

BEFORE THE IDAHO BOARD OF TAX APPEALS

WILLIAM AND JULIE SEINIGER,)	
)	
Appellants,)	APPEAL NO. 20-A-1052
)	
v.)	FINAL DECISION
)	AND ORDER
ADA COUNTY,)	
)	
Respondent.)	
)	
)	
)	

RESIDENTIAL PROPERTY APPEAL

This appeal is taken from a decision of the Ada County Board of Equalization denying an appeal of the valuation for taxing purposes on property described by Parcel No. S0634244222. The appeal concerns the 2020 tax year.

This matter came on for telephonic hearing October 14, 2020, before Hearing Officer Leland Heinrich. Appellant William Seiniger was self-represented. Chief Deputy Assessor Brad Smith 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 Ada County Board of Equalization is affirmed.

FINDINGS OF FACT

The assessed land value is \$294,800, and the improvements' value is \$687,000, totaling \$981,800. Appellants contend the correct land value is \$240,000, and the improvements' value is \$535,000, totaling \$775,000.

The subject property is a 1.09 acre residential parcel located in an area locally known as the foothills in Boise, Idaho. The property is improved with a four (4) bedroom, three and one-half (3½) bathroom two-story residence constructed in 2006. The residence includes 3,824

square feet of finished living area, plus an attached 1,068 square foot garage. Though located in the foothills, the subject property does not have the same views as enjoyed by other parcels situated at higher elevations.

Appellants advanced four (4) arguments in support of lowering subject's current assessed value. First, Appellants alleged disproportionate and arbitrary increases in valuation on a percentage basis in the neighborhood. Subject's assessed value was noted to have increased 22.77% for the current year, whereas other properties in the immediate area saw lesser increases, or even decreases for 2020. In this regard, Appellants prepared a bar graph showing current assessed values for six (6) properties located on subject's street, as well as twelve (12) properties situated on a neighboring street. The properties on subject's street had value increases ranging from 2.18% to 2.83%, and the properties on the neighboring street had decreases ranging from 4.5% to 10.1%. In Appellants' view, subject's value increase was arbitrary and inconsistent with value trends in the neighborhood.

Respondent explained the primary cause of subject's value increase was the removal of an adjustment made by the Ada County Board of Equalization (BOE) following an appeal in 2017. The BOE reduced subject's assessed value for the 2017 assessment year, which value was intended to only carry forward one (1) additional year to 2018. Due to an administrative error, the BOE adjustment carried forward through the 2019 tax year, and was finally removed for the current 2020 valuation. Respondent additionally updated subject's property record, which included designating .18 acres of the parcel as waste. Subject was assessed as a .91 acre lot, instead of the full 1.09 acres. Respondent testified subject's 2020 assessed value would have increased between 2% and 8%, the same as other properties in

the immediate area, if not for the removal of the BOE adjustment from 2017.

Appellants were also concerned with the portion of the parcel burdened by a drainage easement with the Ada County Highway District. In addition to being unuseable, Appellants characterized the drainage area as unsightly and an “eye sore.” Appellants acknowledged subject’s land size was adjusted to account for the .18 acres consumed by the drainage area, but questioned whether adequate consideration was given for the negative aesthetics. Respondent argued there was no market support for an aesthetics adjustment with respect to the drainage area. In this respect, Respondent referenced a 2020 lot sale across the street for roughly \$1,000,000 as evidence the drainage area has not impacted land values in the immediate area.

Appellants’ third concern related to the size of subject’s residence. Appellants claimed roughly 240 square feet of covered patio was included in the finished living area calculation. Respondent explained, during the recent inspection of the subject property, the covered patio was measured to be roughly 120 square feet and was not included in the finished living area. Respondent additionally changed the classification of a covered patio on the second level to a covered deck, which added some value to the residence due to higher costs to construct an upper level deck compared to a ground floor patio. Lastly, Respondent added an uncovered patio area to subject’s assessment, as the uncovered patio space had not previously been assessed. In all, Respondent contended subject’s size and amenities were accurate and properly reflected in the current valuation.

Appellants’ final issue centered on subject’s quality of construction. According to Appellants, the builder was under “extreme financial distress” during construction of the

residence, so did not finish the project to the quality standard expected in otherwise comparable residences. Appellants noted the residence does not have a security system, the carpet is of low quality, and the HVAC system is inadequate to maintain an even temperature throughout the residence. Appellants contended additional consideration should be given for these deficiencies.

In support of subject's current valuation, Respondent offered an analysis of three (3) recent sales. Though the sale properties were smaller than the subject lot, ranging from .26 to .37 acres, the sale residences were generally similar to subject's residence in terms of size, bedroom and bathroom count, age, and quality. Sale No. 3 was noted to have a view of the foothills; however, the other two (2) sale properties had views similar to subject. Sale prices ranged from \$830,000 to \$1,003,950. Each sale property was directly compared to subject, and adjustments were made to account for differences in physical characteristics. Sale No. 1 was given primary weighting in Respondent's analysis due to location and similar improvements. This property, located on subject's street, was a .37 acre parcel improved with a 3,445 square foot residence constructed in 2002. The property sold in August 2018 for \$830,000. After adjustments to the respective sale prices, Respondent concluded adjusted sale prices ranging from \$983,063 to \$1,079,009. Subject's current assessed value is \$981,800.

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 to 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). Residential property is commonly valued using the sales comparison approach, which in basic terms compares recent sales of similar property to the subject property and considers adjustments for differences in physical characteristics.

Though Appellants raised several concerns, the key issue centered on the percentage increase in subject’s assessed value compared to other properties in the immediate neighborhood. Specifically, Appellants highlighted several assessments from subject’s street, as well as a number of assessments from a nearby street, each of which either received a lesser percentage increase for 2020 or a decrease in valuation. While the Board appreciates Appellants’ concerns with the varying percentage changes in assessed values in the neighborhood, there was no evidence subject was assessed inequitably or otherwise differently from other properties in the area. As explained by Respondent, the primary source of subject’s value increase was the removal of an adjustment put in place by the BOE in 2017, which

erroneously carried forward to the ensuing two (2) assessment years. Respondent also updated subject's property record following a recent physical inspection of the property, which further contributed to the increase. In other words, there were several factors unique to the subject property which caused the higher percentage increase in assessed value compared to other properties in the neighborhood, and it was not because the property was valued differently. The bottom line is Idaho Code requires all taxable property be assessed annually at market value, regardless of the percentage increase or decrease of such market value assessment.

As for Appellants' other concerns, the Board likewise did not find support for an adjustment to subject's valuation. Respondent removed .18 acres from subject's assessment to account for the drainage easement. Appellants argued an additional adjustment was warranted for the unsightliness of the drainage area, but provided no support nor any indication of what a proper adjustment would be.

Appellants also failed to demonstrate error in amount of subject's finished living area. Following a recent inspection of the property, Respondent updated subject's property records to more accurately reflect the amount of covered patio and deck space, neither of which were included in the total size figure. Appellants did not demonstrate Respondent's updates to subject's property record were incorrect.

Lastly, Appellants did not provide evidence the quality of subject's residence was lesser than reflected in Respondent's records or compared to other residences in the immediate neighborhood. Appellants offered some broad claims about subject's inferior quality, but did not demonstrate any quality issues, nor offer any estimate of the potential impact on the

property's market value.

Respondent's analysis, based on three (3) recent sales of similar property, was better received by the Board. Respondent's valuation model directly compared each sale property to the subject property, with adjustments made for differences in property characteristics. In all, the Board found Respondent's analysis consistent with accepted appraisal practice, with focused attention on subject's unique property characteristics. The Board did not find error in Respondent's methodology, nor the resulting value conclusion.

In appeals to this Board, the Appellants bear the burden of establishing error in subject's valuation by a preponderance of the evidence. Idaho Code § 63-511. Given the record in this matter, the Board did not find the burden of proof satisfied. Appellants relied primarily on a comparison of assessed values, which is not a recognized appraisal approach. Respondent, by contrast, developed a more traditional sales comparison approach model, which indicated a range of value from \$983,063 to \$1,079,009. Subject's current assessed value is \$981,800, which is well within the range indicated by the available sales data.

Based on the above, the decision of the Ada County Board of Equalization is affirmed.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Ada County Board of Equalization concerning the subject parcel be, and the same hereby is, AFFIRMED.

DATED this 25th day of January, 2021.