

BEFORE THE IDAHO BOARD OF TAX APPEALS

BART ARMSTRONG,)	
)	
Appellant,)	APPEAL NOS. 19-A-1520
)	and 19-A-1521
v.)	
)	FINAL DECISION
BANNOCK COUNTY,)	AND ORDER
)	
Respondent.)	
)	
)	
)	

RESIDENTIAL PROPERTY APPEALS

These appeals are taken from decisions of the Bannock County Board of Equalization modifying appeals of the valuations for taxing purposes on properties described by Parcel Nos. RPRPCPP119508 and RPRPCPP119507. The appeals concern the 2019 tax year.

These matters came on for telephonic hearing April 15, 2020, before Hearing Officer Travis VanLith. Appellant Bart Armstrong was self-represented. County Assessor Sheri Davies represented Respondent.

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

The issues on appeal concern the market values of two (2) residential duplex properties.

The decisions of the Bannock County Board of Equalization are modified.

FINDINGS OF FACT

As the subject properties are nearly identical and the parties presented the same value evidence for both, these appeals will be consolidated for purposes of this single decision.

Parcel No. RPCPP119508 (Appeal No. 19-A-1520)

The assessed land value is \$40,095, and the improvements' value is \$116,274, totaling \$156,369. Appellant contends the land value is \$32,500, and the improvements' value is \$96,200, totaling \$128,700.

Parcel No. RPCPP119507 (Appeal No. 19-A-1521)

The assessed land value is \$39,488, and the improvements' value is \$116,881, totaling \$156,369. Appellant contends the correct land value is \$32,500, and the improvements' value is \$96,200, totaling \$128,700.

The subject properties are adjacent duplex parcels constructed by Appellant in 1999. The duplex structures are identical up-and-down models with 968 square feet in the main-floor unit and 896 square feet in the lower-level unit. The properties are located in Pocatello, Idaho.

Appellant described the duplex structures as basic quality and lower-cost construction. Appellant cited the up-and-down design as a negative influence on subjects' market values because, in Appellant's experience, tenants disfavor having a neighbor either directly above or below. According to Appellant, tenants typically prefer side-by-side units. In addition to difficulty attracting tenants, Appellant contended the subject duplexes are not attractive to investors because the return on investment is lower than other rental types. Lastly, it was noted Appellant attempted to privately sell the subject properties for \$140,000 each, but received no offers. Appellant chose the private sale route because the added cost of realtor's fees would drive the asking price too high.

As for value evidence, Appellant offered details concerning three (3) duplex sales. Appellant was unable to find sales of up-and-down models, so all three (3) were side-by-side duplex designs. Sale No. 1 was a 2,621 square foot brick duplex constructed in 1930. The

property sold in February 2019 for \$140,000 after 201 days on the market. Sale No. 2 concerned an 1,872 square foot brick duplex constructed in 1993. This property sold in May 2018 for \$135,000 after 361 days on the market. Lastly, Sale No. 3 was a 3,316 square foot duplex constructed in 1950. This property sold in January 2019 after 33 days on the market. Based on these sales, Appellant argued subjects' assessed values should be reduced.

Respondent did not provide details on any specific sales, but rather offered a statistical analysis of all duplex sales in the county. The sales data was segregated into specific neighborhoods and duplex values in each area were determined accordingly. This same methodology was used to determine subjects' current assessments. Respondent pointed out the values requested by Appellant were below the values indicated by sales data from the neighborhood.

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 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, which in basic terms compares recent sales of similar property to the subject property and makes adjustments for differences in property characteristics.

Of the sales data in the record, only the three (3) sales provided by Appellant had any accompanying details. Respondent's sales information was raw data compiled into a single large spreadsheet along with statistical analyses of the sales. In a summary table, the average price per square foot and price per unit were calculated for each neighborhood in Pocatello. For subject's neighborhood, the table indicated a sample size of only one (1) sale. Stated simply, a single sale is an insufficient number of data points from which to produce reliable statistical results. Other neighborhoods had numerous sales, which increases the reliability of the statistical outcomes in those areas; however, with only one (1) sale, the same cannot be said for subject's neighborhood. With such thin statistical support, the Board was reluctant to rely too heavily on Respondent's methodology with respect to subjects' specific valuations.

Appellant's sales information was more complete and consequently was better received by the Board. There was, however, a concern with the sale dates of Sale Nos. 1 and 3 which sold in February 2019 and January 2019, respectively. A value opinion is based on sales and market data known as of the date of valuation. As such, sales which occur after the assessment date should be excluded from the analysis. That being said, some useful information can still be obtained from Appellant's early 2019 sales. Both were listed on the

open market prior to January 1, 2019, so their respective listing information is timely. Though not as reliable as closed sales, listings can be helpful in identifying the upper range of a property's potential market value. Appellant's Sale No. 1 was listed for \$147,000 and Sale No. 3 was listed at \$135,000. These, combined with the timely May 2018 sale for \$135,000, support Appellant's contention subjects' current assessed values are overstated.

Idaho Code § 63-511 places the burden on the Appellant to prove error in subjects' assessed values by a preponderance of the evidence. Based on the evidence presented, the Board finds the burden of proof in this instance. Appellant's sales data was more complete, which allowed the Board to make comparisons with the subject duplexes. Respondent's data included too few details, and statistical support for subjects' valuations was thin. In the end, the Board found subjects' assessed values are in need of adjustment so will reduce the valuations to \$140,000 for each subject property. The decisions of the Bannock County Board of Equalization are modified accordingly.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decisions of the Bannock County Board of Equalization concerning the subject parcels be, and the same hereby are, MODIFIED, to reflect a decrease in subjects' assessed values as follows:

Parcel No. RPCPP119508 (Appeal No. 19-A-1520)

Land	\$ 40,095
<u>Improvements</u>	<u>\$ 99,905</u>
Total	\$140,000

Parcel No. RPCPP119507(Appeal No. 19-A-1521)

Land	\$39,488
<u>Improvements</u>	<u>\$100,512</u>
Total	\$140,000

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

DATED this 26th day of May, 2020.