

Valley County
P.O. Box 1350
Cascade, Idaho 83611

December 20, 2016

Attention: County Commissioners and County Assessor

Subject: Valley County Method for Property Assessment

Commissioners and Assessor:

We represent Collective Vision LP (CV), a trust that owns Aspen Village Condominium Subdivision, Unit #L64 in Mc Call. As Trustees of CV, we have been receiving yearly property tax assessment notices from Valley County. Our review of the 2015 assessment, although we chose not to contest it, in our opinion, had over-stated the property value by at least 25%; the 2016 assessed value of the property increased another 10% to \$247,000. Based on our review of the 2016 Assessment Notice for this property, we concluded the Valley County assessed value was overstated by up to \$60,000, resulting in our meeting with your assessment staff before the final day to submit an appeal. Informal meetings were held and staff was more than courteous in listening to our issues. On behalf of Collective Vision LP, we submit this formal protest of the method of how Valley County assesses/values property for tax assessment and its final 2016 valuation for this property.

We do recognize there is a difference valuing single family, industrial and other individual property, and condominiums. Such differences include: Having detailed floor plan information; having a record of appurtenances such as a garage, other out-buildings/structures, recreational improvements and any unique property locations (i.e. lake front versus rural property); condos typically include several units and in this case the building the subject unit is in has 6 separate living spaces, which could create a difference in value in comparison to say a two unit structure, which becomes particularly important if something adverse happens to the building such as a fire.

We were informed during our meetings with staff that the method for property valuation involves a bifurcated process: 1) Using comparison data for property sales for the prior and possibly earlier years for property pertinent or similar to the property in question, and then increasing the comparative value for a garage(s). Our understanding from our meetings with staff is this arbitrary add-on is currently \$16,500 per garage; 2) Estimating the replacement value of the property if it were destroyed and then using some depreciation method to arrive at the property value at present time value. Staff were not able to provide specific information regarding depreciation method or logic that currently is used or resourced to complete this process.

So, the basis of our appeal and protest relates to valuation methodology and logic presently used, a record of which we assume you may review in the file for this property in conjunction with this letter. Without getting into the details of our interaction with staff, we were able to provide details about the interior for this unit that were not current to the County file, which we assume were updated for use to assist revised assessment. Additionally, with comparative sales information we provided, and discussing our logical approach for defending our position, a reasonable resolution was agreed to for this year; further action on our part did not occur, because of the limited protest/response period, there was no more time to formally pursue the appeal.

With this submittal we wish to go on record that we believe the final 2016 assessed value of this property is up to 18% higher than it should be. Additionally, a large portion of property in Valley County is not resided in by the registered agent/trustee/owner which means the recipient(s) of the assessment notice do not likely live in Valley County. Consequently, it is difficult for recipient(s) to be able to respond to these notices within the short appeal period. And the appeal process is more difficult due to not having the advantage of being "local" for an in-office visit(s) with staff to discuss appeals. Further, the very short time period that is given for response/appeal (we believe this period is about 20 days), and the way in which the appeal process exists requiring the appellant to be present for the formal hearing with Commissioners makes the process for a non-local appellant onerous. One option to assist reversal of these issues would be to send an advance notice to addresses different than the assessed property. This could provide the recipient advanced warning of the impending assessment and allow for appropriate planning and interaction to occur. Alternatively, increase the appeal period for non-local recipients.

We respectfully submit this written appeal that the way in which the County values property for assessment is not fare and has flawed procedures. The following substantiates this submission:

1. Other Counties in Idaho, such as Ada use only comparative market data to reach assessment values. This process utilizes real sales data for property in the area, and provides appurtenance data for each property that can be compared with the property in question. This procedure is considered logical and appropriate, based on our reviewing this process with real estate, accounting and legal representatives; it is considered the only fare method that is reasonable and logical to accurately conduct property valuation. For AVCOA #64, we were able to obtain comparative data from several similar properties sold in 2015. The average and median per square foot selling price was \$122 and \$124, respectively. These data were from sales of condominium properties that were constructed in 1981, 2004 and 2006. The subject unit was constructed in 1992. Therefore, using the average sales for these structures is reasonable since 1992 is mid-point for these dates. Unit #L64 has 1480 square feet; using the average sales data, this unit should be assessed for 2016 at a value of approximately \$181,000, since we understand the County uses that prior year property sales data to arrive at an assessed value. The final assessed value for 2015, after our

meetings with staff was \$215,000, which is 18% to 19% above the comparative valuation.

2. The method of estimating the replacement value of the property and then depreciating the property to current anticipated value is an arbitrary process: 1) How is the replacement value calculated without yearly estimates for each structure being assessed? For #L64, there are 6 individual units, and the cost for reconstruction of this building should be considerably less than say, 5 or 2 unit structures; 2) Is the method(s) used by staff to depreciate the property approved or considered appropriate by people knowledgeable and experienced for this work, and is staff professionally authorized or licensed to do so?; 3) The use of value bifurcating requires using personnel who should have a specific, discipline and education in property valuation in order to fairly and competently evaluate the data and make qualified, consistent decisions.
3. The Comparative valuation model for property includes ALL appurtenances including garages. Adding an arbitrary (estimated replacement value) is not consistent with using comparative data or logic-based accounting principles for property valuation. Nor does this arbitrary inclusion have any valid and logical defense.
4. The County in assessing property value has at least a fiduciary responsibility to know all specific aspects of a property in order to appropriately and fairly assess its value. The interview with staff made it clear the County does not have accurate, complete information concerning properties it performs valuations, resulting in erroneous data from which there cannot be accurate, complete assessment performed. From a tax payer's perspective, this is professionally and ethically not acceptable.

We recognize the County has a responsibility (and we are confident a desire) to provide and maintain assets that meet expectations of its residents and property owners. However, procedures should be in place, that are legally and functionally defensible.

Respectfully submitted,

Robert and Viki Howard, Co-Trustees Collective Vision LP,
Unit #L64 Aspen Village Condominiums, Mc Call, Idaho

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