ASSESSOR RESPONSE BRIEF

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DEPARTMENT OF TAXATION

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BOARD OF EQUALIZATION

Case # 26-124

Assessor's Response to Petitioner's Hearing Brief

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SBOE Case Number: 26-124
Taxpayer Name: Fort Apache Townhomes LLC
Parcel Number: 176-19-714-001 thru -079
Assessment Year: 2026–2027

Introduction

The Clark County Assessor (the "Assessor") respectfully submits this Response Brief to the petition filed by Fort Apache Townhomes, LLC ("Petitioner") regarding the 2026–2027 tax assessment of the Serenity Townhomes project (the "Subject Property"). The Clark County Board of Equalization (CCBE) correctly upheld the Assessor's valuation of **$27,632,418.00**.

The Petitioner argues that because the Subject Property is operated as a single, multi-family rental community and was mapped as 79 individual parcels due to historical zoning constraints, it should be valued collectively using an apartment-style income capitalization approach.

However, Nevada law and standard appraisal practice mandate that properties must be assessed based on their **actual physical characteristics**—not their current ownership, management structure, or type of occupancy. The Subject Property consists of physically distinct, individually parceled, single-family attached townhomes. Equalizing their value to that of a multi-family apartment complex would violate statutory guidelines, Marshall & Swift (M&S) standards, and the Nevada Constitution.

Petitioner's Arguments and Assessor's Rebuttals

Physical Characteristics and Subdivision Mapping Control Valuation, Not Ownership or Historical Zoning (NRS 361.227 & *Montage Marketing*)

Petitioner's Argument:

The Petitioner contends that because the 2022 Clark County Development Code forced them to map the property as 79 separate parcels, valuing them individually is a "mapping anomaly" that penalizes their rental business. They claim the subsequent 2024 code amendment allowing attached townhomes validates their position

Assessor's Rebuttal:

Under NRS 361.227(2), the unit of appraisal is a single parcel. In *Montage Marketing, LLC v. Washoe County, 134 Nev. 294, 419 P.2d 129 (2018)* (*Montage*), the Nevada Supreme Court affirmed that individual parcels must be valued based on their legally recorded boundaries and individual characteristics. The Assessor must value the property as it physically and legally exists on the lien date. Hypothetical assumptions about combining parcels or retroactive zoning rules are irrelevant.

The Petitioner's allegations that Clark County "made" them individually parcel, is irrelevant. The Petitioner improperly asserts, with no evidence, that properties in North Las Vegas or City of Las Vegas have townhouses on unsubdivided lots are valued differently. This is not true. The land is still valued at full cash value, and the improvements are valued using Marshall & Swift. The difference is when determining whether the Assessor has exceeded full cash value. In determining full cash value, the Assessor must use the valuation approach that most accurately measures the full cash value of the property. *See* NRS 361.227(5) *Montage Marketing LLC v. Washoe County*, 134 Nev. 294 (2018). Here, since the parcels are individually parceled the most accurate measure to determine full cash value is comparable sales method. As the Nevada Supreme Court in *Montage* found the Petitioner's business decision to rent all parcels does not change the full cash value of the property.

There is no legal impediment preventing the Petitioner from selling these individually parceled townhomes, nor are they prevented from seeking to combine the parcels into a single unit. The Assessor cannot discount or alter valuations based on hypothetical conditions, private financing arrangements or self-imposed contractual restrictions.

Marshall & Swift Guidelines Mandate Townhome Classification over Apartment Pricing

Petitioner's Argument:

The Petitioner argues that the Subject Property is a "for-rent" community and should be priced as a unitary multi-family apartment development.

Assessor's Rebuttal:

According to Marshall & Swift (M&S) guidelines, townhouses are "single-family, attached residences" that "do not have other units above or below, do not have more than two walls that are common with adjacent units, and always have individual exterior entries." This is an exact physical match for the Subject Property.

Conversely, M&S defines multi-family apartments as "priced per building," where costs include significant common areas such as shared lobbies, hallways, and central facilities. The Subject Property does not feature these physical components.

Townhomes are built to a higher structural and municipal standard (e.g., individual firewalls, separate utility laterals) than traditional multi-family apartments. Valuing them as apartments would violate standard appraisal practices and statutory directives.

Constitutional Uniformity Precludes an Unconstitutional "Dual-Class" Valuation System

Petitioner's Argument:

The Petitioner claims that valuing the properties individually creates an inequity because they are owned by a single entity and used as rental properties similar to apartments.

Assessor's Rebuttal:

Valuation must be based on physical characteristics, not occupancy or ownership. Article 10, Section 1 of the Nevada Constitution requires a "uniform and equal rate of assessment and taxation". If a family-owned, owner-occupied townhome is physically identical to a corporate-owned, tenant-occupied townhome, they must carry the same taxable value.

Granting Petitioner's request would establish a preferential, unconstitutional "dual-class" assessment system where corporate owners of rental properties are valued lower than individual homeowners for the exact same real estate. Numerous other taxpayers own multiple single-family rental properties on individual parcels across Clark County; all are valued uniformly based on their physical characteristics.

Furthermore, the only bulk holding discount for valuation available to a developer is under the criteria of a **qualified subdivision** as defined in NAC 361.117 which may receive a subdivision discount if the property meets certain criteria. This is only available on land and not the improvements to the land. See NRS 361.227.2(b) *The parcel is one of a group of contiguous parcels which* ***qualifies*** *for valuation as a subdivision pursuant to the regulations of the Nevada Tax Commission* . According to NAC 361.117 a... *"Qualified subdivision" means a group of parcels meeting the criteria contained in [NAC 361.129](NAC 361.129)*. NAC 361.129 establishes the criteria for the property to be appraised as a qualified subdivision and NAC 361.1295 which begins with "*In determining the taxable value of land within a qualified subdivision…",* establishes how to determine the appropriate taxable value of the **LAND**, not the improvements and only to those *"…parcels in a subdivision which are not sold, rented or occupied…"*

Under these criteria, the Apache Townhomes do not qualify for a discount in their valuation based on the bulk ownership holding of the parcels as a whole, nor on the land as all parcels have been fully developed, rented and fully absorbed into the market.

The Assessor's Multiple Valuations Support the Taxable Value and Refute the BPO

Petitioner's Argument:

The petitioner relies on a Broker's Price Opinion (BPO) valuing the property at $24,000,000 using apartment-style income capitalization. They cite *Canyon Villas Apts. Corp. v. State*, 124 *Nev. 832, 192 P.3d 746 (2008) (Canyon Villas)* to support their income-approach argument.

Assessor's Rebuttal:

A BPO is not a formal appraisal, nor was it prepared by a licensed appraiser. Comparing single-family attached townhomes to multi-family apartments is an improper appraisal methodology.

The Petitioner's reliance on *Canyon Villas* is misplaced as it was also misplaced in the *Montage* case. The *Canyon Villas* case addressed an apartment complex under single-parcel ownership. This is distinguishable from the individually parceled Apache Townhomes which are similar to the *Montage* case that addressed individually parceled condo units owned by an investor. In fact, the *Montage* case clearly established that the ownership or investor's intent should not be a consideration when measuring the full cash value of the property as stated below:

"*Moreover, county assessors must use the valuation approach that most accurately measures the full cash value of property, see NRS 361.227(5)(c),* ***without any consideration of the owner's identity or intent behind purchasing that property.*** *The Assessor in this case utilized the sales comparison approach, which is the approach generally used by appraisers in valuing individual condominium units, see Appraisal Institute, supra, at 77, and* ***Montage's status as an investor does not warrant valuing its condominiums differently than those of other owners.*** *To hold otherwise would result in a determination of the* ***condominiums' value as an investment or their value to the current owner, not the full cash value****, which is the price that each condominium unit would receive on the open market." Montage Marketing LLC v. Washoe County*, 134 Nev. 294, 303 (2018). Despite this, the Assessor's office analyzed the property for exceeding full cash value using **three traditional valuation methods**, all of which support a value higher than the current taxable value.

> **Sales Comparison:** Recent market sales of comparable single-family townhomes in the immediate market area ranging from $372,990 to $418,864. The taxable value of the Subject Property parcels is between $300,611 and $374,106 which is significantly less. *See Assessor's Exhibits*.
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> **Gross Rent Multiplier (GRM) Income Approach:** Applying a market derived GRM between 15 and 17 for similar localized single-family properties to the subject's market rents produces value indications between $413,100 and $479,400 per unit substantially higher than the current taxable value or between $300,611 and $374,106 per unit. *See Assessor's Exhibits.*
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> **Capitalization of Income:** This method should not be utilized to determine if full cash value has been exceeded on individually parceled townhomes, nevertheless,

the Assessor did provide a capitalization of income analysis, and the resulting value still exceeds the current assessed taxable value. *See Assessor's Exhibits*.

Conclusion

The Assessor's office has represented all taxpayers fairly and equitably by valuing the Subject Property as it physically exists on the lien date. The property does not exceed full cash value based on the analyses presented. Comparing and valuing these 79 individual townhome parcels to an artificial apartment valuation would violate Nevada law, M&S guidelines, and the constitutional mandate for uniform taxation. The Supreme Court has clearly established in the *Montage* case that the ownership or investor's intent should not be a consideration when measuring the full cash value of the property nor does it warrant valuing these individually parceled townhomes differently than those of other owners.

The Clark County Assessor respectfully requests that the Nevada State Board of Equalization **deny** the Petitioner's appeal and **uphold** the decision of the Clark County Board of Equalization.