

BEFORE THE IDAHO BOARD OF TAX APPEALS

MORRIS LEHMAN,)	
)	
Appellant,)	APPEAL NO. 20-A-1077
)	
v.)	FINAL DECISION
)	AND ORDER
POWER COUNTY,)	
)	
Respondent.)	
)	
)	
)	

RESIDENTIAL PROPERTY APPEAL

This appeal is taken from a decision of the Power County Board of Equalization denying an appeal of the valuation for taxing purposes on property described by Parcel No. RPD0355-02. The appeal concerns the 2020 tax year.

This matter came on for telephonic hearing October 29, 2020, before Hearing Officer Travis VanLith. Appellant Morris Lehman was self-represented. Prosecutor Anson Call 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 Power County Board of Equalization is affirmed.

FINDINGS OF FACT

This appeal was heard in a consolidated hearing involving three (3) other parcels also owned by Appellant (Appeal Nos. 20-A-1078, 20-A-1079, and 20-A-1080). For purposes of clarity and to adequately address the various issues raised, a separate decision will be issued for each appeal number.

The assessed land value is \$11,410, and the improvements' value is \$157,945, totaling \$169,355. Appellant contends the correct total value is \$173,651.

The subject property is a 1.235 acre rural residential parcel located outside Pocatello, Idaho. The property is improved with a single family residence constructed in 1976. The residence consists of 1,348 square feet on the main floor and 1,348 square feet in the basement, roughly one-half ($\frac{1}{2}$) of which is finished. The remaining basement space serves as a garage. The property is further improved with an open shed and a small storage shed.

Appellant raised several issues with respect to the subject property. Specifically, Appellant contended the size of the parcel is 3.25 acres, and, in addition to the residence and sheds, the parcel is further improved with two (2) apartment buildings, each with their own address. Appellant characterized the apartment buildings as currently unlivable and argued the current assessed values were overstated. Respondent clarified the apartment improvements referenced by Appellant are situated on an adjacent parcel (RPD0355-01) also owned by Appellant, not the subject parcel. Respondent further noted subject's lot size of 1.235 acres came from the legal description provided in the recorded deed.

Respondent explained the methodology for assessing residential property in the county. Respondent utilizes a blended valuation approach using both the sales comparison and cost approaches. Respondent employs the sales comparison approach to determine land values and the cost approach to estimate the value of the improvements. Vacant land sales are used to develop valuation tables for different land types in the county. The subject lot was valued using the "Very Poor" land schedule, which assigns a value of \$10,000 to the first acre, and declining value rates for additional acres. Using this land table, subject's 1.235 acres were assessed at \$11,410. The cost approach, based on the Oregon cost manual, was used to value subject's residence. Though specifics were not shared, Respondent testified a 30%

depreciation factor was applied to the replacement-cost-new estimate generated from the cost manual. The result was a value of \$149,845 for subject's residence.

Respondent additionally provided information concerning four (4) sales from the immediate neighborhood, two (2) of which were unimproved and two (2) of which were improved. The first lot sale was a 1.6 acre parcel adjacent to another property owned by Appellant. The sale lot was described as "somewhat land-locked." Respondent reported the parcel was under contract at the time of hearing for \$10,000. The other lot sale concerned a 3.66 acre parcel which sold in October 2019 for \$175,000. It was noted this property did not have any residential improvements, though did include a couple storage buildings. Respondent characterized this property as superior to subject due to the relatively level topography and a small creek running through the parcel. Respondent remarked this sale indicated the upper range of value in the area.

Respondent's two (2) improved sales both closed during 2019. The first sale property was a 1.5 acre lot improved with a 1,296 square foot residence with a 960 square foot basement. The residence was constructed in 1965. This property sold for \$229,000 in May 2019. The other improved sale concerned a 1,538 square foot residence with a full basement and an attached three (3) car garage situated on a 1.5 acre parcel. The residence was constructed in 2008. This property sold in February 2019 for \$320,000. Though not directly comparable to subject, the improved sales were offered to illustrate the strong demand and generally increasing prices in the area.

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) approaches for determining 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 in the valuation of a residential property, which in basic terms compares recent sales of similar property and considers adjustments for differences in property characteristics compared to the subject property.

Appellant argued the subject property was assessed erroneously, both in terms of the acreage and the improvements situated on the parcel. Appellant contended the proper lot size is 3.25 acres, not the roughly 1.5 acres claimed by Respondent. It was also contended the improvements on the property include two (2) apartments, in addition to the residence and sheds. Respondent maintained subject’s physical characteristics were accurately reflected in subject’s property record and current assessment.

Though the Board understands Appellant’s concerns regarding the accuracy of subject’s

assessment, there was nothing in the record to demonstrate the property characteristics reflected in Respondent's records were inaccurate. The county's records are presumed correct, and according to Respondent, subject's lot size matches the description reflected in the recorded property deed. Without documentary evidence to the contrary, the Board must conclude Respondent's records are accurate with respect to subject's legal size.

As for subject's assessed value, the Board likewise was not persuaded an adjustment is warranted. Respondent valued subject's land using the second lowest land value schedule in the county. The lowest land value schedule is reserved for those parcels with access issues, which subject does not have. Subject's residence was valued under the cost approach, with a 30% depreciation factor applied to reflect subject's current condition. Respondent additionally provided information on four (4) sales in the immediate neighborhood, and while none were directly compared to subject, the sales did illustrate demand in the area is strong. In all, the Board was strained to find error in subject's current valuation based on the evidence presented.

Pursuant to Idaho Code § 63-511, the Appellant bears the burden of establishing error in subject's valuation by a preponderance of the evidence. Given the record in this matter, the Board did not find the burden of proof satisfied. Respondent explained its assessment methodology and also provided some recent sales data. Appellant did not provide any competing market data nor analysis to demonstrate error in subject's valuation. As such, the Board will not disturb the value determined by Respondent.

The decision of the Power County Board of Equalization is affirmed.

FINAL ORDER

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

DATED this 22nd day of February, 2021.

IDAHO BOARD OF TAX APPEALS