

BEFORE THE IDAHO BOARD OF TAX APPEALS

RICHARD MCDEVITT, JR.,	)	
	)	
Appellant,	)	APPEAL NO. 22-A-1098
	)	
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. R6042250980. The appeal concerns the 2022 tax year.

This matter came on for hearing October 11, 2022, in Boise, Idaho, before Board Member Leland Heinrich. Appellant Richard McDevitt, Jr., was self-represented. Ada County Chief Deputy Assessor Brad Smith represented Respondent.

Board Members Leland Heinrich, Kenneth Nuhn, and Doug Wallis 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 modified.**

FINDINGS OF FACT

The assessed land value is \$272,500, and the improvements' value is \$981,200, totaling \$1,253,700. Appellant contends the correct land value is \$165,000, and the improvements' value is \$752,220, totaling \$917,220.

The subject property is a .36 acre parcel located in the Cartwright Ranch subdivision in Boise, Idaho. The property is improved with a single-story three (3)

bedroom, two and one-half (2½) bathroom 3,093 square foot residence built in 2019. The residence also has an oversized 1,045 square foot attached three (3) car garage.

Appellant purchased the subject property in June 2021 for \$1,334,900, and the assessed value increased approximately 160% from 2021 to 2022, from \$482,300 to \$1,253,700. Appellant's primary concern was ensuring subject experiences an equitable and uniform assessment in line with the Ada County Assessor's mission statement.

Appellant outlined four (4) issues with subject's current assessment. First, Appellant stated subject is assessed 51% higher than properties with residences of the same model on subject's same street. The residences were constructed by the same builder and were similar in size, bedroom and bathroom count, and physical features compared to subject. In support of the claim, Appellant provided two (2) assessments of properties on subject's street of the same Bennett model as subject. Property No. 1 was a .45 acre parcel improved with a 3,458 square foot residence built in 2019 with three (3) bedrooms, two and one-half (2½) bathrooms, and a three (3) car oversized attached garage. The residence additionally had a bonus room feature which subject does not enjoy, included in the above-referenced square footage. This property's 2022 assessment is \$985,800, or roughly \$285 per square foot. Property No. 2 was a .42 acre parcel improved with a 3,489 square foot residence built in 2020 with three (3) bedrooms, three and one-half (3½) bathrooms, a bonus room, and a three (3) car oversized attached garage. The property's 2022 assessment is \$982,400, or roughly \$282 per square foot. Subject's current assessment is \$1,253,700, or roughly \$405 per square foot.

Appellant's second issue was that subject is assessed 45% higher than comparable properties in Cartwright Ranch and neighboring Hidden Springs. In support

of this statement, Appellant provided information on six (6) sales within .50 miles of subject. The sale lots were .21 to .60 acres in size and were improved with residences between 2,892 to 2,935 square feet built from 2003 to 2021. The properties had sale dates from March 2021 to November 2021 and sold from \$825,000 to \$915,000, or roughly \$283 to \$316 per square foot.

Third, Appellant noted interior and exterior furnishings were included in subject's sale, and was concerned the value of the furnishings was included in the current assessment, which would run contrary to Idaho law. Appellant provided photos of most of subject's rooms and an exhaustive list of items included in the purchase, down to the kitchen utensils and knickknacks throughout the residence. Appellant attempted to get the exact price of the furnishings from the building company, who refused to disclose it. So Appellant, utilizing a 2,933 square foot size figure for subject<sup>1</sup>, calculated an estimated value of the indoor furnishings of \$125,320 using the \$40 per square foot national flat fee rate used by most builders, plus \$5,000 for the refrigerator and \$3,000 for the washer and dryer. Appellant estimated the value of the exterior furniture at \$5,500. In total, Appellant calculated \$138,820 of subject's sale price was attributable to the furnishings.

Appellant's final issue was that the subject's characteristics are incorrectly recorded by the county and need to be corrected. Respondent assessed subject as having three (3) bathrooms when there are actually two and one-half (2½) and as having two (2) fireplaces when there is just one (1).

Appellant next presented two (2) analyses to determine a new value for subject. In the first analysis, Appellant started with subject's 2021 sale price then deducted the value

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<sup>1</sup> Appellant utilized a square footage of 2,933 while supporting a reduction in subject's value, which discrepancy with the county's square footage of 3,093 did not come up at hearing.

of the furnishings and the incorrect property characteristics, resulting in a reduced value of \$1,184,080. Then, Appellant added subject's value, Property No. 1's value, and Property No. 2's value from the above first issue. Appellant then added the three (3) properties' square footage, then divided the total value by the total square footage, resulting in an "average" valuation rate of roughly \$319 per square foot. Appellant used this number to calculate a market value of \$935,803 for subject. In the second analysis, Appellant started with subject's 2022 assessment then performed the same calculations as above, resulting in an "average" value rate of roughly \$324 per square foot. Appellant calculated a new value of \$950,526 for subject using this rate. Again, Appellant utilized the 2,933 square foot figure in the calculations.

Appellant briefly discussed a third analysis of value believed to be "a little aggressive." Appellant took the average assessed value of subject and the other two (2) Bennett model homes on subject's street, then deducted the estimated value of the furnishings. This resulted in a value estimate of roughly \$917,000 for subject.

Respondent described subject's neighborhood as mostly newly constructed residences and residences currently under construction. Respondent shared the neighborhood was reappraised for the 2022 assessment year and properties saw increases ranging from 24% to 65%. The increases were driven by analysis of the 143 sales which took place in the neighborhood in 2021, which sale prices ranged between \$474,900 to \$1,450,000. Respondent calculated a time-adjustment of 2.4% per month and utilized this figure in its sales analysis below.

Respondent provided information on three (3) sales within .5 miles of subject to support subject's 2022 assessed value. Sale No. 1 was subject's purchase in June 2021

for \$1,334,900. Respondent time-adjusted the sale to demonstrate the value as of January 1, 2022, reporting an adjusted sale price of \$1,544,505, or roughly \$499 per square foot. Sale No. 2 was a .23 acre property which sold for \$1,075,000 in September 2021. The property was improved with a 2,996 square foot residence built in 2021 with three (3) bedrooms, three (3) bathrooms, and a 915 square foot garage. Respondent adjusted for differences and reported an adjusted sale price of \$1,256,195, or roughly \$406 per square foot. Sale No. 3 was a .35 acre property which sold for \$1,000,000 in December 2021. The property was improved with a 2,803 square foot residence built in 2021 with three (2) bedrooms, three (3) bathrooms, and a 1,376 square foot garage. The adjusted sale price was \$1,242,149, or roughly \$402 per square foot. Subject's current assessment is \$1,253,700, or roughly \$405 per square foot.

Respondent reported a one-half ( $\frac{1}{2}$ ) bath is assessed at \$7,500, and a fireplace at \$5,000, which values should be removed from subject's assessment to reflect the correct features.

### 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, 2022, 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. There are three (3) approaches to value: the sales comparison approach, the cost approach, and the income approach. 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 differences in the property characteristics between subject and the sale properties.

As there was no evidence or discussion on record regarding the 2,933 square foot number Appellant utilized for subject's area, the Board will accept the 3,093 square foot figure from subject's property record, which is presumed to be correct.

Respondent performed a traditional sales analysis wherein sales were adjusted for differences compared to subject. However, the Board had some concerns with the analysis. First, Respondent notably did not adjust for the personal property included in subject's sale. The lack of any adjustment for a fully furnished sale was curious to the Board and somewhat undermined the results of the analysis. Secondly, Respondent utilized the incorrect bathroom and fireplace figures when comparing subject to the other two (2) sales. The Board found it odd incorrect figures were utilized when Respondent knew the correct bathroom and fireplace count prior to the hearing before this board.

Appellant utilized an innovative approach to value after outlining four (4) perceived issues with subject's assessment. The main issues regarded subject's assessment compared to nearby assessed and sale values, the furnishings' value potentially being included in subject's assessment, and incorrect characteristics being depicted in subject's

property record all contributing to an erroneous valuation. Appellant's sales and assessment information was appreciated, but the analysis ultimately did not factor strongly in the Board's consideration of subject's value. First, a comparison of assessed values is not a recognized appraisal approach, and all three (3) of Appellant's value calculations relied on assessed values. Additionally, the lack of adjustments for differences in property characteristics made it difficult to correlate the sales data to a reliable estimate of subject's market value.

The Board was, however, persuaded Appellant's other two (2) concerns were not sufficiently considered in subject's assessment. As noted earlier, Respondent did not deduct the value of the furnishings from subject's purchase price in its sales analysis, which materially altered Respondent's adjusted sale price conclusion. Removing the value of any personal property included in a sale is a basic appraisal principle necessary to determine the price of the real property. Removing personal property is also fundamental in the context of assessment because it is the value of the real estate only which is subject to property taxation. Similarly, Respondent's exhibits reflect an incorrect bathroom and fireplace count that needs to be remedied. The Board will order a reduction in value based on the data Appellant provided regarding the cost of the furnishings, but utilizing the correct size figure of 3,093 square feet for subject, as well as the one-half ( $\frac{1}{2}$ ) bath and fireplace corrections reported by Respondent.

In accordance with Idaho Code § 63-511, the burden is with Appellant to establish subject's valuation is erroneous by a preponderance of the evidence. The Board found the burden of proof satisfied, but not to the extent sufficient to warrant the reduction requested by Appellant. Rather, the Board concluded a total reduction of \$149,720 based

on the value of personal property included in subject's purchase and the erroneous bathroom and fireplace counts. The decision of the Ada County Board of Equalization is modified accordingly.

#### 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, MODIFIED to reflect a new value of \$1,103,980, with \$272,500 attributable to the land and \$831,480 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 2<sup>nd</sup> day of March, 2023.

IDAHO BOARD OF TAX APPEALS