

BEFORE THE IDAHO BOARD OF TAX APPEALS

|                   |   |                          |
|-------------------|---|--------------------------|
| B&L COMPANY, LLC, | ) |                          |
|                   | ) |                          |
| Appellant,        | ) | APPEAL NO. 22-A-1008     |
|                   | ) |                          |
| 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. S1509212400. The appeal concerns the 2022 tax year.

This matter came on for hearing September 13, 2022, in Boise, Idaho, before Hearing Officer Travis VanLith. William Mulder appeared at hearing for Appellant. Ada County Deputy Assessor Brad Smith represented Respondent.

Board Members Leland Heinrich and Kenneth Nuhn join in issuing this decision.

**The issue on appeal concerns the market value of a rural residential property.**

**The decision of the Ada County Board of Equalization is affirmed.**

FINDINGS OF FACT

The assessed land value is \$214,400, and the improvements' value is \$281,000, totaling \$495,400. Appellant agrees with the value of the improvements, but contends the correct land value is \$141,100, for a total value of \$422,100.

The subject property is a 157.58 acre agricultural tract located nearly two (2) miles south of the Boise Airport. The property is improved with a four (4) bedroom, two and three-quarters ( $2\frac{3}{4}$ ) bathroom residence constructed in 1980. There are 1,668 square feet of living space on the main floor and 1,668 square feet in the finished basement. The property is further improved with several agricultural outbuildings and livestock pens. The subject property is part of a larger active ranching operation owned by Appellant.

Appellant was concerned subject's one-acre homesite valuation of \$204,500 was excessive given subject's location, and the valuation was also inconsistent with other rural homesite assessments. Appellant explained the subject property is located within the Boise Airport influence area, as well as a military impact area. An active tank trail of the National Guard runs parallel to Pleasant Valley Road along the western boundary of the subject property. Appellant further mentioned a nearby active gravel pit operation and the associated heavy truck traffic. In short, Appellant characterized subject's location as generally undesirable for residential purposes.

In addition to the negative locational attributes, Appellant explained the subject property shares a driveway and a well with the adjacent northerly forty (40) acre parcel also owned by Appellant. There is no formal agreement concerning the shared well and driveway because Appellant owns both parcels. In comparing subject to the northern parcel, Appellant pointed out the one-acre homesite on the northern parcel was assessed at \$141,100, whereas subject's homesite was assessed at \$204,500. To further demonstrate inconsistency in rural homesite assessments, Appellant provided assessment information for another nearby 320-acre tract owned by Appellant, which reflected a homesite value of \$54,600. Due to its immediate proximity and general

similarity with the adjacent north parcel homesite, Appellant contended subject's homesite value should be reduced to match.

Respondent explained the homesite value of \$141,100 on the northern parcel was a discounted value due to the fact the property shares a well situated on the subject property. Because the northern parcel does not have its own well, Respondent adjusted the value downward. According to estimates obtained by Respondent, the cost to install a well in subject's area with a depth of roughly 900 feet was between \$20,000 and \$30,000. Given the cost estimate, Respondent opined the roughly \$75,000 "discount" applied to the northern parcel's homesite was adequate to account for the lack of having its own well. Respondent, however, maintained no discount was appropriate for the subject homesite because the well is located on the property.

As the central issue in this appeal concerned subject's homesite valuation, and there were no comparable sales in the area, Respondent's analysis focused on sales of single-family residences located outside the immediate neighborhood in rural residential subdivisions. In this regard, Respondent offered information on four (4) recent sales located within roughly five (5) miles of the subject property. Though generally similar in age to subject's residence, all the sale residences were notably smaller than subject, ranging in size from 1,008 to 1,776 square feet. None of the sale residences included basements, and none had been recently updated. Sale No. 1 was a four (4) bedroom, two (2) bathroom residence, while the three (3) remaining single-level sale residences were three (3) bedroom, one (1) bathroom designs. Sale prices ranged from \$375,000 to \$464,900.

Respondent compared each sale property to subject and made adjustments for differences in physical characteristics. Adjustments were made for differences in square footage, garage size, basement area, and location, and other differences. In an effort to reflect pricing levels on the January 1, 2022, assessment date, Respondent also applied a 2% per month time adjustment to the respective sale prices. Respondent's analysis yielded adjusted sale prices from approximately \$489,000 to \$574,000, or from \$146 to \$172 per square foot. Subject's current valuation, excluding the agricultural acreage, is \$494,400, or \$148 per square foot, which Respondent contended was reasonable given the limited sales data.

#### CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of market value in fee simple interest or, as applicable, a property's exempt status. This Board, giving full opportunity for all arguments and having considered all the testimony and documentary evidence submitted by the parties, hereby enters the following.

Idaho Code § 63-205 requires taxable property be assessed at market value annually on January 1; January 1, 2022, in this case. Market value is always estimated as of a precise point in time. Idaho Code § 63-201 provides the following definition,

“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 appraisal methods for estimating market value. *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 a residential property. In general terms, the approach examines recent sales of similar property and considers the differences in property characteristics between subject and the sale properties.

Appellant's value claim was not developed through one (1) of the above approaches to value, but was rather based on a comparison of one-acre homesite assessments. Of particular concern to Appellant was the \$141,100 valuation of the homesite on the adjacent parcel to the north, which was roughly \$75,000 less than the valuation of subject's homesite acre. Appellant reasoned that due to the close proximity of the two (2) homesites, and the fact they share a well and driveway, the assessed values should mirror each other.

Though the Board understands Appellant's concerns with the seemingly disparate valuations of the respective homesites, a comparison of assessed values is not a recognized appraisal approach, nor is it generally considered the best indicator of current market value. As explained by Respondent, the homesite acre on the northern parcel has a lower assessed value because it does not have its own well, but shares the well situated on the subject property. In other words, the valuation was "discounted" to reflect the lesser marketplace desirability of the northern homesite due to the need to develop water utilities should the property be sold to an unrelated third party. Without the adjustment, Respondent indicated the northern homesite land valuation would match subject's current homesite land valuation of \$214,400. The Board agrees with Respondent there is no justification to discount subject's homesite value because the well is situated on the

subject parcel. Under the facts presented here, the Board finds no error in the different homesite valuations.

In support of subject's overall homesite valuation (land and improvements), Respondent developed a sales comparison model using four (4) recent sales of rural single-family residences situated on one (1) acre homesites or smaller. The sale properties were individually compared to subject and adjustments were made for noted differences, resulting in adjusted sale prices ranging from roughly \$489,000 to \$574,000. Subject's current assessed value is \$495,400, which is on the lower end of the indicated range and appears reasonable in the Board's view.

The Board understands Appellant's concern centered on the valuation of the one (1) acre designated as subject's homesite and not the value of the associated improvements. While it would have been preferable to have information on recent sales of vacant rural one (1) acre residential lot sales in subject's area, there were no such sales because no one (1) acre lots exist in the area. It was necessary, therefore, for Respondent to consider the valuation of the homesite on an overall basis, with improvements included. Such is a reasonable approach under the circumstances, and is further appropriate because the ultimate question in this type of case is the total assessed value of the subject property, as that is the value upon which property taxes are eventually levied.

Pursuant to Idaho Code § 63-511, Appellant bears burden of establishing 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. Subject's valuation was supported by a sales comparison analysis the Board found to be generally consistent with accepted

appraisal standards. Respondent also adequately explained the different homesite valuations at the center of Appellant's concerns, thereby eliminating any potential issues related to equitable assessment. In all, the Board found subject's current valuation well supported by the available market data and accompanying analysis.

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 15<sup>th</sup> day of November, 2022.