

BEFORE THE IDAHO BOARD OF TAX APPEALS

SID LEZAMIZ, JR.,	)	
	)	
Appellant,	)	APPEAL NO. 17-A-1256
	)	
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. RPT3164001003AA. 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 \$42,178, and the improvements' value is \$387,176, totaling \$429,354. Appellant contends the correct improvements' value is \$174,050, with no change to the land value of \$42,178, totaling \$216,228.

The subject property is a single level multi-unit patio home built in 2007. The

property is located in Twin Falls, Idaho. Subject's three (3) living units all include two (2) bedrooms, two (2) bathrooms, and a one-car garage. Two (2) of the residences contain 1,264 square feet, and the remaining residence contains 1,306.

Appellant provided information on three (3) 2016 triplex sales situated in subject's general area. The sale properties were built in 1945, 1961 and 1979. The sale prices ranged from \$95,000 to \$239,000, and the triplexes consisted of between 2,331 and 3,152 square feet in total size. Appellant used these sales to compare with subject's improvements. Appellant first subtracted subject's assessed land value of \$42,178 from each sale price. After removing the land value, the residual indicated improvement price rates from \$22.66 to \$62.44 per square foot. Appellant used an average price per square foot of about \$45.39 and applied it to subject's 3,834 total square feet to conclude a value of \$174,050 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 as three (3) single family residences, or a zero lot line residence versus a triplex. It was noted the zero lot line homes sell for relatively more than a typical triplex. The differences between the two (2) types of structures are two-fold. First, zero lot line residence requirements are specific, in that there are two (2) hour fire separation resistant walls between multi-resident homes, versus one (1) hour fire separation walls for a triplex. 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 residences. 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 by Respondent. Appellant explained there was no intention to sell the units individually and argued subject should be valued for its actual "use", which use is as a triplex rental.

On appeal Respondent physically reinspected the subject property. Observations were made for each residence and the data records were updated as indicated. After updating the characteristics records Respondent's cost approach indicated a new value of \$418,526. This new value was slightly lower than the value determined by the Board of Equalization. Respondent requested this Board adjust subject's 2017 assessment to this new value based on the recent inspection and the new cost approach.

For further support, Respondent provided information on four (4) 2016 sales of comparable properties. The prices ranged from \$180,000 to \$186,900 for single residences which consisted of 1,606 or 1,342 square feet in size. After removing land values, Respondent made adjustments to the comparable sales, as compared to each subject residence, for differences in multi-home versus single-home, design and appeal, quality of construction, age, garage size, and gross living area. Across each of the three (3) analyses, the adjusted prices ranged from \$137,800 to \$150,300. Under the sales comparison approach, Respondent concluded a final subject value of \$486,578.

## 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 commonly 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 was in the type of sale 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 focused on sales we 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.

Respondent had recently inspected the subject property and updated the property characteristics to derive an updated cost approach value of \$418,526. This updated cost approach better reflected subject's physical characteristics and the property's current market value. Respondent's sales comparison approach added further good support for subject's assessed 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. 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 \$418,526. However a small adjustment from this value is needed to reflect the fact one (1) of subject's residences does not have a fireplace.

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 in value as reflected below.

Land	\$ 42,178
Improvements	<u>\$374,348</u>
Total	\$416,526

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 7<sup>th</sup> day of February, 2018.