

BEFORE THE IDAHO BOARD OF TAX APPEALS

MESNIL VARENNE TRUST,)	
)	
Appellant,)	APPEAL NO. 22-A-1040
)	
v.)	FINAL DECISION AND ORDER
)	
BONNEVILLE COUNTY,)	
)	
Respondent.)	
)	
)	
)	

RESIDENTIAL PROPERTY APPEAL

This appeal is taken from a decision of the Bonneville County Board of Equalization denying an appeal of the valuation for taxing purposes on property described by Parcel No. RPA3394004010A. The appeal concerns the 2022 tax year.

This matter came on for hearing December 13, 2022, in Idaho Falls, Idaho, before Board Member Leland Heinrich. Trustee Kipp Manwaring appeared at hearing for Appellant. Bonneville County Assessor Dustin Barron 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 Bonneville County Board of Equalization is affirmed.

FINDINGS OF FACT

The assessed land value is \$111,956, and the improvements' value is \$548,380, totaling \$660,336. Appellant contends the correct land value is \$68,000, and the improvements' value is \$482,000, totaling \$550,000.

The subject property is a .55 acre parcel located in the Brookside subdivision in Idaho Falls, Idaho. The property is improved with a 3,700 square foot three (3) bedroom residence built in 2020 which includes 2,515 square feet on the main level, an 810 square foot basement, and a 375 square foot bonus room above the 987 square foot attached garage.

Appellant purchased the unimproved subject property in 2019 and the residence's construction was completed in 2020. In total, Appellant stated it cost \$591,350 to purchase subject and build the residence. Appellant expressed concern subject's value increased roughly \$130,000 in one (1) year and shared information on two (2) properties which did not see similar increases.

The first property was adjacent to the back of subject, and the residence was built at the same time as subject's but by a different contractor. Appellant stated the construction costs were similar but did not share specific or estimated costs for this property. The residence had two (2) stories with a full basement, four (4) bedrooms, and two and one-half (2½) bathrooms. Appellant stated the residence was "over 3,200 square feet" and had ten (10) foot ceilings on the main floor plus a vaulted ceiling in the living room. The property was roughly the same size as subject and had full landscaping. Appellant shared the property was assessed at \$561,787 in 2022, or roughly \$176 per square foot, which rate was stated to be similar to subject's build cost. Appellant also stated this property had a \$0 increase in assessment from 2021 to 2022, though did not know the 2021 assessed value.

The second property was adjacent to subject and the property described above. This property completed construction in late 2021 or early 2022. It included a 3,000

square foot single-story residence with a full basement. The property had a 2022 assessment of \$542,147, or roughly \$181 per square foot. Appellant shared it was not on MLS because it was purchased directly from the builder; the sale date and sale price were thus not shared. Appellant similarly asserted this property saw a \$0 increase in assessed value from 2021, but did not know the 2021 assessment information.

Respondent opined it was highly unlikely the two (2) properties Appellant described saw no increases in valuation between 2021 and 2022, especially where the second property would have entered the occupancy roll in 2022. This would cause the property to necessarily see a large increase in assessed value since the residence would need to be assessed at full market value after being occupied. Respondent also asserted market values in 2022 exceeded building costs from 2020, so it is illogical subject should be valued at less than its build cost from 2019 and 2020.

Respondent explained subject's assessed value was determined by using the building plans and sales of similar properties. Respondent also shared subject's subdivision was up for reappraisal in 2022, and a letter was sent to all property owners requesting to physically reappraise each property. Respondent stated because there was no response from Appellant, the increase in subject's value was strictly market-driven as no changes were made to the property characteristics.

Respondent shared two (2) sales analyses. The first involved eight (8) sales, though Respondent noted six (6) were two (2) story designs where subject is only one and one-half (1½) stories.

The two (2) sales that were not two (2) stories were one and one-half (1½) like subject. Sale No. 1 was a 1.78 acre lot located in subject's subdivision and sold for

\$800,000 in November 2021. The residence was built in 2021, had a grade of very good, and was in average condition. The residence totaled 4,176 square feet, which included 2,284 square feet above ground and 1,892 square feet in the basement, of which 1,797 square feet were finished. The residence had a 1,232 square foot garage. Respondent reported the residence sold for roughly \$316 per above-ground square foot after removing the land value. Sale No. 2 was a 1.67 acre lot located in the Highland Springs subdivision and sold for \$515,751 in September 2021. The residence was built in 2021, had a grade of good+, and was in average condition. The residence totaled 4,544 square feet, which included 2,336 square feet above ground and 2,208 square feet in the basement, of which 320 square feet were finished. The residence had a 1,316 square foot garage. The land value was removed, and Respondent calculated the residence sold for roughly \$190 per above-ground square foot.

Respondent's next analysis included six (6) sales in six (6) different subdivisions. Respondent stated these sales were more similar in size, year built, and quality to subject than the sales in the previous analysis. Sale No. 6 was the same property as Sale No. 2 described above. The remaining five (5) were single-story residences on lots from 1.95 to four (4) acres with 2021 sale prices from \$750,000 to \$970,000. The residences had above-ground areas of 2,124 to 2,957 square feet and were built between 2015 and 2020. Respondent removed land values and calculated sale rates for above-ground area at roughly \$287 to \$320 per square foot. Respondent then removed the basement values from each respective sale price and calculated above-ground rates at roughly \$278 to \$306 per square foot. Subject is assessed at roughly \$304 per above-ground square foot, or roughly \$296 per above-ground square foot with the value of the basement removed.

The information for Sale No. 2 was not clear. The sales grid showed the property sold in August 2021 for \$750,000, but on Respondent's calculation page for the property, it states the sale transpired in March 2021 for \$740,000. On the sales grid, the square footage rates shared are roughly \$318 per square foot and roughly \$299 per square foot after removing the basement value. On the calculations page, the rates were roughly \$190 per square foot and roughly \$206 per square foot, respectively.

Respondent then provided a list of twenty-four (24) properties which sold twice in the past three (3) years. Respondent indicated the sales were used not to set subject's value, but to demonstrate new construction homes in the county have appreciated over the past couple years, not depreciated. Seven (7) homes on the list were built in 2019, and the other seventeen (17) were built in 2020. Properties which sold in 2019 then again in 2020 increased in value between 79% and 83%, properties which sold in 2020 then again in 2021 increased between 59% and 78%, and those which sold in 2019 and then again in 2021 increased between 32% and 75%. Respondent calculated if subject's value increase matched the typical increase, the assessed value would be \$892,938. Subject is currently assessed at \$660,336.

Appellant had various concerns regarding Respondent's sales and analysis. Primarily, Appellant argued none of the sale properties were truly comparable to subject. Appellant believed the sale neighborhoods were superior, but Respondent maintained subject is in a high-quality subdivision as well. Appellant further expressed concern all the sale lots were much larger than subject's roughly one-half ($\frac{1}{2}$) acre. Respondent assured Appellant the land values were removed when comparing subject to the sale properties. Respondent further clarified mass appraisal is used to value properties in the county, and

the sales presented did not comprise all sales considered in subject's valuation. Next, Appellant asserted all the sale properties had higher bedroom and bathroom counts, though specific numbers were not shared. Respondent stated the current market does not differentiate between a residence with three (3) bedrooms and a residence with five (5) bedrooms, so the differences were inconsequential. Respondent shared the market currently prioritizes total living area over bedroom count.

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

Appellant did not present a recognized appraisal approach to support a reduction in subject's assessment. Appellant's presentation consisted primarily of a comparison of assessed values and criticisms about Respondent's comparable sales. The properties Appellant presented were in subject's neighborhood and included a 3,200 square foot residence assessed at \$561,787 and a 3,000 square foot residence with an assessment of \$542,147. Appellant claimed these two (2) properties saw no increase in assessed value from 2021 to 2022, but also stated the 2021 values were unknown.

The Board had some concerns with Appellant's arguments. The Board was curious how Appellant could discern the properties above did not increase in value for 2022 when the 2021 assessed values are unknown. Even if true, a lack of value increases for neighboring properties does not itself demonstrate inequitable assessment of the subject property. Additionally, a comparison of assessed values is not a recognized approach to reach an accurate estimation of market value, which is the value at which properties in Idaho must be assessed unless specially exempted. See Idaho Code § 63-205.

The bulk of Appellant's concerns centered on the comparability of the sales Respondent chose for its analysis. Respondent's primary sales analysis regarded six (6) 2021 sales with 2,124 to 2,957 above-ground square foot residences built from 2015 to 2020 on lots from 1.95 to four (4) acres in size. The sale prices were \$750,000 to \$970,000, or roughly \$278 to \$306 per square foot for the above-ground area. Appellant contended all the sale properties were located in superior neighborhoods, the residences had more bedrooms and bathrooms, and the lots were larger. However, no evidence was

provided to support Appellant's verbal insistence the sale properties were not truly comparable to subject. Respondent stated subject is in a neighborhood that could be considered high-end as well. Additionally, lot values were removed in the analysis to more easily and accurately compare the sales to subject. Overall, the Board did not find Appellant's criticisms of Respondent's valuation analysis compelling, as no market information was provided to support the assertions.

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 burden of proof was not met in this instance. Appellant provided no market information and offered only limited assessment information for a couple properties. Having received no evidence subject is overvalued, the Board will uphold the decision of the Bonneville County Board of Equalization.

FINAL ORDER

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

DATED this 26th day of April, 2023.