

Homestead Woolen Mills, Inc.

v.

Town of Swanzey

Docket No. 4036-87

DECISION

A hearing in this appeal was held, as scheduled, on June 21, 1989. The Taxpayers were represented by Douglas C. Brown, President and Edward F. Greene, Appraiser, E.F. Greene Associates. The Town was represented by David W. Bolton, Appraiser, M.M.C., Inc..

The Taxpayers appeal, pursuant to RSA 76:16-a, the assessment of \$52,700 (land, \$9,700; buildings, \$43,000) placed on Map 57, Lot 13; \$539,500 (land, \$8,100; building, \$531,400) placed on Map 57, Lot 14 and \$1,134,000 (land, \$42,000; building, \$1,092,000) placed on Map 72, Lot 31 for a total assessment of \$1,726,200 placed on the subject woolen mill facilities for the 1987 tax year. The subject property consists of approximately 171,000 square feet of mill buildings, office space and other improvements situated on approximately 5.67 acres of land.

Neither party challenged the Department of Revenue Administration's assessment-sales ratio of 96% for the 1987 tax year for the Town of Swanzey. Based on that ratio the Taxpayer's assessment equates to a market value of \$1,798,125, as of April 1, 1987.

The Taxpayer argued the subject property was a former woolen mill facility, which was closed in June of 1985. Mr. Brown testified that the property was one of two mills owned by Homestead, with the other operation in Claremont, N.H.

Mr. Brown testified many attempts had been made since the closing of the

mill operation to lease the space or to sell the space through an active listing with Masiello Agency of Keene for three years. Mr. Brown stated the first tenant occupied the building in the end of 1986 and that the subject property was 70% occupied until the end of the year. Mr. Brown described the site as very limited in its access and stated it would have been impossible to sell the subject property for 1.8 million - 1.9 million dollars.

Mr. Green testified he used the income approach but was unable to calculate the square footage from the sketch in the Town's assessment records.

The

appraiser noted he felt that the W. Swanzy location does not have the same market attraction as nearby Keene, and thus the tenants tended to be higher risk enterprises with greater risk of bad debt expense.

Mr. Brown stated that the property had been offered at an asking price of \$1,000,000, and that he, and his brothers, had obtained a private mortgage of \$750,000 in 1986, in order to pay off a FmHA mortgage. Mr. Brown noted the mortgage the brothers obtained was personally guaranteed as the value of the property would not collateralize the loan fully.

Mr. Bolton testified for the Town that he analyzed twenty sales of mill buildings and the eleven sales, in a median range, of approximately \$10.38 per square foot. Under questioning Mr. Bolton testified of those eleven mill properties that nine were in Manchester, N.H., one was in Rochester, N.H. in the Gonic area and one was in Exeter, N.H. Mr. Bolton gave his opinion of value of the subject property of \$1,780,000 and noted the Taxpayer had not provided the appraisers with income data during the revaluation.

Mr. Bolton stated in the opinion of the Town assessing officials the property was not being properly managed and observed the Town could not be in the position of subsidizing poor management.

The Board finds the subject property does not compare to the eleven comparables presented by the Town, due to its location in Swanzy and the access problems. The Board further finds the Taxpayer managers had made effort to market the property both for lease or for sale, and clearly demonstrated the limited value of the subject property in the market place. The Board further finds the Town did not substantiate its assessment with factors for local conditions governing the market value of the subject property.

The Board therefore rules the proper assessment for the 1987 tax year is \$1,000,000.

If the taxes have been paid, the amount paid on the value in excess of \$1,000,000 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

George Twigg, III, Chairman

Peter J. Donahue, Member

Paul B. Franklin, Member

Date: August 28, 1990

I certify that copies of the within Decision have this date been mailed, postage prepaid, to Homestead Woolen Mills, Inc., taxpayer; and Chairman, Selectmen of Swanzey.

Michele E. LeBrun, Clerk

Date: August 28, 1990

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