

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEAL OF JEROME ) APPEAL NO. 13-A-1145  
A. & CECILE K. HIRSCHFELD REVOCABLE )  
LIVING TRUST from a decision of the Ada County ) FINAL DECISION  
Board of Equalization for tax year 2013. ) AND ORDER

**RESIDENTIAL PROPERTY APPEAL**

THIS MATTER came on for hearing October 9, 2013 in Boise, Idaho before Hearing Officer Travis VanLith. Board Members David Kinghorn, Linda Pike and Leland Heinrich participated in this decision. Trustee Jerome Hirschfeld appeared at hearing for Appellant. Chief Deputy Assessor Tim Tallman and Appraiser Pam Kerr appeared for Respondent Ada County. 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. R5983870120.

**The issue on appeal is the market value of an improved residential property.**

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

FINDINGS OF FACT

The assessed land value is \$95,000, and the improvements' valuation is \$231,200, totaling \$326,200. Appellant requests subject's total assessed value be reduced to \$292,500.

The subject property is a 17 acre lot located in the Natures Wood Duck subdivision in Boise, Idaho. The parcel is improved with a single-level residence totaling 1,934 square feet in size. The residence was constructed in 1992 and includes three (3) bedrooms, two (2) bathrooms, and a 660 square foot attached garage.

Appellant characterized the real estate market as still declining during 2012. A June 2012 newspaper article reported sale prices in Southeast Boise had declined by 5.9%. Appellant also provided that prices between 2008 and 2012 had plummeted by roughly 33%. Based on the general downward market trend, Appellant questioned the reason for the increase in subject's

2013 assessed value.

Appellant provided three (3) sales and one (1) active listing for comparison with subject. All four (4) properties were located in the same development phase as subject. The sale properties were similar to subject in terms of age, location, and condition, however, Sale Nos. 1 and 2 were two-story residences with in-ground swimming pools. All the sale residences and lots were larger than subject's. Sale No. 3 was regarded as the most similar to subject on an overall basis. The sales all closed during 2013 with prices ranging from \$309,000 to \$499,000, or between \$149.13 and \$164.58 per square foot.

Respondent explained subject's area was reappraised for the 2012 tax year and trended for the current assessment year. Average value increases in subject's subdivision were 9.8% for 2013.

Respondent offered four (4) 2012 sales for comparison with subject. Sale No. 1 was located in a different phase of subject's development, and the remaining sales were located in other subdivisions. The sale residences were one-story, like subject, and were similar in size, age, and condition. Respondent compared each sale property with subject and made adjustments to the sale prices for differences compared to subject. A .92% per month time adjustment was also applied to the 2012 sale prices to reflect market conditions on January 1, 2013. Respondent estimated adjusted sale prices between \$150.91 and \$193.64 per square foot for the subject property.

#### 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 property be assessed annually on January 1 at market value. Idaho Code § 63-201 defines market value 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.

In *Merris v. Ada County*, the Idaho Supreme Court identified three (3) primary methods of determining market value: “the cost approach . . . the income approach, applicable to “income producing property” . . . and the market data (comparison method) approach, in which value of the assessed property is ascertained by looking to current open market sales of similar property.” 100 Idaho 59, 63 (1979). Both parties relied on the sales comparison approach for support of their respective value positions.

A key aspect of an appraisal is the date of valuation. As noted above, the date of valuation in this appeal is January 1, 2013. See Idaho Code § 63-205. The appraisal is retrospective in nature, which means market information occurring after the valuation date should not be relied on as a recent comparable sale. Appellant provided information on several sales, however, they all closed during 2013. As such, these sales were regarded lightly by the Board this being a retrospective value question.

Respondent compared four (4) sales from 2012 with subject. Sale No. 1 was located in subject’s development, while the others were located elsewhere. Respondent made adjustments for physical differences in the sale properties compared to subject. A time

adjustment was also applied. Adjusted sale prices were between \$150.91 and \$193.64 per square foot. Subject was assessed at \$168.67 per square foot.

Looking more closely at the sales information furnished by Respondent, there is some support for Appellants' position that subject's assessed value is high. With a sale price of \$420,000, or \$193.64 per square foot, Sale No. 3 appears to be the outlier in Respondent's sales group. Including this sale in the analysis results in an average price point of \$165.51 per square foot, compared to only \$156.13 if the sale is left out. Sale No. 3 also received the most adjustments in Respondent's sales grid. Due to the lesser comparability, the Board afforded little weight to Sale No. 3.

Subject was assessed at a higher per square foot rate than all of Respondent's sales, with the exception of Sale No. 3. The indicated prices from the remaining sales were fairly tight, and the adjustments in the analysis grid were fairly minor. In the Board's view, these sales represent the best value evidence in the record. The sales also support that the County's assessed value is somewhat above market. In this case, the Board finds a minor adjustment is warranted. Therefore the Board will modify the decision of the Ada County Board of Equalization and reduce subject's total assessed value to \$300,000.

#### 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, MODIFIED to reflect a decrease subject's total assessed value to \$300,000.

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 3<sup>rd</sup> day of January, 2014.