

BEFORE THE IDAHO BOARD OF TAX APPEALS

MICHAEL MATHEWS,)	
)	
Appellant,)	APPEAL NO. 20-A-1017
)	
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. R1582150150. The appeal concerns the 2020 tax year.

This matter came on for telephonic hearing September 24, 2020, before Board Member Leland Heinrich. Appellant Michael Mathews was self-represented. County 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 \$207,500, and the improvements' value is \$532,000, totaling \$739,500. Appellant contends the correct total value is \$618,150.

The subject property is a .89 acre residential parcel located in the Covenant Hills subdivision in Eagle, Idaho. The property is improved with a 3,228 square foot single-level residence constructed in 2010. The residence includes four (4) bedrooms and two and one-half (2½) bathrooms. The property is further improved with a 1,293 square foot attached garage

and a 1,853 square foot detached RV garage constructed in early 2018.

Appellant contended subject's current assessed value was overstated based on available sales information. In this regard, Appellant provided information concerning five (5) sales which occurred during 2019 and two (2) from 2020. Sale No. 1 was a 3,616 square foot residence on a .91 acre lot, which sold in February 2019 for \$825,000, or \$228 per square foot. Appellant noted the residence included a dedicated theater room, a gourmet kitchen, a covered patio with a fireplace, extra garage space, and other upgrades the subject residence does not enjoy. Next was a 4,039 square foot residence situated on a .94 acre parcel, which sold in March 2019 for \$870,000, or \$215 per square foot. This property was noted to include an RV bay, two (2) additional bathrooms, and other upgrades. Sale No. 3 concerned a 3,842 square foot residence attached to a .85 acre lot, which sold in May 2019 for \$834,900, or \$217 per square foot. Appellant's Sale No. 4 was a 4,217 square foot residence on a one (1) acre lot, which sold in March 2019 for \$866,500, or \$205 per square foot. Appellant pointed out this sale property included a seven-car "add-on" garage, a bonus room, and superior interior finishes. Lastly, Sale No. 5 concerned as .87 acre lot improved with a 5,624 square foot residence, which sold in July 2019 for \$849,000, or \$151 per square foot. Appellant remarked this sale residence was custom throughout, including a pool, pool house, guest house with full kitchen, double staircase in the main entryway, and elaborate woodwork finishes. Appellant regarded the subject residence as inferior to all the sale residences in terms of construction grade, and therefore contended subject's assessed value should be at the lower end of the range indicated by the sales, at \$195 per square foot, or \$618,000.

Turning to Appellant's 2020 sales, the first concerned a 4,205 square foot residence

situated on a one (1) acre lot. This property sold in June 2020 for \$780,000, or \$185 per square foot. The second sale was a 1.1 acre lot improved with a 3,397 square foot residence, which sold in May 2020 for \$655,000, or \$193 per square foot. Based on these sales, with generally lower prices-per-square foot than the 2019 sales, Appellant suggested the market has dipped somewhat.

Respondent explained assessed values in subject's neighborhood area were trended for the current assessment year based on a study of 2019 sales from the local market. On average, values increased 8.69% in the neighborhood, with subject experiencing an 8.65% value increase. Six (6) sales were offered in support of subject's assessed value. Sale Nos. 3, 4, and 5 were also included in Appellant's analysis. The sale properties were generally similar to subject in terms of square footage, age, quality, design, and lot size. The sale residences ranged in size from 3,140 to 4,039 square feet, and lot sizes varied from .85 to 1.04 acres. Sale prices ranged from \$699,900 to \$870,000, or from \$215 to \$263 per square foot. Respondent directly compared each sale property to subject and made specific appraisal adjustments for noted differences in physical characteristics, such as above-grade living area, bathroom count, garage size, outbuilding size, time of sale, and location. Adjusted sale prices ranged from \$869,111 to \$915,482, or from roughly \$231 to \$283 per square foot.

Respondent emphasized Sale No. 5 as the most comparable to the subject property, particularly in terms of location. This property sold for \$860,000, or \$228 per square foot, in May 2019. Sale Nos. 1 and 2 were also given primary weighting in Respondent's analysis. These properties sold for \$789,00 and \$699,900, or \$240 and \$233 per square foot, respectively. Appellant disagreed Sale No. 5 was most comparable to subject. Appellant noted

the residence was packed with superior interior finishes and features, in addition to a covered patio with a fireplace. In Appellant's view, notable adjustments would be needed for purposes of comparison with subject.

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, 2020, in this case. Market value is always estimated as of a precise point in time. 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) primary methods for determining market value. *Merris v. Ada Cnty.*, 100 Idaho 59, 63, 593 P.2d 394, 398 (1979). The sales comparison approach is often used to estimate the market value of residential property, which in general terms relies on recent sales of similar property with consideration given for differences in property characteristics.

Both parties offered recent sales data for the Board's consideration, which efforts were appreciated. Appellant's sales included five (5) from 2019 and two (2) from 2020. Though

interesting data points, the 2020 sales are untimely for purposes of determining subject's market value on the January 1, 2020, assessment date, which necessarily relies on sales from prior to the date of assessment. As such, Appellant's 2020 sales information did not factor in the Board's analysis.

The remaining 2019 sales data was generally well-received by the Board. Despite some physical differences, the sale properties all sold within a relatively tight price range, from \$699,900 to \$870,000. Appellant's analysis focused on the sale prices on a per-square-foot basis. Appellant argued subject's assessed value should be less per square foot than the sales because subject does not have some of the amenities and custom finishes enjoyed by the sale residences. While the Board understands Appellant's position, it was not found to be particularly persuasive in this instance. First, no adjustments were made to the sale prices to account for differences in property characteristics, which would undoubtedly alter the per-square-foot price rates. Secondly, each of the 2019 sale residences were larger than the subject residence. The sale residences were between nearly 400 and 2,400 square feet larger than subject. It is a well-established real estate principle that larger residences generally sell at a lower price-per-square-foot rate than smaller residences, assuming the residences are otherwise comparable. In other words, it is not surprising subject's smaller residence was assessed higher on a per-square-foot basis than some of the larger sale residences. In short, the Board did not find good cause to adjust subject's assessed value on this basis.

Pursuant to Idaho Code § 63-511, the Appellant bears the burden of demonstrating error in subject's assessed value by a preponderance of the evidence. Given the record in this matter, the Board did not find the burden of proof satisfied. Though both parties offered

relevant sales data, Respondent's value position was supported with an appraisal analysis, which included adjustments for notable differences in property characteristics compared to the subject property. In short, Respondent's analysis was found to be more thorough and complete, resulting in a better-supported value conclusion.

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 2nd day of December, 2020.