

BEFORE THE IDAHO BOARD OF TAX APPEALS

DAVID SARDA AND JESSE DREIKOSEN,)	
)	
Appellants,)	APPEAL NO. 20-A-1318
)	
v.)	FINAL DECISION
)	AND ORDER
LATAH COUNTY,)	
)	
Respondent.)	
)	
)	
)	

RESIDENTIAL PROPERTY APPEAL

This appeal is taken from a decision of the Latah County Board of Equalization modifying an appeal of the valuation for taxing purposes on property described by Parcel No. RPM09950070070A. The appeal concerns the 2020 tax year.

This matter came on for telephonic hearing November 17, 2020, before Board Member Leland Heinrich. Appellants David Sarda and Jesse Dreikosen were self-represented. Assessor Rod Wakefield 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 Latah County Board of Equalization is affirmed.

FINDINGS OF FACT

The assessed land value is \$70,015, and the improvements' value is \$430,045, totaling \$500,060. Appellants agree with the land value, however, contend the improvements' value is \$398,515, totaling \$468,530.

The subject property is a .35 acre residential parcel located in the Southgate subdivision in Moscow, Idaho. The property is improved with a four (4) bedroom, two and one-half (2½) bathroom residence constructed in 2011. The residence totals 3,749 square feet in size, of

which 3,373 square feet are finished living area. The residence also includes a 946 square foot attached garage.

Appellants detailed some of the history leading up to the current appeal. It was explained subject's residence was changed from a Class 6 to a Class 5 structure in 2019, which resulted in a higher valuation. For 2020, the Latah County Board of Equalization (BOE) changed the class of subject's residence back to a Class 6 structure, resulting in a decrease in valuation from \$524,472 to \$500,600.

Though Appellants appreciated the change made by the BOE, Appellants contended subject was assessed inequitably compared to other similarly-classed properties. Specifically, Appellants were concerned with the market adjustment factor applied to subject versus the factor applied to other Class 6 residences. In this regard, Appellants provided assessment information concerning six (6) properties which sold during 2019. Appellants pointed out the market adjustment factor applied to the sale properties varied from 0.70 to 0.85, whereas the market adjustment factor applied to subject was 0.92. Of particular concern were two (2) properties which have historically been valued higher than subject; however, for the 2020 assessment year, subject's assessed value was higher than both referenced assessments. Appellants argued subject's market adjustment factor should be reduced to 0.85, which calculates to Appellants' value request of \$468,530.

Respondent explained the market adjustment factor is determined using three (3) criteria: 1) the decade in which the residence was constructed, 2) the finished living area of the residence, and 3) the condition of the residence. Respondent further clarified the class rating Appellants are concerned about relates to the construction quality of the residence and impacts

the local cost modifier, not the market adjustment factor. Respondent pointed out the assessments referenced by Appellants concerned older residences with different sizes and condition ratings, which is why subject's market adjustment factor was higher.

In support of subject's current valuation, Respondent provided information concerning four (4) sales which occurred during 2019, all located within two (2) miles of the subject property. Sale No. 1 was a 3,407 square foot residence constructed in 2007 which sold in June 2019 for \$512,000, or roughly \$110 per square foot. Sale No. 2 concerned a 3,136 square foot residence constructed in 2013 which sold once in July 2018 for \$475,000, and again in December 2019 for \$489,000, or roughly \$116 per square foot. Sale No. 3 was a 2,741 square foot residence constructed in 2004, which sold in May 2019 for \$489,000, or roughly \$127 per square foot. Lastly, Sale No. 4 concerned a 3,666 square foot residence constructed in 2006 with a December 2019 sale price of \$600,250, or roughly \$124 per square foot. Subject's current assessed value is \$500,060, or \$106.89 per square foot, which Respondent maintained was reasonable given the available sales data.

Though not used to develop subject's 2020 valuation, Respondent additionally provided information on four (4) sales which transpired during 2020 to illustrate the continuing upward trajectory of the local real estate market. The sale residences were generally similar to subject's in design, size, and age. Sale prices ranged from \$400,000 to \$679,000, or from roughly \$110 to \$150 per square foot.

Appellants challenged the sales information submitted by Respondent. With respect to the 2019 sales, Appellants noted Sale Nos. 1 and 2 involved Class 5 residences, so these properties were not comparable to subject's Class 6 residence. As for the 2020 sales data,

Appellants argued it was irrelevant for purposes of subject's 2020 assessed value.

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 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. In general terms, the approach examines recent sales of similar property and considers differences in the property characteristics between subject and the sale properties.

Though both parties provided some sales information, neither party developed traditional sales comparison approach models in which recent sale properties were directly compared to subject, with adjustments made for differences in property characteristics.

Appellants instead focused on comparisons between subject's assessed value and the assessed values of several recent sales. Of particular concern to Appellants was the higher market adjustment factor applied to subject than to the sale properties, which in Appellants' view was strong evidence subject was assessed inequitably compared to other similar properties.

While the Board appreciates Appellants' concerns regarding equitable assessment, the record did not demonstrate subject was assessed inequitably compared to similar properties. As explained by Respondent, the market adjustment factor is comprised of three (3) components: age, condition, and finished living area. In this respect, Appellants' focus on the class rating of subject's residence and the referenced properties was misguided, because the class rating affects the local cost modifier, not the market adjustment factor. The residences referenced by Appellants were different from subject in terms of age, size, and condition. It is therefore not surprising that, despite all the properties referenced by Appellants being Class 6 residences, different market adjustment factors were used in their respective assessments. "[W]e will not correct mere mistakes or errors of judgment on the part of an assessor, but will grant relief where the valuation fixed by the assessor is manifestly excessive, fraudulent or oppressive; or arbitrary, capricious and erroneous resulting in discrimination against the taxpayer." *C. C. Anderson Stores Co. v. State Tax Com'n*, 86 Idaho 249, 384 P.2d 677, at 679-680 (1963). Respondent explained the factors which are considered when developing a market adjustment factor to apply to a particular property and testified the methodology is consistently applied throughout the county. The record did not suggest subject was assessed using a different process than applied to other residential property in the county.

Respondent provided details concerning eight (8) sales, four (4) of which occurred in 2019 and four (4) from 2020. Though the information was appreciated by the Board, the 2020 sales are untimely for purposes of determining subject's market value as of the relevant January 1, 2020, assessment date. As such, the 2020 sales information did not factor into the Board's consideration. The 2019 sales, by contrast, were timely and well received by the Board. Though there were some differences in property characteristics, the sale properties were generally representative of the subject property and provided a solid indication of subject's current market value. Sale prices ranged from \$489,000 to \$600,250, or from approximately \$110 to \$123 per square foot. Subject's current assessed value is \$500,060, or \$106.89 per square foot, which the Board finds reasonable given the available sales data.

Pursuant to Idaho Code § 63-511, the Appellants bear the burden of proving 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. Appellants focused on a comparison of assessed values, which is not a recognized appraisal approach. In the end, subject's current valuation was found to be supported by recent sales of generally similar property, and there was insufficient support to grant the relief petitioned by Appellants.

Based on the above, the decision of the Latah County Board of Equalization is affirmed.

FINAL ORDER

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

DATED this 15th day of March, 2021.