

BEFORE THE IDAHO BOARD OF TAX APPEALS

EDWARD RIPPERT AND SUSANNE)	
LOMATCH,)	
)	APPEAL NO. 18-A-1249
Appellants,)	
)	FINAL DECISION
v.)	AND ORDER
)	
BOISE COUNTY,)	
)	
Respondent.)	
)	

RESIDENTIAL PROPERTY APPEAL

This appeal is taken from a decision of the Boise County Board of Equalization denying an appeal of the valuation for taxing purposes on property described by Parcel No. RP083040000170. The appeal concerns the 2018 tax year.

This matter came on for hearing November 30, 2018 in Idaho City, Idaho before Hearing Officer Cindy Pollock. Appellants Edward Rippert and Susanne Lomatch were self-represented. County Prosecuting Attorney Adam Strong 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 Boise County Board of Equalization is affirmed.

FINDINGS OF FACT

The assessed land value is \$40,000, and the improvements' value is \$300,299, totaling \$340,229. Appellants contend the correct market value is \$289,450.

The subject property is a 1.82 acre rural residential parcel located in the Wilderness Ranch subdivision situated roughly eighteen (18) miles south of Idaho City, Idaho. The

parcel is improved with a two (2) bedroom, two and one-half (2.5) bathroom residence constructed in 1995. The residence is comprised of 1,195 square feet of finished living area on the main floor, with an additional 200 square feet of finished space in the loft. The residence also includes a 530 square foot storage room, which originally served as the attached garage. It was noted the storage space is minimally finished and is not connected to the residence's HVAC system. Other improvements on the parcel include a 2,220 square foot detached garage/shop outbuilding, as well as a 200 square foot shed.

Appellants expressed several concerns with subject's current assessment. To begin, Appellants questioned the size of subject's residence as reflected in the county's property characteristics record. Based on the blueprints for the residence, Appellants contended there are 1,347 square feet of living space on the main floor and 188 square feet in the loft. Respondent explained the residence was re-measured during a visit to the property during mid-2017 and maintained its records accurately reflect subject's square footage.

For value evidence, Appellants offered information concerning four (4) sales from subject's subdivision which closed during 2017. The sale prices ranged from \$244,500 to \$329,900, or an average of \$294,489. Appellants also provided current assessment information for each of the referenced sale properties. It was noted the assessed values deviated appreciably from the respective sale prices. With subject's assessed value higher than the average price point indicated by the referenced sales, and given the varying sales ratios, Appellants questioned whether subject's current assessment was accurate.

Appellants further reported roughly 500 square feet of uncovered wood decking was removed during 2017. It was explained the deck had become unsafe because the wood used was not pressure-treated and had begun to rot. The remaining deck is a mixture of pressure-treated and non pressure-treated wood, the latter of which will need to be removed or replaced in the future. Appellants also discussed minor water damage to the detached garage/shop building, though were unsure how much it would cost to remedy. Lastly, Appellants contended subject's access from Highway 21 has become hindered because the bridge was recently deemed unsafe for heavier vehicles. It was reported larger service trucks could not cross the bridge and had to access the property via a more circuitous route. In response, Respondent offered testimony that a study of the sales data from prior to and after the bridge being deemed unsafe did not indicate any impact on market value.

Respondent characterized subject's subdivision, located a short driving distance from Boise, Lucky Peak Reservoir, and Robie Creek boat docks, as unique within the county. Proximity to these amenities was cited as a primary reason sales activity within the subdivision has been robust in recent years. Respondent reported eighty (80) sales within the subdivision over the last four and one-half (4.5) years. Eighteen (18) of these occurred during 2017. Based on this recent sales activity, Respondent determined assessed values in the area generally needed to be increased for 2018. Assessment information for the 2017 sales was provided and showed on average a 24.85% value increase was needed. Subject's valuation increased by 18.59% for the current assessment year.

To support the assessed values for subject's various components, Respondent examined each individually. For the land, Respondent offered information on two (2) vacant lot sales from the immediate subdivision. The sale lot sizes were 1.97 and 2.76 acres, though it was noted neither included septic amenities. Actual sale prices were not shared, however, Respondent reported time-adjusted sale prices of \$37,375 and \$55,000, for an average price per acre of \$19,450. The time adjustment applied was 1% per month. Respondent concluded subject's land value of \$19,231 per acre was well supported by the sales.

Focusing on subject's detached garage/shop improvement, Respondent provided five (5) sales of residential properties with similar type improvements. Most of these similar garage/shop improvements were remarked to be older and notably smaller than subject's. Respondent attempted to isolate the sale values attributable to the detached improvements by subtracting the assessed values of underlying lots and other associated improvements from the respective time-adjusted sale prices. The reported residual garage/shop values ranged from \$25 to \$74 per square foot, or an average of \$55 per square foot. Subject's detached garage/shop improvement was assessed at \$52 per square foot.

Turning to the value of subject's residence, Respondent performed an extraction analysis similar to that described above. Eight (8) improved sales were considered, three (3) of which were also included in Appellants' exhibit materials. Time-adjusted sale prices ranged from \$226,538 to \$448,412, from which Respondent removed the assessed land values, as well as values attributable to other improvements. The result was price

indications for the sale residences ranging from \$159,438 to \$328,578, or from \$107 to \$140 per square foot. Subject's 1,395 square feet of finished living area was assessed at \$111 per square foot, and the 530 square feet of converted garage space was assessed at \$56 per square foot.

Using the same above eight (8) improved sales, Respondent offered a direct sales comparison approach analysis. Though there was some variance in terms of square footage, the sale residences were generally similar to subject's residence in terms of bathroom count, construction quality, condition, age, and basic design. Again, actual sale prices were not shared, however, time-adjusted prices were reported to range from \$226,538 to \$448,412.

Each of the eight (8) comparable sales was directly compared to subject and adjustments were made to account for differences between the subject and the individual sale properties. The two (2) largest adjustments were for differences in finished living area and outbuilding size. Subject's outbuilding was noted to be appreciably larger than the outbuildings associated with the sale properties. After applying adjustments, Respondent calculated adjusted prices ranging from \$337,818 to \$398,678, or an average of \$370,647. By comparison subject's assessed market value is \$340,229.

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 the testimony and

documentary evidence, 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 cost approach, and the income approach comprise the three (3) accepted methods for estimating market value. *Merris v. Ada County*, 100 Idaho 59, 63, 593 P.2d 394, 398 (1979). Residential property is commonly valued using the sales comparison approach, which in general terms analyzes recent sales of similar and proximate property.

Before discussion of the parties' respective market value evidence, we will address a couple other concerns expressed by Appellants. First, Appellants contended the size of subject's residence as reflected in Respondent's records is inaccurate. According to Appellants, the blueprints indicated a somewhat smaller square footage. While the Board understands this concern, we did not find sufficient support to conclude a size measurement different than reported by Respondent. A presumption of correctness attaches to the property records maintained by the county and the burden is with Appellants to demonstrate error. We did not find demonstrable error in this case.

Respondent physically inspected subject in mid-2017, at which time the exterior measurements of each improvement were taken. Appellants' size claim is based on subject's blueprints, which in the Board's experience can be different from how a valuation service directs a measurement be calculated. In an effort to promote consistency, certain exterior measurements are used in assessment. We found no error in Respondent's use of exterior measurements to value subject.

Appellants were also concerned whether subject's assessment accurately reflected the removal of roughly 500 square feet of wood decking and some water damage suffered to the detached garage/shop building. Respondent acknowledged some decking was removed during 2017 and reported its record's reflected such. Respondent was unaware of water damage to the garage/shop, so there was no special consideration given in this regard. From the photographs in record, however, the water damage appeared to be minor and restricted to a few baseboard trim areas near external doorways. Though we agree water damage can impact value, there was no clear indication in the record of how much, if any, impact minor damage may have on market value. As such, we did not find sufficient cause to adjust subject's assessed value for this factor.

In terms of market value evidence, both parties offered recent sales information for the Board's consideration. The parties' efforts in this regard were appreciated. Though the sales data was generally well received, the Board was concerned with some of the analysis. Appellants relied on four (4) sales, however, no appraisal-like analysis was attempted. Rather, Appellants calculated the average price of the four (4) sales and

contended subject's value should be similar. The problem, however, with simply averaging of unadjusted sale prices, is no consideration is given to differences between subject and the sale properties. This is particularly worrisome in this appeal because the subject includes a 2,200 square foot garage/shop improvement, the value of which represents roughly one-third (1/3) of subject's total assessed value. By contrast, only one (1) of Appellants' sale properties included any outbuildings at all, and from the information provided, the outbuilding appears to be significantly smaller than subject's. In sum, the Board was unable to correlate the unadjusted sale price information to a reliable indicator of subject's current market value.

Respondent's appraisal analysis was better received by the Board. In addition to employing a more traditional sales comparison approach, wherein sale properties were directly compared to subject and adjustments made for differences, it also endeavored to provide support for each component of subject's assessment. Respondent used an extraction method in an attempt to isolate values attributable to each of subject's major property components. For example, five (5) sales with larger outbuildings were used to estimate the value of subject's detached garage/shop. A similar analysis was performed for subject's residence, which value indication was further supported by Respondent's above-referenced sales comparison approach.

Appellants bear the burden of proving error in subject's valuation by a preponderance of the evidence. Idaho Code § 63-511. We did not find the burden of proof satisfied in this instance. Respondent's valuation analysis was found to more closely

approximate accepted appraisal practices. Respondent's appraisal evidence was also found to present the better supported estimate of current market value. Accordingly, the decision of the Boise County Board of Equalization is affirmed.

FINAL ORDER

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

DATED this 27th day of February, 2019.