

BEFORE THE IDAHO BOARD OF TAX APPEALS

SANDCASTLE PROPERTIES, LLC,)	
)	
Appellant,)	APPEAL NOS. 15-A-1001 &
)	15-A-1002
v.)	
)	FINAL DECISION
ADA COUNTY,)	AND ORDER
)	
Respondent.)	
)	
)	
)	

RESIDENTIAL PROPERTY APPEALS

These appeals are taken from decisions of the Ada County Board of Equalization denying protests of valuation for taxing purposes of property described by Parcel Nos. R5439210540 and R5439210680. These appeals concern the 2015 tax year.

These matters came on for consolidated hearing October 7, 2015 in Boise, Idaho before Board Member Linda Pike. Kevin McIntyre appeared at hearing for Appellant. Tim Tallman represented Respondent.

Board Members David Kinghorn, Linda Pike and Leland Heinrich participated in this decision.

The issue on appeal concerns the market values of two (2) residential properties.

The decisions of the Ada County Board of Equalization are modified.

FINDINGS OF FACT

Respondent's assessed values for each subject are presented below.

Parcel No.	Land	Improvement	Total Value
R5439210540	\$51,500	\$105,100	\$156,600
R5439210680	\$51,500	\$113,000	\$164,500

Appellant contends the correct total values are \$151,200 for R5439210540 (Subject 1) and \$151,000 for R5439210680 (Subject 2).

The subjects have many similar characteristics and are located in the same subdivision in Boise, Idaho. Both properties are single level in design and both are used as rentals. Neither property has had any upgrading. Appellant stressed both subjects have their original carpeting and no recent paint. Details on other pertinent property characteristics follow.

Subject	Lot Acreage	Residence Sq. Ft.	Year Built	Garage Detail
1	.16	1,443	1998	2-car, 500 sq. ft.
2	.17	1,439	1997	3-car, 748 sq. ft.

Appellant presented information on seven (7) recent comparable sales from subjects' subdivision. In estimating subjects' market values, three (3) of these sales were disregarded where they were found not comparable, or in one case where the sale date was almost one (1) year old. Multiple Listing Service (MLS) sheets were presented for each sale. Although Appellant considered time of sale, the sale prices were not individually adjusted for this factor. Nor were any other appraisal adjustments quantified and applied to the comparable sale prices. Appellant knew about the properties from the information included on the MLS sheets.

Appellant determined the better comparable sales indicated a typical market price rate of \$105 per square foot. Applying this rate to each subject residence's square footage yielded the value claims presented above. On an individual basis, the four (4) comparable sales indicated price rates of \$100, \$102, \$102 and \$118 per square foot. The latter price rate was associated with MLS information reporting the residence was smaller at 1,226 square feet and in immaculate condition at the time of sale. This property was also improved with a covered patio. Neither subject has a covered patio. One (1) of the \$102 price rate sales was associated

with a two (2) level design that incorporated a bonus room upstairs. This latter sale's residence was larger at 1,668 square feet and the MLS sheet indicated the property was "super clean" with some new flooring and a covered patio. Each of the four (4) sale properties were constructed with an attached 2-car garage, and the sale with the longest days on market indicated just 16 days. The MLS information showed in some cases the selling properties had newer carpet, paint or roofing.

On appeal, Respondent presented multiple analyses of available sales information to support its assessments. It was explained the 2015 assessments resulted from trending prior year assessments. Chief in Respondent's value cases were traditional sales comparison approaches. For Subject 1, an analysis of six (6) recent comparable sales was presented. For Subject 2, with the 3-car garage, an analysis of three (3) recent comparable sales was offered. Two (2) of these included larger or 3-car garages. Appellant disagreed with Respondent's choice to use comparable sales located outside subjects' immediate subdivision. Some of Respondent's value analysis looked strictly at the recent sales from subjects' development.

Respondent's appraisals included detailed information on the referenced properties, and showed appraisal adjustments for differences between the subjects and the comparable sales. The reasons, in reconciliation, for weighting some comparable sales more than others were explained. The analysis was well documented, and the record shows where some of Respondent's sales also had rather brief marketing periods. For each subject, Respondent's final valuation from its primary sales comparison analysis was a couple thousand dollars higher than the assessed value.

CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination(s) 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.

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. Both parties presented analysis that mirrored or borrowed from the sales comparison approach.

Appellant’s consideration of subjects’ January 1, 2015 market values was based on a thoughtful consideration of multiple recent sales of similar property. Each of the studied sale properties were located in subjects’ subdivision development. From a sometimes broad range of indicated price rates, analyzed on a price-per-square foot basis, a rate of \$105 was chosen. The rate was applied to each subject residence’s square footage, with no regard for the fact that one (1) subject had an extra garage bay area. MLS documentation for each comparable sale was offered into evidence, which aided the Board in weighing this evidence.

Respondent considered a somewhat larger pool of sales data, i.e. it considered

comparable sales from within and without subjects' immediate subdivision. All sales were adjusted for time of sale which the Board found to be a superior consideration to that offered by Appellant. Respondent provided details to the Board for each property and sale referenced, as well as a sales comparison grid, and market-derived appraisal adjustments.

For Subject 1, in Respondent's chief analysis, a total of six (6) recent comparable sales were considered. Appraisal adjustments were made for property differences. From the six (6) sales, Respondent placed the most weight on Nos. 1 through 3 in arriving at a final value of \$160,320. The three (3) sales given the most weight, after adjustments, indicated values for Subject 1 of \$163,157, \$166,671 and \$151,130. These valuations indicated average price rates of \$113, \$115 and \$105 per square foot of living area. On the same basis, Subject 1's assessment indicated an average valuation rate of \$108.52. Subject 1 was assessed for \$156,600.

For Subject 2, Respondent compared three (3) recent comparable sales in its sales comparison approach. Appraisal adjustments were again made for property differences including the garage factor. The Board found Respondent's consideration of the garage factor was superior to that offered by Appellant. Respondent placed the greatest weight on Nos. 1 and 3 in arriving at a final value of \$170,000. After the adjustments, Nos. 1 and 3 indicated values for Subject 2 of \$172,992 and \$167,195 respectively. Subject 2 was assessed for \$164,500.

Although Respondent's detailed appraisals made modest adjustments for effective age differences, on the record before us the Board found the consideration should go further. In particular, each subject was associated with older paint, carpets and roofing, plus with the exception of the three (3) car garage, lacked any extra amenity such as a covered patio.

Appellant was persuasive here in arguing subjects' assessments should somehow reflect that the comparable sales often had an extra amenity or recent maintenance improvements, which both subjects fully lacked. Pursuant to Idaho Code § 63-511, the burden of proof is with the applicant to show error in Respondent's assessment by a preponderance of the evidence. Appellant satisfied the burden on this point, the proper consideration of subjects' deferred maintenance in processing the sales comparison approach.

For Subjects 1 and 2, Respondent's sales comparison approach came in a little higher than the 2015 assessed values, which fact the Board weighed in determining the further adjustment required. Though the Board did not find Appellant's appraisals superior to Respondent's, the Board still found cause to adjust Respondent's appraisals for the condition factor. In the Board's review of all the sales information, we found a residence's physical condition was related to marketability and also to pricing. We drew this conclusion in part from the wide range in pricing not fully explained by Respondent's appraisal adjustments.

For the reasons above, the value decisions of the Ada County Board of Equalization will be modified as reflected below.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decisions of the Ada County Board of Equalization concerning the subject parcels be, and the same hereby are, MODIFIED to reflect the following decreased values:

Parcel No.	Land	Improvement	Total Value
R5439210540	\$51,500	\$103,100	\$154,600
R5439210680	\$51,500	\$112,000	\$163,500

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 that under certain circumstances the above ordered values for the current tax year shall not be increased in the subsequent assessment year.

DATED this 5th day of January, 2016.