

BEFORE THE IDAHO BOARD OF TAX APPEALS

DANIEL VAN PATTEN,)	
)	
Appellant,)	APPEAL NO. 16-A-1088
)	
v.)	FINAL DECISION
)	AND ORDER
CANYON COUNTY,)	
)	
Respondent.)	
)	
_____)	

RESIDENTIAL PROPERTY APPEAL

This appeal is taken from a decision of the Canyon County Board of Equalization modifying the protest of valuation for taxing purposes of property described by Parcel No. 151975000. The appeal concerns the 2016 tax year.

This matter came on for hearing November 22, 2016 in Caldwell, Idaho before Board Member Leland Heinrich. Appellant Daniel Van Patten was self-represented. Chief Appraisal Supervisor Brian Stender 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 Canyon County Board of Equalization is modified.

FINDINGS OF FACT

The assessed land value is \$72,000, and the improvements' value is \$345,000, totaling \$417,000. Appellant contends the correct total value is \$350,000.

The subject property is .49 acres improved with a single story, 3,257 square foot residence constructed in 1998. The four (4) bedroom, three (3) bath residence includes

a four (4) car garage, and a swimming pool added in 2015. The property is located in a gated and exclusive area among other high-end custom homes in Nampa, Idaho.

Subject sold for \$339,000 on July 25, 2013. The sale price was the same as the original asking price. The property was on the market for three (3) days. The recently installed swimming pool cost about \$35,000.

Appellant presented a fee appraisal that determined a subject value of \$350,000. The effective date of valuation was June 14, 2016. In the appraisal six (6) sales were compared to subject, two (2) were from 2015 and four (4) were from 2016. The sales were adjusted to reflect the subject property, except no adjustment was made where subject was a one (1) story and some of the comparable sales were two (2) story residences. After adjustments, the sales ranged from \$320,400 to \$370,800. For the swimming pool adjustment, the appraisal deducted \$5,000 when the comparable sale lacked this improvement. Three (3) of the sale properties included a swimming pool.

Appellant argued studies of prices before and after pools were constructed showed little value was added with a pool addition. The article(s) referenced were not provided to the record. Appellant also argued Respondent previously considered sales occurring after the assessment date and accordingly such a consideration should be permitted again.

In describing the subject property, Appellant noted subject had not been updated and a number of condition issues existed. These included worn carpets and countertops among other issues. Appellant noted similarly aged properties, with similar construction to the subject, had invested \$10,000 to \$20,000 in updates and repairs.

Respondent completed a new appraisal on the subject property based on the sales comparison approach to value. Respondent did not use multi-story comparable sales in its appraisal. Respondent found different market pricing occurred for the different home styles. The appraisal considered four (4) comparable sales from late 2015. Two (2) of the sales were the same as the 2015 sales included in Appellant's fee appraisal. The comparable sales were adjusted for date of sale to reflect the January 1, 2016 assessment date. They were also adjusted for square footage differences, homesite size, quality of construction, and condition. Respondent used the standard appraisal adjustments included in Appellant's fee appraisal with two (2) notable exceptions, as discussed below.

For the contributory value of the swimming pool, Respondent looked to the results of matched-pairs analysis. For lower priced homes, the presence of a swimming pool suggested a price differential of \$17,000, while for higher priced homes more similar to the subject, the price difference was \$30,000 or more. In its appraisal, Respondent used \$20,000 to adjust the comparable sales when no pool was present. The other adjustment difference involved the price rate for finished living area differences. The fee appraisal used \$40 per square foot which Respondent found was more appropriate for standard construction. For subject's and the comparable sales' custom, higher quality construction, Respondent found \$50 per square foot was more reasonable. The parties' appraisals also differed in the condition rating for subject. The fee appraisal rated subject in above-average condition, while Respondent considered subject to be in average condition. The fee appraiser had briefly inspected subject's interior while Respondent had not.

Respondent's adjusted sales ranged from \$372,000 to \$398,500. Giving the most weight to the more similar and reliable indicators, a final value of \$390,000 was concluded. Respondent recommended this new value be adopted by this Board.

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. This approach relies on recent sales of similar property.

Appellant's value case rested primarily on a June 14, 2016 fee appraisal. The

appraisal was untimely and rested substantially on market information from after the controlling valuation date. However, the 2015 comparable sales information in the appraisal could be considered.

In contrast, Respondent presented a complete sales comparison approach which considered the information from four (4) recent and nearby comparable sales. The standard single-property appraisal was well received by the Board. A key difference between Appellant's appraisal and Respondent's was the adjustment applied for the swimming pool. The fee appraisal report did not discuss its adjustment rate, while Respondent explained its adjustment was based on multiple matched-pairs analyses. In Respondent's recent study, residences with and without pools, and located within the same subdivision, all of which were apparently located within Canyon County, were compared. Respondent observed a different value contribution for residences with standard construction, as opposed to higher quality construction more similar to subject's. The Board found Respondent's adjustment and the basis sound.

Overall, Respondent's appraisal gave due consideration to the valuation date germane to this appeal and was the best supported appraisal in record. The Board gave minimal consideration to the fee appraisal's analysis of two (2) 2015 sales, one (1) of which included a swimming pool and separate living area which was treated as a large shop.

In appeals to this Board, pursuant to Idaho Code § 63-511, the burden is with Appellant to establish subject's assessed value is erroneous by a preponderance of the evidence. Appellant did not prove error in subject's assessment. On appeal however,

Respondent offered a new appraisal at \$390,000 and recommended this Board reduce subject's value according. The Board found good support for the new \$390,000 appraisal and therefore the decision of the Canyon County Board of Equalization is modified.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Canyon County Board of Equalization concerning the subject parcel be, and the same hereby is, MODIFIED to reflect a decrease in subject's value to \$390,000. The allocation of market value follows.

Land	\$72,000
Improvements	<u>\$318,000</u>
Total	<u>\$390,000</u>

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 30th day of March, 2017.