

BEFORE THE IDAHO BOARD OF TAX APPEALS

SID LEZAMIZ, JR.,)	
)	
Appellant,)	APPEAL NO. 17-A-1264
)	
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. RPT5187015001CA. 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 \$36,801, and the improvements' value is \$384,990, totaling \$421,791. Appellant contends the correct improvements' value is \$208,587, with no change to the land value of \$36,801, totaling \$245,388.

The subject property is a single level multi-residence patio home built in 2008. The

property is located in Twin Falls, Idaho. The two (2) living units each include (3) bedrooms, two and one-half (2½) bathrooms, and a double car garage. One (1) of these residences contains 1,774 square feet and the other 1,772 square feet, for a total improvement size of 3,546 square feet.

Appellant provided information on three (3) duplex sales situated in subject's general area. The sale properties were built in 2010, 1995 and 1965. The sale prices ranged from \$183,500 to \$265,000. The duplexes ranged in total size from 2,590 to 3,840 square feet. The duplex built in 2010 sold for \$265,000 in November of 2015. This sale property contained 2,590 square feet. Appellant subtracted subject's assessed land value of \$36,801 from each of the prices to calculate a per-square-foot price rate for each of the sales' improvements. One (1) sale was also adjusted downward by \$6,912 to reflect closing costs paid by the seller. After extracting the land value and making the closing cost adjustment, the improvements' indicated price rates ranged from \$38.20 to \$88.10 per square foot. Appellant selected an average price per square foot of about \$58.82 and applied this to subject's 3,546 square feet. This indicated a value of \$208,587 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 standards of zero lot line homes and the two (2) residences 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 is currently being rented as a duplex so should not be valued as two (2) separate dwellings.

Respondent physically inspected subject after the Board of Equalization hearing. Observations were made and some property characteristics were updated. The main changes were a downward 12% market adjustment, and an upward adjustment for quality and design complexity. On appeal, a new cost approach yielded a total value including land of \$375,717. Respondent requested the Board lower subject's assessment based on the new cost approach findings.

For further support, Respondent provided information on four (4) 2016 sales. Sale Nos. 1 and 2 both sold for \$180,000 with the residences each containing 1,606 square feet. Sale Nos. 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 the subject residences, for differences in multi-home versus single-home design, design and appeal, quality of construction, condition, fireplace and gross living area. The adjusted price indications for the subject residences ranged from \$168,700 to \$178,700, excluding land value. Using the sales comparison approach, Respondent concluded a total subject value including the land of \$374,201.

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 presented an updated cost approach and asked the Board to reduce subject’s assessed value to the updated figure of \$375,717.

Appellant argued subject should be valued for its actual “use”, which use was described as duplex rental units. Respondent maintained subject could be sold as two (2) separate homes and therefore each was valued as a 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 that subject should be compared to like individual residences, not a mix of 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 and one (1) newer 2010 duplex. The Board found Appellant's sale properties did not represent subject's characteristics, including the patio homes being capable of independent ownerships and with respect to the age differences between two (2) of the sale properties and subject.

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 appraisal analysis reasonable, documented, and supported. On appeal, Respondent discovered subject to be somewhat over-assessed as indicated by both its cost and market approaches. Therefore it was requested subject's value be reduced.

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 by Appellant. 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 market value of \$375,717. 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 \$375,717, with \$36,801 attributable to the land, and \$338,916 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 13th day of February, 2018.