Somerville Lumber & Supply Company
v.
Town of Pelham

Docket Nos. 4061-87 and 5017-88

DECISION

These two appeals, having been consolidated for hearing, were heard, as scheduled, on June 2, 1989. The Taxpayer was represented by Mark D. LoRusso, Appraiser. The Town was represented by Barbara F. Loughman, Esq., Joseph W. Lessard, Jr., Appraiser, and Michael J. Fedele, Assessor.

The Taxpayer appeals, pursuant to RSA 76:16-a, the assessments of $2,792,350 (land, $569,000; buildings, $2,223,350) placed on its real estate, located on Bridge Street, for the 1987 and 1988 tax years. The subject property consists of an approximate 67,625-square-foot retail building and a 48,750-square-foot warehouse with a 48,000-square-foot storage mezzanine, totalling 164,375 square feet, situated on an approximate 11.59 acres of land.

Neither party challenged the Department of Revenue Administration's assessment-sales ratio of 45 percent for the 1987 tax year for the Town of Pelham. Based on that ratio the Taxpayer's assessment equates to a market value of $6,205,250 as of April 1, 1987.

Mr. LoRusso testified the subject site was acquired in 1985 for $275,000 and the building was constructed and operations commenced in April of 1986. Mr. LoRusso estimated the building was approximately 77 percent complete as of

April 1, 1986, but acknowledged the building was 100 percent complete as of April 1, 1987.

The Taxpayer's representative stated the actual costs in 1986 were $4,400,000 to which he applied a 12 percent factor for appreciation, which he concluded indicated a fair market value, based on the cost approach, of $4,900,000. Mr. LoRusso testified the land required 2.1 million dollars for engineering and extensive site work.

The Town's representative testified the subject property was one-half mile from the Massachusetts border on the west side of Route 38. Mr. Lessard described the area as in transition from residential and undeveloped to commercial. Mr. Lessard used four comparables and determined the market value of the land component at $3,282,500. Mr. Lessard then estimated the value of the improvements using the cost approach with 1 percent depreciation and derived a value of $3,298,700 for the subject property. Mr. Lessard concluded the estimated value of the subject property was $6,581,000.

Mr. Fedele testified he was the assessor for the Town of Pelham in 1986 through 1989. Mr. Fedele offered commentary on the four land comparables used by Mr. Lessard but made no conclusion as to the value of the subject property.

The Board finds the greatest variance in the testimony and evidence to be in the land-value component. The Board notes the costs attributed to the land by the Taxpayer could have been applied in part to associated engineering and site costs for the buildings. The Board finds both the Taxpayer and the Town used, essentially, the cost approach, although the Town did present data on four land sales. For the above stated reasons the Board finds it must

consider the cost approach used as only one indicator and must rely on its expertise and the weight of the evidence in determining the proper assessment for the subject property. The Board concludes the market value of the land was $2,100,000 and the buildings was $3,300,000.

The Board rules the proper assessment is $2,430,000 (land, $945,000; buildings, $1,485,000).

If the taxes have been paid, the amount paid on the value in excess of $2,430,000 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

April 27, 1990

Anne S. Richmond, Chairman

George Twigg, III

Peter J. Donahue

(Mr. Franklin did not sit)
Paul B. Franklin

I certify copies of the within decision have been mailed this date, postage prepaid, to Henry P. Schieffer, Manager Eastern Region, DuCharme, McMillen & Associates, Inc., representing the Taxpayer, and to Barbara F. Loughman, Esq., counsel for the Town of Pelham.

Michele E. LeBrun, Clerk

April 27, 1990

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