

BEFORE THE IDAHO BOARD OF TAX APPEALS

DOUG AND SANDIE HEMINGWAY,	)	
	)	
Appellants,	)	APPEAL NO. 20-A-1057
	)	
v.	)	FINAL DECISION
	)	AND ORDER
TWIN FALLS COUNTY,	)	
	)	
Respondent.	)	
	)	
	)	
	)	

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**RESIDENTIAL PROPERTY APPEAL**

This appeal is taken from a decision of the Twin Falls County Board of Equalization denying an appeal of the valuation for taxing purposes on property described by Parcel No. RPT40010050020A. The appeal concerns the 2020 tax year.

This matter came on for telephonic hearing October 19, 2020, before Board Member Leland Heinrich. Appellants Doug and Sandie Hemingway were self-represented. Deputy Prosecuting Attorney R. Kevin Henry 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 Twin Falls County Board of Equalization is affirmed.**

FINDINGS OF FACT

The assessed land value is \$50,913, and the improvements' value is \$277,868, totaling \$328,781. Appellants contend the correct land value is \$40,000, and the improvements' value is \$260,000, totaling \$300,000.

The subject property is a .22 acre residential parcel located in the Twin Falls Oltman subdivision in Twin Falls, Idaho. The property is improved with a four (4) bedroom, three and

one-half (3½) bathroom residence constructed in 1999. The residence includes 2,541 square feet of above ground living area, with 936 square feet in the basement. The residence also includes an attached garage.

Appellants noted subject's assessed value has increased roughly \$60,000 over the prior two (2) years, and approximately \$90,000 over the past five (5) years. Appellants reported no improvements have been made to the property and questioned whether the current increase in value was supported by the market.

Respondent explained the subject property is unique within the subdivision. The subdivision was developed in the 1970s; however, the subject residence was destroyed in a fire and re-built in 1999. In addition to being roughly twenty (20) years newer, the subject residence was noted to be roughly double the average size of other homes in the subdivision.

Respondent inspected the subject property in June 2019, at which time some adjustments were made to the property characteristics, including an increase in the construction quality rating. These changes caused an increase in subject's valuation for the 2019 assessment year. For the current year, a 7% upward trend was applied to all residential properties in the area; this trend was developed following a study of local sales.

In terms of subject's specific valuation, Respondent developed value opinions using both the cost and sales comparison approaches. For the cost approach, Respondent pointed out the subject residence enjoys vaulted ceilings, granite countertops with built-in bar stools, and other amenities. Respondent's cost approach yielded a value estimate of \$328,781. In Respondent's view, the cost approach was the best indicator of value due to the uniqueness of the subject property within the subdivision and the lack of recent comparable sales.

Appellants contended inadequate consideration was given to the fact the subject residence is approximately twenty (20) years old and in need of updating.

Though Respondent was most confident in the cost approach, a sales comparison model was also developed using four (4) sales which occurred during 2019. The sale properties were generally similar to subject in terms of lot size, residence age, construction quality, and general amenities. The sale residences ranged from 1,546 to 2,672 square feet in above-grade living area. Sale prices ranged from \$224,50 to \$293,196. Each sale property was directly compared to subject, and appraisal adjustments were made to account for differences in property characteristics. Respondent determined adjusted prices ranging from \$288,900 to \$349,800, and concluded a value of \$312,200 for the subject property. Respondent acknowledged the sales comparison approach yielded a somewhat lower value conclusion, but maintained the cost approach was the best indicator of value in this instance.

#### 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 three (3) primary approaches to 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). The sales comparison approach is commonly used to value residential property, which in general terms analyzes recent sales of similar property and considers adjustments for differences in property characteristics compared to the subject property.

Appellants were concerned with the increases in subject's assessed value over the prior several years. While the Board appreciates Appellants' concerns with recent value increases, the law requires all non-exempt property be assessed annually at market value, as noted above. That a property's assessed value changes each year is to be expected, and in times of appreciating market trends, increased assessed values are likewise expected. Such is the case in this appeal, where Respondent's study of recent sales indicated an appreciating market. As such, Respondent applied an upward 7% market trend to all residential properties in the area. Nothing in the record suggests subject was assessed differently than others in the subdivision, or was otherwise assessed inequitably.

Respondent additionally supported subject's current valuation with cost and sales comparison approach models. Respondent concluded a value of \$328,781 for the subject property using the cost approach, and a value of \$312,200 under the sales comparison approach. Appellants questioned why the lesser value estimate was not used to assess the subject property. Respondent explained due to subject's unique physical characteristics within the subdivision, the cost approach was the more reliable indicator of value in this case.

“Although different types of property are by their nature more amenable to valuation by one method of appraisal than another the touchstone in the appraisal of property for *ad valorem* tax purposes is the fair market value of that property, and fair market value must result from application of the chosen appraisal method. An arbitrary valuation is one that does not reflect the fair market value or full cash value of the property and cannot stand, notwithstanding the fact that it may be the result of application of one of the approved methods of appraisal set out in the State Tax Commission Regulations. There is no one factor which can be said to be the key to the proper appraisal of taxable property.”

*Merris v. Ada Cnty.*, 100 Idaho 59, 63, 593 P.2d 394, 398 (1979) (emphasis in original).

Though Appellants would have preferred the lower value indicated by Respondent’s sales comparison model, the Board finds no error in Respondent’s reliance on the cost approach. The subject residence is singular in the subdivision in both age and size, which presents a challenge in developing a sales comparison approach because there are no comparable properties within the development. This required Respondent to search for sales outside the immediate neighborhood, for which additional adjustments were needed in Respondent’s modeling. Where Appellants did not provide a competing market-based analysis, the Board did not find good cause to disrupt the value determined by Respondent.

In accordance with Idaho Code § 63-511, the burden is Appellants’ 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.

The decision of the Twin Falls County Board of Equalization is affirmed.

#### FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Twin Falls County Board of Equalization concerning the subject parcel be, and the same

hereby is, AFFIRMED.

DATED this 19<sup>th</sup> day of January, 2021.