

# 2019 Appeal Overview

St. Charles Parish Board of Review

September 23, 2019

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**ST. CHARLES PARISH ASSESSOR'S OFFICE**

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Tab Troxler, Assessor



# Approaches to Value

## **Cost Approach**

“One of the three approaches to value, the cost approach is based on the principle of substitution—that a rational, informed purchaser would pay no more for a property than the cost of building an acceptable substitute with like utility. The cost approach seeks to determine the replacement cost new of an improvement less depreciation plus land value....”

## **Sales Comparison Approach**

“One of three approaches to value, the sales comparison approach estimates a property’s value (or some other characteristic, such as its depreciation) by reference to comparable sales.”

## **Income Approach**

“One of the three approaches to value, based on the concept that current value is the present worth of future benefits to be derived through income production by an asset over the remainder of its economic life. The income approach uses capitalization to convert the anticipated benefits of the ownership of property into an estimate of present value.”

Source: *Glossary for Property Appraisal and Assessment, Second Edition (2013)*. International Association of Assessing Officers (IAAO)



# Full Service Office Space

100 James Dr.  
James Business Park  
St. Rose, LA



110 James Dr. West  
James Business Park  
St. Rose, LA



**ST. CHARLES PARISH ASSESSOR'S OFFICE**

Tab Troxler, Assessor

# Cost Approach

## Full Service Office Space

### **Assessor**

Class B Construction (100 James) – Average

Class C Construction (110 James) – Average

Effective age established at actual age

### **Land value established in 2016.**

- Land sales and current listings show \$4.50/SFT – \$5.65/SF
- Land assessed at \$3.12/SF

**Improvement assessment is unchanged since 2004, re-established in 2016.**

### **Taxpayer**

- Approach not provided

# Sales Comparison Approach

## Full Service Office Space

### Assessor

#### One comparable sale since July 2015

- **140 James Dr. East - \$2,425,000 – 5/6/2019**

- Former site of ITT Tech
- 100% Vacancy
- Substantial deterioration to slab and roof.

- **Adjustments considered for:**

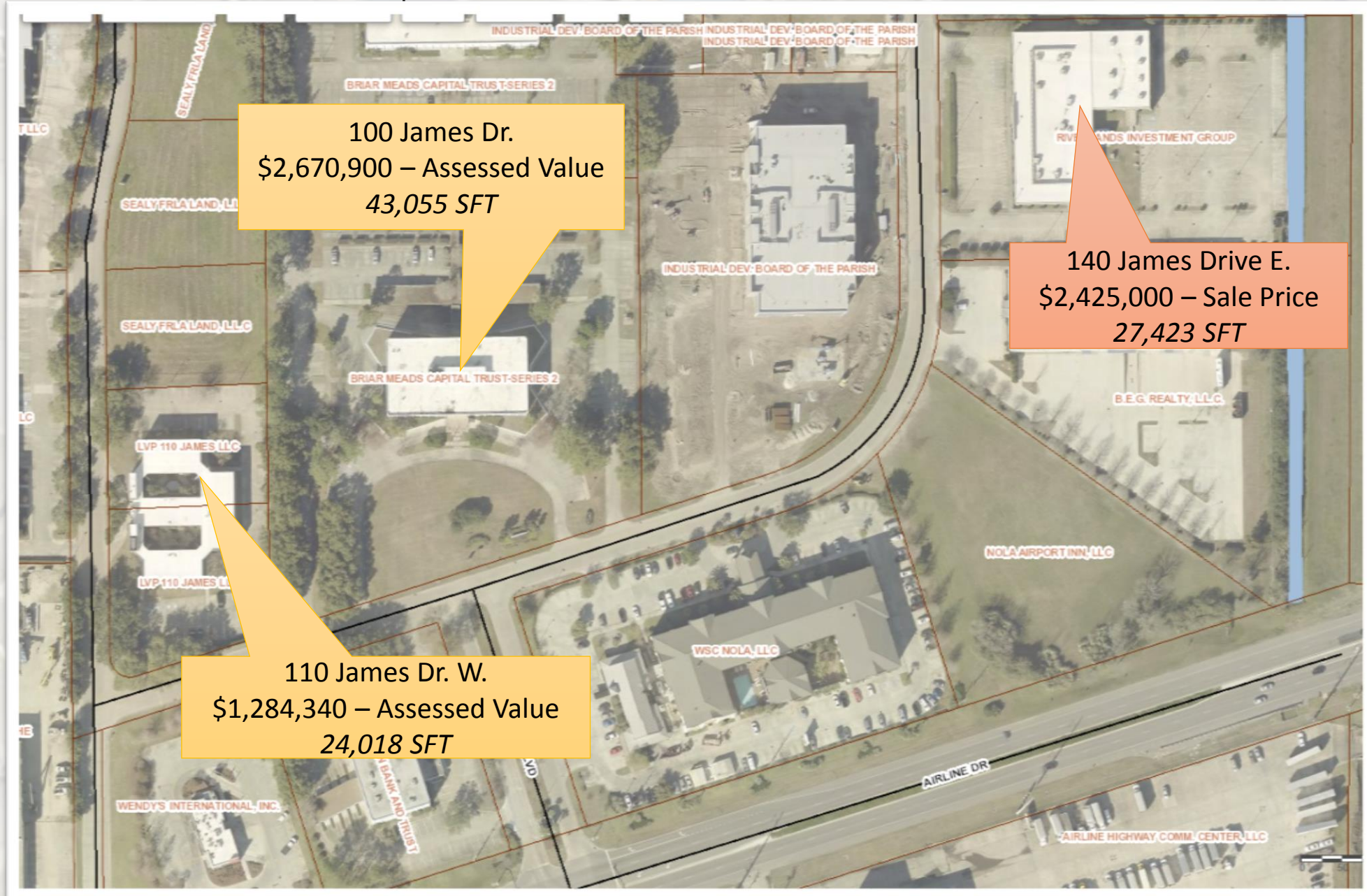
- Age
- Expected Use
- Vacancy
- Location
- Condition
- Construction Type
- Vacancy
- Land Size

### Taxpayer

- Approach not provided

# Sales Comparison Approach

## Full Service Office Space



# Income Approach – Direct Capitalization

## Full Service Office Space

### Assessor

- Rent rates as provided by taxpayer
- 15% market vacancy rate as provided by taxpayer.
- Reserves for replacement as provided by taxpayer.
- Capitalization Rates: 9.1%-10.1%
  - Supported by CBRE survey and include effective tax rates.
- Computes lump sum adjustment for high present vacancy and deferred maintenance as provided by taxpayer.
  - No tenant improvement allowance.

### Taxpayer

- Rent rates provided to assessor adjusted below market for tenant improvements.
- 15% market vacancy rate
  - Taxpayer provided data supports 10% vacancy rate.
- Reserves for replacement provided to assessor.
- Capitalization Rates: 10%
  - Supported by RealtyRates.com survey exclusive of taxes.
- Computes lump sum adjustment for high present vacancy and deferred maintenance as provided by taxpayer.
  - Includes \$15/SFT tenant improvement allowance.

# Appeal Summary

## Full Service Office Space



### 100 James Dr.

|                          | Assessor    | Taxpayer    |
|--------------------------|-------------|-------------|
| Cost Approach            | \$4,039,200 | No Data     |
| Sales Approach           | \$3,616,620 | No Data     |
| Income Approach          | \$2,827,431 | \$1,250,000 |
|                          |             |             |
| Tax Roll Fair Mkt. Value | \$2,670,900 | \$1,250,000 |

### 110 James Dr. West

|                          | Assessor    | Taxpayer  |
|--------------------------|-------------|-----------|
| Cost Approach            | \$1,570,415 | No Data   |
| Sales Approach           | \$1,783,817 | No Data   |
| Income Approach          | \$1,135,259 | \$811,972 |
|                          |             |           |
| Tax Roll Fair Mkt. Value | \$1,284,340 | \$811,972 |

*Note: Taxpayer provided a 2017 narrative appraisal after open book period to support \$1,250,000 value. Discussion on next slide. Assessor's review was conducted prior to receipt of this data. Initial value requested was \$1,553,000.*



# 100 James Dr. – Narrative Appraisal

## Assessor

- Date of Value: 1/1/2019
- Interest Appraised: Fee Simple
- 1 year of income/expense statements
- Expense Ratio – 34% excluding taxes
- Capitalization Rate: 9.1% including ETR
- Lease-up Discount: \$643,515
- Narrative appraisal was provided to assessor on 9/12/2019.

## Taxpayer Narrative Appraisal

- Date of Value: 6/15/2017
  - *3 prior appraisals of this property were completed by the same appraisal firm in 2014, 2015, and 2016. To date those appraisals have not been provided.*
- Interest Appraised: Leased Fee
- 3 years of income/expense statements
- Expense Ratio – 51% including taxes
- Capitalization Rate: 9.5% Overall Rate
- Lease-up Discount: \$1,640,000 applied to Sales and Income Approach Values
  - Appraisal submitted to assessor omits an addendum but states the following:
  - *“Based upon a Lease-Up Discount Analysis over an absorption period of 48 months, an adjustment of (\$1,640,000) for the subject has been estimated by deducting the “as is” value via DCF of \$1,200,000 from the “as stabilized” value via DCF of \$2,840,000.”*

# Narrative Appraisal Comparison – 100 James Dr.

## Full Service Office Space

|                 | Assessor    | Taxpayer Appraiser – Stabilized July 2022 | Taxpayer Appraiser – As Is July 2017 |
|-----------------|-------------|---|--------------------------------------|
| Cost Approach   | \$4,039,218 | Not Performed                             | Not Performed                        |
| Sales Approach  | \$3,616,620 | \$3,300,000 (07/1/2022)                   | \$1,660,000                          |
| Income Approach | \$2,827,431 | \$2,900,000 (07/1/2022)                   | \$1,250,000                          |
|                 |             |   |                                      |
| Concluded Value | \$2,670,900 | \$2,900,000                               | \$1,250,000                          |

*Note: “Stabilized” indicates leasing activity at or near the market occupancy rate.*

# Industrial/Flex Space

143 Mallard St.  
James Business Park  
St. Rose, LA



150 James Dr. East  
James Business Park  
St. Rose, LA



160 James Dr. East  
James Business Park  
St. Rose, LA



125 James Dr. West  
James Business Park  
St. Rose, LA



190 James Dr. East  
James Business Park  
St. Rose, LA



110 Widgeon Dr.  
James Business Park  
St. Rose, LA



115 Canvasback Dr.  
James Business Park  
St. Rose, LA



107 Mallard St.  
James Business Park  
St. Rose, LA



# Cost Approach

## Industrial/Flex Space

### **Assessor**

Class C and Class S Construction – Average to Low Rank  
Low of 35% Office to High of 75% Office – Mean of 43%

**Effective age established at actual age for all properties**

**Land value established in 2016.**

- Land sales and current listings show \$4.50/SFT – \$5.65/SF
- Land assessed at \$3.12/SF

**Improvement assessment is unchanged since 2004 (8 properties) or 2005 (2 newer properties).**

**Value re-established in 2016.**

### **Taxpayer**

- Approach not provided

# Sales Comparison Approach

## Industrial/Flex Space

### Assessor

#### Two comparable sales since July 2015

- **181 Riverbend Blvd. - \$3,750,000 – 11/29/2017**
  - Owner Occupied
  - 54,000SFT light industrial building, minimal office space.
- **405 Alpha Dr. - \$1,620,000 – 3/29/2018**
  - Cold storage warehouse, minimal office space.
  - Unknown Occupancy – Estimated stabilized

#### One additional comparable sale used for 160 James Dr.

- **140 James Dr. East - \$2,425,000 – 5/6/2019**
  - Former site of ITT Tech
  - 100% Vacancy
  - Substantial deterioration to slab and roof.

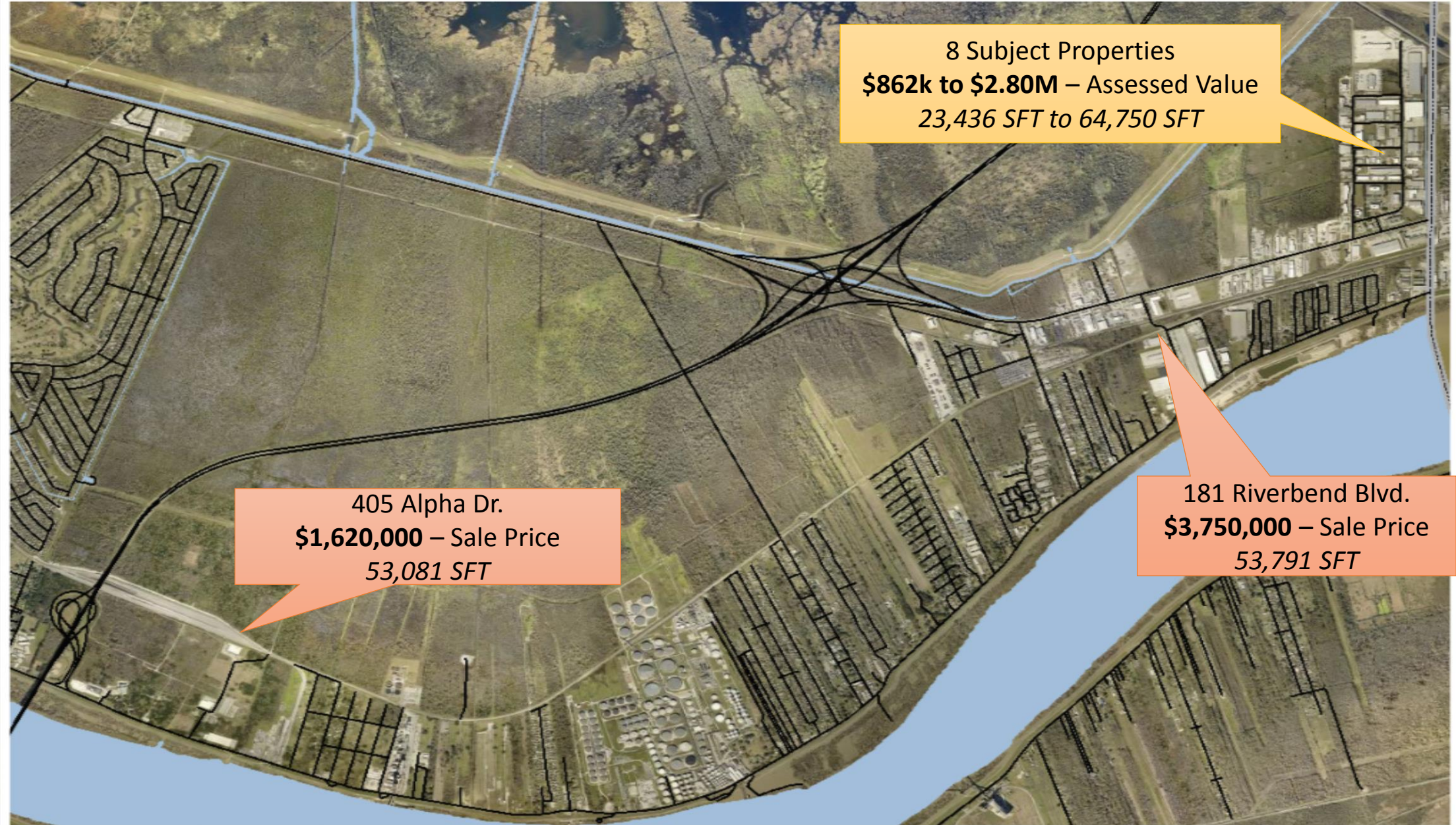
#### Adjustments considered for:

|           |                   |
|-----------|-------------------|
| Age       | Expected Use      |
| Vacancy   | Location          |
| Condition | Construction Type |
| Land Size |                   |

### Taxpayer

- Approach not provided

# Sales Comparison Approach Industrial/Flex Space



8 Subject Properties  
**\$862k to \$2.80M** – Assessed Value  
*23,436 SFT to 64,750 SFT*

405 Alpha Dr.  
**\$1,620,000** – Sale Price  
*53,081 SFT*

181 Riverbend Blvd.  
**\$3,750,000** – Sale Price  
*53,791 SFT*

# Income Approach – Direct Capitalization

## Industrial/Flex Space

### Assessor

- Rent rates as provided by taxpayer
- 15% market vacancy rate as provided by taxpayer.
  - 10% market vacancy for 2 properties initially requested per taxpayer and 115 Canvasback (0% vacant)
- Reserves for replacement as provided by taxpayer.
- Capitalization Rates: 7.6%-9.1% (Avg. 8.35)
  - Supported by CBRE survey and include effective tax rates. Varies by property use and class supported by real estate listings and owner public statements.
- Computes lump sum adjustment for properties with high vacancy and deferred maintenance as provided by taxpayer.
  - No tenant improvement allowance.

### Taxpayer

- Rent rates provided to assessor adjusted below market for tenant improvements.
- 15% market vacancy rate
  - Taxpayer provided data supports 10% vacancy rate.
  - Taxpayer initially used 10% vacancy for 160 James and 190 James.
- Reserves for replacement provided to assessor.
- Capitalization Rates: 10%
  - Supported by RealtyRates.com survey exclusive of taxes.
- Computes lump sum adjustment for high present vacancy and deferred maintenance as provided by taxpayer.
  - Includes \$15/SFT tenant improvement allowance.

# Appeal Summary

## Industrial/Flex Space



| 160 James Dr. East     |             |             |
|------------------------|-------------|-------------|
|                        | Assessor    | Taxpayer    |
| <b>Cost Approach</b>   | \$1,697,367 | No Data     |
| <b>Sales Approach</b>  | \$2,164,848 | No Data     |
| <b>Income Approach</b> | \$1,420,048 | \$1,101,199 |
|                        |             |             |
| <b>Tax Roll FMV</b>    | \$1,427,520 | \$1,101,199 |

| 190 James Dr. East     |             |           |
|------------------------|-------------|-----------|
|                        | Assessor    | Taxpayer  |
| <b>Cost Approach</b>   | \$1,832,786 | No Data   |
| <b>Sales Approach</b>  | \$1,599,708 | No Data   |
| <b>Income Approach</b> | \$1,780,120 | \$984,705 |
|                        |             |           |
| <b>Tax Roll FMV</b>    | \$1,780,120 | \$984,705 |

Continued on next slide....





### 143 Mallard St.

|                        | Assessor    | Taxpayer  |
|------------------------|-------------|-----------|
| <b>Cost Approach</b>   | \$1,052,680 | No Data   |
| <b>Sales Approach</b>  | \$937,440   | No Data   |
| <b>Income Approach</b> | \$1,151,489 | \$571,159 |
|                        |             |           |
| <b>Tax Roll FMV</b>    | \$862,587   | \$571,159 |



### 125 James Dr. West

|                        | Assessor    | Taxpayer    |
|------------------------|-------------|-------------|
| <b>Cost Approach</b>   | \$1,960,154 | No Data     |
| <b>Sales Approach</b>  | \$1,702,448 | No Data     |
| <b>Income Approach</b> | \$2,127,648 | \$1,109,741 |
|                        |             |             |
| <b>Tax Roll FMV</b>    | \$1,356,360 | \$1,109,741 |



### 115 Canvasback Dr.

|                        | Assessor    | Taxpayer    |
|------------------------|-------------|-------------|
| <b>Cost Approach</b>   | \$3,435,697 | No Data     |
| <b>Sales Approach</b>  | \$4,208,750 | No Data     |
| <b>Income Approach</b> | \$3,979,610 | \$2,260,097 |
|                        |             |             |
| <b>Tax Roll FMV</b>    | \$2,802,127 | \$2,260,097 |



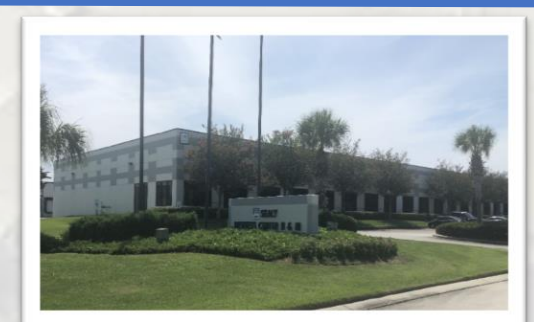
### 150 James Dr. East

|                        | Assessor    | Taxpayer    |
|------------------------|-------------|-------------|
| <b>Cost Approach</b>   | \$2,211,803 | No Data     |
| <b>Sales Approach</b>  | \$1,971,000 | No Data     |
| <b>Income Approach</b> | \$2,349,992 | \$1,324,402 |
|                        |             |             |
| <b>Tax Roll FMV</b>    | \$1,660,973 | \$1,324,402 |



### 107 Mallard St.

|                        | Assessor    | Taxpayer  |
|------------------------|-------------|-----------|
| <b>Cost Approach</b>   | \$1,130,601 | No Data   |
| <b>Sales Approach</b>  | \$960,876   | No Data   |
| <b>Income Approach</b> | \$1,188,952 | \$787,889 |
|                        |             |           |
| <b>Tax Roll FMV</b>    | \$869,713   | \$787,889 |



### 110 Widgeon Dr.

|                        | Assessor    | Taxpayer    |
|------------------------|-------------|-------------|
| <b>Cost Approach</b>   | \$2,888,526 | No Data     |
| <b>Sales Approach</b>  | \$2,191,200 | No Data     |
| <b>Income Approach</b> | \$2,365,739 | \$1,533,991 |
|                        |             |             |
| <b>Tax Roll FMV</b>    | \$2,318,160 | \$1,533,991 |

# Millage Rates - Parish Council

