

BEFORE THE IDAHO BOARD OF TAX APPEALS

MICHAEL BERGMANN,)	
)	
Appellant,)	APPEAL NO. 19-A-1058
)	
v.)	FINAL DECISION
)	AND ORDER
ADA COUNTY,)	
)	
Respondent.)	
)	
)	
)	

RESIDENTIAL PROPERTY APPEAL

This appeal is taken from a decision of the Ada County Board of Equalization denying an appeal of the valuation for taxing purposes on property described by Parcel No. R5299000500. The appeal concerns the 2019 tax year.

This matter came on for hearing October 10, 2019 in Boise, Idaho before Board Member Leland Heinrich. Appellant Michael Bergmann was self-represented. Chief Deputy Assessor Brad Smith represented Respondent.

Board Members David Kinghorn, Leland Heinrich and Kenneth Nuhn join in issuing this decision.

The issue on appeal concerns the market value of an improved residential property.

The decision of the Ada County Board of Equalization is affirmed.

FINDINGS OF FACT

The assessed land value is \$198,000, and the improvements' value is \$1,069,700, totaling \$1,267,700. Appellant contends the correct market value is \$987,500.

The subject property, located in Boise's historic North End neighborhood, is a three (3) bedroom, four and one-half (4½) bathroom residence constructed in 1936. The residence includes 2,535 square feet on the main level and 1,410 square feet in the basement, of which 410 square feet are unfinished. The property has a 672 square foot attached garage. The

residence was extensively remodeled in 2007 and has been maintained in good condition since.

Appellant identified three (3) areas of concern regarding subject's assessment. First, subject is comprised of three (3) full bathrooms and two (2) one-half ($\frac{1}{2}$) bathrooms, not four and one-half ($4\frac{1}{2}$) as indicated by county records. It was further pointed out one (1) of the full bathrooms in the basement has a small shower due to the low ceiling height. In Appellant's view, this bathroom is really only suitable for children. Appellant also contested subject's having three (3) bedrooms. According to Appellant, one (1) of these rooms has no door on it, so shouldn't satisfy the definition of a bedroom.

Appellant's next concern centered on subject's assessed value compared to other assessments in the immediate neighborhood. Two (2) properties located within roughly 100 yards of subject were highlighted. The first comparison property was assessed at nearly \$1,300,000 despite having a "more imposing" street presence, a larger residence, and a larger corner lot. The other referenced property had a larger corner lot and larger residence. This property was assessed at \$839,500, which represented an increase of 16.5% from the prior assessment, whereas subject's assessment increased roughly 30% for the current year. Appellant suggested subject was inequitably assessed.

Appellant's final issue concerned Respondent's lack of consideration of certain recent sales. Specifically, six (6) sale transactions were identified along Harrison Boulevard which occurred in 2017 and 2018. Appellant stressed the importance of focusing on sales along the same street as subject. One (1) of the 2017 transactions was the sale of the neighboring property for \$686,000. Appellant highlighted different characteristics of the sale properties,

such as lot size, bedroom and bathroom counts, and additional improvements. Sale prices ranged from \$450,000 to \$1,895,000. Appellant calculated an average price rate of roughly \$161 per square foot excluding the two (2) highest prices, and a rate of approximately \$213 per square foot if all the sales were included in the calculation. These price rates indicated subject values of \$636,960 and \$840,251, respectively.

Respondent disagreed with some of the sales offered by Appellant. It was noted three (3) of the sale residences had only been partially, or minimally upgraded. Where subject had been extensively upgraded somewhat recently, Respondent contended the three (3) properties were not comparable and should be excluded.

Lastly, Appellant provided a comparative market analysis (CMA) report authored by a local real estate broker. The CMA considered three (3) recent sales from the North End, though only one (1) was located on Harrison Boulevard. Sale prices ranged from \$786,500 to \$1,200,000. The CMA concluded a value range for subject from \$975,000 to \$1,000,000.

Respondent's value evidence consisted of five (5) recent sales. Two (2) of the sale properties were situated along Harrison Boulevard, while the remaining sales were located within several blocks of subject. In selecting sales, Respondent focused on residences with high quality interior finishes similar to subject. Most of the sale residences were constructed decades ago, but had been thoroughly renovated in recent years. Though there were some variances, the sale residences were generally representative of subject in terms of size, bathroom count, design, construction quality, condition, and lot size. Sale prices ranged from \$994,000 to \$1,563,199.

In its analysis, Respondent first applied a 0.5% per month time adjustment to each sale

price to reflect pricing levels on the January 1, 2019 assessment date. Respondent then individually compared each sale property to subject and made adjustments for noted differences in property characteristics. The result was adjusted prices ranging from \$1,081,018 to \$1,463,744, which Respondent maintained offered good support for the accuracy of subject's current assessed value of \$1,267,700.

CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value in fee simple interest, or as applicable exempt status. This Board, giving full opportunity for all arguments and having considered all the testimony and documentary evidence, hereby enters the following.

Idaho Code § 63-205 requires taxable property be assessed at market value annually on January 1; January 1, 2019 in this case. Market value is defined in Idaho Code § 63-201, as,

“Market value” means the amount of United States dollars or equivalent for which, in all probability, a property would exchange hands between a willing seller, under no compulsion to sell, and an informed, capable buyer, with a reasonable time allowed to consummate the sale, substantiated by a reasonable down or full cash payment.

Market value is estimated according to recognized appraisal methods and techniques. The sales comparison approach, the income approach, and the cost approach comprise the three (3) primary methods for determining the market value of real property. *Merris v. Ada Cnty.*, 100 Idaho 59, 63, 593 P.2d 394, 398 (1979). The sales comparison approach, which in general terms studies recent sales of similar nearby property, and considers adjustments for differences in property characteristics compared to subject, is often employed to estimate the

market value of a residential property.

Appellant expressed several concerns with subject's assessment. The first was subject's property record reflecting four and one-half (4½) bathrooms instead of four (4). Appellant also contended the ceiling height in one (1) bathroom is too low for typical use by an adult. Though Appellant's concerns are noted, it is not clear what impact these factors have on subject's market value. No opinion of value was offered for a one-half (½) bathroom. And a low basement ceiling height is not unique to subject's residence, and was a feature known when the property was purchased in 2014 for \$1,195,000. Without more evidence demonstrating an impact on value, the Board is reluctant to adjust subject's value on the basis of basement ceiling height.

Appellant's next concern focused on subject's assessed value compared to the assessed values of two (2) nearby properties. It was noted one (1) of the referenced properties was assessed nearly the same as subject despite enjoying a larger residence and larger corner lot. Appellant's issue with the other assessment was the fact it increased only 16.5% from the prior year, whereas subject's assessment increased roughly 30%. While Appellant's concern about inequitable assessment is understandable, the record simply did not support the conclusion subject was systematically assessed differently than other properties in the neighborhood, or was otherwise discriminated against. "[A]n individual who claims that a selective assessment procedure had deprived him or her of the protection guaranteed by the state constitutional requirement of uniformity of taxation must show a deliberate plan to discriminate based upon an unjustifiable or arbitrary classification." *Xerox Corp. v. Ada Cnty. Assessor*, 101 Idaho 138, 144, 609 P.2d 1129, 1135 (1980). Looking at just two (2)

assessments from the neighborhood does not rise to the level of a deliberately discriminatory scheme against subject, especially where the evidence did not focus on relative variances from market value. We find no basis for adjusting subject's value based on inequitable assessment.

In terms of value evidence, Appellant did offer information on several sales from Harrison Boulevard, as well as, a comparative market analysis prepared by a broker. While we agree location is a primary consideration when selecting sales in an appraisal, it is not the only characteristic which should be factored into the analysis. Quality and condition are also well known factors affecting a property's market value. And this is where the Board had concerns with several of the sales provided by Appellant. At least three (3) of these sales involved residences which had either not been recently remodeled, or had only been partially updated. As subject has been extensively upgraded, it would be improper in the Board's view to compare it on an unadjusted basis to sale residences with notably inferior living spaces. Appellant's other sales were considered by the Board, but were found to be insufficient on their own to support a reduction in value.

The Board was similarly unpersuaded by the comparative market analysis offered into the record. The analysis referenced three (3) sale properties and included the respective listing sheets in the supporting materials. It was not clear on what basis the sales were chosen, though they were generally similar to subject's residence in age and size. No attempt was made to directly compare any of the sale properties to subject, nor was it apparent how the report concluded a value range between \$975,000 and \$1,000,000 for subject. Without more details on the valuation, the Board was reluctant to place much weight on this evidence.

Respondent's value evidence was better received by the Board. The selected sales

were not only proximate in location to subject, but also were similar in terms of interior quality and condition. As is typical in a traditional sales comparison approach, Respondent directly compared each sale property to subject and made appraisal adjustments to account for differences in property characteristics. As evidenced by the modest gross adjustments, ranging from 2% to 8.3%, the sale properties were rather similar to subject. Low adjustment percentages not only suggest a high level of comparability, but also served here to increase the confidence in the overall analysis and the resulting value indication. The Board found subject's assessed value was well supported by Respondent's sales analysis.

To prevail in this appeal, Appellant must demonstrate subject's valuation is erroneous by a preponderance of the evidence. Idaho Code § 63-511. We did not find the burden of proof satisfied in this instance. There were too many questions concerning the comparability of the sales referenced by Appellant, as well as, the general analysis offered in the comparative market analysis. Respondent's valuation model yielded a range of value between roughly \$1,080,000 and \$1,465,000, which supports subject's market valuation of \$1,267,700. It was also not lost on the Board that Appellant purchased subject in November 2014 for \$1,195,000, which is only about 6% less than the current 2019 assessed value, despite notable increases in the market over the past several years.

Based on the above, the decision of the Ada County Board of Equalization is affirmed.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Ada County Board of Equalization concerning the subject parcel be, and the same hereby is, AFFIRMED.

DATED this 6th day of January, 2020.