

BEFORE THE IDAHO BOARD OF TAX APPEALS

SID LEZAMIZ, JR.,)	
)	
Appellant,)	APPEAL NO. 17-A-1248
)	
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. RPT3164002001AA. 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 \$41,572, and the improvements' value is \$403,290, totaling \$444,862. Appellant contends the correct improvements' value is \$185,660, with no change to the land value of \$41,572, totaling \$227,232.

The subject property is a single level triplex patio home built in 2006. The property

is located in Twin Falls, Idaho. The three (3) living units all include two (2) bedrooms, two (2) bathrooms, and each have a one-car garage. The residences vary in size from 1,156 to 1,448 square feet. Also included in the assessment is a 1,008 square foot detached garage assessed at \$28,185. Appellant does not dispute the assessed values assigned to the land or detached garage.

Appellant provided information on three (3) 2016 triplex sales situated in subject's general area. The sale properties were built in 1965, 1979 and 1945. The sale prices ranged from \$95,000 to \$239,000 for the triplexes which consisted of between 2,331 and 3,152 square feet. Appellant used these sales to compare with subject's improvement. In removing land values from the sales, Appellant subtracted subject's assessed land value of \$41,572 from one (1) sale, and subtracted \$25,000 from the remaining two (2) sales. Two (2) of the sales were said to be located in a less desirable area and Appellant made an adjustment to reflect the location difference. After the adjustments, the sale properties' improvements indicated price rates from \$30 to \$63 per square foot. Appellant used the median price per square foot of \$49.74 and applied it to subject's 3,869 total square feet to conclude a value of \$192,444 for subject's improvements. Respondent noted adjustments for physical differences between the subject and the sale properties were not made.

Respondent explained subject is considered a multi-residence home, or a zero lot line residence versus a triplex. It was noted the zero lot line homes sell for more than the typical triplex. The differences between the two (2) types of structures are two-fold. First

duplex/triplex and zero lot line residence requirements are specific, in that there are two (2) hours fire separation resistant walls between multi-resident homes, versus one (1) hour fire separation walls for duplexes/triplexes. The second difference is zero lot line residences are situated on one (1) lot, and must meet the following requirements; each family residence can be split and sold separately if it contained an individual building permit, the lot can be legally split, and the units are constructed as individual attached single family buildings. Lastly, multi-home units or zero lot line properties must each contain their own water, septic, and electrical hookups. Subject met all of these requirements, and therefore for assessment purposes, was considered a multi-home property. Appellant explained there was no intention to sell the units individually and argued subject should be valued for its actual "use", which use was as a triplex rental unit.

After the hearing before the Twin Falls County Board of Equalization, Respondent physically inspected subject. Observations were made for each residence and the data records were updated and the cost approach reprocessed to reflect the changes. The ceiling height was changed to nine (9) feet, a quality adjustment for flooring was made, and a few other corrections were noted. After updating the data in Respondent's cost approach a new value of \$439,806 was concluded. This was slightly lower than the value determined by the Board of Equalization. Respondent requested the Board adjust subject's assessment to this new value based on the new cost approach findings.

For further support, Respondent provided four (4) 2016 sales of comparable properties. The sale prices ranged from \$180,000 to \$186,900 for residences which

consisted of 1,606 and 1,342 square feet in size. After removing land values, Respondent made adjustments to the comparable sales, as compared to subject, for differences in multi-home versus single-home, design and appeal, quality of construction, age, garage size, and gross living area. The adjusted prices ranged from \$137,300 to \$156,900. Using the sales comparison approach, Respondent concluded a total subject value of \$493,272.

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). Residential property is typically valued using the sales comparison

approach. Both parties looked to the sales comparison approach, though Respondent also utilized the cost approach.

While both parties provided sales for the Board's review, the key difference between them was in the type of sales properties selected and analyzed. Respondent primarily focused on sales of newer similar single-home types and Appellant provided sales of somewhat older triplexes. In this regard, the Board favored Respondent's comparable sales selection and accompanying analysis because it was focused on comparable sales found to be more similar to subject, and adjustments for key property differences were made as indicated. Appellant's sales involved older triplexes which did not appear to be of the same quality as subject and the sales were generally not adjusted for property differences. This was particularly noticeable where no adjustments were made for age and condition differences. We did not find the triplex sales to be truly comparable properties to the subject. Using Appellant's methodology, indicated a value of \$157,475 for subject's residential living area, or approximately \$52,500 per individual residence. We did not find any of the comparable sales in record to offer good support for these values.

Respondent inspected the subject property and updated the property characteristics to derive an updated cost approach value of \$439,806. The Board found this evidence to be a supported and accurate depiction of subject's characteristics and market value.

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 by Appellant. Respondent's value information and analysis was narrowly

focused on subject's specific property attributes, whereas Appellant's sales and market information consisted mostly of older triplex properties. Given the evidence presented in this matter, in particular Respondent's updated cost approach, the Board found good cause to accept Respondent's requested value of \$439,806. 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 a decrease setting the assessed value at \$439,806, with the value adjustment attributable to the improvements.

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 24th day of January, 2018.