

**BOARD OF ASSESSMENT APPEALS,
STATE OF COLORADO**

1313 Sherman Street, Room 315
Denver, Colorado 80203

Docket No.: 64065

Petitioner:

THE GALEY FAMILY TRUST,

v.

Respondent:

ADAMS COUNTY BOARD OF EQUALIZATION.

ORDER

THIS MATTER was heard by the Board of Assessment Appeals on August 6, 2014, Debra A. Baumbach and Louesa Maricle presiding. Mr. Charles Galey appeared as Petitioner and was represented by Mr. Jay Hill, pro se. Respondent was represented by Kerri A. Booth, Esq. Petitioner is protesting the 2013 actual value of the subject property.

Subject property is described as follows:

**8990 Federal Boulevard, Federal Heights, Colorado
Adams County Parcel No. 01719-20-4-15-009**

The subject property is the Parkside Mobile Village, a 27-pad recreational vehicle (RV) park located on a 1.46-acre site. The property also includes a laundry facility building, a four-unit apartment building, and asphalt paved parking. Respondent refers to the year of construction of the apartment building as 1954, and to both 1952 and 1996 for the RV pads.

Respondent's total assigned value is comprised of individual values for the apartment land, the apartment building, the laundry building, and the RV pads. At the outset of the hearing, the parties agreed to stipulate to the values assigned except for the value of the RV pads. Therefore, the hearing addressed only the valuation of the RV pads.

Petitioner is requesting a total actual value of \$302,294 for the subject property for tax year 2013. Respondent assigned a total value of \$425,000 for the subject property for 2013.

Petitioner's representative, Mr. Jay Hill, testified that the park was established in the 1940s and has 26 rentable pad spaces plus one pad that is occupied by the office. Petitioner did not present a market approach to value the subject property. Instead, Petitioner's witness presented arguments regarding what Petitioner believes are flaws in Respondent's analysis. Petitioner contends that the property has only 26 rentable RV pads, not 27 used by Respondent. The 27th pad is occupied by the office for the property. The subject has smaller 20-foot by 40-foot pads (800 square feet) that are not large enough to accommodate full size mobile homes. The pad size limits use to RVs/motor homes, and smaller trailers. Petitioner claims Respondent did not adequately consider the small size of the subject's RV pads relative to the comparables, which are large enough for mobile homes. Respondent also did not consider differences in density between the subject and Respondent's sales. The subject has an overall land area of approximately 2,253 square feet per pad. Respondent's three sales have larger land areas ranging from 2,991 square feet to 5,622 square feet per pad. The witness testified that the overall land area per pad at the subject is approximately half the size of the average of the three comparables (4,000 square feet, more or less). Based on that comparison, Petitioner argues that the value of the subject pads should be roughly half of the average value of \$7,000 to \$8,000 per pad and concluded to a value for the subject of \$7,500. Petitioner requested a total value for the property of \$302,294.

Respondent presented Mr. James W. Fuller as witness. Mr. Fuller is a Certified Residential Appraiser in Colorado and is employed by the Adams County Assessor's office. Mr. Fuller presented three comparable sales of mobile home parks ranging in price from \$3,590,000 to \$22,500,000 and in size from 51 to 345 pads. The sale prices per pad (excluding personal property) range from \$65,217 to \$69,995. The witness valued the property using the sales comparison approach, with support from the gross rent multiplier (GRM) approach to value.

For the sales comparison approach, the witness testified that he applied qualitative adjustments to the three sales relative to the subject property, consisting of inferior, similar, or superior ratings. The ratings were applied for characteristics including proximity, age, location, number of pads, the presence of a laundry facility, quality, condition, amenities provided, and parking ratio. The witness then added the number of inferior and superior ratings for all three sales to produce a combined total of 11. Dividing 11 into 100, resulted in an adjustment of 11%. The witness gave less weight to Sale 1 because it is a newer property, much larger (345 pads versus 27 at the subject), and has a clubhouse and amenities not provided at the subject. Based on his analysis, the witness applied adjustments to each sale and concluded to a median value per pad of \$67,606. Applying that value to the 27 pads at the subject resulted in a total value for the subject's RV spaces of \$1,825,362. Using this methodology, the witness also concluded to a value per net square foot of \$15.10 resulting in a total value of the pads of \$884,830 using that unit of comparison.

For the GRM analysis, the witness testified that he concluded that the rent per pad at the subject was below market, so he assigned a market rent of \$260 per month per pad to all of the spaces resulting in an annual potential gross rent of \$84,240. The sales indicate GRMs ranging from 9.3221 to 11.4370. The witness concluded to a multiplier for the subject of 10.3796. Applying that to the potential gross rent estimate of \$84,240 resulted in a value by this method of \$874,378.

The witness's two analysis methods resulted in a range of value for the RV pads of \$874,378 to \$1,825,362. After considering the contributory value of the four-unit apartment building of \$110,682 to \$139,277, the witness concluded to a total value for the subject property of \$990,000.

Respondent contends that Petitioner's approach of comparing the overall land area per pad for the subject to the average land area per pad for the comparable sales is not appropriate methodology. The market approach must be used.

Respondent assigned an actual value of \$425,000 to the subject property for tax year 2013.

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

The Board finds that Petitioner's methodology of comparing the subject's overall land area to pad size to an average of that calculation for Respondent's comparable sales does not account for other market factors such as location, age, and amenities. It does, however, highlight a significant physical characteristic difference between the subject and the comparables. Petitioner did not provide evidence to support its claim that a more reasonable value is \$7,000 to \$8,000 per pad for the subject.

The Board finds that Respondent's appraisal report and testimony did not provide sufficient detail or discussion for the Board to be able to recreate the mathematics used for the qualitative analysis. The Board finds that although the witness has assigned two superior ratings and one inferior rating to Sale 2, he concludes that Sale 2 is similar to the subject. Although the witness has assigned three superior ratings and one inferior rating to Sale 3, he concludes that Sale 3 is also similar to the subject. These conclusions appear inconsistent with the witness's overall ratings for those two sales. With regard to the witness's application of value points to the inferior and superior ratings used for each comparable sale, the Board finds that no support was provided to convince the Board that every rating point assigned to every inferior or superior characteristic for every comparable sale should be the same. In practice, the Board finds that it is unlikely that would occur. Also, based on his testimony, the witness appears to have combined all of the rating points for all three sales in order to derive an adjustment that is then applied to each sale. Using that methodology to derive a revised sale price for each of the three sales effectively allocates the different attributes of each among all the sales. The Board concludes that the witness's adjustments may not be reliable, in part, because of the blending of the value of attributes reflected in the revised sale prices. Also, the Board is unable to clearly determine that both positive and negative adjustments have been applied, consistent with the assigned ratings, or that the size of the RV pads at the subject relative to the pad sizes at the newer comparable sales have been adequately considered. Through questioning about the qualitative analysis, the witness testified he was unable to explain some of the analysis without the use of spreadsheets he did not have available at the hearing.

In the gross rent multiplier method, the Board finds that Respondent's witness provided no support for the \$260 market rent per pad per month applied to the subject property. The witness does not provide any support for the large upward and downward comparison ratings shown for the sales, which range from -28% to +83%, or how they are applied in the analysis. Although the witness concluded to a very precise GRM for the subject property, no explanation was provided to show how it was derived. The Board also finds that no explanation is provided to justify the large gap in value

between \$874,378 using the GRM method to \$1,825,362 using the market approach, or the large gap in value between the assigned value of \$425,000 and the witness's conclusion of value of \$990,000.

According to the Uniform Standards of Professional Appraisal Practice (USPAP), appraisal reports are to include a certification signed by the appraiser. *Uniform Standards of Professional Appraisal Practice* 2014-2015, page U-24. The Board finds that the certification included in the appraisal report presented by Respondent's witness is unsigned.

The Board concludes that Respondent's appraisal does not produce credible results. Respondent's witness did not provide sufficient information and support to allow the Board to follow his analysis to a logical conclusion.

Because the Board concludes that the analysis presented by Respondent at the hearing is not credible, it follows that it does not support the assigned value for the property. According to Respondent's appraisal, the value assigned to the pads is equivalent to \$11,961 per pad. Petitioner convinced the Board that Respondent did not adequately consider the smaller pad size and higher density at this older property. The Board also concludes that it is reasonable to exclude the pad occupied by the park office reducing the pad count at the subject to 26. Therefore, the Board concludes to a lower value of \$10,000 for 26 rentable pads and concludes that the 2013 actual value of the subject property should be reduced to \$374,012.

ORDER:

Respondent is ordered to reduce the 2013 actual value of the subject property to \$374,012.

The Adams 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 8th day of September, 2014.

BOARD OF ASSESSMENT APPEALS

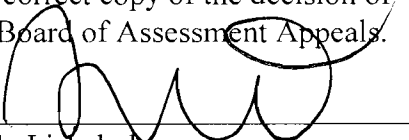


Debra A. Baumbach



Louesa Maricle

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



Milla Lishchuk

