

BEFORE THE IDAHO BOARD OF TAX APPEALS

SID LEZAMIZ, JR.,	)	
	)	
Appellant,	)	APPEAL NO. 17-A-1250
	)	
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. RPT3164001001AA. 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 \$40,672, and the improvements' value is \$276,062, totaling \$316,734. Appellant contends the correct improvements' value is \$169,020, with no change to the land value of \$40,672, totaling \$209,692.

The subject property is a single level multi-residence patio home built in 2007. The property is located in Twin Falls, Idaho. The two (2) living units both include three (3) bedrooms, two (2) bathrooms, and each have a single car garage. Both residences contain 1,434 square feet, for a total improvement size of 2,868 square feet.

Appellant provided three (3) duplex sales situated in subject's general area. The sale properties were built in 2010, 1995 and 1960. The sale prices ranged from \$148,000 to \$265,000. The duplexes ranged in total size from 2,590 square feet to 3,065 square feet. The duplex built in 2010 sold for \$265,000 in November of 2015. This sale property contained 2,590 square feet. Appellant used these sales to compare with subject, subtracting subject's assessed land value of \$40,672 from each of the prices, in order to calculate a per-square-foot price rate for each of the sales' improvements. One (1) sale was also adjusted down by \$6,912 to adjust for closing costs paid by the seller. After extracting a land value and making the closing cost adjustment, the improvements' indicated price rates ranged from \$41 to \$86 per square foot. Appellant selected the average price per square foot of about \$58.93 and applied this to subject's 2,868 square feet to conclude a value of \$169,021 for subject's improvements. Respondent noted no appraisal adjustments were made for differences between the subject and the sale properties.

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. Therefore zero

lot line sales were analyzed to compare with subject. Respondent contended subject's two (2) residences should be valued as individual single-homes and not as a duplex. While Appellant argued subject should be valued for its actual "use", which use was described as two (2) separate rental units and not valued on a "speculative" use.

Respondent physically inspected subject after the Board of Equalization hearing. Observations were made and some property characteristics were updated. The main changes were made for complexity of the exterior walls, (9) foot ceiling height, and a quality adjustment for the flooring. After the physical characteristics were updated, new cost approach values of \$139,588 and \$134,242 were determined for each residence, or a total value including land of \$314,502. Respondent requested the Board lower subject's assessment to this new value based on its new cost approach findings.

For further support, Respondent provided information on four (4) 2016 sales. Sales No. 1 and 2 both sold for \$180,000 with the residences each containing 1,606 square feet. Sales No. 3 and 4 each contained 1,342 square feet and each sold for \$152,700. Respondent made adjustments to the sale properties, as compared to subject, for differences in multi-home versus single-home design, design and appeal, quality of construction, garage size and gross living area. The adjusted price indications for each of subject's residences ranged from \$143,500 to \$153,500, excluding the land value. Using the sales comparison approach, Respondent concluded an improvement value of \$152,500 for each individual residence, or a total subject value of \$345,672, including the 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. There are three (3) approaches to value, the sales comparison approach, the cost approach, and the income approach. Residential property is commonly valued using the sales comparison approach. Both parties looked to the sales comparison approach. Respondent also updated its cost approach and asked the Board to reduce subject's assessed value to the updated figure of \$314,502.

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 maintained subject could be sold as two (2) separate homes and therefore

each was valued as zero lot line patio home. Although Appellant is using the subject property as a duplex rental, the fact the properties can be sold independently leads the Board to agree with Respondent the subject should be compared to like individual residences, not duplexes.

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, as well as one (1) newer 2010 duplex. The Board found the sale of the newer duplex to be the only sale offered by Appellant which appeared somewhat similar to subject. Looking at this sale and applying Appellant's own analysis, the price per square foot indicated by the transaction was \$88.86. When applied to subject's total 2,868 square feet, the multiplier yielded a total value of \$289,269 after adding the land value. The Board found Appellant's value request of \$209,692 was not supported by the sales evidence in record.

Respondent's comparable sales selection and accompanying analysis was focused on sales more similar to subject, and adjustments were made for property differences. The Board found the analysis reasonable and documented. And Respondent's requested value of \$314,502 was well supported by both the appraisal approaches presented.

Idaho Code § 63-511 places the burden on Appellant to establish subject's valuation is erroneous by a preponderance of the evidence. The burden of proof was not satisfied here. Respondent's information and analysis was narrowly focused on subject's specific

attributes, whereas Appellant's sales and market information fell short in this regard. Given the evidence presented in this matter, we found good cause to accept Respondent's requested value of \$314,502. 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 to \$314,502, with \$40,672 attributable to the land value, and \$273,830 attributable to the improvements' value.

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 31<sup>st</sup> day of January, 2018.