

BEFORE THE IDAHO BOARD OF TAX APPEALS

APARTMENTS R US, LLC,)	
)	
Appellant,)	APPEAL NO. 17-A-1274
)	
v.)	FINAL DECISION
)	AND ORDER
TWIN FALLS COUNTY,)	
)	
Respondent.)	
_____)	

COMMERCIAL PROPERTY APPEAL

This appeal is taken from a decision of the Twin Falls County Board of Equalization denying the protest of valuation for taxing purposes of property described by Parcel No. RPT1801000001BA. The appeal concerns the 2017 tax year.

This matter came on for hearing November 16, 2017 in Twin Falls, Idaho before Board Member David Kinghorn. Attorney John Lezamiz represented the Appellant at hearing. Twin Falls Deputy Prosecuting Attorney Nancy Austin represented Respondent.

Board Members David Kinghorn, Leland Heinrich and Kenneth Nuhn join in issuing this decision.

The issue on appeal concerns the market value of an improved commercial property.

The decision of the Twin Falls County Board of Equalization is affirmed.

FINDINGS OF FACT

This appeal was heard as part of a series of appeals involving largely similar issues, so the parties stipulated the evidentiary records in those other appeals be considered in this appeal, where relevant. As such, the Board hereby takes notice of the records created in Appeal Nos. 17-A-1267 through 17-A-1277.

The assessed land value is \$65,969, and the improvements' value is \$152,880, totaling

\$218,849. Appellant contends the correct total value is \$192,849.

The subject property is a .441 acre commercial parcel located in Twin Falls, Idaho. The property is improved with a two (2) story, six (6) unit apartment complex constructed in 1980.

Appellant contested the adjustment factors used to determined subject's current assessment. It was noted a 15% upward influence factor was applied to subject's land value and a 15% upward neighborhood adjustment was applied to the value of the improvements. Appellant pointed out the same adjustment factors were not uniformly applied to all commercial properties in the county, just subject's neighborhood. In Appellant's view, applying different adjustment factors to different neighborhoods was arbitrary and disrupted assessment uniformity.

Respondent explained the adjustment factors were derived from 2016 sales activity and the results of a recent ratio study. The ratio study, which compares sale prices to appraised or assessed values, indicated commercial values were too low based on recent sales. Rather than apply a blanket adjustment to all commercial values, Respondent instead studied sales from the eight (8) distinct commercial neighborhoods situated around the county and determined an appropriate adjustment factor specific to each neighborhood. The sales activity from subject's neighborhood, which is comprised of 780 commercial parcels, indicated an adjustment factor of 15% needed to be applied to land values, and an additional 15% to commercial improvement values, in order to reach full market value. These adjustments were applied consistently to subject and all other commercial properties in the same neighborhood.

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, 2017 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). Commercial property can be valued using any of the three (3) recognized approaches to value, though the income and sale comparison approaches are often used. However, due to a lack of sales and income data, Respondent was unable to develop value opinions utilizing the sales comparison or income approaches. Instead, the cost approach was used to estimate subject’s value, to which certain market-derived adjustment factors were later applied.

Appellant contended Respondent should have applied a single adjustment factor to all commercial property values across the county rather than using varied adjustment factors for different neighborhoods. We disagree. To apply a uniform adjustment across all commercial properties as advocated by Appellant would ignore the long-recognized principle that location is a key factor in estimating a particular property’s market value. Given the volume and distribution of available sales, Respondent’s approach of determining adjustment factors based

on a particular neighborhood gives proper consideration to the unique circumstances and conditions of a neighborhood, and in this regard was deemed to represent sound appraisal practice. We find no error with Respondents application of neighborhood-specific adjustments.

Neither party provided comparable sales information or other market data for the Board's consideration. Subject's assessed value was determined using the cost approach, which Respondent reported included the use of a local cost modifier. As part of the cost approach to value the above-discussed adjustment factors were applied. The Board would have preferred a more thorough analysis for this commercial property appraisal question, though with limited sales and income data available, Respondent's reliance on the cost approach is understandable and judged to be reasonable.

In appeals to this Board, Appellant bears the burden of proving error in subject's valuation by a preponderance of the evidence. Idaho Code § 63-511. Given the fact Appellant did not provide any market data or other evidence to support a reduction in subject's value, we did not find the burden of proof satisfied. As such, the decision of the Twin Falls County Board of Equalization is affirmed.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Twin Falls County Board of Equalization concerning the subject parcel be, and the same hereby is, AFFIRMED.

DATED this 26th day of February, 2018