

BEFORE THE IDAHO BOARD OF TAX APPEALS

SID LEZAMIZ, JR.,)	
)	
Appellant,)	APPEAL NO. 17-A-1251
)	
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. RPT5191002007DA. 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 \$33,606, and the improvements' value is \$221,960, totaling \$255,566. Appellant contends the correct improvements' value is \$133,513, with no change to the land value of \$33,606, totaling \$167,119.

The subject property is a single level multi-residence patio home built in 1998. 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 double-car garage. Both residences contain 1,400 square feet, for a total subject improvement size of 2,800 square feet.

The main contention between the parties was whether subject should be considered a duplex or a multi-residence zero lot line home for valuation purposes. Respondent explained subject is considered a multi-residence home, or a zero lot line residence, in contrast to a true duplex. Respondent further explained subject was built to the standards of zero lot line homes which could be split and sold off separately. Zero lot line sales were analyzed to compare with subject. Appellant argued subject in its current ownership cannot be sold as two (2) units and argued it therefore should be valued for its actual “use”, which use was described as two (2) rental units and not be valued as “speculative” use. Respondent contended subject can be sold as two (2) individual homes if Appellant filed the proper quitclaim deeds to separate the residences, whereas duplexes cannot be split because of the building requirements.

For value evidence, Appellant provided information on three (3) 2016 duplex sales located in subject’s general area. The sale properties were built in 1978, 1995 and 2000. The sale prices ranged from \$157,000 to \$197,500 and the duplexes ranged in total size from 1,920 to 3,232 square feet. Appellant used the sales to compare with subject. Subject’s assessed land value of \$33,606 was subtracted from the sale prices to calculate residual price-per-square-foot rates for the sale properties’ improvements. Two (2) sales were also adjusted by \$4,000 and \$6,912 respectively to reflect closing costs paid by the

seller. After the adjustments, the improvements' ranged in price rate from \$37 to \$55 per square foot. Appellant used an average price per square foot of about \$47.68 and applied this to subject's 2,800 square feet to conclude an approximate value of \$133,513 for subject's improvements. Respondent noted no appraisal adjustments were made for differences between subject and the sale properties.

Respondent reported physically inspecting subject after the Board of Equalization had lowered the property's assessed value. Observations were made for each residence. After the physical characteristics were updated, new cost approach values of \$113,587 and \$118,388 were determined for each residence's improvements. Adding land value yielded a total value of \$265,581. Respondent requested the Board adjust subject's 2017 assessment upward to this value based on the new cost approach findings.

For further support, Respondent provided information on four (4) sales. Three (3) transactions were from 2016, with one (1) sale taking place in 2015. The sale prices ranged from \$145,000 to \$158,500 for residences ranging in size from 1,523 to 1,558 square feet. In two (2) separate analyses Respondent made adjustments to the sale properties as compared to each residence comprising subject. Adjustments were made for differences in multi-home versus single-home, age, fireplace, kitchen appliances and gross living area. In each sales comparison approach, the adjusted price indications for each of subject's residences ranged from \$110,000 to \$123,000, excluding land value. Using the sales comparison approach, Respondent concluded an improvement value of \$118,000 for each individual residence, or a total value of \$269,606, 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. 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 often valued using the sales comparison approach. Both parties looked to the sales comparison approach. Respondent also updated its cost approach based on corrections to some characteristics. The updated or corrected cost approach valuation yielded \$265,581.

Both parties offered sales information for the Board's review. The key difference between the parties centered on the type of sale properties each selected. Respondent

primarily focused on sales of single-residence types. While Appellant provided sales of duplexes, however failed to make adjustments for differences between the sale properties and subject. In this regard, the Board favored Respondent's comparable sales selection and accompanying analysis because it was focused on comparable sales more similar to subject and adjustments were made for property differences.

Appellant's sales were all duplexes, which properties cannot be split with the residential units sold individually. The Board notes the subject, in its current ownership and use, is unlikely to be sold with the residences as separate properties. But the question here is subject's current market value in fee simple interest. The record indicates it would take fairly minimal effort and time to file quitclaim deeds permitting subject's two (2) residences to be sold separately. Also from the record we find single-family patio homes do sell for higher prices than duplexes.

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 valuation analysis was narrowly focused on subject's specific and actual property attributes. Whereas Appellant's selected sales were not adjusted for significant differences between the duplex properties and the subject with its two (2) residences. Further, the totality of Respondent's value evidence demonstrated subject's current market value is likely 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 \$265,581. 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 \$265,581, with the indicated value increase attributable to the improvements.

DATED this 2nd day of February, 2018.