physical deterioration and 5% for functional obsolescence, despite the fact that the building had reached 50% of its useful life of 35 years based on Marshall & Swift data.

The Board finds the land value to be excessive with significant upward adjustments not supported by market information. Depreciation was understated for the age and functionality of the subject. Reducing the land value to \$16.00 per square foot and increasing depreciation to a total of 50% results in a recalculated value of \$66,300.00, rounded.

Respondent used the income approach to derive a value of \$62,975.00 for the subject property. Respondent presented rental information for three comparable properties, with an adjusted rental rate range of \$4.96 to \$6.16 per square foot. Respondent calculated gross income for the subject at \$5.65 per square foot, deducted vacancy and credit loss of 15% and expenses of \$1.12 per square foot, resulting in a net income of \$5,038.00. Respondent applied a capitalization rate of 8%, which resulted in a value of \$62,975.00. Respondent reported that a range in capitalization rates of 7% to 9% was considered, resulting in an indicated range in value of \$56,000.00 to \$72,000.00, rounded. Respondent incorrectly dismissed the income approach because it resulted in a value believed to be too low.

Respondent assigned an actual value of \$123,949.00 to the subject property for tax year 2007; however, based on the analysis provided, recommended a reduction in value to \$116,000.00.

Petitioner presented sufficient probative evidence and testimony to prove that the tax year 2007 valuation of the subject property was incorrect. The income approach provides the best indication of value for self storage properties. The Board was convinced that the subject's income and expenses were within the range indicated by the market. The value indicated by the income approach is within the recalculated range indicated by all three approaches.

The Board concluded that the 2007 actual value of the subject property should be reduced to \$62,975.00.

ORDER:

Respondent is ordered to reduce the 2007 actual value of the subject property to \$62,975.00.

The Chaffee County Assessor is directed to change 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 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).

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 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).

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.

Colo. Rev. Stat. § 39-8-108(2) (2007).

DATED and MAILED this 18th day of June 2008.

BOARD OF ASSESSMENT APPEALS

Diane M. DeVries
Diane M. DeVries

Sondra W. Mercier
Sondra W. Mercier

This decision was put on the record

JUN 18 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

