

OCTOBER 7, 1991

The Special Master for the Value Adjustment Board, Manatee County, Florida, convened a REGULAR hearing in the Administrative Center, 1112 Manatee Avenue West, Bradenton, Florida, Monday, October 7, 1991 at 9:01 a.m.

Presiding was: Beth Antrim-Berger, Special Master

Also present were:

Lowell Walden, Alternate Special Master
Susan G. French, Deputy Clerk, representing
R. B. Shore, Clerk of Circuit Court
Donald Haddock, Attorney for Property Appraiser

Representatives of the various news media were present.

The meeting was called to order by Ms. Antrim-Berger.

All witnesses/staff giving testimony were duly sworn.

91-18 WILLIAM J. OSTERHOUDT - DENIED

Mr. Osterhoudt purchased Lot 31 in Phase II of Melwood Oaks Subdivision in May 1991 for \$52,500. Twelve sales took place between 1987 and 1990 in which comparable models sold at an average price of \$66,200. He stated his assessment should be \$52,331.

His unit is incorrectly classified as three bedroom rather than two bedroom. He stated a bedroom is understood to be a room with four walls, an entrance door and a closet. There is an area in his home where a desk sits, but is not considered a bedroom as it has three walls, no entrance door, and no closet. He classifies this space as a sitting area or a den.

There have also been inflated sales and sales with amenities. Many of the amenities promised by the developer have not materialized.

Hans Hollingsworth, Property Appraiser's Office, stated Melwood Oaks consists of three phases to date. Consideration must be given to the location and that sale prices increased as development took place. It was noted that the Oaks model was purchased from Coastal Federal as a foreclosure.

Mr. Osterhoudt addressed the amount of empty units in Melwood Oaks, recent repossessions, units that have been placed on the market, and unfinished units.

Mr. Antrim-Berger stated the information will be considered, and a recommendation made to the Value Adjustment Board.

91-20 LOUIS & MARYLOU BROYLES - DENIED

Mr. Broyles, owner of Unit 344 in Valencia Garden Condominium III, was assessed \$71,615. The property was purchased December 1988 for \$80,000. He referenced an attachment to his petition listing sales of identical units, and pointed out that Lots 337 and 342, which do not abut the golf course were assessed at \$63,331. He stated golf course property does not have higher value when factoring early hour disturbance and noise intrusion. He requested an equal assessment of \$63,331.

Mr. Hollingsworth distributed comparable sales data with the lowest comparable being \$81,000. He stated there is no difference between Lots 337, 342, and the subject property other than golf course frontage, and added that the units have a true market value of \$85,000.

Ms. Antrim-Berger stated that a recommendation will be made to the Value Adjustment Board.

91-22 & 23 ROBERT R. BREGI - DENIED

Mr. Bregi owned two condominium units in The Oaks; Unit 14 as an investment property and Unit 59 as his residence. Assessed valuation on Unit 14 increased from \$78,500 to \$88,583. It recently sold for \$84,900 with a net sale of \$76,278, which is below assessed value. Assessed valuation on Unit 59 increased from \$92,600 to \$116,714. Both units were purchased in 1983 and neither has had any changes or improvements. He had no comparable sales information.

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Three Maple models with smaller living areas than Unit 59 sold between \$121,000-\$130,000. Of the several comparables for Unit 14, the most comparable was Unit 53, located nearest the subject with a two-car garage and screened porch, same as the subject, but with an additional 150 square feet of living area, and was assessed \$94,229.

Ms. Antrim-Berger stated that a recommendation will be made to the Value Adjustment Board.

91-24 JAMES & MARY ZABIN - DENIED

Testimony: Petitioner/Representative not present. Determination based upon petition.

The property is Unit 32 of River Harbor West Condominiums.

Ms. Antrim-Berger stated the information submitted with the petition is not sufficient to overcome the presumption of correctness accorded the assessed value and therefore, recommended the petition be denied.

91-28 ADAM D. USTIC - DENIED

Testimony: Petitioner/Representative not present. Determination based upon petition.

Question was raised about a complaint in the petition whereby petitioner asserts being assessed for a private boat slip behind his unit.

Mr. Hollingsworth stated the boat slip was not assessed to Mr. Ustic.

Ms. Antrim-Berger stated the information submitted with the petition is not sufficient to overcome the presumption of correctness, and denial of the petition was recommended.

91-30 HENRY R. SCHMIDER - DENIED

Mr. Schmider stated the property is one of 38 condominium units in the Palms of Terra Ceia. Twenty-six of the thirty-eight units are owned by a secondary and possible tertiary developer. The unit was purchased September 1985 for \$123,500. Assessed value is \$46,437. He estimates fair market value at \$33,650.

Mr. Hollingsworth stated the condominium is experiencing substantial problems involving the City of Palmetto which holds an \$11.5 million bond on the development, and the creation of a special taxing district. Comparable sales were provided.

Ms. Antrim-Berger stated the information will be reviewed, and a recommendation will be made to the Value Adjustment Board.

91-31 NEIL T. & PHYLLIS REDFORD - DENIED

Testimony: Petitioner/Representative not present. Determination based upon petition.

Mr. Hollingsworth stated the property is Unit 152 in the Valencia Garden Condominium. He responded to question regarding comparable sales to indicate higher values than the purchase price (\$64,900), stating that 21 sales occurred during the past year averaging out to a market value of \$70,000.

Based upon sales information and that there is no evidence other than the actual property sale, Ms. Antrim-Berger recommended denial of Petition 91-31.

91-33 ARNOLD H. WOLK - DENIED

Testimony: Petitioner/Representative not present. Determination based upon petition.

Information on the petition states Unit V-251 of Phase B in Palm-Aire Country Club Condominiums, Section III was purchased December 1990 for \$105,600 which petitioner lists as fair market value. Assessed value was \$120,900. The unit is not on the golf course.

Sales of four inside units including Mr. Wolks was distributed in which the subject's unit was the lowest.

Upon review of the petition, sales price paid by the property owner as well as sales of comparable units, Ms. Antrim-Berger stated evidence is not sufficient to overcome the presumption of correctness, and therefore recommended denial.

91-53 A.G. STIRN - DENIED

Mr. Stirn owns Unit 19B of The Villas at Wild Oak Bay near El Conquistador Country Club, located at the corner of El Conquistador Parkway and 38th Street West. There is a lift station, located in close proximity to his home, which causes extreme odor, noise and vibration. Assessed value increased \$4,000 since last year; however, because of this problem, he estimates fair market value at \$90,000.

Mr. Hollingsworth stated that Mr. Addison, owner of the other half of the building, cited the problem last year. Both Mr. Addison and Mr. Stirn have been granted a 15 percent reduction in their assessment.

Ms. Antrim-Berger stated the petition will be taken under advisement, and a recommendation will be made to the Value Adjustment Board.

91-61 RICHARD H. ASHLEY - GRANTED

Mr. Ashley purchased the Tanglewood Patio Home January 1991 for \$77,500. The property was assessed \$84,000; however, all Tanglewood homes were remeasured and his assessment was reduced to \$82,279. The unit is part of a condominium association whereby all maintenance is the responsibility of the owner. The home was not purchased in a distressed sale but as a distressed piece of property and required extensive work. Due to an extreme termite problem, \$3,380 of repairs were deducted reducing the sale price to \$74,120.

He listed other setbacks associated with the condition of the property

- Property backs up onto 59th Street West; a negative selling factor
- Entire home exterior of both stucco and wood required painting
- Damaged and missing window screens
- Leaking patio roof
- Termite infestation throughout the home

and stated \$20-22,000 of improvements have been made thus far not including the \$3,380. Drywall and carpeting throughout the home were also replaced.

Discussion: Property was marketed nine months during which time, lower offers were rejected; petitioner does not object with assessment based upon the current condition of the property, but feels it was not worth that at time of purchase; assessed value of \$77,500 is requested.

Mr. Hollingsworth was unaware of the condition of the unit on January 1, therefore, no further adjustment was made. Of the comparables used, few had amenities over and above the subject and none were in the same condition. Based upon the testimony presented, he agreed to reduce the assessment to \$77,500.

Ms. Antrim-Berger recommended the petition be granted with the Property Appraiser's adjusted value of \$77,500.

91-56 COLONY APARTMENTS LTD. - DENIED

Doris Bunnell, Attorney for Colony Apartments, stated the property was marketed through a nation-wide campaign and was purchased from the Resolution Trust Corporation (RTC) in May 1991 for \$2,778,874 as the highest of ten bidders. Assessed value is \$4,909,076; however, Ms. Bunnell stated the purchase price reflects true market value.

She stated all property is to be assessed at fair market value, which is what a willing buyer would pay and a willing seller would accept. This was an arms-length transaction.

A three-month expense statement ending August 1991 was referenced indicating total income, operating expenses, net operating income (NOI) and NOI annualized. There was a 59 percent actual operating expense ratio; however, it was understood the Appraiser used a 45 percent ratio with NOI of \$624,000. Occupancy rate is 92 percent; it was 72 percent at time of sale.

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Discussion: Rental rate has not changed since property was acquired; unequivalent comparables were used by Appraiser; NOI at a cap rate of 10.88 percent was applied to arrive at value of \$3,445,772.

Bill Kersey, Property Appraiser's Office, stated that because income information was not received until the day before the hearing, a potential gross income of \$1,021,120 was calculated based on rental rates for one and two bedroom apartments. Of the data provided, he referenced an income statement for twelve months ending December 1990. He submitted a list of apartment complexes showing unit sizes, rental prices, and amenities offered, and stated comparable rentals were used to calculate assessed value.

Discussion: Vacancy and collection rate under five percent; per unit assessment is \$29,500; sale occurred after January 1, 1991; sale cannot be considered an arms-length transaction; Property Appraiser used cost, market and income approach; assessment is within the market.

Ms. Antrim-Berger stated the information will be reviewed, and a recommendation will be made to the Value Adjustment Board.

91-74 H.L. ROBINSON & TOM HOWZE - GRANTED

Tom Howze, joint property owner with H.L. Robinson, stated the strip center in Village Green was purchased July 1990 at a public auction for \$508,000. He referenced a six month income statement from the time of purchase stating net operating income was \$24,624; annualized \$49,248; and with a 10.5 cap rate \$469,028. The property was auctioned for NCNB Bank which assumed it through foreclosure. Occupancy rate was 50-60 percent when purchased.

Mr. Kersey stated the center is occupied by heavy office mix. Assessment was calculated using a rental rate of \$8 per square foot, 25 percent vacancy rate, 10.8 cap rate, and a \$2 per square foot expense ratio. Assessed value was reduced from \$688,500 to \$612,000. Expense ratio of the subject property was found to be considerably higher (\$3.33/sq. ft.) than similar properties (\$1.80-\$2.59) owned by petitioner.

Ms. Antrim-Berger stated the information will be reviewed, and a recommendation will be made to the Value Adjustment Board.

91-87 LEW HAGERMAN - DENIED

Lew Hagerman, representing Belvale Investments and Artx Inc., stated the 23,400 square foot retail strip center, known as College Plaza II, was heavily marketed by the RTC for \$1,500,000 and purchased in June 1991 at a public auction for \$1,150,000.

Mr. Hagerman stated the purchase price reflects true market value based on: (1) After considerable marketing time, a fair arms-length offer was agreed upon, and (2) All leases were either void or out of date at time of purchase. Maximum rent at College Plaza is \$8 per square foot of usable space with six months free rent as incentive for new tenants and a possible recovery of common area charges of up to \$2 per square foot. Vacancy is projected to remain at 25 percent.

Inasmuch as income information was not received until the day before the hearing, Mr. Kersey used the market approach factoring depreciated replacement costs, based on \$11 per square foot, to arrive at \$1,418,400.

Discussion: Comparable properties were used; in absence of actual vacancy rate information, a 10 percent vacancy rate, obtained from the Maddox Report, was factored; \$2 per square foot for expenses; average non-anchored center as of January 1 had a 12.2 percent vacancy rate.

Ms. Antrim-Berger stated the information will be reviewed, and a recommendation will be made to the Value Adjustment Board.

Recess/Reconvene...

91-145 JOEL CANTOR - GRANTED

Barry Schnyder, partner with Joel Cantor and representing the owners, stated the property is a 74,500 square foot, unanchored strip center known as The Fountains. Assessment was reduced from \$3,883,888 to \$3,159,833; however, he does not agree with the reduced amount.

The plaza has a vacancy rate of 26 percent consisting of partially unfinished space that was not factored. The center cannot be compared to others having an anchor store. Financial statements for 1990 were provided to the Property Appraiser's Office.

Discussion: Rhoades Furniture Store occupies 40 percent of the center renting at \$6.70 per square foot; operating expense is \$2.40 per square foot; the Property Appraiser used \$2.25 with a 10.8 cap rate for a more realistic value of \$2.37 million dollars; other factors considered; occupancy rate for 1990 was 65 percent but has increased this year to 76 percent.

Of the three approaches to value, Mr. Schnyder stated the income method is most reliable in assessing commercial properties. He requested an assessment of \$2.3 million dollars.

Mr. Kersey stated three income statements were submitted, each containing mixed information. One reflected a net operating income of \$300,036; another indicated a 1990 vacancy rate of 21 percent. Due to a lack of accurate information, he used the income approach, factoring a 16 percent adjusted vacancy rate.

Discussion: Actual rental rates; rates for vacant/unfinished space.

Mr. Schnyder stated vacant space has minimal value and should be assessed very little if at all.

Ms. Antrim-Berger stated the petition will be taken under advisement, and a recommendation made to the Value Adjustment Board.

91-143 RIVER CLUB GOLF COURSE INC. - DENIED

Dave Tipton, Attorney representing River Club, stated the petition involves the value of 33 of 187 acres at the River Club Golf Course, known as Hole 1, which includes the clubhouse, tennis courts, swimming pool, parking lot, maintenance building, driving range, and practice green. The parcel was assessed \$2,467,264; assessed value of the entire golf course is \$3,057,255. He stated the parcel is significantly over valued. As indicated on the petition, he stated that an appraisal on the subject parcel was not yet complete.

Steve Jameer, real estate appraiser, stated he was engaged by Florida Federal Bank to perform an appraisal when the property was taken over by the RTC.

He stated the market and income approach of the appraisal was complete, and the cost approach was underway. He attempted to submit the completed portion of the appraisal; however, Mr. Haddock objected to information being considered at the hearing that was not provided beforehand to the Property Appraiser.

Inasmuch as the information was requested and not provided, Ms. Antrim-Berger did not accept the documentation.

Six comparables were used in the market approach including the subject parcel which sold in October 1988 as improved property for \$3,025,000.

Mr. Jameer stated the value of the country club amenities and the value of the first hole should be \$1,485,361.

Mr. Kersey stated several of the golf course holes are separate parcels. Rather than assessing each hole, improved value of the entire 18-hole course was reflected on the first hole (lot 1). The other parcels reflect land value only.

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Assessed value on the entire golf course is estimated at \$3.158 million dollars with a market value of \$3.5 million dollars.

Mr. Jameer stated the property has a completion value of \$2.9 million including \$300,000 of furniture, fixtures and equipment; a current business value of \$184,000, and a net market value of \$2,416,000.

Recess/Reconvene.

Michael Pascuzzi, officer of River Club Golf Course, stated 1990 gross income was \$1,087,969; total loss \$295,000 including depreciation; 1990 property taxes were \$56,000. The golf course is operating at a loss.

Mr. Kersey stated a letter was sent to the petitioner requesting pertinent financial information however, none was ever received. The assessment was based on depreciated replacement cost. The land was assessed \$4,500 per acre; improvement costs were \$2,317,234.

Ms. Antrim-Berger stated a recommendation will be made to the Value Adjustment Board.

91-175 THOMAS E. HUTH - DENIED

Inasmuch as Ms. Antrim-Berger declared conflict with Petition 91-175, Lowell Walden, Alternate Special Master, considered the petition.

Chris Hines, Real Estate Tax Services, stated the property is a 299 unit apartment complex of 79 buildings, known as Bay West (Carmel) Apartments built in 1974. The property was assessed \$5,567,509.

He referenced a 1990 income statement and rent roll stating occupancy rate as of December 1990 was 40 percent due to renovations taking place throughout the complex. Vacancy/collection loss for 1990 was 53 percent. Rehabilitative costs for 1990 were \$1,966,830 for new heating/air conditioning systems, plumbing, etc. The complex operated at a loss in 1990 due to low occupancy rates.

Mr. Kersey stated 115 of the 299 units as of January 1991 had been extensively renovated inside and out. Currently, 200 units are redone and occupancy rate has increased to 65 percent. Potential gross income was based on current asking rents. Vacancy/collection loss was 30 percent; expenses were 50 percent; however, a higher expense ratio than most complexes was allowed because of its wooden exterior requiring extreme maintenance. Factoring that information, a net operating income of \$622,251 was derived. Using a 9.5 percent cap rate, assessed value is \$5,567,509.

Mr. Walden stated the petition will be taken under advisement, and a recommendation will be made to the Value Adjustment Board.

Inasmuch as there were no representatives in behalf of the following petitions, Ms. Antrim-Berger stated the information submitted with each petition was reviewed, but was insufficient to overcome the presumption of correctness of the Property Appraiser. She therefore recommended denial of those petitions.

- 91-39 EUGENE & ANN SWAN - DENIED
- 91-50 JOHN & EDITH MARTIN - DENIED
- 91-59 EDWARD J. & BILLEE HUGGARD - DENIED
- 91-89 HOWARD & LUCILLE BALLOU - DENIED
- 91-126 MIDWAY SHOPPING CENTER - DENIED
- 91-128 WEST COAST TOMATO, INC. - DENIED
- 91-169 HARRY & HATTIE THOMASON - DENIED

The following petitions were continued to the next Value Adjustment Board hearing of October 8, 1991.

- 91-37 JOHN & MARY SMITH - CONTINUED
- 91-63 FREDERICK J. GENTNER - CONTINUED
- 91-88 DAVID E. LAW - CONTINUED
- 91-166 & 167 TOWNSEND R. MOREY, JR., TRUSTEE - CONTINUED

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91-124 MEDITRUST - DENIED

Inasmuch as Ms. Antrim-Berger declared conflict with Petition 91-124, Mr. Walden considered the petition.

Mr. Walden stated the information submitted with the petition is not sufficient to overcome the presumption of correctness accorded the Property Appraiser and therefore, recommended the petition be denied.

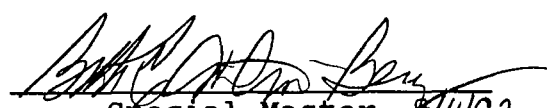
MEETING ADJOURNED

There being no further business, the meeting was adjourned.

Attest:


Clerk

APPROVED:


Special Master 8/11/92

Adj: 1:10 p.m.
/rll