

BEFORE THE IDAHO BOARD OF TAX APPEALS

SHERRI ROCHE,)	
)	
Appellant,)	APPEAL NO. 20-A-1060
)	
v.)	FINAL DECISION
)	AND ORDER
TWIN FALLS COUNTY,)	
)	
Respondent.)	
)	
)	
)	

RESIDENTIAL PROPERTY APPEAL

This appeal is taken from a decision of the Twin Falls County Board of Equalization modifying an appeal of the valuation for taxing purposes on property described by Parcel No. RP09S15E086601A. The appeal concerns the 2020 tax year.

This matter came on for telephonic hearing October 19, 2020, before Board Member Leland Heinrich. Appellant Sherri Roche was self-represented. Assessor Brad Wills 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 rural residential property.

The decision of the Twin Falls County Board of Equalization is modified.

FINDINGS OF FACT

The assessed land value is \$87,741, and the improvements' value is \$586,704, totaling \$674,445. Appellant contends the correct land value is \$54,998, and the improvements' value is \$344,400, totaling \$399,398.

The subject property is a 20.25 acre rural parcel located north of Buhl, Idaho. Subject's one (1) acre homesite is assessed at market value for \$44,156. The remaining acreage is split between irrigated agriculture, with 18.88 acres assessed at \$43,585, and .38 acres of waste

with zero value. The property is improved with a 3,505 square foot residence constructed in 2018. The property is further improved with a detached garage, with 882 square feet of living area on the upper floor.

Appellant questioned the validity of the roughly \$100,000 increase in subject's assessed value from the 2019 valuation. Appellant explained the residence cost roughly \$305,000 to construct, and the cost of the detached garage was approximately \$35,000. Appellant questioned why the combined value of the house and the garage was nearly \$675,000, considering the actual construction costs were notably less.

Appellant further argued the subject property was assessed inequitably compared to nearby properties. Appellant noted subject's irrigated acreage was assessed at \$2,309 per acre, whereas other parcels in the area were assessed from \$1,624 to \$1,744 per acre. Respondent explained the rates referenced by Appellant were overall rates and did not account for waste or other unirrigated acres associated with the respective farm parcels, which would have the effect of lowering the overall assessment rate. Respondent maintained all irrigated agricultural acres were assessed the same in subject's area.

Appellant was also concerned with the higher valuation of subject's residence on a per square foot basis compared to other residences in the area. In this regard, Appellant provided assessment information concerning six (6) nearby residences, as well as one (1) active listing. The residences ranged in size from 3,077 to 8,200 square feet, with assessed values ranging from \$51.95 to \$122.64 per square foot. The active listing concerned a 4,740 square foot residence with an asking price of \$80.10 per square foot. Subject's residence, by contrast, was

assessed at \$231.39 per square foot¹, according to Appellant. In Appellant's view, subject was assessed inequitably compared to other properties in the area.

Respondent explained subject's assessed value was derived using the cost approach. Respondent was unable to view the interior of subject's residence, so relied on the building plans to develop a value estimate. The subject residence was judged by Respondent to be above average, so a "Very Good" class rating was assigned, which equated to a 3% upward adjustment. Additional adjustments of 3% and 2% were added for the residence's complex shape and ceiling height, respectively. It was further explained the detached garage was assessed as a residence due to the upper floor living quarters. Appellant explained the original intent was for Appellant's mother to utilize the living quarters, but the Planning & Zoning department prohibited any full-time residential use of the space. More specifically, nobody is allowed to live in the space for more than two (2) weeks. Respondent was unaware of the use restriction but maintained the assessed value could not be changed without an interior inspection of the improvements.

Though Respondent relied on the cost approach to determine subject's assessed value, sales comparison models were also developed, one (1) each for subject's residence and detached garage. Respondent noted subject is a unique property with effectively two (2) dwellings, so finding comparable sale properties was difficult. Both models were comprised of four (4) sales. Each of the sale properties were directly compared to the subject property, and appraisal adjustments were made for differences in property characteristics such as square footage, construction quality, functionality, and other amenities. Based on the respective

¹The \$231.39 per square foot rate is the overall assessment rate, which includes land and all improvements. Subject's residence is assessed at \$494,054, or roughly \$141 per square foot.

analyses, Respondent concluded a value of roughly \$175,000² for the detached garage and nearly \$495,000 for the residence. Due to the large adjustments made to the sales, Respondent did not place much emphasis on the sales comparison approach, nor on the resulting value conclusions.

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 methods 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

²The record was unclear as to the specific values assigned to the garage and residence by the Twin Falls County Board of Equalization (BOE). The figures reported here reflect the values indicated in the ProVal sheets for the subject property, which were the original values prior to the decision of the BOE.

similar property and considers differences in the property characteristics between subject and the sale properties.

Appellant's primary concern centered on whether the subject property was equitably assessed compared to other properties in subject's area. Specifically, Appellant pointed out subject's improvements, as well as the irrigated acreage, were assessed at a higher rate than other properties. Though the Board appreciates Appellant's concerns with potential inequitable assessment, the record did not establish subject was assessed differently than other rural agricultural properties.

As explained by Respondent, the irrigated agricultural price rates cited by Appellant were overall rates, which failed to account for waste or other unirrigated portions of the referenced properties and therefore skewed the rates downward. Respondent testified all irrigated acres were assessed at the same rate in subject's area. Without more details about the properties referenced by Appellant to verify each assessment rate, the Board is unable to find subject's irrigated acreage was valued differently.

As for Appellant's equity concerns regarding subject's improvements, the Board likewise did not find subject was assessed inequitably. To begin, the assessment rates reported by Appellant were calculated differently. For example, Appellant provided the overall assessment rate for the subject property, but for at least some of the referenced properties, only the value of the improvements was used to calculate the assessment rate per square foot. Another concern was some of the referenced properties had notably larger and/or older residences, which would naturally affect the per-square-foot values of the improvements. It was not clear how or if Appellant considered the differences in property characteristics when comparing

subject to the referenced properties.

“While the courts will not attempt to correct mere mistakes or errors of judgment on the part of the assessor or board of equalization, where intentional, systematic discrimination occurs, either through undervaluation or through overvaluation of one property or class of property as compared to other property in the county, the courts will grant relief.” *Anderson’s Red & White Store v. Kootenai Cnty.*, 70 Idaho 260, 264, 215 P.2d 815, 817 (1950). Based on the evidence presented in this matter, the Board did not find subject was inequitably assessed.

Although the Board did not find evidence of inequitable assessment, we did find good cause for an adjustment to subject’s valuation. Specifically, the Board disagreed with subject’s detached garage being valued as a residence. Appellant intended for the space above the garage to serve as living quarters; however, the Planning & Zoning department prohibited such full-time residential use. The space cannot be occupied more than two (2) consecutive weeks at a time. Admittedly, Respondent was unaware of this fact when subject’s valuation was determined, but now that the issue has come to light, an adjustment should be made. Currently, the detached garage is assessed at nearly \$175,000. Appellant reported approximately \$35,000 in construction costs for the detached garage in 2018, though the market has appreciated notably since that time, which needs to be factored into the valuation. Accordingly, the Board will reduce the value of subject’s detached garage to \$75,000.

Idaho Code § 63-511 places the burden on the Appellant to establish error in subject’s valuation by a preponderance of the evidence. Given the record in this matter, the Board found the burden of proof satisfied, though did not find sufficient support for the value petitioned by Appellant. Based on the available evidence, the Board will reduce subject’s assessed value

to \$656,795. The decision of the Twin Falls County Board of Equalization is modified accordingly.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Twin Falls County Board of Equalization concerning the subject parcel be, and the same hereby is, MODIFIED to reflect a decrease in total valuation to \$656,795, with \$87,741 attributable to the land and \$569,054 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 25th day of January, 2021.

IDAHO BOARD OF TAX APPEALS