

BEFORE THE IDAHO BOARD OF TAX APPEALS

M.A. JANE STONE-SAYKO,	)	
	)	
Appellant,	)	APPEAL NOS. 19-A-1363,
	)	19-A-1364 & 19-A-1365
v.	)	
	)	FINAL DECISION
BOISE COUNTY,	)	AND ORDER
	)	
Respondent.	)	
	)	
	)	
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**RESIDENTIAL PROPERTY APPEALS**

These appeals are taken from decisions of the Boise County Board of Equalization modifying and affirming valuations for taxing purposes on properties described by Parcel Nos. RP09N04E108570, RP09N04E108560 and RP09N04E108580. The appeals concern the 2019 tax year.

These matters came on for hearing November 14, 2019 in Idaho City, Idaho before Board Member Leland Heinrich. Appellant M.A. Jane Stone-Sayko was self-represented. County Assessor Chris Juszczak represented Respondent.

Board Members David Kinghorn, Leland Heinrich and Kenneth Nuhn join in issuing this decision.

**The issue on appeal concerns the homesite assessment on three (3) parcels.**

**The decisions of the Boise County Board of Equalization are modified and affirmed.**

FINDINGS OF FACT

Appeal No. 19-A-1363 (Parcel No. RP09N04E108570)

This parcel is 4.63 acres in size, of which 3.63 acres are valued as land actively devoted to agriculture at \$1,851, and one (1) acre is valued as a residential homesite at \$182,500. The improvements are assessed for \$138,928, resulting in a total value of \$323,279. Appellant contends the correct total value is \$148,759.

Appeal No. 19-A-1364 (Parcel No. RP09N04E108560)

For this five (5) acre parcel, all the land is assessed as land actively devoted to agriculture at \$2,500. The improvements are assessed for \$5,995, resulting in a total assessed value of \$8,495. Appellant disputes the assessment on the land value and contends the land should be assessed at \$1,750.

Appeal No. 19-A-1365 (Parcel No. RP09N04E108580)

For this six (6) acre parcel, five (5) acres are valued at \$2,500 as land actively devoted to agriculture, and one (1) acre is valued as a residential homesite at \$162,500. The improvements are assessed for \$95,024, resulting in a total assessed value of \$260,024. Appellant contends the correct total value is \$52,889.

The subject properties are contiguous and located on the Middle Fork of the Payette River in Garden Valley, Idaho. The “Home” parcel (Parcel No. RP09N04E108570) is improved with a multi-level log-style residence constructed in 1982. The residence totals 2,104 square feet in size, with roughly 618 square feet in the basement. The upper loft area is used as a bedroom and there are two (2) additional bedrooms in the basement. The Home parcel is further improved with a couple general purpose outbuildings, with a combined assessed value of \$20,981.

The “North” parcel (Parcel No. RP09N04E108560) is improved with a hay cover assessed at \$5,995. The remaining “South” parcel (Parcel No. RP09N04E108580) is improved with an open pole-framed shed cover with 3,520 square feet on the main level and 1,080 square feet of space on the mezzanine level.

Appellant’s concerns centered on four (4) primary issues. The first was the assessed

value of subject's residence. Appellant detailed deferred maintenance issues, such as roof deterioration, damaged siding, rot in porch railings and support logs, and broken boards in the wood decking. In Appellant's view, the current assessed value of \$117,947 is excessive and should be reduced.

Appellant next focused on the assessment of the open pole building situated on the South parcel. This is currently used for storage of farming equipment and storage of assets from Appellant's prior business. It was noted the structure has no foundation, no concrete floor, no water, no electricity, no septic, no siding, no doors and no insulation. It is a basic pole framed cover constructed with steel beams. Appellant offered an estimate of value for the building using the cost approach. Relying on the Marshall Valuation Service, Appellant utilized a replacement-cost-new rate of \$8.00 per square foot for the 3,520 square foot main level, and a cost rate of \$4.80 per square foot for the 1,080 square foot mezzanine. Despite being constructed in 2003, Appellant used an effective age of ten (10) years, which equated to a 25% depreciation factor. The cost approach calculated a replacement cost new minus depreciation figure of \$25,008.

Appellant's third concern was the inclusion of a homesite assessment on the South parcel. It was explained the parcel has no onsite improvements, such as water, sewer and power. The parcel simply houses the above pole building. It was argued the assessed homesite acre should be valued as meadow land, the same as the remainder of the parcel. Appellant contended because the subject parcels are contiguous they should be considered a single tract for purposes of the agricultural "exemption." Accordingly, it was argued only one (1) homesite assessment is appropriate.

Lastly, Appellant contested the homesite assessment on the Home parcel. In this regard, information concerning six (6) riverfront sales was offered. The sale lots ranged in size from .93 to 6.85 acres, and the sale prices ranged from \$165,000 to \$250,000. The sale lots were compared to subject's homesite and adjustments were made for well and septic improvement, and any surplus land. The adjusted prices ranged from \$145,000 to \$204,000. Two (2) of the sales involved parcels with two (2) building sites, so the adjusted price indications of \$180,600 and \$204,000 were further adjusted to reflect \$90,300 and \$102,000 on a per homesite basis. In the end, the sales suggested a range of value for a building site from \$90,300 to \$210,000. Appellant concluded a value of \$100,000 for subject's rural homesite.

In similar fashion, Respondent addressed the various components of subjects' assessments individually. Beginning with the homesite values on the Home and South parcels, it was explained the riverfront property in Garden Valley had been the most active segment of the county's overall real estate market. According to Respondent, riverfront parcels in 2018 were on the market for an average of 65 days prior to sale, whereas all other property types experienced an average marketing time of 295 days. Against this backdrop, Respondent provided information on five (5) lot sales. The same five (5) sales were also included in Appellant's analysis. Only a \$20,000 adjustment was made for the well and septic improvements in Sale No. 1. Respondent highlighted Sale No. 2 as the best indicator of value because it shared the same one (1) acre size as subject's homesite. The lot sold in April 2018 for \$165,000.

Respondent next offered support for the value of subject's residence in the form of

seven (7) improved residential sales. Two (2) of the sale residences were two-level designs with finished basement space, while the remaining residences were single level models. The sale residences ranged in age from 1980 to 2015, and all were superior to subject in terms of construction quality and condition. The sale residences ranged in size from 1,428 to 2,965 square feet. The time-adjusted sale prices were roughly between \$260,000 and \$610,000. Respondent compared each sale property directly to the subject and made appraisal adjustments for the property differences, such as square footage, lot size, construction quality, condition, bathroom count and outbuildings. The adjusted price indications ranged from \$378,693 to \$531,009, with an average indication of \$454,673.

Turning lastly to the value of the pole building situated on the South parcel, Respondent again offered sales information. In this analysis, Respondent provided limited information regarding six (6) sales which included outbuildings. The outbuildings were constructed between 1997 and 2014. Respondent reported the time-adjusted sale prices ranged from \$176,409 to \$493,105. In an attempt to identify the contributory value of the outbuildings, Respondent removed the assessed values of the sale lots and any other improvements from the respective prices. This yielded residual value indications for the outbuildings ranging from \$45,056 to \$114,350, or from \$33 to \$41 per square foot. The average price rate was \$36 per square foot. Appellant challenged the comparability of the sales' outbuildings compared to subject's. All had exterior siding, and most also had concrete floors, utilities, insulation and doors. Respondent pointed out the subject outbuilding is assessed at \$21 per square foot, which in Respondent's opinion adequately accounts for the lesser finish of subject's pole building.

## 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 or the taxable value of exempt property. 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 sales comparison approach, the cost approach, and the income approach comprise the three (3) recognized methods for determining market value. *Merris v. Ada Cnty.*, 100 Idaho 59, 63, 593 P.2d 394, 398 (1979). A homesite together with any improvements situated thereon is assessed under the market value standard. As an administrative rule, Rule 645, provides, “each homesite and residential and other improvements, located on the homesite, shall be assessed at market value each year.”

There are two (2) primary issues in these appeals. First, whether it was proper here to assess two (2) distinct one-acre homesites, one (1) each on the Home parcel and the South parcel. Second, whether the assessed values of the residence and large pole outbuilding on

the South parcel, and the homesite on the Home parcel, are fair and correct.

We will first address the homesite issue. In the assessment of farm and ranch property, the assessment of a one-acre homesite is common in Idaho. The question in this appeal is whether it was appropriate to assess two (2) independent homesites where there are three (3) contiguous parcels involved. For the reasons below, we find only a single homesite should have been assessed.

Qualifying agricultural land is eligible for a partial exemption. Idaho Code § 63-604 provides in pertinent part,

(1) For property tax purposes, land which is actively devoted to agriculture shall be eligible for appraisal, assessment and taxation as agricultural property each year it meets one (1) or more of the following qualifications:

(a) The total area of such land, including the homesite, is more than five (5) contiguous acres, and is actively devoted to agriculture which means;

(i) It is used to produce field crops including, but not limited to, grains, feed crops, fruits and vegetables; or

(ii) It is used to produce nursery stock as defined in section 22-2302(11), Idaho Code; or

(iii) It is used by the owner for the grazing of livestock to be sold as part of a for-profit enterprise, or is leased by the owner to a bona fide lessee for grazing purposes; or

(iv) It is in a cropland retirement or rotation program.

Though many exemptions require an application, such is not required with respect to the valuation of agricultural land in excess of five (5) acres. “Exemptions pursuant to sections . . . 63-602K for land of more than five (5) contiguous acres . . . *do not require application* or approval by the board of county commissioners.” (Emphasis added.) In the case at bar, the three (3) subject parcels total 15.3 acres. All the land, except the two (2) one-acre homesites

on the Home and South parcels, were specially assessed as meadow land. Though the Board would have preferred more discussion and evidence connected to the agricultural use of the subject land, it is reasonable to presume, the exempted land does qualify as land actively devoted to agriculture due to livestock grazing use. Nothing in the record would suggest otherwise.

Appellant currently uses the three (3) subject parcels as a single property, and has done so historically. There are no barriers or other impediments to freely access each parcel. The subject parcels share a common ownership and agricultural use, and are contiguous to one another. There is only one (1) residence or farmstead involved. The three (3) parcels are in effect to be considered as a single property for assessment purposes.

Based on Respondent's assessment of the two (2) one-acre homesites, it appears to be a county policy to assign a uniform one (1) acre size to many or all county homesites. Such an approach would not technically conform with statutory requirements concerning the assessment of land actively devoted to agricultural. Strictly speaking, the special land assessment is only available to those portions of a parcel's land area which are actively devoted to a qualifying agricultural use. This necessarily excludes the land upon which improvements have been erected, including improvements like residences, outbuildings, storage yards, or other improvements. It would also exclude those land areas not producing a crop.

In the case of the subject parcels, the primary homesite improvements include the residence, the large pole building and a couple general purpose sheds. The homesite area would also include the access and might include most of the yard areas around the



improvements. The referenced improvements are grouped rather tightly along the western property line and access road. The complication in this case is the improvements, and their associated land areas, are situated on both the Home parcel and the South parcel.

While a homesite may typically sit on a single parcel, there are situations in which a rural homesite might overlap onto additional parcels. In the Board's view it is immaterial for purposes of appraisal whether a homesite sits entirely on one (1) parcel or if it extends to an additional parcel. The relevant appraisal unit is the homesite itself, its location and other attributes including how much area it takes up, how the homesite is improved, etcetera. Where a homesite is part of an integrated multi-parcel agricultural operation, it matters not on which parcel(s) the homesite is situated. We note again, there was only one (1) residence here and one (1) set of onsite improvements. And there was only one (1) primary driveway access.

In this instance, it is apparent the subject parcels are supported by, and involve, a single homesite. In the end, we find only one (1) homesite should have been determined and appraised at market value. Because the homesite is located on two (2) parcels, the homesite value needs to be allocated between the Home parcel and the South parcel. Regrettably, the record is thin on the actual size of the subject homesite, however, from the satellite imagery provided it appears the area dedicated to homesite use would not exceed one (1) acre. As such, for purposes of this decision the Board will adopt a homesite size of one (1) acre.

We turn now to the other questions concerning the market value portions of subjects' assessments. We begin with the value of the one (1) acre homesite. Both parties referenced the same (5) land sales, and Appellant also provided one (1) additional sale. The difference between the parties' value considerations was in the adjustments applied to the sales.

Respondent made a minor adjustment to one (1) sale to account for onsite improvements. Appellant made the same onsite improvement adjustment, but also applied surplus land adjustments. Appellant concluded a value of \$100,000. Though Appellant's consideration of additional adjustments was appreciated, it was not lost on the Board the value conclusion relied entirely on the three (3) lowest sale prices. The Board found this to be in error, particularly where a consideration of the remaining sales indicates a value more consistent with that determined by Respondent. In short, The Board found no error in subjects' having a one(1) acre homesite value of \$162,500.

In similar fashion, the Board ultimately found the values assigned to subject's residence on the Home parcel and the large outbuilding on the South parcel were reasonably supported. Admittedly the sales offered by Respondent were superior in construction quality and condition, however, the assessed values of these subject improvements were notably lower than indicated by the sales data. Respondent contended the lower values assigned to subjects' improvements sufficiently accounted for the quality and condition factors in comparison with the sales' improvements. Though the Board would have preferred an analysis of highly similar comparable sales, particularly construction quality and condition, the general methodology was found to be reasonable and supportive of Respondent's assessed value conclusions.

Pursuant to Idaho Code § 63-511, Appellant bears the burden of proving error in an assessment(s) by a preponderance of the evidence. With respect to the Home parcel and South parcel, the Board found support for an adjustment, however we did not find good cause to adjust the assessment of the North parcel. Specifically, the Board finds only a single homesite should be assessed, even though the homesite sits on portions of the Home and the

South parcels. The Board finds no error in Respondent's determination of \$162,500 as the raw homesite value, however this homesite value must be allocated between the two (2) parcels involved. Because precise measurements of the homesite area were not in the record the Board will assume an equal allocation of the homesite value to the Home parcel and to the South parcel for purposes of this decision.

Based on the above, the decisions of the Boise County Board of Equalization are modified and affirmed as detailed below in the final order.

#### FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decisions of the Boise County Board of Equalization concerning the subject parcels be, and the same hereby are, MODIFIED and AFFIRMED, as follows:

MODIFIED:

Appeal No. 19-A-1363 (Parcel No. RP09N04E108570)

Meadow land:	\$ 2,143 ( <i>4.13 acres x \$519</i> )
Homesite:	\$101,250 ( <i>\$81,250 homesite + \$20,000 onsite improv.</i> )
<u>Improvements:</u>	<u>\$205,913</u>
TOTAL	\$309,306

Appeal No. 19-A-1365 (Parcel No. RP09N04E108580)

Meadow:	\$ 2,855 ( <i>5.5 acres x \$519</i> )
Homesite:	\$ 81,250 ( <i>.5 acres</i> )
<u>Improvements:</u>	<u>\$ 95,024</u>
TOTAL	\$179,129

AFFIRMED:

Appeal No. 19-A-1364 (Parcel No. RP09N04E108560)

Meadow	\$2,500 (5.0 acres)
<u>Improvements:</u>	<u>\$5,995</u>
TOTAL	\$8,495

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.

DATED this 18<sup>th</sup> day of February, 2020.

IDAHO BOARD OF TAX APPEALS