

BEFORE THE IDAHO BOARD OF TAX APPEALS

MATTHEW ABREW,)	
)	
Appellant,)	APPEAL NO. 16-A-1131
)	
v.)	FINAL DECISION
)	AND ORDER
ADA COUNTY,)	
)	
Respondent.)	
_____)	

RESIDENTIAL PROPERTY APPEAL

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. R5134030170. The appeal concerns the 2016 tax year.

This matter came on for hearing November 3, 2016 in Boise, Idaho before Board Member Leland Heinrich. Appellant Matthew Abrew was self-represented. Chief Deputy Assessor Tim Tallman 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 Ada County Board of Equalization is modified.

FINDINGS OF FACT

The assessed land value is \$170,000, and the improvements' value is \$228,300, totaling \$398,300. Appellant contends the correct land value is \$85,950, and the improvements' value is \$194,752, totaling \$280,702.

The subject property is a .33 acre residential parcel located in the Lancaster Terrace subdivision in the foothills of Boise, Idaho. The property is improved with a two (2) level

residence containing 1,432 square feet on each level. In addition to four (4) bedrooms and two and one-half (2 ½) bathrooms, the residence also includes an attached 550 square foot garage, below which sits 550 square feet of partially-finished studio space. The residence was constructed in 1979 and has been somewhat updated over the years. Appellant purchased subject in April 2014 for \$400,000, after the property had been on the market intermittently during the prior year.

Appellant described subject as a difficult property due to the unique design of the residence and the steepness of the lot. The residence is situated below the road and a floating driveway is used to access the garage, which sits higher than the residence. Access to the residence from the garage is down a flight of stairs. Appellant suggested a typical buyer might be dissuaded from purchasing a residence with an “upper level” garage design like subject. Appellant also contended the pool of potential buyers would be further limited as a result of subject’s steeply sloped topography, which Appellant believed might be difficult to navigate for elderly buyers or purchasers with small children. Respondent did not regard subject’s slope as a hindrance because most properties in subject’s area are similarly sloped.

Offered in support of reducing subject’s land value were six (6) vacant lot sales from 2015. Lot sizes ranged from .28 to 3.21 acres. Sale prices were between \$85,950 and \$185,000. Appellant regarded Sale No. 6 as most comparable to subject in terms of size and location, being .28 acres and located roughly .4 miles away. The lot sold in October 2015 for \$85,950. Pointing to Sale No. 6, Respondent highlighted it was by far the lowest priced sale on Appellant’s list and noted the lot had not yet been engineered to support a

residence, which costs could be considerable. In Respondent's view, the sale price was an outlier and should not serve as the basis for reducing subject's land value.

Appellant also provided some assessment information concerning three (3) properties in subject's area regarded as comparable. Focusing on assessed values of the improvements, Appellant reported improvement values between \$200,000 and \$228,200, or from \$63.37 to \$74.28 per square foot. The average rate was \$68.29 per square foot, which Appellant argued was appropriate for subject's residence. It was noted one (1) of the referenced properties actually sold in April 2015 for \$416,000. Respondent also pointed out all the residences referenced by Appellant were larger than subject, and as such would naturally have a lower value per square foot.

Respondent provided two (2) sets of sales from subject's area; one (1) involving improved properties, and the other was comprised of vacant lots. The six (6) improved sales were generally similar to subject in terms of square footage, age, lot size, bedroom and bathroom count, and overall design. The primary difference between subject and the sale properties was the partially-finished studio space below subject's garage. None of the sale properties included a similar type space. Respondent acknowledged the studio space does not hold the same value as main living area, however, maintained it did contribute some value. Sale prices ranged from \$400,000 to \$433,000. Adjustments were made to the sales, which yielded adjusted sale prices between \$430,498 and \$444,705. Included in the list of sales was subject's purchase in April 2014 for \$400,000. Respondent applied a .4% per month upward time adjustment to bring it to the January 1, 2016 assessment date. The time-adjusted price was \$432,982.

Respondent's vacant sales were likewise located near subject. Sale prices ranged from \$100,000 to \$249,900 for lots between .21 and .53 acres in size. Sale No. 1 was noted to be somewhat smaller than subject, though was located on the same street. The .22 acre lot sold in May 2015 for \$135,000. In all, Respondent considered subject's land value reasonable and within the range indicated by recent sales in the area.

Respondent further identified an error in its records concerning subject's bathroom count. Respondent's records reflected three (3) bathrooms, however, it was learned subject has only two and one-half (2½) bathrooms. Respondent stated reducing the bathroom count would lower subject's total value to \$397,600.

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, 2016 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. The sales comparison approach, the cost approach, and the income approach comprise the three (3) primary methods for determining market value. *Merris v. Ada County*, 100 Idaho 59, 63, 593 P.2d 394, 398 (1979). The sales comparison approach is typically used to value residential property.

Appellant offered two (2) sets of data for the Board's consideration; one (1) for subject's land value and the other for the improvements' value. For the improvements, Appellant provided assessment data for three (3) nearby properties. An average value of \$68.29 per square foot was calculated for the residences, which Appellant contended was the proper rate by which to value subject's residence. The Board understands Appellant's position, however, a comparison of assessed values is not a recognized appraisal approach. Further, the referenced properties all included residences larger than subject, so it is not surprising they were valued a little less on a per-square-foot basis. Also of note is one (1) of the referenced properties sold in April 2015 for \$416,000, which is more than subject's current total assessed value.

Respondent's improved sales information and accompanying analysis was better received by the Board. The sale properties, which included subject's 2014 purchase for \$400,000, were highly similar to subject in numerous key aspects, thus requiring few adjustments. Adjusted sale prices ranged from \$430,498 to \$444,705. In adjusting the subject sale, Respondent applied a .4% upward time adjustment to bring the purchase price to the January 1, 2016 assessment date, resulting in a value of \$432,982. The Board notes this exceeds subject's current total assessed value. Given the sales information provided, the Board does not find adequate support for reducing the value of subject's

residence.

Both parties provided vacant lot sales, with several sales appearing on both parties' lists. On a combined basis sale prices ranged from \$85,950 to \$249,900. Appellant argued the lowest sale price should be used to set subject's land value. We disagree. Though specific details surrounding the sale were unknown, Respondent noted the lot had not yet been engineered to support a residence and opined such engineering costs may have contributed to the lower price. Whether engineering concerns played a role in the price is of little importance here, where the other twelve (12) sales point to a notably higher value. Considering the other vacant sales in the record, none of which were below \$100,000, the sale advocated by Appellant appears to be an outlier. Even if it were not an outlier, the Board would be reluctant to rely solely on one (1) sale as the basis for determining market value.

In accordance with Idaho Code § 63-511, the burden is with Appellant to establish subject's valuation is erroneous by a preponderance of the evidence. We did not find the burden of proof satisfied here. Respondent's sales, even on an unadjusted basis, support subject's total assessed value. Also not lost on the Board was subject's purchase in April 2014 for \$400,000. Appellant's value claim is roughly \$120,000 less than the purchase price, however, there was nothing in the record to suggest subject's value had diminished since its purchase. In all, Respondent's value case was better supported and in the Board's view the best indicator of subject's current value.

While we did not find sufficient cause to reduce subject's value based on Appellant's information, we do find a downward adjustment is appropriate to correct the error

concerning the bathroom count. Subject has two and one-half (2½) bathrooms, not the three (3) as Respondent believed at the time of assessment. Correcting this error reduces subject's total value to \$397,600. The decision of the Ada County Board of Equalization is modified accordingly.

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 in the value of subject's improvements to \$227,600, with no change to the \$170,000 land value, for a total value of \$397,600.

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 22nd day of March, 2017.