

BEFORE THE IDAHO BOARD OF TAX APPEALS

ADAM LIEGNER,)	
)	
Appellant,)	APPEAL NO. 21-A-1016
)	
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. R5983890080. The appeal concerns the 2021 tax year.

This matter came on for telephonic hearing on October 12, 2021, before Board Member Leland Heinrich. Appellant Adam Liegner was self-represented. Ada County Chief Deputy Assessor Brad Smith represented Respondent.

Board Members Leland Heinrich and David Kinghorn 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 \$420,000, and the improvements' value is \$681,800, totaling \$1,101,800. Appellant contends the correct total value is \$908,000.

The subject property is a three (3) bedroom, three and one-half (3½) bathroom residence situated on a .22 acre lot in the Natures Wood Duck Island No 03 subdivision on the east side of Boise, Idaho. The two (2) story residence was constructed in 1993

and totals 3,501 square feet in size. Other improvements include an attached three (3) car garage and some uncovered patio and deck areas. There is a drainage ditch running along the rear of the property, separating subject from Barber's Park on the other side.

Appellant purchased the subject property in October 2020 for \$908,000. Appellant described the sale as a transaction between two (2) knowledgeable and unrelated parties. In Appellant's view, subject's current assessed value should closely approximate the recent sale price. Respondent pointed out the subject property was never listed on the open market and therefore was not exposed to other buyers and potential bids. Respondent further remarked the sale price appeared to be lower than other sales of similar type property in the area. As such, Respondent concluded the sale did not satisfy the definition of a market value transaction and argued it should not be relied on to determine subject's current market value.

Appellant additionally provided two (2) tables: one (1) for sales in the broader southeast Boise area and one (1) for assessed values of other properties in subject's immediate neighborhood. The sales table included information concerning seventeen (17) sales, of which twelve (12) transpired during 2020, and five (5) closed in early 2021. The sale properties were generally similar to subject in terms of lot size, finished living area, bedroom and bathroom count, and age. Sale prices ranged from \$550,000 to \$1,050,000, or from roughly \$193 to \$281 per square foot. Appellant also highlighted the respective assessed values of the sales, which ranged from \$529,300 to \$888,700, or approximately \$176 to \$262 per square foot. Appellant's second table, consisting of assessed values of properties in subject's immediate proximity, showed values ranging from \$814,400 to \$1,172,500, or from roughly \$237 to \$305 per square foot. Subject was

purchased for \$980,000, or \$259 per square foot, and was assessed at \$1,101,800, or \$314 per square foot, which Appellant argued was excessive compared to the sales and assessment data provided.

Using the data in the two (2) tables described above, Appellant performed a t-test analysis in an effort to illustrate subject's assessed value was erroneously high. In simple terms, a t-test is a type of inferential statistic used to determine whether there is a significant difference between the means of two (2) groups which may be related in certain features. Appellant's analysis yielded results which suggested subject's assessed value, both in total and on a per square foot basis, was higher than the statistically matched range indicated by the assessed values of the sale properties, despite subject's purchase price being within the statistically matched range of the reported sale prices. Stated differently, the analysis indicated subject's purchase price was in line with pricing seen in the marketplace, yet subject was assessed higher than other properties in the data set. In similar fashion, the t-test analysis of assessed values within subject's immediate area also pointed to subject's assessed value being too high.

Respondent highlighted the privacy afforded the subject property given its location in one (1) of the gated phases of the larger subdivision project. It was also noted subject is located within walking distance of the Boise River and the greenbelt, and is also situated directly across a drainage ditch from busy Barber's Park. These locational aspects featured prominently in Respondent's consideration of subject's current market value.

In terms of value evidence, Respondent offered information concerning three (3) sales from 2020. The sale properties were generally representative of subject in terms of size, age, bedroom and bathroom count, and two (2) story design. Sale No. 1 was located

in subject's subdivision, but not in a gated phase of the development. The other sales were located a couple miles from the subject property, along Logger Creek, but Respondent stressed were situated within the same geo-economic area as subject. Sale prices ranged from \$1,125,000 to \$1,200,000, or from \$263 to \$325 per square foot. Respondent first adjusted the respective sale prices for time of sale at a rate of 2.25% per month to reflect pricing levels on January 1, 2021, the relevant assessment date in this appeal. Respondent additionally applied appraisal adjustments to the sales in an effort to account for differences in property characteristics between subject and the sale properties. The analysis yielded adjusted sale prices ranging from \$1,330,800 to \$1,478,589, or from roughly \$373 to \$422 per square foot. Subject's current assessed value is \$1,101,800, or \$314 per square foot, which Respondent noted was lower than the range indicated by the sales analysis.

Appellant challenged the comparability of the sale properties provided by Respondent. Specifically, Appellant questioned why two (2) sales from outside the subdivision were chosen instead of sales from within subject's development. In Appellant's view, the analysis should have been limited to sales within subject's subdivision, with primary weighting afforded subject's October 2020 purchase.

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) recognized methods for determining market value. *Merris v. Ada County*, 100 Idaho 59, 63, 593 P.2d 394, 398 (1979). Residential property is commonly valued using the sales comparison approach, which in basic terms looks to recent sales of similar property and considers appraisal adjustments for differences in property characteristics compared to the subject property.

Appellant’s primary value evidence was subject’s purchase in October 2020 for \$908,000, which was argued to be the best indicator of subject’s current market value. While a recent sale of the property being valued is typically considered strong evidence of the property’s market value, such is not always the case. Subject’s purchase was somewhat atypical in that the property was not listed on the open market, and therefore was not fully exposed to market forces, such as bids from multiple buyers. The general Boise real estate market was vibrant at the time of subject’s purchase, with properties selling quickly, sometimes in a matter of days. The circumstances surrounding subject’s purchase were not detailed in the record, so it was not clear to the Board whether the transaction satisfies the elements of an arm’s-length sale. Lastly, and more importantly,

sound appraisal practice requires consideration of multiple recent sales of similar properties, not just the purchase price of the property being evaluated. Without consideration of multiple sales, it is impossible to determine whether any individual purchase is at market level. In this particular case, subject's purchase price appears to be on the lower end of the range indicated by the other sales data, but without more information concerning the specifics of transaction, it is not known whether the lower price was the result of something specific concerning the subject property, or the lack of market exposure. In short, there are too many questions in the Board's view to rely simply on subject's purchase price to determine the property's current assessed value.

Though not a traditional valuation approach, Appellant did offer a couple statistical analyses using recent sales from the broader southeast Boise area, as well as assessed values from subject's immediate neighborhood. While the Board appreciated the data and analysis provided by Appellant, there were some concerns. First, a comparison of assessed values is not a recognized appraisal approach. This is particularly true in an area with diverse properties like subject's neighborhood, which is made up of higher-end custom homes with unique features and attributes. Appellant's analysis was based on just the raw assessment data with no consideration for differences in property characteristics or their impact on market value. For these reasons, the Board was reluctant to rely on the analysis of assessed values.

In similar fashion, the Board was not convinced Appellant's statistical analysis of recent sales represented the best evidence of subject's current market value. Again, the methodology is not a recognized appraisal approach. Further, the analysis was somewhat simplistic in that it only compared subject's assessed value and purchase price to the

average assessment and price rates of the sale properties. The sales were scattered all over southeast Boise, not confined to subject's immediate neighborhood. And with sale prices ranging from \$550,000 to \$1,050,00, it is apparent there are notable differences between the properties. Proper appraisal methodology requires keen consideration of a property's specific characteristics compared to the characteristics of the sales. Appellant's analysis failed to consider differences between subject and the properties in the data set such as location and size, and therefore was not found by the Board to represent the most reliable evidence of subject's value.

Respondent's analysis, which represented a more traditional sales comparison approach model, was better received by the Board. The three (3) sales included in the analysis were all located in subject's same geo-economic area, with one (1) located just outside the gates of subject's phase of the subdivision. Each sale property was directly compared to subject, with appraisal adjustments made for differences in property characteristics. Respondent also applied a time adjustment to the sale prices to reflect pricing levels as of the January 1, 2021, assessment date. While there were some differences in property characteristics, Respondent's gross adjustments were notably low, ranging from 2.6% to 6.7%, which suggests a high degree of similarity between subject and the sale properties. In all, the Board found Respondent's analysis reasonable and the best evidence of subject's market value in this case.

Idaho Code § 63-511 places the burden on the Appellant to demonstrate error in subject's valuation by a preponderance of the evidence. Given the record in this matter, the Board did not find the burden of proof satisfied. As detailed earlier, the Board was reluctant to rely too heavily on subject's recent purchase. And while Appellant's statistical

analysis was interesting, it failed to account for differences in property characteristics between subject and the properties in the data tables. Respondent's valuation model, by contrast, was consistent with accepted appraisal practices and, in the Board's judgement, represented the best indication of subject's market value.

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 30th day of November, 2021.

IDAHO BOARD OF TAX APPEALS