

BEFORE THE IDAHO BOARD OF TAX APPEALS

GALLAFENT PROPERTIES, LLC,)	
)	
Appellant,)	APPEAL NO. 19-A-1511
)	
v.)	FINAL DECISION
)	AND ORDER
BANNOCK COUNTY,)	
)	
Respondent.)	
)	
)	
)	

RESIDENTIAL PROPERTY APPEAL

This appeal is taken from a decision of the Bannock County Board of Equalization modifying an appeal of the valuation for taxing purposes on property described by Parcel No. RPRPPOC323501. The appeal concerns the 2019 tax year.

This matter came on for telephonic hearing March 26, 2020, before Hearing Officer Cindy Pollock. Steve Gallafent appeared at hearing for Appellant. County Assessor Sheri Davies represented Respondent.

Board Members Leland Heinrich, David Kinghorn, 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 Bannock County Board of Equalization is affirmed.

FINDINGS OF FACT

The assessed land value is \$12,328, and the improvements' value is \$105,846, totaling \$118,174. Appellant contends the total value is \$106,750, with no detail given as to allocation between land and improvements.

The subject property is a .105 acre lot located on the west side of Pocatello, Idaho. The property is improved with a 2,243 square foot duplex constructed in 1939. The dwelling consists of 1,187 square feet on the main level and 1,187 square feet in the basement.

Appellant challenged subject's 2019 assessment and argued Respondent's sales were not comparable to the subject. Two (2) of the three (3) sales utilized by Respondent are single-family residences, and Appellant argues these cannot be compared to duplexes.

In support of a lower valuation, Appellant provided information on four (4) duplex sales which occurred in 2017 and 2018. Sale No. 1 was a 1,900 square foot duplex constructed in 1922 which sold on May 31, 2018 for \$78,000. Sale No. 2 was a 1,680 square foot duplex constructed in 1955 which sold on November 16, 2017 for \$90,000. Sale No. 3 was a 2,732 square foot duplex constructed in 1969 which sold on July 27, 2018 for \$105,000. Sale No. 4 was a 1,760 square foot duplex constructed in 1941 which sold on January 8, 2018 for \$114,000. Appellant directly compared the sales to subject and adjusted sale prices for differences in the number of garage stalls, dwelling square footage, lot size, dwelling condition, and bedroom/bathroom count. Once adjustments were applied, Appellant reported value indications between \$97,697 and \$124,435.

In support of its assessment, Respondent presented information on ten (10) sales from subject's general market area which occurred in 2018. These sales were not directly compared to subject, but were provided to represent market trends and average sale prices in subject's neighborhood. Sale lots ranged from .0819 to .1398 acres in size and were located .5 to 2 miles from subject. Sale dwellings were constructed between 1910 and 1940 and were 1,512 to 2,419 square feet in size. Sale prices ranged between \$78,000 and \$164,900. Respondent applied adjustments for time of sale and location, resulting in value indications between \$90,142 and \$191,517.

Respondent selected three (3) of the ten (10) sales to compare directly to subject. Sale

No. 1 was a .13 acre lot located .8 miles from subject. The lot is improved with a 1,728 square foot single-family residence constructed in 1927. Sale No. 2 was a .14 acre lot located 1 mile from subject. The lot was improved with a 2,419 square foot duplex constructed in 1940. Sale No. 3 was a .10 acre lot located .5 miles from subject. The lot was improved with a 1,532 square foot single-family residence constructed in 1920. Respondent first applied time adjustments to bring sale prices relevant to the January 1, 2019 assessment date. Next, Respondent applied adjustments for differences in property characteristics, resulting in value indications between \$139,203 and \$160,625, or roughly \$62 to \$72 per square foot. In comparison, subject is assessed at \$118,174, or roughly \$53 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 market value in fee simple interest, or as applicable, a property's 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 always estimated as of a precise point in time. Idaho Code § 63-201 provides the following definition,

“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. There are three (3) approaches to value: 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). 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 the differences in property characteristics between the subject and the sale properties.

Both parties offered value opinions developed utilizing the sales comparison approach. While the Board appreciated the parties' efforts in this regard, there were some concerns. Appellant's sales were all duplexes that were generally similar in square footage and effective age. Appellant made adjustments for differences in property characteristics, but failed to make time adjustments to bring the sale prices current to the assessment date of January 1, 2019. Respondent described the market conditions in Bannock County as inflationary, increasing at .75% per month in 2018. The Board found that if the same time adjustment of .75% per month were applied to Appellant's sales, they would indeed support subject's assessed value of \$118,174.

Respondent's three (3) sales were all adjusted for time and property characteristics; however, there were concerns regarding the comparability of the sale residences to subject. Two (2) of the three (3) sales were single-family residences, which in the Board's opinion attract a different buyer class than duplexes do. Sale No. 2, however, was a duplex of similar age and square footage as subject, and it sold for \$147,000. After adjustments for time and property characteristics were applied, the value indication was \$139,203, or roughly \$62 per square foot. This is well above subject's assessed value of \$118,174, or roughly \$53 per square foot. The Board failed to find evidence subject was assessed in excess of its fair market value.

In accordance with Idaho Code § 63-511, the burden is with the Appellant to establish Respondent's valuation is erroneous by a preponderance of the evidence. The Board did not find the burden of proof satisfied in this instance. Both parties provided relevant market data in support of their respective values. While the Board found Appellant's sales to be more comparable in property type and characteristics, Appellant failed to make necessary time adjustments to bring sale prices relevant to the January 1, 2019 assessment date. Respondent provided one (1) sale of a duplex very similar in characteristics to subject that sold for well in excess of subject's 2019 assessed value. As such, we do not find sufficient evidence to disturb the assessed value set by the Bannock County Board of Equalization. The decision of the Bannock County Board of Equalization is affirmed.

FINAL ORDER

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

DATED this 30th day of April, 2020.