

BEFORE THE IDAHO BOARD OF TAX APPEALS

BRIAN HOELSCHER,	)	
	)	
Appellant,	)	APPEAL NO. 18-A-1025
	)	
v.	)	FINAL DECISION
	)	AND ORDER
ADA COUNTY,	)	
	)	
Respondent.	)	
_____	)	

**RESIDENTIAL PROPERTY APPEAL**

This appeal is taken from a decision of the Ada County Board of Equalization modifying an appeal of the valuation for taxing purposes of property described by Parcel No. R7384180110. The appeal concerns the 2018 tax year.

This matter came on for hearing October 10, 2018 in Boise, Idaho before Board Member Leland Heinrich. Appellant Brian Hoelscher was self-represented. Chief Deputy Assessor Brad Smith 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 Ada County Board of Equalization is affirmed.**

FINDINGS OF FACT

The assessed land value is \$143,600, and the improvements' value is \$324,100, totaling \$467,700. Appellant agrees with the value of the land, however, contends the improvements' value is \$301,000, totaling \$444,600.

The subject property is located in southeastern Boise, Idaho in the Regatta Place subdivision. The four (4) bedroom, three (3) bathroom, 2,056 square foot residence was

constructed in 1991 and is situated on a .27 acre lot. The residence totals 2,056 square feet in size, with 1,409 square feet across the main level and 566 square feet on the upper floor. The property is further improved with a 952 square foot garage and small shed.

Appellant purchased subject in March of 2016 for \$339,000. After the purchase, Appellant endeavored to remodel the residence. With a budget of \$50,000, multiple contractors submitted bids to perform remodeling work to the kitchen and three (3) bathrooms. In all, Appellant reported spending nearly \$53,000 on the renovations, which were completed in December 2016. It was noted, and also reflected in Respondent's records, the remainder of the residence was only minimally touched up since the purchase. To complete remaining needed work, Appellant estimated an additional cost of roughly \$11,500.

In support of reducing subject's assessed value, Appellant relied on the sales information offered by Respondent. Sale No. 1 was regarded as most comparable to subject in terms of location, square footage, bedroom and bathroom counts, and age. It was also noted this residence had been recently renovated. The property sold in October 2017 for \$415,000. In Appellant's view, Sale No. 1 represented the best evidence of subject's current market value. Appellant adjusted the sale price to account for subject's larger lot size, date of sale, and the shed in subject's backyard, resulting in an adjusted price of \$443,342, or \$218 per square foot. Because subject's residence needs some more updating, Appellant concluded a value of \$216 per square foot.

Appellant also provided analysis related to Respondent's Sale No. 2. This property

was a .20 acre lot improved with a three (3) bedroom, two (2) bathroom residence constructed in 1989. The property sold in October 2017 for \$380,000. Appellant adjusted the sale price to account for differences between subject and the sale residence for square footage, garage size, bathroom count, lot size, backyard shed, and date of sale. The result was an adjusted price of \$441,156.

Regarding Sale No. 3, Appellant argued it should be excluded because Respondent's worksheet indicated a total size of 2,494 square feet, whereas the Multiple Listing Service (MLS) listing sheet showed a size of 2,539 square feet.

Respondent explained subject's original assessed value for the current tax year was reduced following an interior inspection of subject, which noted the residence still needed some updating work. The subsequently recommended value of \$467,700, or an 8.36% increase, was ultimately accepted by the Ada County Board of Equalization.

To support subject's assessment, Respondent offered information on the above-referenced three (3) sales. Adjustments were made to the sale prices for purposes of comparison with subject. Sale No. 1 was regarded as most similar to subject, however, Respondent highlighted the lot and garage were both smaller than subject's and the quality of the remodeling work was somewhat inferior as well. Though specific details were limited, Respondent adjusted the \$415,000 sale price upward to \$447,700.

In similar fashion, Respondent adjusted Sale Nos. 2 and 3 to account for differences compared to subject. The adjustments made to Sale No. 2 included an adjustment for lot size and a \$50,000 adjustment because the sale residence had not been recently

remodeled. In all, the \$380,000 sale price was adjusted upward to \$474,000. Sale No. 3 was adjusted primarily for bathroom count, garage size, and date of sale. The July 2017 sale price of \$476,000 was adjusted to \$504,500. With primary emphasis on Sale No. 1, the concluded value for subject was \$467,700.

### 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, 2018 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 sales comparison approach, the income approach, and the cost approach comprise the three (3) primary methods for estimating market value. *Merris v. Ada County*, 100 Idaho 59, 63, 593 P.2d 394, 398 (1979). Residential property is often valued using the sales comparison approach, which approach considers recent sales of nearby similar

property.

The parties offered a combined three (3) sales in support of their respective value positions. The parties agreed Sale No. 1 was most similar to subject in key respects. These included general design, age, size, and that both recently underwent updating work. Relying heavily on the sale, Appellant adjusted the price upward to \$443,342 to account for subject's larger lot size, the backyard shed, and date of sale. Respondent also emphasized Sale No. 1. Adjustments were made for lot size, garage size, and lesser quality remodeling work, resulting in an adjusted price of \$447,700.

As for the other two (2) sales, Appellant advocated they be largely or completely ignored because in Appellant's view, Sale No. 1 was sufficient to determine subject's current market value. While we agree the most similar property might or should feature prominently in an appraisal, a proper sales comparison approach, for a common property type like the subject, would consider multiple sales of similar property. This broader consideration reduces the risk of an atypical sale price, or perhaps an appraisal deficiency, from influencing the value conclusion. For this reason, the Board preferred Respondent's analysis, which included a consideration of three (3) sales. Though further details concerning the specific adjustments made would have been preferred, the adjustments noted were typical of a traditional sales comparison approach analysis. Overall, Respondent was found to have afforded a thorough and reasonable valuation consideration.

Idaho Code § 63-511 requires Appellant to demonstrate error in subject's valuation

by a preponderance of the evidence. Given the record in this matter, we did not find the burden of proof satisfied. Appellant's analysis was limited to a single sale, which was insufficient in the Board's view to disrupt subject's current assessed value. As such, the decision of the Ada County Board of Equalization is affirmed.

**FINAL ORDER**

In accordance with the foregoing Final Decision, IT IS ORDERED that the value decision of the Ada County Board of Equalization concerning the subject parcel be, and the same hereby is, AFFIRMED.

DATED this 7<sup>th</sup> day of December, 2018.