

BEFORE THE IDAHO BOARD OF TAX APPEALS

DOUGLAS AND NICOLE HAINES,)	
)	
Appellants,)	APPEAL NO. 20-A-1313
)	
v.)	FINAL DECISION
)	AND ORDER
BOISE COUNTY,)	
)	
Respondent.)	
)	
)	
)	

RESIDENTIAL PROPERTY APPEAL

This appeal is taken from a decision of the Boise County Board of Equalization denying an appeal of the valuation for taxing purposes on property described by Parcel No. RP04501000009A. The appeal concerns the 2020 tax year.

This matter came on for telephonic hearing December 10, 2020, before Hearing Officer Travis VanLith. Appellant Nicole Haines was self-represented. 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 market value of an improved rural residential property.

The decision of the Boise County Board of Equalization is modified.

FINDINGS OF FACT

The assessed land value is \$166,565, and the improvements' value is \$230,925, totaling \$397,490. Appellants agree with the value of the improvements, however, contend the correct land value is \$75,000, totaling \$305,925.

The subject property is a .52 acre rural residential parcel situated in the Mills Mountain subdivision near the Payette River, a few miles south of Crouch, Idaho. The subject property is located roughly one-quarter (1/4) mile from the river with limited views of the water. The

property is improved with a three (3) bedroom, two (2) bathroom 1,584 square foot residence. The original residence, constructed in 1979, was 1,064 square feet. In 2010, subsequent to Appellants' purchase of subject in 2006, the residence was remodeled, and 520 square feet of living area was added. Attached to the residence is a 572 square foot garage as well as some wooden decking.

Appellants were concerned with subject's land value at \$166,565, of which \$27,000 was noted to be attributable to the onsite improvements, and questioned whether the valuation reflected current market value. The owner of the adjacent two (2) vacant lots recently decided to sell the lots. In January 2020, Appellants purchased roughly one-half ($\frac{1}{2}$) of the adjacent vacant lot for \$15,000, though it was not clear precisely how much land was included in the purchase. The remaining one and one-half ($1\frac{1}{2}$) lots were sold in mid-2020 to another party for \$48,000. Based primarily on these sales, Appellants argued subject's land value should be \$48,000, plus \$27,000 for the onsite improvements.

In addition to the adjacent lot sales, Appellants provided information concerning three (3) lot sales which occurred during 2019. Sale No. 1 was a .55 acre lot which sold in May 2019 for \$29,000, or \$52,727 per acre. Sale No. 2 was a .67 acre lot with a March 2019 sale price of \$30,000, or \$44,776 per acre. Lastly, Sale No. 3 was a .64 acre lot which sold for \$30,000, or \$46,875 per acre, in September 2019. According to Appellants, none of the sales were riverfront lots, though each of the lots were noted to enjoy views of the river. Respondent challenged the comparability of Appellants' lot sales because none were located in subject's subdivision. Respondent characterized subject's subdivision as an exclusive and highly desired riverfront community, not comparable to other areas in the county. As Appellants' sale lots

were not located in subject's subdivision, Respondent argued they should be disregarded.

Respondent provided a couple separate sets of sales, one (1) in support of subject's land value and the other in support of the overall valuation. The first data set, offered in support of subject's land value, included eight (8) sales from 2019, of which only one (1) was located in subject's subdivision. Five (5) of the sales were improved at the time of sale, and three (3) were vacant. The improved sales ranged in lot size from .47 to 1.48 acres, with sale prices ranging from \$305,000 to \$698,400. Respondent first applied a 2.1% upward time adjustment to each sale price to reflect pricing levels on the January 1, 2020, assessment date. To isolate values attributable to the lots, Respondent removed the assessed values of the sale residences from the respective sale prices as well as values attributable to the onsite improvements where appropriate. The result was time-adjusted residual land prices ranging from \$143,560 to \$255,637, or from \$134,135 to \$300,964 per acre. The three (3) vacant lot sales ranged in size from 2.59 to 2.78 acres, with sale prices ranging from \$232,000 to \$237,954, or from \$83,525 to \$91,874 per acre. Subject's .52 acres are assessed for \$139,565, or \$268,394 per acre, which Respondent maintained was reasonable in light of the available sales data.

Respondent's next set of sales data consisted of three (3) improved sales which closed during 2019. Sale No. 1 concerned a 972 square foot residence constructed in 1990 situated on a 1.21 acre parcel. This property, located roughly ten (10) miles outside subject's subdivision, sold in May 2019 for \$305,000. Sale No. 2, located in subject's subdivision, concerned a 1.48 acre parcel improved with a 1,504 square foot residence constructed in 2000. This property sold in September 2019 for \$399,000. Sale No. 3 was a 1,697 square foot

residence constructed in 1995 attached to a .47 acre lot. This property, located roughly ten (10) miles from subject, sold for \$332,500 in August 2019. Respondent first time-adjusted each sale price to January 1, 2020. Each sale property was then directly compared to the subject property, and various appraisal adjustments were made for differences in property characteristics such as lot size, bathroom count, square footage, construction quality, garage, and other amenities. After adjustments, Respondent concluded adjusted sale prices of \$480,803, \$398,018, and \$379,946, respectively. Respondent emphasized Sale No. 2 due to its location in subject's subdivision, and calculated a weighted average adjusted sale price of \$405,792 for the three (3) sales, which was noted to be higher than subject's current assessed value of \$397,490.

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 three (3) primary 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 is commonly used in the valuation of residential property. In general terms, the approach examines recent sales of similar property and considers differences in the property characteristics between subject and the sale properties.

Both parties presented sales information for the Board's consideration, which efforts were appreciated. That being said, there were some concerns with both parties' sales. Appellants offered their purchase of a portion of the adjacent lot for \$15,000, as well as the mid-2020 sale of the neighboring one and one-half (1½) lots for \$48,000. Though the Board understands Appellants' position, these particular two (2) sales are not the best evidence of subject's current market value. First, the mid-2020 sale occurred after the January 1, 2020 date of assessment and was therefore untimely. As for Appellants' purchase of a portion of the adjacent lot, the Board placed limited weight on this information because the transaction was atypical, where only a portion of the lot was purchased, not the entire parcel. Also, as it was unclear how much land was included in the purchase, the Board was unable to correlate the sale price to a reliable indication of value for subject's lot.

The Board was likewise hesitant to rely too heavily on the three (3) lot sales provided by Appellants. Though the sale lots were similar in size to the subject lot, the similarities appeared to mostly end there. None of the sale lots were located in subject's subdivision, and there was conflicting testimony about whether any of the lots had views of the river. In short, without more details concerning the sales offered by Appellants, the Board weighed the sales

cautiously in its analysis.

Respondent's sales data was separated into two (2) groups, one (1) to support subject's land value and the other to support subject's overall valuation. In support of subject's land value, Respondent presented information on eight (8) sales, five (5) of which were improved at the time of sale. For the improved sales, Respondent attempted to isolate the values attributable to the lots by removing all improvement values from the respective prices. While the Board understands vacant lot sales in subject's area may be limited, extracting improvement values from the sale prices is not generally considered a reliable valuation method. Further, only one (1) of Respondent's sale properties was similar in size to subject's .52 acre lot, with the other sale lots ranging in size from 1.00 to 2.78 acres. In addition, from the photographs provided, at least four (4) of the sale properties are located on the river with level and direct access to the waterfront. Subject is located roughly one-quarter (1/4) mile from the river with no direct access. In the Board's experience, access to water typically contributes significant value to a property. Lastly, only one (1) sale in Respondent's data set was located in subject's subdivision. Again, the Board understands sales may be somewhat limited in the area; however, Respondent criticized Appellants' lot sales for being located outside subject's subdivision and called for them to be disregarded. In all, the Board was not convinced the sales offered in support of subject's land value represented the best evidence of market value, particularly where no adjustments were made for location or river access.

The Board was similarly concerned with the three (3) improved sales used in Respondent's sales comparison analysis. Only one (1) of the sales was located in subject's subdivision; however, it appears the property is located on the river. The other two (2) sale

properties were located outside subject's subdivision, which in itself is not necessarily a problem; however, Respondent stressed the exclusivity of subject's subdivision and stated the development sets "its own market value due to its location." Where location is such a key attribute driving values in subject's neighborhood, it was curious why Respondent made no location adjustments to any of its sales. In all, the Board was left with too many questions concerning the comparability of the sales to rely too heavily on Respondent's sales analysis.

Pursuant to Idaho Code § 63-511, the burden is with the Appellants to establish subject's valuation is erroneous by a preponderance of the evidence. Given the record in this matter, the Board found the burden of proof satisfied, though did not find sufficient support for the value petitioned by Appellants. As discussed above, the Board identified several issues concerning the comparability of both parties' sales, particularly the absence of location and river access adjustments. Though subject may be located in a desirable subdivision, it is not a riverfront property and should therefore not be compared to riverfront sales. In the final analysis, the Board found good cause to reduce subject's raw land value to \$126,000.

Based on the above, the decision of the Boise County Board of Equalization is modified.

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 subject's assessed value to \$383,925, with \$126,000 attributable to the land, \$27,000 to the onsite improvements, and \$230,925 to the residential improvements.

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 Appellants.

Idaho Code § 63-3813 provides under certain circumstances that the above ordered value for the current tax year shall not be increased in the subsequent assessment year.

DATED this 25th day of March, 2021.

IDAHO BOARD OF TAX APPEALS