

BEFORE THE IDAHO BOARD OF TAX APPEALS

KEVIN AND ROBIN HACK,)	
)	
Appellants,)	APPEAL NOS. 22-A-1026,
)	22-A-1027, 22-A-1028, and
v.)	22-A-1029
)	
SHOSHONE COUNTY,)	FINAL DECISION AND ORDER
)	
Respondent.)	
)	
_____)	

RESIDENTIAL PROPERTY APPEALS

These appeals are taken from decisions of the Shoshone County Board of Equalization denying appeals of the valuation for taxing purposes on properties described by Parcel Nos. RPO3450002014AA, RP48N04E260530A, RP48N04E260540A, and RPO3450002018AA. The appeals concern the 2022 tax year.

These matters came on for hearing September 22, 2022, in Wallace, Idaho, before Hearing Officer Travis VanLith. Appellant Robin Hack was self-represented. Shoshone County Chief Deputy Assessor Connie Holmquist represented Respondent.

Board Members Leland Heinrich and Kenneth Nuhn join in issuing this decision.

The issue on appeal concerns the market values of four (4) residential properties.

The decisions of the Shoshone County Board of Equalization are affirmed.

FINDINGS OF FACT

Parcel No. RPO3450002014AA (Appeal 22-A-1026)

The assessed land value is \$16,930, and the improvements' value is \$180,906, totaling \$197,836. Appellants contend the correct land value is \$9,172, and the improvements' value is \$87,170, totaling \$96,342.

Parcel No. RP48N04E260530A (Appeal 22-A-1027)

The assessed land value is \$9,419, and the improvements' value is \$1,914, totaling \$11,333. Appellants contend the correct land value is \$2,950, and the improvements' value is \$1,160, totaling \$4,110.

Parcel No. RP48N04E260540A (Appeal 22-A-1028)

The assessed land value of this vacant parcel is \$5,210. Appellants contend the correct value is \$3,922.

Parcel No. RPO3450002018AA (Appeal 22-A-1029)

The assessed land value is \$23,035, and the improvements' value is \$171,732, totaling \$194,767. Appellants contend the correct land value is \$11,343, and the improvements' value is \$83,700, totaling \$95,043.

The subject properties are four (4) adjacent lots in Wallace, Idaho, developed and used as two (2) residential parcels. For purposes of this decision Parcel Nos. RPO3450002014AA and RP48N04E260530A will be referred to as “Subject Property A”, and Parcel Nos. RPO3450002018AA and RP48N04E260540A will be referred to as “Subject Property B.”

Subject Property A totals .32 acres in size. The parcel is improved with a three (3) bedroom, one and one-half (1½) bathroom residence constructed in 1915 with 1,478 square feet of finished living area. The property is further improved with a 1,008 square foot detached garage and a small shed.

Subject Property B includes a total of .55 acres. The three (3) bedroom, one and one-half (1½) bathroom residence was constructed in 1981 and includes 1,767 finished square feet. Three (3) garages, described as “36X30 GARAGE W/ 14X30 GARAGE

ATTACHED, 24X24 ATTACHED GARAGE,” were also reported on the property, though it was unclear from the single photograph of the property where the garages are situated.

Appellants were primarily concerned insufficient consideration was given to some undesirable influences in the neighborhood. One such negative influence was the increased traffic and noise associated with a nearby repository recently installed in the area. Appellants reported noise from heavy vehicle traffic during the repository’s hours of operation six (6) days a week, and the processing work being done at the repository can be heard from the subject properties.

Appellants identified another disruptive noise influence from a motor vehicle wrecking facility across the street from the subject properties. Appellants shared the facility regularly works late into the night and the associated noise can be heard from Appellants’ bedroom window. It was also noted vehicles are routinely strewn about the property and the privacy fence is falling down. Increased police activity in the area was also cited, which Appellants attributed to the wrecking yard operation. Appellants filed a blight complaint against the wrecking yard property in late 2021, though reportedly little has changed.

Next, Appellants identified two (2) additional properties located within a couple blocks of the subject parcels characterized as disorderly and unsightly. The first was an unpermitted automobile repair business being operated from a residential property. Appellants described disabled and unlicensed vehicles parked along streets throughout the immediate neighborhood. As for the other troubled property, Appellants explained the neighborhood sued the owner in 2018 to clean up the property, which resulted in the district court ordering the owner to clear the unsightly piles of junk and debris scattered

about the property. Appellants reported little cleanup has occurred since the judgment was entered.

Finally, Appellants pointed out the road (Railroad Avenue) to access the front entrance of Subject Property A, as well as other properties along the block, is unpaved. At some recent time, Appellants petitioned to have the roadway paved, but the county commissioners declined, stating Railroad Avenue was an alley, not a road. Appellants reasoned Subject Property A has a postal address and receives mail at that address, so therefore Railroad Avenue must be a street because alleys do not have postal addresses. In Appellants' view, the cumulative effect of the above negative conditions adversely impacts the market values of the subject properties.

Respondent characterized the real estate market in subjects' Woodland Park neighborhood as active, with ten (10) sales reported over the course of 2021. Based on comparisons between the sale prices and respective assessed values, Respondent concluded values in the neighborhood needed to be trended upward from 10% to 25% to reach 2022 market levels. The four (4) subject parcels received increases from 15% to 23%.

In support of the current valuations, Respondent offered information on six (6) neighborhood sales: three (3) in support of Subject Property A's assessed value and three (3) for the value of Subject Property B. The residences in the first sales group were all constructed in the early 1940s and varied in size from 728 to 1,495 finished square feet. Each sale property was further improved with garages and other outbuildings. Sale Nos. 1 and 2 both sold for \$229,000, or \$183 and \$237 per finished square foot, respectively, and the reported price of Sale No. 3 was \$318,000, or \$183 per finished square foot. By

comparison, the current assessed value of Subject Property A is \$209,169, or \$98 per finished square foot.

Respondent's second group of sales concerned residences constructed in 1937, 1915, and 2016. The sale residences ranged from 1,009 to 1,296 finished square feet in size, and each sale property included detached garages and other outbuildings. Sale prices ranged from \$140,000 to \$275,000, or from \$139 to \$208 per finished square foot. Subject Property B's current valuation is \$199,977, or \$84 per finished square foot.

Appellants questioned the comparability of Respondent's sales to the subject properties. Of particular concern were Sale Nos. 2 and 3 used in support of the valuation of Subject Property A. According to Appellants, both sale residences were remodeled by a well-regarded carpenter with a reputation for higher-end renovation projects. Appellants regarded the interior finishes of both sale residences to be superior to Subject Property A's residence and argued those sales should be excluded from the analysis.

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, 2022, 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 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.

Appellants detailed several neighborhood attributes argued to negatively impact the market values of the subject properties. Central to Appellants concerns were the increased traffic and noise associated with a nearby repository which was installed in recent years, as well as vehicle wrecking facility across the street and the attendant noise from the late-night work performed at the business. Appellants also shared information on two (2) additional neighborhood properties; one (1) of which was the site of an unpermitted auto repair business, and one (1) described as having piles of unsightly junk and debris littered across the property. While distressed or otherwise undesirable properties can negatively influence values in a neighborhood, such impact must be demonstrated by recent sales from the area. Without supporting market data, any claimed negative value impact is speculative, at best. In this case, where Appellants did not offer sales or other market data evidencing a negative impact on market values in the neighborhood as a result of the noise influences and other conditions, the Board did not find good cause to disturb the values of the subject properties.

For the same reasons, market support is also necessary to evidence the potential detrimental effect on Subject Property A's value attributable to Railroad Avenue not being paved. A paved road can certainly contribute value to a property, but where other property owners on the block must also use Railroad Avenue to access the fronts of their residences, the Board was strained to find how Subject Property A was uniquely impacted. And again, there was no local market data to support the conclusion the value of Subject Property A has been negatively impacted by the unpaved access road.

Respondent offered support for the values of Subject Property A and Subject Property B in the form of recent sales information from the immediate neighborhood. Though the sales data was appreciated, there were some concerns from the Board's perspective. First, details about the sale residences were limited to basic information such as finished living area, age, construction quality, and condition. Further, lot sizes were not shared, and while Respondent noted the additional improvements associated with the sales, there was no indication of the quality of those improvements, nor their contributory values to the respective sale properties.

The Board was additionally concerned with the lack of direct comparisons between the subject properties and the sales. A traditional sales comparison model includes direct comparisons with adjustments for differences in property characteristics. This type of comparative analysis is particularly important when there are notable differences in the characteristics of the sale properties, which is the case here. While the Board would have preferred a more traditional comparative analysis, Respondent's sales represented the only recent market value evidence from the neighborhood. Prices for those sale properties offered in support of the value of Subject Property A varied from \$229,000 to

\$318,000, and the price variance for the Subject Property B sales group ranged from \$140,000 to \$275,000. The current valuation of Subject Property A is \$209,169, which is lower than the range indicated by the first group of sales, and the valuation for Subject Property B is \$199,977, which falls in the middle of the range indicated by the second sales group.

As the party initiating these appeals, Appellants bear the burden of establishing the valuations of the subject properties are erroneous by a preponderance of the evidence. Idaho Code § 63-511. As the only evidence of market value consisted of the sales data provided by Respondent, the Board did not find the burden of proof satisfied. While Appellants' concerns with certain negative influences in the neighborhood are understandable, there was nothing in the record to demonstrate subjects' market values have diminished as a result.

Based on the above, the decisions of the Shoshone County Board of Equalization are affirmed.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decisions of the Shoshone County Board of Equalization concerning the subject parcels be, and the same hereby are, AFFIRMED.

DATED this 22nd day of December, 2022.