

BEFORE THE IDAHO BOARD OF TAX APPEALS

MARK CRAFTS,)	
)	
Appellant,)	APPEAL NO. 20-A-1126
)	
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 denying an appeal of the valuation for taxing purposes on property described by Parcel No. RPRPUNP007400. The appeal concerns the 2020 tax year.

This matter came on for telephonic hearing November, 4, 2020, before Board Member Leland Heinrich. Appellant Mark Crafts was self-represented. Appraiser Jason Hooker 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 Bannock County Board of Equalization is affirmed.

FINDINGS OF FACT

The assessed land value is \$45,000, and the improvements' value is \$121,660, totaling \$166,660. Appellant contends the correct total value is \$100,000.

The subject property is a .23 acre residential parcel located in the vicinity of Idaho State University in Pocatello, Idaho. The property is improved with a 2,390 square foot single-level residence constructed in 1955. The residence also includes an attached garage and carport.

Appellant was concerned with the roughly 22% increase in subject's assessed value

over the prior two (2) years. Appellant explained the subject residence has not been updated since its construction in the mid-1950s, and thus the recent increases in assessed value were unwarranted in Appellant's view. Appellant provided a list of improvements needed to bring subject's residence to modern standards, including modifying the roof, replacing old plumbing, upgrading the old electrical system, replacing the deteriorating deck and driveway, finishing the garage with sheetrock and paint, as well as several other items. In total, Appellant estimated it would cost roughly \$86,000 to update the subject residence to modern standards.

In addition to the needed updating work, Appellant was also concerned with the rental properties in subject's neighborhood having an impact on values. Appellant explained investors have recently begun buying properties in the neighborhood and making significant upgrades to the residences, which in turn has driven neighborhood values upward, including subject's assessed value. Appellant cited three (3) properties in subject's immediate proximity which had recently been renovated for use as rental properties. Appellant reported renovations totaling \$65,000, \$50,000, and \$90,000 for the three (3) referenced properties, and noted the 2019 assessed values were roughly \$167,000, \$147,000, and \$168,000, respectively. As the subject residence has not been updated, Appellant contended the assessed value should be reduced approximately \$60,000 to reflect its condition compared to the updated properties in the immediate area.

Respondent acknowledged the subject residence has not been updated and pointed out a depreciation factor¹ was applied to the residence to account for the lack of updating. In support of subject's current valuation, Respondent provided limited information concerning

¹Respondent stated subject received a "65-year" depreciation factor. The ProVal data sheet for the property indicated a 35% depreciation factor was applied to the residence.

three (3) sales which transpired in 2019. The sale residences were generally similar to subject in age and square footage. Though no details were provided, Respondent reported Sale No. 1 was not updated at the time of purchase, Sale No. 2 had been modestly updated, and Sale No. 3 had been extensively updated at the time of sale. Actual sale prices were not shared; however, Respondent reported time-adjusted prices of \$168,565, \$200,519, and \$256,162 for the three (3) sales, respectively. Respondent remarked the updates made to Sale Nos. 2 and 3 were reflected in the higher sale prices.

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, 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. 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). 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 differences in the property characteristics between subject and the sale properties.

Neither party offered opinions of value utilizing the sales comparison approach. Instead, Appellant focused on the 2019 assessed values of three (3) properties in subject's immediate neighborhood which had recently been updated and argued subject's assessed value should be notably lower. While the Board understands Appellant's concerns, a comparison of assessed values is not a recognized appraisal approach and is not considered a reliable indicator of current market value. Further, the values provided by Appellant were from 2019, whereas the case at bar concerns subject's 2020 assessed value. It was not clear to the Board how the referenced 2019 assessments supported a reduction in subject's 2020 valuation.

Though Respondent did offer information concerning three (3) recent sales from the general area, none of the sale properties were directly compared to subject. The sale residences were generally representative in terms of age and square footage, though no other pertinent details were shared, particularly with respect to the updates made to Sale Nos. 2 and 3. In addition, actual sale prices were not disclosed; only time-adjusted prices ranging from \$168,565 to \$256,162 were provided. With such limited details concerning the sale properties, the Board was unable to make any meaningful comparisons with the subject property. Further, where all three (3) sale prices exceeded subject's assessed value, it was not apparent to the Board how the sales correlated to subject's current valuation. In short, the Board found details regarding Respondent's analysis generally lacking. That being said, Respondent provided the only market data on record.

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. Given the record in this matter, the Board did not find the burden of proof satisfied. Though the Board would have preferred more details about the sales offered by Respondent, the limited sales information did constitute the only market value data in the record. And, as subject's assessed value was less than all three (3) reported time-adjusted sale prices, there was insufficient support to find subject's current valuation is overstated.

Based on the above, 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 25th day of February, 2021.