

**BOARD OF EQUALIZATION, WASHOE COUNTY, NEVADA**

WEDNESDAY

9:00 A.M.

FEBRUARY 2, 2011

PRESENT:

**James Covert, Chairperson**  
**Benjamin Green, Member**  
**Linda Woodland, Member**  
**James Brown, Member**  
**Philip Horan, Alternate Member**

**Nancy Parent, Chief Deputy Clerk**  
**Herb Kaplan, Deputy District Attorney**

The Board of Equalization convened at 9:00 a.m. in the Commission Chambers of the Washoe County Administration Complex, 1001 East Ninth Street, Reno, Nevada. Chairperson Covert called the meeting to order, the Clerk called the roll and the Board conducted the following business:

**11-0204E     APPROVAL OF MINUTES**

**Agenda Subject:** “Review and approval of minutes for December 1, 2010 Washoe County Board of Equalization organizational meeting.”

On motion by Member Green, seconded by Member Woodland, which motion duly carried, the minutes for December 1, 2010 were approved.

**SWEARING IN**

There were no staff members who needed to be sworn in.

**11-0205E     WITHDRAWALS**

The following petitions scheduled on the day's agenda were withdrawn by the Petitioners prior to the hearing:

| <b>Assessor's Parcel No.</b> | <b>Petitioner</b> | <b>Hearing No.</b> |
|------------------------------|-------------------|--------------------|
| 013-411-10                   | Wells Fargo Bank  | 11-0333            |

**11-0206E     REQUESTS FOR CONTINUANCE**

There were no requests for continuance.

## **CONSOLIDATION OF HEARINGS**

The Board consolidated items as necessary when they each came up on the agenda.

### **11-0207E    PARCEL NO. 024-140-15 – GLENWAY APARTMENTS LTD – HEARING NO. 11-0395**

A Petition for Review of Assessed Valuation was received protesting the 2011-12 taxable valuation on land and improvements located at 4050 Baker Ln, Washoe County, Nevada.

The following exhibits were submitted into evidence:

#### **Petitioner**

Exhibit A: Letter, profit and loss, and comparable sales, 5 pages.

#### **Assessor**

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 37 pages.

On behalf of the Petitioner, Michael Bosma and Jack Byce were sworn in by Chief Deputy Clerk Nancy Parent.

On behalf of the Assessor and having been previously sworn, Mike Churchfield, Appraiser, oriented the Board as to the location of the subject property. He identified the subject property as a 184-unit apartment complex.

Mr. Bosma referenced the income and expenses for the 2010 calendar year that were provided on pages 3 and 4 of Exhibit A. He stated the taxpayer was requesting the use of the income approach to value the property. He pointed out the net income shown on page 4 of Exhibit A was a loss of \$972 and Earnings Before Interest, Taxes, Depreciation, Amortization, and Rent (EBITDAR) worked out to \$506,410 for 2010. The Appellant purchased the property in 2004 when it had sufficient cash flow, but cash flow had decreased significantly since that time and it had become difficult to keep renters. He said the owner was a professional real estate investor from Southern California who kept track of properties in the Reno area. The owner believed a capitalization rate of 9.5 percent was appropriate for the subject, which would indicate \$5,331,000 for its total taxable value. Mr. Bosma noted it was an older property that required a significant amount of repairs and maintenance, and was in a tough neighborhood. He explained the previous owner of the subject property, unbeknownst to the current owner, employed some property managers who did not deal well with the tenants. Consequently, the Appellant was trying to overcome some negative comments about the property that were previously posted on real estate blogs. He indicated a stabilized cash flow of \$500,000 was anticipated for the foreseeable future.

Mr. Bosma indicated the Appellant looked at rental properties from a per unit perspective. He referenced page 5 of Exhibit A, which contained some comparable sales from 2009 and 2010. He suggested properties of a similar grade were selling for an average of about \$29,000 per unit. If newer higher-end apartment complexes were ranked as A and lower end properties were ranked as C, he stated the quality of the subject property would be rated as a B- or C+. He observed the Assessor's categorization of fair quality further illustrated that the subject ranked toward the lower end of the spectrum. He suggested the subject should be valued at \$27,000 or \$28,000 per unit based on the income approach, rather than the Assessor's value of \$37,000 per unit. He pointed out that sales prices were trending downward over time, with the most recent sales ranging from \$12,000 to \$32,000 per unit. He indicated the subject was clearly overvalued and the taxpayer was seeking relief because the full cash value was less than its taxable value.

Appraiser Churchfield said he had reviewed the sales provided by the Appellant. He indicated most of the recent sales that were occurring were for smaller complexes. He noted some of the sales provided by the Appellant were built in 1962 and 1963, and were in inferior areas such as Grove Street. With respect to the apartment units on Tripp Drive that sold at \$18,000 per unit, he stated only about half of the units were currently rentable. He referenced improved sales IS-1 and IS-2 as shown in Exhibit I. He acknowledged the units were superior, the sales prices from 2008 were significantly higher, and there had been a lack of sales since that time. He observed the comparables sold for \$124,000 and \$102,000 per unit, and he felt the significantly lower value of \$37,000 per unit for the subject property was supportable. In response to the Appellant's proposed capitalization rate of 9.5 percent, he pointed out the last sales seen in the market reflected capitalization rates of 5.47, 6.53, 6.81, and 7.61 percent. He indicated the Assessor's Office used a conservative capitalization rate of 8 percent. He observed apartment complexes were relatively stable investments because they were the only properties in the commercial market with vacancy rates below 20 percent. He indicated there were no current sales because many investors purchased at peak prices and had too much money tied up to sell at market prices. He said the income approach to value was appropriate based on the lack of sales data.

Appraiser Churchfield stated he had received the income and expense information on the subject property the day before the hearing. Although he typically looked at the actual data to see what the owner was expensing through the property, he said he usually used market-based expenses. He referenced the income approach provided in Exhibit I, which was based on an average rental rate of \$750 per unit, a vacancy rate of 8 percent (per published survey), and a 40 percent expense ratio. He noted a standard expense chart was included in Exhibit I. He indicated the income approach suggested a value of \$11,426,000, which supported the Assessor's \$6,858,444 total taxable value.

Member Green asked about the vacancy rate in the southwest Reno area. Appraiser Churchfield replied there was a vacancy rate of 8 percent for the overall market and 8.9 percent for southwest Reno, according to a Johnson-Perkins survey. Member Green wondered if southwest Reno commanded higher rents than the rest of the

community. Appraiser Churchfield stated there was currently a flight to quality and location. He indicated people were leasing based on being closer to town, unless they went for the newer complexes. He confirmed for Member Green that the subject property was located close to the Raley's supermarket and was in close proximity to bus lines and other shopping. Member Green asked how the neighborhood compared with the Appellant's comparable on Merchant Street. Appraiser Churchfield characterized the subject neighborhood as superior based on vacancy and rental rates. He noted the hardest hit areas were Neil Road, Grove Street, and the Montello area. Member Green inquired about the Tripp Drive property that was only half rentable. Appraiser Churchfield said he had inspected the property. Several units were damaged and no repairs had been made at the time of sale.

Mr. Bosma indicated average rents for the subject property were about \$800 per unit and the vacancy rate ranged from 9.8 to 10 percent. He noted the rents were a little higher than those used by the Assessor's Office and were justified based on the market vacancy rate. He referenced the expenses for repairs and maintenance, as shown on page 4 of Exhibit A. He stated there was deferred maintenance for the apartment building that was built in 1972, and it was usually necessary to put in new appliances, carpet and paint each time a tenant moved out. He observed the Appellant's comparable sales ranged from one built in 1944 at \$12,000 per unit to a few good-sized properties built in 1979 and 1962. If the Tripp Drive property was excluded, he said the range of comparables would bracket the subject property pretty well. Mr. Bosma stated the subject property was not very far away from Neil Road. He characterized the location as not bad and not great, but fair. He pointed out the owner had to spend more to keep the property up to a standard that would keep the rents in place. He remarked that it did not do the property justice to disregard its actual expenses and it was important to look at the overall economic viability of the project. He emphasized the subject was professionally managed and there were no personal expenses included in the information provided.

Member Green observed the comments in the Appellant's letter (Exhibit A) about terrible management and bad press. He noted a management bonus of \$7,900 on the expense sheet and wondered why a bonus would be paid for bad management. Mr. Bosma clarified the bonus went to the current managers. He said the owners fired the prior managers and hired new ones in 2006 or 2007. The current management was doing better with respect to tenant satisfaction and average length of stay, but it was difficult to overcome some of the negative press on Google that dated back to the old management.

Member Horan said he would have expected deferred maintenance expenses to have been built into the property's purchase price. Mr. Bosma agreed only to the extent that the prior owners had identified deferred maintenance on the property. He explained the Appellant purchased the property based on its cash flow and capitalization rate in 2004. He noted the current expectations created pressure for lower rents and a better tenant experience. He stated structural maintenance related to things such as the roof or the sewer was capitalized and was not included in Exhibit A. He indicated the Appellant treated re-tenanting costs as current expenditures, as did many other property

owners. He estimated such costs to be about \$2,000 to \$3,000 for each unit that came up for vacancy.

Chairperson Covert wondered if all of the units were rentable. Mr. Bosma stated that they were.

Chairperson Covert observed the travel expenses of \$365 included in Exhibit A were not likely to make any difference in the valuation. He stated he did not see anything else in the Appellant's Profit and Loss statement that raised concerns about personal expenses. He observed the income approach presented by the Assessor's Office appeared to be pretty accurate when compared to the actual numbers. He questioned whether a 40 percent expense ratio was enough in today's market. As rents came down to be more competitive, he noted the expense ratio would go up. He suggested a total taxable value of \$6.335 million based on the Appellant's actual numbers and an 8 percent capitalization rate.

Member Green disagreed. He said he thought an 8 percent capitalization rate was generous and a 40 percent expense ratio was normal for the type of property under consideration. He indicated most such properties were selling at 6.5 or 7 percent capitalization rates. He noted the Assessor's Office used less than the actual rent and the subject was in a prime location within close proximity to shopping.

Chairperson Covert observed the income numbers used by the Appellant and the Assessor were very close together, but they used different vacancy rates. He reiterated that he was not comfortable with a 40 percent expense ratio.

With regard to Parcel No. 024-140-15, pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Woodland, seconded by Member Green, which motion carried on a 4-1 vote with Chairman Covert voting "no," it was ordered that the Assessor's taxable values be upheld for tax year 2011-12. It was found that the Petitioner failed to meet his/her burden to show that the full cash value of the property is less than the taxable value computed for the property.

**11-0208E      PARCEL NO. 030-241-82 – EASTLAND HILLS LLC ET AL**  
**– HEARING NO. 11-0383**

A Petition for Review of Assessed Valuation was received protesting the 2011-12 taxable valuation on land and improvements located at 1855 Baring Blvd, Washoe County, Nevada.

The following exhibits were submitted into evidence:

**Petitioner**

**Exhibit A:** Copy of petition and financial data, 33 pages.

**Assessor**

**Exhibit I:** Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 33 pages.

On behalf of the Petitioner, Stanton Wagner was sworn in by Chief Deputy Clerk Nancy Parent.

On behalf of the Assessor and having been previously sworn, Mike Churchfield, Appraiser, oriented the Board as to the location of the subject property. He identified the subject as a 312-unit apartment complex.

Mr. Wagner pointed out the following documents that were provided in Exhibit A: a 2009-10 Income and Expense Summary, Rent Rolls as of January 1, 2001, and a Summary of Income for 2009-10. He stated the property had 22 out of 296 units vacant as of January 1, 2011 and was built in 1998. He noted the Assessor's total taxable value of \$20,562,857 equated to \$69,469 per unit. Based on actual 2010 income and a 7.5 percent capitalization rate, he requested a value of \$50,030,866 or \$57,780 per unit. He said the Assessor's Office had been supplied with income and expenses as well as the rent roll. Mr. Bosma indicated the difference between the Assessor's value and the Petitioner's request was that the Assessor was using averages. He explained he would be representing several apartment properties on the day's agenda and the theme was the same for each of them. He stated the owners of most apartment complexes had been experiencing losses in rent since September 2008 that were not being recognized by the Assessor. He asked the Board to look at the actual income on the subject property and to reduce the value.

Member Green referenced the handwritten statement shown on page 4 of Exhibit A. He inquired what the total concessions of \$137,000 represented. Mr. Wagner replied there were concessions such as free rent that were given to get renters to move in.

Appraiser Churchfield referred to page 27 of Exhibit I, which included an expense rate chart for seven sales that took place between 2004 and 2008. He observed the highest expense ratio among all of the sales was 47 percent for a very large 425-unit apartment complex and the average expense ratio was 40 percent. He explained the Assessor's Office used market averages because it was deemed to be the fairest approach. He noted the owners of some complexes included expenses such as deferred maintenance that should be spread out over the life of what was being improved. As shown on page 26 of Exhibit I, he indicated the average vacancy rate for the Sparks area was 5.37 percent. A vacancy rate of 8 percent was used for the subject property to be as generous as possible. He said the market concessions drove the vacancy rate down and the Assessor's Office tried to accommodate the concessions by using an income of \$800 per unit. Based on income of \$800 per unit, a 40 percent expense ratio and a capitalization rate of 8 percent, the Assessor's Office arrived at \$20,667,000 for an indicated value. He pointed

out the indicated value was very close to the total taxable value of \$20,562,000 for the subject property.

Appraiser Churchfield reviewed two comparable sales provided on page 1 of Exhibit I, which sold at \$102,000 and \$124,000 per unit. He acknowledged the sales were somewhat dated but observed they were arms length transactions. He emphasized income was only one approach to value. He noted that apartment complexes were a preferred investment in the current market. He explained there were not many for sale in the current market because a lot of owners bought during the peak and were hoping their values would come back. He stated the total taxable value of \$65,996 per unit on the subject property was fair based on the income approach and on what the property might bring in the current market.

Chairperson Covert asked what the numbers would be if the older sales provided in Exhibit I were time adjusted. He said the sales were so old he was not sure if they were relevant. He commented that he was skeptical about the use of averages such as those on page 27 of Exhibit I.

Josh Wilson, County Assessor, noted the multi-family market was not displaying the same drastic rate of decline as the single family residential market. He suggested it was inappropriate to draw a one-to-one relationship between the two markets. He indicated appraisers were taught to look at typical market rates when doing income analysis and not necessarily at the management or the expenses associated with a specific property. He noted the market rents were often derived from the actual data of various apartment complexes that had been sold. Chairperson Covert expressed concern about differences between apartment complexes in various areas. Mr. Wilson observed the vacancy rates on page 26 were broken down by market area.

Chairperson Covert asked the Assessor's Office if they found anything unusual in the income statements provided by the Appellant. Appraiser Churchfield suggested the net operating income (NOI) from the handwritten statement on page 4 of Exhibit A was different from the NOI shown on pages 6 and 8. A discussion ensued about the numbers provided by the Petitioner on various pages. Appraiser Churchfield stated the Appellant's NOI was approximately \$1.7 million and the Assessor's model used an NOI of \$1,653,350 (see page 2 of Exhibit I). Chairperson Covert noted the Appellant's NOI was part of a cash flow statement. Mr. Wagner clarified it was the formal NOI that an owner or an appraiser would look at.

Appraiser Churchfield pointed out the Sparks market was receiving some of the highest average rents in town, as shown on page 26 of Exhibit A. He noted the subject was a newer complex and should have low maintenance expenses. He reasoned an area with the highest rents would have the lowest capitalization rates.

Member Green wondered what the effective date was for the survey of average rents. Appraiser Churchfield replied it was as of July 2010.

Member Brown wondered why the category of other income on page 4 of Exhibit A had gone down from \$190,000 in 2009 to \$141,728 in 2010. Mr. Wagner stated other income was for the rental of garage and carport space. He noted that all types of income had gone down.

Chairperson Covert questioned whether a fiscal or calendar year was used. Mr. Wagner said the owner was not on a calendar year but the information was provided as of the date indicated on each statement.

Member Woodland asked if carport and garage space was rented separately from the apartments. Mr. Wagner replied that it was separate and it was displayed in the other income category.

Mr. Wagner pointed to the lack of sales since 2008 as an indication that values had probably gone down. He suggested the income and expenses for various properties were the real measure of declining values. He indicated he was representing several properties on the day's agenda and they all had incomes that had decreased by 20 to 30 percent since 2007 and 2008. He pointed out the Assessor's comparable at 5200 Summit Ridge Drive (IS-1) sold at \$124,144 per unit and currently had a total taxable value of about \$73,000 per unit. He suggested the difference between the two numbers was consistent with the decrease in the market. He noted the subject property's taxable value had been at roughly the same level since 2008. He reasoned the subject's value should be reduced by 20 to 30 percent if the comparable property was valued at 30 to 40 percent less than what it sold for. He said it was easy to say what the averages were, but the actual income and expenses showed the real life situation.

Member Horan questioned why the total expenses had increased by about 50 percent, from \$1,003,287 in 2009 to \$1,501,172 in 2010 (page 4 of Exhibit A). Mr. Wagner said he thought there had been a change in accounting systems. He indicated one-third of the capital expenses (\$318,546) was shown as a separate item for 2009 but had been included in the total expenses for 2010. Member Horan asked what was meant by one-third of the capital expenses. Mr. Wagner replied it was for items that could last for three to five years. He confirmed for Chairperson Covert that the capital expenses were things that could not be assessed to a particular unit such as repairing the roof, the landscaping or the driveways. Member Green stated he was also having a problem with the increase in total expenses. He said there did not appear to be any capital expenses in 2010. He agreed \$0.5 million was a tremendous increase in expenses from one year to the next. Mr. Wagner noted the total expenses and one-third of capital expenses should be combined for 2009 because of the change in accounting procedures. This would result in a comparison of \$1,321,833 in 2009 to \$1,501,172 in 2010. Chairperson Covert questioned whether the change in procedure was a reclassification. Mr. Wagner replied that the income and expense summary forms were set up slightly differently from one year to the next.

Member Horan wondered what page he could look at to make it clear. Mr. Wagner referenced the category of Other Expenses that was shown on pages 8 and 9 of

Exhibit A. He noted the category included management fees, insurance premiums, business taxes, and real estate taxes that amounted to \$318,546 for 2009. He stated the same types of items were included in the \$1.5 million of total expenses for 2010. Member Horan observed the items were other expenses but were not really capital expenses.

Member Green pointed out two management-related expenses: \$162,819 shown under Manager's Salaries on page 6 of Exhibit A and \$79,269 in Management Fees. Mr. Wagner clarified one item was for on-site management and the other was the Spanos' management fee.

Mr. Wagner concluded that the Assessor was ignoring the downward trend shown by actual data. Two years of income and expenses were provided for the subject property and up to five years of history were provided for other properties on the day's agenda. He stated the trend was the same on all of the properties. He assured Chairperson Covert that the Assessor's Office had been given adequate time to digest the income and expense information.

With regard to Parcel No. 030-241-82, pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Horan, seconded by Member Brown, which motion duly carried, it was ordered that the Assessor's taxable values be upheld for tax year 2011-12. It was found that the Petitioner failed to meet his/her burden to show that the full cash value of the property is less than the taxable value computed for the property.

**11-0209E      PARCEL NO. 160-070-26 – SPANOS CORPORATION**  
**– HEARING NO. 11-0385**

A Petition for Review of Assessed Valuation was received protesting the 2011-12 taxable valuation on land and improvements located at 11380 S Virginia St, Washoe County, Nevada.

The following exhibits were submitted into evidence:

**Petitioner**

Exhibit A: Copy of petition and financial data, 35 pages.

Exhibit B: Parcel information, 5 pages.

**Assessor**

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 47 pages.

On behalf of the Petitioner and having been previously sworn, Stanton Wagner was present to offer testimony.

On behalf of the Assessor and having been previously sworn, Mike Churchfield, Appraiser, oriented the Board as to the location of the subject property. He

clarified for Member Horan that the apartment complex was previously involved in a fire that destroyed some of the units.

Mr. Wagner indicated he had not placed any weight on the 2009 and 2010 income statements provided in Exhibit A because the occupancy levels were so low. As indicated by the rent roll in Exhibit A, he stated 88 out of 350 units were vacant as of January 1, 2011. He referenced the handwritten summary on page 5 of Exhibit A, where he had projected the potential income and expenses based on the rent roll. Using a 7.5 percent capitalization rate, he arrived at \$34,519,800 for an indicated value. He questioned whether the projected income would be realized given the 25 percent vacancy rate as of January 1, 2011. He noted two tax years were being appealed for the subject property because the Assessor's Office had reopened the 2010-11 roll in the middle of the year. He observed the Assessor's total taxable value was \$35,656,895 for 2010-11 and \$33,634,385 for 2011-12.

Mr. Wagner said the subject was not uniformly and equally assessed with other similar properties. He reviewed information taken from the Assessor's database on three similar properties, as shown on pages 1 through 5 of Exhibit B. He pointed out the similar properties were valued at \$76,199 per unit, \$82,417 per unit, and \$79,941 per unit. He requested the subject's total taxable value be reduced to a total value of \$29,750,000 or \$85,000 per unit for both the 2010-11 and 2011-12 tax years.

Member Green asked if it was ever determined whether or not the fire was related to arson. Mr. Wagner said he had no idea.

Appraiser Churchfield indicated the nature of costing out improvements during the appraisal process would produce differences in value. He stated the subject property was a first class project with various amenities that made it the nicest apartment complex in town, including "a heck of a clubhouse," a full fitness center, garages, and water features in the pool area. He said there were differences in improvement values based on the construction type and differences in land values based on the location, sales and rents. He noted the land values for one of the Appellant's comparable properties on Selmi Drive, which was located above Hug High School, were very different from the subject's prime land on South Virginia Street with freeway frontage. Appraiser Churchfield observed that Appellant's Exhibit A indicated a value of \$34 million based on the income approach. He said he had asked but was never informed as to whether the insurance company paid the rents while units were being rebuilt after the fire. Although the subject had a 25 percent vacancy rate, the Assessor's Office had not considered all of the units as complete as of January 1, 2011. He explained some units were taken off the tax roll in 2010-11 after the fire and then later put back on.

Appraiser Churchfield reviewed the Assessor's income approach as provided on page 2 of Exhibit I. He arrived at an indicated value of \$36,261,000 using an average rent of \$1,265 on 350 units, a 9 percent vacancy rate, a 40 percent expense ratio, and an 8 percent capitalization rate. He remarked that leasing had been very strong because of the flight to quality in the market.

Chairperson Covert asked how damage from the fire had been dealt with during the 2010-11 tax year. Appraiser Churchfield replied there were some units not yet valued as complete as of July 1, 2010, although rebuilding had been very fast and most of them were complete. He clarified that “complete” meant rentable. He explained a percentage complete was assigned to the project because many of the units burned before construction was finished. Chairperson Covert wondered when the fire had taken place. Mr. Wagner replied July 2009.

Member Green inquired if any of the 88 vacancies indicated by the Appellant were incomplete or not rentable. Appraiser Churchfield said it was his belief they were probably rentable but the units would have just come on the market. He noted the last five or six buildings were not finished when he last visited the complex in July 2010. Member Green observed the units would only be on the market for half of 2011. Appraiser Churchfield stated the project was appraised based on a percentage complete until the Assessor’s Office scheduled work on the building permit prior to July 1, 2011.

Mr. Wagner said he had interviewed the manager the day before the hearing and all of the buildings had Certificates of Occupancy in July 2010. He indicated the units simply had not filled up. He suggested the characterization of a “flight to quality” in the market showed a bit of a pie in the sky approach by the Assessor’s Office. He indicated the 2010-11 value of more than \$35 million should be adjusted because the complex had just started leasing finished units at that time. With respect to the 2011-12 value, he said the 25 percent vacancy rate might or might not drop to 10 percent by July 1, 2011. He noted the Appellant’s requested value of \$85,000 per unit would put the subject in line with two other new complexes and with one that had been used by the Assessor as a comparable sale.

Chairperson Covert asked for clarification from the Assessor’s Office about the prior year’s appeal. Josh Wilson, County Assessor said both boxes were marked on the appeal form but the current agenda only included the 2011-12 hearing. He suggested the Board render a decision for the 2011-12 tax year and said the Assessor’s Office would place the appeal for the reopened 2010-11 value on a future agenda.

Chairperson Covert wondered how the Assessor’s Office dealt with vacancy rates for units just completed versus those that had been available for rent for many years. Mr. Wilson said the appraisers looked at the market and then considered some sort of absorption rate. He indicated it was similar to how a subdivision discount was analyzed when the lots were not all built out at the same time. He suggested it would be appropriate to see how many units were being leased per month, try to base a trend on the analysis, and then take the trend forward to the July 1st lien date. Chairperson Covert inquired if the subject property was still under construction as of the lien date. Mr. Wilson said the subject’s value was projected based on the assumed vacancy rate on July 1, 2011. Chairperson Covert reasoned that newly available units would take time to rent. Mr. Wilson remarked that a brand new property with zero income revenue did not have zero value. He explained the Assessor’s Office tried to look at what the stabilized income

would be and what was typical for an area. He noted some units were leased for the subject property and it seemed to be a very desirable property with an expected vacancy rate of 9 percent on July 1, 2011. Chairperson Covert questioned whether the fire issue had been dealt with in the prior tax year. Mr. Wilson stated he believed so. He indicated the fire happened in 2009 and he believed the 2009-10 roll was reopened to adjust for that. He noted the Board would consider the 2010-11 tax year at a later hearing, which would involve the property as it existed on July 1, 2010. He said the current hearing was dealing with what was expected as of July 1, 2011.

Member Green wondered if the Board could make a temporary reduction for just one year. He expressed concern about the effect of the 8 percent tax abatement on other taxpayers. Mr. Wilson replied that the Board dealt with value and not with taxes. He explained the Assessor's Office was required by law to review all of the Board's changes on an annual basis.

Chairperson Covert stated any adjustments he was inclined to make should be based on the vacancy rate. Member Horan observed the Board was looking at the impact of the vacancies between January 1 and July 1, 2011. Member Green said it was likely that all of the units would be rented by July 1 but the Board knew there had been 88 vacancies for six months of the year. Member Brown suggested a 25 percent vacancy rate for the income approach.

With regard to Parcel No. 160-070-26, pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Woodland, seconded by Member Brown, which motion duly carried, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced to \$25,720,625 for obsolescence, resulting in a total taxable value of \$29,885,625 for tax year 2011-12. The reduction was based on a 25 percent vacancy rate using the income approach to value. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

**10:40 a.m.** Chairperson Covert declared a brief recess.

**10:50 a.m.** The Board reconvened with all members present.

**11-0210E** **PARCEL NO. 514-340-06 – CANYON VISTA APARTMENTS INC**  
**– HEARING NO. 11-0386**

A Petition for Review of Assessed Valuation was received protesting the 2011-12 taxable valuation on land and improvements located at 5200 Los Altos Pkwy, Washoe County, Nevada.

The following exhibits were submitted into evidence:

**Petitioner**

**Exhibit A:** Copy of petition and financial data, 51 pages.

**Assessor**

**Exhibit I:** Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 44 pages.

On behalf of the Petitioner and having been previously sworn, Stanton Wagner was present to offer testimony.

On behalf of the Assessor and having been previously sworn, Mike Churchfield, Appraiser, oriented the Board as to the location of the subject property. He identified the property as a 256-unit apartment complex.

Mr. Wagner stated the complex had been built in 2001, and 33 out of 256 units were vacant as of January 1, 2011. He referenced Exhibit A, which contained four years of operating income and expense history as well as the rent rolls as of January 1, 2011. He indicated he originally provided income and expenses to Mr. Churchfield in 2009-10 and a slight reduction was made at that time. He pointed out the subject property's performance had been worse during each subsequent year. He requested a reduction in total taxable value to \$13,860,280 or \$54,000 per unit, based on the actual income and a capitalization rate of 7.5 percent. He noted there had been discussion in previous hearings of two newer properties that were valued by the Assessor at \$72,000 per unit.

Appraiser Churchfield referenced pages 37 and 38 of Exhibit I. He observed the subject property was located off of Los Altos Parkway in Sparks, and rents in the east Sparks area were coming in at an average of \$970 with an average vacancy rate of 5.37 percent for the second quarter of 2010. He arrived at an indicated value of \$20 million using an average rental rate of \$950 per unit, a vacancy rate of 8 percent, a 40 percent expense ratio, and a capitalization rate of 8 percent. He stated the subject's total taxable value of \$18,472,376 was well supported by the income approach run at market rates. Appraiser Churchfield indicated the comparable sales provided in Exhibit I were for older sales but still supported the Assessor's value. He observed the subject was located in the best market area, as shown by the data on page 37 of Exhibit I.

Chairperson Covert referred to the four years of income and expenses provided in Exhibit A and asked why the Petitioner's expenses were not running at the Assessor's average. He wondered if there was something in the statements that the Assessor's average did not consider. Appraiser Churchfield said he reviewed expenses to see if there were any capital expenditures such as painting that should be amortized over the life of the item. He noted that cash flow statements counted expenses all in one year but it was not necessary to paint an apartment complex every year. He acknowledged he had not looked closely at the Appellant's expenses but he noticed there were two types of management-related expenses: a manager at the complex and a fee paid to the owner of the property. Chairperson Covert questioned whether the higher expense ratio could be attributed to those two things. Appraiser Churchfield said he would have to break out the expenses in more detail to determine what had been included.

Member Horan wondered if the total income used by the Assessor's Office was in the same ballpark as the Appellant's actual income. Appraiser Churchfield replied that he would have to take a closer look but he believed it was very close. Mr. Wagner disagreed. He identified several differences and remarked that all of the information provided by the Petitioner was legitimate. Member Horan observed the income used by the Assessor's Office seemed to be higher than what was submitted by the Appellant. Appraiser Churchfield replied that he used an income of \$950 per unit based on a published survey showing that \$971 was the average market rate. He used 8 percent vacancy although the average vacancy was 5.71 percent per the published survey. He agreed the actual vacancy rate could very well be higher but said he was looking at an average of market.

Chairperson Covert stated this was the first year he remembered having to deal with concessions to get renters to rent. He pointed out the Appellant's concessions went from \$94,000 in 2007 to \$470,000 in 2010. He commented the Assessor's Office did not seem to have dealt with that in their market-based approach. Appraiser Churchfield indicated concessions could vary depending on the complex and it was difficult to ascertain a dollar amount. Chairperson Covert commented that concessions in the form of free rent would lower the per unit rent for a period of time. Appraiser Churchfield noted concessions were typically given for an added length of stay. He said the majority of the apartment complexes in the market were not asking for security deposits. Chairperson Covert observed there was reduced total income per unit even with an added length of stay. He indicated security deposits were a balance sheet item and not an income statement item.

Member Green stated the subject's expense ratio was over 50 percent for 2010. He asked if the Assessor's Office was finding many large complexes with 50 percent expense ratios. Appraiser Churchfield replied that he was finding them at 40 percent, and that was why he looked at it from a market approach. He pointed out the subject was built in 2001 and should not have a lot of deferred maintenance or capital expenditures.

Chairperson Covert remarked that he had been on the Board for a number of years and the Assessor had been using a 40 percent expense ratio every year that he was aware of. He questioned whether it still reflected the current market. He pointed out the ratio would increase as net rents came down and expenses did not come down along with them. Appraiser Churchfield suggested expenses should go down a little bit because it was cheaper to hire contractors than it had been in 2007. Chairperson Covert observed there were a lot of expenses other than maintenance. Appraiser Churchfield indicated he obtained the expenses from surveys published by Johnson-Perkins. Chairperson Covert commented that an average helped those who were below it and hurt those who were above it.

Mr. Wagner stated the expenses were pretty stable and had not changed tremendously. He noted the gross potential on his top line was not much different from

the Assessor's but net income had changed because of concessions and vacancies. He agreed that a 40 percent expense ratio might have been applicable in 2007 and 2008 but was probably not applicable in most cases today.

Member Woodland asked the Petitioner to explain why miscellaneous losses had gone from \$1,000 to \$22,000 (page 4 of Exhibit A). Mr. Wagner indicated the biggest loss was from write-offs. He referenced the detail for items such as arrears net of receipts and bad debt recovery on page 5 of Exhibit A. He stated the actual information he had provided showed a clear downward trend.

Member Horan said there was a decrease in net income on page 4 of Exhibit A. He noted the 2010 net income of \$2,367,000 took all of the concessions and miscellaneous losses into account. He observed the total expenses were pretty high relative to the 40 percent ratio assumed by the Assessor. Chairperson Covert stated the Petitioner's expenses were running at about 58 percent. He indicated that was a little bit too high, but he was also having trouble with the Assessor's ratio of 40 percent because it had been at that level since he had come onto the Board. He commented that things were changing. He said he understood the Assessor's perspective that it was unfair to look at individual properties because of differences in management styles, maintenance costs and maintenance levels. He noted expenses were \$1.264 million in 2007 and \$1.275 million in 2010, which looked like a pretty flat curve.

Chairperson Covert indicated a 50 percent expense ratio would bring the total value down to \$16,780,775. Member Horan noted the complex was built in 2001. Member Woodland stated the complex was not that old and she did not understand why the expenses were so high. Chairperson Covert suggested the ratio was high because of rent concessions. He clarified he was talking about the ratio and not the expenses themselves. He said he did not see rent concessions built into the Assessor's approach. Member Horan agreed. Member Green pointed out he had been through the expense sheets in Exhibit A and could not find anything he thought was way out of line. He stated he could support the value resulting from a 50 percent expense ratio.

With regard to Parcel No. 514-340-06, pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Woodland, seconded by Member Horan, which motion duly carried, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced by obsolescence of \$1,691,601, resulting in a taxable improvement value of \$14,092,775 and a total taxable value of \$16,780,775 for tax year 2011-12. The reduction was based on a 50 percent expense ratio using the income approach to value. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

**11-0211E      PARCEL NO. 514-340-17 – GLACIER/COLONNADE CORP**  
**– HEARING NO. 11-0387**

A Petition for Review of Assessed Valuation was received protesting the 2011-12 taxable valuation on land and improvements located at 5300 Los Altos Pkwy, Washoe County, Nevada.

The following exhibits were submitted into evidence:

**Petitioner**

**Exhibit A:** Copy of petition and financial data, 52 pages.

**Assessor**

**Exhibit I:** Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 45 pages.

On behalf of the Petitioner and having been previously sworn, Stanton Wagner was present to offer testimony.

On behalf of the Assessor and having been previously sworn, Mike Churchfield, Appraiser, oriented the Board as to the location of the subject property. He identified the property as a 264-unit apartment complex that was built in 2002.

Mr. Wagner indicated the subject property was one year newer than the one presented in the previous hearing. He stated they both had the same owner and were sister properties. He noted 28 out of 264 units were vacant as of January 1, 2011 and the vacancy trend was similar to other properties he had talked about. He referenced the four-year history provided for the subject property in Exhibit A. He requested a reduction to \$12,270,170 in total taxable value. He pointed out the net operating income (NOI) had been \$1,385,845 in 2007 and \$920,259 in 2010, which represented a 34 percent reduction. He emphasized there was a downward trend on rents while expenses remained about the same.

Appraiser Churchfield said income was one approach to value but some weight also needed to be given to the market approach. He reviewed the comparable sales provided in Exhibit I. Although the sales were dated, he observed the value on the subject property was quite a bit lower. He identified two expenses for management of the subject property, and stated the owner appeared to be getting a salary to manage the complex. With respect to the expense ratio, he suggested a potential buyer would not necessarily give full weight to the current management expenses because a new manager might be able to offset some of those costs. He stated the total taxable value of \$67,000 per unit was well supported based on the Assessor's comparable sales and on the income approach. He noted apartment complexes were not selling because many investors paid \$125,000 per unit during the peak of the market and were not going to sell for less. He said the vacancies in the multi-family market were the lowest among all types of commercial property and he did not see it as a bad market.

Josh Wilson, County Assessor, indicated he agreed with Appraiser Churchfield. He suggested a review of the subject's income and expense reports would probably show something similar to the sister property that had been reduced in value. For equity purposes, he recommended the Board take the same approach they had taken for the adjacent parcel. He referenced page 2 of Exhibit I and stated an expense ratio of 50 percent would result in a \$17,305,200 total taxable value. Chairperson Covert agreed the same methodology should be used for adjoining properties owned by the same organization. Member Horan said he did not see how it could be done differently.

With regard to Parcel No. 514-340-17, pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Woodland, seconded by Member Brown, which motion duly carried, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced by obsolescence of \$561,619, resulting in a taxable improvement value of \$14,533,200 and a total taxable value of \$17,305,200 for tax year 2011-12. The reduction was based on a 50 percent expense ratio using the income approach to value. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

**11-0212E      PARCEL NO. 036-011-23 – R I C 23 LTD – HEARING NO. 11-0384**

A Petition for Review of Assessed Valuation was received protesting the 2011-12 taxable valuation on land and improvements located at 2301 Sparks Blvd, Washoe County, Nevada.

The following exhibits were submitted into evidence:

**Petitioner**

**Exhibit A:** E-mail and list of deferred maintenance items, 18 pages.

**Assessor**

**Exhibit I:** Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 13 pages.

On behalf of the Petitioner and having been previously sworn, Stanton Wagner was present to offer testimony.

On behalf of the Assessor and having been previously sworn, Gary Warren, Senior Appraiser, oriented the Board as to the location of the subject property. He reviewed the recommendation of the Assessor's Office to reduce the total taxable value by applying obsolescence to the improvements, as shown in Exhibit I. He indicated the subject property had been a daycare center that was now vacant. He noted there was a significant difference in market value between daycare centers that were sold with an operation in place versus centers that had no operator in place. Mr. Wagner stated the Appellant was in agreement with the recommendation.

With regard to Parcel No. 036-011-23 pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Brown, seconded by Member Horan, which motion duly carried, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced for obsolescence to \$290,415, resulting in a total taxable value of \$563,975 for tax year 2011-12. The reduction was based on the Assessor's recommendation. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

**DISCUSSION AND CONSOLIDATION – PARCEL NOS. 021-281-06,  
021-281-07 & 021-282-01 – ROSEWOOD PARK LLC  
– HEARING NOS. 11-0102A, 11-0102B & 11-0102C**

On behalf of the Petitioner, Chaim Freeman was sworn in by Chief Deputy Clerk Nancy Parent.

On behalf of the Assessor and having been previously sworn, Mike Churchfield, Appraiser, oriented the Board as to the location of the subject property. He noted the combined subject properties consisted of 900 apartment units.

Mr. Freeman said he had appealed to the Board for the previous tax year after the street in front of the subject property was torn up for about a year and occupancy dropped to about 70 percent (270 vacancies). He indicated concessions in the form of two months' rent were offered to decrease the vacancy rate. Although things were getting better, the owners had not yet seen the full benefit of the increased occupancy.

Mr. Freeman stated the comparable sales provided by the Assessor's Office in Exhibit I were old and were not comparable. He pointed out the subject property was built in 1979 and the comparables were only ten and 15 years old. He suggested the Assessor's comparable properties would get higher sales prices because they were smaller and newer projects.

Mr. Freeman reviewed Exhibit B, which showed about a 27 percent drop in total rental income when comparing December 2007 to June 2010 (from \$533,014 to \$389,968 per month). He observed concessions and vacancies had nearly doubled. He discussed a new category containing a large amount of *Write Offs for Rent*, which represented a lot of skips and concessions. He referenced the subject's monthly income and expenses for 2010 that were provided in Exhibit A. He noted the net operating income (NOI) had obviously decreased as a result of the drop in total rental income.

Mr. Freeman asserted that the actual expenses for the subject property demonstrated the Assessor's use of a 40 percent expense ratio to be incorrect. He indicated items such as appliances or carpet and drape replacement were not really capital expenses, although he had treated them as such for argument's sake. He explained the subject's total expenses amounted to \$3,879 per unit or \$3,491,000 for the year, after

capital expenses were put back into the income. He observed the Assessor's Office used approximately \$2 million in expenses. He commented that he wished he could operate the property for that amount. He pointed out the fixed expenses such as unmetered utilities, taxes, insurance, and professional management fees amounted to almost \$2,000 per unit. Additionally, the 900-unit property had a staff of 17 or 18 people working on maintenance, grounds, leasing, and office tasks. He stated the NOI was about \$1,850,000 based on the subject's actual income and expenses.

Mr. Freeman discussed the capitalization rates shown in Exhibit C. He requested a reduction to the Petitioner's proposed value of \$22,500,000 based on a capitalization rate of about 8.75 percent.

Chairperson Covert inquired as to the subject's current vacancy rate. Mr. Freeman indicated it was about 15 percent. Although there had been a dramatic increase in occupancy over the last couple of months, he noted increased rents were not yet expected to be received because of the concessions that had been offered.

Member Horan questioned what went into the category for *Write offs of Rent* in Exhibit B. Mr. Freeman replied it was a new category that contained a different form of delinquency. He said a lot of people were just turning in their keys and walking out because they had lost their jobs. He indicated the uncollectible write-offs were for those who had walked out and the delinquency category was for people who were still in the apartment at the end of the month. Member Horan asked if such items were taken into income and then backed out. Mr. Freeman stated the amounts did not show up as income. He reviewed the Rent summary provided on pages 2 through 4 of Exhibit B. The Summary showed *Gross Potential Market Rents* and then deducted concessions and write offs to come to a *Total Rental Income* that represented the income that was actually put into the bank.

Member Brown noted the manager's salary under payroll expenses on page 3 of Exhibit A ranged from a low of \$3,450 per month to a high of \$10,270 per month in September 2010. He wondered if the salary was paid on some sort of a commission basis. Mr. Freeman explained the payroll was biweekly and resulted in three payrolls per month on two months of the year. Member Brown observed there must be a large gym based on the expense for gym salary. Mr. Freeman said the fitness center was open about 18 hours per day and was staffed constantly.

Chairperson Covert recalled there had been some impediments during the previous tax year due to street construction that limited egress and ingress. Mr. Freeman indicated the sewer lines had been redone. Chairperson Covert questioned whether the 2011-12 tax year was impacted. Mr. Freeman stated the complex had been left in the hole with a vacancy rate of 30 percent and was trying to recover during the worst possible economic times. He said the current vacancy rate was about 15 percent. He pointed out the income numbers were not much better but had been going up since August 2010. He noted rent collections had gone up from \$418 per month to \$463 per month, but were still not up to what they had been at \$530 or \$540 per month.

Appraiser Churchfield noted the Petitioner's total income was shown as \$5,341,261 on Exhibit B. He said he ran the subject property's income at \$550 per unit, which was as conservative and as fair as he could be for 900 units that were somewhat dated. He pointed out that weekly motels were renting for about \$125 per week. He indicated he used the Petitioner's actual vacancy rate of 15 percent, but the parties differed in the use of expenses. He acknowledged the Petitioner had been very up front about the actual expenses associated with the property. He observed there were two management expenses for the subject property – a manager's salary expense of \$75,874 per year on page 3 of Exhibit B and a management fee of \$204,000 per year on page 2. He suggested the annual expenses for carpet and drapes, building repair, gym salaries, carpet cleaning, painting and plastering, and plumbing were all pretty high, even if turnaround was taken into account. He stated there were a plethora of expenses that could be looked at as capital expenditures. With respect to cooling and heating, he said his assumption was that there was some recovery for the utilities factored into the rent for each unit. Appraiser Churchfield said the income approach suggested a total value of \$33,660,000 based on a capitalization rate of 9 percent, which supported the subject's total taxable value of \$30,934,000 for 2011-12. He emphasized the taxable value of \$34,000 per unit was a low value by all standards. He pointed out a previously heard property had been valued at close to \$80,000 per unit for a 300-unit apartment complex.

Mr. Freeman remarked that any large property required professional management. He stated the industry standard for management fees was about 5 percent and the fee charged for the subject property was about 3.25 percent. He noted the owners and the management company were located in California and Chicago, and their travel expenses were included in the management fee. He indicated the annual expense of \$105,000 for carpet included carpet and vinyl. He estimated the carpet and vinyl costs for a two-bedroom apartment to be about \$1,000 or more per unit and the standard carpet would last about seven years. He said that meant the subject was turning over about 10 percent of its units per year, which was less than the 14 percent that would normally be turned over. Mr. Freeman explained the building repair included ongoing exterior items such as glass, stairs, balconies, and siding issues that were not capital items. He stated it cost about \$4,000 to \$5,000 per month to clean the carpets for a 900-unit apartment complex. He understood that exterior painting was to be capitalized and indicated the painting expenses referred to by the Assessor's Office represented interior paint for the turning of units. He said the turnover could be as high as 20 percent, particularly in Reno where turnover was high. He noted the subject was trying to gain a little bit of advantage over other complexes and was one of the few that did not charge to recover utilities. He observed the per unit comparison made by the Assessor's Office was for complexes built in 2001 and 2002, whereas the subject was built in 1979 and was a completely different animal.

Chairperson Covert said he did not disagree on the painting and carpet expenses. However, he noted the subject's expense ratio of 68 percent was high. He agreed with the Assessor's recognition of the Petitioner's 15 percent vacancy rate. He suggested applying a 50 percent expense ratio and the Assessor's 9 percent capitalization

rate. Josh Wilson, County Assessor, indicated \$28,050,000 would be the resulting total taxable value. Chairperson Covert recommended obsolescence of \$2,884,111 be applied, equating to \$18,600,000 for the taxable improvement value. Member Brown moved to make such a reduction for Parcel No. 021-281-06. Ron Sauer, Chief Appraiser, clarified that the obsolescence had to be allocated between three parcels. Member Brown subsequently withdrew the motion.

Member Green said he was in favor of upholding the Assessor's value. He noted the Assessor's value was supported if the write offs were put back into income. He suggested \$34,000 per unit was not an unreasonable value in the current market. Member Woodland agreed.

Mr. Wilson recommended any reduction by the Board to be split between the parcels in Hearing Nos. 11-0102A and 11-0102B, with Hearing No. 11-0102C to be upheld. Mr. Sauer provided reduced values for each parcel based on Chairperson Covert's and Mr. Wilson's recommendations.

With regard to Parcel No. 021-281-06 (Hearing No. 11-0102A), a motion was made by Member Brown and seconded by Chairperson Covert to reduce the taxable improvement value to \$9,308,281, resulting in a taxable value of \$14,033,281 for the 2011-12 tax year. The motion failed on a 2 to 3 vote with Members Horan, Green and Woodland voting "no."

Member Woodland made a motion that was seconded by Member Green to uphold the Assessor's values on all three parcels. The motion passed on a 3 to 2 vote with Chairperson Covert and Member Brown voting "no."

Please see 11-0213E through 11-0215E below for the details concerning the petition, exhibits and decision related to each of the properties in the consolidated hearing.

**11-0213E      PARCEL NO. 021-281-06 – ROSEWOOD PARK LLC**  
**– HEARING NO. 11-0102A**

A Petition for Review of Assessed Valuation was received protesting the 2011-12 taxable valuation on land and improvements located at 4500 Mira Loma Dr, Washoe County, Nevada.

The following exhibits were submitted into evidence:

**Petitioner**

**Exhibit A**: Cash flow statement, 4 pages.

**Exhibit B**: Income comparison and rent summary, 5 pages.

**Exhibit C**: Capitalization rate comparison, 1 page.

**Assessor**

**Exhibit I:** Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 123 pages.

Chaim Freeman provided testimony on behalf of the Petitioner.

Mike Churchfield, Appraiser, provided testimony on behalf of the Assessor's Office.

For the discussion that took place on this hearing, see DISCUSSION AND CONSOLIDATION – PARCEL NOS. 021-281-06, 021-281-07 & 021-282-01 – ROSEWOOD PARK LLC – HEARING NOS. 11-0102A, 11-0102B & 11-0102C.

With regard to Parcel No. 021-281-06, pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Woodland, seconded by Member Green, which motion carried on a 3-2 vote with Chairman Covert and Member Brown voting "no," it was ordered that the Assessor's taxable values be upheld for tax year 2011-12. It was found that the Petitioner failed to meet his/her burden to show that the full cash value of the property is less than the taxable value computed for the property.

**11-0214E      PARCEL NO. 021-281-07 – ROSEWOOD PARK LLC**  
**– HEARING NO. 11-0102B**

A Petition for Review of Assessed Valuation was received protesting the 2011-12 taxable valuation on land and improvements located at 4650 Foxfire Dr, Washoe County, Nevada.

The following exhibits were submitted into evidence:

**Petitioner**

**Exhibit A:** Cash flow statement, 4 pages.

**Exhibit B:** Income comparison and rent summary, 5 pages.

**Exhibit C:** Capitalization rate comparison, 1 page.

**Assessor**

**Exhibit I:** Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 123 pages.

Chaim Freeman provided testimony on behalf of the Petitioner.

Mike Churchfield, Appraiser, provided testimony on behalf of the Assessor's Office.

For the discussion that took place on this hearing, see DISCUSSION AND CONSOLIDATION – PARCEL NOS. 021-281-06, 021-281-07 & 021-282-01 – ROSEWOOD PARK LLC – HEARING NOS. 11-0102A, 11-0102B & 11-0102C.

With regard to Parcel No. 021-281-07, pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Woodland, seconded by Member Green, which motion carried on a 3-2 vote with Chairman Covert and Member Brown voting "no," it was ordered that the Assessor's taxable values be upheld for tax year 2011-12. It was found that the Petitioner failed to meet his/her burden to show that the full cash value of the property is less than the taxable value computed for the property.

**11-0215E      PARCEL NO. 021-282-01 – ROSEWOOD PARK LLC  
– HEARING NO. 11-0102C**

A Petition for Review of Assessed Valuation was received protesting the 2011-12 taxable valuation on land and improvements located at 4650 Sierra Madre Dr, Washoe County, Nevada.

The following exhibits were submitted into evidence:

**Petitioner**

Exhibit A: Cash flow statement, 4 pages.

Exhibit B: Income comparison and rent summary, 5 pages.

Exhibit C: Capitalization rate comparison, 1 page.

**Assessor**

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 123 pages.

Chaim Freeman provided testimony on behalf of the Petitioner.

Mike Churchfield, Appraiser, provided testimony on behalf of the Assessor's Office.

For the discussion that took place on this hearing, see DISCUSSION AND CONSOLIDATION – PARCEL NOS. 021-281-06, 021-281-07 & 021-282-01 – ROSEWOOD PARK LLC – HEARING NOS. 11-0102A, 11-0102B & 11-0102C.

With regard to Parcel No. 021-282-01, pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Woodland, seconded by Member Green, which motion carried on a 3-2 vote with Chairman Covert and Member Brown voting "no," it was ordered that the Assessor's taxable values be upheld for tax year 2011-12. It was found that the Petitioner failed to meet his/her burden to show that the full cash value of the property is less than the taxable value computed for the property.

**11-0216E      PARCEL NO. 004-091-10 – BULLIS, GARY G & LOUISE A**  
**– HEARING NO. 11-0283**

A Petition for Review of Assessed Valuation was received protesting the 2011-12 taxable valuation on land and improvements located at 2025 Wedekind Rd, Washoe County, Nevada.

The following exhibits were submitted into evidence:

**Petitioner**

**Exhibit A:** Parcel map, 1 page.

**Assessor**

**Exhibit I:** Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 13 pages.

On behalf of the Petitioner, Gary Bullis was sworn in by Chief Deputy Clerk Nancy Parent.

On behalf of the Assessor and having been previously sworn, Mike Churchfield, Appraiser, oriented the Board as to the location of the subject property. He identified the property as a 16-unit apartment complex.

Mr. Bullis indicated he was appealing the taxable land value on his property. He noted the parcels of land adjacent to the subject were valued at \$1.30 per square foot, \$1.37 per square foot, and \$3.84 per square foot. He stated the subject property was valued at \$5.60 per square foot and should be reduced to equalize it with the other land values. He pointed out the various parcels on an overhead map display.

Appraiser Churchfield explained the land for parcels with apartment buildings on them was valued on a per-unit basis. He indicated there were 16 apartment units on the subject parcel and the taxable land value was \$8,500 per unit, which was in equalization with the neighbors and with other parcels in the surrounding area. He pointed out the adjacent parcels had different numbers of units and different lot sizes, and the parcels were not valued using a square foot approach. He said the value of \$8,500 per unit was fairly low by all standards, and that it took such things as water rights and development costs into account. He referenced the land sales provided in Exhibit I. Although the sales were dated, he observed there was one land sale on Selmi Drive that had previously been a dump site. He noted the Selmi Drive purchase price had been \$12,037 per unit, and the sale occurred before any site work or infrastructure was in place. He stated the land was valued on a per-unit basis to deal with the highest and best use for a property and to value it fairly relative to its income.

Chairperson Covert said it would seem the number of units should go into the improvement value rather than into the land. He wondered why the land would be

different between one parcel with one-story units on it and a similar parcel with three-story units. Josh Wilson, County Assessor, replied there were statutory requirements to value property "in use." If the parcels were all vacant and had the same zoning, he reasoned the land value would theoretically be the same because the highest and best use would be to maximize the number of units on each parcel. Based on its current use, he explained the subject property had a higher density or more intense use than the adjacent parcels the Petitioner was comparing it to. He stated it was the Assessor's opinion that the land value was higher on a parcel that could carry 16 units versus an adjacent parcel that carried fewer units. Chairperson Covert questioned why one handful of dirt would be worth more than another just because it had more units on it. Mr. Wilson indicated it was based on the utility of the land. Chairperson Covert suggested the utility of the land was at the discretion of the owner. Mr. Wilson noted it should theoretically have been maximized based on the zoning at the time. Chairperson Covert observed the zoning of the subject parcel was not different from the adjacent parcels. Mr. Wilson indicated the use was different. He stated the land on a parcel with four units on it would sell for significantly less than a parcel that had 12 or 16 units on it.

Member Green inquired how many units were on Parcel No. 004-091-26. Mr. Bullis indicated there were 24 two-bedroom units on the parcel, as opposed to the 16 studio units on his parcel. Appraiser Churchfield agreed that was correct. Member Green asked about the zoning on the subject property. Appraiser Churchfield indicated the subject's zoning was MF-30 (30 units per acre). Member Green pointed out that the Petitioner could rebuild if his 16 units burned down. Appraiser Churchfield agreed.

Member Horan said he understood conceptually that the Assessor's Office was allocating value based on the use. He suggested the value should be looked at in totality rather than just by the number of units. Mr. Wilson pointed out the purpose of any appraisal assignment was to determine the best unit of comparison. In the case of the subject property, he noted the property would generally be bought and sold based on how many units could be leased or rented. Chairperson Covert indicated he understood the concept but was having difficulty agreeing with it. He observed the land value on a property that had older units would be hit hard when compared to one with newer construction. Mr. Wilson stated age was not taken into consideration for the land value. Chairperson Covert pointed out the subject had studio apartments and the adjacent parcel had two-bedroom units. Mr. Wilson commented that such analysis would be done using the income approach and looking at the total taxable value of a property, but the Petitioner only wanted to look at the taxable land value.

Member Green asked if Parcel No. 004-091-26 was also valued at \$8,500 per unit. Appraiser Churchfield confirmed that it was. He stated the per unit values were based on overall area because it was not possible to know how many people were in each unit. He noted apartments in the Redhawk area had land values of \$10,000 per unit because they received higher rents.

Mr. Bullis commented that land value was the only issue to be considered. He said the Board's statutory purpose was to equalize value. He suggested the

comparisons offered by the Assessor's Office failed to meet any burden of proof. He pointed out the Selmi Drive property that was used as a comparable land sale had 216 units built on it and the land sale took place at the height of the market in 2008. He stated the improved sales shown in Exhibit I were not comparable with the subject's location. He noted the subject property had a 50 percent vacancy rate even though the rents had been lowered from \$575 to \$399 per month and he was not asking for security deposits. He characterized the neighborhood as the worst location in town. He said there had been shootings next door and the police were called to the adjacent property at least once a month.

Mr. Bullis indicated the taxable land value would be \$17,680 if equalized to \$1.30 per square foot and \$52,224 if equalized to \$3.84 per square foot. He disagreed with the statement that the same number of units could be built if the apartment buildings were to burn down. He said the lot had an extremely steep grade and a ten-foot retaining wall had been put in directly off of Wedekind Road when the older units were built. Renters could not use the driveway on the west side when it was icy and it probably did not meet code because it was so steep. He said a lot of kids walked down the property's steep hill as they left Hug High School, which created additional liability concerns in the winter. He suggested the adjacent lot to the east that had 24 units on it was more comparable, but did not have any access problems in the wintertime.

Member Horan remarked it was difficult to change the land or improvement values independently because they worked together and the price for land was a factor of the overall assessment. Mr. Wilson explained the Assessor was required to separate the land and improvements under Nevada's taxable value system. He agreed with the Petitioner that the parcel next door had more units, but pointed out it also had more land area. Member Horan asked if the methodology of appraising value per unit was consistently applied among all the parcels. Mr. Wilson indicated that it was.

Mr. Bullis argued that a per unit approach should be done based on the number of rooms in each unit and what each unit could rent for, or by what was rented per square foot. He pointed out that the two lots with land values of \$1.30 and \$1.33 per square foot had been up for sale for a long period of time but had not sold at their appraised prices.

Chairperson Covert said he understood and recognized that the appraiser's method was consistent but he did not think it was fair at all. He indicated he might give more credence to the method if all the units were identical on all of the properties. Member Brown pointed out it was based on the highest and best use. Member Green agreed and observed the Petitioner was obviously getting the best possible use he could out of the parcel. He stated he had arrived at a value of \$390,000 based on square footage and the number of units. He said he initially thought the Appellant had a good case until he looked at from the standpoint of highest and best use, which was what the Assessor and the Board had to do. He recommended upholding the Assessor's value. Chairperson Covert remarked that he did not disagree, but wondered about the subject's topography.

Member Green observed that it would put other properties out of equalization if the base unit value on the land was changed. Member Horan agreed with Member Green.

With regard to Parcel No. 004-091-10, pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Brown, seconded by Member Green, which motion carried on a 4-1 vote with Chairman Covert voting "no," it was ordered that the Assessor's taxable values be upheld for tax year 2011-12. It was found that the Petitioner failed to meet his/her burden to show that the full cash value of the property is less than the taxable value computed for the property.

**12:46 p.m.** Chairperson Covert declared a brief recess.

**1:31 p.m.** The Board reconvened with all members present.

**DISCUSSION AND CONSOLIDATION – PARCEL NOS.**  
**035-051-25 & 035-170-01 – SIERRA POINT LLC**  
**– HEARING NOS. 11-0590A & 11-0590B**

On behalf of the Petitioner, Don Wilkerson was sworn in by Chief Deputy Clerk Nancy Parent.

On behalf of the Assessor and having been previously sworn, Mike Churchfield, Appraiser, oriented the Board as to the location of the subject property. He reviewed the recommendation of the Assessor's Office to reduce the total taxable value by applying obsolescence to the improvements. He indicated the Appellant had supplied income data and presented leasing issues to support the reduction. Mr. Wilkerson stated he was in agreement with the recommendation.

Please see 11-0217E and 11-0218E below for the details concerning the petition, exhibits and decision related to each of the properties in the consolidated hearing.

**11-0217E** **PARCEL NO. 035-051-25 – SIERRA POINT LLC**  
**– HEARING NO. 11-0590A**

A Petition for Review of Assessed Valuation was received protesting the 2011-12 taxable valuation on land and improvements located at 4400 El Rancho Dr, Washoe County, Nevada.

The following exhibits were submitted into evidence:

**Petitioner**  
None.

**Assessor**

**Exhibit I:** Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 32 pages.

Don Wilkerson was present to offer testimony on behalf of the Petitioner.

Mike Churchfield, Appraiser, offered testimony on behalf of the Assessor's Office.

For the discussion that took place on this hearing, see DISCUSSION AND CONSOLIDATION – PARCEL NOS. 035-051-25 & 035-170-01 – SIERRA POINT LLC – HEARING NOS. 11-0590A & 11-0590B.

With regard to Parcel No. 035-051-25, pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Woodland, seconded by Member Brown, which motion duly carried, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced by \$780,640 in obsolescence, resulting in a taxable improvement value of \$2,375,336 and a total taxable value of \$2,996,136 for tax year 2011-12. The reduction was based on the Assessor's recommendation. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

**11-0218E      PARCEL NO. 035-170-01 – SIERRA POINT LLC**  
**– HEARING NO. 11-0590B**

A Petition for Review of Assessed Valuation was received protesting the 2011-12 taxable valuation on land and improvements located at 4700 Sun Valley Blvd, Washoe County, Nevada.

The following exhibits were submitted into evidence:

**Petitioner**

None.

**Assessor**

**Exhibit I:** Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 32 pages.

Don Wilkerson was present to offer testimony on behalf of the Petitioner.

Mike Churchfield, Appraiser, offered testimony on behalf of the Assessor's Office.

For the discussion that took place on this hearing, see DISCUSSION AND CONSOLIDATION – PARCEL NOS. 035-051-25 & 035-170-01 – SIERRA POINT LLC – HEARING NOS. 11-0590A & 11-0590B.

With regard to Parcel No. 035-170-01, pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Woodland, seconded by Member Horan, which motion duly carried, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced by \$780,640 in obsolescence, resulting in a taxable improvement value of \$2,383,764 and a total taxable value of \$3,188,864 for tax year 2011-12. The reduction was based on the Assessor's recommendation. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

**11-0219E      PARCEL NOS. LISTED BELOW – CAVIATA ATTACHED**  
**HOMES LLC – HEARING NOS. 11-0307A THROUGH 11-0307B7**

A Petition for Review of Assessed Valuation was received protesting the 2011-12 taxable valuation on land and improvements located at 950 Henry Orr Pkwy, Washoe County, Nevada.

The following exhibits were submitted into evidence:

**Petitioner**

**Exhibit A:** Letter and financial data, 10 pages.

**Assessor**

**Exhibit I:** Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 20 pages.

On behalf of the Petitioner, Ellen Riley was sworn in by Chief Deputy Clerk Nancy Parent.

On behalf of the Assessor and having been previously sworn, Mike Churchfield, Appraiser, oriented the Board as to the location of the subject property. He identified the property as a 184-unit condo/apartment complex.

Chairperson Covert noted there was a recommendation from the Assessor's Office in Exhibit I. Appraiser Churchfield apologized and stated "Reduction" was marked in error on Exhibit I. He clarified the recommendation of the Assessor's Office was to uphold the values on the subject properties.

Ms. Riley said the Petitioner's concerns were related to the capitalization rate and net operating income (NOI) used in the Assessor's income approach. She pointed out the Assessor's opinion of value was based on operating income figures that

were issued before the end of the year. She requested a total taxable value of \$16,926,437 based on the Petitioner's actual NOI of \$1,354,115 and an 8 percent capitalization rate.

Appraiser Churchfield stated the subject property had been built to condominium specifications. It was individually parceled for units that were roughly 1,300 square feet and each unit included a garage. He noted a May 11, 2010 appraisal on the Waterstone, a 204-unit complex about a block up the road, had come in at \$22,150,000 or \$109,000 per unit. He compared that to the total taxable value of \$99,446 per unit for the 184-unit subject property. Chairperson Covert observed the Board did not have a copy of the appraisal. Appraiser Churchfield agreed they did not. He indicated the condominium units were being rented as apartments, and the income would never support the project build out. He suggested the units could be sold one by one when the market rebounded. He said the income approach gave an indicated value of \$19,800,000, but the total taxable value of \$19,800,000 was well supported based on the sales approach and the appraisal.

Ms. Riley pointed out the Waterstone appraisal was well over six months old and would have to be updated before it could be relied on for sales purposes. She acknowledged the Waterstone had been a sister project to the subject property, but the floor plans were slightly different. Both projects had been through bankruptcy court. She stated the last written offer received on the subject property had been a \$16 million letter of intent received in December 2009. Chairperson Covert asked if that represented the Petitioner's opinion of current market value. Ms. Riley said she thought it was pretty close.

Member Brown inquired about the subject's occupancy rate. Ms. Riley replied it was consistently running at 95 to 98 percent. She indicated the rents were pretty close to market rent, and concessions were still being offered at a rate of about \$3,000 to \$5,000 per month. She explained the property was being managed under Chapter 11 bankruptcy and extremely aggressive concessions were offered in early 2010 to bring it back up to full occupancy. The rents were then slowly increased to market once full occupancy was achieved.

With regard to the parcels listed below, pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Woodland, seconded by Member Green, which motion duly carried, it was ordered that the Assessor's taxable values be upheld for tax year 2011-12. It was found that the Petitioner failed to meet his/her burden to show that the full cash value of the property is less than the taxable value computed for the property.

| CAVIATA ATTACHED HOMES<br>(Total of 184 parcels) |            |            |            |            |
|--|------------|------------|------------|------------|
| 510-582-33                                       | 510-583-54 | 510-583-91 | 510-585-48 | 510-586-45 |
| 510-582-34                                       | 510-583-55 | 510-583-92 | 510-585-49 | 510-586-46 |
| 510-582-35                                       | 510-583-56 | 510-583-93 | 510-585-50 | 510-586-47 |
| 510-582-36                                       | 510-583-57 | 510-583-94 | 510-585-51 | 510-586-48 |

| <b>CAVIATA ATTACHED HOMES</b> |            |            |            |            |
|-------------------------------|------------|------------|------------|------------|
| <b>(Total of 184 parcels)</b> |            |            |            |            |
| 510-582-37                    | 510-583-58 | 510-583-95 | 510-585-52 | 510-586-49 |
| 510-582-38                    | 510-583-59 | 510-583-96 | 510-585-53 | 510-586-50 |
| 510-582-39                    | 510-583-60 | 510-584-25 | 510-585-54 | 510-586-51 |
| 510-582-40                    | 510-583-61 | 510-584-26 | 510-585-55 | 510-586-52 |
| 510-582-41                    | 510-583-62 | 510-584-27 | 510-585-56 | 510-586-53 |
| 510-582-42                    | 510-583-63 | 510-584-28 | 510-585-57 | 510-586-54 |
| 510-582-43                    | 510-583-64 | 510-584-29 | 510-585-58 | 510-586-55 |
| 510-582-44                    | 510-583-65 | 510-584-30 | 510-585-59 | 510-586-56 |
| 510-582-45                    | 510-583-66 | 510-584-31 | 510-585-60 | 510-586-57 |
| 510-582-46                    | 510-583-67 | 510-584-32 | 510-585-61 | 510-586-58 |
| 510-582-47                    | 510-583-68 | 510-584-33 | 510-585-62 | 510-586-59 |
| 510-582-48                    | 510-583-69 | 510-584-34 | 510-585-63 | 510-586-60 |
| 510-582-49                    | 510-583-70 | 510-584-35 | 510-585-64 | 510-586-61 |
| 510-582-50                    | 510-583-71 | 510-584-36 | 510-585-65 | 510-586-62 |
| 510-582-51                    | 510-583-72 | 510-584-37 | 510-585-66 | 510-586-63 |
| 510-582-52                    | 510-583-73 | 510-584-38 | 510-585-67 | 510-586-64 |
| 510-582-53                    | 510-583-74 | 510-584-39 | 510-585-68 | 510-586-65 |
| 510-582-54                    | 510-583-75 | 510-584-40 | 510-585-69 | 510-586-66 |
| 510-582-55                    | 510-583-76 | 510-584-41 | 510-585-70 | 510-586-67 |
| 510-582-56                    | 510-583-77 | 510-584-42 | 510-585-71 | 510-586-68 |
| 510-582-57                    | 510-583-78 | 510-584-43 | 510-585-72 | 510-586-69 |
| 510-582-58                    | 510-583-79 | 510-584-44 | 510-585-73 | 510-586-70 |
| 510-582-59                    | 510-583-80 | 510-584-45 | 510-585-74 | 510-586-71 |
| 510-582-60                    | 510-583-81 | 510-584-46 | 510-585-75 | 510-586-72 |
| 510-582-61                    | 510-583-82 | 510-584-47 | 510-585-76 | 510-586-73 |
| 510-582-62                    | 510-583-83 | 510-584-48 | 510-585-77 | 510-586-74 |
| 510-582-63                    | 510-583-84 | 510-585-41 | 510-585-78 | 510-586-75 |
| 510-582-64                    | 510-583-85 | 510-585-42 | 510-585-79 | 510-586-76 |
| 510-583-49                    | 510-583-86 | 510-585-43 | 510-585-80 | 510-586-77 |
| 510-583-50                    | 510-583-87 | 510-585-44 | 510-586-41 | 510-586-78 |
| 510-583-51                    | 510-583-88 | 510-585-45 | 510-586-42 | 510-586-79 |
| 510-583-52                    | 510-583-89 | 510-585-46 | 510-586-43 | 510-586-80 |
| 510-583-53                    | 510-583-90 | 510-585-47 | 510-586-44 |            |

**11-0220E PARCEL NO. 031-292-49 – NEVADA AFFORDABLE HOUSING TRUST #111209 – HEARING NO. 11-0126**

A Petition for Review of Assessed Valuation was received protesting the 2011-12 taxable valuation on land and improvements located at 2560 E St, Washoe County, Nevada.

The following exhibits were submitted into evidence:

**Petitioner**

**Exhibit A:** Property information and comparable sale, 3 pages.

**Exhibit B:** Market comparison information, 5 pages.

**Assessor**

**Exhibit I:** Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 13 pages.

On behalf of the Petitioner, Steve Baygents was sworn in by Chief Deputy Clerk Nancy Parent.

On behalf of the Assessor and having been previously sworn, Mike Churchfield, Appraiser, oriented the Board as to the location of the subject property. He indicated the subject consisted of ten units.

Mr. Baygents based his appeal on the income approach. He said he purchased the subject property for \$276,000 at a foreclosure sale (see Exhibit B). He stated he had been the only active bidder among 25 qualified bidders at an auction on the courthouse steps. He indicated he had paid too much and property values had gone down further in the subsequent 15 months. He noted the Assessor's Office used an assumed income of \$30,000 to determine value. Mr. Baygents explained he had not provided a profit and loss statement because he was unfamiliar with the process. There were two paying tenants when he purchased the subject property in November 2009. It took about a year to reach 75 percent occupancy. There had been a substantially negative cash flow during that year and he spent another \$70,000 to keep things going and do the necessary repairs. He suggested a value of \$231,000 based on a 20 percent vacancy rate, a 50 percent allowance for repairs and operating expenses, and an 8 percent capitalization rate.

Appraiser Churchfield indicated the subject property was previously listed at \$599,000 and then sold at a foreclosure auction. He said he did not take the auction price into account because it was much lower than other sales in the market. He reviewed the comparable sales provided in Exhibit I. Chairperson Covert wondered if the locations on Court and Taylor Streets were comparable to the subject property. Appraiser Churchfield characterized the subject's location as inferior to the two downtown comparables. He noted the subject property had a taxable value of \$32,521 per unit, which compared to taxable values of \$45,000 and \$40,000 per unit for the comparables. He arrived at an indicated value of \$401,000 using the income approach with rents of \$525 per unit, a 15 percent vacancy rate, a 40 percent expense ratio, and an 8 percent capitalization rate. He said he was comfortable with the Assessor's taxable value.

Chairperson Covert commented that all of the real estate and appraisal people he had talked to considered foreclosure sales to be part of the market. He wondered how the Assessor's Office dealt with the issue, since there seemed to be more

and more of them. Appraiser Churchfield acknowledged it was a problem. He pointed out that properties sold on the courthouse steps were not being offered to the general public at a set price. Josh Wilson, County Assessor, indicated an auction on the Courthouse steps may or may not be reflective of the market. He suggested such sales needed to be looked at much more closely than properties coming out of foreclosure that were listed and exposed to the market for a typical period of time. He said the subject seemed to represent a low end of the market based on the other comparable sales.

Chairperson Covert inferred the subject was a distressed property when the Appellant bought it. He inquired about the number of renters and the condition of the property when it was purchased. Mr. Baygents indicated there had been four renters living there but only two were paying. He stated the property had been in extremely bad condition and he put just enough money in to get it rented. He noted the rents had previously been \$695 and he thought he could get that amount when he bought the property. He said he had been unable to find renters until the rent was reduced to \$525. Chairperson Covert wondered how old the property was. Mr. Baygents replied it was built in 1978.

Member Horan asked how much the Appellant put into the property after purchase. Mr. Baygents said he put in an additional \$70,000 during the first year, most of which went to repairs. He acknowledged there would be normal maintenance expenses going forward. He indicated his expenses were likely to run a little more than 50 percent. He stated the rents of \$525 per month, with 80 percent occupancy, and a 50 percent expense ratio would still not justify the Assessor's taxable value.

Chairperson Covert wondered if the Appellant agreed with the Assessor's 15 percent vacancy rate. Mr. Baygents suggested 20 percent vacancy.

Member Horan pointed out the Appellant clearly thought the subject property was worth it when he paid \$276,000 and then put in another \$70,000 for repairs. Mr. said he realized he made a mistake after he bought the property. He then had no other choice but to bring it up to standard in order to get it rented. Member Green observed there was an annual income of \$42,000 with seven rentals. Josh Wilson, County Assessor, noted a 9 percent capitalization rate was used for many distressed types of properties. He pointed out the higher capitalization rate helped to account for an increased vacancy rate because it represented more risk. Member Green agreed and suggested the subject might be closer to a 10 percent capitalization rate.

Chairperson Covert calculated a total value of \$297,500 using a 50 percent expense ratio and 9 percent capitalization rate. A total value of \$267,750 was calculated based on a 10 percent capitalization rate. Member Green said he liked the value using the 9 percent capitalization rate. He noted the property had already been fixed up. Chairperson Covert agreed.

With regard to Parcel No. 031-292-49, pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member

Woodland, seconded by Member Brown, which motion duly carried, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced by \$27,713 in obsolescence, resulting in a taxable improvement value of \$192,500 and a total taxable value of \$297,500 for tax year 2011-12. The reduction was based on a 50 percent expense ratio and 9 percent capitalization rate using the income approach to value. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

**11-0221E      PARCEL NO. 009-722-10 – MOSS, ESTELLE**  
**– HEARING NO. 11-0297E10**

A Petition for Review of Assessed Valuation was received requesting exemption for the 2010-11 taxable valuation on land and improvements located at 215 Falling Water Ct, Washoe County, Nevada.

The following exhibits were submitted into evidence:

**Petitioner**

Exhibit A: Note of explanation, 1 page.

**Assessor**

Exhibit I: Assessor's Hearing Evidence Packet, 3 pages.

No one was present to offer testimony on behalf of the Petitioner.

On behalf of the Assessor and having been previously sworn, Ivy Diezel, Systems Support Analyst, indicated the Petitioner was qualified to receive the exemption under NRS 361.080. She noted the Petitioner initially asked to use the exemption on her vehicle. Her request to transfer the exemption to her real estate was filed after the deadline of June 15, 2010.

Member Horan asked if the Board could grant exemptions that had been filed after the deadline. Herb Kaplan, Legal Counsel, explained the applicable statute had been amended approximately two years previously to allow appeals to the Board; even for claims filed after the deadline. The statute did not specify a requirement of good cause or any other reasoning in order for the Board to grant exemptions.

With regard to Parcel No. 009-722-10, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Woodland, seconded by Member Horan, which motion duly carried, it was ordered that the Petitioner be granted exemption for property taxes for tax year 2010-11, pursuant to NRS 361.080.

**CONSOLIDATION AND DISCUSSION – PARCEL NOS. 013-150-22  
& 013-150-34 – MULTNOMAH BIBLE COLLEGE  
– HEARING NOS. 11-0298E10 & 11-0299E10**

On behalf of the Assessor and having been previously sworn, Ivy Diezel, Systems Support Analyst, indicated the Petitioner was qualified to receive the exemptions under NRS 361.105. She noted the claim to use the corporate exemptions on real estate had been filed after the deadline of June 15, 2010.

Please see 11-0222E through 11-0223E below for the details concerning the petition, exhibits and decision related to each of the properties in the consolidated hearing.

**11-0222E      PARCEL NO. 013-150-22 – MULTNOMAH BIBLE COLLEGE  
– HEARING NO. 11-0298E10**

A Petition for Review of Assessed Valuation was received requesting exemption for the 2010-11 taxable valuation on land and improvements located at 1100 Kietzke Ln, Washoe County, Nevada.

The following exhibits were submitted into evidence:

**Petitioner**

Exhibit A: Letter, 2 pages.

**Assessor**

Exhibit I: Assessor's Hearing Evidence Packets, 5 pages.

No one was present to offer testimony on behalf of the Petitioner.

Ivy Diezel, Department Systems Support Analyst, offered testimony on behalf of the Assessor's Office.

For the discussion that took place on this hearing, see DISCUSSION AND CONSOLIDATION – PARCEL NOS. 013-150-22 & 013-150-34 – MULTNOMAH BIBLE COLLEGE – HEARING NOS. 11-0298E10 & 11-0299E10.

With regard to Parcel No. 013-150-22, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Woodland, seconded by Member Horan, which motion duly carried, it was ordered that the Petitioner be granted exemption for property taxes for tax year 2010-11, pursuant to NRS 361.105.

**11-0223E      PARCEL NO. 013-150-34 – MULTNOMAH BIBLE COLLEGE  
– HEARING NO. 11-0299E10**

A Petition for Review of Assessed Valuation was received requesting exemption for the 2010-11 taxable valuation on land and improvements located at 0 Kietzke Ln, Washoe County, Nevada.

The following exhibits were submitted into evidence:

**Petitioner**

Exhibit A: Letter, 2 pages.

**Assessor**

Exhibit I: Assessor's Hearing Evidence Packet, 5 pages.

No one was present to offer testimony on behalf of the Petitioner.

Ivy Diezel, Department Systems Support Analyst, offered testimony on behalf of the Assessor's Office.

For the discussion that took place on this hearing, see DISCUSSION AND CONSOLIDATION – PARCEL NOS. 013-150-22 & 013-150-34 – MULTNOMAH BIBLE COLLEGE – HEARING NOS. 11-0298E10 & 11-0299E10.

With regard to Parcel No. 013-150-34, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Woodland, seconded by Member Horan, which motion duly carried, it was ordered that the Petitioner be granted exemption for property taxes for tax year 2010-11, pursuant to NRS 361.105.

**11-0224E      PARCEL NO. 012-172-16 – WASHOE-MILL APARTMENTS  
– HEARING NO. 11-0543E10**

A Petition for Review of Assessed Valuation was received requesting exemption for the 2010-11 taxable valuation on land and improvements located at 1375 Mill St, Washoe County, Nevada.

The following exhibits were submitted into evidence:

**Petitioner**

None.

**Assessor**

Exhibit I: Assessor's Hearing Evidence Packet, 9 pages.

No one was present to offer testimony on behalf of the Petitioner.

On behalf of the Assessor and having been previously sworn, Ivy Diezel, Department Systems Support Analyst, indicated the property owners who made the appeal had not owned the subject property on July 1, 2010 and therefore did not qualify for exemption under NRS 361.082. She stated the prior owners of the property did not qualify for an exemption.

With regard to Parcel No. 012-172-16, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Brown, seconded by Member Horan, it was ordered that the Petitioner be denied the requested exemption for property taxes pursuant to NRS 361.082 for tax year 2010-11, as the Petitioner failed to establish at least one of the requirements for that exemption.

**2:35 p.m.** Member Woodland temporarily left the meeting.

**11-0225E PARCEL NO. 400-040-13 – LIVERMORE PORTFOLIO  
INVESTORS – HEARING NO. 11-0186**

A Petition for Review of Assessed Valuation was received protesting the 2011-12 taxable valuation on land and improvements located at 4775 Summit Ridge Dr, Washoe County, Nevada.

The following exhibits were submitted into evidence:

**Petitioner**

**Exhibit A:** Profit & loss variance, rent roll, and income statements, 13 pages.

**Assessor**

**Exhibit I:** Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 41 pages.

No one was present to offer testimony on behalf of the Petitioner.

On behalf of the Assessor and having been previously sworn, Mike Churchfield, Appraiser, oriented the Board as to the location of the subject property. He identified the property as a 276-unit apartment complex. He reviewed the income approach to value that was provided in Exhibit I. He indicated he had spoken with the Appellant, who disagreed with the capitalization rate used by the Assessor. He said he was comfortable with the 8 percent capitalization rate used in the income approach. Chairperson Covert asked if the appraiser felt the subject property was out of equalization with properties heard earlier in the day that received reductions using a 50 percent expense ratio. Appraiser Churchfield noted the subject property was in a superior location when compared to the previously heard properties.

Chairperson Covert noted the Petitioner was requesting a total taxable value of \$15,000,000 based on a capitalization rate of 8.1 percent and declining revenues.

**2:39 p.m.** Member Woodland returned.

With regard to Parcel No. 400-040-13, pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Horan, seconded by Member Brown, which motion duly carried on a 4-0 vote with Member Woodland abstaining, it was ordered that the Assessor's taxable values be upheld for tax year 2011-12. It was found that the Petitioner failed to meet his/her burden to show that the full cash value of the property is less than the taxable value computed for the property.

**CONSOLIDATION AND DISCUSSION – PARCEL NOS. 011-178-05  
& 011-178-04 – SBT10 LLC – HEARING NOS. 11-0583B & 11-0583A**

On behalf of the Assessor and having been previously sworn, Mike Churchfield, Appraiser, oriented the Board as to the location of the subject property. He identified the property as an 18-unit apartment complex. He stated the Petitioner was in agreement with the recommendation of the Assessor's Office to reduce the taxable value based on the income approach provided in Exhibit I.

Josh Wilson, County Assessor, suggested the Board apply obsolescence to Parcel No. 011-178-04 and uphold the taxable values on Parcel No. 011-178-05.

Please see 11-0226E through 11-0227E below for the details concerning the petition, exhibits and decision related to each of the properties in the consolidated hearing.

**11-0226E PARCEL NO. 011-178-05 – SBT10 LLC – HEARING NO. 11-0583B**

A Petition for Review of Assessed Valuation was received protesting the 2011-12 taxable valuation on land and improvements located at 132 State St, Washoe County, Nevada.

The following exhibits were submitted into evidence:

**Petitioner**

None.

**Assessor**

**Exhibit I:** Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 17 pages.

No one was present to offer testimony on behalf of the Petitioner.

Appraiser Mike Churchfield offered testimony on behalf of the Assessor's Office.

For the discussion that took place on this hearing, see DISCUSSION AND CONSOLIDATION – PARCEL NOS. 011-178-05 & 011-178-04 – SBT10 LLC – HEARING NOS. 11-0583B & 11-0583A.

With regard to Parcel No. 011-178-05, pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Woodland, seconded by Member Horan, which motion duly carried, it was ordered that the Assessor's taxable values be upheld for tax year 2011-12. It was found that the Petitioner failed to meet his/her burden to show that the full cash value of the property is less than the taxable value computed for the property.

**11-0227E      PARCEL NO. 011-178-04 – SBT10 LLC – HEARING NO. 11-0583A**

A Petition for Review of Assessed Valuation was received protesting the 2011-12 taxable valuation on land and improvements located at 123 Pine St, Washoe County, Nevada.

The following exhibits were submitted into evidence:

**Petitioner**

None.

**Assessor**

**Exhibit I:** Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 17 pages.

No one was present to offer testimony on behalf of the Petitioner.

Appraiser Mike Churchfield offered testimony on behalf of the Assessor's Office.

For the discussion that took place on this hearing, see DISCUSSION AND CONSOLIDATION – PARCEL NOS. 011-178-05 & 011-178-04 – SBT10 LLC – HEARING NOS. 11-0583B & 11-0583A.

With regard to Parcel No. 011-178-04, pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Woodland, seconded by Member Horan, which motion duly carried, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced by \$10,529 in obsolescence, resulting in a taxable improvement value of \$115,518 and a total taxable value of \$312,918 for tax year 2011-12. The reduction was based on the Assessor's recommendation. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

**11-0228E      BOARD MEMBER COMMENTS**

There were no Board member comments.

**11-0229E      PUBLIC COMMENT**

There was no response to the call for public comment.

\*      \*      \*      \*      \*      \*      \*      \*      \*

**2:50 p.m.**      There being no further hearings or business to come before the Board, on motion by Member Woodland, seconded by Member Horan, which motion duly carried, the meeting was adjourned.

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**JAMES COVERT**, Chairperson  
Washoe County Board of Equalization

ATTEST:

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**AMY HARVEY**, County Clerk  
and Clerk of the Washoe County  
Board of Equalization

*Minutes prepared by  
Lisa McNeill, Deputy Clerk*