

BEFORE THE IDAHO BOARD OF TAX APPEALS

SANDRA CAPPS,	)	
	)	
Appellant,	)	APPEAL NO. 19-A-1266
	)	
v.	)	FINAL DECISION
	)	AND ORDER
JEROME COUNTY,	)	
	)	
Respondent.	)	
	)	
	)	
	)	

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**RESIDENTIAL PROPERTY APPEAL**

This appeal is taken from a decision of the Jerome County Board of Equalization denying an appeal of the valuation for taxing purposes on property described by Parcel No. RP09S16E097052. The appeal concerns the 2019 tax year.

This matter came on for hearing December 11, 2019 in Jerome, Idaho before Board Member Leland Heinrich. Appellant Sandra Capps was self-represented. County Assessor Rick Haberman 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 Jerome County Board of Equalization is modified.**

**FINDINGS OF FACT**

The assessed land value is \$39,175, and the improvements' value is \$477,163, totaling \$516,338. Appellant contends the correct market value is \$470,000.

The subject property is located roughly five (5) miles southwest of Jerome, Idaho and is an 11.28 acre rural residential tract. The property is improved with a multi-level residence totaling 5,451 square feet in size, of which 5,109 square feet are finished. The residence is a former Boise Cascade Factory Home which was moved from the Meridian plant in 1973. Over

the years, additions have been made to the residence, the first of which was a hand-dug basement. The basement has no windows or egress and is prone to water leaks. The second addition, completed roughly forty (40) years ago, included a garage with an upper level bonus room on the east side of the residence. The third addition, was a family room off the north side of the original residence. The work was performed approximately seven (7) years ago. Lastly, a nearly 1,800 square foot addition to the south and west of the residence was completed a couple years ago. Appellant explained it was hoped the additions to all sides of the original residence would mitigate water leaks in the basement. The property is further improved with three (3) general purpose outbuildings of varying ages.

Appellant explained there was confusion about the size of subject's residence. For the 2018 assessment, the residence was reported to include 6,275 square feet, which Appellant believed to be inaccurate. For 2019, Appellant requested a re-measurement by Respondent. The reinspection of the subject property determined a total size of 5,451 square feet, with a finished area of 5,109 square feet. Using the updated measurements, the County Board of Equalization reduced the assessment notice value to the current value of roughly \$516,000.

Still unsure if subject's size measurement was accurate, Appellant commissioned an independent appraisal of the property. The fee appraisal determined a gross living area of 4,947 square feet. The appraisal developed a sales comparison approach using three (3) sales from 2018 and two (2) from 2017. The appraisal reported difficulty in identifying recent comparable sales with a gross living area and acreage similar to the subject. Indeed, large adjustments were made in the appraisal for square footage and lot size. The sale properties were, however, generally similar to subject in terms of construction quality, condition, design,

view, and rural location. The sale prices ranged from \$355,000 to \$465,000. The appraisal compared each sale property to the subject and made adjustments for differences in property characteristics. This resulted in adjusted prices from \$439,500 to \$512,900. The fee appraisal concluded a value of \$470,000 for subject as of December 31, 2018.

Respondent utilized the cost approach to develop subject's assessed value. Respondent reported robust residential construction activity throughout the county, with the typical residential construction costs ranging from \$100 to \$115 per square foot. Subject's residence is assessed at roughly \$108 per square foot, which Respondent highlighted was within the cost range quoted by several local builders.

#### 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 cost approach, and the income approach comprise the

three (3) primary methods for determining market value. *Merris v. Ada Cnty.*, 100 Idaho 59, 63, 593 P.2d 394, 398 (1979). Residential property is commonly valued using the sales comparison approach, which approach compares recent sales to the subject property and makes appraisal adjustments for differences in property characteristics.

We will first address the issue concerning the size of subject's residence. It should be noted the county's property records enjoy a presumption of correctness and it is the burden of the party challenging the accuracy of such records to overcome the presumption. In this case, Respondent physically re-measured the subject residence and concluded a total size of 5,451 square feet, with 5,109 square feet finished. This property characteristic record is presumed to be correct, and the measurement also closely approximates the size figure of 4,947 finished square feet reflected in Appellant's fee appraisal. As nothing was offered to support a different size measurement, the Board finds Respondent's measurement to be an accurate reflection of the residence's size.

Turning more directly to the question of subject's current market value, the parties relied on different appraisal approaches to reach their respective value opinions. Appellant's appraisal developed a sales comparison approach model, whereas Respondent relied on the cost approach. Though both approaches can be used to estimate the value of residential property, the cost approach is generally not regarded as the most reliable indicator of value for older structures. Such is the case here, where a very large portion of subject's residence is more than forty (40) years old. Appellant has made notable additions to the residence in the past decade, which very likely have contributed value. Rather unclear in the record, however, was how the new additions were assessed compared to the older sections of the residence.

It appears an overall depreciation rate of 13% was applied to the residence, but again there was no indication whether the entire residence was assessed at a uniform rate or if varying valuation rates were applied to the different portions of the residence. The Board had a similar concern with respect to the local cost quotes referenced by Respondent because those rates represent the cost of new construction, whereas significant portions of the subject residence are several decades old. It was not apparent how the “cost new” quotes correlated to subject’s assessed value for an older residence. In this case, in short, the Board was not satisfied Respondent’s value conclusion represented the most reliable indication of subject’s current market value.

Better received by the Board was the fee appraisal report offered by Appellant. The appraisal analyzed five (5) recent sales and made adjustments for differences compared to the subject property. As subject is unique in terms of acreage and residence size, larger adjustments to the sales for these characteristics were necessary for purposes of comparison with subject. The other appraisal adjustments were more typical. Though no notable issues with the general analysis were identified, curious to the Board was the absence of a time adjustment to the sales. The appraisal report noted an active real estate market with appreciating prices, and as two (2) of the sales transpired in 2017, an adjustment for time of sale would typically be expected. The absence of a time adjustment was not found to be a fatal flaw, but rather cause for an adjustment to the final value conclusion.

In accordance with Idaho Code § 63-511, Appellant bears the burden of proving error in subject’s valuation by a preponderance of the evidence. Given the record in this matter, we find the burden of proof satisfied, however, we did not find sufficient support for the value

petitioned by Appellant. Factoring in a time adjustment for older sales information, the Board concludes a current value of \$491,000 for the subject property. The decision of the Jerome County Board of Equalization is modified accordingly.

#### FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Jerome County Board of Equalization concerning the subject parcel be, and the same hereby is, MODIFIED to reflect a decrease in value to \$491,000, with \$39,175 attributable to the land, and \$451,825 to the improvements.

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 under certain circumstances that the above ordered value for the current tax year shall not be increased in the subsequent assessment year.

DATED this 3<sup>rd</sup> day of March, 2020.