

BEFORE THE IDAHO BOARD OF TAX APPEALS

RICHARD ESS,)	
)	
Appellant,)	APPEAL NO. 14-A-1116
)	
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 the protest of valuation for taxing purposes of property described by Parcel No. R1805140060. The appeal concerns the 2014 tax year.

This matter came on for hearing October 21, 2014 in Boise, Idaho before Hearing Officer Cindy Pollock. Appellant Richard Ess was self-represented. Tim Tallman 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 property.

The decision of the Ada County Board of Equalization is reversed.

FINDINGS OF FACT

The assessed land value is \$35,000, and the improvements' valuation is \$210,300, totaling \$245,300. Appellant contends the correct total value is \$225,000.

The subject property is a .232 acre parcel improved with a 1,867 square foot residence constructed in 2013. The subject residence includes three (3) bedrooms, two and a half (2.5) bathrooms, and a 999 square foot attached 3-car garage. The property

is located in the Denali Heights Subdivision near Kuna, Idaho.

Appellant had subject built in June 2013 for \$213,016. Instead of using the builder's standard finishings throughout the house, Appellant chose to have lower quality finishings installed. These lesser finishings included vinyl flooring in the kitchen and bathrooms, laminate flooring throughout the rest of the residence and laminate countertops in the kitchen and bathrooms. Appellant also selected lower quality appliances.

Appellant provided correspondence from the builder comparing subject property's quality of construction to other properties in a different subdivision. Builder indicated it would require \$11,060 to include granite countertops, tile flooring, hardwood flooring, and other upgraded finishings in subject.

Appellant also provided two (2) separate appraisals. An appraisal commissioned by Appellant's bank at the time of purchase indicated a value of \$215,000. The other appraisal was conducted by a fee appraiser and considered three (3) comparable sales. Only a small portion of either appraisal was shared, so details regarding the analysis were limited. The sales were located in different subdivisions and were adjusted for time, location, age and size. Sales ranged in adjusted sale price from \$214,845 to \$228,800.

Appellant provided additional information on two (2) 2013 sales and two (2) 2014 sales located in subject's subdivision. All the sales provided were four (4) bedroom, two (2) bathroom residences with attached garages. The sale residences were 2,040 and 2,358 square feet in size, and sale prices were \$224,000 and \$273,000, respectively.

Appellant explained subject contains the least square footage in the subdivision,

contains one (1) less bedroom and does not have a bonus room like the other neighboring properties. Appellant noted the only upgrades the subject property has are an extra half (.5) bathroom and a larger garage.

In support of subject's assessed value Respondent referenced three (3) improved residential sales located in the same subdivision as the subject property. The sale properties were similar to subject in terms of year built, location, and lot size. Sale prices ranged from \$252,100 to \$322,800.

An appraisal worksheet compared differences between subject and the three (3) comparable sales. After adjustments for time of sale, square footage, bathrooms, patio area, garage size, quality of construction and location, the indicated value for subject ranged from \$241,900 to \$250,751. The gross adjustments to each sale price fell between 8.25% and 24.71%.

Respondent also provided an analysis which compared sales in subject's subdivision to sales in a subdivision in close proximity. Each sale was time adjusted from the original sale price to reflect market value as of January 1, 2014. Respondent used this analysis to show that subject's subdivision is a premium development with larger lot sizes. Respondent indicated the superior quality of construction and larger lot sizes is reflected in higher sale prices. The median time-adjusted sale price for the comparative subdivision was \$205,111, or \$81.09 per square foot. The median time-adjusted sale price for subject's subdivision was \$311,537, or \$129.82 per square foot. In this analysis, subject's time-adjusted sale price was \$218,224, or \$116.89 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. In a unique way, each approach considers the available information on recent comparable sales.

In total, Appellant provided information on seven (7) sales, however, two (2) of the sales occurred during 2014. A key element in appraisal is the effective date of valuation. Typically, a value estimate is derived using information which is known or knowable as of the valuation date. As indicated above, the assessment date in this appeal is January 1, 2014. Therefore, the Board's review will be restricted to market information from prior to

January 1.

Of the five (5) remaining sales, two (2) were constructed by the same builder as the subject and were also located in subject's subdivision. Multiple Listing Service (MLS) sheets were provided for these two (2) sales, however, no adjustments for differences between the sales and the subject were made. An email provided by the builder stated it would cost approximately \$11,000 to upgrade subject to be comparable with other properties in the subdivision.

Respondent presented a sales comparison approach. Three (3) improved residential sales were provided and the physical characteristics of each were detailed. Value adjustments were made for physical differences between the sale properties and subject. Of the three (3) sales provided, the Board finds Sales No. 1 and 3 were the most comparable.

Respondent's time-adjusted analysis showed that properties with a lower quality of construction have a lower sale price than those built with premium materials. Subject was specifically built to lower finish quality standards to reduce the cost of construction. Because of this the subject's value should be lower than other properties in the subdivision. This is further supported by Respondent's time-adjusted analysis, which indicated a lower time-adjusted price than other sales in the development.

In analyzing the evidence, the Board was particularly persuaded by subject's actual 2013 purchase. Subject was built to specific lower finish quality standards than the rest of the subdivision. As such, there was nothing unusual about subject's purchase being

somewhat lower than other prices in the subdivision.

In appeals to this Board, the burden is with the Appellant to establish that the county valuation is erroneous by a preponderance of the evidence. Idaho Code § 63-511. In this case, that burden was satisfied. Based on the above, the decision of the Ada County Board of Equalization is reversed to reflect a decrease in the value to \$225,000.

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, REVERSED setting the total assessed value at \$225,000.

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 10th day of April, 2015.