

Gorham Elderly Associates

v.

Town of Gorham

Docket Nos. 3894-87 and 4659-88

DECISION

These two appeals, having been consolidated for hearing, were heard as scheduled on August 2, 1989. The Taxpayer was represented by Frederick L. Sewall. The Town was represented by Richard J. Stapleton, Chief Assessor, and John Walsh, Town Manager.

The Taxpayer appeals, pursuant to RSA 76:16-a, the assessment of \$469,500 (land \$19,000; buildings, \$450,500) placed on its real estate located at Birch Grove Apartments for the 1987 and 1988 tax years. The subject property consists of 43 one-bedroom-apartment units and a one-story wood-frame garden-type apartment building situated on approximately 3.3 acres of land, located at 110 Glenn Road.

Neither party challenged the Department of Revenue Administration's assessment-sales ratio of 28 percent for the 1987 tax year for the Town of Gorham. Based on that ratio the Taxpayer's assessment equates to a market value of \$1,676,800 as of April 1, 1987.

Mr. Sewall, in his statement to the Board, supported his recommendation of an opinion of value for the subject property with submission of documents related to expense categories which were the major differences between the Taxpayer's analysis of the value of the property and the analysis done by

Mr. Stapleton for the Town of Gorham. Mr. Sewall also submitted comparisons with other government related New Hampshire apartment properties showing expenses per unit and administrative and general expenses per unit, as well as repaid and maintenance expenses per unit. Mr. Sewall further stated that in his opinion a high level of effort and expense was necessary for the type of project such as the subject property. Mr. Sewall observed that the Town assessors' estimate per-unit expense was low for the subject property.

Mr. Sewall recommended the Board consider the fair-market value as determined in the opinion of value submitted prepared by Donald M. Monroe and part of the record which indicated a value of \$1,128,800 as of April 1, 1987.

Mr. Stapleton presented an income-expense analysis for the subject property for calendar years 1986 and 1987. Mr. Stapleton stated in his opinion the maintenance figures presented by the Taxpayer were above average and noted there was no on-site manager for the complex. Mr. Stapleton acknowledged he used percentages for management, maintenance, and vacancy based on what he considered typical percentages for those items.

Mr. Stapleton observed there was only one elderly housing complex of this nature in Gorham, which was the subject property; however, he stated there was one other mortgage-subsidized property in the Town. Mr. Stapleton estimated the value range for the property was between \$1,544,000 to \$1,702,500 for the two assessment years in question.

The Board finds the subject property is unique in its use of providing one-bedroom apartments for elderly through a government-subsidy program. The Board also finds the subject property requires somewhat higher operating

expenses than the normal market residential apartment-type property would require.

The Board also finds that special residential-purpose properties such as the subject suffer some economic depreciation due to restrictions placed on their use. The Board also notes introducing an apartment complex in northern New Hampshire consisting solely of 43 one-bedroom units into the general marketplace of the Town of Gorham would meet some market resistance for other than subsidized specialized housing.

The Board finds the range of market value determined for the subject property presented by both the Taxpayer and the Town results primarily from the difference in actual operating statements as opposed to pro forma operating statements for determining the value by the income approach.

The Board must rely on its best judgement with the evidence and the record before it to determine the proper assessment for the tax years in question. The Board rules that the proper assessment for the 1987 and 1988 tax year is \$399,900.

If the taxes have been paid the amount paid on the value in excess of \$399,900 is to be refunded with interest at six percent per annum from date of payment to date of refund.

August 31, 1990

SO ORDERED.

BOARD OF TAX AND LAND APPEALS

George Twigg, III, Chairman

Peter J. Donahue

Paul B. Franklin

I certify that copies of the within Decision have been mailed this date, postage prepaid, to Frederick L. Sewall, representing the Taxpayer, and to the Chairman, Board of Selectmen, Town of Gorham.

Michele E. LeBrun, Clerk

August 31, 1990