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## Spring 2012

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### 2012 Revaluations Loom

The western Connecticut communities of Danbury, Bethel, Ridgefield, Redding and Newtown, among many other municipalities around the state, will conduct community-wide real property revaluations with respect to their October 1, 2012 assessment dates. One assessor expects that “all real estate values will decrease” but hesitates to offer any further guidance until additional data are gathered and studies are made.

While residential values appear to have declined significantly, no guidance is available at this time concerning the trends in commercial real estate values discerned by these communities’ assessors.

Contact any member of Pullman & Comley’s Property Valuation Department for further information about Connecticut revaluations.

### Not All Comparables are Equal

In a garden variety residential real estate tax appeal against the town of Branford, Judge Trial Referee William L. Hadden, Jr. made an important point.

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Properly relying on the comparables sales methodology, the plaintiffs' appraiser rested her estimated value of the subject's property on four sales. "Hold on," claimed the assessor. "There were 83 sales of residential property in Branford during the relevant time period; all 83 sales should have been used as comparables," he asserted.

JTR Hadden accepted the appraiser's testimony that she had examined all 83 sales and that the four she selected for purposes of her value estimate were most similar to the plaintiffs' property and represented "an adequate number" for purposes of her appraisal. The judge observed that "the comparable sales approach (does not) require the comparison of all sales made."

The value espoused by the plaintiffs' appraiser was adopted by the court; notably, the town did not call an appraisal witness, limiting its testimony to a representative of Vision Appraisals Technology, Inc., the company which performed the most recent revaluation for the community. It would not be surprising if Judge Hadden's common sense and USPAP – justified observation will be referred to in future litigation involving commercial properties.

*Massey, et al. v. Town of Branford*, Superior Court Judicial District of New Haven, January 9, 2012 (Docket No. CV-10 5033315S).

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## The Bubble Returns?

A 33-unit apartment building in Manhattan's Greenwich Village, sold earlier this year for \$12.5 million, equating to almost \$380,000 per unit. The brokerage firm which arranged the sale stated that the capitalization rate reflected in the sales price was 3.29 percent.

The mixture of rent-regulated apartments under New York City's rent control law and free market apartments suggest that the buyer's long-term plan is either conversion to condominiums or cooperatives or demolition.

In any event, one can only be impressed by the stated capitalization rate. Is it reflective of the low cost of money, lack of other investment opportunities or ingrained optimism about the future of Manhattan's luxury real estate market? Or - are we on our way to yet another real estate implosion?

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## Odd Tax Exemption Case Decided

The Good Foundation, Inc. was the unsuccessful applicant for an ad valorem tax exemption for its real and personal property in the town of Windham. Organized "to conduct scientific research in the physical sciences . . . and [to] share the results of that research with the general public without cost, primarily by donating its findings to publications made available for the general public," nevertheless, the foundation was not a typical tax-exempt entity.

Dr. Phillip J. Mann is its president and research director. He pays the Foundation's expenses from his personal funds. The quirkiness of the entity is documented by the fact that, as the Superior Court noted, the foundation "does not generate any income, does not maintain any bank accounts and has not filed any tax returns." Indeed, the town of Windham's primary reason for denying its exemption request was that the foundation was "a one-man operation and has no income to devote to charity."

To complicate the court's analysis, the real estate at 85 Bridge Street for which the exemption was sought was somewhat run down and significantly occupied by empty boxes which Dr. Mann "explained (were used) to take up air space in order to provide insulation and temperature control of the premises which is heated with ceramic stoves." This issue turned out not to be a problem for the foundation because "it is not the condition of the premises," the court observed, "but the use to which it is put that is important." And the fact that Dr. Mann's research was conducted on an ad hoc basis somewhat keyed to his personal interests and availability did not seem to trouble the court either.

Concluding that research was indeed conducted within the property and that it seemed to meet all statutory requirements, the assessor was unable to rebut Dr. Mann's evidence. The court concluded that 85 Bridge Street was being used "exclusively as a laboratory for . . . experiment and research" and was entitled to the exemption.

*The Good Foundation, Inc. v. Town of Windham*, Docket No. CV 080 4008026 (October 4, 2011).

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