

BEFORE THE IDAHO BOARD OF TAX APPEALS

MARK AND CATHERINE BURGER,)	
)	
Appellants,)	APPEAL NO. 22-A-1255
)	
v.)	FINAL DECISION AND ORDER
)	
BOISE COUNTY,)	
)	
Respondent.)	
)	
)	
)	

RESIDENTIAL PROPERTY APPEAL

This appeal is taken from a decision of the Boise County Board of Equalization modifying an appeal of the valuation for taxing purposes on property described by Parcel No. RP002550020050. The appeal concerns the 2022 tax year.

This matter came on for telephonic (Zoom) hearing January 4, 2023, before Board Member Leland Heinrich. Appellant Mark Burger was self-represented. Boise County Chief Deputy Assessor Brandee Kline 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 Boise County Board of Equalization is affirmed.

FINDINGS OF FACT

The assessed land value is \$227,000, and the improvements' value is \$1,236,901, totaling \$1,463,901. Appellants contend the correct total value is \$1,250,000.

The subject property is a 2.84 acre rural residential parcel in the Ridgeline at Mores Creek subdivision located in the Robie Creek area roughly half way between Idaho City and Boise, Idaho. The property is improved with a 3,143 square foot three (3) bedroom,

three (3) bathroom single-level residence constructed in 2020 with a 1,641 square foot attached garage.

Appellants disagreed with the sharp increase in subject's current assessed value over the prior year's valuation, from approximately \$795,000 to \$1,465,000¹, reflecting an increase of 84%. In support of a lower valuation, Appellants offered a couple different value indications. The first was developed through a comparison of assessed values of other rural residential properties. Characteristics of the referenced properties were limited to lot size, which ranged from 1.20 to 26.11 acres, and square footages of the residences, which ranged from 2,400 to 3,842 square feet. Total assessed values varied from \$749,000 to \$1,180,000, or from \$296 to \$422 per square foot. Based on the indicated range of values, Appellants concluded a value of \$1,240,000 for the subject property, or nearly \$395 per square foot.

Appellants next offered an appraisal report concerning the subject property prepared by an independent fee appraiser. The appraisal included three (3) sales in its comparative sales model. The sale residences varied in gross living area from 1,801 to 4,000 square feet and in lot size from 2.00 to 3.93 acres. Sale prices ranged from \$585,375 to \$883,000. After making adjustments for differences in quality, condition, gross living area, and other amenities, the appraisal determined adjusted sale prices from \$730,800 to \$933,200. The appraisal concluded a value of \$872,000 for subject as of February 11, 2021, which Appellants argued was the best available estimate of subject's market value at that point in time.

¹ The subject property's initial 2022 assessed value was \$1,601,334, but was later reduced by the Boise County Board of Equalization to the current valuation following some corrections Respondent made to components of subject's property record.

Appellants contended the appraisal's concluded value should be the starting point for evaluating subject's current assessed value. According to Appellants, various real estate sources reported a roughly 37% increase in residential prices over the course of 2021 in the broader Boise, Idaho area. A more aggressive average price appreciation rate of 63% was reported specifically for Boise County. Based on the various market indicators, Appellants argued a 57.5% increase over subject's prior year's assessed value, equating to a total valuation of roughly \$1,250,000, was reasonable for the current assessment year.

Respondent agreed with Appellants' general characterization of an aggressively appreciating market in Idaho, and in Boise County specifically, but stressed not all neighborhoods in the county increased at the same rate. Respondent highlighted subject's Robie Creek area as a particularly inflationary market during 2021. Based on a comparison of sale prices to 2021 assessed values for properties which sold in subject's area, Respondent found sale prices exceeded assessed values by an average of 110%, which indicated assessed values needed to be considerably increased to reach market levels. In Respondent's view, subject's increase of approximately 84% was not unusual for the neighborhood and was well below the 110% rate suggested by the local sales data.

For more direct support of subject's assessed value, Respondent provided two (2) valuation analyses, one (1) focused on subject's land value and one (1) on the total valuation. The land model included three (3) unimproved lots from .87 to 2.35 acres in size, with sale prices ranging from \$79,500 to \$271,600. Respondent adjusted the purchase prices for date of sale to bring the prices current to the relevant January 1, 2022,

assessment date. Two (2) of the sale lots had well and septic improvements so \$24,000 was removed for purposes of comparison with subject on a raw land basis. After these adjustments, Respondent calculated time-adjusted sale prices from \$113,685 to \$387,030, or from \$118,681 to \$181,515 per acre. By comparison, subject's 2.84 acres are assessed at \$195,000, or \$68,662 per acre.

Respondent's second valuation model was likewise comprised of three (3) sales, though these were improved and were located outside the immediate neighborhood, between four and one-half (4½) and sixteen (16) miles from the subject property. The sale residences were generally similar to the subject residence in terms of quality and condition; however, lot sizes ranged from 2.02 to 17.18 acres. The sale residences, constructed from 1987 to 2018, ranged in above grade living area from 1,966 to 2,401 square feet. Two (2) of the sale residences also included nearly 2,000 square foot finished basements. Sale prices ranged from \$749,000 to \$1,335,000. After applying a 3% per month time adjustment to the sale prices, plus additional adjustments for differences in property characteristics, Respondent determined adjusted sale prices from \$1,180,804 to \$1,591,610, with an average price of \$1,408,118. Subject's current assessed value is \$1,463,901, which was noted to closely approximate the average adjusted price concluded in 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, 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. The three (3) primary approaches for estimating the market value of real property include 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.

Appellants advanced a couple value opinions for the subject property, one (1) developed from a collection of assessed values and one (1) based on an appraisal of the subject property. Though the Board appreciates Appellants’ concerns with subject’s valuation compared to other assessments, a comparison of assessed values is not a recognized appraisal approach and not regarded as a reliable indicator of current market value. Even if such were not the case, Appellants did not provide enough information about the referenced properties to make any meaningful comparisons with subject. In fact, only square footage, lot size, and total assessed values were shared. No information concerning age, quality, and other associated improvements or amenities was provided. Further, it did not appear any of the properties in Appellants’ group were located in

subject's area, but were rather scattered about the county. As a result, the Board did not place any emphasis on Appellants' assessment.

The sales comparison approach analysis in Appellants' appraisal report was better received by the Board, but there were some concerns. First, the appraisal's effective date of valuation was February 11, 2021, roughly eleven (11) months prior to the relevant assessment date in this appeal. Given the historic price appreciation in subject's Robie Creek area, an opinion of value from nearly a year ago is rather stale information and not reflective of current market conditions. At the very least, the sale prices would need to be time-adjusted to January 1, 2022, which would notably increase the resulting value conclusion for the subject property. The value conclusion would likely skew further upward using current adjustment rates based on up-to-date construction costs. While perhaps an accurate estimate of subject's market value in February 2021, the Board did not find the appraisal report instructive with respect to subject's current market value.

Lastly, Appellants suggested an increase of 57.5% over subject's 2021 assessed value was reasonable given the various market appreciation rates reported by different industry sources. Though Appellants' position is understandable, there was no support for the offered 57.5% figure. The adjustment is less than the 63% Appellants reported as the average overall increase across Boise County and is markedly less than the price appreciation rate indicated by sales activity in subject's immediate neighborhood, which revealed 2021 sale prices were 110% above assessed values, on average. As explained by Respondent, certain neighborhoods appreciated considerably faster than the county-wide average and, according to the sales data, it was apparent to the Board subject's neighborhood falls into this category.

Respondent's valuation models were generally well received by the Board, though there were questions concerning the comparability of some of the sale properties, particularly the improved sales which varied widely in lot size and finished living area. The improved sale properties were also located some distance from subject, between four (4) and sixteen (16) miles. Respondent explained the subject residence is somewhat unique in terms of size and quality, so in order to find similar properties, the search needed to be expanded outside the immediate neighborhood. The sale properties were otherwise generally similar to the subject property. The sales were adjusted to match the characteristics of the subject property and, importantly, the sale prices were adjusted for dates of sale to reflect market conditions on the date of assessment. Overall, the total adjustments appeared somewhat aggressive, but the largest adjustments were the time adjustments, which is to be expected with the historic market activity during 2021 and do not speak to the comparability of the sale properties with subject. Respondent calculated an average adjusted sale price of roughly \$1,400,000, which is supportive of subject's \$1,463,901 assessed value.

Idaho Code § 63-511 places the burden on Appellants to establish subject's valuation is erroneous by a preponderance of the evidence. The Board did not find the burden of proof satisfied in this instance. Appellants provided a good quantity of data, which efforts were appreciated by the Board, but ultimately Respondent's analysis was found to represent the better indicator of market value where it was based on current market data and generally adhered to recognized standards of appraisal practice. Accordingly, the decision of the Boise County Board of Equalization is affirmed.

FINAL ORDER

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

DATED this 25th day of April, 2023.