

BEFORE THE IDAHO BOARD OF TAX APPEALS

ROGER AND KATRINA SKAAR,)	
)	
Appellants,)	APPEAL NO. 16-A-1143
)	
v.)	FINAL DECISION
)	AND ORDER
BONNEVILLE COUNTY,)	
)	
Respondent.)	
)	
)	
_____)	

RESIDENTIAL PROPERTY APPEAL

This appeal is taken from a decision of the Bonneville County Board of Equalization modifying the protest of valuation for taxing purposes of property described by Parcel No. RPA3110006005O. The appeal concerns the 2016 tax year.

This matter came on for hearing November 15, 2016 in Idaho Falls, Idaho before Board Member David Kinghorn. Appellants Roger and Katrina Skaar were self-represented at hearing. Assessor Blake Mueller 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 value decision of the Bonneville County Board of Equalization is affirmed.

FINDINGS OF FACT

The subject property’s assessed value is \$224,686. Appellant contends the correct value is \$203,000. In the record, neither party provided an allocation between land and improvements of their market value positions.

The subject property is a .35 acre lot improved with residence containing 2,368

square feet above-grade, 797 square feet in the basement, and a 3-car garage with 973 square feet. The residence was constructed in 1993. The property is located in Idaho Falls, Idaho adjoining a golf course.

Subject sold April 14, 2016 for \$199,000. Prior to the sale, the property was listed for sale for 838 days. Since December 2, 2015, and leading up to its eventual sale, subject was listed for sale at \$215,900. Prior to that, subject had been listed for sale for about one (1) year at \$239,900.

Appellants reported subject still had its original major appliances and suffered from repair and deferred maintenance issues dating back to the time of sale. Subject was also noted to have little storage and only three (3) bedrooms. It was further reported no updating had been done to subject since its original construction with the exception of the installation of an inexpensive fireplace insert.

Appellants believed subject's condition issues were likely responsible for the long listing. It was also believed subject received no maintenance over the listing period and this contributed to some of the current issues, such as the shake roof needing to be replaced versus merely repaired or serviced. However, at the time of sale the roof cover was rated to last another 2-years in connection with securing financing. Other property issues included exterior concrete flat work which had sunk and was separated from the residence's foundation, defective rain gutters, and sunken asphalt paving. A portion of the fencing was reported to need replacement as well. Though Appellants have visited with contractors about the needed work, bids have not yet been obtained.

Appellants' value evidence consisted of the April 2016 sale price for subject, an April 7, 2016 fee appraisal on subject which determined a market value of \$203,000, and information on five (5) 2016 sold properties. The fee appraisal evidently relied on five (5) comparable sales, although the record only had specifics on three (3) of these with the sales dating from late 2015. The three (3) adjusted sale prices ranged from \$200,190 to \$207,725. The sale properties were all newer than subject by 6 to 14 years and no direct adjustments were made for condition. Nor did the appraisal note any functional utility issues for subject. Sale No. 3, with an adjusted price of \$202,980, was given the most weight in reconciliation where it was similar to subject in gross living area, basement square feet and finish, and garage bays.

Respondent reported on a recent inspection of the subject property where no repair or maintenance issues were noted, however, Respondent did not contest or disagree with the characterizations offered by Appellants on subject's condition issues. Respondent had received a partial copy of the fee appraisal referenced above, showing the same three (3) comparable sales. The sale properties were all noted to have smaller and newer residences than subject, and were also argued to be of lessor quality. After removing land values, Respondent calculated from the three (3) sales an average price rate of \$83 per square foot.

In reviewing the subject assessment and Appellants' information, Respondent found a total of nineteen (19) residential sales with prices between \$190,000 and \$210,000 and found subject's sale represented the largest residence in the set by at least a couple

hundred square feet of living area. Respondent then selected the 2014 and 2015 sales it found were most similar to subject. After removing land values, the six (6) comparable sales had an average price rate of \$88.35 per square foot. Calculated on a similar basis, subject's assessment reflected an average value rate for the residence of \$77.40 per square foot. To provide a check on the reasonableness of subject's assessed value, Respondent also looked to the June 2016 sale of an "almost identical" house. This property sold for \$242,000 indicating an average price rate of \$89.02 after removing the assessed land value.

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. The sales comparison approach is commonly used in the valuation of residential property. The methodology involves the consideration of recent, proximate sales of similar property.

Appellants contended subject should be valued based on its April 2016 purchase price and an associated fee appraisal which determined a value of \$203,000. A complete copy of the appraisal was not offered into evidence. Both the value opinion and the sale price were not timely for the 2016 assessment which is based on the effective date of valuation referenced above. The information however would be timely and might be considered for the 2017 assessment of subject.

Here the value question is a retrospective one. In looking to identify the recent comparable sales, we mean recent to the date of valuation which is January 1, 2016. Timely price information is therefore that which existed before January 1st. Appellants' fee appraisal evidence included information on comparable sales from late 2015. Respondent also presented comparable sales information from 2015. In addition to the timely comparable sales evidence, the Board also finds subject's long listing history should be considered as it existed on the January 1st assessment date. Specifically the property had been listed for sale at \$239,900 from December 2014 through December 2, 2015, at which point the listing was reduced to \$215,900 for the remaining couple weeks of 2015.

An open market listing price for a subject property tends to establish its upper value limit where there has been a reasonable market exposure time. At the end of 2015, the

subject had a long listing history at \$239,900, and the Board accordingly gave this some consideration. However, in estimating market value, the recognized appraisal practice for residential property commonly relies on the price information from recent multiple sales of comparable property. The Board similarly gave consideration to the price information from the recent comparable sales. Using the average price per square foot as a unit of comparison, the comparable sales offered good support for subject's current assessment. On a price-per-square-foot basis, subject's assessment was at or below the price rates evidenced by all the comparable sales with only one exception. Subject's longer listing at \$239,900 also did not demonstrate subject was over-assessed at \$224,686.

In appeals to this Board, pursuant to Idaho Code § 63-511, the burden is with Appellants to establish subject's valuation is erroneous by a preponderance of the evidence. The Board did not find the burden met. Although the property records concerning subject's condition may not have been fully accurate on the assessment date, the associated valuation for assessment purposes was reasonable and supported by multiple comparable sales. The evidence of subject's sale price in 2016, which was after the effective date of valuation, was not found to be timely for this retrospective appraisal question.

For the reasons expressed above, subject's market value as determined by the Bonneville County Board of Equalization is affirmed.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the value

decision of the Bonneville County Board of Equalization concerning the subject parcel be,
and the same hereby is, AFFIRMED.

DATED this 27th day of March, 2017.