

BEFORE THE IDAHO BOARD OF TAX APPEALS

LOREN MCGINNIS,)	
)	
Appellant,)	APPEAL NO. 18-A-1041
)	
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 denying an appeal of the valuation for taxing purposes of property described by Parcel No. R2738510310. The appeal concerns the 2018 tax year.

This matter came on for hearing October 12, 2018 in Boise, Idaho before Board Member Leland Heinrich. Appellant Loren McGinnis was self-represented at hearing. Residential Appraisal Supervisor Erin Brady 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 \$104,500, and the improvements' value is \$231,900, totaling \$336,400. Appellant agrees with the land value, however contends the value of the improvements is \$180,000, totaling \$284,500.

The subject is a .115 acre lot and residence located in the Fallingbrook No. 2 subdivision in Boise, Idaho. The property is improved with a 1,531 square foot patio style

residence constructed in 2004. The residence is comprised of three (3) bedrooms, (2) bathrooms, and a 469 square foot attached garage.

Respondent explained subject's neighborhood was trended upward for the current assessment year due to an appreciating local real estate market. Respondent reported a median value increase in the neighborhood of 19.07%. Subject's assessed value increased 18.24% for 2018.

The parties both offered information concerning the same three (3) sales from subject's subdivision, though the respective analyses differed. Sale No. 1 was a 1,471 square foot patio style residence constructed in 1999 and situated on a .096 acre lot. The sale residence shared the same bedroom and bathroom counts with subject and the garage was nearly the same size. The property sold in October 2017 for \$292,500. The parties agreed Sale No. 1 was not only the most recent sale in the neighborhood, but also the most physically similar. Appellant advocated using this sale as the basis by which to determine subject's assessed value. Respondent's analysis heavily considered this sale, however, also factored in two (2) additional sales.

The two (2) additional sales were properties located a couple lots from subject on the same street. Both sale residences were 1,486 square feet in size and both were constructed in 2002. The lot and garage sizes were also similar between the two (2) sale properties. Sale No. 2 transpired June 22, 2016 for \$300,000 and Sale No. 3 occurred earlier on February 26, 2016 for \$292,000. Respondent made adjustments to the sale prices to account for differences between subject and the sale properties. Some of the

characteristics for which Respondent made adjustments were lot size, age, residence size, and other relevant value factors. A time adjustment was also applied to bring the sale prices to current market levels as of the January 1, 2018 assessment date. In the end, the adjusted sale prices ranged from \$321,694 to \$346,764. Subject's assessed value is \$336,400.

Appellant did not make individual adjustments to the sales, but rather pointed to the assessment history of the three (3) sales compared to subject's history. Appellant's data indicated starting with the tax year 2014, the assessed value of Sale No. 1 lagged notably behind the assessed values of subject and the other two (2) referenced sales. Subject's and the other two (2) sales' assessments were tightly grouped. Because Sale No. 1's residence shared many similarities with subject's residence, Appellant contended the respective assessed values should also be similar. Instead, subject's current or 2018 assessed value is roughly \$60,000 more than that of Sale No. 1. Appellant questioned whether subject was equitably assessed given the apparent disparate valuations. Respondent explained subject's residence is newer than the residence in Sale No. 1, and subject's lot is also somewhat larger, both of which contributed to subject's higher assessed value.

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 three approaches for determining market value include the sales comparison approach, the income approach, and the cost approach. *Merris v. Ada Cnty.*, 100 Idaho 59, 63, 593 P.2d 394, 398 (1979). Residential property is commonly valued using the sales comparison approach, which approach considers multiple recent sales of similar and proximate property.

Combined, the parties offered information concerning three (3) sales in support of their respective value positions. Though all three (3) sales were referenced, Appellant emphasized Sale No. 1 was the best evidence of subject’s current market value. Respondent agreed Sale No. 1 was the most similar to subject, however, noted there were some physical differences between the properties for which adjustments were needed. We agree, a proper sales comparison analysis makes individual value adjustments for differences in characteristics and attributes between a particular sale property and the

property being valued. Respondent's analysis was favored by the Board, where it resembled a more traditional sales comparison approach than that offered in Appellant's analysis, which lacked specific appraisal adjustments.

The Board was further persuaded in this matter by the other sales analysis offered by Respondent. Like Sale No. 1, the other two (2) sale properties shared many basic similarities with subject, including lot size and age. The primary concern with these sales is they occurred in early and mid-2016 which makes them somewhat dated. To address this concern, Respondent made time adjustments to the respective sale prices to reflect market conditions on January 1, 2018, which in the Board's experience and judgment is again a typical appraisal adjustment.

While the parties agreed Sale No. 1 represented the most recent and similar comparable sale, we do not agree with Appellant's position this sale alone should form the basis for subject's current assessment. Rather, a proper sales comparison approach considers, when available, multiple sales of comparable property. This tends to reduce the risk of an atypical sale price, or single sale's analysis, from improperly influencing a market value appraisal. To be clear, nothing in the record suggests the circumstances surrounding Sale No. 1 were atypical, however, the other (2) sales do point to a somewhat higher value for subject. This information cannot be ignored, particularly where it represents two-thirds (2/3) of the sales data in record, and all the sales enjoyed a high degree of comparability. Subject's assessed value is within the range indicated by the available sales data. The assessment uniformity between the sales properties, and by extension with subject, might

have been better for highly similar properties. However on the record before this Board, we did not find sufficient cause here to lower subject's assessment on uniformity grounds.

In appeals to this Board, the burden is with Appellant to demonstrate error in subject's valuation by a preponderance of the evidence. Idaho Code § 63-511. Though Appellant provided some good information for the Board's consideration, we found Respondent's analysis more thorough and better supported. 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 decision of the Ada County Board of Equalization concerning the subject parcel be, and the same hereby is, AFFIRMED.

DATED this 7th day of December, 2018.

IDAHO BOARD OF TAX APPEALS