

**BOARD OF ASSESSMENT APPEALS,
STATE OF COLORADO**
1313 Sherman Street, Room 315
Denver, Colorado 80203

Docket No.: 59222

Petitioner:

ORI COLORADO, INC.,

v.

Respondent:

DOUGLAS COUNTY BOARD OF EQUALIZATION.

ORDER

THIS MATTER was heard by the Board of Assessment Appeals on June 4, 2012, Debra A. Baumbach and Lyle D. Hansen presiding. Petitioner was represented by Robert R. Gunning, Esq. Respondent was represented by Robert D. Clark, Esq. Petitioner is protesting the 2011 actual value of the subject property.

Subject property is described as follows:

**9675 Timber Hawk Circle, Highlands Ranch, CO 80126
Douglas County Schedule No. R0386526**

The subject property consists of a 342-unit multi-family apartment complex with a total of 35 apartment buildings and 2 recreational buildings that were constructed in 1996 and renovated in 1998. The face brick and stucco two-story building complex contains 108 three-bedroom units, 190 two-bedroom units, and 28 one-bedroom units. There are a total of 314 attached garage spaces and 28 detached garage spaces. Total gross building area is 398,820 square feet and total leasable area is 392,828 square feet. There is a one-story masonry clubhouse, an outdoor swimming pool and a playground. The complex is situated on a 22.939-acre site.

Petitioner requested a value of \$31,464,000.00 on the Petition but at the hearing requested an actual value of \$32,490,000.00 or \$95,000.00 per unit for the subject property for tax year 2011. Respondent assigned a value of \$37,620,008.00 or \$110,000.00 per unit for the subject property for tax year 2011.

Petitioner's witness, Mr. Michael Rogers of Alliance Tax Advisors and a Colorado Certified General Appraiser, presented in his Property Assessment Analysis, four comparable sales ranging in sale price from \$20,200,000.00 to \$43,920,000.00 and number of units ranging from 225 to 488 units. After adjustments were made, the sales ranged from \$82,131.00 to \$103,500.00 per unit.

Mr. Rogers accomplished a quantitative adjustment analysis of the four comparable sales utilizing the percentage adjustment grid to derive an adjusted sale price per unit for each comparable sale. He accomplished adjustments for conditions of sale, age/quality/condition, unit mix/size/bedrooms and garages. He testified that no adjustment was required for market conditions/time and for amenities. Mr. Rogers testified that his four comparable sales were confirmed from various sources and that each sale was a "cash to seller" transaction.

Mr. Rogers testified that his comparable sale one was his best comparable sale. It is located in the Denver Technological Center. He testified that the property at time of sale had a vacancy of 25%. He accomplished a rent loss analysis and concluded a positive adjustment of \$304,700.00 as a condition of sale for the high vacancy. Mr. Rogers testified that he gave greater weight to comparable sales one, two and four. The adjusted sale price per unit for these three sales was \$90,462.00 to \$103,500.00. All four sales occurred during the statutory 18-month base period and sold or were under contract within 11 months of the appraisal date of June 30, 2010.

Mr. Rogers also accomplished a GRM analysis as a test of reasonableness for his quantitative analysis of the four comparable sales. He concluded to a value estimate by this analysis of \$33,381,450.00 or \$97,606.58 per unit. Following an objection from Mr. Robert Clark that the market value of a residential property can only be accomplished by the market approach to value, Board ruled that the GRM analysis was not appropriate. The Board asked Mr. Rogers if he would entertain a revision to his market value estimate. Mr. Rogers revised his market value estimate to the value obtained from the quantitative adjustment analysis of \$33,516,000.00 or \$98,000.00 per unit. Mr. Robert Gunning stated that Petitioner's estimate of value will remain unchanged from \$32,490,000.00.

Petitioner is requesting a 2011 actual value of \$32,490,000.00 or \$95,000.00 per unit for the subject property.

Respondent's appraiser, Mr. Thomas King, a Staff Appraiser with the Douglas County Assessor's Office and a Colorado Certified Residential Appraiser, presented a value of \$37,620,000.00 or \$110,000.00 per unit for the subject property based on the market approach.

Mr. King presented four comparable sales ranging in sale price from \$28,315,000.00 to \$47,000,000.00 and number of units ranging from 264 to 488 units. Mr. King accomplished no adjustments but applied a qualitative analysis by ranking the four comparable sales as "superior to," "inferior to," or, "comparable to" the subject. Following his analysis, the sales ranged from \$90,002.00 to \$154,605.00 per unit. Mr. King testified that the CoStar data source indicated that the buyers in sales two and three considered the sales transactions to be short sales. He testified that the two short sales worked to the advantage of the taxpayer and were acceptable for application in the

valuation analysis. Mr. King testified that he did not accomplish a time trend analysis to determine any variations during the base gathering period in market values.

Mr. King stated in his appraisal: “Based on our comparable analysis the subject should sell at a price well above \$107,000.00 per unit and significantly below \$154,000.00 per unit.” Mr. King placed greater reliance upon his comparable sales one and two and concluded his market value estimate at \$110,000.00 per unit.

Respondent assigned an actual value of \$37,620,000.00 or \$110,000.00 to the subject property for tax year 2011.

Petitioner presented sufficient probative evidence and testimony to prove that the subject property was incorrectly valued for tax year 2011.

The Board placed greater reliance upon Mr. Rogers’ market value analysis. He utilized the quantitative adjustment analysis to recognize differences between the subject and the comparable sales in terms of conditions of sale, location amenity, age/quality/condition, unit mix/size/bedrooms, and garages. He confirmed with reliable market sources that the sales were “cash to seller” transactions. The Board agreed with Mr. Rogers’ adjustments analysis.

The Board concluded that the 2011 actual value of the subject property should be reduced to Mr. Rogers’ market value estimate of \$33,516,000.00 or \$98,000.00 per unit.

ORDER:

Respondent is ordered to reduce the 2011 actual value of the subject property to \$33,516,000.00.

The Douglas County Assessor is directed to change their 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 Section 24-4-106(11), C.R.S. (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 Section 24-4-106(11), C.R.S. (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.

Section 39-8-108(2), C.R.S.

DATED and MAILED this 15th day of June, 2012.

BOARD OF ASSESSMENT APPEALS

Debra A. Baumbach

Debra A. Baumbach

Lyle D. Hansen

Lyle D. Hansen

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

Milla Crichton

Milla Crichton

