

Appellant was primarily concerned with the nearly 185% increase in subject's land value over the prior year's assessment. Appellant calculated that at the current assessment, subject's .34 acres are assessed at roughly \$403,000 per acre. In Appellant's view, the local market did not support such a land valuation rate.

For value evidence, Appellant offered information on sixteen (16) recent lot sales and current listings. The properties involved were located in the Garden Valley area. Appellant highlighted two (2) current listings for lots located down the road from subject. The lots were .31 and .32 acres in size, both with asking prices of \$32,000. Respondent pointed out these lots were not riverfront, however nine (9) of the properties included on the list were riverfront and had sold during 2018.

For the sixteen (16) referenced properties, the lot sizes varied from .25 to 6.85 acres. Prices ranged from \$32,000 to \$250,000, or from roughly \$24,000 to \$270,000 per acre. Based on the range of indicated value, Appellant questioned how subject's land value could be so much higher on a per-acre basis than all the sales.

Respondent described a vibrant market for riverfront property across the county. Respondent reported an average of 65 days on the market for riverfront properties. This compared to an average marketing time of 295 days for non-riverfront properties. The robust riverfront market was noted to have contributed heavily to the increasing values in subject's area. Respondent calculated a 1% per month appreciation rate during 2018.

Respondent explained the price of riverfront property in the county is primarily driven by the specific site's attributes and the ability to access or view the water, not strictly lot size. A list of all seventeen (17) riverfront sales from 2018 was provided. Five (5) of the sales were

vacant lots ranging in size from 1.0 acres to 6.85 acres, and in time-adjusted sale price from \$165,000 to \$250,000, or from roughly \$24,000 to \$165,000 per acre if viewed that way. The improved sales were likewise varied widely in sale price. Details concerning the improvements were not shared, however Respondent provided the assessed values of the improvements associated with each sale property. The improved sales' lot sizes ranged from .22 to 157.07 acres. The raw sale prices were not indicated, but time-adjusted sale prices ranged from \$172,000 to \$2,224,000. In an effort to isolate the raw land values, Respondent removed the assessed values of the associated improvements, including well and septic values. This resulted in raw land "price indications" ranging from \$96,959 to \$1,835,132, or from \$11,684 to \$487,477 per acre.

Respondent offered its Sale Nos. 1, 2 and 3 as the most comparable to subject in terms of lot size. Sale No. 1 was a .22 acre parcel improved with a 856 square foot residence, which had a time-adjusted sale price of \$230,000, with a residual land value of \$107,245, or \$487,477 per acre. Sale No. 2, with a time-adjusted sale price of \$226,000, concerned a .42 acre parcel improved with at 932 square foot residence. The indicated land residual value was \$110,587, or \$263,302 per acre after the improvement values were removed. Lastly, Sale No. 3 was a 640 square foot residence attached to a .43 acre riverfront parcel. The time adjusted sale price was \$172,500, with a residual land value of \$96,959, or \$225,486 per acre.

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 submitted by the parties, 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 sales comparison approach, the cost approach, and the income approach represent the three (3) recognized methods for valuing real property. *Merris v. Ada Cnty.*, 100 Idaho 59, 63, 593 P.2d 394, 398 (1979).

Though both parties offered numerous sales for the Board’s consideration, neither party developed an analysis rooted in the more commonly accepted appraisal practices. Appellant provided raw sales and listing information geared toward raw land, with no direct comparisons to subject or adjustments made for location, size or any other property characteristic. Respondent likewise did not offer a direct sales comparison approach of the improved subject, but rather simply removed the assessed improvement values from the sale prices to arrive at the residual land values. As no formal appraisal analysis was provided, the Board was left to sift through the sales data and weigh the various value indicators accordingly.

Respondent stressed lot size or overall acreage was not a primary value factor for riverfront properties. Instead, it was contended the river amenity itself is the key driver of value, regardless of lot size. The Board does not dispute the contention acreage or lot size is not as

meaningful for riverfront properties, but there must be some identifiable factor(s) driving riverfront values, whether it be the amount of frontage, ease of access to the water, surrounding views, or other factors. The point is, in order to make any comparisons with the sales data, there must be some basis for comparison between the subject property and the sale properties. As physical details concerning the sale properties are scant in the record, there is little to no way to meaningfully compare the subject to the sale properties. In the end, the Board was really only left with reported prices per acre as a unit of comparison.

When examining the sales data a pattern does start to emerge; the larger the acreage, the lesser the price rate on a per-acre basis. This is not surprising. It is consistent with the law of diminishing returns, which in basic terms states that the price-per-unit decreases as the number of units increase. This record includes seventeen (17) riverfront sales, and the per-acre price rates were widely scattered, from roughly \$11,700 to \$487,000 per acre. This latter price rate in particular appears to be an outlier, not only compared to the remainder of the list, but also when compared to the other two (2) sales that Respondent offered as most comparable to subject. In fact, the land residual price rate of Sale No. 1 is more than \$200,000 per acre higher than the other two (2) sales Respondent focused on. In the Board's view, this sale might be considered an outlier which should be excluded. To include Sale No. 1 too heavily in the analysis would tend to skew the value conclusion upward. Based on the other two (2) sales, and the broader set of sales provided by both parties, the Board found subject's assessed land value is somewhat overstated and should be reduced.

In appeals to this Board, the burden lies with Appellant to demonstrate error in subject's valuation by a preponderance of the evidence. Idaho Code § 63-501. Though we found the

burden of proof satisfied, the Board did not find adequate support for the value petitioned by Appellant. Rather, based on the evidence, the Board found support for a land value of \$120,000, which figure includes well and septic values. The decision of the Boise County Board of Equalization is modified accordingly.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Boise County Board of Equalization concerning the subject parcel be, and the same hereby is, MODIFIED to reflect a decrease in the assessed land value to \$120,000, with no change to the value of the improvements, resulting in a total value of \$232,866.

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 that under certain circumstances the above ordered value for the current tax year shall not be increased in the subsequent assessment year.

DATED this 7th day of February, 2020.