

BEFORE THE IDAHO BOARD OF TAX APPEALS

LAUNIE SHELMAN,)	
)	
Appellant,)	APPEAL NO. 22-A-1082
)	
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. RPO4220001005A. The appeal concerns the 2022 tax year.

This matter came on for hearing October 7, 2022, in Idaho Falls, Idaho, before Board Member Leland Heinrich. Appellant Launie Shelman was self-represented. Bonneville County Assessor Dustin Barron represented Respondent.

Board Members Leland Heinrich, Kenneth Nuhn, and Doug Wallis 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 \$165,000, and the improvements' value is \$762,120, totaling \$927,120. Appellant contends the correct land value is \$125,000, and the improvements' value is \$577,000, totaling \$702,000.

The subject property is a 2.0 acre parcel located in the Kinsmen Country Estates subdivision in Idaho Falls, Idaho. The property is improved with a 6,828 square foot two-story residence built in 1981. The residence includes 3,088 square feet on the main floor, 1,820 square feet on the second floor, and a 1,920 square foot basement which has 958 finished square feet. The residence additionally includes a 1,230 square foot attached garage. The property is also improved with a 1,440 square foot detached garage and a 7,200 square foot tennis court.

Appellant provided photos of subject's current condition as well as a bid to repair the unusable tennis court. Subject's residence currently experiences adverse conditions such as a sloping floor; doors which are not level; cracks in walls, ceilings, floors, and the foundation; and three (3) known roof or wall leaks. Appellant noted these items are not easily remedied. The walls would need to be stripped down to the studs and the residence needs lifted. The tennis court, according to a bid Appellant procured, would cost approximately \$52,000 to repair, which is cost prohibitive.

Appellant is a real estate agent in subject's market and was able to provide many sales and analyses for the Board's review, along with an analysis of properties on the market which did not sell. Appellant provided five (5) analyses in total to attempt to learn how Respondent derived subject's value, as well as to support the requested value.

Appellant first shared information on four (4) listings of properties which did not sell in 2021 because, Appellant asserted, the asking prices were too high. Locations relative to subject were not apparent, but all were in Idaho Falls. The properties were on the market for 80 to 748 days. The properties were from 1.85 to 5.08 acres and were improved with residences between 6,668 and 10,060 square feet. Listing prices ranged

from \$647,000 to \$2,000,000. Appellant made adjustments for differences in bedroom and bathroom count, residence size, acreage, garage size, and year built to make the properties more comparable to subject. Adjusted listing prices ranged from \$579,225 to \$1,562,580, or roughly \$97 to \$199 per square foot. Because these properties were believed to be listed too high, Appellant stated the concluding value indication of \$1,029,169 for subject would be too high.

Appellant's next two analyses focused on five (5) properties with residences larger than subject's and eighteen (18) with residences smaller than subject's. Locations relative to subject were not apparent, but all were located in Idaho Falls except three (3) with smaller residences, which were located in Ammon. Appellant made adjustments for differences in bedroom and bathroom count, residence size, acreage, garage size, and year built. The comparison between subject and the properties with larger residences yielded a value estimate of \$745,652 for subject, and the comparison with properties with smaller residences yielded an estimate of \$729,867.

Appellant next provided an analysis of twelve (12) sales to support the requested value for subject. Locations relative to subject were not apparent, but two (2) were in Ammon, and the remaining were located in Idaho Falls. The properties sold between October 2020 and September 2021. The properties were from 1.0 to 3.0 acres and were improved with residences between 5,090 and 6,183 square feet. Sale prices ranged from \$655,000 to \$959,000. Appellant made adjustments for differences in bedroom and bathroom count, residence size, acreage, garage size, and year built. The concluding prices ranged from \$630,510 to \$872,800, or roughly \$124 to \$170 per square foot.

Appellant concluded an assessed value of \$753,974 would be appropriate for subject, which is approximately \$110 per square foot.

Appellant's fifth analysis included ten (10) vacant sales to support the requested land value. Locations relative to subject were not apparent, but all were located in Idaho Falls. The properties sold between November 2020 and September 2021 and were between 1.0 to 1.19 acres in size. Sale prices ranged from \$70,000 to \$135,000. Appellant is requesting a land assessed value of \$125,000 for subject's 2.0 acres.

Respondent explained prior to 2022, the last physical inspection and reappraisal of subject was in June 2017. At that time, the appraiser determined the residence had plumbing issues and structural damage to the second floor which needed repaired. Renovation efforts to fix these issues and update the interior were also observed. Respondent reported the problems were considered and the cost to repair was estimated. This resulted in a 20% functional obsolescence adjustment and a 10% overbuilt adjustment being placed on the subject property. These adjustments were in place until the 2022 tax year.

In 2022, subject's neighborhood was scheduled for reappraisal. Respondent stated Appellant was sent a survey, which was not returned. Respondent asserted this indicated to the assessor that the repairs had been made, so the functional obsolescence adjustment was removed for the 2022 assessment. The overbuilt adjustment was also removed, which Respondent supported with a sales analysis. Respondent shared smaller residences in the area of same quality and similar year built as subject had average dollar-per-square-foot sale values which were in-line with or slightly lower than subject's assessed valuation rate. Respondent stated this demonstrated the overbuilt adjustment

was obsolete. The removal of both adjustments resulted in a larger increase in subject's assessed value than for other properties in the area.

Respondent provided information regarding six (6) sales which occurred from June to December 2021 to support subject's current assessed value. None of the properties were in subject's neighborhood, but all were in "very good" condition, were improved with two (2) story residences, and had basements like subject. Lot sizes ranged from .38 to 5.08 acres, and the residences ranged in size from 3,693 to 5,394 total square feet. Residences were built between 1983 and 1994. The sale prices ranged from \$520,000 to \$850,000, or roughly \$162 to \$245 per square foot. In comparison, subject is a 2.0 acre lot improved with a 6,828 square foot residence built in 1981 with a current assessed value of \$927,120, or roughly \$155 per square foot.

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. There are three (3) approaches to value: the sales comparison approach, the cost approach, and the income approach. 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.

Both parties provided sales for the Board's consideration. In addition to four (4) analyses of 2021 sales, Appellant also provided an analysis of properties which did not sell in 2021, stating these had listing prices which were too high for the market. Appellant concluded the value result of approximately \$1,029,000 would be too high because the compared properties were listed too high. Appellant reported a land value estimate of \$125,000 from the analysis of vacant land sales. Lastly, Appellant presented full market value estimations of \$729,867, \$745,652, and \$753,974 from the three (3) analyses of improved properties.

The Board appreciated the plethora of sales Appellant provided in support of the value request for subject. While there were some concerns with aspects of the analyses, such as the lack of adjustments for location or date of sale, other key adjustments were made which strengthened the reliability of the respective analyses in the Board's view. The Board was not persuaded by the analysis of listings, nor the land sales analysis. An analysis of listing prices is not generally considered strong evidence of market value, and the Board questioned Appellant's use of roughly one (1) acre sale lots to estimate the value for subject's two (2) acre parcel. The Board would naturally expect a 2.0 acre parcel

to be valued higher than these smaller parcels, so found the \$165,000 assessed land value reasonable in this case.

Respondent also provided a sales comparison analysis, though it did not include any adjustments for differences in property characteristics or sale dates. This naturally concerned the Board. With no adjustments, it is more difficult to discern similarities between the properties and how they substantiate subject's value. The residences were noticeably smaller than subject's, and though the Board recognizes larger residence sales may be harder to find, Appellant did provide sales with more similarly-sized residences. Respondent's sale residences ranged from 3,693 to 5,394 square feet. Subject's residence is nearly 1,500 square feet larger than Respondent's largest comparable residence, at 6,828 square feet. With no size adjustments, the Board was strained to make any meaningful comparisons with the subject property, nor otherwise correlate the raw data to a reliable estimate of subject's market value.

The Board was likewise not convinced subject's condition was adequately taken into account. Respondent explained two (2) downward adjustments were removed in 2022 because Appellant did not return a reappraisal survey to the assessor's office. The Board was mostly concerned with the removal of the functional obsolescence adjustment, as the record is clear subject's residence still suffers from many conditional ailments. Therefore, the Board will reinstate the 20% functional obsolescence adjustment for subject's improvements.

The Board also did not see the condition of the tennis court being taken into consideration in Respondent's valuation. Respondent testified at hearing the tennis court is currently valued at \$18,000. Appellant reported the tennis court is unusable and

provided a cost to cure estimate exceeding \$50,000. The Board will reduce the improvements' value further by \$9,000 to account for the advanced deterioration of the tennis court.

In accordance with Idaho Code § 63-511, the burden is with Appellant to establish subject's valuation is erroneous by a preponderance of the evidence. The Board found the burden of proof met, but not to the extent petitioned by Appellant. Due to the continuing condition issues Respondent observed in 2017, the Board will reinstate the 20% functional obsolescence adjustment. The Board will additionally remove another \$9,000 from subject's value to account for the deteriorated state of the tennis court.

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 total assessed value to \$765,696, with \$165,000 attributable to the land and \$600,696 to the improvements.

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 27th day of January, 2023.