

BEFORE THE IDAHO BOARD OF TAX APPEALS

CHRISTOPHER REGILSKI AND MARCI SMITH,)	
)	
Appellants,)	APPEAL NO. 19-A-1270
)	
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. R3616251490. The appeal concerns the 2019 tax year.

This matter came on for hearing January 15, 2020, in Boise, Idaho before Board Member Leland Heinrich. Appellant Marci Smith appeared at hearing. 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 \$176,000, and the improvements' value is \$826,400, totaling \$1,002,400. Appellants contend the market value is \$820,000.

The subject property is situated within the historic district of Boise, Idaho's North End neighborhood. Subject's Highland Park Addition subdivision was characterized as an eclectic neighborhood, with residences ranging in size from 396 square feet to 6,171 square feet, and in ages from 1900 to 2015. The .28 acre subject parcel is improved with a multi-level residence

constructed in 1910. There are 3,168 square feet of above-grade living space, with 1,044 square feet of unfinished space in the basement.

Appellants purchased the subject property in 2014 for \$650,000, and since that time have added a 624 square foot detached garage and have remodeled the above-grade living areas. This included converting 304 square feet of second-story porch space into finished living area.

Appellants began by describing some deficiencies related to the residence. In particular, it was reported the basement leaks consistently. Appellants have tried to remedy the problem a couple times, but have been unsuccessful. It was also noted subject's mechanical system for the main floor consists of a 100-year-old radiator and pipe system. Despite the installation of a new boiler, the system does not function properly and the residence is currently heated using electric radiators. Lastly, Appellants reported issues with the chimney and potentially the roof, too. In Appellants' view, these issues were not adequately reflected in subject's current assessment.

Appellants pointed to the roughly 29% increase in subject's assessed value and questioned whether such an increase was supported by the market. They cited a housing index which reported an average Boise appreciation rate of 17.4% during 2018. Appellants also highlighted the assessment increases of other properties in the area with older residences, which ranged from 11% to 29%, and contended by comparison subject was being treated unfairly. Respondent questioned the location of the properties referenced by Appellants and explained the average increase in subject's subdivision was 28.03%.

In terms of value evidence, Appellants provided information from seven (7) sales which

occurred during 2017 and 2018. The sale residences, constructed from 1910 to 1976, ranged in finished living area from 2,665 to 4,670 square feet. The sale prices ranged from \$515,000 to \$850,000. In an effort to support the contention newer residences with modern mechanical systems and amenities are more desirable in the marketplace, three (3) sales of newer residences were also provided. These sale residences were constructed in 2007, 2013, and 2004, and ranged in finished living area from 3,496 to 4,050 square feet. The sale prices were \$1,025,000, \$865,000, and \$587,000, respectively.

Because subject's residence is older, Appellants argued its assessed value should be somewhere within the range indicated by the sales of older residences, not near the million dollar mark. Respondent remarked, for the North End, it had not observed a notable difference in price between newly-constructed residences and older residences with extensive updating.

Respondent explained subject is unique for the neighborhood due to its larger lot size and larger residence. Also emphasized was the value of garages in the neighborhood, which are reportedly highly-coveted. These factors formed the primary criteria in Respondent's search for comparable sales. The search yielded six (6) sales from 2017 and 2018 which were generally similar to subject in terms of residence size and multi-level design. All the sale properties included garages, and all were located within the same historic district as subject.

Sale prices for Respondent's sales ranged from \$839,500 to \$1,350,000. A 1% per month upward time adjustment was applied to the sale prices to reflect pricing levels on the January 1, 2019 assessment date. Respondent then directly compared each sale property to subject and made adjustments for differences in the property characteristics. The adjustments considered finished living area, bathroom count, garage size, lot size, and others. The analysis

yielded subject price indications ranging from \$953,789 to \$1,478,915, or from \$226 to \$351 per square foot. Subject's assessment at \$1,002,400 reflects an average value rate of \$238 per square foot.

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 always estimated as of a precise point in time. 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 approaches to value include the sales comparison approach, the cost approach, and the income approach. *Merris v. Ada County*, 100 Idaho 59, 63, 593 P.2d 394, 398 (1979). The sales comparison approach is commonly used in the valuation of a residential property. In general terms, the approach examines recent sales of similar property and considers adjustments for differences in property characteristics between the subject and the sale properties.

Appellants contended subject's 29% increase in assessed value was excessive in

comparison to other assessments which increased at lesser rates. While the Board understands this concern, we must find subject's current market value, and in doing so, a comparison of assessed values is not a recognized appraisal approach. Further, as reported by Respondent, if considering the average increase in subject's specific subdivision, it was approximately 28%, or very close to subject's relative increase. So, while subject's value change was substantial upon an initial impression, in a broader perspective it closely approximates the average increase in the neighborhood. The Board was not persuaded on this point that subject was over-assessed or inequitably assessed.

Appellants also highlighted deficiencies with subject's residence, including a non-functioning heating system, water intrusion in the basement, and needed repairs to the chimney and potentially the roof. Though the Board agrees these issues could impact subject's market value, there was little in Appellant's case to indicate what the impact might be. As no bids or cost-to-cure estimates were offered into the record, there is little to nothing to consider for making an adjustment to subject's assessment.

As for market-based value evidence, both parties provided multiple sales for the Board's consideration, which efforts were appreciated. There were, however, some concerns. In particular, details concerning the physical characteristics of Appellants' sale properties were absent, with the exception of year built and square footage. There were no photographs or other information concerning the condition of the sale residences or whether any had been recently renovated. Also missing were lot sizes, as well as any indication as to whether the sale properties were located in the historic district, or, for instance, whether they included a garage. In short, Appellants' sales information was deemed incomplete, which prevented the

Board from making meaningful comparisons between the subject and the sale properties presented.

Respondent's sales data and appraisal-like analysis was better received by the Board. The comparable sales were thoroughly detailed, and the adjustment analysis was consistent with accepted appraisal practice. It is worth noting the gross adjustments made to these sales were relatively low, ranging from 7.3% to 12.7%. This level of adjustment suggested a high degree of comparability between subject and the sale properties. The Board found this bolstered the reliability of the resulting value conclusion.

Appellants bear the burden of proving error in subject's valuation by a preponderance of the evidence. Idaho Code § 63-511. Based on the record in this matter, the Board did not find the burden of proof satisfied. Though Appellants offered evidence of subject's condition and some market data, it was incomplete and difficult to correlate directly with an indication of subject's market value. By contrast, property information on Respondent's comparable sales was detailed, and the subsequent appraisal analysis was typical of a direct sales comparison approach. In all, we did not find sufficient cause to disturb subject's current assessed value.

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

DICTA

The Board would make a special comment in this case. Given the record's indications that subject has a number of condition issues, which were not fully addressed in the parties' presentations, we ask that the Assessor's Office be permitted, before the next assessment, to perform an on-site inspection to verify the county's property records for subject are accurate.

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 March, 2020.

IDAHO BOARD OF TAX APPEALS