

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEAL OF) APPEAL NO. 13-A-1115
JEFFREY BARONSKY from a decision of)
the Elmore County Board of Equalization) FINAL DECISION
for tax year 2013.) AND ORDER

RESIDENTIAL PROPERTY APPEAL

THIS MATTER came on for hearing October 22, 2013, in Mountain Home, Idaho before Board Member Leland Heinrich. Board Members David Kinghorn, Linda Pike and Leland Heinrich participated in this decision. Appellant Jeffrey Baronsky appeared at hearing. County Attorney L. W. Grant, Chief Deputy Assessor Terry Hughes and Chief Appraiser Connie Dorr represented Respondent Elmore County. This appeal is taken from a decision of the Elmore County Board of Equalization denying the protest of valuation for taxing purposes of property described by Parcel No. RPA02690040050A.

The issue on appeal is the market value of a residential four-plex.

The decision of the Elmore County Board of Equalization is modified.

FINDINGS OF FACT

The assessed land value is \$26,566, and the improvements' valuation is \$235,138, totaling \$261,704. Appellant requests the total value be reduced to \$203,000.

The subject property is a residential four-plex located in Mountain Home, Idaho. The four-plex was built in 2005 and purchased in November of that year by Appellant for \$375,000. The single-story structure has a total of 4,848 square feet of finished living area. One unit is larger than the others and has an extra bedroom. Each unit has a two-car garage.

Appellant presented an independent fee appraisal report performed on subject. The estimated market value as of September 5, 2012, was \$203,000. The appraisal was commissioned by a bank in connection with HARP¹ refinancing. The appraiser was not present at hearing.

Respondent argued an appraisal done for refinancing purposes was not suitable for consideration in assessment work. It was argued reliance on the fee appraisal would produce an inequitable assessment in comparison to other like properties.

The fee appraisal placed most emphasis on the sales comparison approach which considered three (3) sales from 2012, one (1) sale from December 2011, and one (1) pending sale at the time of appraisal. Very little weight was given to the pending sale. The four (4) closed sales were located about 1.3 to 1.7 miles distant from subject. The sale prices were between \$157,000 and \$180,000. The lower priced sales involved 16 year old four-plexes with 3,488 square feet of living area. The fourth sale at \$180,000, a five (5) year old property, involved a four-plex with 3,936 square feet. All the closed sales involved a site that was less than half of subject's size.

After the fee appraisal made adjustments for differences between subject and the comparable sale properties, the adjusted prices were between \$190,530 and \$205,450. The fee appraisal processed cost and income approaches at \$296,777 and \$206,288, respectively.

On appeal, Respondent gave further consideration to subject's 2013 assessment.

¹ The federal Home Affordable Refinance Program.

Some additional appraisal adjustments were made. A new valuation of \$240,969 was determined. Respondent asked this Board to adopt the new valuation.

Respondent compared subject to one (1) late 2011 and two (2) early 2012 four-plex sales. The 2011 sale was single-story, while the 2012 sales were two-story. Two (2) sales were located about a mile away, while the third was located about two (2) miles from subject. A number of appraisal adjustments were made to reflect differences between subject and the sale properties. Time-adjustments were also made for date of sale. The adjusted prices were \$255,853, \$246,872 and \$246,489. The County's value conclusion of \$240,969 was based on the average of the adjusted sale prices. A gross rent multiplier approach to value that relied on the same three (3) comparable sales indicated a subject value of \$201,008.

Respondent also completed cost and income approaches at \$319,161 and \$211,869, respectively. In reconciling the three (3) approaches, 60% weight was applied to the income approach, 30% weight was applied to the cost approach, and 10% weight was applied to the gross rent multiplier approach. This reconciliation yielded a value estimate of \$242,970.

The County Appraiser explained the assessment and appraisal practices associated with subject, as well as other residential properties in the county. And further explanations were presented in the documentary materials offered as hearing exhibits.

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, or as applicable exempt status. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

Idaho Code § 63-205 requires all taxable property be assessed at market value annually on January 1 of the relevant tax year. Market value is defined in Idaho Code § 63-201.

“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.

Both parties offered value opinions for subject that considered the three (3) standard methods of estimating market value.

Appellant’s appraisal evidence gave greatest weight to the sales comparison approach, which was closely supported by the income approach. The Board found the appraisal was timely and did offer evidence of market value, however there were some concerns with the similarity of the comparable sales and the way, or reason why, adjustments were applied.

Respondent effectively put the greatest weight on the sales comparison approach where three (3) recent sales were compared directly to subject. This evidence was the chief basis for the requested change to subject’s assessed value. The county appraiser demonstrated a keen awareness of property attributes both for subject and the comparable

sales. The Board found the associated appraisal adjustments were well explained and supported. Subject was typically superior to the comparable sales in record. Respondent's consideration of this factor was well detailed.

Respondent's sales comparison approach, at \$240,969, was ultimately found to be the best evidence of subject's current market value. The Board found the other value indicators, from both the fee appraiser and the county appraiser, should be given relatively minor weight. We gave the least consideration to the cost approaches, finding support for the income and other market approaches was superior.

For the reasons expressed, the decision of the Elmore County Board of Equalization will be modified, reducing subject's total market value to \$240,000.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Elmore County Board of Equalization concerning the subject parcel be, and the same hereby is, MODIFIED to reflect a decrease to \$240,000.

IT IS FURTHER ORDERED that 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.

DATED this 27th day of February, 2014.