

Property Taxes: Is Relief Possible?

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Types of Golf Course Operations

- **Daily Fee** - Entrepreneurial owned, pay as you play, big management cos. and “mom & pop”. R.E. Developments
- **Municipal Courses** - Owned by city, county, etc. Sometimes leased or contracted to professional management (privatization)
- **Private Clubs** - 200-500 Members, annual dues, initiation or equity fees (some privately owned), some RE developments
- **Resorts** - members & guests, second homes, Destinations



What is being valued?

- **Memberships/Initiation Fees**
 - *Deshutes County Assessor, et al. v. Broken Top Club, LLC*, Tax Court No. 4391 (October 16, 2000)
mbrshp. ignored
 - Hirsh Article
- **Income Stream from Operations**
- **Leased Fee/Leasehold**
 - *Omaha County Club v. Douglas County Bd. of Equalization* 11 Neb.App.171, 645 N.W.2d 821 (2002) **Fee Simple**
- **Profit/Non-Profit Facility**
- **Member-Owned/Private**
Owned
- **Private Club in Sellout Period**



Effective Date of Appraisal?

- Tax anniversary
 - “As-Is”
 - When Completed
 - As if Completed
 - When Stabilized
 - Retrospective/Prospective Value



Quality & Condition

- **Function of Course** - RE amenity, Resort Amenity, Muni, Private Club, DF
- **Age of Improvements** - Greens, tees, buildings, equipment, irrigation system
- **Site** - location, size/shape, topo, climate
- **Grassing** - tees, greens, fwys., rough
- **Features** - bunkers, hazards



Quality & Condition

- **Design** - Penal, Heroic, Strategic
- **Irrigation System** - type, age, cond., coverage, automation/computerization
- **Climate** - season, sun, wind, noise views
- **Environmental Concerns** - wetlands, water, effluent, permits



Non-Golf Course Improvements

- Clubhouse
 - *Zimmerman v. Missouri Bluffs Golf Joint Venture*, 50 S.W.3d 907 (Mo. App E.D.2001) **Golf Cse does NOT include clubhouse**
- maint. facility
- cart paths
- equipment
- Carts
 - *Whispering Pines Golf Club LLC v Township of Hamburg*, unpublished per curiam opinion of the Court of Appeals, issued September 16, 2003 (Docket No. 233218) **include golf cart rentals, deduct expense**
- level of maintenance
- ancillary facilities (tennis, pool, range, recreational)



Competition

- location
- quality
- dues/fees
- round counts/# members
- capacity & utilization
- Ancillary Revenues
- Expenses
- Primary & Secondary



Highest & Best Use

- Golf Course or Alternate Use
 - *New Country Club of Garden City v. Bd. of Assessors*, Supreme Court, Nassau County, Index No. 12696/88, June 4, 1991. **golf cse use**
- Type of golf course
 - *Warwick Hill Golf and Country Club v Grand Blanc Township*, MTT Docket No. 225492 **rejected private club as DF cse.**
- Development Potential
 - *First National Bank of Akron, Trustee, et al. v. Summit County Board of Revision, et al.* (January 7, 2005), BTA Case Numbers 2002-V-1908/1968/1969, unreported. **Rejected altern. use**
- Site Selection
 - Profit/Non-Profit
 - RELEVANCE?



CAVES VALLEY GOLF CLUB

Highest & Best Use (4 Tests)

- Physically Possible
- Legally Permissible
- Financially Feasible (different scenarios)
- Maximally Productive
- Conclusion of Highest & Best Use as Improved; as vacant land
- **GOLF Highest and Best Use**



Valuation

What is being Valued?

- Income Approach

- *Novi Golf Associates v. City of Novi*, MTT Docket No. 260722
- *Hawaii Prince Hotel Waikiki Corp. v. City and County of Honolulu*, 89 Haw. 381, 974 P.2d 21 (1999).
 - Cart rev. included
 - Reserve not proper
 - Reduce income appr. For pers. Prop
 - Transition expense not justified

- Sales Comparison Approach

- *Oakwood Club v. Cuyahoga Cty. Bd. of Revision* (1994), 70 Ohio St.3d 241, 638 N.E.2d 547 rejected cost appr. Affirmed sc appr for special purpose property
- *Worthington Hills Country Club, Inc. v. Franklin Cty. Bd. of Revision, et al.* (January 22, 1999), BTA Case Number 97-A-175, unreported. Rejected income appr on pr. Club accepted cost & GFM sc appr



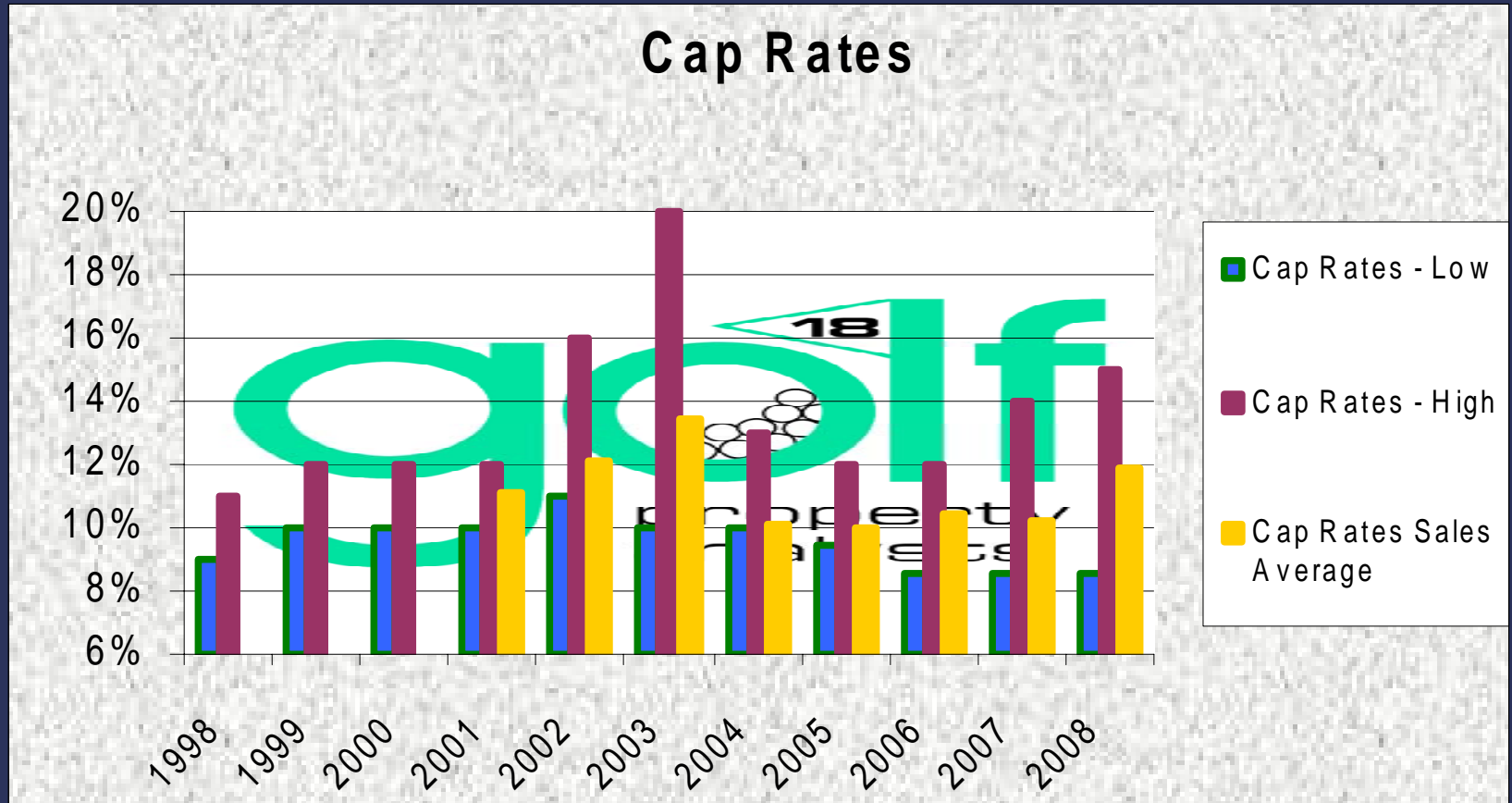
Valuation

What is being Valued?

- Cost Approach
 - *Kirtland Country Club v. Lake County Board of Revision, et al.* (1994), 68 Ohio St.3d 476
- Business/Personal Property Component
 - Bridge Model
 - Excess Profits
 - Lease Values/Market Rent
 - Discuss Carts Example
- Conclusion

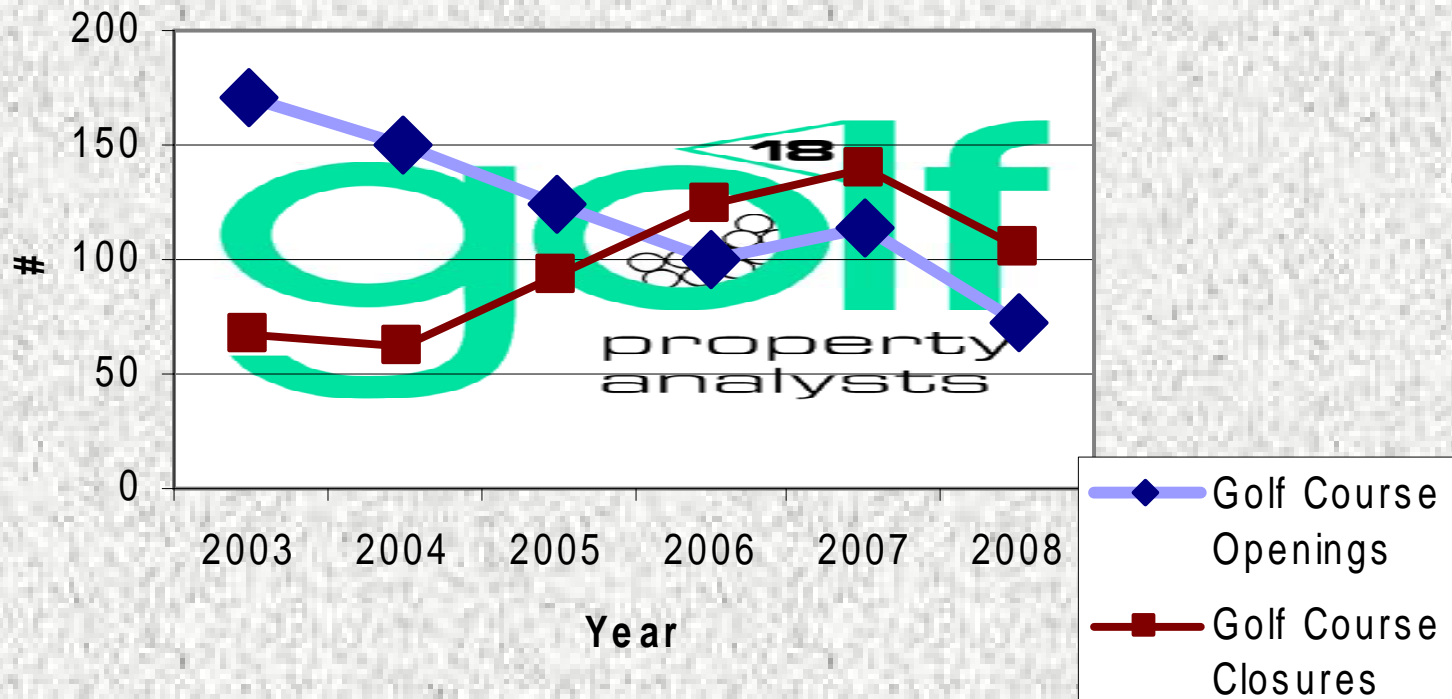


Market Survey



Market Survey

Golf Course Openings/Closures



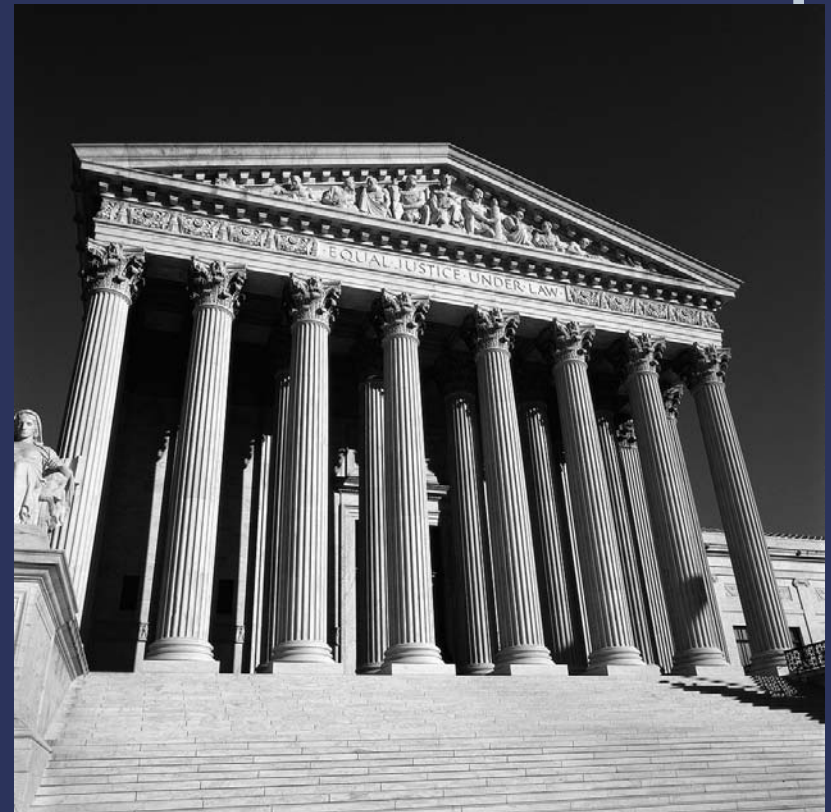
Key Issues in Ad Valorem Taxation

- Real & Personal Property Allocation
- Deferred Maintenance
- Cost of Needed Repairs/Alterations
- Income History
- Assessments can be disputed, Not TAXES



Legal Issues

- **Constitutional Uniformity**
- **Communication w/ Assessor**
- **Land Classification**
 - *Brooks & Janis McCarthy v. Randy Holman, Assessor, Jefferson County, Mo.* St. Tax. Com. Appeal No. 2001-34016, 2001-34017 (May 15, 2003) unreported.
- **Allocation of income**



Key Points

- Jurisdictional Differences
 - Value Approaches
 - Decision Makers
- Cost v. Value
- Don't Presume Assessor Correct
 - Be Proactive
- Different Approaches to pursue
- What is being Valued? (Scope of Work)
- Allocation of Real & Personal
 - Start w/ going concern ?
- Imparted Value
- Information War
- Uncertainty of litigation

Q & A



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