

<p>BOARD OF ASSESSMENT APPEALS, STATE OF COLORADO 1313 Sherman Street, Room 315 Denver, Colorado 80203</p> <hr/> <p>Petitioner:</p> <p>STANDARD PACIFIC OF COLORADO INC,</p> <p>v.</p> <p>Respondent:</p> <p>DOUGLAS COUNTY BOARD OF EQUALIZATION.</p>	<p>Docket No.: 63865</p>
<p>ORDER</p>	

THIS MATTER was heard by the Board of Assessment Appeals on August 6, 2014, James R. Meurer and Sondra W. Mercier presiding. Petitioner was represented by Richard G. Olona, Esq. Respondent was represented by Meredith P. Van Horn, Esq. Petitioner is protesting the 2013 actual value of the subject property.

Subject property is described as follows:

**Parker Homestead Subdivision, Filing 2A and Filing 2C
Parker, Douglas County, Colorado
Douglas County Schedule Nos. R0481241 + 161 lots**

The parties stipulated to the admission of Mr. Todd Stevens and Ms. Virginia K. Wood as experts, as well as stipulated to the admission of Petitioner’s Exhibits 1 and 2, and Respondent’s Exhibits A and B.

The subject property consists of 162 residential lots located in the Parker Homestead Subdivision. Of the 162 lots, 76 lots are located within Filing 2A and 86 within Filing 2C. Each filing contains lots with superior greenbelt location. The parties’ testimony during the hearing was conflicting and their respective exhibits were inconsistent as to the number of greenbelt lots contained within each filing. In order to identify the number of greenbelt lots in each Filing, the Board relied on the information contained in Douglas County’s Notices of Determination. Having extrapolated information from the Notices of Determination coupled with the parties’ agreement that 13 lots in filing 2A previously classified by the County as “greenbelt location” should not be so designated, the Board concluded to the following breakdown of the lots in each filing:

Filing	Total Lots	Greenbelt Lots	Interior Lots
2A	76	22	54
2C	86	24	62

Overall, the lots range in size from 0.121 to 0.429 acres, with an average size of 0.192 acres. Lots in Filing 2A average 0.170 acres and lots in Filing 2C are slightly larger, averaging 0.212 acres in size. All of the lots are finished and ready for residential construction.

Petitioner is requesting an actual value of \$4,167,234 for the subject property for tax year 2013. Respondent presented an appraisal report concluding to the subject's value of \$7,945,350 but is deferring to the CBOE's assigned value of \$7,556,324 for the subject property for tax year 2013.

Petitioner presented the following indicators of value:

Cost:	Not Developed
Market:	\$4,167,234
Income:	Not Developed

Mr. Olona, attorney representing Petitioner, called Mr. Todd Stevens of Stevens & Associates Cost Reduction Specialists, Inc., as Petitioner's first and only witness. Mr. Stevens segregated the subject lots based on their respective locations in Filing 2A or Filing 2C, in order to make appropriate size adjustments.

Petitioner's witness presented a market approach comprised of seven multi-lot sales and four single-lot sales, including sales from both Arapahoe County and Douglas County. The sales received various adjustments for location, size and characteristics. An additional 15% was added to the indicated base lot value to recognize the superior location of the greenbelt lots.

The multi-lot sales ranged in price from \$33,333 to \$55,000 per lot prior to adjustments. They ranged in size from 0.146 to 0.244 acres and included between five and 90 lots. After adjustments, the multi-lot sales indicated a range in value of \$36,666 to \$47,300 per lot for the smaller Filing 2A lots. Based on slightly different size adjustments, the same sales indicated a value of \$38,333 to \$49,450 for the larger lots in Filing 2C.

The single-lot sales ranged in sale price from \$25,000 and \$50,000 per lot, prior to adjustment. They ranged in size from 0.143 and 0.490 acres. After adjustment, the single-lot sales indicated a range in value of \$25,000 to \$49,450 for the smaller Filing 2A lots; and, a range of \$33,700 to \$49,450 for the slightly larger lots in Filing 2C.

Based on both sets of sales, Mr. Stevens concluded to a value of \$42,000 as a base lot value and \$48,300 for the greenbelt lots located in Filing 2A. For Filing 2C, the base lot value was concluded as \$45,000 per lot, with a value of \$51,750 placed on the greenbelt lots.

After developing the above conclusions, Mr. Stevens testified the subject was eligible under statute and the Assessor's Reference Library ("ARL") guidelines for present worth discounting. To

complete the discounting process, Mr. Stevens used an eight-year absorption period and a 13.5% discount rate and testified that these were the variables used by Douglas County at the Board of Equalization hearing. Mr. Stevens presented the following values for the subject lots:

Subject Area	Discounted Per Lot Value for Base Lots	Discounted Per Lot Value for Greenbelt Lots
Filing 2A	\$24,768	\$28,483
Filing 2C	\$26,537	\$30,518

Based on the above, Mr. Stevens reconciled to a total value of \$4,167,234.

Respondent presented the following indicators of value:

Cost: Not Developed
 Market: \$7,945,350
 Income: Not Developed

Ms. Van Horn, attorney representing Respondent, called Ms. Virginia K. Wood, a Certified Residential Appraiser with the Douglas County Assessor’s Office as Respondent’s first and only witness. Respondent presented a market approach consisting of four multi-lot comparable sales ranging in sale price from \$42,500 to \$77,900 per lot. The sales ranged in size from 0.114 to 0.28 and included between three and 13 lots. After adjustments were made, the sales ranged from \$42,500 to \$77,900 per lot. Placing the greatest reliance on Sales 2 and 3, Ms. Wood concluded to a per lot value of \$47,000 for the interior sites. An upward adjustment of 15% was made to reflect the superior greenbelt location, indicating a per lot value of \$54,050 for 47 of the subject lots.

In addition, Ms. Wood presented three single lot sales in the Addendum section of the report. The sales indicated a range of values from \$55,000 to \$82,500 per lot, with no adjustments shown in the report. She concluded to an individual lot value of \$75,000 for the base lots, which equals the value assigned in the 2013 mass appraisal. Ms. Wood referred to the present worth discounting that was part of the 2013 mass appraisal process, but provided no further conclusion as to the discounting of the subject.

Respondent assigned an actual value of \$7,556,324 to the subject property for tax year 2013.

The primary difference between the parties’ opinions of value rests in the sales used in their respective market approaches; the adjustments to those sales, particularly concerning the location; and, the determination if additional present worth discounting was necessary or if a discount was already implied in the prices indicated by the multi-lot sales.

Petitioner argues that its comparable sales (both multi-lot and single-lot) are most similar to the subject and the adjustments to those comparable sales are supportable within the market. Petitioner further argues that the sales prices of the comparable sales represent retail value and pursuant to statutory and the ARL guidelines, additional discounting must be employed.

Respondent argues that its multi-lot sales already reflect discounted values, with no additional present worth deduction required. Respondent did not find that further consideration of present value discounting was required under the ARL guidelines.

Pursuant to Section 39-1-103 (14)(c)(I), C.R.S., all vacant land is eligible for present worth discounting. The criteria for determining if present worth valuation is applicable, are:

1. The procedures are only applied to vacant land.
2. Less than 80 % of the buildable lots, tracts, sites, or parcels within an approved plat or competitive environment have been sold.
3. The absorption period of an approved plat or competitive environment is calculated to be more than twelve months.
4. The application of present worth valuation procedures produces a value greater than current raw land value.

ARL, Vol. 3 at Page 4.4.

While the market absorption rate must be taken into account when assessing vacant land, its use is not mandatory. *Resolution Trust v. Bd. of County Comm'rs*, 904 P.2d 1363, 1365 (Colo. App. 1995). The court has previously identified a non-exclusive list of factors which indicate that the market absorption rate is not applicable, include “that the lots are not within a subdivision subject to an approved plat, or that the tracts are not sufficiently similar to be part of the same marketing area, or even that the lots within a subdivision subject to an approved plat are being held as open space, and not being actively marketed for development.” *Id.*

The Board was convinced that the subject lots qualified for present worth discounting because (1) the subject is vacant land and (2) less than 80% of the buildable lots, tracts, sites, or parcels within an approved plat or competitive environment have been sold; (3) the absorption period is more than 12 months; and (4) the application of present worth valuation procedures produces a value greater than the raw land value. Furthermore, Respondent was not able to provide sufficient reasons why the present worth discounting was inapplicable.

The subject represents 162 lots, with build-out determined to be eight years by both parties. While comparison with other multi-lot sales may be appropriate, it is important to identify sales that are comparable in size, number of lots, and in location. The Board concluded that the multi-lot sales presented by Respondent were far superior to the subject, particularly concerning location and number of lots sold, and adjustments were inadequate. The same conclusions were made regarding Respondent’s individual lot sales.

Based on the testimony and exhibits, the Board concludes that the four single-lot sales used by Petitioner in its market approach were the most appropriate comparables for the subject, and sufficient to establish retail lot values for the subject. The adjustments to the comparable sales for location, size and physical characteristics were adequately supported through the testimony and

exhibits (e.g. maps) provided by Petitioner. The concluded retail values were supported by the multi-lot values provided by Petitioner.

Petitioner presented sufficient probative evidence and testimony to prove that the tax year 2013 valuation of the subject property was incorrect.

The Board was persuaded that Petitioner’s individual lot value conclusions were correct. Application of Petitioner’s per-lot values to the number of lots and taking into consideration their greenbelt/interior locations, the Board concluded to the subject’s values as summarized in the following table:

Area of Subject Development	Concluded Value per Lot	Number of Lots by Type	Total Value by Type
Filing 2A Interior	\$24,768	54	\$1,337,472
Filing 2C Interior	\$26,537	62	\$1,645,294
Filing 2A Greenbelt	\$28,483	22	\$626,626
Filing 2C Greenbelt	\$30,518	24	\$732,432
Total		162	\$4,341,824

The Board concludes that the 2013 actual value of the subject property should be reduced to \$4,341,824.

ORDER:

Respondent is ordered to reduce the 2013 actual value of the subject property to \$4,341,824.

The Douglas County Assessor is directed to change his/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 Section 24-4-106(11), C.R.S. (commenced by the filing of a notice of appeal with the Court of Appeals within forty-nine 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-nine 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 29th day of August, 2014.

BOARD OF ASSESSMENT APPEALS



Sondra W. Mercier



James R. Meurer

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



Milla Lishchuk