

**BOARD OF EQUALIZATION
WASHOE COUNTY, NEVADA**

FRIDAY

9:00 A.M.

FEBRUARY 28, 2025

PRESENT:

Daren McDonald, Chair
James Ainsworth, Vice Chair
Eugenia Bonnenfant, Member
Rost Olsen, Member

Janis Galassini, County Clerk
Trenton Ross, Deputy District Attorney

ABSENT:

Michael Gratz, Member

The Board of Equalization convened at 9:00 a.m. in the Commission Chambers of the Washoe County Administration Complex, 1001 East Ninth Street, Reno, Nevada. Chair McDonald called the meeting to order, the Clerk called the roll and the Board conducted the following business:

25-101E PUBLIC COMMENT

There was no response to the call for public comment.

25-102E SWEARING IN

Chief Deputy County Clerk Cathy Smith swore in the appraisal staff.

25-103E WITHDRAWN PETITIONS

The following petitions scheduled on the agenda were withdrawn by the Petitioners prior to the hearing:

Assessor's Parcel No.	Petitioner	Hearing No.
020-051-07	GATOR KIETZKE 2 LLC	25-0074
025-491-15	SYUFY ENTERPRISES	25-0085
039-051-08	WAL-MART STORES INC #3254	25-0095
024-055-52	SAM'S REAL ESTATE BUSINESS TRUST	25-0093
024-055-53	WAL-MART REAL ESTATE BUSINESS TRUST	25-0094
086-380-32	WAL-MART REAL ESTATE BUSINESS TRUST	25-0096
510-381-07	WAL-MART REAL ESTATE BUSINESS TRUST	25-0097

There was no response to the call for public comment.

On motion by Member Bonnenfant, seconded by Member Olsen, which motion duly carried, it was ordered that the hearings be withdrawn.

25-104E **CONTINUANCES**

There were no requests for continuances.

25-105E **PARCEL NO. 025-401-21 – MARVEL WAY APARTMENTS II LP – HEARING NO. 25-0044E24**

A Petition for Review of Assessed Valuation was received protesting the 2024-25 taxable valuation on property located at 1585 Marvel Way, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

None.

Assessor

Exhibit I: Taxable Value Change Stipulation, 1 page.

No one offered testimony on behalf of the Petitioner.

No one offered testimony on behalf of the Assessor's Office.

There was no response to the call for public comment.

With regard to Parcel No. 025-401-21, based on the stipulation signed by the Assessor's Office and the Petitioner, on motion by Member Olsen, seconded by Vice Chair Ainsworth, which motion duly carried, it was ordered that the Petitioner be granted an exemption for property taxes for tax year 2024-25, pursuant to NRS 361.082.

25-106E **PARCEL NO. 084-110-31 – TURQUOISE NEVADA LLC – HEARING NO. 25-0075**

A Petition for Review of Assessed Valuation was received protesting the 2025-26 taxable valuation on property located at 21575 Reno Technology Parkway E, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Letter and supporting documentation, 11 pages.

Exhibit B: Analysis, 2 pages.

Exhibit C: Discount rate, long term renewable power purchase agreement, solar lease agreement, and first amendment, 204 pages.

Assessor

Exhibit I: Taxable Value Change Stipulation and supporting documentation, 4 pages.

No one offered testimony on behalf of the Petitioner.

No one offered testimony on behalf of the Assessor's Office.

There was no response to the call for public comment.

With regard to Parcel No. 084-110-31 based on the stipulation signed by the Assessor's Office and the Petitioner, on motion by Member Olsen, seconded by Vice Chair Ainsworth, which motion duly carried, it was ordered that the stipulation be adopted and confirmed and that the taxable land value be upheld, and the taxable improvement value be reduced to \$34,347,000, resulting in a total taxable value of \$35,000,000 for tax year 2025-26. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

25-107E PARCEL NO. 084-110-35 – TURQUOISE SOLAR LLC – HEARING NO. 25-0076

A Petition for Review of Assessed Valuation was received protesting the 2025-26 taxable valuation on property located at 21905 Reno Technology Parkway E, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Letter and supporting documentation, 11 pages.

Exhibit B: Analysis, 2 pages.

Exhibit C: Discount rate, long term renewable power purchase agreement, land lease, and first amendment, 204 pages.

Assessor

Exhibit I: Taxable Value Change Stipulation and supporting documentation, 4 pages.

No one offered testimony on behalf of the Petitioner.

No one offered testimony on behalf of the Assessor's Office.

There was no response to the call for public comment.

With regard to Parcel No. 084-110-35 based on the stipulation signed by the Assessor's Office and the Petitioner, on motion by Member Olsen, seconded by Vice Chair Ainsworth, which motion duly carried, it was ordered that the stipulation be adopted and confirmed and that the taxable land value be upheld, and the taxable improvement value be reduced to \$16,012,091, resulting in a total taxable value of \$17,857,591 for tax year 2025-26. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

25-108E PARCEL NO. 016-370-11 – GRACE, JOEL & AMY – HEARING
NO. 25-0086R24

A Petition for Review of Assessed Valuation was received protesting the 2024-25 taxable valuation on property located at 8924 Western Skies Drive, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

None.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet (HEP) including comparable sales, maps and subject's appraisal records, 11 pages.

Exhibit II: Taxable Value Change Stipulation and supporting documentation, 10 pages.

No one offered testimony on behalf of the Petitioner.

No one offered testimony on behalf of the Assessor's Office.

There was no response to the call for public comment.

With regard to Parcel No. 016-370-11 based on the stipulation signed by the Assessor's Office and the Petitioner, on motion by Member Olsen, seconded by Vice Chair Ainsworth, which motion duly carried, it was ordered that the stipulation be adopted and confirmed and that the taxable land value be upheld, and the taxable improvement value be reduced to \$2,098,169, resulting in a total taxable value of \$2,298,169 for tax year 2024-25. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

25-109E PARCEL NO. 016-370-11 – GRACE, JOEL & AMY – HEARING
NO. 25-0086

A Petition for Review of Assessed Valuation was received protesting the 2025-26 taxable valuation on property located at 8924 Western Skies Drive, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

None.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet (HEP) including comparable sales, maps and subject's appraisal records, 13 pages.

Exhibit II: Taxable Value Change Stipulation and supporting documentation, 10 pages.

No one offered testimony on behalf of the Petitioner.

No one offered testimony on behalf of the Assessor's Office.

There was no response to the call for public comment.

With regard to Parcel No. 016-370-11 based on the stipulation signed by the Assessor's Office and the Petitioner, on motion by Member Olsen, seconded by Vice Chair Ainsworth, which motion duly carried, it was ordered that the stipulation be adopted and confirmed and that the taxable land value be upheld, and the taxable improvement value be reduced to \$2,090,255, resulting in a total taxable value of \$2,300,255 for tax year 2025-26. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

25-110E PARCEL NO. 025-491-15 – SAM DOOLITTLE – HEARING NO. 25-0085R24

A Petition for Review of Assessed Valuation was received protesting the 2024-25 taxable valuation on property located at 825 E. Patriot Boulevard, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

None.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet (HEP) including comparable sales, maps and subject's appraisal records, 112 pages.

Exhibit II: Taxable Value Change Stipulation, 1 page.

Exhibit III: Taxable Value Change Stipulation, 2 pages.

No one offered testimony on behalf of the Petitioner.

No one offered testimony on behalf of the Assessor's Office.

There was no response to the call for public comment.

With regard to Parcel No. 025-491-15 based on the stipulation signed by the Assessor's Office and the Petitioner, on motion by Member Olsen, seconded by Vice Chair Ainsworth, which motion duly carried, it was ordered that the stipulation be adopted and confirmed and that the taxable land value be upheld, and the taxable improvement value be reduced to \$38,524,681, resulting in a total taxable value of \$47,434,681 for tax year 2024-25. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

25-111E PARCEL NO. 086-161-20 – BUSI, CHARLES R. & JANET M. –
HEARING NO. 25-0014R24

A Petition for Review of Assessed Valuation was received protesting the 2024-25 taxable valuation on property located at 10420 Plata Mesa Drive, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Assessment notices, property tax information, photos, maps, 35 pages.

Exhibit B: Property tax information, property listings, photos, and maps, 58 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet (HEP) including comparable sales, maps, and subject's appraisal records, 15 pages.

On behalf of the Petitioner, Charles Busi was sworn in by Chief Deputy County Clerk Cathy Smith.

On behalf of the Assessor and having been previously sworn, Steve Wood, Appraiser, oriented the Board as to the location of the subject of the property. Maps and images were located on pages 5 through 7 of the HEP.

Ms. Smith distributed documents to the Board from the Petitioner and placed them on file as Petitioner's Exhibit A.

Mr. Busi noted he had not come unprepared; however, he indicated he was not notified that the Board needed individual copies of his exhibits. He thanked the Clerk's Office for their assistance in making copies. He directed the Board to Petitioner's Exhibit A, which detailed the history and purchase of the property. He noted escrow statements were included in Petitioner's Exhibit A to show what was paid for the property. He said he also purchased the lot known as 10510 Red Rock Road in 2018, and a boundary line adjustment with Granite Hill Baptist Church was completed in 2019 which reduced his

property from 2.6 to 2.1 acres. He reviewed Petitioner's Exhibit A, page 11, which was a 2020/2021 Assessment Notice that showed the taxable value of the land based on the \$106,000 he paid for 2.6 acres. He then referred to the 2022/2023 assessment notice on page 12 of Petitioner's Exhibit A and indicated the total assessed value had increased to \$36,251. He was unsure why the assessed value had increased because building had not started. He noted the change in the taxable value had also increased. He said his understanding, per Nevada Revised Statutes (NRS), was that properties that were not owner-occupied could go up by eight percent. He referred to the increase in total taxable values from page 11 to the total on page 12 and said he did not understand the reason Mr. Woods gave him for that increase. He said he had a problem with the assessed value increasing by roughly \$10,000. He noted building had occurred during the 2023/2024 assessment period; however, he did not understand what the assessed value was supposed to do during building. He believed, from the information he got from Mr. Woods, that the value of the land remained flat but he was unsure.

Mr. Busi wondered how the taxable value got to \$126,000. He thought the assessments for 2023 started in July and noted Mr. Wood came out before then. Mr. Busi felt that building and improvements of roughly \$300,000 were reasonable; however, Mr. Wood informed him the assessed value was 80 percent of the full value. He said that by his calculations, the numbers did not match what he was told. He directed the Board to the first page of Petitioner's Exhibit A, which showed the taxable improvements were supposed to be \$375,893, instead the amount was \$424,989. He believed the correct price was \$375,893 and requested the total assessed value be decreased. He said he frequently viewed the Washoe Regional Mapping System because he was interested in the area he lived and the general real estate market. He asked the Board to review documents in Petitioner's Exhibit A which showed the footprint of his house and lot and escrow papers for the purchase of the two lots. He said the research and preparation of documents took him a long time to prepare.

Mr. Busi believed that Mr. Wood was nice, knowledgeable, and thorough in his explanations; however, Mr. Wood had only lived in the area for four years whereas he had been in the area since 1988 and had studied the market in Silver Knolls. He asked if the Board of Equalization (BOE) thoroughly read through the exhibits and wondered if they needed further explanations. Chair McDonald explained the time given was for Mr. Busi to present his case and highlight items on his exhibits. He informed the Board was familiar with the type of documents Mr. Busi provided. He mentioned he had never appealed to the BOE before and noted he was astonished by the process and costs involved in building a home. He informed the Board that he and his wife were the owners and builders of the home. He mentioned that Mr. Wood told him the home should have cost a certain amount to build. He said the house was supposed to cost a lot less than the amount Mr. Wood said the home should have cost to build; however, due to fraud from some people involved, it cost more. He noted he did much of the work himself. He displayed an image and mentioned that the church near his property received .59 acres due to the boundary line adjustment. He discussed a comparable property, which he said was one of Mr. Wood's examples, with taxes of roughly \$4,400, whereas his taxes were \$5,100. He opined that even though that comparable home was smaller, it was brand new, with a large garage and

five acres and a large garage. He noted those properties were located in an area with nice lots and expensive houses. He talked about a manufactured home with approximately 2,400 square feet located on Red Rock Road with 12 acres of land. He noted the property tax for that was \$1,590 and discussed another amount that he believed to be an indication that something had been built on the property.

Mr. Busi noted that he tried negotiating with Mr. Wood but was reverted to the Assessor for the tax bill. When he spoke to the Assessor, he was referred to the appraiser. He felt he was not receiving help, and his concerns were not being addressed. He mentioned Mr. Wood would discuss a piece of land on Osage Road that sold in 2022. He informed the Board that the owner had stopped paying taxes in 2023. He believed Mr. Wood compared the Osage Road property to the subject site to make it seem like Mr. Busi was getting a good deal on taxes. Mr. Busi thought the owner of the Osage Road property had overpaid because Osage Road was a dirt road, and Osage Road was the worst place to own land in Silver Knolls.

Chair McDonald informed Mr. Busi that his time had expired, but he would get an opportunity to rebut after the Assessor's Office presented its case. He said Mr. Busi would also have the opportunity to present another piece of land that was a better approximation of fair value.

Mr. Wood reported that the petitioner purchased the land on October 16, 2018, for \$105,000, and in 2022, construction began. In fiscal year (FY) 2023/2024 the home was determined to be 75 percent complete and 100 percent complete in FY 2024/2025. He said the new construction explained the increases seen in the improvement values and tax cap values during those timeframes. He indicated that a market analysis was derived from a sales comparison approach on page 2 of the HEP. Pictures of the comparable sales were located on pages 8 through 15 of the HEP. Properties used in the comparable sales chart were located in the same neighborhood as the subject site. Although the properties shared similarities, some superiorities and inferiorities existed. He clarified that the appeal was for tax year 2024 and allowed for comparable sales up to three years prior. He explained all the improved sales were older in age, and ranged from 47 to 51 years of age, which meant they were near or at full depreciation.

Mr. Wood noted that Improved Sale (IS) 1 was considered the best improved sale comparable to the subject due to its similar location and bathroom count. IS 1 sold on July 26, 2022, for \$293 per square foot (SF). He explained the various ISs ranged in values from \$230 per SF to \$298 per SF, which supported the total taxable value of \$214 per SF. Regarding the comparable land sales (LS), he mentioned that LS 1 was considered the best LS comparable to the subject largely because it was similar in size with both properties having flat topography. He noted LS 1 was inferior with dirt road access and location within a Federal Emergency Management Agency (FEMA) flood zone. LS 1 sold on March 29, 2021, for \$135,000. He said land sales on the lower end of the range suffered from smaller size, close proximity to flood zones, and in some cases, inferior dirt road access. He informed the Board that to account for the inferiorities in the land sales, an upward adjustment of value was necessary. He indicated some of the land sales provided a

range of value from \$120,000 to \$138,000, which supported the taxable land value of \$126,000. He concluded by saying the sales comparison approach supported the total taxable value and did not exceed full cash value; therefore, a reduction was not recommended. He asked that the Board uphold the Assessor's Office's total taxable value.

Member Bonnenfant asked Mr. Wood to explain the impact of Assembly Bill (AB) 489 regarding abatements and the assessed value and to clarify at which step in the process the abatement was occurring. She asked him to explain why an assessed value was allowed to increase outside of an abatement. Mr. Wood said that during the building process, NRS allowed the first year's tax cap to be outside of the eight percent due to new construction. He explained that was why there was more of an increase than typically seen. Member Bonnenfant commented that the assessed value could increase as much as the market allowed and the 8 percent abatement occurred at the property bill level. She explained that meant a person could pay 8 percent more, but there was no limit on the assessed value. Mr. Wood confirmed the assessed value could increase depending on the market and material costs; however, the abatement was in place to limit it. He believed the petitioner was currently at three percent which was a low cap.

Member Bonnenfant asked Mr. Wood about the 10065 Laurent Road property addressed by the petitioner. She recalled that Mr. Busi compared the property tax bills on 10065 Laurent Road and his own property. She wanted to know the assessment comparison between the two properties. Mr. Wood said the 10065 Laurent Road property would be discussed during the next hearing since it was a newer sale. He asked if the Board would prefer to discuss it at the next hearing. Chair McDonald requested Mr. Wood present that information for the first hearing.

Mr. Wood believed the large issue between the properties was that the Laurent Road property was further into Silver Knolls and off a dirt road, whereas the subject site was off a paved road. He noted the properties were similar in age; however, the home on Laurent Road was just under 2,000 SF, and the subject property was roughly 2,500 to 2,600 SF. He said the Laurent Road property was inferior in location and size, which factored into the value.

Assessor Chris Sarman clarified that AB489 was a cap on taxes, not on value. He explained that the assessed value might fluctuate and increase over time, but there was a margin between the tax cap value and the cap on taxes. He said the taxes were not handled by the Assessor's Office; the Assessor's Office handled value. The taxes could be capped at up to three percent outside of new construction.

Chair McDonald explained that Mr. Busi would be allowed time to rebut what Mr. Wood presented or add any additional information. He reminded Mr. Busi that the other tax year hearing would be heard after the current hearing.

Mr. Busi referred to the comparable home on Laurent Road and reminded it had a large storage garage and stucco. He noted his property did not have stucco and due to monetary issues, he had to choose cheaper options for his home. He said the Laurent

Road home had an improved gravel road, unlike the Osage Road property. He commented that the houses adjacent to the Laurent Road home were nice homes. He referred to Exhibit B, page 12, regarding the North Red Rock Road property. He noted the property was 3,795 square feet, 21.25 acres, and sold for \$1.1 million in 2024. He did not understand how the Assessor's Office arrived at their figures for abatements. He said he witnessed many homes in his area that had lower taxes than his home. He said that as an older person, he did not think he would have many years left in the house. He felt Mr. Wood could have negotiated with him due to that and noted he practically begged him. He asked that the taxes be lowered slightly and requested the taxes be lowered into the \$4,000 range. He knew he needed to pay taxes and that it took money to run the County. He said he was not resentful that he had to pay taxes.

Mr. Busi said he wanted to present more comparable and mentioned he was had wanted to discuss Lifestyle Homes.

Chair McDonald noted that one of the primary elements of taxation was the improvement value, which was based on rebuild costs. He asked Mr. Busi if the Assessor's Office's taxable improvements were higher or lower than what he spent. Mr. Busi replied that he spent less than the taxable improvements from the Assessor's Office. He indicated he did a partial cost list; however, a complete list was not done. He informed that when construction started, lumber was priced lower but increased during the middle of 2022. He opined he spent less. Chair McDonald asked Mr. Busi for clarification on how much less. He stated that Mr. Busi built the house during a time when construction prices were rising, which led to Mr. Busi overspending on the original budget. He asked how much Mr. Busi believed was spent building the entire house over the two years spent building it. Mr. Busi estimated it cost \$550,000 to build the home.

Chair McDonald understood Mr. Busi was concerned about taxes, which the Assessor's Office had no control over since they could only assess the value. He stated that Mr. Busi's tax was locked into a tax cap and would increase by 3 percent every year as a primary residence. He asked if Mr. Busi understood that. Mr. Busi replied that he understood that once a tax was established, it could only increase by 3 percent every year. Chair McDonald clarified the Board could only discuss valuations and not taxes. Mr. Busi said he understood but had an issue with the valuations of houses twice the size of his property. Chair McDonald indicated the Board was concerned about the same thing and it focused on equalizing payments to ensure Mr. Busi was not bearing a higher burden than someone else. He noted Mr. Busi's comments had not been ignored.

Mr. Busi hoped the Board could do something for him. He did not feel he was asking for a huge cut in his taxes. He explained that once he began his research for the appeal, he thought to himself that the process was almost too much.

Vice Chair Ainsworth asked if the Assessor's Office informed Mr. Busi that NRS required the home to be valued based on a formula by Marshall and Swift. He clarified that Marshall and Swift was a company that tracked construction materials and labor costs. Since Mr. Busi was an older builder, Vice Chair Ainsworth speculated he may have spent

less than Marshall and Swift calculated. He opined the problem could be the equilibrium between what Mr. Busi spent and what the law required. Mr. Busi noted that Mr. Wood mentioned Marshall and Swift during a phone conversation, but he was unsure of what that referred to. Vice Chair Ainsworth said he did not know what it was until he joined the Board. He explained that Marshall and Swift was the basis of the Assessor's Office's evaluations when performing an appraisal.

Member Olsen recalled that Mr. Busi said he did most of the building himself. He asked if Mr. Busi accounted for the time spent building and the cost compared to outsourcing labor to a contractor. Mr. Busi referred to a neighbor who helped him dig trenches for plumbing, electrical, and septic. He noted he had received quotes for outsourcing labor but did not keep track of them since he did the labor himself. He indicated that he paid someone to build the leach field and appreciated the assistance from the health department, which helped him with leach field information. He noted he received a quote from a contractor to build the leach field for \$37,800, but he built it himself for \$16,000. He knew he was saving money at the time but did not keep track of it in detail.

Member Bonnenfant asked Mr. Wood about the evaluation methodology for valuation and whether it was the same as neighboring properties and all properties across the County. Mr. Wood confirmed the same methodology was used. He clarified that the Assessor's Office based the land values off of the market and took into account replacement costs for new builds and improvements.

Member Olsen asked Mr. Wood if the Marshall and Swift evaluation factored in contractors versus a person who self-built. Mr. Wood said only a small portion was factored in the evaluation and overall, the costs were still on the conservative side. He noted a conversation with Mr. Busi to try to get construction costs from him to compare to the improvement value; however, Mr. Busi did not have a full list of costs because he had stopped keeping track of the costs. He indicated that Mr. Busi reported \$500,000 to \$600,000 in total costs. He informed that in 2024/2025, the improvement value was \$424,989, which was under the estimated value.

Chief Property Appraiser Howard Stockton reported that the utilization of Marshall and Swift was required for the County to stay equitable. He acknowledged that the Assessor's Office occasionally got into owner-builder situations where a person had done a lot of the work themselves. He mentioned that occasionally, and depending on the scope of work, the Assessor's Office's cost would be higher than the person actually paid; however, the Assessor's Office was required to use Marshall and Swift for all properties, so values were equitable. He said that in cases where a person did a lot of work themselves, it was possible that the costs were less than the Assessor's Office. He informed that when the Assessor's Office came to a value, it was vetted against the market value. He explained if the total taxable value was greater than the market value, then the Assessor's Office would make a downward adjustment.

Chair McDonald said he would prefer to give the petitioner the benefit of his cost; however, at a \$550,000 construction cost, it would equal \$213 per SF. He noted

the Assessor's Office's value of improvements equaled \$164 per SF, with the total taxable value at \$213 per SF. He believed Mr. Busi was receiving the benefit of reduced construction costs. He said he did not see a meaningful difference in the land because the inferior properties may have overpaid, but it seemed to be the current value. Member Bonnenfant noted her concern that in making any adjustments, an inequity was created with the other surrounding properties. Member Olsen and Vice Chair Ainsworth agreed with Member Bonnenfant.

There was no response to the call for public comment.

With regard to Parcel No. 086-161-20, hearing number 25-0014R24, which petition was brought pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Bonnenfant, seconded by Vice Chair Ainsworth, which motion duly carried, it was ordered that the Assessor's taxable values be upheld and it was found that the Petitioner failed to meet his/her burden to show that the full cash value of the property is less than the taxable value computed for the property in the current assessment year.

10:00 a.m. **The Board recessed.**

10:10 a.m. **The Board reconvened with all members present.**

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Chair McDonald informed Mr. Busi that he had an independent right to appeal the upheld taxable value to the State Board of Equalization by March 10, 2025.

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25-112E PARCEL NO. 086-161-20 – BUSI, CHARLES R & JANET M – HEARING NO. 25-0014

A Petition for Review of Assessed Valuation was received protesting the 2025-26 taxable valuation on property located at 10420 Plata Mesa Drive, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Assessment notices, property tax information, photos, maps, 35 pages.

Exhibit B: Property tax information, property listings, photos, and maps, 58 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet (HEP) including comparable sales, maps, and subject's appraisal records, 13 pages.

On behalf of the Assessor and having been previously sworn, Steve Wood, Appraiser, oriented the Board as to the location of the subject of the property. Maps and images were located on pages 5 through 7 of the HEP.

Mr. Busi commented that he did not understand why there was a second hearing and opined the value would be upheld regardless of what he said or showed the Board. Chair McDonald recommended discussing new information with the Board, such as another parcel of land that better described his property and sold for under \$120,000, which is what the Assessor's Office used to value the land. He noted if Mr. Busi provided that, it would be new information the Board would have to consider.

Mr. Busi said that Lifestyle Homes seemed to have preferential tax treatment; however, he did not know where the sale came from or when it occurred. He thought the Washoe Regional Mapping System only showed taxes for 2020 to 2025. He referred to a property with 12 acres on Red Rock Road and compared the assessed value to the taxes for the property. He said he was unsure what the property was sold for, but he had followed the market for many years and saw a large number of parcels sell for under \$100,000. Chair McDonald asked for the parcel number or street address of the property on Red Rock Road.

Mr. Busi asked if it was a question of land value. Chair McDonald noted there were two elements in the valuation of Mr. Busi's property. The first was the land value underneath, which was market value. The other was the rebuild cost, which was the Marshall and Swift calculation of the depreciation of the home's rebuild construction. He explained those two elements combined equaled the valuation. Mr. Busi mentioned he spoke with County Assessor Chris Sarman about an element in the construction costs regarding fraud. He said he did not want to mention names, but the estimated cost of \$550,000 was due to fraud. He informed that Mr. Sarman told him to address the fraud at his hearing. Chair McDonald asked about the nature of the fraud and the estimated impact on Mr. Busi. Mr. Busi estimated roughly \$100,000 to \$150,000 was his impact due to fraud. He said promises had been made to him but not kept.

Chair McDonald recalled Mr. Busi mentioning a property on Red Rock Road with a substantial difference in taxes. He asked for the street address of that property on Red Rock Road so the Board could view the information to determine the assessed value of the land and property.

Mr. Busi referred to Exhibit B, pages 21 through 25, regarding Lifestyle Homes TND, LLC's subdivision land. He noted the property was 34 acres outside of Outlaw Lane. He said they were currently attempting a building project that would get it down to 1/3 acre. Chair McDonald asked if the parcel was undeveloped. Mr. Busi confirmed the parcel was undeveloped; however, it was next to development.

Chair McDonald recommended hearing from Mr. Wood while Mr. Busi located the property on Red Rock Road. He asked if there was additional information Mr. Busi wanted to present besides the Red Rock Road property.

Mr. Busi said that Lifestyle Homes TND, LLC had 199 acres, which came out to \$19.84 per acre with a total assessment of \$199,532 and \$3,771 in taxes. He felt that every parcel he found received preferential tax treatment, although he acknowledged he was unsure of what the properties sold for. He referred to a property on Osage Road, Exhibit B, page 29, and said the property received a tax of \$1,175.85 in 2024. Mr. Busi did not understand the values of houses explained by Assessor Sarman. He hoped the Board would have mercy on him and lower his taxes slightly. He mentioned that there was a home across the street from the Osage Road property that was valued at around \$400,000, with taxes of approximately \$4,000. He said Lifestyle Homes owned the 13 acres that home was on. He acknowledged that seeing numbers like that irritated him and if he had known what he would have to go through to build his home, he would have sold his lot at a profit and purchased a built home. He mentioned he was unaware there was a tax penalty for building. He informed the Board that even though he spent a lot of time researching information for the appeal, it was the inequity that made him continue. He wondered if he had provided too much paperwork for his appeal.

Mr. Busi communicated that the homes in his area were considered low-density suburban (LDS). He mentioned a home on 46 acres further out on Red Rock Road in general rural (GR) zoning that sold for \$1.2 million in 2024. He was unsure if there was an update on the taxes of that property, but he noted that they were \$4,842 recently.

Mr. Busi was unsure what the Board would do with the rest of his paperwork, which was Petitioner's Exhibit B. Chair McDonald noted that Exhibit B would become part of the record and could be used for appeals. Mr. Busi asked if the appeals were to the State. Chair McDonald confirmed the appeals were to the State BOE. Mr. Busi wondered what the point of appealing to the State was if the Board did not give him a tax decrease. Chair McDonald said he could not give Mr. Busi an answer to that question.

Mr. Busi brought up a property on 43.51 acres that was previously for sale for \$1.8 million and currently selling for \$1.5 million. He understood the property was designated GR on Antelope Valley Road, but the property explained why he had an issue with the taxes. He indicated that the home was approximately 5,000 square feet with an assessed value of \$181,900. He speculated he could have purchased a \$1.1 million home on 43 acres and his taxes would have been lower than what he was currently paying. He referred to a property on Plata Mesa Road with approximately 3 acres and taxes of \$2,994 that was down the street from his home. He said there was a nicer home on Osage Road that backed up to the Reno Stead Airport that he could not find in his paperwork.

Mr. Wood indicated the subject parcel was purchased in 2018 for \$105,000 with construction beginning in 2022. The home was bumped up to 75 percent complete for the 2023/2024 tax year and 100 percent completion in 2024/2025. He reiterated the increase in the improvement values and the tax cut values. He explained the market analysis

was derived from the sales comparison approach located on page 2 of the HEP. Photos of the comparable sales were located on pages 8 through 13 of the HEP. The properties used in the comparable sales chart were located in the same neighborhood as the subject parcel. He commented that although they shared similarities, some superiorities and inferiorities were noted on page 2 of the HEP.

Mr. Wood noted an error in the summary regarding Improved Sale (IS) 3, which mentioned an appreciation of \$10 per SF; however, it should have read \$30 per square foot (SF). He said that IS 1 was considered the best improved sale comparable to the subject and was similar in location, bedroom count, and bathroom count. IS 1 sold on November 25, 2024, for \$359 per SF. Overall, the IS provided a range of values from \$260 per SF to \$391 per SF, which supported the taxable value of \$213 per SF. He noted that all three comparable land sales (LS) were roughly one acre in size, and each sold for \$120,000. He said LS 1 was considered the best LS comparable to the subject, and, like the subject, it had paved road access and flat topography; however, LS 1 was inferior in size. He said the three comparable LS represented the median lot size for the unit type in the Silver Knolls neighborhood. LS 1 sold on January 26, 2024, for \$120,000. He explained that although all three comparable properties sold for \$120,000, all were inferior in size and located either in a flood zone or had dirt road access. He mentioned that an upward adjustment of value was necessary to account for those inferiorities when compared to the subject. Parcels similar to the subject with two acres plus in size had an upward adjustment to reflect the larger size, and the subject's land value of \$126,000 was supported. He concluded that the sales comparison approach supported the Assessor's Office's total taxable value and did not exceed full cash value. He noted a reduction was not recommended and asked the Board to uphold the Assessor's Office's total taxable value.

Chair McDonald noted the petitioner presented a few other raw land parcels. From his understanding, because those were not subdivided and were just large acreage parcels, the use categorization and valuation for those were considerably different. Mr. Wood affirmed that was correct. He said he was unsure of the specifics of those properties, but from what he could tell, they appeared to be large acreage, undeveloped parcels. He acknowledged that without knowing details about the comparable properties Mr. Busi presented, they seemed undeveloped, with large acreage and potential issues that would make them incomparable.

Mr. Busi referred to a property on Red Rock Road that was close to the comparable properties and his own. He mentioned the home was on 23 acres with 3,424 SF. He said the home had a separate garage building and an asking price of \$1,250,000. He believed that home was superior to his. He noted he had not brought pictures of the inside of his home, but a lot of the homes he researched and presented to the Board were nicer than his. He believed he should have bought a prebuilt home.

Chair McDonald asked for 12700 Red Rock Road's assessment record. Senior Appraiser Jane Tung indicated the home was built in 1979 so there was a substantial depreciation difference. She informed that the square footage of the home was 1,676, which was also different from the subject property. Chair McDonald asked what the value of the

land was. Ms. Tung noted that the land was valued at \$160,000, and the taxable improvements were roughly \$330,000. She explained that, from what she could see, the major differences in the property compared to the subject property were the larger land size, the older age of improvements, and the smaller gross living area. Mr. Busi indicated the property was 1,676 SF; however, the sales listing stated it was actually 3,400 SF. Ms. Tung clarified that the basement was 1,748 SF which was listed separately.

Mr. Busi located the 12-acre property with a manufactured home that he previously referred to as having roughly \$1,500 in taxes. Chair McDonald asked Ms. Tung for the assessment record on the property.

Mr. Busi said that he conducted extensive property research and wondered why Lifestyle Homes LND, LLC, received different taxable values and assessments. He was also confused about the difference between his raw land purchased in 2018 and raw land purchased in 2007. Chair McDonald indicated that the tax cap started at a different point, which brought up a legislative issue the Board could not address.

Ms. Tung mentioned that the property Mr. Busi referred to was a 2,490 SF property that was built in 2020, which was comparable to the subject site; however, because it was a mobile home conversion to real property, the cost margins were lower. She said the Assessor's Office was mandated to utilize Marshall and Swift's cost to ensure equality. She mentioned if Mr. Busi had a mobile home conversion property, it would use the same cost as the property Mr. Busi referenced. She clarified that Nevada Revised Statutes (NRS) did not assess properties by market value. She explained that while other properties were selling for \$1 million or more, the Assessor's Office was mandated to use what was defined in the NRS. Therefore, only land was at market value. The improvement was replacement costs, new as stated in Marshall and Swift, minus depreciation. She said that some of the properties presented were older, with 40 years of depreciation. She commented that value could not be used to establish the taxable value because staff had to follow what the NRS stated.

Mr. Busi said he understood that he needed to leave all his information on the comparable houses with the Clerk's Office. He believed nothing would change unless the Board reviewed the information again and reconsidered. Chair McDonald confirmed that Mr. Busi should leave the documentation with the Clerk in case he later decided to appeal to the State BOE. Mr. Busi asked if the Board would look at the documents left with the Clerk. Chair McDonald said the documents would be preserved in the record.

Member Bonnenfant appreciated Ms. Tung's explanation of the depreciation issue. She believed that the system was complicated, and she sympathized with the petitioner's questions and concerns. She agreed that it seemed that properties were valued differently, with older properties paying much less in taxes compared to newer properties, which created issues with the taxpayers; however, the Assessor's Office was required to use that system. She indicated there was little the Board could do unless processes were changed at the State. Member Olsen echoed Member Bonnenfant's sympathies. He thought it seemed inequitable that a new build would pay more taxes than

an older build. He said the Legislature bound the Board of Equalization (BOE) to certain procedures. Vice Chair Ainsworth thought equalization was important and that all property owners should pay their equal share. He noted the Board did not have much leeway on that.

There was no response to the call for public comment.

With regard to Parcel No. 086-161-20, hearing number 25-0014, which petition was brought pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Olsen, seconded by Vice Chair Ainsworth, which motion duly carried, it was ordered that the Assessor's taxable values be upheld and it was found that the Petitioner failed to meet his/her burden to show that the full cash value of the property is less than the taxable value computed for the property in the current assessment year.

* * * * *

Chair McDonald informed Mr. Busi that he had an independent right to appeal the upheld taxable value to the State Board of Equalization by March 10, 2025.

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25-113E PARCEL NO. 510-083-03 THROUGH 510-483-02 – SPARKS RETAIL ASSOCIATES LLC/CIRE EQUITY – HEARING NO. 25-0088A THROUGH 25-0088K

A Petition for Review of Assessed Valuation was received protesting the 2025-26 taxable valuation on property located at 255 Disc Drive, Washoe County, Nevada.

Assessor's Parcel No.	Petitioner	Hearing No.
510-083-03	SPARKS RETAIL ASSOC. LLC/CIRE EQUITY	25-0088A
510-083-04	SPARKS RETAIL ASSOC. LLC/CIRE EQUITY	25-0088B
510-083-08	SPARKS RETAIL ASSOC. LLC/CIRE EQUITY	25-0088C
510-083-09	SPARKS RETAIL ASSOC. LLC/CIRE EQUITY	25-0088D
510-481-04	SPARKS RETAIL ASSOC. LLC/CIRE EQUITY	25-0088E
510-481-08	SPARKS RETAIL ASSOC. LLC/CIRE EQUITY	25-0088F
510-482-01	SPARKS RETAIL ASSOC. LLC/CIRE EQUITY	25-0088G
510-482-02	SPARKS RETAIL ASSOC. LLC/CIRE EQUITY	25-0088H
510-482-07	SPARKS RETAIL ASSOC. LLC/CIRE EQUITY	25-0088I
510-483-01	SPARKS RETAIL ASSOC. LLC/CIRE EQUITY	25-0088J
510-483-02	SPARKS RETAIL ASSOC. LLC/CIRE EQUITY	25-0088K

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Value summaries, photographs, and comparable properties, 63 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet (HEP) including comparable sales, maps and subject's appraisal records, 112 pages.

Exhibit II: Assessor's HEP revised appeal summary page, 1 page.

No one offered testimony on behalf of the Petitioner.

Chief Deputy County Clerk Cathy Smith distributed documents to the Board from the Assessor's Office and placed them on file as Assessor's Exhibit II.

On behalf of the Assessor and having been previously sworn, Stacey Jackson, Appraiser, oriented the Board as to the location of the subject of the property. She noted the property was collectively known as the Sparks Galleria. She stated maps were located on pages 82 through 84 of the HEP. Exhibit II corrected the appeal summary page on page 1 of Exhibit I. Exhibit II corrected the year built from 2005 to 2010. She noted the petitioner's evidence had inconsistencies regarding the sales listings. Ms. Jackson referred to the improved sale (IS) 3 on page 18 of Exhibit A which showed a sales price of \$13.7 million; however, the actual sales price of the improved parcel was \$76 million. She informed the Board that one of the lowest land sales presented in Exhibit A referred to a project to widen Lemmon Drive which sold at a very low price per square foot (SF). Ms. Jackson said she visited every comparable parcel provided by the petitioner.

There was no response to the call for public comment.

With regard to Parcel No. 510-083-03 through 510-483-02, which petition was brought pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Olsen, seconded by Vice Chair Ainsworth, which motion duly carried, it was ordered that the Assessor's taxable values be upheld and it was found that the Petitioner failed to meet his/her burden to show that the full cash value of the property is less than the taxable value computed for the property in the current assessment year.

**25-114E PARCEL NO. 025-021-20 – SMITHRIDGE PROPERTY LLC –
HEARING NO. 25-0027**

A Petition for Review of Assessed Valuation was received protesting the 2025-26 taxable valuation on property located at 770 Smithridge Drive, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Rent roll and tracking information, 7 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet (HEP) including comparable sales, maps and subject's appraisal records, 25 pages.

No one offered testimony on behalf of the Petitioner.

On behalf of the Assessor and having been previously sworn, Adam Smith, Appraiser, oriented the Board as to the location of the subject of the property. He noted an aerial image was located on page 17 of the HEP. He stated the total taxable value was supported by the income and sales comparison approaches and did not exceed full cash value. He said the appellant provided Exhibit A, a rent roll on February 12, 2025, which indicated the subject property was fully occupied, rather than the 5 percent vacancy used in the analysis. He noted the roll also noted the subject had below market rent at \$0.93 per square foot (SF). He explained that using that rent amount indicated a price per SF of \$154, which was well above the Assessor's total taxable value of \$124 per SF. He recommended the Assessor's total taxable value be upheld.

There was no response to the call for public comment.

With regard to Parcel No. 025-021-20, which petition was brought pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Bonnenfant, seconded by Vice Chair Ainsworth, which motion duly carried, it was ordered that the Assessor's taxable values be upheld and it was found that the Petitioner failed to meet his/her burden to show that the full cash value of the property is less than the taxable value computed for the property in the current assessment year.

25-115E PARCEL NO. 163-073-04 – BP CAPITAL I LLC – HEARING NO. 25-0028

A Petition for Review of Assessed Valuation was received protesting the 2025-26 taxable valuation on property located at 9475 Double R Boulevard, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Rent roll and tracking, 7 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet (HEP) including comparable sales, maps and subject's appraisal records, 24 pages.

No one offered testimony on behalf of the Petitioner.

On behalf of the Assessor and having been previously sworn, Kelson Powell, Appraiser, oriented the Board as to the location of the subject of the property. He explained the rent roll provided after the initial hearing was incomplete and did not indicate dates or terms pertaining to the rent provided. Mr. Powell said he was not able to determine how the \$0.83 monthly rent per square foot (SF) was derived because it was not the average, median, or total monthly rent divided by the area. He noted there was a discrepancy between the petitioner's provided 35,904 SF and the Assessor's record of 39,338 SF. He reviewed the income approach details that were located on page 4 of the HEP. He explained that the common area maintenance (CAM) component fees were additional charges paid by tenants that included the cost of maintaining shared spaces. He said the survey of CAM income shown on page 6 indicated a median of \$0.22. He explained the CAM rate used in his analysis of \$0.25 was slightly less than the \$0.27 per SF provided on the rent roll. He said upon his inspection of the subject property on January 28, 2025, one unit appeared to be vacant, which was estimated to be 4 percent of the entire building. Mr. Powell referred to the effective gross income, net operating income, and capitalization rate analysis detailed on page 4 of the HEP with charts on pages 6 through 8. He explained the inputs used in his analysis were substantiated and conservative and that by using the stated factors in the HEP, the total taxable value of \$7,944,000 was determined. He informed the Board that the property was appealed annually for the past three years with no significant change to the condition of the property. He recommended the Assessor's total taxable value be upheld due to the total taxable value not exceeding full cash value.

Chair McDonald asked Mr. Powell if he had ultimately concluded on a seven percent cap rate. Mr. Powell confirmed seven percent. Chair McDonald noted that the amount was generous. Chair McDonald calculated the total rent provided by the petitioner, adjusted it using Mr. Powell's CAM, and used a seven percent cap rate. He concluded with a value that was higher than the actual tax value. He did not believe the income approach would warrant a reduction.

There was no response to the call for public comment.

With regard to Parcel No. 163-073-04, which petition was brought pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Vice Chair Ainsworth seconded by Member Olsen, which motion duly carried, it was ordered that the Assessor's taxable values be upheld and it was found that the Petitioner failed to meet his/her burden to show that the full cash value of the property is less than the taxable value computed for the property in the current assessment year.

25-116E PARCEL NO. 014-135-24 – BRYAN RAYDON – HEARING NO. 25-0084R24

A Petition for Review of Assessed Valuation was received protesting the 2024-25 taxable valuation on property located at 121 Vesta Street, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Petitioner comparable properties, Assessor comparable properties, photos, rent roll, 13 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet (HEP), including comparable sales, maps, and subject's appraisal records, 94 pages.

On behalf of the Petitioner, Steven Polikalas was sworn in by Chief Deputy County Clerk Cathy Smith.

On behalf of the Assessor and having been previously sworn, Jeff Lewis, Appraiser, oriented the Board as to the location of the subject of the property. He stated the appeal was complicated because the property was under construction and at partial completion during the appealed tax year. The appealed value of roughly \$4.9 million represented a partial value and approximately 69 percent of the final value. Mr. Lewis said situations such as this were typically not appealed; therefore, the Assessor's HEP might generate questions. Maps and photos were located on pages 39 through 44 of the HEP.

Mr. Polikalas indicated the appeal was based on an equalization argument regarding economic obsolescence and comparable properties that had received economic obsolescence in the past. The subject site had a small retail coffee shop occupying roughly 1,200 square feet (SF) of the bottom floor. He stated the apartment complex was initially planned for 2020 and that the market regarding multifamily apartment complexes was different in that year. He read from page 3 of Petitioner's Exhibit A regarding the concessions offered by the property owner and rent revenues. He opined the owners would not have pursued the property if they had foreseen that market conditions and the rents would be 20 percent lower than originally planned. He referred to the rent roll on pages 12 and 13 of Petitioner's Exhibit A while continuing to read from page 3 of Petitioner's Exhibit A. He stated that an income and expense report showed a net operating income loss of \$115,934 over the four months prior to debt service. He asserted the taxpayer was burdened with significant costs to keep their assets solvent while trying to lease the units during challenging times.

Mr. Polikalas referred to the comparable properties that had previously received obsolescence as listed on pages 4 through 8 of Petitioner's Exhibit A. He stated in 2024, the Assessor's Office (AO) had applied obsolescence to The Deco apartment

complex, which amounted to approximately \$30,000 per unit. He noted the petitioner was seeking a \$40,000 per unit economic obsolescence adjustment to their property value.

Next, Mr. Polikalas read from page 5 of Petitioner's Exhibit A regarding The Atrium, which received an obsolescence of nearly \$54,000 per unit until it stabilized. He stated The Bridges apartment complex received nearly \$50,000 per unit in obsolescence adjustments. Additionally, he discussed a mixed-use facility, the 3rd Street Flats, which the AO had referenced as a comparable property. He indicated that this property had received an adjustment based on obsolescence, though it was a superior property to the subject site. Until stabilization, while the property was still under construction, it received approximately \$43,000 per unit in obsolescence.

Mr. Polikalas said the second comparable the Assessor brought up was located at 64 Park Street. He reminded the Board that the subject property was valued at \$176,000 per unit, while the property at 64 Park Street was valued at \$105,000 per unit. He mentioned the third comparable the Assessor brought forth at 5599 Quail Manor Court, which was in a superior market and was only valued at \$83,000 per unit. He noted the AO's final comparable was at 405 Grand Canyon Boulevard. He said the sale of that property was premised on a stabilized asset and did not reflect any concessions. He asserted that the current multi-family market was flooded with units requiring massive concessions. He noted that the subject property, known as the Carlin Apartments, was located off Vesta Street, which had many ingress and egress issues. The property had failed as a number of different types of businesses over the years, which he believed could indicate the future of the subject as was indicated by the inability to lease it in a timely fashion.

Mr. Polikalas discussed another comparable the AO had brought forward, the Mod II, which was located on the River Walk. The details related to this property were included on pages 8 and 9 in Petitioner's Exhibit A. That asset was leased quickly. It was a fully stabilized asset without any concessions offered and it sold for \$205,741 per unit, which he did not believe was comparable to the Carlin Apartments. He mentioned that the AO had used The Deco as a market value comparable to the subject; however, he said The Deco was far superior with high-speed elevators, parking, and a penthouse level. He noted The Deco was also not comparable to the 40-unit Atrium property in the southern part of the midtown area on Wells Avenue. He commented that the neighborhood was surrounded by small offices and retail space. The total taxable value of The Deco was \$135,000 per unit.

Mr. Polikalas concluded that the taxpayer was seeking obsolescence for the subject property so it could achieve stabilization. He said once that happened, the Assessor could remove the obsolescence to calculate a more fair, equitable, and equalized tax value.

On behalf of the Assessor's Office, Mr. Lewis recognized that the AO was using stabilized properties as comparables in its sales comparison approach because properties typically did not sell when they were not stabilized. He mentioned that in its income approach, the AO was making an adjustment based on the lack of stabilization. The sales comparison approach was located on pages 2 through 4 of the Assessor's HEP.

Mr. Lewis said the subject was a two-building apartment complex with 40 apartments, a parking level, and a retail store located on the corner of Vesta Street and Holcomb Avenue. It was known as the Carlin Apartments. At this point, in the 2024-25 tax year, the apartments were fully completed. He discussed the improved sales (IS) comparisons, IS-1 through IS-4, including their indicated taxable values per unit, which were listed on page 3 of the Assessor's HEP. He noted the improved sales ranged from \$250,000 to \$298,000 per unit. He indicated that IS-2 and IS-4 were considered the most comparable sales and given the most weight in the AO's analysis. Both properties were located near the subject and were similar in unit size. The sales comparison approach was reconciled to a value of \$245,000 per unit, or a total value of \$9,800,000. He reiterated that the comparables were fully stabilized sales, but he believed they would further support his stabilized value in the income approach.

Mr. Lewis indicated the land sales, also listed on page 3 of the Assessor's HEP, were in similar locations to the subject property. The land value of the subject property was currently \$20,250. He asserted the land sales comparisons that were selected supported the total taxable value at that unit value.

Mr. Lewis then reviewed the income approach as listed on pages 5 through 7 of the Assessor's HEP. The income approach was located on pages 5 through 7 of the HEP. He explained the information looked different than usual, and he attempted to break the information down for clarity. The approach was presented as if the property was 100 percent stabilized; however, since the property was under construction, it was not providing income at that time. Therefore, adjustments were made to represent the estimated income lost due to construction. Discounts were provided based on the progress of the construction to reach an as-is value at the time of the 2024/2025 roll close.

Mr. Lewis indicated that the income expense data provided by the petitioner was minimal. Since the property was under construction, the AO had anticipated a negative income, so they had considered market data. He said the rent figures used were in line with the market, and the potential gross income was estimated at \$999,569. He stated that the multi-family market in Reno had declined a bit but he declared it was still a strong market. The AO had seen low vacancy rates with an average of 3.09 percent. In their analysis they used a 5 percent vacancy rate to be on the conservative side. They also incorporated a 1 percent collection loss. Additionally, they considered rent concessions and estimated that in a stabilized year, 3 units per month would turn over with 2 months of free rent concessions. These factors were included in their analysis and after these deductions, the effective gross income of \$867,932 was estimated.

Mr. Lewis stated that the AO determined a net operating income of \$511,906, using a market-determined expense ratio of 40 percent. He indicated the demand for multi-family investments was still high in the local market and capitalization (cap) rates had remained low. He maintained that the local cap rates suggested a range between 4.1 percent and 6.33 percent, while local market reports indicated an average cap rate of 5.9 percent for all multi-family properties in Washoe County. He said the most weight was given to comparables CR-1 and CR-3, as shown on page 8 of the Assessor's HEP, because

they were the most like the subject and had recent sales. A cap rate of 5.5 percent was estimated for the subject, which fell between the rates for CR-1 and CR-3. This resulted in an income approach to value of 9,307,385 or \$232,600 per unit. He said this was a stabilized value. He clarified that the AO considered a property stabilized when it was about 90 percent occupied.

Mr. Lewis declared that a lease-up analysis determined what the property would lose while it was under construction. He noted there was a historical absorption rate chart on page 12 of the Assessor's HEP. According to Mr. Lewis, an absorption rate of 10 units per month was indicated, which was in the bottom 25 percent of the values shown. Based on this, the adjustment rate for the loss of rent was \$358,313. He said the same analysis was carried out for the retail portion of the property which provided an estimate of approximately \$83,958 in rent loss. Adding those two adjustments together resulted in a negative adjustment of \$442,271. This amount was subtracted from the stabilized value for a non-stabilized value of \$8,865,115. Further adjustments were made due to the property being under construction. They compared the appealed value of \$4,943,992 to the estimated 100 percent complete value for the 2024-25 year which was \$7,176,998. The under-construction value was 68.89 percent of the total value if it was 100 percent complete. The second reduction removed 31.11 percent of the value. He said after removing those deductions, the indicated value of the property as if it was not stabilized, would be \$6,106,879, which was higher than the appealed value of \$4,943,992. Therefore, the AO did not believe any adjustments were necessary for the property based on any stabilization issues.

To address some of the concerns the petitioner brought up, Mr. Lewis discussed the obsolescence applied to other properties, saying that those were determined on a case-by-case basis. The AO compared the market value to the total taxable value based on the cost approach. If their cost approach exceeded the total taxable value, then they applied obsolescence to bring it back down to market value. He indicated this was not the case in this appeal and he did not believe any obsolescence was necessary. He said the Petitioner had brought up the sale of The Decco, but this hearing was for the 2024-25 tax year and the AO was not allowed to consider that sale. He mentioned he had information regarding The Decco to present in the next appeal and inquired whether the Board would like him to go ahead and address that sale.

Chair McDonald asked Mr. Lewis to proceed with that information.

Mr. Lewis opined that the sale of The Decco was interesting and referred to an article he read in a *CoStar* article. The article indicated that The Decco sold for \$205,000 per unit in 2023, which was extremely low. It had been expected to sell in the \$350,000 range. At that time, he said, the number of new apartments becoming available in Reno was outpaced, and for nine straight quarters vacancy rates were in the double digits. The Decco had just finished construction and was starting their lease-up. The buyers of the property had been focused on a strategy called "distressed new construction", which is what they considered The Decco to be. Ultimately, the equity partners just wanted out since the rents were not what the developers had projected when they underwrote that deal. This

created a challenging environment in which to lease up and stabilize a project. Mr. Lewis said the article went on to state that this sale was an exception and not the rule. By the time the project was completed in 2021, the annual rent growth had ballooned to 11 percent, but this did not last. A steady decline led to negative rent growth in 2023 and a 25-year high in vacancy rates. Since 2018, there had been 1,000 new units entering the Reno market annually, a pace that had only grown according to a *CoStar* analysis. The second quarter of 2022 saw 4,700 units under development, which was an all-time high. He concluded that The Decco had bad timing. By the time they were ready to lease up, the rents had come down and there was over-saturation in the market. He believed the market had stabilized since then.

Regarding the Carlin Apartments, Mr. Lewis said the AO was expecting it to absorb about 10 units per month, which he thought was a relatively conservative estimate. A deduction had been applied to account for the income the property would lose when no one was in it, so they did not feel there was any reason to apply obsolescence. He recommended the Board uphold the taxable value of the subject property.

Member Bonnenfant noted that Mr. Polikalas provided information regarding comparable properties. She asked Mr. Lewis if he could address the total taxable values per unit for those properties. Mr. Lewis indicated it was the first time he had seen Petitioner's Exhibit A since Mr. Polikalas did not present the exhibit until the morning of the hearing. He did not have time to look at the taxable values; however, he thought they were likely comparable to what had already been discussed in the past. He indicated the taxable values were not comparable because the properties were built at different times, with different depreciation and land values.

Chair McDonald asked Mr. Lewis about the five percent vacancy rate calculated using the income method. Since the multifamily market had stabilized, he thought the rate should be closer to 8 percent. Mr. Lewis mentioned he had provided data on market vacancies and operating expenses on page 9 of the Assessor's HEP. The vacancies ranged from 91 to 96 percent. Since the subject site was a new property, he expected a high vacancy. He believed market data was used to support the 5 percent vacancy rate.

Chair McDonald saw that the lower tax cap ranges provided were during a time when the multifamily need was increased, while the higher rates were during 2023. He noted that a 5.5 percent rate was used as opposed to a 6 or 6.5 percent rate. He requested more details on how Mr. Lewis determined the rate.

Mr. Lewis indicated there was a 6.33 percent cap rate on the 2300 Harvard Way property. The apartment complex was unique due to its dormitory-style apartment and shared living space. There was a higher risk, which was why he believed the cap rate was higher. He did not consider that property or the cap rate applicable to the subject site. He referred to information from Trepp, which collected underwriting data for recent loans and refinancing. Trepp indicated loans were being underwritten at 4 to 6 percent, with the median being approximately 5 percent. These loans were being underwritten at low cap

rates, but there was a lack of new sales to support that. The AO believed that a rate of 5.5 was on the higher side.

On behalf of the Petitioner, Mr. Polikalas thought that a presumed 5 percent vacancy rate would be great, but he opined that this was purely speculative. The multifamily demand had changed in the last 16 months, with very few sales in 2024. He said the market was not improving. He referred to 228 Stewart Street, an eight-plex in the heart of midtown across from The Discovery Museum, which sold for \$168,000 in February. The petitioner was seeking economic obsolescence to deal with the projections of 95 percent stability. He thought the AO was not considering the 20 percent less they were receiving in rent, plus the impact of the concessions that were being offered. He noted the petitioner probably would not have bought the property if they had known it would end up in this market. He believed the AO's statement about the market being stabilized was untrue. In fact, he thought the market was softening and that it was critical to note that the subject was far below the pro forma determined at the underwriting stage. He opined that given today's market conditions and economic realities; economic obsolescence was appropriate.

Mr. Polikalas said he felt the AO's assertion that The Deco had been a distressed property was irrelevant. He stated the property was not sold at a fire sale, was a good property, and an appropriate comparable based on its superior aspects. He noted the Carlin Apartments had unsecured parking, was not a high-rise building, and did not have climate-controlled elevators like other properties. He believed the idea that the property would stabilize quickly was at odds with the market based on the subject site's experience.

Chair McDonald thought the Assessor's attempt to analyze an un-stabilized value was logical and credible. When he ran calculations utilizing other capitalization rates, he did not estimate a value below the Assessor's taxable value.

There was no response to the call for public comment.

With regard to Parcel No. 014-135-24, which petition was brought pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Olsen, seconded by Vice Chair Ainsworth, which motion duly carried, it was ordered that the Assessor's taxable values be upheld and it was found that the Petitioner failed to meet his/her burden to show that the full cash value of the property is less than the taxable value computed for the property.

25-117E PARCEL NO. 014-135-24 – BRYAN RAYDON – HEARING NO. 25-0084

A Petition for Review of Assessed Valuation was received protesting the 2025-26 taxable valuation on property located at 121 Vesta Street, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Petitioner comparable properties, Assessor comparable properties, photos, and rent roll, 13 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet (HEP) including comparable sales, maps, and subject's appraisal records, 81 pages.

On behalf of the Assessor and having been previously sworn, Jeff Lewis, Appraiser, oriented the Board as to the location of the subject property. Maps and images were located on pages 27 through 32 of the HEP.

On behalf of the Petitioner, Mr. Polikalas indicated in the previous hearing he had covered the issues regarding the property due to its projected stabilized rent, the current stress it was experiencing due to concessions, its failure to meet its underwritten pro forma, and lack of net operating income (NOI). He asserted that the softening of the multifamily market warranted that the property should be given economic obsolescence until it reached stabilization.

Chair McDonald informed Mr. Lewis he was interested in the details of the income approach utilized by the Assessor's Office (AO).

On behalf of the Assessor's Office, Mr. Lewis noted that the property construction was complete and he understood that one of the buildings had an elevator issue that was fixed. He read through the sales comparisons which were located on pages 2 through 4 of the Assessor's HEP. He noted that the subject was a two-building apartment complex with a parking level and a retail store located on the corner of Vesta Street and Holcomb Avenue, known as the Carlin Apartments. He discussed the improved sales (IS) comparables listed on page 2 of the HEP and noted they indicated a value range of \$205,700 to \$297,900 per unit. He believed IS-1 and IS-4 were the most comparable to the subject property and said the subject's value per unit fell between those two comparables. The sales comparison approach was reconciled to a value of \$245,000 per unit, for a total value of \$9,800,000. The land sales comparisons offered a range of \$23,000 to \$42,000 per unit, which Mr. Lewis stated supported the subject's land value.

Mr. Lewis noted that the income sheet provided in this hearing was the same one the Board had seen during Hearing No. 25-0084R24, with few differences. The AO utilized an absorption rate of ten units per month, which led them to project that the property would be fully stabilized by the lien date. He added that the retail space had a current tenant, so no adjustment was needed based on stabilization. He commented that the property was also 100 percent complete.

Mr. Lewis stated the AO used market data to determine the rents on the property. Based on the market data, the potential gross income was estimated at \$999,569.00. He acknowledged that the Reno multi-family market had declined, but said it was still very strong. He disclosed that the AO used a 5 percent vacancy rate to be

conservative, which was supported on pages 9 and 10 of the HEP. A 1 percent collection loss and rent concessions were also considered, and after those deductions, they calculated an effective gross income of \$867,932. He said the market-determined ratio was 40 percent which resulted in an NOI of \$511,906.

Mr. Lewis mentioned that the demand for multi-family property investments remained high in the local market. He noted that the capitalization (cap) rate chart on page 8 of the HEP summarized the cap rates. He stated that local markets indicated an average cap rate of 5.9 percent for all multi-family properties. He reviewed the cap rate comparables on page 8 and said the most weight had been given to CR-1 and CR-3 as they were most like the subject property and had recent sales. The 5.5 percent cap rate of the subject property was believed to fall between those two comparables. This resulted in an income approach to value of \$9,307,385 or \$232,600 per unit. He expected the property to reach stabilization by July 1, 2025, and said the property was 100 percent complete. The AO's analysis revealed that the total taxable value did not exceed market value; therefore, Mr. Lewis recommended the Assessor's total taxable value be upheld.

Chair McDonald asked Mr. Lewis about the vacancy risk and what the actual vacancy was. Mr. Lewis replied that the current vacancy was not shared but he thought it was in the evidence shared by Mr. Polikalas. He believed there were 12 units set for lease. Member Bonnenfant inquired about the absorption rate and Mr. Lewis stated it was 10 units per month. Responding to a question by Vice Chair Ainsworth, Mr. Lewis described the absorption rate as how many units were expected to be leased every month during the stabilization period.

On behalf of the petitioner, Mr. Polikalas said nine of the 40 residential units were currently leased, and there was a commercial coffee shop. He commented the owner had only collected rent on two units. Based on the AO's discussion related to their income approach, he said they were projecting a market rent on a 1-bedroom unit at \$1,775 per month; however, they were rented at \$1,450 per month. This was 22 percent less than the income approach presented by the AO and did not include one month of concessions which amounted to 8.5 percent on a 13-month lease. Considering these two factors, he said the property owner was collecting approximately 30 percent less than what was determined by the AO.

Mr. Polikalas stated that the Assessor's comparable IS-1 was located on the River Walk in Downtown Reno. It was a fully stabilized high-rise building, which he thought was superior to the subject site. He said IS-2 was a high-rise building in Sparks that had a 97 percent occupancy at the time of contracting and was far different from the subject. He noted that the 3rd Street Flats, IS-3, sold on July 30, 2021, which was during the height of the multi-family frenzy, and the building was demonstrably superior to the subject. IS-4 was remodeled and its sale in 2022 was not comparable since sales had since softened. He said all the sales were stale and were unfairly optimistic when compared to the subject site. He remarked that market forces dictated rent based on pro forma and underwritten criteria, illustrating that economic obsolescence was mandated for the subject

site to account for the owner's experience. He thought the Board had enough information to grant the petitioner some relief to account for current market conditions.

Chair McDonald referred to the revenue information provided on pages 12 and 13 of Petitioner's Exhibit A and pointed out some of the units were identified but their rent amounts were not shown. He asked if Mr. Polikalas knew what those rents were. Mr. Polikalas responded he did not know, but he believed those were one-bedroom apartments. Chair McDonald asked if the ones that were identified were also one-bedroom units and Mr. Polikalas responded in the affirmative. He concurred with Chair McDonald that the rents for the units in question should be consistent with the others that were identified but said the lack of information regarding the rents was due to the one-month concessions.

Chair McDonald said he had an adverse view of the income approach because he believed the concessions and adjustments the Assessor made were fair. However, he could see a 20 percent difference between the market rents and the actual rents and thought this would result in a \$200,000 difference in effective income.

Mr. Lewis stated that he used market rents in his assessment because the petitioner did not provide him with rent amounts. After completing the packet, he found information online that indicated the owner was asking 1,775 per month for a one-bedroom and \$2,495 for a two-bedroom. He acknowledged the possibility of different rents for the building based on unit layouts; however, he did not believe the one rental unit represented by the petitioner accurately represented the whole property.

Chair McDonald offered Mr. Polikalas an opportunity to speak to the rent issue, saying that it appeared the owner was advertising rents that were close to or at the market rates.

Mr. Polikalas asked Mr. Lewis for information about the floor plan he saw advertised. Mr. Lewis responded that the advertisement was for a one-bedroom, one-and-a-half-bath unit. Mr. Polikalas stated he did not know specifics about the rents other than what was presented in the exhibits. He assumed those were third-level units with cathedral ceilings. He did not believe the rents would deviate much from the analysis and explained the concessions continued to be a large factor in the property's income.

Mr. Lewis said he included the concessions in the income approach. Chair McDonald indicated he noticed the concessions and felt they were assessed fairly.

Member Bonnenfant said she conducted an analysis, changing the rental amounts to \$1,450 for a one-bedroom unit and \$1,750 for a two-bedroom unit, and came up with an indicated value of \$7.6 million. Chair McDonald noted the Assessor's value was set at approximately \$7 million.

There was no response to the call for public comment.

With regard to Parcel No. 014-135-24, which petition was brought pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Bonnenfant, seconded by Vice Chair Ainsworth, which motion duly carried, it was ordered that the Assessor's taxable values be upheld and it was found that the Petitioner failed to meet his/her burden to show that the full cash value of the property is less than the taxable value computed for the property in the current assessment year.

Chair McDonald informed Mr. Polikalas that he had an independent right to appeal the upheld taxable value to the State Board of Equalization by March 10, 2025.

12:07 p.m. **The Board recessed.**

12:17 p.m. **The Board reconvened with all members present.**

25-118E PARCEL NO. 037-380-02 THROUGH 037-383-09 – LANDCAP SPARKS IV LLC – HEARING NO. 25-0087A THROUGH 25-0087Y

A Petition for Review of Assessed Valuation was received protesting the 2025-26 taxable valuation on property located at 325 Harbour Cove Drive, Washoe County, Nevada.

Assessor's Parcel No.	Petitioner	Hearing No.
037-380-02	LANDCAP SPARKS IV LLC	25-0087A
037-381-01	LANDCAP SPARKS IV LLC	25-0087B
037-381-02	LANDCAP SPARKS IV LLC	25-0087C
037-381-03	LANDCAP SPARKS IV LLC	25-0087D
037-381-04	LANDCAP SPARKS IV LLC	25-0087E
037-381-05	LANDCAP SPARKS IV LLC	25-0087F
037-381-06	LANDCAP SPARKS IV LLC	25-0087G
037-381-07	LANDCAP SPARKS IV LLC	25-0087H
037-382-01	LANDCAP SPARKS IV LLC	25-0087I
037-382-02	LANDCAP SPARKS IV LLC	25-0087J
038-382-03	LANDCAP SPARKS IV LLC	25-0087K
037-382-04	LANDCAP SPARKS IV LLC	25-0087L
037-382-05	LANDCAP SPARKS IV LLC	25-0087M
037-382-06	LANDCAP SPARKS IV LLC	25-0087N
037-382-07	LANDCAP SPARKS IV LLC	25-0087O
037-382-08	LANDCAP SPARKS IV LLC	25-0087P
037-383-01	LANDCAP SPARKS IV LLC	25-0087Q
037-383-02	LANDCAP SPARKS IV LLC	25-0087R
037-383-03	LANDCAP SPARKS IV LLC	25-0087S
037-383-04	LANDCAP SPARKS IV LLC	25-0087T
037-383-05	LANDCAP SPARKS IV LLC	25-0087U
037-383-06	LANDCAP SPARKS IV LLC	25-0087V

037-383-07	LANDCAP SPARKS IV LLC	25-0087W
037-383-08	LANDCAP SPARKS IV LLC	25-0087X
037-383-09	LANDCAP SPARKS IV LLC	25-0087Y

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Petitioner comparable properties, Assessor comparable properties, emails, and photos, 35 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet (HEP) including comparable sales, maps and subject's appraisal records, 318 pages.

On behalf of the Assessor and having been previously sworn, Jeff Lewis, Appraiser, oriented the Board as to the location of the subject property. He noted there was a clerical error regarding the building's occupancy. The square footage of the building was inadvertently reduced from its actual size of 28,941 square feet (SF) to 21,228 SF. Therefore, the stated value in the current record was incorrect. He stated the Assessor's Office (AO) would correct the error during the reopen period. Reading from the first paragraph on page 3 of the Assessor's HEP, Mr. Lewis described the subject property, commenting on its location, its remodel, the number of parcels and buildings, and their use. He relayed photos of the property were located on pages 17 through 23 of the HEP.

On behalf of the Petitioner, Mr. Polikalas thought it was ironic that there was a deviation in the Assessor's evaluation of the property size. He said the subject was a mixed-use building adjacent to the Sparks Marina that was originally meant to be used as a condominium. However, that business plan failed. He explained the property value was appealed to the County two years ago based on a quality class issue. Although the County Board of Equalization (BOE) had applied some obsolescence to the building, the owner pursued further review by the State BOE. The result was a reduction in quality class to 1.5 in both 2022-23 and 2023-24. He mentioned the State had requested the Assessor's costing analysis, a copy of which was included in Petitioner's Exhibit A. He referred to pages 16 through 24 of Exhibit A regarding an email from Senior Appraiser Shannon Scott, the costing analysis, and the State BOE's Notice of Decision.

Mr. Polikalas said that during his communications with the AO, he had been informed that the property was reclassified to a 2.0 quality class instead of 1.5. Since the notice of the reclassification was provided on the last day to appeal to the State BOE, the petitioner did not have enough time to submit a timely appeal. On page 3 of Exhibit A, he referred to the owner's opinion of taxable value and explained that the total taxable value of \$3,808,057 included an escalator of 2.56 percent and would apply to the following years, equaling a total taxable value of \$4,006,419 for 2025-26.

Mr. Polikalas noted the Petitioner was shocked to find out the AO readjusted the entire property to a 2.0 quality class. He had been in constant contact with the AO and was informed by them that the Petitioner should have known about the change due to a notice of taxes that was mailed out. He speculated the notice of taxes did not indicate quality class. He felt that it was an impossible burden to have the Petitioner determine what to do solely from the notice of taxes. In conversations with the AO, he was informed that the AO had changed their evaluation by analyzing the parcel as one unit and segregating out other uses, specifically the restaurant.

Mr. Polikalas believed the Assessor's Office was not transparent about the subject site. He believed the former Assessor did not know the quality class was reclassified because he had not yet received the State BOE's notice of decision; therefore, nothing had been done to update the record card for the property. Later he learned that the AO assigned a 2.0 quality class on the subject for the 2023-24 tax year. He referred to a disparity analysis of the Assessor's record cards, located on page 25 of Petitioner's Exhibit A, and said the cards did not match what was ordered by the State BOE. He noted the AO's value was \$216,361 greater than the State BOE's evaluation for the 2022-23 year. He assumed that the scenario was not retaliatory towards the Petitioner who argued the appropriate quality class and succeeded at the State BOE; however, he felt there was a general confusion that made it difficult for the Petitioner to understand the assessment. He felt that the method of assessment on the subject property was not readily understood. In a meeting with the AO, he was struck by what he saw in the Assessor's pamphlet regarding its mission statement. He said the Assessor's staff was always courteous, but he found the AO lacking in impartiality and transparency.

Mr. Polikalas expressed confusion over why the subject property was continuously being re-evaluated when the value had been litigated at the State BOE. He wanted the State BOE's decision to be upheld. He read from pages 5 through 9 of Exhibit A regarding the Petitioner's comparable properties and noted a lot of the properties were used in the 2023 appeal.

Mr. Polikalas indicated that the office space at 50 West Liberty Street reflected a 2.0 quality class due to its upgraded features and amenities, which created a higher-quality building than the subject site. He mentioned that Marshall & Swift's costing was based on national numbers and not specific to Washoe County. He discussed the superiorities of comparable properties and explained how the subject site had a 1.5 quality class due to uncovered parking, lack of climate-controlled elevators, and private balconies.

In his review of pages 7 through 9 of Petitioner's Exhibit A, Mr. Polikalas discussed several comparables in the 1.5 quality class, including 1150 Seminary Avenue, College Terrace Apartments, and the Highlands Apartments. In his review of restaurant uses, he spoke about Liberty Food & Wine which was classed at 1.5. He mentioned *Forbes* identified The Atlantis Casino Steakhouse as Northern Nevada's only 4-star restaurant and said that property was classed as a 2.0. He asserted the waterfront bar at the Sparks Marina was not comparable to that. He also discussed the quality classes designated for the Atlantis Oyster & Sushi Bar on the scenic Sky Terrace and the Lucky Beaver. He noted one of the

AO's comparables, located at 2195 South Virginia Street, had received over \$1 million in obsolescence. He requested the Board to take the lead from the State BOE and readjust the subject property from a 2.0 quality class to 1.5 and to remedy the taxable values.

Chair McDonald recalled that he and two other members of the current board had participated in previous discussions about the quality class of the subject property.

On behalf of the Assessor, Mr. Lewis noted that the property was appealed in 2023 and said it was customary for the Appellant to submit evidence to the Assessor at the time of the appeal so the Assessor could accurately and thoroughly review any concerns. He asserted the AO had a responsibility to be fair and equitable and was willing to listen to all taxpayer concerns to address them as best as possible. During the 2023 hearing, the Petitioner did not submit evidence until the morning of the hearing which left the office no time to review or provide additional evidence, which was similar to the current hearing.

Mr. Lewis stated that the entire building, which had mixed retail and residential units, was on the roll during the 2023 hearing. It was given a blended rating ranging from average to good, resulting in a 2.5 quality class. The quality class considered all different occupancies within the building. Although about 50 percent of the building belonged to the newly renovated Water Bar restaurant, the Appellant had mostly provided pictures of the coffee shop and office area. At that time, the County BOE recognized that some of the office areas needed improvement; therefore, it provided some relief in the form of obsolescence to account for that.

Mr. Lewis informed the Board that the State BOE could only review the evidence that was submitted at the time of the County appeal. He said that the evidence lacked good interior photos and information pertaining to the Marshall & Swift quality classes. No additional evidence was permitted to be submitted to the State BOE. The State BOE reduced the quality of the entire building to a 1.5 quality class, below average, despite not having any interior photos or the Marshall & Swift guidelines to consider. As a result, he said, the building was severely out of equalization which was why the AO corrected the record.

Mr. Lewis reported multiple attempts to visit the subject site this year to inspect and take interior pictures; however, no response was received. Therefore, no site visit occurred. He was only able to view the building's public spaces.

Mr. Lewis noted that during the 2023 BOE hearing, re-costing the building was recommended for future years. During the 2024 tax year, the occupancy and quality of the building was discussed at the Marshall & Swift costing class. It was determined that the mixed retail with residential unit occupancy did not properly account for the office and restaurant use and should be reclassified to reflect the current uses, including mixed retail with offices, a restaurant, and apartments.

Mr. Lewis informed the Board that the County BOE and State BOE decisions were only good for the year a property was under appeal; however, those decisions were considered for future years or when a necessary change to the record was appropriate. He said evaluation notices were provided to County taxpayers every year, including the subject site. Using the Marshall & Swift quality selection guidelines, the subject property with mixed retail, offices, and apartments was appropriately costed at a 2.0 quality class; however, 2.5 was appropriate for the restaurant due to its superior build and fixtures. He noted the quality class guidelines were located on pages 36 and 37, with additional information on pages 38 through 83, of the Assessor's HEP.

Mr. Lewis read from the sales comparison discussion on pages 2 through 4 of the Assessor's HEP and the income approach on pages 5 through 7. He reminded the Board that no income expense data had been provided, therefore, he used market data. He noted that during appraisals, there were three approaches to value: the sales comparison approach, the income approach, and the cost approach. In Nevada, the cost approach was typically associated with the total taxable value because that was how they determined it. However, if a real appraisal was conducted, all three approaches would be used to indicate market value. The three approaches were based on the principle of substitution, which stated that the upper limit of the value was set by the cost of acquiring an equally desirable substitute. He stated a prudent investor would pay no more for an income-producing property than he/she would pay to build or purchase a similar property. In this case, he said, the AO's income approach indicated a value of 7,930,000 while the sales comparison approach was reconciled to 7,810,000. The total taxable value for the cost approach was significantly lower than both the income and sales comparison approaches. He believed the discrepancy supported by the quality classifications was not overstated. If the quality classes were inflated, the cost approach would be expected to be in closer alignment with the sales and income comparison approaches.

Mr. Lewis discussed that the AO was an office of appraisers who collectively viewed hundreds of properties that were built and remodeled. They saw the properties from start to finish, reviewed the drawings and plans, and walked the properties with permission from the owners. They were very familiar with the Marshall & Swift guidelines. He commented that he had asked everyone in the AO if they believed the assigned quality class for the subject was correct, and all agreed it was. He reviewed the quality class ranges, saying a 1.0 was considered low-quality, a 2.0 was average, and anything above 2.0 was better than average. A 2.5 quality class was considered for the subject property. He noted that the restaurant comprised 50 percent of the building and was classed at 2.5, while the mixed retail area was 14 percent of the building and classed at 2.0. Finally, the apartments that made up the top floor of the building were classed at 2.0.

Mr. Lewis indicated that the quality class guidelines were located on pages 36 and 37 of the Assessor's HEP. Since the restaurant was finished with higher-quality materials, including custom wood trim and light fixtures not found in average buildings, he believed the restaurant merited an above-average quality class. He also noted the restaurant had an enhanced HVAC system, nice kitchen equipment, good lighting, carpeted and stone flooring, and a nice ambiance. He stated the mixed retail and office units

indicated an average quality class because they were constructed with standard commercial-grade materials without fancy enhancements. The layout and finish were typical of similar buildings with the exterior being very nice. The residential component of the property was analyzed with photos from the rental listing since he was unable to visit the site in person. The apartments were well constructed with standard multifamily construction and easily replaceable materials.

Mr. Lewis explained that lower-quality apartments were constructed using cheap materials, with rubber baseboards and tile countertops, which were not seen at the subject site. The photos received from the rental listing showed cathedral ceilings and a spiral staircase which he felt was not below average. He declared that sometimes a judgment call was needed in addition to the Marshall & Swift guidelines; however, the current quality classes were based upon the Marshall & Swift standards and were not objective opinions. He asserted bias was not included in the property's evaluation.

Mr. Lewis contended that a downward adjustment to the quality class would misrepresent the replacement cost and undervalue the property relative to its actual construction quality and market standing. He stated the existing quality classifications for the subject accurately reflected the construction quality, material standards, and overall building characteristics; therefore, the request to lower the quality class was not substantiated by any credible evidence or cost estimations. Based on the Marshall & Swift costing service, he maintained the classifications should remain unchanged.

Mr. Lewis noted that the petitioner provided comparable properties that he was not able to investigate in detail due to the exhibit being presented at the time of the hearing. He argued that some amenities, such as the exterior elevator and shared outdoor bathrooms, should be reflected in the rent, not the cost approach because those amenities were not included in the quality due to marketability factors. He felt the consumer should determine if those amenities were preferred and said they were not reflected in the quality of the building. He advised that a pool, clubhouse, or parking structure would be valued separately and would not affect quality class. Based on the evidence in the Assessor's HEP, Mr. Lewis recommended that the Assessor's current total taxable values be upheld.

Chair McDonald asked Mr. Lewis if he was familiar with the 50 West Liberty Street property. Mr. Lewis mentioned he looked at the property listed in Petitioner's Exhibit A; however, that building had a different type of construction. The subject site, he said, was wood-framed, while the downtown buildings were steel-framed. Each quality guideline had its own factors that could not be compared to each other. He commented the interior of 50 West Liberty Street was standard, with basic flooring and an open office plan.

Chair McDonald remarked that Mr. Lewis did not classify the type of use as office but as mixed retail. Mr. Lewis clarified that it was classified as mixed retail with office which was a combined occupancy category. Chair McDonald wondered how that classification affected the evaluation of the property. Mr. Lewis responded he did not have an exact answer as he had not evaluated them as separate occupancies. Typically, he said,

when there was large square footage there was a benefit due to economies of scale. The bigger the square footage, the lower the square foot value would be. He assumed if the spaces were separated the square footage values would increase.

Member Bonnenfant commented that the quality class tables were very helpful.

On behalf of the Petitioner, Mr. Polikalas said he met with Senior Appraiser Alasdair Holwill in 2023 when he appealed three different buildings based on quality class. He noted the C Street Lofts property ended up with a stipulation for a 1.5 quality class; however, the appeal for the Waterfront Apartments did not prevail at the County BOE. It was later appealed to the State where the Assessor's value was upheld. During the County BOE hearings, Mr. Holwill discussed the Marshall & Swift analysis in detail and put a lot of emphasis on the angularity of the Waterfront Apartments, which was a big factor. Mr. Polikalas included this information in Petitioner's Exhibit A.

Mr. Polikalas noted that the subject site in the current appeal was a rectangle and did not have the features associated with an elevated quality class. He met with the AO twice regarding the basis for his appeal and said there was no new information to consider other than the fact that the AO had reclassified the property at a 2.0. He indicated that his exhibit showed comparable properties within the 1.5 range and said the subject site should be the same. He was flabbergasted that the AO reclassified the property and had not given the Petitioner enough time to appeal the decision when the State BOE had determined the property was a quality class of 1.5. He felt it was disingenuous for the AO to be surprised. He did not understand why the AO was so focused on the reclassification and he prayed it was not retaliatory against petitioners who appealed. He said he was baffled that the AO used a different metric every time they evaluated the property. He was also confused why after days of litigation and testimony at the State BOE, the AO did not honor the State's decision.

Mr. Polikalas asserted that so much time, and resources had been spent on this issue and said he felt it was fair for the Petitioner to seek relief and not have to come back every year.

Chair McDonald asked Mr. Polikalas to provide the biggest differences between the subject site's restaurant and the comparable properties he presented.

Mr. Polikalas indicated The Lucky Beaver had very nice wood floors and a bar with a rotisserie kitchen and enhanced glass. The dining component at The Lucky Beaver was superior to the subject site, and he did not believe the subject site was above a 1.5 quality rating. He noted there was also disparity between the internal components of the building though it was the same building. He noted the restaurant had a large floor plan but said there was also a coffee shop and an outdoor bathroom that one needed a key to enter. He did not believe the restaurant's quality class should be confused by the quality of food and indicated that the Atlantis Steakhouse, with its 350-plus wine selection, had a

quality class of 2.0. He stated the 50 West Liberty Street location had a celebrity chef with a built-out kitchen.

Mr. Polikalas mentioned Noble Pie in Downtown Reno had two grease interceptors and two hoods, which were comparable to the Water Bar. He believed the Sky Terrace sushi bar and Atlantis Steakhouse were superior to the subject site.

Mr. Lewis reported the Atlantis Steakhouse and Sky Terrace Sushi Bar were under a different occupancy related to casinos and were not comparable to the subject.

Chair McDonald asked if Liberty Food & Wine was in the same occupancy class. Mr. Lewis replied he had never been to Liberty Food & Wine but did not believe it was under the casino occupancy category.

Mr. Polikalas expressed concern that Marshall & Swift was based on a national scale and did not represent a specific area.

Chair McDonald remembered many of the same comparable properties were considered during the 2023 appeal and he felt that 2.5 was too high at the time. A 10 percent adjustment had been made to bring the quality classification to approximately 2.0. He did not think it should be higher than 2.0. In answer to a question by the Chair, Mr. Lewis stated the restaurant was classed at 2.5.

Chair McDonald felt the property should be classified 2.0. He was persuaded that a 1.5 was probably excessively low, despite the decision by the State BOE.

Vice Chair Ainsworth believed the State BOE made an error.

Member Bonnenfant agreed that 1.5 was too low. She referred to the quality class tables and thought she could be persuaded to believe the restaurant was a 2.5 versus a 2.0. The photos provided by Mr. Polikalas showed a different quality than the Assessor's photos, and she felt like the hearing was based on photos, which was difficult.

Vice Chair Ainsworth stated he frequented the subject site and believed it was a very nice restaurant.

Member Bonnenfant asked Vice Chair Ainsworth how the subject site compared to the quality tables that were provided. She said if the quality tables were utilized across all restaurants, that would ensure the BOE was achieving equalization. She reported that she had never been to the subject site's restaurant.

Chair McDonald revealed he had never been to the subject site's restaurant either but had visited Liberty Food & Wine, which was a very nice restaurant with a high-quality appearance. He said that, due to differences in quality, he could be convinced to reduce the subject property value by \$100,000.

Vice Chair Ainsworth was inclined to leave the Assessor’s values because the Petitioner’s indicated value was almost half of what the AO’s approaches showed. He praised the AO for their work.

Member Bonnenfant agreed with Vice Chair Ainsworth because Mr. Lewis indicated that if there was a significant over-evaluation, it would be reflected in the gap between the income and market approaches.

There was no response to the call for public comment.

With regard to Parcel No. 037-380-02 through 037-383-09, which petition was brought pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Bonnenfant, seconded by Vice Chair Ainsworth, which motion duly carried, it was ordered that the Assessor's taxable values be upheld and it was found that the Petitioner failed to meet his/her burden to show that the full cash value of the property is less than the taxable value computed for the property in the current assessment year.

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Chair McDonald informed Mr. Polikalas that he had an independent right to appeal the upheld taxable value to the State Board of Equalization by March 10, 2025.

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25-119E ROLL CHANGE REQUEST – INCREASES

INCREASE –Consideration of and action to approve or deny a Roll Change Request (RCR) for the following parcel based on escaping taxation due to the improvements not being on the 2023/2024 assessment roll:

Assessor’s Parcel No.	Property Owner	RCR No.
050-422-18	TURLEY, ASHLEY, & BRADFORD ET AL	3843F23

Member Olsen said he had known the Turley family for many years but did not feel it would alter his judgment of the hearing.

On behalf of the Assessor and having been previously sworn, Harley Olson, Appraiser, oriented the Board as to the location of the subject of the property. Aerial images and maps were located on pages 8 and 9 of the hearing evidence packet (HEP). She explained that due to a General Services Administration (GSA) system error the property evaded taxation for the 2023/2024 tax roll. She referred to the conclusion details on page 4 of the HEP. She said that to support the increase of the total taxable value, comparable sales were located on page 5 of the HEP. She recommended increasing the improvement value and overall total taxable value. The recommended increase was located on pages 1 and 4 of the HEP.

Chair McDonald asked about the notice procedures regarding roll changes. Ms. Olson indicated she spoke with the property owner around May of 2024 about the change to the record. She noted that when the roll change was submitted, a notice was mailed to the appellant. She mentioned she also called the owners two weeks prior to the hearing and left a voicemail informing them of the hearing date.

There was no response to the call for public comment.

On motion by Member Bonnenfant, seconded by Member Olsen, which motion duly carried, it was ordered to approve the recommendation of the Assessor's Office to increase the values for RCR No. 3843F23. With those adjustments, it was found that the subject properties were valued correctly and the total taxable value did not exceed full cash value.

25-120E ROLL CHANGE REQUEST – DECREASES

DECREASE – Consideration of and action to approve or deny Roll Change Request (RCR) number 1-1 for the following parcel based on an overassessment of the improvement value and new construction value added to the assessment roll for the 2024/2025 assessment year:

Assessor's Parcel No.	Property Owner	RCR No.
050-422-18	TURLEY, ASHLEY & BRADFORD ET AL	1-1

Member Olsen said he had known the Turley family for many years but did not feel it would alter his judgment of the hearing.

On behalf of the Assessor and having been previously sworn, Harley Olson, Appraiser, oriented the Board as to the location of the subject of the property. She explained Roll Change Request (RCR) No. 1-1 was presented to correct the home's year built from 2024 to 2023 on the 2024/2025 assessment roll. She said a majority of the construction was completed in 2023; therefore, the Assessor's Office wanted to accurately account for the effective age in statutory depreciation. The change in the year built resulted in a decrease on the 2024/2025 total taxable value from \$605,378 to \$598,493. She noted the correction was reflected in the Assessor's Office's letter. She recommended decreasing the improvement value and overall total taxable value due to an incorrect age applied to the home.

There was no response to the call for public comment.

On motion by Member Olsen, seconded by Member Bonnenfant, which motion duly carried, it was ordered to approve the recommendation of the Assessor's Office to decrease the values for RCR No. 1-1. With those adjustments, it was found that the subject properties were valued correctly and the total taxable value did not exceed full cash value.

25-121E BOARD MEMBER COMMENTS

Chair McDonald appreciated the Board for studiously attending the meetings to maintain a quorum since the Board was short-staffed. He also thanked the Assessor’s Office, Clerk’s Office, and the legal team for their work.

25-122E PUBLIC COMMENT

County Assessor Chris Sarman expressed sincere appreciation to everyone involved in the appeal process. He thanked the staff and Board of Equalization (BOE) Members for hearing the concerns of the taxpayers and being impartial. He believed the BOE was an important process and the taxpayer’s voices needed to be heard. He expressed gratitude towards the Assessor’s Office’s staff due to the volume of work needed to evaluate 190,000 parcels and 100 appeals. He indicated the percentage of taxpayers who appealed was very low at approximately .005 percent. He reported that out of the 100 appeals, 67 either stipulated or withdrew, which showed that staff were constantly working with the taxpayers. He was grateful for the staff’s professionalism, meeting the Assessor’s Office mission statement, and efficiency in building accurate property records while being impartial, transparent, and courteous.

County Clerk Jan Galassini reciprocated Mr. Sarman’s feelings and felt the staff and Board were incredible. She believed that Member Olsen would become more comfortable the following BOE season. She appreciated the Assessor’s Office’s staff and said the Clerk’s Office enjoyed working with them. She relayed how happy her team was when the Assessor’s Office was able to come to a stipulation or withdraw with a petitioner. She indicated the Clerk’s Office’s brand-new staff had never worked with the BOE before besides the Chief Deputy Clerk Cathy Smith. She felt the Clerk’s staff did a fantastic job and opined the job could not have been done without the help of the legal team. She said the Clerk’s Office looked forward to the next BOE season.

Chief Deputy Assessor Rigo Lopez agreed with Mr. Sarman regarding the Assessor’s Office and Clerk’s Office’s staff. He said he truly felt it was a smooth operation and noted that if there were ever differences, those were worked through together. He thanked the BOE Members for their time and approach to the appeals. He sympathized with the taxpayers and thought it was frustrating to receive increased tax bills. He noted that the process was complicated and hard to explain, but he appreciated the work involved by the staff. He said he was ready to retire on July 7, 2025, and was excited to spend more time with his family but would miss the teams he worked with.

Chair McDonald said he would miss Mr. Lopez and noted he had appreciated working with him.

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1:30 p.m. There being no further hearings or business to come before the Board, with no objection the meeting was adjourned.

DAREN MCDONALD, Chair
Washoe County Board of Equalization

ATTEST:

JANIS GALASSINI, County Clerk
and Clerk of the Washoe County
Board of Equalization

*Minutes prepared by
Lizzie Tietjen, Deputy County Clerk
Cathy Smith, Deputy County Clerk
Evonne Strickland, Deputy County Clerk*