

BEFORE THE IDAHO BOARD OF TAX APPEALS

HENNIGAN 2004 REVOCABLE LIVING TRUST,)	
)	
Appellant,)	APPEAL NO. 20-A-1018
)	
v.)	FINAL DECISION
)	AND ORDER
NEZ PERCE COUNTY,)	
)	
Respondent.)	
)	
)	
)	

RESIDENTIAL PROPERTY APPEAL

This appeal is taken from a decision of the Nez Perce County Board of Equalization denying an appeal of the valuation for taxing purposes on property described by Parcel No. RPL06200040030. The appeal concerns the 2020 tax year.

This matter came on for telephonic hearing October 6, 2020, before Board Member Leland Heinrich. Appellant was represented by Stephanie Hennigan and Tom Hennigan. Assessor Dan Anderson 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 Nez Perce County Board of Equalization is affirmed.

FINDINGS OF FACT

The assessed land value is \$31,000, and the improvements' value is \$178,904, totaling \$209,904. Appellant agrees with the land value, however contends the correct total value is between \$175,000 and \$185,000.

The subject property is a 0.14 acre parcel located near Lewis-Clark State College in Lewiston, Idaho. The property is improved with a 1,684 square foot ranch-style residence constructed in 1957. The residence includes an attached garage, several porches and patios,

and an outdoor swimming pool.

Appellant questioned the increase in subject's most recent assessment and contended Respondent's utilization of higher quality properties as comparable sales has overinflated subject's assessed value. Appellant challenged Respondent's choice of comparables, stating they were all newer homes in superior neighborhoods, and as such do not reflect subject's value. Respondent noted the comparables used were homes of similar age, size, style, and quality, and were not superior as Appellant claimed.

Appellant presented information on six (6) sales argued to better reflect subject's market value. Three (3) sales occurred in 2019 and three (3) occurred in 2020. Each sale property was improved with a ranch-style home over a basement, ranging in size from 1,682 to 2,372 square feet, and were constructed between 1910 and 1947. Lot sizes ranged from 0.02 to 0.26 acres. Sale prices were between \$175,500 and \$189,900. Respondent contended all the sale residences presented by Appellant were of inferior quality compared to subject.

In support of its value, Respondent first presented the cost approach to value, using the land value of \$31,000 derived from vacant land sales and a residence replacement cost of \$92 per square foot. Adjustments were then made for additional improvements, location, and depreciation, resulting in a value of \$209,905.

Moving to the sales comparison approach to value, Respondent testified 148 sales of homes of similar quality and style to subject were sold in Lewiston in 2019. Of those sales, Respondent submitted information on ten (10) in the downtown Lewiston area. These sales, while not directly compared to subject, were presented to illustrate average sale prices of bottomless ranch-style residences in subject's general neighborhood. Sale prices were

between \$180,000 and \$320,375. Respondent applied a time adjustment of 0.67% per month to each sale price, which resulted in value indications from \$209,700 to \$346,806.

Respondent next presented three (3) sales which were directly compared to subject. Sale No. 1 was a .243 acre parcel which sold in October 2019 for \$279,000. The property was improved with a 1,683 square foot residence constructed in 2011. This property was selected for its similarity in square footage to subject. Sale No. 2 was a .251 acre parcel which sold in June 2019 for \$255,000. The property was improved with a 2,220 square foot residence constructed in 1961. This sale was noted to be similar to subject in year built and effective age. Sale No. 3 was a .262 acre property which sold in July 2019 for \$278,000. The property was improved with a 1,660 square foot residence constructed in 1982. Respondent applied time adjustments of 8% annually to bring sale prices to the January 1, 2020, assessment date. Next, Respondent directly compared the sale properties to subject and applied adjustments for differences in property characteristics. Once all adjustments were applied, Respondent reported value conclusions from \$237,618 to \$296,061. Respondent pointed out subject's assessed value of \$209,904 is below the range indicated by the sales analysis.

Finally, Respondent presented two (2) sales from 2020 to represent the type of homes selling in the value range requested by Appellant. Sale No. 1 was of inferior quality; however, it was similar to subject in size and style. This property sold twice in 2020: in May for \$195,000, and again in July for \$255,000, with reportedly no improvements. Sale No. 2 was of inferior quality, smaller in square footage, but similar to subject in age. This property sold in July 2020 for \$192,000. Respondent noted the sale prices of these inferior properties exceeded Appellant's requested value for subject.

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, 2020, 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. 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 sale properties.

Both parties developed an opinion of value utilizing the sales comparison approach. Efforts to provide timely sales were well-received by the Board. Appellant provided sales information on six (6) properties which sold between \$175,500 and \$189,900. Sale Nos. 4, 5, and 6 occurred in 2020, which was after the January 1, 2020, date of valuation. As such, these sales were untimely for purposes of this appeal. Three (3) of the sales were from 2019 and

were factored into the Board's consideration of subject's most probable selling price.

The Board's primary concern in Appellant's sales analysis was the lack of adjustments for differences between subject and the sale properties. Respondent testified all the sale residences were inferior in quality and were notably older than subject, and had basements. As such, it was difficult for the Board to compare reported sale prices to subject's assessed value.

Respondent presented a number of sales regarded as similar to subject. Three (3) sales were directly compared to subject, and while there were notable differences in property characteristics, each was accounted for with appraisal adjustments. With value indications ranging from \$237,618 to \$296,061, all three (3) sales indicate a market value higher than subject's 2020 assessed value. As such, the Board was strained to find evidence subject was valued in excess of its most probable selling price.

In accordance with Idaho Code § 63-511, the burden is with the Appellant to establish subject's valuation is erroneous by a preponderance of the evidence. The Board did not find the burden of proof satisfied in this instance. While the Board understands Appellant's concerns with increasing assessed values, Appellant failed to provide sufficient evidence to persuade the Board subject was assessed in excess of market value. Appellant provided information on six (6) sales, three (3) of which were untimely for purposes of this appeal. Respondent presented value conclusions utilizing both the cost and sales approaches to value. Respondent adequately addressed market trends in its analysis and provided three (3) timely sales in support of subject's 2020 assessed value. The Board found Respondent's analysis to be superior, as it utilized appropriate adjustments for variances in property characteristics. We

do not find sufficient evidence to disturb subject's assessed value.

The decision of the Nez Perce County Board of Equalization is affirmed.

FINAL ORDER

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

DATED this 11th day of January, 2021.