



EL PASO COUNTY, COLORADO
Office of the County Assessor
Steve Schleiker



May 12, 2020

Lisa Sorensen
Development Director
Cohen-Esrey Development Group

Ms. Lisa Sorensen,

Per your request, the El Paso County Assessor's Office has estimated a market value, based upon a hypothetical condition. This would be for an apartment complex proposed to be constructed on Assessor's parcel number 64271-11-051, aka 1609 Zebulon Dr. This estimate is as if the project, "**Zebulon Flats**", existed at 100% complete as of January 1, 2020.

The nature of this assignment is typical of the work performed by the Assessor and the necessary scope of work has been restricted due to time constraints and limited availability of data.

The purpose of this estimate is for ad valorem property taxation only. In the State of Colorado, property valuations for this purpose are always retroactive and are currently at a June 30, 2018 "level of value" for the 2019 and 2020 assessment years.

The proposed project consists of a four-story apartment building with an approximate gross building area of 153,840 square feet. The conceptual development plan indicates this project will have a total of 138 dwelling units with a unit mix of: 47 one-bedroom, 65 two-bedroom, and 26 three-bedroom units. Onsite, surface parking consists of 156 spaces. Amenities are to include a leasing office, community room, BBQ area, playground, bike racks, fitness rooms and dog run.

The cost and income valuation methods were considered, however, the market approach is statutorily required for the valuation of residential properties, by Colorado State Statutes § [39-1-103 (5) (a) and (8) (a)] and The Constitution of The State of Colorado Article X, Section 20, Subsection (8)(c). Multi-family & Assisted Living properties are included in the residential classification.

On June 1st, 2000, House Bill 00-1268 was signed by the Governor. The bill was titled: Concerning the Assessment of Property for Property Tax Purposes. This bill, in part, amended Section 2 of §39-1-103 (5) (a) C.R.S. "Actual value determined – when". The following sentence was added. A gross rent multiplier may be considered as a unit of comparison within the market approach to appraisal.

The current assessment rate is 7.15% of market value for residential properties.

This estimate is based upon sales which have occurred between July 1, 2016 through June 30, 2018 and is supported from consideration of a gross rent multiplier as a unit of comparison.

The estimate does not include any estimate for the demolition of existing improvements or any personal property which may be considered as taxable property.

The Assessor estimates the total market value to be in the \$30,000,000 to \$35,000,000 range, resulting in a valuation of approximately \$217,000 - \$254,000 per unit. This amount could fluctuate based upon any change from construction documents vs. development plans as provided.

Actual anticipated income would indicate a below market valuation in the \$18,000,000 to \$20,000,000 range.

If you have any questions or comments, please contact me directly.

Sincerely,

Bob Harper
Commercial Property Manager
El Paso County Assessor's Office
(719) 520-6626

WE VALUE EL PASO COUNTY AND ITS RESIDENTS!

1675 West Garden of the Gods Road, Suite 2300, Colorado Springs, CO 80907

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Tax estimates

Value	Assessment Rate	Assessed Value	2019 Mill Levy	Tax Estimate
\$30,000,000	0.0715	\$2,145,000	0.063691	\$136,617.20
\$35,000,000	0.0715	\$2,502,500	0.063691	\$159,386.73
\$18,000,000	0.0715	\$1,287,000	0.063691	\$81,970.32
\$20,000,000	0.0715	\$1,430,000	0.063691	\$91,078.13

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ASSUMPTIONS AND LIMITING CONDITIONS

This estimate is subject to the following underlying assumptions, qualifications, and limiting conditions:

1. No responsibility is assumed for the legal description or for matters including legal or title considerations. This appraisal encompasses only the property legally described herein. The areas and dimensions shown herein are assumed complete and accurate for purposes of this report, unless otherwise indicated.
2. For purposes of this report, the appraiser expressly assumes that the title to the property is marketable. All existing liens and encumbrances, if any, have been disregarded and the property is appraised as though it is free and clear. The appraiser did not review a survey or a title policy to ascertain if any significant easements or encumbrances negatively impact the future development potential or existing utility of the subject site. The appraiser is not a qualified title attorney and expresses no opinion as to the sufficiency or merchantability of title. The appraiser assumes no responsibility for matters involving legal or title considerations.
3. The Property Valuation assumes: (a) responsible ownership and competent management of the property; (b) there are no hidden or unapparent conditions of the property, subsoil, or structures that render the property more or less valuable; (c) full compliance with all applicable federal, state, and local zoning and environmental regulations and laws, unless noncompliance is stated, defined and considered in the Property Valuation; and (d) all required licenses, certificates of occupancy and other governmental consents have been or can be obtained and renewed for any use of which the value estimate contained in the Property Valuation is based.
4. Any sketches, engineering illustrations or photographs in the report are included to assist the reader in visualizing the property. No survey was provided for review.
5. Mr. Rick Davis, Land Manager for the El Paso County Assessor's Office supplied the land data needed for the Cost approach. The information furnished by others is believed to be reliable. However, no warranty is given to its accuracy.
6. It is assumed that there are no hidden or latent conditions of the property, subsoil, or structures that render it valuable. No responsibility is assumed for such conditions or for arranging for engineering studies, which may be required to discover such factors. Please consult an environmental specialist if such conditions are thought to exist.
7. The building area calculations discussed herein are based upon gross square footage as supplied in the Development Plan.
8. This estimate was prepared for the intended use of ad valorem taxation. By reason of the intended use and scope of the report herein set forth, the value reported is only applicable to the property rights appraised.
9. The removal or loss of any portion of this report invalidates the entire report. Written permission is required by the appraiser(s) for copy or distribution of this body of work. Except as herein provided, the client for whom this estimate was prepared may distribute copies of this report, in its entirety, to third parties as selected by the client. However, selected portions of this appraisal report shall not be dissected and presented independently in any format, without the expressed permission of the author(s). The appraiser(s) will not be held liable for any damages arising from the unauthorized use of this report by outside parties for any other purpose than that which the appraisal was written. Further, neither all nor any part of this estimate shall be disseminated to the general public by the use of advertising media, public relations media, news media, sales media or other media for public communications without the prior written consent report's signatories.
10. By reason of this report, it is understood that the author(s) is not required to give testimony in a court of law or hearing as expert witnesses on behalf of the El Paso County Assessor's Office with reference to the property in question unless arrangements have been previously made.
11. The intended use of this estimate is for ad valorem taxation suggesting aspects of the appraisal may be restricted from certain standard appraisal procedures, due to State Law requiring specific procedures and by limitations from mass appraisal procedures. When State Law and Uniform Standards of Professional Appraisal Practice requirements differ, the appraiser will make note of this conflict and explain the appropriate course of action.
12. It is assumed that the project will be in full compliance regarding building construction and property use with all applicable Federal, State, and Local Governmental regulations and laws unless noncompliance is stated, defined and considered in the report. It is further assumed that the utilization of the land and improvements is within boundaries or property lines of the property described in that there is no encroachment or trespass unless noted in this report.
13. The values reported are based upon the condition of the national and local economy purchasing power of the dollar, financing rates, lease rates, discount rates and other criteria as of the date of the value estimate when pertaining to the appropriate value method.

14. It is assumed that the site or improvements do not have: structure(s) built over a landfill; the presence of friable asbestos or substantial amounts of non-friable asbestos that cannot be safely encapsulated or removed; urea-formaldehyde foam; ground water or soil contamination; the presence of high-risk neighbors with evidence of contaminated spills; polychlorinated biphenyl contamination; high radon levels' or material violations of applicable Local, State, or Federal environmental or public health laws. If any such conditions are thought to exist, please consult an environmental specialist and contact the author(s) of this report for disclosure purposes. The appraiser does not have expertise in identifying hazardous materials. The appraiser reserves the right to revise or amend valuations, opinions, and conclusions of the report if subsequent, significant information becomes known.
15. The Americans with Disabilities Act, promulgated by the United States Congress on February 20, 1992, requires certain structural requirements to meet the needs of the disabled. The appraiser does not have the expertise to determine whether the subject does, or does not, meet the act's requirements. Knowledgeable persons should be employed to make this determination. This appraisal was completed without regard to the requirements of this Act. Should it be shown that additional cost would be required to bring the subject into compliance, these costs may or may not be a deduction from the value conclusion, depending on the scope of the work to be performed and the economic impact on the property owners.
16. Exclusion of one or more of the traditional approaches to value in the Property Valuation may reflect a departure from the Uniform Standards of Professional Appraisal Practice. Such a departure may be required pursuant to the provisions of Title 39 of the Colorado Revised Statutes.

CERTIFICATE OF APPRAISAL

- ✓ The statements of fact contained in this report are true and correct and the appraiser has not knowingly withheld any significant information. Information furnished to me by others is believed to be accurate and has been accepted at face value, but no responsibility is assumed.
- ✓ The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my unbiased professional analyses, opinions and conclusions.
- ✓ Neither the El Paso County Assessor's Office nor I have any present or prospective interest in the property that is the subject of this report, and no personal interest or bias with respect to the parties with respect to the parties involved.
- ✓ My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- ✓ My opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, except where jurisdictional exception applies.
- ✓ I have not made a personal inspection of the property that is the subject of this report.
- ✓ The appraiser is attesting to the records of the El Paso County Assessor's Office, which may have been compiled from physical inspections and research done by other appraisers within the Assessor's Office.
- ✓ The staff of the El Paso County Assessor's Office, both current and past employees, have provided significant assistance to the person signing this report. Known significant assistance for this estimate was provided by Steve Schleiker – Assessor, Rick Davis – Land Manager, Steve Fischer – GIS Analyst/CAMA Reappraisal Supervisor.



Robert L. Harper
Certified General Appraiser
License # CG001322584
Expires: December 31, 2021