

BEFORE THE IDAHO BOARD OF TAX APPEALS

LARRY AND MARIANNE WILLIAMS,)	
)	
Appellants,)	APPEAL NO. 22-A-1034
)	
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. R2940720380. The appeal concerns the 2022 tax year.

This matter came on for hearing October 25, 2022, in Boise, Idaho, before Board Member Leland Heinrich. Representative William Mulder appeared at hearing for Appellants. 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 a condominium unit.

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

FINDINGS OF FACT

The assessed value is \$3,170,700. Appellants contend the correct value is \$2,400,000.

The subject property is a 4,058 square foot three (3) bedroom, two and one-half (2½) bathroom penthouse condominium unit located in the Aspen Lofts, also known as the Front Street Condos, in downtown Boise, Idaho. The unit includes 2,562 square feet

on the building's 17th floor and 1,495 square feet on the 18th floor. Subject also includes 750 square feet of decking across two (2) decks on the west and south sides of the unit.

Appellants purchased the condominium unit in October 2009, the same year construction on the building was completed. The luxury condominium building currently includes 75 units between 407 and 4,260 square feet in size. Subject is the third (3rd) largest unit in the building and is one (1) of three (3) penthouse units. Subject has one (1) fireplace and floor-to-ceiling windows throughout which afford subject views of downtown Boise and the foothills.

Appellants shared sale information regarding a two (2) story unit on the 14th and 15th floors. The unit had three (3) bedrooms, two and one-half (2½) bathrooms, and one (1) fireplace like subject and totaled 4,260 square feet, including 2,941 square feet on the 14th floor and 1,319 square feet on the 15th floor. The unit also included 169 square feet of decking across two (2) decks on the east side of the unit and one (1) on the south side. The unit sold in July 2021 for \$2,399,000. Appellants also supplied the unit's 2022 assessment, which was \$2,598,100.

Appellants next shared sale information regarding another penthouse unit. This unit had four (4) bedrooms, three and one-half (3½) bedrooms, and two (2) fireplaces. The unit totaled 4,256 square feet, with 2,110 square feet on the 17th floor and 2,146 square feet on the 18th floor. The unit also included 843 square feet of decking across two (2) different decks on the east and south sides of the unit. This unit sold in April 2019 for \$2,595,000. Appellants shared the 2022 assessment was \$3,477,700.

Respondent stated the average increase in assessed value from 2021 in the condominium complex was 29.69%. Subject's value increased 20.49%, which is notably

below the building's average. Respondent also explained a paired sales analysis was used to identify a price premium associated with units located on higher floors. Respondent shared the data shows buyers are willing to pay more or less for a unit based on the floor level in the building. Based on the adjusted prices of the 2019 17th floor sale and the 2021 14th floor sale, Respondent concluded the higher location in the building commands an approximately 50% premium, which Respondent used to adjust its Sale No. 2, the 14th floor sale.

Respondent provided information on three (3) sales within subject's complex, two (2) of which were the same as those provided by Appellants. Respondent, however, adjusted the sale prices for differences compared to subject. Sale No. 1, regarding the other penthouse unit, had an adjusted sale price of \$3,796,997, or approximately \$936 per square foot. This adjusted price included a 48.72% time adjustment and a 1.6% adjustment for differences in physical characteristics compared to subject. Sale No. 2, the unit on the 14th and 15th floors, had an adjusted sale price of \$3,837,434, or roughly \$946 per square foot. The adjusted price included a 7.84% time adjustment and a 51.7% adjustment for physical differences.

Respondent's last sale regarded subject's purchase thirteen (13) years ago in 2009. Respondent stated the use of this sale in its analysis was more of a "checks and balances" than a true comparison, as the sale happened over a decade ago. The unit sold for \$1,882,425 in October 2009, which Respondent adjusted to a 2022 price of \$4,280,032, or roughly \$1,055 per square foot. The only adjustment applied to subject's sale price was a 127.37% time adjustment. Subject's current assessment is \$3,170,700, or roughly \$781 per square foot, which Respondent maintained is reasonable.

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 the differences in property characteristics between subject and the sale properties.

Appellant and Respondent provided the same two (2) sales for the Board's consideration: a 2019 sale of a 4,256 square foot penthouse unit and the 2021 sale of a 4,260 square foot 14th and 15th floor unit. The units sold for \$2,595,000 and \$2,598,000, respectively. Appellant did not conduct a traditional sales analysis where adjustments are

made for differences in property characteristics compared to subject like Respondent. Respondent reported adjusted sale prices of \$3,796,997 for the penthouse sale and \$3,837,434 for the 14th and 15th floor unit. Subject's current assessment is \$3,045,700.

The Board overall appreciates the sales information from subject's building, but there were some concerns regarding the comparability of the sales. As Respondent was the only party to apply adjustments, the Board will focus on this analysis. Sale No. 1 occurred in 2019 and experienced a time adjustment nearing 50% because it took place approximately twenty (20) months before the January 1, 2022, date of valuation. The reliability of a time adjustment diminishes as the length of time increases, which is why recent sales are preferable. The Board appreciates that the units were highly similar in physical characteristics and understands there have been few sales within the complex, but was reluctant to place too much emphasis on this sale due to the large time adjustment.

Sale No. 2, on the other hand, included a time adjustment less than 8% because it took place in 2021, rendering it a stronger indicator of current market conditions. While the total adjustments Respondent made to the sale equated to a gross adjustment of 64%, the Board noted nearly all the gross adjustment was attributable to differences in floor level, as subject is a penthouse on the 17th and 18th floors, and the sale property was on the 14th and 15th floors. Otherwise, the two (2) units were highly similar, evidenced by the residual adjustment of approximately 1.8% made for the difference in square footage. Where Sale No. 2's adjusted price is \$3,837,434, and subject's 2022 assessed value is \$3,170,700, the Board observed no evidence subject is inequitably or inaccurately assessed.

In accordance with Idaho Code § 63-511, the burden is with Appellants to establish subject's valuation is erroneous by a preponderance of the evidence. In this instance, the Board did not find the burden of proof satisfied. Appellants made no adjustments for differences between subject and the sale properties, and while Respondent's adjustments were notable, there is no market evidence to suggest subject is overvalued. The Board will uphold subject's 2022 assessment.

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 16th day of March, 2023.

IDAHO BOARD OF TAX APPEALS