

BEFORE THE IDAHO BOARD OF TAX APPEALS

JEFF PATRICK,	)	
	)	
Appellant,	)	APPEAL NO. 21-A-1018
	)	
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. R5421230420. The appeal concerns the 2021 tax year.

This matter came on for hearing October 12, 2021, before Board Member Leland Heinrich. Appellant Jeff Patrick 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 \$350,000, and the improvements' value is \$787,100, totaling \$1,137,100. Appellant does not dispute the land value, but contends the correct value of the improvements is \$631,000, totaling \$981,000.

The subject property is a .34 acre residential parcel situated in the Mace River Ranch subdivision in Eagle, Idaho. The property is improved with a three (3) bedroom,

two and one-half (2½) bathroom single-level residence. Constructed in 2016, the residence totals 2,932 square feet of finished living area, plus an attached 1,366 square foot garage.

The Mace River Ranch subdivision is comprised of six (6) phases, of which only one (1) phase, The Estates, has gated access. The subject property is located in The Estates phase of the development, which is comprised of sixty-three (63) total parcels. Subject has pond frontage on two (2) sides, which Respondent noted was the only property in the development with two (2) sides fronting water.

Appellant pointed out subject's assessed value increased roughly 46% over the prior year's assessment and questioned the accuracy of the current valuation. Appellant challenged Respondent's characterization of subject's subdivision as unique and not comparable to other developments in the area. In this regard, seven (7) other subdivisions located within a couple miles were identified by Appellant as being similar to subject's subdivision in terms of water amenities and gated access. In Appellant's view, subject's assessed value should be derived from a larger pool of sales, not restricted solely to subject's specific phase of the Mace River Ranch subdivision.

In terms of value evidence, Appellant offered information on four (4) sales which transpired during 2020. The first was the April 2020 sale of a property located within the Mace River Ranch subdivision, but outside The Estates phase of the development. The 2,906 square foot single-level residence constructed in 2015 included three (3) bedrooms and two and one-half (2½) bathrooms, as well as a 1,200 square foot attached garage. This property sold for \$749,800. Sale Nos. 2 and 3 were both located in the Lakemoor subdivision less than two (2) miles from subject's development. Sale No. 2 concerned a

2,928 square foot residence attached to a .30 acre parcel. The three (3) bedroom, three (3) bathroom residence, constructed in 2015, sold for \$790,000 in May 2020. Sale No. 3 was a .37 acre parcel improved with a 3,260 square foot residence constructed in 2016. This four (4) bedroom, three (3) bathroom residence sold for \$975,000 in December 2020. Lastly, Sale No. 4 was the January 2020 sale for \$910,000 of the property adjacent to the subject parcel. This 3,400 square foot two (2) story residence, constructed in 2016 and comprised of three (3) bedrooms and three (3) bathrooms, was situated on a .455 acre parcel. As subject's current assessed value exceeded all four (4) sale prices, Appellant argued a reduction was warranted.

While the sale properties provided by Appellant were generally similar to subject in terms of square footage, lot size, age, and proximity to water and the greenbelt, Appellant did highlight some differences in characteristics. To start, Appellant explained subject was located near a sewer lift station, whereas the sale properties were not situated near a similar negative influence. Appellant's Sale No. 1 was noted to have eighteen (18) foot ceilings in the great room, custom woodwork and cabinetry throughout the residence, and stained solid core doors. For Sale No. 2, Appellant pointed out the residence enjoys twelve (12) foot ceilings and floor-to-ceiling windows. Sale No. 3 was noted to have oversized windows and an upgraded kitchen appliance package. And for Sale No. 4, Appellant pointed out the residence had custom cabinets, an outdoor barbeque area with automatic shades, and a fenced yard. In Appellant's view, the subject residence was somewhat inferior to the sale residences and therefore should not be assessed higher.

In addition to providing the raw data concerning the above four (4) sales, Appellant also offered an analysis comparing subject's assessed value to the assessments of the sale properties. After removing assessed land values from sales, Appellant reported assessed values of the improvements ranging from \$560,100 to \$760,000, or from roughly \$192 to \$229 per square foot. Subject's improvements were assessed at \$787,100, or approximately \$268 per square foot. According to Appellant's calculations, subject's residence was assessed 26% higher on a per-square-foot basis than the average assessment rate of the four (4) sale residences. Appellant argued subject's residence should be valued no more than the average assessment rate of \$215.21 per square foot applied to the sale residences, particularly where the sale residences were regarded by Appellant as superior to the subject residence. Using the average price rate, Appellant calculated a value of \$631,000 for subject's residence and petitioned the assessed value be adjusted accordingly.

Respondent raised some concerns with the sales information provided by Appellant. In particular, Respondent took issue with the locations of the three (3) sales outside of subject's specific phase of the subdivision. Respondent explained it would be proper to look to sales outside the subdivision if there were an insufficient number of sales from within; however, such was not the case in subject's subdivision during 2020. Respondent reported a total of twenty-five (25) sales from all phases of the Mace River Ranch subdivision during 2020 and early 2021, of which nine (9) were located in subject's phase. Respondent highlighted the price differential between properties located behind the gates in The Estates phase of the development compared to those located in other phases. Sale prices within The Estates ranged from \$980,000 to \$2,240,000, whereas

prices outside the gates ranged from \$715,000 to \$1,700,000. In Respondent's view, the notable differences in pricing between The Estates and the remainder of the development was strong evidence that subject's location is desirable in the marketplace. In short, because location plays such a key factor in a property's market value, and because there were numerous sales within the development, Respondent argued it would be inappropriate under the circumstances to rely on sales outside subject's subdivision.

With respect to Appellant's two (2) sales from the nearby Lakemoor subdivision, Respondent similarly highlighted the differences in sale prices compared to Mace River Ranch. According to Respondent's data, the overall average 2020 sale price in all phases of Mace River Ranch was approximately \$1,166,500, whereas the average price in Lakemoor was notably lower, at roughly \$634,000. Respondent explained the Lakemoor development is aimed more at smaller "patio homes," not the larger estate-type properties found in the Mace River Ranch subdivision. Respondent did not regard the subdivisions as similar in quality and amenities and argued the sales from Lakemoor should be disregarded.

In support of subject's current valuation, Respondent developed a sales comparison model using four (4) sales from The Estates phase of the subdivision. The sale residences were generally similar to subject in terms of size, quality, and age; however, all were two (2) story designs. Sale No. 1 was a .357 acre lot improved with 3,044 square foot residence constructed in 2018. This four (4) bedroom, three and one-half (3½) bathroom residence sold in March 2020 for \$985,000. The next sale property concerned a three (3) bedroom, three and one-half (3½) bathroom, 3,380 square foot residence situated on a .422 acre lot. This property sold in December 2020 for

\$1,550,000. Sale No. 3 was a 3,303 square foot residence attached to a .651 acre lot, which sold in December 2020 for \$1,499,999. This sale residence, constructed in 2018, consisted of four (4) bedrooms and three (3) bathrooms. Though located in subject's subdivision, this particular property did not enjoy frontage on the pond; however, it did have a pool in the backyard. Lastly, Sale No. 4 was the same adjacent sale provided by Appellant. The 3,400 square foot residence, with three (3) bedrooms and three (3) bathrooms, was constructed in 2016. This property sold in January 2020 for \$910,000.

Respondent directly compared each above sale property to subject and made adjustments for differences in property characteristics, such as finished living area, bathroom count, number of fireplaces, and lot size. An upward adjustment of 2.25% per month was also applied to the respective sale prices to reflect pricing levels on January 1, 2021, the relevant date of valuation in this appeal. After all adjustments, Respondent determined adjusted sale prices ranging from \$1,099,455 to \$1,460,205, or roughly \$375 to \$516 per square foot. Subject's current assessed value is \$1,137,100, or approximately \$388 per square foot, which Respondent argued was consistent with the sales data from subject's specific phase of the subdivision.

Lastly, Respondent addressed Appellant's concern regarding subject's proximity to the sewer lift station. Several photographs of the sewer station from different vantage points were offered. The photographs depicted extensive landscaping efforts to conceal the sewer station from public view. Indeed, with the exception of the entry gate, the sewer station was not visible in the photographs provided. Respondent additionally pointed out that a property across the lake from subject with a direct sightline to the sewer station recently sold for \$1,550,000, which Respondent argued was strong evidence the sewer

station has not negatively impacted sale prices. Respondent maintained no additional adjustment to subject's assessed value was needed for its proximity to the sewer station.

### 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) recognized approaches for estimating the market value of real property include the sales comparison approach, the cost approach, and the income approach. *Merris v. Ada County*, 100 Idaho 59, 63, 593 P.2d 394, 398 (1979). Residential property is often valued using the sales comparison approach, which approach in general terms examines recent sales of similar property and considers adjustments for differences in property characteristics between subject and the sale properties.

Both parties provided multiple sales for the Board's consideration, which efforts were much appreciated. That being said, there were concerns with some of the sales data and corresponding analysis; particularly, Appellant's comparison of subject's current

valuation to the assessed values of four (4) recent sales. While the Board understands Appellant's concerns with the referenced assessments, a comparison of assessed values is not a recognized appraisal approach. As such, minimal weight was afforded Appellant's assessment analysis.

The Board likewise had some questions concerning the comparability of some of the sales, particularly those located outside subject's phase of Mace River Ranch subdivision. Though Appellant characterized Mace River Ranch as similar to Lakemoor, the sales data provided by Respondent pointed to a different conclusion. Sale prices across all of Mace River Ranch during 2020 and early 2021 ranged from \$980,000 to \$2,240,000. By contrast, sale prices in the Lakemoor subdivision ranged from \$715,000 to \$1,700,000. It is clear from sales data that the market places a premium on properties situated in Mace River Ranch generally, and The Estates phase of the development specifically, where sale prices topped the range. And because there were numerous sales from within The Estates during 2020, there is no need to venture outside that phase of the subdivision in search of sales.

Respondent's sales data and analysis was better received by the Board. Recognizing the impact location has on a property's market value, Respondent's valuation model was keenly focused on sales from within subject's specific phase of Mace River Ranch. By concentrating on sales from within subject's neighborhood, Respondent effectively eliminated the need for location adjustments, which in the Board's experience can be somewhat subjective. Respondent directly compared each sale property to subject, and adjustments were made for differences in property characteristics, which is



sound appraisal practice. In short, Respondent's analysis was found to represent the best indication of subject's current market value in this instance.

Lastly, Appellant raised some concerns with the subject property's proximity to a sewer lift station positioned across the pond from subject. While being located in the vicinity of a sewer lift station could potentially have a negative impact on a property's market value, the evidence in the case at bar did not indicate such. Indeed, Respondent pointed to the recent sale of a property located across the pond with a direct sightline to the sewer lift station. The property sold for \$1,550,000 which is in the upper range of the reported sale prices from subject's subdivision. It was also not lost on the Board that, due to extensive landscaping features installed by the developer, the sewer lift station is mostly hidden from public view. In all, there was insufficient evidence to demonstrate the sewer lift station is negatively impacting subject's value.

In appeals to this Board, the Appellant bears the burden of proving 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. Appellant focused primarily on a comparison of assessed values of properties located outside the subdivision, whereas Respondent developed a more traditional sales comparison model using recent sales from subject's immediate neighborhood. Where Respondent developed an opinion of value consistent with accepted appraisal practice, the Board did not find good cause to disturb subject's current valuation.

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 30<sup>th</sup> day of November, 2021.

IDAHO BOARD OF TAX APPEALS