

BEFORE THE IDAHO BOARD OF TAX APPEALS

BRIAN MOORE,	)	
	)	
Appellant,	)	APPEAL NO. 21-A-1030
	)	
v.	)	FINAL DECISION AND ORDER
	)	
BONNEVILLE COUNTY,	)	
	)	
Respondent.	)	
	)	
_____	)	

**RESIDENTIAL PROPERTY APPEAL**

This appeal is taken from a decision of the Bonneville County Board of Equalization denying an appeal of the valuation for taxing purposes on property described by Parcel No. RPA0540059042A. The appeal concerns the 2021 tax year.

This matter came on for telephonic hearing October 27, 2021, before Board Member Leland Heinrich. Appellant Brian Moore was self-represented. Bonneville County Chief Deputy Assessor Dustin Barron 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 Bonneville County Board of Equalization is modified.**

FINDINGS OF FACT

The assessed land value is \$30,141, and the improvements' value is \$104,320, totaling \$134,461. Appellant contends the correct total value is \$113,851.

The subject property is a .14 acre residential parcel located in the Crows subdivision in Idaho Falls, Idaho. The property is improved with a single-level residence

constructed in 1920. The original size of the residence was not shared; however, at some point in time an addition was added to the residence. Currently, the residence totals 1,318 square feet in size, with 941 square feet on the main level and 377 square feet in the basement. The property is further improved with a 404 square foot detached garage.

Appellant questioned whether adequate consideration was given to the condition of the subject residence in the current assessment. In this regard, Appellant provided a detailed list with accompanying photographs of subject's condition issues. Specifically, Appellant highlighted notable deterioration of the foundation on the front of the residence, broken and brittle exterior vinyl siding, broken seals on several windows, a deteriorating concrete patio and porch steps, and an uneven kitchen floor. Appellant further explained the roof on the addition is inadequately sloped and over-spanned according to the building code. As a result, ice builds up on the roof, the weight of which has caused a cratering effect in the roof over the years. It was also noted the ceiling height in the kitchen is roughly one (1) foot lower than the rest of the residence. Lastly, Appellant pointed to the odd layout of the small bathroom, which has low headroom and no cabinetry. Based on these and other similar type issues, Appellant argued subject's condition rating should be "average," not "good" as reflected in the current property record.

Appellant provided cost to cure estimates to address many of subject's deferred maintenance issues. Appellant obtained a quote of \$3,376 to replace the broken windows. A total of three (3) bids were received to replace the water line, with two (2) bids coming in at \$4,200 and one (1) at \$5,150. The quote to replace sixteen (16) linear feet of foundation was \$22,800, and an additional \$13,952 to replace the concrete flatwork in the patio area. Appellant estimated a cost of \$9,000 to replace the vinyl siding, which estimate

was derived using national average cost data. In Appellant's estimation, subject's market value would likely exceed \$200,000 after curing the defects; however, Appellant maintained that in its current condition, subject's assessed value was too high.

For value evidence, Appellant provided a spreadsheet of nearly forty (40) sales from 2019 and 2020. The sale residences were generally representative of subject in terms of age, size, and design. Sale prices ranged from \$105,000 to \$217,500. The overall average sale price was \$138,305, and after removing assessed land values, the average price rate for the sale residences was roughly \$108 per square foot. Subject's residence is currently assessed at roughly \$112 per square foot, which Appellant argued was high based on the sales data.

Respondent explained subject's neighborhood was reappraised for the 2021 assessment year. Following an inspection of the subject property, Respondent increased the grade of the residence from "fair +" to "average -," resulting in a roughly \$4,000 increase in the value. Respondent maintained the condition rating of "good" was appropriate because some of the windows have been updated since the original construction, and according to pictures from 2014 on Realtor.com, the kitchen was updated at some point in time. Though some of subject's condition issues were acknowledged, Respondent characterized them as "cosmetic" in nature and maintained no adjustments should be made.

In support of subject's current valuation, Respondent offered information on six (6) sales which closed during 2020. The sale residences were generally similar to subject in terms of size, age, and design. Five (5) of the sale residences shared the same "good" condition rating, while the remaining sale residence was considered to be in "average"

condition. Sale prices ranged from \$135,000 to \$167,500. After removing assessed land values from the respective sale prices, Respondent calculated residual price rates for the sale residences ranging from approximately \$123 to \$153 per square foot, or an average of \$142 per square foot. As subject's residence is assessed at roughly \$110 per square foot, Respondent reasoned the current valuation is appropriate.

### 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 market 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.

While neither party developed traditional sales comparison approach models wherein subject was directly compared to recent sales of similar property, both parties did offer relevant sales data, which efforts were appreciated by the Board. Before discussing the sales, however, the issue concerning subject's condition rating should be explored. Appellant thoroughly detailed multiple deferred maintenance items which would likely need to be remedied before the property could be sold, and also included cost-to-cure estimates for the needed repair work. Respondent regarded the issues as cosmetic and not serious. The Board disagrees.

The condition issues highlighted by Appellant, such as the crumbling foundation and the cratering roof over the addition, are not cosmetic in the Board's view. This view is supported by the nearly \$23,000 bid to replace just sixteen (16) feet of the foundation. Though some of the other items may not be as serious in nature, such as broken window seals and brittle vinyl siding, they nonetheless negatively contribute to the overall condition of the residence. The Board was also unsure how Respondent arrived at a condition rating of "good" for subject's residence, when Respondent's own training materials describe "good condition" as follows: "These houses have no signs of required maintenance but neither is everything new. The condition is better than typical for the home's age and thus the amount of depreciation is less." The subject residence has multiple obvious signs of required maintenance, and based on the photographs in the record, it is difficult to conclude the condition is "better than typical" for its age.

In the Board's view, a condition rating of "average" better describes subject's residence, which Respondent's training materials define as, "[s]ome evidence of deferred maintenance, minor repairs and refinishing are present. All major components are

functional and have remaining economic life. It is expected that some wear and tear is present, but the main components are still good.” Subject’s major components are functional; however, there are clear deferred maintenance issues in need of repair or replacement, none of which Respondent considered in its assessment of the residence.

The parties’ differing views of subject’s condition rating manifested itself in the respective sales entered into the record. Respondent focused on sales with “good” condition ratings with higher sale prices, whereas Appellant’s sales included more residences with “average” condition ratings and lower prices. The result was wildly divergent value conclusions. The average price rate for Respondent’s sale residences was roughly \$142 per square foot, while Appellant’s sale residences calculated to a price rate of approximately \$108 per square foot. Taking a deeper look at all the sales data, there were a total of thirteen (13) sales from subject’s specific subdivision, with eight (8) involving residences having condition ratings of “average” and five (5) with “good” condition ratings. The average price rate for the “good” sale residence was approximately \$138 per square foot, compared to an average rate of roughly \$97 per square foot for those sale residences with an “average” condition rating. This illustrates the notable impact condition can have on market value and the importance of selecting sales with similar condition ratings to the property being appraised.

As discussed earlier, the condition rating which best describes the subject residence is “average.” Therefore, the focus should be on sale residences with “average” condition ratings. Also, because location plays such a key role in estimating market value, and there are numerous sales from subject’s subdivision, there is no need in this instance to look outside the subdivision for sales data. As noted in the previous paragraph, the

average price rate for the eight (8) “average” condition sale residences in subject’s subdivision was \$97 per square foot; however, the data set includes three (3) sales from 2019, which was a different market compared to today. Keying in on the 2020 sales involving “average” condition residences in subject’s subdivision, prices ranged from roughly \$70 to \$114 per square foot, or an average of \$87 per square foot. Subject’s residence is currently assessed at \$110 per square foot, which is higher than the price rates for all except one (1) of the “average” condition sale residences. Given the myriad condition issues of subject’s residence, it is difficult for the Board to conclude the residence should be valued at nearly the highest price rate indicated by the sales. As such, the Board finds an adjustment is warranted.

In appeals to this Board, the Appellant bears the burden of proving error in subject’s valuation by a preponderance of the evidence. Idaho Code § 63-511. Given the record in this matter, the Board finds the burden of proof satisfied. Appellant thoroughly detailed subject’s deferred maintenance issues, complete with photographs, which demonstrated to the Board subject best fits the description of a residence in “average” condition. And based on the sales from subject’s subdivision involving residences with “average” condition ratings, the Board is satisfied subject’s assessed value should be reduced.

Based on the above, the decision of the Bonneville County Board of Equalization is modified to reflect a decrease in subject’s total valuation to \$124,141, as detailed below.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Bonneville County Board of Equalization concerning the subject parcel be, and the same hereby is, MODIFIED to reflect a decrease in subject's assessed value as follows:

Land:	\$30,141
<u>Improvements:</u>	<u>\$94,000</u>
Total:	\$124,141

IT IS FURTHER ORDERED, pursuant to Idaho Code § 63-1305, any taxes which have been paid in excess of those determined to have been due be refunded or applied against other *ad valorem* taxes due from Appellant.

Idaho Code § 63-3813 provides under certain circumstances that the above-ordered value for the current tax year shall not be increased in the subsequent assessment year.

DATED this 10<sup>th</sup> day of January, 2022.

IDAHO BOARD OF TAX APPEALS