

BEFORE THE IDAHO BOARD OF TAX APPEALS

JAMES ROBERTS,)	
)	
Appellant,)	APPEAL NO. 15-A-1251
)	
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. P13510070010. The appeal concerns the 2015 tax year.

This matter came on for hearing October 15, 2015 in Payette, Idaho before Board Member Leland Heinrich. Appellant James Roberts was self-represented. 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 parcel.

The decision of the Payette County Board of Equalization is modified.

FINDINGS OF FACT

The assessed land value is \$37,620, and the improvements' value is \$200,680, totaling \$238,300. Appellant contends the correct land value is \$37,620, and the improvements' value is \$187,380, totaling \$225,000.

The subject property is a .27 acre parcel located in the Highlands Subdivision #2 development in Payette, Idaho. The parcel is improved with a residence comprised of

1,793 square feet on the main level and 1,186 square feet in the finished walkout basement. The residence, constructed in 1993, consists of three (3) bedrooms and two and one-half (2 ½) bathrooms. The parcel is further improved with an attached two (2) car garage.

Appellant challenged subject's 12.5% value increase for 2015. Appellant referenced two (2) newspaper articles regarding real estate values. The first article reported average residential values in Ada County had increased 6.8% for 2015 and the second article, focusing on Payette County, reported an average value increase of 1.08%. Based on this information, Appellant questioned subject's larger percentage increase.

Appellant also explained there had been an error in Respondent's records regarding the square footage of subject's residence. After alerting Respondent to the discrepancy, Respondent re-measured subject. Respondent's new measurements determined a total size of 2,979 square feet. As a result, Respondent reduced the value of subject's residence from \$212,893 to \$200,680. Appellant noted the size reduction was approximately 11.7%, however, the value reduction was only roughly 5.7%. Appellant further noted the reduction actually increased the value-per-square foot from \$63.95 to \$67.36.

Appellant additionally provided an independent fee appraisal of the subject property with a June 13, 2015 effective date of valuation. The appraisal considered five (5) sales from 2014 and 2015, and one (1) active 2015 listing. Sale prices ranged from \$165,000 to \$247,500, and the listing had an asking price of \$199,900. Adjustments to the sale

prices were made for differences between subject and the sale properties, resulting in adjusted sale prices between \$203,620 and \$245,780. The appraisal concluded a total value of \$225,000 for subject. Respondent pointed out most of the information relied on in the appraisal occurred after January 1, 2015; the date of subject's valuation for 2015. Appellant countered the market was basically flat, or slightly increasing, between the assessment date and the June 2015 fee appraisal, and therefore the appraisal's value conclusion of \$225,000 was actually higher than it would have been on January 1, 2015. The fee appraiser concurred with Appellant's characterization of the market being flat or slightly increasing during the January to June 2015 period.

Appellant further provided information on two (2) sales from 2014. The first involved a two (2) story residence 2,617 square feet in total size. The five (5) bedroom, two (2) bathroom residence with a three (3) car attached garage sold in September 2014 for \$178,000. The second sale concerned a four (4) bedroom, two and one-half (2 ½) bathroom residence with 2,933 total square feet. This property sold in May 2014 for \$230,000.

Respondent explained subject's current assessment was determined using trending. The trend was developed through a ratio study analysis which compared recent sale prices with assessed values. It was not clear if all residential sales were used to set the trend rate, however, six (6) sales from 2014 involving single level residences with basements were offered at hearing. The sale residences ranged in size from 1,707 to 3,059 square feet, and in age from 1997 to 2014. Sale prices were between \$133,000 and

\$315,000. To measure improvement values, Respondent removed assessed land values from the sale prices, and reported residual values for the improvements ranging from \$61.02 to \$154.03 per square foot. Subject's residence was assessed at \$67.36 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, 2015 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.

The cost approach, the income approach, and the sales comparison approach represent the three (3) primary methods of determining market value. *Merris v. Ada County*, 100 Idaho 59, 63, 593 P.2d 394, 398 (1979). Residential property is commonly valued using the sales comparison approach.

Of the various types of information and analyses provided by the parties, only

Appellant's independent fee appraisal adhered closely to the market value principles and techniques inherent in the sales comparison approach. The problem, however, is the appraisal estimated subject's market value as of June 13, 2015, not January 1, 2015; the relevant valuation date in this appeal. This is problematic. A professional value opinion is based on comparable sales information from prior to the effective date of valuation because market data occurring after the effective date is not yet known. For this reason, the Board is unable to rely on the value conclusion reached in Appellant's fee appraisal. That being said, the appraisal did contain some information from prior to January 1, 2015, which did factor into the Board's consideration.

Appellant's other timely market data came in the form of two (2) local sales from 2014. The sale residences were representative of subject in terms of age, size, and general amenities. The most notable difference was the two-story designs of the sale residences compared to subject which is a single level design with a walkout basement. The sales comparison approach favors a comparison between similarly designed improvements because a like-kind comparison reduces the amount of adjustment needed. However, where these two (2) sales were otherwise comparable to subject, they were considered.

Respondent did not attempt a direct sales comparison approach. Rather Respondent relied on a broad trending technique derived from a statistical analysis of residential sales. In this regard, Respondent provided limited information concerning six (6) sales from 2014. Aside from being single-level residences with basements, it is difficult

to determine other areas of comparability to subject. With the exception of one (1), all the sale residences were notably smaller than subject. Further, three (3) of the sale residences were constructed in 2014, and one (1) in 2005. One (1) of the sales involved a residence with a higher grade than subject. The sale prices were widely spread, with two (2) of the sale prices being roughly \$50,000 more than subject's assessed value, and two (2) being well below. Respondent made no attempt to adjust for these key differences, relying instead on general statistical trending to derive subject's value. While such trending can be useful as a mass appraisal tool, consideration must also be given to individual property values. After all, the issue in this appeal is not whether the broad trending factor was accurate or applied correctly, but whether subject's assessment exceeds market value. Based on the evidence provided, it appears subject's assessed value is high.

There was some remaining dispute concerning the size of subject's residence. Appellant's appraisal determined a size of roughly 2,959 square feet, whereas Respondent's measurement was 2,979 square feet. A presumption of correctness attaches to Respondent's property characteristics records, and error in Respondent's measurements was not demonstrated. Therefore, the size discrepancy will be resolved in favor of Respondent.

According to Idaho Code § 63-511, Appellant bears the burden of proving error in subject's assessment by a preponderance of the evidence. In this particular instance, the requisite burden of proof was met. Accordingly, the decision of the Payette County Board of Equalization is modified to reflect a value for subject's improvements of \$191,000, with

no change to the land value, resulting in a total value of \$228,620.

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 total value to \$228,620, as detailed above.

IT IS FURTHER ORDERED, pursuant to Idaho Code § 63-1305, 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.

Idaho Code § 63-3813 provides under certain circumstances that the above ordered value for the current tax year shall not be increased in the subsequent assessment year.

DATED this 5th day of January, 2016.