

BEFORE THE IDAHO BOARD OF TAX APPEALS

LORNE ENGLESON,)	
)	
Appellant,)	APPEAL NO. 19-A-1429
)	
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 modifying an appeal of the valuation for taxing purposes on property described by Parcel No. RPRPSRR005000. The appeal concerns the 2019 tax year.

This matter came on for telephonic hearing March 31, 2020, before Hearing Officer Cindy Pollock. Appellant Lorne Engleson was self-represented. Assessor Sheri Davies 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 \$35,280, and the improvements' value is \$134,852, totaling \$170,132. Appellant contends the total value is \$159,000, with no detail given as to allocation between land and improvements.

The subject property is a .16 acre residential parcel located in Pocatello, Idaho. The property is improved with a split-level residence constructed in 1980. The residence enjoys 1,092 square feet of finished living area on the main level and 702 square feet in the basement

with 562 square feet finished. The property is further improved with a 364 square foot basement garage.

Appellant disagreed with the increase in subject's assessment and questioned whether the market supported the new valuation. For value evidence, Appellant offered an independent fee appraisal report concerning the subject property. The appraisal relied on eight (8) sales, all of which occurred during 2018. The sale properties closely approximated subject in terms of design, age, size, condition and lot size. Sale prices ranged from \$153,470 to \$181,000. Each sale property was directly compared to subject, and individual adjustments were made for differences in the physical characteristics such as the finished living area, basement size and HVAC system. Adjusted sale prices ranged between \$154,874 and \$169,684. The appraisal concluded a value of \$159,000 for the subject property as of January 29, 2019.

Appellant championed Sale No. 1 as being the most comparable to the subject property. The sale residence, located on the next street, was constructed by the same builder and shares the same floor plan as subject. The only difference is the sale residence is one (1) year newer than the subject residence and the sale residence has air conditioning, which subject lacks. This property sold in July 2018 for \$159,900 and, in Appellant's view, represents the best indicator of subject's current market value.

In support of subject's assessment, Respondent offered a sales analysis similar to that in Appellant's fee appraisal. Respondent provided information concerning ten (10) sales regarded as generally similar to the subject property. Three (3) of these sales were selected for direct comparison with subject. Sale No. 1 was a split-level residence with 1,820 square feet of finished living area which sold in November 2018 for \$179,900. After applying a 1.5%

per month upward time adjustment, as well as modest adjustments for location and lot size, Respondent estimated an adjusted sale price of \$160,435. Sale No. 2 was the same sale emphasized by Appellant above. The \$159,900 sale price was adjusted upward for time of sale and construction quality. The result was an adjusted sale price of \$203,088. In addition to a time adjustment, the sale price of \$180,000 for Sale No. 3 received minimal adjustments for age and finished living area, resulting in an adjusted sale price of \$181,883.

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, 2019 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, which compares recent sales of similar property to the subject property, is the approach commonly used to estimate the market

value of residential property.

Both parties offered sales comparison approach models for the Board's consideration. The sale properties in both analyses appeared to share many key physical characteristics and were generally found by the Board to be good indicators of subject's current market value. The comparability of the sale properties to subject was apparent in the minimal amount of adjustments made to the sales in the parties' respective analyses. Respondent's gross adjustments were 12%, 20% and 5%, and Appellant's appraisal had similarly low adjustment rates.

Of all the sales offered, the Board agrees Sale No. 1 in Appellant's fee appraisal (Sale No. 2 in Respondent's data set) was the most physically comparable to the subject property. The sale residence was constructed by the same builder, at nearly the same point in time and using the same floor plan as subject. Appellant's appraisal made only 1.4% in gross adjustments to this sale. Respondent's gross adjustments, by contrast, were 20%. This was due to an adjustment made for a difference in construction quality. After questioning at the hearing, Respondent acknowledged the quality rating of the sale property may have been incorrect, but pointed out that even without the quality adjustment, the time-adjusted sale price of \$169,615 still supported subject's assessment of \$170,132.

Though the Board found the analysis in Appellant's fee appraisal reasonable and typical of a traditional sales comparison approach, there was one (1) glaring omission: no time adjustments were applied to any of the sale prices. A time adjustment is an important consideration in a sales comparison analysis because it reflects pricing levels as of the effective assessment date. Time adjustments are particularly important during periods when

the real estate market is experiencing notable appreciation, which was the case in subject's area during 2018. The fee appraisal's lack of time adjustment was an error in the Board's view.

Idaho Code § 63-511 places the burden on the Appellant to demonstrate 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. The key difference between the parties' respective analyses was in the time adjustments. Respondent made the necessary time adjustments, whereas Appellant's appraisal report didn't. If the appraisal applied similar time adjustments, the resulting value conclusion would have closely approximated the value conclusion reached by Respondent. In short, Respondent's analysis was found to represent the superior indicator of value in this instance. As such, 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 6th day of May, 2020.