

BEFORE THE IDAHO BOARD OF TAX APPEALS

DAVID KLINGER,)	
)	
Appellant,)	APPEAL NO. 19-A-1069
)	
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 on property described by Parcel No. R2336000670. The appeal concerns the 2019 tax year.

This matter came on for hearing October 8, 2019 in Boise, Idaho before Board Member Leland Heinrich. Appellant David Klinger was self-represented. Ada County Supervisor Erin Brady represented Respondent.

Board Members 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 \$162,000, and the improvements' value is \$393,100, totaling \$555,100. Appellant agrees with the assigned land value, however, contends the correct value of the improvements should be \$338,100, for a total value of \$500,100.

The subject property is a three (3) bedroom, one and three-quarters (1 3/4) bathroom residence situated on a .22 acre lot in Boise, Idaho's North End neighborhood. The single level residence was constructed in 1935, however, was remodeled in 1980, which added finished living area in the basement. In its current configuration, the residence includes 1,408

square feet on the main level and 660 square feet in the basement. The property is further improved with a detached 768 square foot garage.

Appellant explained subject is located in a historic district overlay, which restricts Appellant's ability to improve the property or make other adjustments and modifications. It was also noted the renovation work completed in 1980 to add basement living space has made the residence less marketable to buyers with mobility difficulties. And further, a storage closet was lost as a result of the renovation, which in Appellant's view contributes negatively to subject's value.

Appellant acknowledged sale prices in the Boise area have notably increased over the past several years, however, contended the rapid escalation in assessed values are not reasonable and are causing hardship in the form of higher tax bills for local owners. Appellant pointed to a report published in The Spokesman-Review newspaper in June 2019, which centered on a report issued by a Wall Street analytical firm. The report suggested home prices in Idaho are overvalued in the market by 20% to 24%.

Appellant discussed concerns with the general assessment process, as well as some errors found in subject's property characteristics reflected in Respondent's records. Specifically, Appellant was concerned interior inspections were not part of Respondent's regular assessment regimen even though interior features and finishes could greatly influence market value. Further, Appellant pointed out subject does not have a fireplace, nor does it have two (2) full bathrooms as depicted in Respondent's records. Respondent testified the corrections have been made, though contended there was no market data to suggest any impact on subject's overall value. And therefore Respondent did not recommend a value

reduction based on the corrections to the property record.

Appellant also referenced three (3) sales from subject's neighborhood in 2018 and two (2) listings. These in Appellant's view supported a reduction in subject's assessed value. Though details were limited, the referenced properties were generally similar to subject in age, as well as, bedroom and bathroom counts. Sale prices ranged from \$354,000 to \$543,000, and the listings had asking prices of \$425,000 and \$530,000. Respondent challenged the comparability of the sales and listings offered by Appellant. Specifically, one of the sale residences was noted to lack a basement, and the other two (2) were 1,000 square feet or more smaller than subject's residence.

Respondent characterized subject's neighborhood as diverse in terms of residence design, size, age, and configuration. It was noted such variance makes it difficult to find good comparable properties in the neighborhood. Respondent acknowledged values in the neighborhood have been increasing, however, explained it was due to a robust and active real estate market. It was remarked properties put on the market in the North End are commonly purchased within a couple days or even within a few hours.

Turning to subject's valuation, Respondent offered information from six (6) sales, two (2) of which were also included in Appellant's list of sales. All the sales occurred during 2018 and all are situated in the same historical district as subject. The sale residences were multi-level design and were generally representative of subject in terms of age, square footage, and bedroom and bathroom count. Lot sizes, however, were noted to be smaller than subject's, which at .22 acres, was noted to represent one of the larger lots in the area. Sale prices ranged from \$475,000 to \$550,000.

Respondent compared each sale property directly to subject and made adjustments to the respective prices based on physical differences between the sale properties and subject. Some of the adjustments were for square footage, fireplace count, and garage size. The largest adjustments were for lot size and time of sale, the latter of which Respondent adjusted at a rate of 1% per month. Adjusted sale prices ranged from \$572,108 to \$631,928. Subject's current assessed value is \$555,100.

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 in fee simple interest, 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, 2019 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 (3) primary methods for determining market value are 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, which in general terms considers recent sales of similar property, with

adjustments made to account for differences in time, location, and physical attributes between the sales and the subject property.

Appellant's primary contention centered on the financial burden on property owners who have in recent years been faced with a rapidly appreciating real estate market. In Appellant's view, corresponding increases in assessed values are unreasonable. Appellant urged the Board to consider the human consequences of continued increases in assessed values. While the Board certainly understands these concerns, we are nonetheless bound by the laws governing property assessment. In Idaho, this requires non-exempt property be assessed at market value. Idaho Code § 63-203. And as described above, market value is estimated using recognized appraisal methodologies, which rely on recent market data. In other words, the Board must base its valuation decisions on current market data, whether it results in an increase or decrease in value.

Turning then to subject's market value, Appellant did offer information concerning three (3) sales and two (2) listings from 2018. Though the information was appreciated, there were concerns from the Board's perspective. Listings are not generally regarded as the best evidence of market value. Listings can be helpful in identifying an upper limit of value, but would rarely receive primary weight in a proper valuation analysis when actual sales of similar or competitive properties were available. The Board's other concern was the limited information on the physical characteristics of the sale and listing properties. There were questions about the comparability of a couple of the properties, where the residences were roughly one-half (1/2) the size of subject. Appellant did not attempt to adjust the sales for comparison to the subject property, but rather relied on the raw sale prices.

Respondent's analysis, on the other hand, was better received by the Board. Respondent directly compared six (6) recent sales from the neighborhood to the subject property and made appraisal adjustments for noted differences. Though some of the adjustments appeared somewhat aggressive, nothing in the record suggested such adjustments were erroneous or unsupported by available market data. Respondent's analysis also included a time adjustment factor, which in a rapidly increasing market is an important consideration. Overall, Respondent's analysis was judged to be the better indication of subject's current market value.

Pursuant to Idaho Code § 63-511, Appellant bears the burden of proving error in subject's valuation by a preponderance of the evidence. Given the record in this case, the Board did not find the burden of proof satisfied. Rather, the evidence was found to be supportive of subject's current assessment.

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 18th day of November, 2019.