

BEFORE THE IDAHO BOARD OF TAX APPEALS

JOAN AND JP JOHNSTON,)
)
 Appellants,) APPEAL NO. 19-A-1084
)
 v.) FINAL DECISION
) AND ORDER
 ADA COUNTY,)
)
 Respondent.)
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)
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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. R5488510065. The appeal concerns the 2019 tax year.

This matter came on for hearing October 10, 2019 in Boise, Idaho before Board Member Leland Heinrich. Appellants Joan and JP Johnston were 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 modified.

FINDINGS OF FACT

The assessed land value is \$149,600, and the improvements' value is \$144,500, totaling \$294,100. Appellants contend the correct market value is \$194,814.

The subject property is a 1.18 acre rural residential lot located outside Eagle, Idaho in Phase #2 of the Maryglen subdivision. The development is comprised of larger acreage lots, typically in the four (4) to five (5) acre range. Subject is the smallest lot in the subdivision. The property is improved with a 1,422 square foot single-level residence with a 600 square foot

attached garage constructed in 1978. There was a discrepancy in the number of outbuildings situated on the property, with Respondent reporting four (4) and Appellants contending subject has only one (1) outbuilding.

Appellants detailed issues with subject's current assessment. Of primary concern were potential errors in subject's property record maintained by the assessor's office. First, was the number of outbuildings. It was maintained subject has only one (1), not four (4). Second, Appellants stated subject's residence has two (2) bedrooms, not three (3). Third, the property record indicated the residence has a fireplace, but instead it has a wood stove in the garage with a standalone stove pipe. It is not a permanent fixture. Lastly, Appellants questioned why the size of subject's residence has changed several times over the years. According to Appellants, the building permit from 1978 reflects 1,408 square feet. In 2012, the reported size was 1,440 square feet, and in 2019 the record indicates 1,422 square feet. Appellants contended the true size is 1,374 square feet.

Using the sales data provided by Respondent, Appellants developed a couple tables to examine the information. The first table detailed some of the physical attributes of the sale properties, such as lot size, age, finished living area, garage size and bedroom and bathroom count. For each attribute, the data was highlighted to show whether subject was superior or inferior to the sales. The second table was a breakdown of the respective assessed values of the sale properties reported in unit rates, such as value per bedroom and value per square foot.

Respondent explained subject's subdivision was reappraised for the 2019 assessment year as part of its regular five-year reappraisal plan. Respondent reported values in the

development increased from 7.8% to 25.0%. Subject's assessment increased 8.13% for 2019.

Regarding the number of outbuildings, Respondent agreed satellite imagery does not appear to depict four (4) outbuildings. Respondent explained efforts had been made in the past to visit the property for purposes of verifying the number of outbuildings, but no onsite review of subject's characteristics had occurred prior to the hearing in this matter.

In its appraisal of subject, Respondent offered an analysis of six (6) comparable sales, four (4) from subject's subdivision, and two (2) from outside the development. The sale residences were somewhat larger than subject's and there was some variance as well in the bedroom and bathroom counts. Lot sizes for the sales in subject's subdivision were larger, while the two (2) sales outside the subdivision were both one (1) acre parcels. The sale residences were similar to subject in age and all included attached garages. Sale prices ranged from \$269,900 to \$521,000. Respondent compared each sale property to subject and made adjustments for noted differences in property characteristics, such as square footage, lot size, garage size and bathroom count. Adjusted prices ranged from approximately \$250,000 to \$425,000. For comparison, subject's current assessment is \$294,100.

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 Cnty.*, 100 Idaho 59, 63, 593 P.2d 394, 398 (1979). A residential property is commonly valued using the sales comparison approach. This approach seeks to compare recent arm's-length sales of similar property to subject and, where helpful, make appraisal adjustments to account for differences in property characteristics.

Appellants' primary concerns centered on potential errors in subject's property record. The first item was the number of outbuildings situated on the lot. Appellants maintained there is only one (1) outbuilding, not four (4) as reflected in Respondent's records. Respondent acknowledged there may be an error in its records with respect to the outbuildings. Citing the satellite image of the subject property, Respondent agreed it did not appear there are four (4) outbuildings. Based on the evidence provided, it is apparent to the Board subject should be understood to have one (1) outbuilding, presumably the 1,296 square foot structure reported by Respondent. The other three (3) outbuildings, with sizes of 525 square feet, 225 square feet, and 225 square feet, should be removed from subject's property record and assessment. Unfortunately, the assessed values of the individual outbuildings were not provided. However, based on the relatively small sizes, the contribution to subject's market value is likely minimal.

A small value adjustment is warranted.

As for the other errors asserted by Appellants, the Board did not find sufficient cause to support a further adjustment to subject's assessed market value. Respondent's records reflect a size of 1,422 square feet for subject's residence. Appellants contended the actual size is 1,374 square feet. It was not clear if Appellants' size figure was an interior measurement or an exterior measurement, or how it was calculated. It is worth noting, Respondent's property records reflect exterior measurements, which is the method applied throughout the county. In any event, a presumption of correctness attaches to the assessor's records and without more support for a different size figure, the Board will presume the measurement reflected in Respondent's records is correct.

The Board was also unpersuaded an adjustment is needed for bedroom and fireplace count. While a bedroom can in some circumstances contribute additional value, in the Board's experience the value typically lies in having the living area available under the same roof, not necessarily that the space be dedicated to an extra bedroom use. Whether bedroom count is a driving factor in value is determined by the marketplace, however, in this case there is no market evidence to suggest additional contributory value attributable to a bedroom above the value already inherent in the square footage itself. As for the fireplace, there was no opinion offered concerning the potential impact on subject's overall value. Subject does have a wood stove, even if it is not permanently affixed to the residence like a traditional brick fireplace. Again, without market-based support for an adjustment, the Board was hesitant to change subject's assessment on this basis.

Both parties relied on the same five (5) sales, though the respective analyses were quite

different. Appellants focused on the assessed values of the sale properties and contended subject was overvalued by comparison. Though the Board appreciates the concerns in this regard, a comparison of assessed values is not a recognized appraisal approach. Further, there were questions with the analysis itself in terms of how differences in property characteristics were accounted for or considered. The only apparent adjustment was the removal of assessed land values from the respective total assessed values. In short, the Board did not view this analysis as a good indicator of subject's market value.

Respondent's analysis, based on the sales comparison approach, was better received by the Board. Three (3) sales from subject's neighborhood were directly compared to subject and appraisal adjustments were made for differences in property characteristics. The adjustments were found to be reasonable and typical of a traditional sales comparison approach. The indicated range of value from roughly \$250,000 to \$521,000 was found to be well supportive of subject's current valuation of \$294,100.

In accordance with Idaho Code § 63-511, the burden is with Appellants to establish subject's valuation is erroneous by a preponderance of the evidence. Based on the evidence provided, we did not find the burden of proof satisfied, with the exception of the number of outbuildings on the property. Per Appellants' testimony and the satellite image, it is clear to the Board there is one (1) outbuilding on the property, not four (4). Based on the purported size of the three (3) outbuildings at issue, it is not likely they contributed much to subject's overall assessed value. As such, we will assign a value of \$500 to each and remove such values from subject's assessment. The remaining aspects of subject's valuation were supported by recent and relevant market data and warrant no further adjustment.

Based on the above, the decision of the Ada County Board of Equalization is modified to reflect a decrease in the value of subject's improvements to \$143,000, with no change to the \$149,600 assigned land value.

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, MODIFIED to reflect a decrease in the value of subject's improvements to \$143,000, with no change to the \$149,600 land value, or a total value of \$292,600.

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 Appellants.

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 5th day of February, 2020.