

Northumberland Associates, Ltd.

v.

Town of Northumberland

Docket No. 3804-87

DECISION

A hearing in this appeal was held, as scheduled, on April 13, 1989. The Taxpayers were not represented, having informed the Board by letter received April 12, 1989, of their representative's inability to attend the hearing. The Town was represented by Paul F. Donovan, Esq., and Thomas E. Walker, Appraiser.

The Taxpayer appeals, pursuant to RSA 76:16-a, the assessment of \$1,088,900 (land, \$173,350; building, \$915,550) placed on its real estate, located on the east side of Route 3, for the 1987 tax period. The subject property consists of a 60,000-plus square-foot shopping center situated on approximately 10.8 acres of land.

Neither party challenged the Department of Revenue Administration's assessment-sales ratio of 80 percent for the 1987 tax year for the Town of Northumberland. Based on that ratio the Taxpayer's assessment equates to a market value of \$1,361,125 as of April 1, 1987.

The Taxpayer argued by letter received April 12, 1989, the indicated market value from the assessment was substantially higher than the actual fair-market value. The Taxpayer further argued in its letter that the Town

used a replacement-cost method as opposed to an income method of determining

the value of the subject property. The Taxpayer's agent indicated a full value of \$786,000 would be determined after analyzing the income and expenses and capitalizing the property's net operating income at an overall capitalization rate of 11.19 percent.

Mr. Walker testified for the Town that properties such as the subject property should be analyzed for income based on market rents, not contract rents. Mr. Walker also stated a capitalization rate was inappropriate if part of the property was vacant and stated the equalization rate, to the best of his knowledge, was done on residential properties only.

Mr. Walker stated he was last on the site in May of 1988 and acknowledged the building was built 16 years prior to the date of the hearing.

Mr. Walker commented on the Board's review appraiser's itemization of problems with the property and noted the Board's review appraiser gave more weight to those deficiencies than the Town did. The appraiser stated the weighting of those deficiencies was a matter of judgment among appraisers.

Mr. Walker also questioned whether the current actual use of the building was the highest and best use of the property and whether the property was achieving its maximum potential income.

The Board finds its review appraiser's recommendation of increased physical and economic depreciation to be warranted, given the nature, condition, and location of the subject property.

The Board finds the appropriate depreciation to be applied to the subject building is: physical 30 percent, functional 10 percent, and economic 20 percent, indicating a value of \$801,250 for the building and a value of \$173,350 for the land.

For the above stated reasons the Board rules that the proper assessment for the 1987 tax year is \$974,600.

If the taxes have been paid the amount paid on the value in excess of \$974,600 is to be refunded with interest at six percent per annum from date of payment to date of refund.

SO ORDERED.

BOARD OF TAX AND LAND APPEALS

April 27, 1990

Anne S. Richmond, Chairman

(Mr. Twigg did not sit)

George Twigg, III

Peter J. Donahue

Paul B. Franklin

I certify that copies of the within decision have been mailed this date, postage prepaid, to Henry P. Schieffer, Manager, Eastern Region, DuCharme, McMillen & Associates, Inc., the Taxpayer's representative, and to the Chairman, Board of Selectmen, Town of Northumberland.

Michele E. LeBrun, Clerk

April 27, 1990