

BEFORE THE IDAHO BOARD OF TAX APPEALS

THOMAS OLIVOLA,)	
)	
Appellant,)	APPEAL NO. 20-A-1310
)	
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. RP072100000260. The appeal concerns the 2020 tax year.

This matter came on for telephonic hearing December 10, 2020, before Hearing Officer Travis VanLith. Appellant Thomas Olivola was self-represented. Assessor Chris Juszcak 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 \$72,000, and the improvements' value is \$471,308, totaling \$543,308. Appellant does not dispute the land value, but contends the correct improvements' value is \$314,400, totaling \$386,400.

The subject property is a .34 acre rural residential parcel situated along the golf course in the Terrace Lakes subdivision located roughly three (3) miles north of Crouch, Idaho. The property is improved with a 3,196 square foot one (1) story residence with a daylight

basement. The residence, constructed in 1987, is comprised of three (3) bedrooms and three (3) bathrooms. The property is further improved with a 616 square foot attached garage.

Appellant purchased the subject property in November 2018 for \$335,000. The property was listed throughout most of 2018, with an initial asking price of \$419,000. After three (3) price reductions, the property was pulled off the market at a pricing level of \$349,000. The property was then placed back on the market with an asking price of \$359,000. Appellant's offer of \$335,000 was accepted. Appellant has made some improvements to the property; however, such improvements were completed after the assessment date. Appellant questioned how subject's current assessed value was more than \$200,000 above the purchase price from only thirteen (13) months prior to the January 1, 2020, assessment date.

In addition to subject's purchase, Appellant provided information concerning three (3) sales from subject's subdivision. Sale No. 1 was a 2,844 square foot tri-level residence constructed in 1972. According to the Multiple Listing Service (MLS) data sheet, the residence featured a renovated kitchen with granite countertops and stainless steel appliances as well as updated bathrooms and "newer" paint and carpet. This property sold in December 2019 for \$285,000, or roughly \$100 per square foot. Sale No. 2, located up the hill from the subject property, concerned a 4,320 square foot four (4) bedroom, four (4) bathroom multi-level residence constructed in 1972. This property sold in September 2019 for \$440,000, or nearly \$102 per square foot. Sale No. 3 was a 4,020 square foot five (5) bedroom, three and one-half (3½) bathroom residence constructed in 1994. Though listed in 2019, this property sold in June 2020 for \$429,000, or approximately \$106 per square foot. Subject's current valuation is roughly \$170 per square foot, which was questionable in Appellant's view given the sales

presented.

Respondent provided sales information aimed at supporting both the value of subject's lot, as well as the improvements situated thereon. In support of subject's land value, Respondent offered information on three (3) bare lot sales from subject's subdivision. The first sale lot was a .35 acre parcel which sold in July 2019 for \$105,000, or an adjusted price of \$98,835, after applying a time adjustment factor and removing values attributable to the septic system and some other minor improvements. Sale No. 2 was a .40 acre lot which sold in July 2019 for \$62,000, or a time-adjusted price of \$65,121. Sale No. 3 was a .49 acre lot which sold in September 2019 for \$87,000, or a time-adjusted price of \$90,393. The three (3) sales had an average time-adjusted sale price of \$84,783, which Respondent noted was higher than subject's current land value at \$65,000.

Turning next to the value of subject's residence, Respondent offered information concerning five (5) sales from 2019. The sales were selected because the residences shared the same "good" ratings for construction quality and condition as the subject residence. Sale No. 1 was a 1.04 acre parcel improved with a 1,685 square foot two (2) story residence constructed in 2006, as well as a small utility shed. This property sold in June 2019 for \$335,000. After applying a time adjustment to reflect pricing levels on January 1, 2020, as well as making adjustments for differences in property characteristics compared to subject such as lot size, age, square footage, and other amenities, Respondent concluded an adjusted sale price of \$589,575. Sale No. 2 concerned a 2,102 square foot two (2) story residence situated on a 1.84 acre parcel. This property was further improved with a 1,152 square foot detached garage and a 1,214 square foot general purpose outbuilding. This property sold in January

2019 for \$480,000, with an adjusted price of \$573,189 after all adjustments were applied. Sale No. 3 was a .43 acre lot improved with a 2,208 square foot two (2) story residence constructed in 1981. This property sold in March 2019 for \$319,000, and had an adjusted price of \$533,152. Sale No. 4 concerned a 2,828 square foot single-level residence constructed in 2006 attached to a one (1) acre parcel. This property sold in August 2019 for \$698,400, or an adjusted price of \$566,771. Lastly, Sale No. 5 concerned a 1.198 acre parcel improved with a 2,925 square foot two (2) story residence constructed in 2018. This property sold in August 2019 for \$595,000, with an adjusted price of \$578,548. Respondent calculated an average adjusted sale price of \$568,247. Subject's current valuation is \$543,308.

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 comprise the

three (3) primary methods for determining market value. *Merris v. Ada Cnty.*, 100 Idaho 59, 63, 593 P.2d 394, 398 (1979). The market value of residential property is commonly estimated using the sales comparison approach, which in basic terms compares recent sales of similar property to subject and considers appraisal adjustments for differences in property characteristics.

Though Appellant did not develop a sales comparison approach valuation model, Appellant did provide information on four (4) sales, including subject's arm's-length purchase in November 2018 for \$335,000. One (1) of the other sales closed in mid-2020, which is untimely for purposes of establishing subject's market value on January 1, 2020. As such, this sale was excluded from the Board's consideration. The remaining two (2) sales were timely and were both located within walking distance of the subject property. One (1) sold for \$285,000, and the other sold for \$440,000. Respondent pointed out the residence included in the \$285,000 sale was of lesser quality than subject and contended this sale should not be used to develop a value opinion for the subject property.

Respondent developed a sales comparison approach model using five (5) recent rural residential sales. Though the sale residences were similar to subject in terms of construction quality and condition, the similarities appeared to mostly end there. This was evident in adjustments applied to the sales for purposes of comparison with subject. Gross adjustments ranged from roughly \$173,000 to \$409,000, or from 26% to 103%. Admittedly, most residences in the Garden Valley area are custom designs, so finding comparable sales is challenging. However, the high levels of adjustment Respondent made to the sales suggests a high degree of dissimilarity between subject and the sale properties. Such dissimilarity serves to undermine

the reliability of the resulting value conclusion. In short, the Board was not convinced Respondent's analysis yielded the most reliable indication of subject's current valuation.

While the Board appreciated the sales information provided by the parties, there were notable differences in property characteristics compared to subject. Subject is a custom residence and, in the Board's view, the best evidence of market value in this case is subject's own purchase roughly thirteen (13) months prior the relevant assessment date. As the market has appreciated since November 2018, the purchase price needs to be time-adjusted to reflect pricing levels on January 1, 2020.

Pursuant to Idaho Code § 63-511, the burden lies with the Appellant to establish subject's valuation is erroneous by a preponderance of the evidence. Given the record in this matter, the Board finds the burden of proof satisfied, though did not find sufficient support for the value petitioned by Appellant. Using subject's November 2018 purchase price of \$335,000 as the starting point, and time-adjusting the price to January 1, 2020, the Board will reduce subject's assessed value to \$405,000.

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 valuation to \$405,000, with \$65,000 attributable to the land, and \$340,000 attributable to the 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 Appellant.

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 22nd day of March, 2021.

IDAHO BOARD OF TAX APPEALS
