2017
Gunnison County Board of Equalization:
Hearing # 79

The Gunnison County Assessor's Office has been asked to communicate the assignment results for a single property that was appraised as part of our mass appraisal assignment.

The Uniform Standards of Professional Appraisal Practice (USPAP) defines mass appraisal as: the process of valuing a universe of properties as of a given date using standard methodology, employing common data, and allowing for statistical testing.

All of the sales used for Gunnison County's mass appraisal can be viewed on the Gunnison County web site (www.gunnisoncounty.org).

For the purposes of the mass appraisal, market value is defined as:

> "The most probable price, expressed in terms of money, that a property would bring if exposed for sale in the open market in an arm's-length transaction between a willing seller and a willing buyer, both of whom are knowledgeable concerning all the uses to which it is adapted and for which it is capable of being used." – Property Assessment Valuation, 1996, IAAO

Commercial property is valued by considering the cost, market and income approaches.

For the 2017 property tax year, the effective **appraisal date is June 30, 2016**, as required by § 39-1-104(10.2)(a)(d), Colorado Revised Statutes.

The following page(s) characterize the petitioner's property and compare it to several examples selected from the "**Commercial Sales**" list.

The single property being characterized for this hearing is identified as:

Property Owner:	**RATHERBY INVESTMENTS LLC**
Account Number:	**R043909**
Parcel Number:	**3255-031-77-015**
Legal Description:	**UNIT A TIMES SQUARE CONDOMINIUMS**
Value:	**$613,440**

Assessor's Office recommends a value change to: $465,720

2017
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The single property being characterized for this hearing is identified as:

Property Owner:	**RATHERBY INVESTMENTS LLC**
Account Number:	**R043910**
Parcel Number:	**3255-031-77-016**
Legal Description:	**UNIT B TIMES SQUARE CONDOMINIUMS**
Value:	**$605,010**

Assessor's Office recommends a value change to: $459,320

2017
Gunnison County Board of Equalization:
Hearing # 81

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The following page(s) characterize the petitioner's property and compare it to several examples selected from the "**Commercial Sales**" list.

The single property being characterized for this hearing is identified as:

Property Owner:	**RATHERBY INVESTMENTS LLC**
Account Number:	**R043911**
Parcel Number:	**3255-031-77-017**
Legal Description:	**UNIT C TIMES SQUARE CONDOMINIUMS**
Value:	**$830,210**

Assessor's Office recommends a value change to: $560,780

2017
Gunnison County Board of Equalization:
Hearing # 82

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For the purposes of the mass appraisal, market value is defined as:

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Commercial property is valued by considering the cost, market and income approaches.

For the 2017 property tax year, the effective **appraisal date is June 30, 2016**, as required by § 39-1-104(10.2)(a)(d), Colorado Revised Statutes.

The following page(s) characterize the petitioner's property and compare it to several examples selected from the "**Commercial Sales**" list.

The single property being characterized for this hearing is identified as:

Property Owner:	**RATHERBY INVESTMENTS LLC**
Account Number:	**R043912**
Parcel Number:	**3255-031-77-018**
Legal Description:	**UNIT D TIMES SQUARE CONDOMINIUMS**
Value:	**$824,080**

Assessor's Office recommends a value change to: $556,640

2017 CBOE #79, #80, #81, #82

Narrative: with respect to some component parts of a *Restricted Appraisal Report* submitted to the Gunnison County Board of Equalization for 326 Elk Avenue, Crested Butte, Colorado 81224:

1. **The entire report was not submitted.** The first 26 pages is all that was submitted.

2. The first paragraph (on page 2) states, **"Per your instructions, the purpose of the *Restricted Appraisal Report* is to provide an opinion of "market value", "as is", of the leased fee property rights of the above property."**

3. The second paragraph (on page 2) states, **"You, Ratherby Investments LLC, as the client. Are responsible for reading this report in its entirety. It may not be distributed to or relied upon by other persons or entities without written permission of East West Econometrics (East West)."**

4. The first paragraph (on page 3) states, **"The client has made a determination that their requirements are such that presentation of a *Restricted Appraisal Report* is adequate for their purposes. The Appraiser and the Client are under agreement that the appraisal herein be a *Restricted Appraisal Report."*****

   *It is **atypical** to have a property classified as Commercial represented in a *Restricted Appraisal Report*.

5. Page 6 of the *Restricted Appraisal Report* states:
   a. Intended Use of Appraisal: **"For the Clients internal decision making purposes."**
   b. Purchase Contract: "**The Subject is under contract for purchase in the amount of $1,750,000 by Ratherby Investments LLC."**
      i. A typical appraisal for lending would not be aware of any contracted purchase price. Due to the fact that most lending mechanisms would need to be approved prior to any contracted purchase.
   c. Appraiser Comments: **"The Subject is legally described as four individual condominium units. However, the owners' association was not officially established and the property has operated as a multi-tenant retail property since it was constructed. We have appraised the subject as a single property as the market would generally consider the subject as a single property."**
      i. An appraisal of a single property (as it is stated above), should have included some additional square footage. These four condominium units equate to approximately 5,071 square feet **(see the top of page 7 of the *Restricted Appraisal Report*)**. Prior to the subdivision of this property, as a condominium (July, 2006), the Assessor's Office had a total square footage as 6,526 square feet. The difference can be explained by understanding that condominium measurements are interior (air-space) measurements, while improved properties that are not condominiums are typically measured using the exterior dimensions. Additionally, the "common areas" (rest rooms, stairwells, two stair-lifts, wide hallways and on-site parking) are not being included in the submitted *Restricted Appraisal Report's* opinion of value.

   d. Real Property Interest Appraised: **"Based upon the scope of the appraisal assignment, and because the subject is 100 percent leased to four tenants, the leased fee property interest was appraised."**

6. Page 9: The paragraph starting with, 3 Year Sales History (including Current Contracts, Agreements, Options) and Listing History is: **The sales history, with respect to the 2006 sale, is inaccurate.** The grantor, and grantee information is wrong for the October 27, 2006 transaction (see reception #570529), as well as the deed in lieu of foreclosure conveyance (see reception #630010).

7. On page 16, the Cost Approach is dismissed.
   a. Cost Approach: **"Given the age of the subject improvements (it is clearly stated as 10 years old, on page 7 of the Restricted Appraisal Report) and the inherent difficulty in accurately determining depreciation, and because investors in similar properties typically do not use this approach the cost approach is determined to be not applicable we will not be used this approach."** (the appraiser's language)

2017 CBOE #79, #80, #81, #82

Narrative: with respect to a Comparative Market Analysis (CMA) report submitted to the Gunnison County Board of Equalization for 326 Elk Avenue, Crested Butte, Colorado 81224:

1. This report is **NOT** an appraisal. This report was **NOT** written by an appraiser.
    a. An appraisal is defined as: 1. An analysis, opinion, or conclusion relating to the nature, quality, value, or utility of specified interests in, or aspects of, identified real estate. 2. The act or process of estimating value: an estimate, or opinion of value.
    b. The Final Comments (page 7) states at the top of the page in bold letters **"Opinion of Value"** further down on the page the CMA states "Based upon the above 9 comparable sales, the average sold price/sf is $322. **Therefor see my opinion of value regarding 326 Elk Avenue**." (Author's language)

2. The Final Comments (see page 7) states in bold letters at the top of the page "**Opinion of Value** based upon an effective date of **June 30, 2017**". Then the first sentence on this page starts with "With an effective date of **June 30, 2016**…"

3. The Final Comments (see page 7) lists 9 comparable sales, **only three of which are Commercial Condominiums**. The price paid per square foot data (on some of the 9 comparable sales) does not match what is on the Comparable Report pages (pages 2, 3, 4). The square footage, on some of the 9 comparable sales, does not match the Assessor's Office records.

4. This report does not consider any change in market conditions over time (time adjusted sales prices) for any of the sales. The 9 sales presented in this CMA report go back to November 26, 2012.

5. The **opinion of value**, at the bottom of the page (page 7), does not differentiate between the below grade condominium units and the above grade condominium units. Meaning that the 2 basement units have the exact same value per square foot as the 2 upper level units.

Commercial Sales Comparable Inventory and Account Value Summary

2017 CBOE #79, #80, #81, #82

Owner: RATHERBY INVESTMENTS LLC
PO BOX 1250
CRESTED BUTTE, CO 81224

ACCOUNT #: R043909, R043910, R043911, R043912
PARCEL #: 3255-031-77-015, 3255-031-77-016, 3255-031-77-017, 3255-031-77-018
ECON AREA: 2

	SUBJECT	EXAMPLE 1	EXAMPLE 2	EXAMPLE 3
	R043909, R043910, R043911, R043912	R043909, R043910, R043911, R043912	R041540, R041541, R041542, R041543	R003532
PARCEL NUMBER:	3255-031-77-015 - 3255-031-77-018	3255-031-77-015- 3255-031-77-018	3255-031-50-029 - 3255-031-50-032	3255-031-11-008
PROPERTY ADDRESS:	326 ELK AVE	326 ELK AVE	202 ELK AVE	401 ELK AVE
	CRESTED BUTTE	CRESTED BUTTE	CRESTED BUTTE	CRESTED BUTTE
LEGAL DESCRIPTION:	UNITS A, B, C, D TIMES SQUARE CONDOMINIUMS	UNITS A, B, C, D TIMES SQUARE CONDOMINIUMS	UNITS A, B, C, D CRESTED BUTTE HOUSE CONDOS	S2 LOT 16 ALL 17-18 BLK 23 CRESTED BUTTE
ZONING:	B-1 - TOWN OF CRESTED BUTTE ZONING	B-1 - TOWN OF CRESTED BUTTE ZONING	B-1 - TOWN OF CRESTED BUTTE ZONING	B-3 - TOWN OF CRESTED BUTTE ZONING
NET LAND AREA (SQ FT):	CONDOS - % INTEREST IN LAND	CONDOS - % INTEREST IN LAND	CONDOS - % INTEREST IN LAND	7,563
Commercial				
COMMERCIAL USE:	RETAIL	RETAIL	OFFICE / APARTMENT	OFFICE
ABOVE GRADE SQ FT:	2,574	2,574	2,920	3,012
BELOW GRADE SQ FT:	2,497	2,497	0	1,150
QUALITY CONSTRUCTION:	GOOD	GOOD	FAIR	GOOD
CONDITION:	AVERAGE	AVERAGE	BELOW AVERAGE	AVERAGE
ADJUSTED YEAR BUILT:	1990	1990	1957	1997
Residential				
ARCHITECTURAL STYLE:	N/A	N/A	RESIDENTIAL WITH COMMERCIAL	N/A
RESIDENTIAL SQ FT:	N/A	N/A	1,326	N/A
QUALITY CONSTRUCTION:	N/A	N/A	FAIR	N/A
CONDITION:	N/A	N/A	AVERAGE	N/A
ADJUSTED YEAR BUILT:	N/A	N/A	1960	N/A
2017 NOD VALUE:	$2,872,740			
2017 PROPOSED VALUE:	**$2,042,460**			
SALE DATE:		12/1/2015	1/14/2014	11/26/2012
TIME ADJUSTED SALES PRICE:		**$1,750,000**	**$1,290,629**	**$1,233,704**
TOTAL FINISHED SQ FT:	5,071	5,071	4,246	3,012
$ PER FINISHED SQ FT:	**$402.77 ***	**$345.10**	**$303.96**	**$409.60**

* THE ABOVE SQUARE FOOTAGE REPRESENTS THE 2017 PROPOSED VALUE.
THE SQUARE FOOTAGE VALUE FOR THE 2017 NOD VALUE IS $566.50