

BEFORE THE IDAHO BOARD OF TAX APPEALS

MARTIN BETTWIESER,	)	
	)	
Appellant,	)	APPEAL NO. 14-A-1040
	)	
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 modifying the protest of valuation for taxing purposes of property described by Parcel No. R2928150280. The appeal concerns the 2014 tax year.

This matter came on for hearing October 23, 2014 in Boise, Idaho before Hearing Officer Travis VanLith. Appellant Martin Bettwieser was self-represented. Ada County Deputy Prosecutor Catherine Freeman represented Respondent.

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

**The issue on appeal concerns the market value of an improved residential parcel.**

**The decision of the Ada County Board of Equalization is affirmed.**

FINDINGS OF FACT

The original assessed land value was \$55,000, and the improvements' valuation was \$101,400, totaling \$156,400. Following a timely protest to the Ada County Board of Equalization (BOE), the value of the improvements were reduced to \$80,200, with no change in the land value assessment. Appellant contends the correct land value is \$55,000, and the improvements' value is \$50,000, totaling \$105,000.

The subject parcel is .15 acres improved with a 1,349 square foot multi-level residence. Other improvements include an attached garage and a newly constructed detached garage. The property is located in the Freedom Estates Subdivision in Boise, Idaho.

During mid-2013, Appellant secured three (3) building permits from the City of Boise Planning and Development Services. The permits were for the construction of a 480 square foot detached garage, a 121 square foot bedroom extension, and electrical work associated with both structures. Construction began in 2013 and Appellant estimated the work was roughly 40% complete as of January 1, 2014. The cost value estimate by the City of Boise for purposes of obtaining the building permits totaled \$22,324. Appellant was unsure the actual cost of materials used to build the structures, but believed it was less than the building permit estimate. It was further noted Appellant performed the labor. Appellant contended the contributory value of the new improvements was roughly \$8,900, which equates to 40% of \$22,234.

Appellant further argued subject's assessment increase was inconsistent with other properties in the area. Pointing to a nearby property with the same floor plan and lot size as subject, Appellant noted the compared property's assessed value increased only 11%, while subject's value rose approximately 40%. In Appellant's view, subject was increased unfairly and requested subject's assessed value be reduced accordingly.

Respondent explained subject's value increase was the result of an upward neighborhood market trend and the new additions to the subject property. The market

trend was 15.85%, which was derived from sales activity in subject's area. As for the value attributed to subject's new improvements, Respondent conceded its original assessment was over-stated. Respondent did not have an opportunity to inspect the interior of the new improvements, so made an assumption based on an exterior view from the street the new improvements were finished except for some minor exterior finish work. Based on this assumption Respondent assessed the improvements as if 100% complete. Prior to the BOE hearing, Respondent learned the new additions were not finished, so adjusted the valuation to reflect the new structures being only 55% complete and petitioned the BOE to reduce subject's value accordingly.

Respondent offered in support of the assessed value information on four (4) improved residential sales from subject's area. The sales involved multi-level residences like subject. The sale residences ranged in size from 1,241 to 1,800 square feet. Sale prices were between \$162,500 and \$180,000. After applying an upward time adjustment of 0.8% per month and making value adjustments for differences in physical characteristics compared to subject, adjusted sale prices ranged from \$156,854 to \$202,600, or from \$116.27 to \$150.19 per square foot. Subject's assessed value equates to \$100.22 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.

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. *Merris v. Ada County*, 100 Idaho 59, 63, 593 P.2d 394, 398 (1979). Each approach considers the available information on recent comparable sales.

Appellant advanced two (2) basic positions in support of reducing subject's value. One was a comparison of subject's assessment to that of a similar nearby property. Subject's valuation increase was notably larger than the other parcel, which Appellant contended was improper. The Board understands Appellant's position, however, does not agree an adjustment is warranted on such basis. First, comparing assessed values is not a recognized appraisal approach. Second, subject's value increase was primarily the result of real property improvements made to the parcel. Even though the new additions to subject were not 100% complete, they nonetheless contribute value and therefore must

be considered.

Appellant's other argument centered on the cost of the new improvements. In this regard, Appellant relied on the roughly \$22,000 building permit value provided by Boise Planning and Development Services. Using cost numbers for recently-constructed improvements is one (1) method for estimating market value, however support for the cost estimate in this case was lacking. The source used to develop the permit cost number was not provided. More importantly, the amount proposed here was simply a general estimate and not targeted directly at subject's new improvements. Appellant did not provide actual construction costs. Furthermore, while construction costs can provide an indication of value, consideration must still be given to the market, and the value the market places on such improvements. It is a widely recognized principle that cost does not necessarily equal value.

In appeals to this Board, Appellant carries the burden of proving error in subject's assessed value by a preponderance of the evidence. Idaho Code § 63-511. The burden of proof was not satisfied in this instance. Appellant's value position was based on non-recognized appraisal approaches. Respondent, on the other hand, provided timely sales information to support subject's valuation. Respondent also adjusted its value conclusion after discovering subject's new improvements were not 100% finished as of January 1, 2014. In other words, Respondent made a reasonable attempt to reflect subject's value on January 1<sup>st</sup>, as the property stood on that date. The Board did not find sufficient cause, based on the evidence presented, to disrupt the value conclusion reached by the BOE.

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 2<sup>nd</sup> day of December, 2014.