

BEFORE THE IDAHO BOARD OF TAX APPEALS

ROGER BECKER,)	
)	
Appellant,)	APPEAL NO. 14-A-1062
)	
v.)	FINAL DECISION
)	AND ORDER
CLEARWATER COUNTY,)	
)	
Respondent.)	
)	
_____)	

RESIDENTIAL PROPERTY APPEAL

This appeal is taken from a decision of the Clearwater County Board of Equalization denying the protest of valuation for taxing purposes of property described by Parcel No. MH37N05E036595A. The appeal concerns the 2014 tax year.

This matter came on for hearing September 18, 2014 in Orofino, Idaho before Hearing Officer Travis VanLith. Appellant Roger Becker was self-represented. Assessor Melissa Stewart represented Respondent.

Board Members David Kinghorn, Linda Pike and Leland Heinrich participated in this decision.

The issue on appeal concerns the market value of a manufactured home parcel.

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

FINDINGS OF FACT

The subject property consists only of improvements located on land, which is assessed separately. The assessed value of the improvements is \$18,440. Appellant contends the correct valuation of the improvements is \$11,542.

The subject property includes a 920 square foot manufactured home constructed

in 1972, together with other improvements including a 220 square foot attached deck, a 1,050 square foot pole outbuilding, and a 184 square foot room added to the back of the manufactured home. There is also a canopy roof structure covering the manufactured home. Of the total assessed value of subject's improvements, \$13,420 was attributed to the manufactured home and the 184 square foot room.

Appellant expressed concern with the roughly 110% increase in the assessed valuation of the manufactured home for 2014. Because no improvements had been made, Appellant questioned the increase. It was explained the manufactured home did not comply with current building codes, and therefore, traditional financing would not be available to a potential buyer. In Respondent's opinion, the potential financing restrictions did not impact value because many other manufactured homes with the same code compliance issues had recently sold in the county.

Appellant also questioned the assessment of the "mud room" situated at the back of the manufactured home. The 184 square foot structure abuts the manufactured home and is used as a back porch storage area. The mud room is constructed with plywood on three (3) sides, as well as on the ceiling and floor. The room does not have its own roof structure, but is instead covered by the canopy structure that sits above the manufactured home. The mud room has no heat or plumbing, though it does have a fair amount of electrical service, as well as trimmed and painted interior wall panels. The room is used to house a freezer, fire wood, and for general storage. Appellant contended it should not be assessed as finished living area.

Respondent contended the mud room was properly included as part of the manufactured home total finished living area. It was noted prior to 2014, the room was assessed only as a shed. But because the room has electricity, insulation in the walls, linoleum flooring, and two (2) windows and a door, Respondent considered it finished for purposes of assessment.

Respondent explained, based on the 22 manufactured home sales over the past two (2) years, there was evidence that the assessed values for manufactured homes were below market levels across the county. Therefore, manufactured home values were trended upward between 40% and 65%, depending on the class of the particular home.

Being a "fair" class manufactured home, a 65% upward trend was applied to the subject residence. Respondent noted, for the past couple years all manufactured homes had received a 20% downward adjustment. This latter adjustment was removed for 2014. Removal of the prior adjustment and the addition of the current market trend factor explained roughly 85% of subject's increase in value for 2014. The remaining increase was the result of changing the classification of the mud room.

In further support of subject's assessed value, Respondent provided five (5) sales of manufactured homes which were constructed between 1972 and 1977. The sales transpired during 2012 and 2013, and were part of the 22 total manufactured home sales referenced above. Total sale prices were between \$13,780 and \$76,760. After removing land and other improvement values where indicated, it was estimated the manufactured homes themselves sold for between \$3,410 and \$31,899. In Respondent's view, the

average price per square foot of \$15, derived from the sales analysis, compared favorably to the subject residence's assessed value rate of \$13.41 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, 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 taxable property be assessed at market value annually on January 1; January 1, 2014 in this case. 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.

The income, cost, and sales comparison approaches to value represent the three (3) accepted or primary methods for determining market value. *Merris v. Ada County*, 100 Idaho 59, 63, 593 P.2d 394, 398 (1979). The sales comparison approach is widely used for valuing residential property like subject.

For the last several years, Respondent applied an across-the-board negative 20% adjustment to all manufactured homes due to negative market influences. Based on studying 22 manufactured home sales in 2012 and 2013, Respondent determined the

market for such homes had notably appreciated. Accordingly, Respondent removed the 20% adjustment and further increased valuations by as much as 65%. These market-based adjustments were responsible for about 85% of the increase in subject's current manufactured home assessment.

Offered in further support of subject's assessed value was an analysis of five (5) manufactured home sales. These homes were roughly similar to subject in terms of age and size. Gross sale prices ranged from \$13,780 to \$76,760. After removing values attributable to outbuildings and land, Respondent estimated the indicated prices for solely the manufactured homes were between \$3,410 and \$31,899, or from \$4.74 to \$24.07 per square foot. Respondent noted subject's residence was assessed at an average rate of \$13.41 per square foot.

Overall, the Board found Respondent's market analysis reasonable and well supported. The comparability of two (2) of the sales was questionable given they reflected home prices of more than double the subject's assessed value. The remaining sale properties, on the other hand, appeared to reasonably resemble subject and were found to be good indicators of subject's current valuation. Under the circumstances, the Board appreciated the presentation of the larger set of recent comparable sales.

While the bulk of subject's value increase resulted from Respondent's market study, the remainder was ascribed to a change in the valuation treatment of the "mud room." Prior to 2014, this 184 square foot space was considered comparable to an outbuilding. For the current year, Respondent changed course and included it as finished living space

in the valuation of the manufactured home. That is to say, it was effectively considered as being of the same construction, finish and condition as the adjoining manufactured home.

Appellant explained the mud room was not a fully finished living area and argued it should not be valued on the same basis as the manufactured home. Appellant testified the space was not attached to the manufactured home and did not have any heat or plumbing. Appellant pointed out, the mud room was constructed of largely rejected plywood and had no notable foundation. Appellant estimated a similar space, using the same type of building materials, could be constructed for roughly \$400. In the record, however, this cost new estimate was not well supported. Respondent found the room had electricity, two (2) windows, and linoleum flooring, and thus did reflect residential finish. The Board is compelled to disagree.

The Board acknowledges the county's fair assessment of the mud room was made more difficult without the benefit of a full interior inspection. At hearing, however, the photographic evidence demonstrated to us that the room was not equivalent to a fully finished living area. Admittedly, it has some nice integration features with the manufactured home and the encompassing canopy roof cover, but the room itself has but three (3) relatively simple plywood wall systems and no heat. Decades ago Appellant added exterior siding to match the manufactured home and a linoleum covering over the simple plywood floor, but the mud room does not appear to be finished to the same degree and quality of a manufactured home's rooms. As such, it follows the mud room should not be valued at the same rate as the manufactured home space. A small adjustment for this

factor is therefore warranted.

In appeals to this Board, the burden is with Appellant to prove error in an assessment by a preponderance of the evidence. Idaho Code § 63-511. With respect to the valuation of the manufactured home, the Board finds the burden of proof not satisfied. On the issue of the mud room, Appellant was judged to demonstrate an erroneous valuation.

Based on the above, the decision of the Clearwater County Board of Equalization will be modified to reflect a decrease in valuation listed as manufactured home (Category 46) to \$12,300, with no changes to the other improvement values.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Clearwater County Board of Equalization concerning the subject parcel be, and the same hereby is, MODIFIED to reflect a decrease in the value of the manufactured home (Category 46) to \$12,300, with no change in the other improvements' valuation of \$5,020, resulting in a total assessed value \$17,320.

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 3rd day of November, 2014.