

BEFORE THE IDAHO BOARD OF TAX APPEALS

JAMES AND SHELLIE BRONSON,	)	
	)	
Appellants,	)	APPEAL NO. 21-A-1097
	)	
v.	)	FINAL DECISION AND ORDER
	)	
BLAINE COUNTY,	)	
	)	
Respondent.	)	
	)	
	)	
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**RESIDENTIAL PROPERTY APPEAL**

This appeal is taken from a decision of the Blaine County Board of Equalization denying an appeal of the valuation for taxing purposes on property described by Parcel No. RPS04250000250. The appeal concerns the 2021 tax year.

This matter came on for telephonic hearing December 6, 2021, before Board Member Leland Heinrich. Appellant James Bronson was self-represented. Blaine County Assessor Jim Williams represented Respondent.

Board Members Leland Heinrich, David Kinghorn, 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 Blaine County Board of Equalization is affirmed.**

FINDINGS OF FACT

The assessed land value is \$810,570, and the improvements' value is \$1,316,360, totaling \$2,126,930. Appellants contend the correct land value is \$729,513, and the improvements' value is \$1,100,000, totaling \$1,829,513.

The subject property is a .35 acre parcel located in the Fairways subdivision, a golf course community in Sun Valley, Idaho. The property is improved with a 3,718 square foot three (3) bedroom, three and one-half (3½) bathroom residence constructed in 2000.

Appellants described the Fairways subdivision as a diverse development with a wide variety of properties, ranging from 20,000 square foot estates situated on several acres to 1,500 square foot residences on one-quarter (¼) acre lots. Some residences are less than one (1) year old, while others date to the 1960s when the subdivision was first established. Appellants further described several distinct neighborhoods within the subdivision, each with different views, golf course proximity, and age of improvements. Subject is located in the “Fairway Loop” neighborhood, characterized by Appellants as the least desirable in the development.

Appellants first pointed out an error in subject’s property record concerning the size of the residence. Appellants contended the proper size measurement is 3,418 square feet, not 3,718 square feet as reflected in subject’s property record. Respondent explained the 3,718 square foot figure represented the gross size measurement and included the 300 square feet in the unfinished basement. Respondent stressed the basement space was assessed at a notably lower rate than the finished living area even though it is included in the total size measurement.

With respect to subject’s current valuation, Appellants contended subject was assessed inconsistently with other properties in the immediate area. In this regard, assessment information for five (5) properties in subject’s immediate proximity was provided. Appellants first questioned the assessed land values, all of which were \$810,570, the same as subject’s land value, despite differences in lot size. The

referenced properties varied in lot size from .37 to .53 acres, or from roughly 9% to 53% larger than subject's .35 acre lot. Appellants argued subject's land value should be less because it is a smaller lot. Respondent explained the land values were the same because parcels in subject's neighborhood were assessed on a site value basis, not on a per-square-foot basis.

Appellants next compared the assessed value of subject's residence to the residence values of the same (5) five properties from above. The other residences ranged in size from 3,261 to 5,277 square feet and in year built from 1991 to 2018. Appellants made some direct comparisons with the subject residence in an effort to illustrate inconsistencies in the valuations. Appellants first discussed a 4,480 square foot residence with four (4) bedrooms and five (5) bathrooms constructed in 2000. The residence was assessed for \$1,324,135, only \$7,775 more than subject's residence despite having more bedrooms and roughly 1,000 more square feet.

Appellants next compared subject's residence to a 3,261 square foot four (4) bedroom, three and one-half (3½) bathroom residence constructed in 2002. Appellants questioned why the residence was assessed for \$814,095, or \$340,897 less than subject's residence, even though both residences were similar in size and age.

Appellants' following comparison was a 3,862 square foot residence with four (4) bedrooms and five and one-half (5½) bathrooms, remodeled in 2005. This residence was assessed at \$243,628 less than subject's residence despite being larger and having more bedrooms and bathrooms.

Lastly, Appellants pointed to a 5,277 square foot four (4) bedroom, five (5) bathroom residence with four (4) fireplaces which was assessed for \$1,347,038. With

1,859 more square feet than subject's residence, plus more bedrooms, bathrooms, and fireplaces, Appellants were curious as to why it was assessed for only \$30,678 more than subject's residence. Based on the assessment data, Appellants argued the subject property was assessed inequitably compared to other properties in the immediate neighborhood.

In support of subject's current valuation, Respondent offered information and analysis on three (3) recent sales from subject's subdivision. Sale No. 1 concerned a .44 acre parcel improved with a 4,109 square foot residence constructed in 1987. The property sold in March 2020 for \$2,200,000. Sale No. 2 was a 3,087 square foot residence constructed in 1975 situated on a .64 acre lot. This property sold for \$3,100,000 in July 2020. Lastly, Sale No. 3 was a .73 acre lot improved with a 4,730 square foot residence constructed in 1979 and remodeled in 2020 which sold in October 2020 for \$3,250,000. Respondent directly compared the sale properties to subject and made appraisal adjustments for differences in property characteristics such as lot size, location, construction quality, age, finished living area, and garage size. Respondent also applied a time adjustment to the sale prices to reflect pricing levels on January 1, 2021, the relevant date of valuation in this appeal. After making adjustments to the sales, Respondent reported respective adjusted sale prices of \$2,339,250, \$2,311,650, and \$2,305,400. Subject's current assessed value is \$2,126,930, which Respondent highlighted was somewhat less than the value indicated by the sales analysis.

#### 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, 2021, 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). Residential property is commonly valued using the sales comparison approach, which in general terms compares recent sales of similar property to subject and considers adjustments for differences in property characteristics.

Appellants contended subject was assessed inconsistently with other properties in the immediate neighborhood. Of particular concern was the valuation of subject's residence, which was assessed higher than several nearby residences despite being somewhat smaller in size and having fewer bedrooms and bathrooms. While the Board understands Appellants' concerns with different assessments, a comparison of assessed values is not a recognized appraisal approach and therefore is not regarded as reliable market value evidence. Even if such were not the case, the limited information provided about the other residences in the neighborhood was insufficient to support the conclusion

subject's residence was assessed unfairly or otherwise inequitably. Appellants' comparisons focused primarily on square footage and bedroom and bathroom counts, but gave no consideration for quality, condition, or age, all of which can greatly influence market value.

Appellants described subject's subdivision as an "eclectic mix of homes and properties," with a wide-ranging variety of residence types. The subdivision's diversity was further illustrated by the three (3) sale residences included in Respondent's sales comparison model, with each having a different class (quality) rating, for which notable adjustments were made in the analysis. Subject's residence has a quality rating of "excellent," the highest rating in Respondent's classification system, but there was no information concerning the quality ratings of the residences referenced by Appellants. The question of a property's market value is deeper than just square footage and bedroom and bathroom count, though such characteristics should also be included; it requires consideration of many factors. In short, Appellants' comparative analysis was found lacking in the Board's view, because it failed to include consideration for several key components known to influence market value.

Appellants were also concerned subject's land value was the same as the other nearby properties even though it was a smaller lot. As Respondent explained at hearing, parcels in the neighborhood were not assessed on a per-square-foot basis, but rather on a site value basis. Though perhaps unfamiliar to Appellants, assessing lots in a neighborhood based on a site value rather than square footage is not unusual in the Board's experience, particularly where the lots share similar amenities, such as view, golf course proximity, or some other amenity. The primary value in a residential parcel is its

capacity to support a residence. So, once full residential use has been achieved, the value of the remaining land becomes more of a secondary consideration with less influence on the overall market value of the property. Respondent valued lots in subject's area on a site basis, which suggests to the Board the marketplace in subject's neighborhood recognizes little or no difference between smaller and larger lots once the residential use has been established, at least within a certain size range. The Board found no error in Respondent's use of site values for subject's neighborhood.

Respondent supported its value position through a sales comparison approach analysis using three (3) recent sales from subject's subdivision. Sale prices ranged from \$2,200,000 to \$3,250,000. Each sale property was directly compared to subject, and adjustments were made for construction quality, age, finished living area, garage size, location, and lot size. The respective sale prices were also time-adjusted to the January 1, 2021, assessment date. Adjusted sale prices ranged from \$2,305,400 to \$2,339,250, which is a rather tight range of indicated value. Subject's current assessed value is somewhat lower than the range of adjusted sale prices, at \$2,126,930.

Appellants argued Respondent's sale properties were not located in subject's "Fairway Loop" neighborhood and therefore were not comparable and should not be used to value the subject property. Respondent did not describe subject's subdivision as having four (4) distinct neighborhoods, but did recognize locational differences within the development, as evidenced by the \$500,000 location adjustment made to Sale No. 2 for its superior location in the subdivision. Locations of the remaining two (2) sale properties were deemed similar by Respondent, so no location adjustments were applied. It is clear from Appellants' description and Respondent's location adjustment there are different

“neighborhoods” within the subdivision, even if the parties disagree somewhat on what those specific neighborhoods are or where they are located. Ideally, all three (3) of Respondent’s sale properties would be located in subject’s immediate proximity, but none of those properties sold during 2020. As such, Respondent needed to expand the geographic scope to include sales from the broader subdivision, which is consistent with accepted appraisal practice. Each of the sales were adjusted for differences in property characteristics compared to subject, including location where appropriate. In all, the Board found Respondent’s valuation analysis reasonable and supportive of subject’s current assessment.

In appeals to this Board, Appellants bear the burden of proving error in subject’s valuation by a preponderance of the evidence. Idaho Code § 63-511. Given the record in this matter, the Board did not find the burden of proof satisfied. Appellants provided a comparison of assessed values, which is not considered good evidence of market value. Respondent, by contrast, developed a traditional sales comparison model using three (3) recent sales. Without competing sales or other market data to support a lower valuation, the Board found Respondent’s valuation model the best evidence of subject’s current market value in this case.

Based on the above, the decision of the Blaine County Board of Equalization is affirmed.

#### FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Blaine County Board of Equalization concerning the subject parcel be, and the same hereby is, AFFIRMED.

DATED this 1<sup>st</sup> day of March, 2022.