

BEFORE THE IDAHO BOARD OF TAX APPEALS

MICHAEL LEVITT,)	
)	
Appellant,)	APPEAL NO. 14-A-1152
)	
v.)	FINAL DECISION
)	AND ORDER
PAYETTE COUNTY,)	
)	
Respondent.)	
)	
)	
_____)	

RESIDENTIAL PROPERTY APPEAL

This appeal is taken from a decision of the Payette County Board of Equalization denying the protest of valuation for taxing purposes of property described by Parcel No. P13510050020. The appeal concerns the 2014 tax year.

This matter came on for hearing October 16, 2014 in Payette, Idaho before Board Member Leland Heinrich. Appellant Michael Levitt was self-represented. Assessor Sharon Worley 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 Payette County Board of Equalization is modified.

FINDINGS OF FACT

The assessed land value is \$23,400, and the improvements' valuation is \$153,156, totaling \$176,556. Appellant contends the correct land value is \$16,000, and the improvements' value is \$141,600, totaling \$157,600.

The subject property is a .24 acre lot improved with a 1,659 square foot residence constructed in 2010. The residence includes three (3) bedrooms and two (2) bathrooms.

The property is further improved with a three (3) car attached garage. Subject is located in the Highlands #2 subdivision in Payette, Idaho.

Appellant explained the subject lot was purchased from a bank in February 2010 for \$16,000, which was lower than the asking price of \$18,500. Also in 2010, Appellant contracted to have the subject residence constructed. Because the subject lot needed extra fill and leveling work, actual construction costs totaled roughly \$141,000, rather than the anticipated cost of \$125,000.

For market value evidence, Appellant offered an independent fee appraisal with an effective valuation date of January 1, 2014. The appraisal considered information related to three (3) improved sales from 2013 and one (1) active listing. Sale prices ranged from \$142,000 to \$164,900, and the listing had an asking price of \$159,500. Lot and residence size of the compared properties were similar to subject. The sale residences were also similar to subject in terms of age, construction quality, and condition. After making price adjustments for differences between subject and the compared properties, adjusted sale prices were between \$152,800 and \$170,300. Making similar adjustments to the active listing resulted in an adjusted asking price of \$160,100. The appraisal concluded a total value of \$162,000 for subject.

Appellant further referenced a recent newspaper article about real estate value trends. The article reported an average increase of 8% in residential values between 2012 and 2014. This information was used to develop Appellant's value claim for subject, which was noted to be lower than the value conclusion in the fee appraisal.

Respondent explained sales data over the prior year suggested an appreciation in residential improvement values of 1% per month during 2013. Residential lot sales, on the other hand, indicated a flat market. Respondent's valuation analysis centered on three (3) 2013 sales regarded as similar to subject in terms of age and square footage. The sale properties were located in a newer subdivision than subject's development. According to Respondent, subject represented one of the newest additions to the subdivision so there were no similarly-aged sale properties in the development by which to compare subject. Sale prices were between \$153,305 and \$184,116. Respondent removed land values from the sale prices to estimate the value of the associated residences. The above-referenced 1% per month time adjustment was then applied to the residence values. Respondent then added the lot values to the adjusted residence prices, resulting in time-adjusted sale prices between \$162,292 and \$186,204.

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). Residential properties are commonly valued using a sales comparison approach.

Both parties provided timely sales information for the Board’s consideration. Appellant’s primary value evidence was in the form of an independent fee appraisal of the subject property. The appraisal considered three (3) improved residential sales and one (1) active listing. Generally the most reliable value evidence is recent, proximate sales of similar property. Listing information can provide some guidance on the likely upper value limit, but listings are not typically regarded as conclusive value evidence. Because there is an ample number of sales in the record, minimal weight was afforded the active listing. What remains then is the sales information provided by both parties.

As for comparability, both parties’ sale properties were similar to subject in square footage, lot size, construction quality, and condition. While generally similar in terms of age, Respondent’s sale residences were all a little newer than subject’s. Appellant’s appraisal individually compared each sale property to subject and made adjustments to the

sale prices for physical differences. The result was adjusted sale prices between \$152,800 and \$170,300, and a value conclusion of \$162,000 for subject. Respondent did not similarly compare each sale to subject. Instead, Respondent applied a 1% per month time adjustment to the prices of the sale residences, after first removing land values. Land values were then added to the time-adjusted residence prices, resulting in total adjusted sale prices between \$162,292 and \$186,204.

The Board appreciated the analysis offered by both parties, though there were some concerns. While Appellant's fee appraisal individually adjusted each sale, it did not include any time adjustment. Respondent's analysis was more straight-forward because it simply applied a time adjustment to residual residence values. What concerns the Board, however, is the value of subject's residence increased nearly 25% from the 2013 assessed value, which is notably higher than the 12% annual time adjustment applied to the sales. It was not clear how the higher rate of appreciation applied to subject's residence reconciled with the residential improvement appreciation trend factor of 1% per month used to adjust Respondent's sales.

The Board additionally had questions regarding the comparability of Respondent's Sale No. 3. The time-adjusted sale price of \$186,204 was notably higher than the other two (2) adjusted sale prices of \$162,292 and \$164,368. It was also higher than any of the adjusted sale prices in Appellant's appraisal, which ranged from \$152,800 to \$170,300. Based on all the sales data in record, Sale No. 3 appears to be an outlier, both on an unadjusted and adjusted price basis.

The remaining sale prices, whether adjusted or not, are all lower than subject's total assessed value of roughly \$176,500, which suggests subject was somewhat overvalued. In the Board's view, adequate support for subject's higher value was lacking. In appeals to this Board, Appellant bears the burden of proving error in subject's assessed value by a preponderance of the evidence. Idaho Code § 63-511. In this case, the Board finds the burden of proof satisfied. The totality of the sales information points toward a lower value for subject. Therefore, the Board will reduce the value of subject's improvements to \$139,600, with no change to the \$23,400 land value. The decision of the Payette County Board of Equalization is modified accordingly.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Payette County Board of Equalization concerning the subject parcel be, and the same hereby is, MODIFIED, to reflect a decrease in subject's total value to \$163,000, as detailed above.

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 12th day of February, 2015.