

BEFORE THE IDAHO BOARD OF TAX APPEALS

RANDALL L AND ELIZABETH A REVOCABLE)
TRUST 2014,)
) APPEAL NO. 16-A-1130
 Appellant,)
) FINAL DECISION
v.) AND ORDER
)
ADA COUNTY,)
)
 Respondent.)
_____)

RESIDENTIAL PROPERTY APPEAL

This appeal is taken from a decision of the Ada County Board of Equalization modifying the protest of valuation for taxing purposes of property described by Parcel No. R2738510420. The appeal concerns the 2016 tax year.

This matter came on for hearing November 2, 2016 in Boise, Idaho before Board Member Leland Heinrich. Owner Randall Presleigh appeared at hearing for Appellant. 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 was \$95,000, and the improvements' value was \$328,500, totaling \$423,500. Appellant agrees with the land value, however, contends the correct improvements' value is \$272,500, for a total assessed value of \$367,500.

The subject property is a 2,619 square foot 2-story residence attached to a .12 acre

lot in the Fallingbrook Subdivision No. 2 located in Boise, Idaho. The residence was constructed in 2005, and includes three (3) bedrooms and two and one-half (2½) bathrooms, and is further improved with a 796 square foot attached garage.

Appellant purchased subject in December 2015 for \$367,500. Subject had been listed on the open market for seventeen (17) months prior to its purchase. The initial listing price was \$409,900. The asking price was reduced three times between July 2014 and November 2015 and was eventually listed for \$376,500. Appellant explained the long listing and price reductions may have been due to physical deterioration and extreme pet odor. Some of subject's deferred maintenance issues were described, including holes in doors and drywall, damaged window treatments and cabinets, and damage to hardwood flooring and carpet due to pet stains. The cost to refinish the hardwood flooring, replace the carpet and treat the subfloors totaled \$8,345. Receipts for the repairs, performed in 2016, were provided.

Appellant detailed a second issue. Subject was described as having a poor floor plan, with about two-thirds (2/3's) of the total square footage located upstairs. A large portion of the approximate 1,650 upper-level square feet was dedicated to unusable hallway space, three (3) bedrooms, and a bathroom. The bathroom was also described as narrow and cramped. Appellant suggested the unique floor plan was a deterrent to most buyers, and would be costly to move walls to improve subject's functionality.

Appellant provided an independent fee appraisal dated December 1, 2015. The appraisal considered four (4) 2015 sales. The sale properties were located between .14

and 3.1 miles distant from subject. The sale residences ranged in size between 2,210 and 2,647 square feet. Sale prices ranged from \$349,900 to \$389,000. Adjustments were made to the sale properties for differences compared to subject for lot size, square footage, garage size, patio or porch, and fireplace count. After making adjustments the appraisal determined adjusted sale prices between \$360,750 and \$402,000. The appraisal concluded a total value of \$370,000 for subject.

Respondent noted subject's assessed value was reduced by approximately \$33,000 after the appeal to the Board of Equalization (BOE). It was explained after the initial appeal, subject was re-evaluated and additional deferred maintenance was taken into consideration.

Respondent provided information regarding six (6) 2015 sales. The sale residences ranged in size from 2,320 to 2,629 square feet. All the sale properties were older construction than subject. Sale prices were between \$389,000 and \$444,000. Respondent adjusted the sales to account for differences compared to subject such as square footage, bedroom count, garage size, location and age. An upward time adjustment of .50% per month was also applied to the sale prices. Adjusted sale prices ranged from \$393,536 to \$453,587.

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. 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 property is commonly valued using the sales comparison approach.

Appellant suggested subject’s lengthy listing and history was because of the residence’s poor condition, and notable pet damage. After the final price reduction, Appellant purchased the property in late 2015 for \$367,500. Appellant suggested the sale price represented the best evidence of market value. The Board finds subject’s actual purchase price should be given strong consideration, and did not find where Respondent duly considered subject’s sale price in its analysis. We find the lengthy listing history demonstrated subject’s design and condition had issues and would be reflected in the eventual purchase price.

Further, the Board found Appellant's fee appraisal report was well detailed and the sales used in the appraisal were generally similar to subject. Adjusted sale prices were between \$360,750 and \$402,000. The appraisal concluded a total value of \$370,000 for subject, which is at the lower price range of the sales. Based on the condition and design of subject the lower price indication would be expected.

Likewise, Respondent offered an analysis of 2015 sales. Respondent's sale properties were generally comparable to subject, although some of the adjustments for differences were notably high, predominately the location adjustments. Also, concerning to the Board was all but one (1) of Respondent's adjusted sale prices were over \$400,000. Ultimately, it was difficult to find these properties comparable to subject when looking at the actual purchase price, the lengthy listing history, and subject's poor condition.

The Board found the value evidence offered by Appellant supported an adjustment. In appeals to this Board, pursuant to Idaho Code Section 63-511, the burden lies with Appellant to establish subject's valuation is erroneous by a preponderance of the evidence. Given the evidence presented in this matter, we find the burden of proof satisfied. Subject's purchase price, along with the fee appraisal report were found to be the most reliable indicators of value. Based on the above, the decision of the Ada County Board of Equalization is reversed to reflect a reduction in subject's total value to \$370,000.

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 the improvements to \$275,000, with no change to the \$95,000 land value, resulting in a total value of \$370,000.

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 value for the current tax year shall not be increased in the subsequent assessment year.

DATED this 20th day of March, 2017.