STATE TAX COMMISSION OF MISSOURI

BRIARCLIFF APARTMENTS LLC,	)	
	)	
Complainant,	)	
	)	Appeal No. 23-32018 & 23-32019
v.	)	
	)	Parcels: 17204000100101 &
TRACY BALDWIN, ASSESSOR,	)	17204000100103
CLAY COUNTY, MISSOURI,	)	
	)	
Respondent.	)	

DECISION AND ORDER

Briarcliff Apartments, LLC, (Complainant), appeals the Clay County Board of Equalization's (BOE) decision finding the subject property's market value was $28,419,700 for appeal 23-32018 and $24,209,400 for appeal 23-32019 as of January 1, 2023, for a total residential value of $52,629,100. Complainant is represented by counsel, Chris M. Mattix. Respondent is represented by counsel, Lucas Wallingford. An Evidentiary Hearing was held in this matter on June 24, 2026, via WebEx before Todd D. Wilson, Senior Hearing Officer. Complainant produced substantial and persuasive evidence of overvaluation. The BOE decision is Set Aside. The true value in money (TVM) of the subject real property as of January 1, 2023, was $24,000,000 for appeal 23-32018 and $21,590,000 for appeal 23-32019 for a total residential value of $45,590,000.

Factual Background

1. The Subject Property. These appeals involve an upscale residential apartment complex located at 3880 N Mulberry Drive, Kansas City, Clay County, Missouri. There are two parcels, 17204000100101 & 1724000100103 and approximately 10.75 acres of land. The improvements on the property were built in 2010 and consist of six, 4 story apartment buildings, and a clubhouse. There are 136 1 bed/1 bath units, 9 2 bed/1 bath units, 70 2 bed/2bath units, and 48 3 bed/2 bath units with an average unit size of 978 square feet. The apartments are advertised as luxury apartments with amenities such as granite counter tops, solid cherry cabinetry, wood flooring with many exterior community amenities such as a saltwater swimming pool, coffee bar, full service fitness center, and movie theater/game room.

2. Assessment and Valuation. The Assessor classified the subject properties as residential and set the true value in money (TVM) of the subject properties at $26,14,200 and $22,671,400 respectively as of January 1, 2023. The BOE classified the subject properties as Residential with TVM of $28,419,700 and $24,209,400 respectively as of January 1, 2023.

3. Complainant's Evidence. Complainant introduced the following Exhibits, all of which were received without objection:

Exhibit	Description
A	Rent Roll for 2023
B	Income & Expense Statement 2020
C	Income & Expense Statement 2021
D	Income & Expense Statement 2022
E	Survey of Real Estate
F	Appraisal Repoort by Veracity Valuation LLC
G	WDT of Troy Smith – MAI appraiser
H	WDT of Stephanie Phillips – property manager

Complainant presented the testimony of Stephanie Phillips, the property manager of the apartment complex. Ms. Phillips identified Exhibits A through E. Ms. Phillips stated that in the advertisement for the property, its location, near downtown Kansas City and its luxury amenities such as the fitness center, saltwater pool, dog park, dog wash, movie theater and hot tub are listed. Ms. Phillips stated that there are other, newer, properties that will have newer amenities, but the subject property's amenities are competitive for luxury apartments in the area.

Complainant then presented the testimony of Troy Smith. Mr. Smith has been an appraiser for almost 35 years and has an MAI designation. Exhibit F is the appraisal report he prepared. In his appraisal report, Mr. Smith developed the income and sales comparison approaches to value. Mr. Smith did not develop the cost approach as he stated that it is not something investors would rely upon and this was not a brand new complex and was not unique.

Mr. Smith developed the sales comparison approach using the sale of four properties in the Kansas City Metro area that were also apartment complexes, (Exhibit F page 21 of appraisal, page 40 of pdf file). Adjustments were made for average size to two of the sales in which the average size of the unit exceeded 1,000 square feet and one property was adjusted downward because it was built in 2021, therefore, had more updated features. The final value from the Sales Comparison approach was $48,700,000 as set out on page 25 of the appraisal, page 44 of the pdf file.

Mr. Smith reviewed the rent roll and the income and expenses of the property for the 3 years prior to 2023. Mr. Smith then used this information to predict future costs and income in the income approach. Mr. Smith used the same four sales that he had used in the Comparable Sales analysis to derive a capitalization rate of 5.75%. Mr. Smith also used the band of investment technique and the debt coverage ratio method to derive capitalization rates that ranged from 5.54% to 6.04%. In the end, he used 5.75% and then loaded it with 1.59% for the real estate taxes for an effective cap rate of 7.34%. Mr. Smith testified that his observation and analysis of cap rates during the period of time from 2021 to 2023 was that the cap rates were increasing as the mortgage rates were increasing. Mr. Smith stated that the main difference between his valuation and the county's valuation was because of the cap rate. The county used a cap rate of 4.25%, loaded with 1.75% for real estate taxes for a total of 6.00%. Mr. Smith stated that based upon his analysis, the cap rate used by the county was not supported. Mr. Smith also advised that 3 of the sales that the county used as comparable sales from CoStar had incorrect sales prices.

Mr. Smith derived an effective gross income (EGI) of $4,675,511 and projected net operating income (NOI) of $3,449,596, (Exhibit F, page 31). The county in Exhibit 1, page 58 derived EGI of $5,111,608 and NOI of $3,196,144. Based upon the projected NOI and the cap rate derived, Mr. Smith gave a final rounded value according to the Income approach of $47,000,000, (Exhibit F, page 38). The value derived from the Income approach was relied upon primarily for the value of the property. Mr. Smith then estimated the Furniture, Fixtures and Equipment (FF&E), which is personal property and not properly included in the value of land and improvements, to be 3% of the value, reducing the value of the land and improvements to $45,590,000.

4. **Respondent's Evidence.** Respondent submitted Exhibit 1, a valuation summary report completed by Mike Jacoby of the subject property, Exhibit 2, Comparable Amenities, and the WDT of Mike Jacoby, which was marked as Exhibit 3 by the Hearing Officer. The Exhibits were received without objection.

Respondent presented the testimony of Mike Jacoby. Mr. Jacoby has been working in assessment valuation since 2006 and created Exhibit 1, the valuation report of the subject property. Mr. Jacoby testified that Clay County is a non-disclosure county, meaning that there is not a county ordinance as there are in some of the larger counties that require the parties to a sale of real estate to disclose the sale price. Without that information, the county assessment department relies upon questionnaires that are returned, CoStar, Real Estate databases and TREP database for information pertinent for valuing properties. Mr. Jacoby stated that there was an appraisal of the subject property completed in April of 2023 for $63,000,000. Complainant objected to any testimony regarding an appraisal that was not in evidence. The objection was sustained, any reference to an appraisal in April of 2023 in the testimony or the exhibits is not considered in this decision.

Mr. Jacoby stated that it has been the observation of the Assessor's Office in Clay County that prices of apartment complexes in Clay County were going up and the cap rate was coming down during the period of time from 2021 to 2023. When pressed on this statement, Mr. Jacoby admitted that as a non-disclosure county, he could not identify the source of this information.

Mr. Jacoby used four land sales as set out on Page 18 of Exhibit 1 to value the land without improvement. The results were from $2.99 to $5.42 per square foot with a mean of $3.76 and median of $3.31. Mr. Jacoby then did a cost analysis as set out on Page 24 of Exhibit 1 that resulted in a value, after depreciation of $50,324,192.

On pages 25-56 of Exhibit 1, Mr. Jacoby set out a Sales Comparison approach to value. The process did not identify particular properties and create a grid for adjustments, but rather averaged the price of 18 reported sales from CoStar to determine the average price per unit of $248,141. Five of these properties were used to determine the average cap rate of 4.37% with the median cap rate of 4.25%. On cross-examination, Mr. Jacoby was asked to explain the Apartment Matrix on Page 59 of Exhibit 1, specifically, since the subject property was considered an A rated property for investment, why the applicable cap rate for A rated properties, which is 4.75% was not used, rather a cap rate that was not on the matrix, 4.25% was used. Mr. Jacoby stated that the Matrix is a guideline for the entirety of the county, but he also had to consider other factors like Miscellaneous Income, Vacancy, etc. when assigning a cap rate to a valuation report. Mr. Jacoby was further pressed on his estimate of $2,000 per month for the 3 bed/2 bath units as there are no instances of an amount that high on the rent rolls. His response was that he was using potential income rather than actual income for the property. Mr. Jacoby used 1% of the value as an estimate of FF&E. Mr. Jacoby's final value is set out on Page 61 of Exhibit 1 at $52,629,100.

5. Value. The true value in money (TVM) of the subject real property as of January 1, 2023, was $24,000,000 for appeal 23-32018 and $21,590,000 for appeal 23-32019.

CONCLUSIONS OF LAW

1. Assessment and Valuation. Residential real property is assessed at 19% of its TVM as of January 1 of each odd-numbered year. Section 137.115.5(1)(a). The TVM is "the fair market value of the property on the valuation date[.]" *Snider v. Casino Aztar/Aztar Mo. Gaming Corp.*, 156 S.W.3d 341, 346 (Mo. banc 2005) (internal quotation omitted). The fair market value is "the price which the property would bring from a willing buyer when offered for sale by a willing seller." *Mo. Baptist Children's Home v. State Tax Comm'n*, 867 S.W.2d 510, 512 (Mo. banc 1993). "True value in money is defined in terms of value in exchange not value in use." *Tibbs v. Poplar Bluff Assocs. I, L.P.*, 599 S.W.3d 1, 7 (Mo. App. S.D. 2020) (internal quotation omitted). "Determining the true value in money is an issue of fact for the STC." *Cohen v. Bushmeyer*, 251 S.W.3d 345, 348 (Mo. App. E.D. 2008).

2. Method of Valuing Property. "For purposes of levying property taxes, the value of real property is typically determined using one or more of three generally accepted approaches." *Snider*, 156 S.W.3d at 346. The three generally accepted approaches are the cost approach, the income approach, and the comparable sales approach. *Id.* at 346-48.

3. Evidence. The hearing officer is the finder of fact and determines the credibility and weight of the evidence. *Kelly v. Mo. Dep't of Soc. Servs., Family Support Div.*, 456 S.W.3d 107, 111 (Mo. App. W.D. 2015). "Although technical rules of evidence are not controlling in administrative hearings, fundamental rules of evidence are applicable." *Mo. Church of Scientology v. State Tax Comm'n*, 560 S.W.2d 837, 839 (Mo. banc 1977).

4. Complainant's Burden of Proof. The taxpayer bears the burden of proof and must show by a preponderance of the evidence that the property was overvalued. *Westwood P'ship v. Gogarty*, 103 S.W.3d 152, 161 (Mo. App. E.D. 2003). The BOE value is presumptively correct. *Tibbs*, 599 S.W.3d at 7. The "taxpayer may rebut this presumption by presenting substantial and persuasive evidence that the valuation is erroneous." *Id.* (internal quotation omitted). The taxpayer also must prove "the value that should have been placed on the property." *Id*. "Substantial evidence is that evidence which, if true, has probative force upon the issues, and from which the trier of fact can reasonably decide the case on the fact issues." *Savage v. State Tax Comm'n*, 722 S.W.2d 72, 77 (Mo. banc 1986) (internal quotation omitted). Evidence is persuasive when it has "sufficient weight and probative value to convince the trier of fact." *Daly v. P.D. George Co*., 77 S.W.3d 645, 651 (Mo. App. E.D. 2002); *see also White v. Dir. of Revenue*, 321 S.W.3d 298, 305 (Mo. banc 2010) (noting the burden of persuasion is the "party's duty to convince the factfinder to view the facts in a way that favors that party").

5. Complainant Produced Substantial and Persuasive Evidence of Overvaluation.

Complainant, through the appraisal report and testimony of Troy Smith, produced substantial and persuasive evidence of overvaluation. Mr. Smith's appraisal went through the actual income and expenses of the property to develop the income approach. Mr. Smith used properties that were very similar to the subject for the sales comparison approach. Mr. Smith went through three different methods of calculation to determine a reasonable capitalization rate, all of which were similar in their outcome, tending to increase the credibility of the cap rate used by Mr. Smith. The difference in cap rate used was the main difference in the valuation between the reports of Mr. Smith and Mr. Jacoby.

The information provided by Mr. Jacoby on behalf of the Respondent was more general in nature, not focused specifically on this property or on particular properties that were adjusted in comparison to the subject property. Assessors in non-disclosure counties have a difficult task to value the property without knowing what the actual sales prices of properties in the county have been. In this matter, the evidence presented by Complainant was more persuasive than the evidence presented by Respondent.

CONCLUSION AND ORDER

The BOE's decision is Set Aside. The true value in money (TVM) of the subject real property as of January 1, 2023, was $24,000,000 for appeal 23-32018 and $21,590,000 for appeal 23-32019. The Assessed values are, therefore, $4,560,000 and $4,102,100, respectively.

Application for Review

A party may file an application for review of this decision within 30 days of the mailing date set forth in the certificate of service for this decision. The application "shall contain specific detailed grounds upon which it is claimed the decision is erroneous." Section 138.432. The application must be in writing, and may be mailed to the State Tax Commission of Missouri, P.O. Box 146, Jefferson City, MO 65102-0146, or emailed to Legal@stc.mo.gov. A copy of the application must be sent to each person listed below in the certificate of service. ***Failure to state specific facts or law upon which the application for review is based will result in summary denial.*** Section 138.432.

Disputed Taxes

The Collector of Clay County, and the collectors of all affected political subdivisions therein, shall continue to hold the disputed taxes pending the possible filing of an application for review, unless the disputed taxes have been disbursed pursuant to a court order under the provisions of section 139.031.

SO ORDERED August 20, 2026.

STATE TAX COMMISSION OF MISSOURI

Todd D. Wilson
Senior Hearing Officer

Certificate of Service

I hereby certify that a copy of the foregoing has been electronically mailed and/or sent by U.S. Mail on August 21, 2026, to: Complainant(s) and/or Counsel for Complainant(s), the County Assessor and/or Counsel for Respondent and County Collector.

Stacy M. Ingle
Legal Assistant