

BEFORE THE IDAHO BOARD OF TAX APPEALS

EUGENE AND JEANNE MOWLDS,)	
)	
Appellants,)	APPEAL NO. 14-A-1078
)	
v.)	FINAL DECISION
)	AND ORDER
BLAINE COUNTY,)	
)	
Respondent.)	
_____)	

RESIDENTIAL PROPERTY APPEAL

This appeal is taken from a decision of the Blaine County Board of Equalization (BOE) denying the protest of valuation for taxing purposes of property described by Parcel No. RPS07800000790. The appeal concerns the 2014 tax year.

This matter came on for hearing September 18, 2014 in Hailey, Idaho before Board Member David Kinghorn. Appellant Eugene Mowlds appeared at hearing. Assessor Valdi Pace 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 residential condominium unit.

The decision of the Blaine County Board of Equalization is affirmed.

FINDINGS OF FACT

The assessed market value of the subject property is \$426,482. Appellants contend the correct value is \$253,353. Subject's market value assessment increased 65% for the 2014 tax year.

The subject property is a 962 square foot condominium unit located in the Wildflower project in Sun Valley, Idaho. The location is in close proximity to the Sun Valley

resort lodge. Subject was built in 1974.

Appellants contended the county's consideration of two (2) recent comparable sales was inaccurate and that a third sale, located outside the immediate development, should be disregarded. In particular, Appellants asserted a negative 15% adjustment should be made for personal property when Wildflower units are sold as furnished. And further, in adjusting sale prices for time of sale, the adjustment should have been nearly flat, or negative, instead of positive. Some average price graphs from a local realtor were presented in support of this latter contention.

Appellants also presented information connected with an MAI appraisal¹ completed in 2011. The appraisal estimated the market values of individual Wildflower units. Discussed specifically at hearing, was the appraisal's consideration of differences between various units. The appraisal used a point factoring system to quantify such differences. Appellants contended subject's assessment should be based on the point factoring. A full copy of the appraisal was not offered into evidence. The Wildflower homeowners association commissions an MAI appraisal once every five (5) years.

In the end, Appellants' analyses resulted in two (2) indications of value for subject of \$244,993 and \$261,712. Averaging these figures was the final calculation resulting in the value claim of \$253,353.

Respondent voiced several reasons why it could not or should not rely on Appellants' appraisal methodology. Respondent's position was it must follow the full body

¹ An appraisal done by a designated appraiser of The Appraisal Institute. MAI stands for Member of the Appraisal Institute.

of assessment law. Respondent reported it does consider a deduction for personal property when the presence of such property is reported by the buyer and seller through the assessor's sales verification letter. Regarding the two (2) Wildflower sales, the assessor had discovered the sale price information from the multiple listing service. Therefore there was no declaration of personal property arising from the proffered sales verification letter.

Respondent presented an analysis of three (3) condominium unit sales from 2013. Two (2) of the sales involved units located in subject's Wildflower project and had gross prices of \$725,000 and \$775,000. The third unit was located in the nearby Sun Valley project and had a gross price of \$710,000. The units had square foot sizes of 1,558, 1,518 and 1,453, respectively. To review, the subject unit has 962 square feet. Like the subject, the comparable sales which were located in the Wildflower were built in 1974, while the Sun Valley unit was built earlier in 1966. Respondent used price per square foot as the chief unit of comparison. The sales indicated price rates of \$468, \$524 and \$511 per square foot. Subject's assessment, considered on the same basis, was at \$443.

Respondent noted smaller size units often sell for a higher price per square foot than considerably larger units. Respondent also discussed the differences between subject and the other Wildflower units. It was argued subject's probable sale price would normally be expected to fall in between the price rates indicated for the two (2) recent Wildflower sales. Respondent briefly referenced a further analysis, performed for argument sake, where it made Appellants' minus 15% adjustment for personal property.

Even afterwards, it was argued subject's current assessment still fell in line with the pricing of the recent sales.

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 for assessment purposes is estimated according to recognized appraisal methods and techniques. There are three (3) general approaches to value, the sales comparison approach, the cost approach, and the income approach. Both parties looked to value subject through a relatively direct comparison to recent sales. This type of analysis known as the sales comparison approach is commonly used in the valuation of residential property.

Appellants did not present any additional sales from those considered by

Respondent. Instead a different analysis was made from the same set of sales. Respondent argued its referenced sales were very good comparables. Based on the information in record we agree. The selling units were notably larger than subject, but the sale dates were all within the last few months, and the sale properties were all close-by and comparable to subject in terms of quality and desirability. The chief difference between the parties was how best to analyze the comparable sales.

The Board found the contention a minus 15% adjustment must be made was not well supported. The adjustment is a notably large one. It is evident in the record, some Wildflower units do sell with varying amounts of personal property included. It seems to us, the making of an accurate adjustment would require more than a simple declaration. Among other factors, evaluating an adjustment would further require a detailed listing of the furnishings at issue and how the buyer and seller valued the assets. Here the record presented unresolved questions of what personal property was included in the three (3) condominium sales and what value any such property would contribute to total sale price. The need for a negative 15% adjustment was not supported.

The parties also differed on their opinion of the proper time adjustment to bring the sale prices current with the January 1, 2014 valuation date. It is noted the two (2) Wildflower sales were in the last quarter of 2013 and one of them was in December. Respondent made a positive adjustment for time. The market evidence and appraisal analysis in support of the adjustment was not presented. Appellants argued for a negative adjustment, which in turn was minimally supported by a realtor's graph. The supporting

detail behind the graph was not in record. In the final quarter of 2013 the graph line appeared close to flat. On this point, the Board did not find correctable error.

Making an adjustment for date of sale, at least for older sales, is consistent with professional appraisal practice and the fact that real estate markets change over time. Both parties did their own research and argued for adjustments. The supporting details were thin in both instances. As far as the last quarter sales were concerned, the Board would have been equally comfortable with no adjustment. Considering the burden of proof in this matter is by a preponderance of the evidence, the Board finds Appellants did not prove error in Respondent's application of a time adjustment.

A final element in Appellants' case was the assertion Respondent should rely on evidence and methodology from a 2011 MAI appraisal of all Wildflower unit market values. An expert fee appraisal can present good evidence of current market value. Here however the appraisal was over two 2) years old, the appraiser was not available at hearing, and the full appraisal report was not put into evidence. We find Respondent did consider property differences in making its comparisons. These included noted location features, structure age, remodels, and floor level of units. The MAI's point system appeared to be a more detailed consideration, but the Board did not find probative evidence that the technique produced a more accurate estimate of value than the consideration made by Respondent.

Pulling back from the finer points presented by the parties' offered appraisals, this Board found subject's assessed value of \$426,482, or \$443 per square foot, bore a reasonable relationship to the price information from the recent comparable sales. The

Board did not find where the subject property was more likely than not over-assessed against the standard of full market value.

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. The Board did not find that burden of proof met. Therefore the decision of the Blaine County Board of Equalization will be affirmed.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Blaine County Board of Equalization concerning the subject parcel be, and the same hereby is, AFFIRMED.

DATED this 18th day of November, 2014.