

BEFORE THE IDAHO BOARD OF TAX APPEALS

|                    |   |                      |
|--------------------|---|----------------------|
| SID LEZAMIZ, JR.,  | ) |                      |
|                    | ) |                      |
| Appellant,         | ) | APPEAL NO. 17-A-1246 |
|                    | ) |                      |
| v.                 | ) | FINAL DECISION       |
|                    | ) | AND ORDER            |
| TWIN FALLS COUNTY, | ) |                      |
|                    | ) |                      |
| Respondent.        | ) |                      |
|                    | ) |                      |
| _____              | ) |                      |

**RESIDENTIAL PROPERTY APPEAL**

This appeal is taken from a decision of the Twin Falls County Board of Equalization modifying the protest of valuation for taxing purposes of property described by Parcel No. RPT3165001002CA. The appeal concerns the 2017 tax year.

This matter came on for hearing October 24, 2017 in Twin Falls, Idaho before Board Member Leland Heinrich. Appellant Sid Lezamiz, Jr. was self-represented. Assessor Gerry Bowden 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 residential property.**

**The decision of the Twin Falls County Board of Equalization is modified.**

FINDINGS OF FACT

The assessed land value is \$34,541, and the improvements' value is \$304,227, totaling \$338,768. Appellant contends the correct improvements' value is \$187,859, with no change to the land value of \$34,541, totaling \$222,400.

The subject property is a single level multi-residence patio home built in 2005. The

property is located in Twin Falls, Idaho. The two (2) living units both include three (3) bedrooms, two (2) bathrooms and contain 1,596 square feet.

Appellant provided information on three (3) duplex sales located in subject's general area. The sale properties took place in 2015 and 2016 and were built in 1978, 1995 and 2010. Sale prices ranged from \$157,000 to \$265,000 for these duplexes consisting of between 2,590 and 3,232 square feet. Appellant used these sales to compare with subject and subtracted subject's assessed land value of \$34,541 from the prices to calculate price per-square-foot rates for the sale properties' improvements. Two (2) sales were also adjusted \$4,000 and \$6,912 to account for closing cost paid by the seller. After extracting land values and the contributory closing costs, the improvements' ranged in indicated price rates from \$36.65 to \$89 per square foot. Appellant used the average price per square foot of \$58.85 and applied it to subject's 3,192 square feet to conclude an approximate value of \$187,000 for subject's improvements. Respondent noted no appraisal adjustments between the subject and the sale properties were made.

Respondent explained subject is considered a multi-residence home, or a zero lot line residence versus a duplex. Respondent further explained subject was built to the standard of zero lot line homes and could be split and sold off separately. Zero lot line sales were analyzed to compare with subject. Respondent contended subject should be valued as individual single-homes not as a duplex. Appellant argued subject should be valued for its actual "use", which use was described as two (2) separate rental units and not valued as "speculative" use.

Respondent physically inspected subject after the Board of Equalization hearing. Observations were made for each residence, and it was noted the shingle material was of lower quality than used in Respondent's original cost approach, therefore a downward adjustment was calculated. The interior wall heights were adjusted upward to nine (9) feet, which caused an increase in value. After the physical characteristics were updated, new cost approach values of \$159,313 and \$159,629 were determined for each residence, or including land, a total value of \$353,483 was derived. Respondent requested the Board adjust subject's assessment to this new value based on its new cost approach findings.

For further support, Respondent provided four (4) sales. Three (3) sold in 2016, with one (1) sale taking place in 2015. Sale prices ranged from \$160,000 to \$196,000 for residences ranging from 1,342 to 1,814 square feet in size. Comparable No. 1 was said to be most similar to subject. This sale property was built in 2007, contained 1,342 square feet and sold for \$186,900, or \$139.27 per square foot in September 2016. This property was originally built as a zero lot line multi-residence home situated on one (1) lot. This particular sale was for one-half ( $\frac{1}{2}$ ) of the total zero lot line property.

Respondent made adjustments to the sale properties, as compared to subject, for differences in multi-home versus single-home, age, fireplace, kitchen appliances and gross living area. The adjusted prices ranged from \$140,200 to \$163,700. Using the sales comparison approach, Respondent concluded an improvement value of \$155,700 for each individual residence, or a total value of \$345,941, including land.

## 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. The three (3) primary approaches for determining market value include 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 typically valued using the sales comparison approach. Both parties looked to the sales comparison approach. Respondent also updated its cost approach and made adjustments for some minor changes to the original analysis to derive an updated cost approach valuation of \$353,483. The Board found this analysis to be thorough and well supported.

Both parties offered sales for the Board's review. The key difference between the

parties centered on the type of sale properties selected. Respondent primarily focused on sales of newer similar single-home types and Appellant provided sales of somewhat older duplexes. In this regard, the Board favored Respondent's comparable sales selection and accompanying analysis because it was focused on sales more similar to subject, and adjustments were made accordingly. Appellant's sales were of older duplexes, which did not appear to be the same quality as subject, and notably were not adjusted for differences. Further, the duplexes were not of the same construction, nor were they patio home configurations. Respondent's value conclusion of \$353,483 was well supported by two (2) appraisal approaches.

Idaho Code § 63-511 places the burden on 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 information and analysis was narrowly focused on subject's specific attributes, whereas Appellant's sales and market information consisted mostly of older duplex properties. Further, the totality of Respondent's evidence demonstrated subject's current market value is somewhat higher than the value concluded by the Board of Equalization. Given the evidence presented in this matter, we found good cause to accept Respondent's requested value of \$353,483. Accordingly, the decision of the Twin Falls County Board of Equalization is modified.

#### 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, MODIFIED to reflect an increase to \$353,483, with the value attributable to the improvements.

DATED this 24<sup>th</sup> day of January, 2018.