

BEFORE THE IDAHO BOARD OF TAX APPEALS

CANYON STREET MHP, LLC,)	
)	
Appellant,)	APPEAL NO. 19-A-1388
)	
v.)	FINAL DECISION
)	AND ORDER
BOISE COUNTY,)	
)	
Respondent.)	
)	
)	
)	

RESIDENTIAL PROPERTY APPEAL

This appeal is taken from a decision of the Boise County Board of Equalization denying an appeal of the valuation for taxing purposes on property described by Parcel No. MHH00004500330. The appeal concerns the 2019 tax year.

This matter came on for hearing November 15, 2019 in Idaho City, Idaho before Board Member Leland Heinrich. Jon Dufresne appeared at hearing for Appellant. Assessor Chris Juszczak 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 a manufactured home owned separately from the land on which the home sits.

The decision of the Boise County Board of Equalization is reversed.

FINDINGS OF FACT

The assessed value is \$14,334. Appellant contends the market value is \$11,000.

The subject property is a 672 square foot mobile office trailer assembled in 1994. The trailer was converted to residential use at some point. Currently, the trailer includes a kitchenette unit and a bathroom, though there is no bathtub. As there are no closets, technically the trailer does not have any bedrooms. The trailer sits on cinder blocks in a manufactured home park development in Horseshoe Bend, Idaho.

Appellant purchased the subject trailer at an auction in December 2017 for \$3,337. Since the purchase and relocation, Appellant has completed some repair work, including the roof, rain gutters, two (2) exterior doors and exterior paint. The only interior improvement was the addition of the kitchenette. These updates were reportedly completed during 2019. Appellant explained the current assessed value was notably higher than an assessment issued by neighboring Gem County, which is where the trailer was purchased.

In support of subject's current assessment, Respondent offered information concerning six (6) manufactured home sales. Each of these sales included the underlying land, and each also included other improvements, though details were not shared. The sale prices ranged from \$40,794 to \$95,000. Respondent compared each sale property to the subject trailer and made adjustments for differences in property characteristics, such as square footage, condition, age and outbuildings. The assessed land values were also removed. Respondent calculated the adjusted prices ranging from \$10,501 to \$44,833. The average value indication for the subject was \$24,854. By comparison, subject's assessed value is \$14,334.

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 submitted by the parties, 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 three (3) primary methods for determining market value include the sales comparison approach, the cost approach, and the income approach. *Merris v. Ada Cnty.*, 100 Idaho 59, 63, 593 P.2d 394, 398 (1979). Residential property is commonly valued using the sales comparison approach.

The subject trailer is somewhat unique in that it was originally constructed as a mobile office and has since been converted to residential use. Evidence of its prior office use are apparent, as the bathroom has only a toilet and small shower, and there are no bedrooms with closets. Also, the trailer is equipped with a kitchenette, not a full kitchen as would be typical in a more traditional manufactured home.

For purposes of assessment, Respondent considered subject to be a manufactured home and offered information from six (6) manufactured home sales for the Board’s consideration. The Board appreciated Respondent’s efforts to develop a sales comparison model in which sales were directly compared to the subject. That being said, upon close inspection of the sales, questions of comparability between the subject and the sale properties were apparent. Not surprisingly, it does not appear any of the sales involved a mobile office trailer converted to residential use. Also, none of the sales concerned just the manufactured home sold separate from a distinct underlying land ownership. These are key attributes which do not appear to have been adequately considered in subject’s current assessment.

Further evidence of dissimilarity between the subject and the sale properties was demonstrated in the adjustments that Respondent applied to the sales. Gross adjustments exceeded the sale prices for four (4) of the six (6) sales. When adjustments exceed the purchase price, it is reasonable to conclude there is little base similarity between the sale and the property being valued. In this case, two-thirds (2/3) of the sales required adjustments in excess of their sale price. The only sales with adjustments less than their sale prices were Sale No. 1 which sold for \$95,000 and Sale No. 4 which sold for \$75,000. For these, the gross adjustments totaled \$74,142 and \$71,062, respectively. It was also not clear how the adjusted prices, which averaged \$24,854, correlated to subject's current valuation at \$14,334. In all, the Board was not convinced the sales analysis, in itself, provided a reliable estimation of market value.

In accordance with Idaho Code § 63-511, Appellant bears the burden of proving error in subject's valuation by a preponderance of the evidence. Based on the evidence in this matter, the Board found the burden of proof satisfied. Though the subject trailer was purchased for roughly \$3,300, Appellant conceded the current market value of the property is higher. For instance, the trailer had to be transported to its current location and set up for use, both of which contribute value in excess of auction price. It is also worth noting Appellant has made some upgrades to the trailer, however, such work was not completed until sometime in 2019, so it did not factor into the Board's consideration of the value on January 1, 2019. Details on the conditions around the auction sale were also thin. Giving some weight to both parties' evidence, the Board found subject was more likely than not over-valued in its current assessment.

Based on the above, the decision of the Boise County Board of Equalization is reversed to reflect a decrease in the market valuation of the subject trailer parcel to \$11,000.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Boise County Board of Equalization concerning the subject parcel be, and the same hereby is, REVERSED, to reflect a decrease in value to \$11,000.

IT IS FURTHER ORDERED, pursuant to Idaho Code § 63-1305, any taxes which have been paid in excess of those determined to have been due be refunded or applied against other *ad valorem* taxes due from Appellant.

Idaho Code § 63-3813 provides that under certain circumstances the above ordered value for the current tax year shall not be increased in the subsequent assessment year.

DATED this 18th day of February, 2020.