

BEFORE THE IDAHO BOARD OF TAX APPEALS

HOWARD BELODOFF,)	
)	
Appellant,)	APPEAL NO. 19-A-1234
)	
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. R1001220030. The appeal concerns the 2019 tax year.

This matter came on for hearing October 18, 2019 in Boise, Idaho before Hearing Officer Travis VanLith. Appellant Howard Belodoff was 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 affirmed.

FINDINGS OF FACT

The assessed land value is \$265,000, and the improvements' value is \$506,500, totaling \$771,500. Appellant agrees with the value of the improvements, however, contends the land value should be \$180,000, for a total assessed value of \$686,500.

The subject property is a .26 acre lot located in The Bluffs subdivision in the Boise Foothills. The subdivision is comprised of eleven (11) hillside parcels with varying views of downtown Boise, the broader city-scape, the golf course and the foothills. The subject enjoys

180 degree views of the city and valley. Residences in the development were constructed between 1989 and 1993, with the exception of the multi-level subject residence, which was constructed in 2006. Subject's residence totals 4,428 square feet in size, with 1,014 square feet in the basement and the remaining footage spread over the main and upper levels. The property is further improved with an 838 square foot attached garage.

Appellant challenged the roughly 56% increase in subject's assessed land value for the 2019 tax year. Outlined were several characteristics of the subject lot argued to negatively impact market value. To start, Appellant highlighted the topography of the lot. As depicted by photographs, the rear of the parcel is steeply sloped down to a public roadway, thus preventing any development on that portion of the property. Also related to the slope, Appellant reported extensive work and costs associated with creating a level building site. Roughly \$60,000 was spent on the excavation work for the foundation. It was further explained the footprint of the residence encompasses nearly all the usable land, leaving no space available for yard or other improvements. Lastly, Appellant pointed out an Ada County drainage and slope easement bisects a portion of the subject parcel, which further limits the development options. In Appellant's view, the steep slope and drainage easement have restricted the utility and usability of the parcel, which in turn has diminished the market value of the property.

Appellant also questioned the methodology Respondent used in setting land values in the subdivision. It was noted land values on subject's side of the street increased less, on a percentage basis, than assessed land values on the east side of the street. For subject's side of the street, Appellant contended all the parcels, except Lot 2 situated below subject on the hillside, shared the same views. Despite the common view, it was noted land values increased

by \$5,000 increments moving from the bottom of the subdivision to the top of the hill, which Appellant found curious. Appellant was also concerned with the land value of Lot 2, which sits at the entrance of the subdivision, at the lowest elevation. Here it was contended the property enjoys the best view on the west side of the street because there are no immediate neighbors or obstructions to the south, the west, or the east. In all, Appellant characterized the assessment methodology as arbitrary and failing to adequately consider the unique land characteristics of each parcel in the development.

For further value evidence, Appellant presented sales data collected by a local realtor. Twenty-nine (29) lot sales from the broader foothills area were reported, with prices ranging from \$95,000 to \$379,900. The median price was \$199,000. Appellant focused on two (2) sales from the Lancaster Heights subdivision, which is located near subject's development. The first of these sales was a .34 acre parcel which sold in 2018 for \$199,900. The second sale concerned a .53 acre lot which sold in 2018 for \$269,900. Appellant characterized the views from these two (2) sale lots as superior to subject's view. As the subject lot size is smaller than these sale lots, and in Appellant's opinion has an inferior view, it was argued subject's lot value should be somewhat lower than the two (2) sale prices.

Further offered was information from two (2) other lot sales located farther away in the Highlands subdivision near a golf course. Though similar in size to the subject lot, these sale lots were noted to be more level and easier to develop. The first lot sold in January 2018 for \$310,950, and the second sold in February 2018 for \$320,000. Respondent pointed out these sale lots were located near the bottom of the hill near the golf course, which is why they were more level. Respondent also stressed these last two (2) sale lots had inferior views due to their

lower elevation, yet sold for appreciably more than subject's assessed lot value. In Respondent's view, the Highlands sales were not comparable to the subject property.

Respondent began by explaining subject's neighborhood was reappraised for 2019 as part of the county's regular five-year reappraisal cycle. It was noted the assessed land values in subject's subdivision had remained relatively stable for several years, however, recent sales activity suggested increases were necessary to keep up with the appreciating market. For 2019, Respondent reported an average increase in the total assessed value of 18.58% in the neighborhood, with subject receiving a 15.77% increase.

Focusing on land values in subject's subdivision, Respondent explained view was a primary factor driving value. According to Respondent, the most coveted views are of downtown and the capitol building, followed by views of the city, the valley, the golf course and the foothills. Elevation was also cited as a contributing factor to a parcel's particular view. These factors are evident in the assessed land values in subject's subdivision, which increase as the elevation increases, and are higher for parcels situated on the east side of the street with its views of downtown and the city.

Respondent presented information on three (3) vacant lot sales and three (3) improved sales. The vacant lots ranged in size from .263 to .538 acres, however, Respondent estimated the usable acreages ranged from .14 to .17 acres. The usable acreage was estimated by removing the areas with steep slopes, easements (if any), and setback requirements from the size calculation. Sale No. 1 was a .538 acre lot with roughly .16 acres available for development. This parcel was described as having 150-degree views from the front of the house, including a limited city view. As the sale lot was at a lower elevation than subject,

Respondent regarded the view as inferior to subject's view. The property sold in November 2018 for \$269,900.

Respondent's vacant Sale No. 2 was a .403 acre lot with an estimated .17 buildable acres, and a 40 degree view to the northwest. The parcel sold in October 2018 for \$355,000. Also referenced was another lot-only sale located four (4) parcels up the hill, which sold in August 2018 for \$375,000. This latter sale lot was noted to have a higher elevation and a 90 degree view to the northwest. In Respondent's view, these "paired sales," considered against one another, support the judgement that elevation and range of view both influence market value.

Respondent's Sale No. 3 closed in July 2018 for \$279,900. This .263 acre lot had an estimated .14 acres available for development. This parcel was situated at a lower elevation than subject, though it does enjoy 180-degree views of the lower foothills. Respondent regarded the lot's location as inferior to subject's location because it abuts the Bogus Basin Road and is subjected to more traffic noise.

Respondent next provided an analysis of three (3) improved sales. Though located in subject's immediate area, all were situated at lower elevations. The sale properties ranged in lot size from .314 to .339 acres and in residence size from 2,036 to 4,048 square feet. Sale No. 1 was described as having a "good" city view, though the residence was noted to still have the original 1979 finishes. Respondent characterized the view of the city from Sale No. 2 as "average." Sale No. 3 was noted to have no view. The sale prices ranged from \$500,000 to \$729,900. Each sale property was compared to subject and adjustments were made for differences in the property characteristics. The largest adjustments were for differences in

gross living area, location and age. Smaller adjustments were made for bathroom count and garage size. Respondent reported the adjusted prices ranged from \$675,959 to \$867,285. Based on the comparative sales analysis, subject's market value was estimated to be \$775,000, which was noted to be a little higher than the property's current assessed value.

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) accepted approaches for determining market value include 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). The sales comparison approach, which relies on recent sales of similar property to develop an opinion of market value, is commonly used to value residential property.

Appellant's concerns centered on subject's assessed or underlying land value. In

particular, it was contended the subject lot was inferior to most of the lot sales submitted to the record by both parties. Appellant argued the building site was restricted and the lot's utility diminished on account of the drainage easement and the steep slope. In Appellant's view, these conditions were not adequately reflected in the current assessment. Though these concerns are well taken, the Board did not find the subject property to be uniquely impacted by the challenges associated with developing on a steep hillside. Indeed, nearly all of the Foothills lot sales were sloped and required excavation or other preparatory work before a residence could be erected. Most of this site work issue is moot with respect to the subject, because the work has already been done and a residence has already been constructed. If anything, the undeveloped sales should be adjusted upward to reflect the contributory value of the site development work needed and in place to support a residence.

On the issue concerning the drainage easement crossing the subject property, it too has been effectively rendered moot by the fact that a residence has been constructed on the parcel. If subject were a vacant lot, the easement could potentially impact the value because the easement does in fact limit design options for the residence. However, where Appellant was able to construct a substantial residence within the bounds of the buildable area, the Board is strained to find, in a relevant sense, how the drainage easement has any actual impact on the current use and enjoyment of the property.

In terms of value evidence, both parties offered information from several sales for the Board's consideration. The lot sale prices ranged from \$199,900 to \$320,000. The parties disagreed with the quality of the views from the different sale lots, with Appellant generally arguing subject's view was inferior and Respondent contending subject's view was superior.

The Board acknowledges view is an important factor driving value in subject's neighborhood, but view is a subjective factor and difficult to quantify. In this particular case, the Board was less concerned with differences in view characteristics between subject and the sale lots because the subject's land value at \$265,000 is lower than all the lot sales except the one (1) which sold at \$199,900. This last sale appears to be an outlier in the data set. In short, the Board was unable to correlate the sale prices reported by Appellant, which interestingly represented the two (2) lowest and the two (2) highest priced sales in the record, to the requested land value of \$180,000.

In addition to the referenced lot sales, Respondent also developed a value opinion using recent improved residential sales. Three (3) improved sales, all located within subject's immediate neighborhood, were selected and compared to subject. Various appraisal adjustments were made for differences in the property characteristics between the subject and the sale properties. The result was a range of adjusted prices from roughly \$676,000 to \$867,000. Appellant objected to the introduction of the improved sales information because he thought only subject's land value was under appeal. While we understand Appellant's issue rests with subject's assessed land value, the controlling issue in this appeal is the market value of the subject property; i.e. the entire subject property as a single unit. When an appeal of an assessment is filed, the Board's jurisdiction extends to the entire assessment, not just a portion of it. In other words, Respondent's appraisal of subject as an improved property was proper because it reflects how such property typically sells in the marketplace. Respondent's consideration of subject as an improved residential property, and the corresponding value conclusion, was well received by the Board.

Idaho Code § 63-511 places the burden on Appellant to demonstrate error in subject's valuation by a preponderance of the evidence. We did not find the burden of proof satisfied in this instance. The sales offered by both parties supported subject's current land value, and Respondent's analysis of the improved sales offered further support for the current assessment.

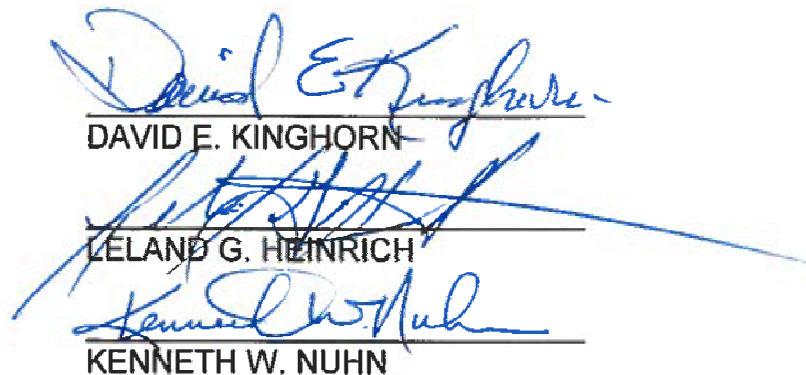
Based on the above, the decision of the Ada County Board of Equalization is affirmed.

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 3rd day of March, 2020.

IDAHO BOARD OF TAX APPEALS



DAVID E. KINGHORN
LELAND G. HEINRICH
KENNETH W. NUHN