

BEFORE THE IDAHO BOARD OF TAX APPEALS

RONALD JONES,

Appellant,

v.

ADA COUNTY,

Respondent.

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APPEAL NO. 19-A-1059

FINAL DECISION
AND ORDER

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 on property described by Parcel No. R8461270180. 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 Ronald Jones was self-represented. Chief Deputy Assessor Brad Smith 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 modified.

FINDINGS OF FACT

The assessed land value is \$119,900, and the improvements' value is \$455,100, totaling \$575,000. Appellant contends the correct market value is \$535,000.

The subject property is a .17 acre lot improved with a 2,762 square foot two-story residence constructed in 2013. The residence includes three (3) bedrooms and two and one-half bathrooms (2^{1/2}), in addition to a 704 square foot attached garage. Subject is located in the Timberside subdivision in Boise, Idaho.

For value evidence, Appellant began with several pages from an independent fee

appraisal of the subject with an effective valuation date of August 16, 2017. The appraisal concluded an estimated market value of \$465,000. In addition to the appraisal information, Appellant provided a list of twelve (12) sales from subject's immediate neighborhood. These homes were constructed by either the same builder as with subject or the other comparable builder. The homes had sale dates from late 2016 through the end of 2017. It was noted other residences in the development were constructed by higher-end builders. Appellant excluded these latter sales from his consideration. The considered sales ranged in price from \$373,000 to \$524,000 for residences between roughly 2,200 and 3,000 square feet in size. Appellant calculated an average price rate of \$171.72 per square foot, which was noted to closely approximate the \$172.22 per square foot value concluded in the fee appraisal report. In Appellant's opinion, this bolstered the reliability of the fee appraisal value.

In similar fashion, and using the same selection criteria, Appellant also compiled a list of sales from 2018 and early 2019, though the 2019 sales were not used in the final analysis. This data set included residences ranging from 2,187 to 3,010 square feet in size, and in sale price from \$420,000 to \$579,000, or from roughly \$170 to \$204 per square foot. Based on the two (2) sets of data, Appellant calculated an upward time adjustment of nearly 1% per month. This time adjustment rate was then applied to the \$465,000 value from subject's mid-2016 fee appraisal to bring it up to January 1, 2019, the relevant valuation date in this appeal. This yielded a rounded value of \$535,000 for subject, which value Appellant petitioned this Board to adopt.

Respondent's value evidence consisted of three (3) sales from 2018 located in subject's neighborhood. Sale No. 1 was regarded as the best indicator of subject's value due primarily

to its close physical proximity to subject, as well as the date of sale being near the 2019 assessment date. This single level 2,779 square foot residence situated, on a .200 acre parcel, sold in October 2018 for \$575,000. Sale No. 2 concerned a two-story residence 2,744 square feet and a .171 acre lot. The property sold in August 2018 for \$579,000. Sale No. 3 involved a .137 acre parcel improved with a 2,575 square foot two-story residence, which sold in July 2018 for \$549,000. Respondent compared each sale property to the subject and made adjustments for differences such as square footage, lot size, bathroom count, and garage size. A 1% per month time adjustment was also applied. After adjustments, Respondent reported the adjusted prices ranging from \$575,020 to \$604,451.

Appellant challenged the inclusion of Sale Nos. 1 and 2 in Respondent's analysis. Sale No. 2 was noted to have been a Parade of Homes model and therefore was fitted with interior upgrades subject does not enjoy. Sale No. 1 was questioned based on its sale price, which Appellant characterized as an outlier compared all the other sales, except Sale No. 2, which was the highest priced 2018 sale on the list. In short, Appellant was concerned Respondent placed too much weight on the two (2) highest sale prices from 2018.

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.

Both parties provided a number of sales for the Board's consideration, which effort was appreciated. That being said, there were notable concerns with some of the sales information offered, particularly with respect to two (2) sales included in Respondent's analysis. While Sale No. 1 was the closest in proximity to subject and had roughly the same square footage, the residence was a single-level design instead of a two-story model like subject. In the Board's experience, single-level residences often command a higher price per square foot in the marketplace compared to multi-level designs. Respondent made no adjustment for this key difference, nor did it explain the absence of an adjustment. The Board was likewise concerned with the inclusion of Respondent's Sale No. 2. This was a Parade of Homes (i.e. flagship) model fitted with interior upgrades not commonly found in the other houses in the development constructed by the same builder. Again, no adjustment was found for this value

factor.

Appellant's case began with an independent fee appraisal from August 2016. At the time, this estimated subject's market value at \$465,000. Appellant then compiled sales information from subject's subdivision for 2017 and 2018 and identified an upward market trend of nearly 1% per month from the date of the appraisal to the January 1, 2019 assessment date. It is noted here, Respondent also concluded a 1% per month rate of appreciation. Appellant applied the trend rate to the value concluded in the fee appraisal to arrive a current value for subject of \$535,000.

As the party bringing forth this appeal, Appellant bears the burden of proving error in subject's assessed value by a preponderance of the evidence. Idaho Code § 63-511. Given the evidence provided in this matter, the Board finds the burden of proof satisfied. In short, there were too many questions, as noted earlier, concerning the comparability of Respondent's Sale Nos. 1 and 2 for the Board to find Respondent's analysis represented the best indicator of subject's current value. In addition to the physical differences, it was also noted by the Board Respondent's Sale Nos. 1 and 2 represented the highest priced sales to occur in the neighborhood during 2018. As Appellant's data revealed, there were numerous other properties which sold for lower prices, so it was curious here why more consideration was not given to some of these other market indicators. Based on the totality of the evidence, the Board is satisfied subject's value should be reduced.

The decision of the Ada County Board of Equalization is modified to reflect a reduction in subject's value to \$545,000.

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 value to \$545,000, with \$119,900 attributable to the land and \$425,100 attributable to the improvements.

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 Appellant.

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 18th day of November, 2019.

IDAHO BOARD OF TAX APPEALS

REDACTED

NOTICE OF APPEAL PRIVILEGES

Enclosed is a Final Decision and Order of the Idaho State Board of Tax Appeals concerning an appeal.

Motion for reconsideration of the hearing record or motion for rehearing the appeal (with good cause detailed) may be made by filing such motion with the Clerk of the Board within ten (10) days of mailing of the Final Decision and Order, with a copy of the motion being sent to