

BEFORE THE IDAHO BOARD OF TAX APPEALS

KEVIN D. AND CHRISTINA F. JEFFRIES	)	
FAMILY TRUST,	)	
	)	APPEAL NO. 22-A-1249
Appellant,	)	
	)	FINAL DECISION AND ORDER
v.	)	
	)	
BOISE COUNTY,	)	
	)	
Respondent.	)	
	)	

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**RESIDENTIAL PROPERTY APPEAL**

This appeal is taken from a decision of the Boise County Board of Equalization denying an appeal of the valuation for taxing purposes on property described by Parcel No. RP054120010020. The appeal concerns the 2022 tax year.

This matter came on for telephonic hearing before Board Member Leland Heinrich. Trustee Kevin Jeffries appeared at hearing for Appellant. Boise County Assessor Chris Juszczak 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 rural residential property.**

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

FINDINGS OF FACT

The assessed land value is \$402,000, and the improvements' value is \$1,471,878, totaling \$1,873,878. Appellant contends the correct total value should not exceed \$1,250,000.

The subject property is a 2.11 acre rural residential parcel situated on the banks of the Middle Fork of the Payette River. The property is effectively shaped like a peninsula

extending into the river, with shoreline running along three (3) sides of the parcel. The property is improved with a custom-built two (2) story five (5) bedroom, four and one-half (4½) bathroom residence constructed in 2003. The residence totals 5,298<sup>1</sup> square feet in size, with 3,188 square feet on the main level and 2,110 square feet on the upper floor. There is also a 1,454 square foot attached garage.

Appellant was concerned with the sharp increase in subject's assessed value since purchasing the property in October 2018 for \$678,500, particularly the increases the last two (2) assessment years. Subject's current 2022 assessed value represents a nearly 80% increase over the prior year's valuation of \$1,048,993. Appellant stressed the rate of increase in the assessed value of subject's residence has significantly outpaced the replacement cost estimated by the insurance company. Appellant noted the insurance value of the subject residence was approximately \$770,000 as of October 2021 and nearly \$950,000 as of October 2022. By contrast, the assessed value of subject's residence was roughly \$805,000 for the 2021 assessment year and \$1,470,000 for the current year. In Appellant's opinion, the recent increases in subject's assessed value are unreasonable and not reflective of the marketplace.

Appellant also referenced an active listing concerning the adjacent property to subject's west. Appellant reported the parcel is two (2) acres in size but did not share details regarding the improvements other than a passing reference to the custom residence being smaller than subject's. It was not clear when the listing period began, but

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<sup>1</sup> Respondent's records originally reflected a total size measurement of 5,163 square feet, with 2,884 square feet on the main floor and 2,279 square feet on the upper floor. Appellant contended the size total was incorrect so offered to allow Respondent to verify the size. The Hearing Officer left the record open to afford Respondent an opportunity to review the size issue and report the findings, along with any recommended change in valuation. After review, Respondent concluded a slightly higher total size of 5,298 square feet and recommended no value change.

Appellant stated the original asking price of \$999,000 was reduced to \$900,000 at some point. According to Appellant, the property has not sold after an exposure time on the market in excess of 230 days. Appellant found it illogical the market value of the subject property is approximately \$1,000,000 more than the asking price of the immediately adjacent property.

Respondent explained finding “exactly” comparable sales is difficult because properties in the county are generally unique, particularly waterfront properties, which vary widely in terms of shoreline quality as well as quality and design of the residence. Respondent characterized the subject property as no exception, with a roughly 5,300 square foot custom residence, riverfront on three (3) sides of the property, and 360 degree views of the river and surrounding mountains. Respondent estimated approximately 75% of subject’s border is riverfront. In all, Respondent regarded subject as one of the more unique parcels on the river.

Respondent also explained the Boise County real estate market has experienced unprecedented price appreciation the past couple years, especially the market for waterfront properties, which has dramatically increased property values across the board. Respondent offered two (2) groups of sales in support of subject’s current valuation. The first was three (3) vacant riverfront lot sales, all noted to be relatively level with views of the river and/or mountains, but all lacking well and septic. Sale No. 1 was a 1.12 acre lot which sold in July 2021 for \$325,000. Sale No 2 concerned a 1.29 acre lot with a June 2021 sale price of \$245,000. Sale No. 3 was the April 2021 purchase of a 5.0 acre lot for \$435,000. After applying a 3% per month time adjustment to the sale prices to reflect pricing levels on January 1, 2022, Respondent calculated time-adjusted sale prices of

\$419,250, \$324,217, and \$630,025, respectively, and an average adjusted price rate of \$250,555 per acre for the sale lots. Subject's 2.11 acres are assessed at \$370,000, or \$175,355 per acre, which Respondent maintained was reasonable against the price indications of the vacant lot sales.

Respondent's next sales group consisted of four (4) sales involving properties improved with custom residences. Sale No. 1 was the only riverfront property in the group. This property was a 16.48 acre parcel improved with a 3,284 square foot residence constructed in 2006. The property sold in May 2021 for \$2,200,000. Sale No. 2 concerned a 3,324 square foot residence constructed in 2006 and situated on a 26.71 acre parcel. This property sold for \$1,500,000 in November 2021. Sale No. 3 was the May 2021 purchase of a 5.01 acre parcel improved with a 2,178 square foot residence constructed in 2000 for \$1,210,000. Lastly, Sale No. 4 involved a 3,494 square foot residence constructed in 2003 attached to an 8.39 acre lot which sold in November 2021 for \$1,600,000. After adjusting the respective sale prices for date of sale and making adjustments for differences in acreage, location, above grade living area, and other property characteristics, Respondent reported adjusted sale prices ranging from \$1,688,000 to \$2,566,666, with an average adjusted price of \$1,948,442. Based on this sales analysis, Respondent contended subject's current assessed value of \$1,873,878 was at market level.

#### 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 three (3) primary approaches for determining value 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.

Appellant did not utilize any of the above valuation approaches in estimating a market value between \$1,200,000 and \$1,400,000 for the subject property. Instead, Appellant provided the insured value of \$946,948 for the subject residence and stressed it was significantly lower than the \$1,471,878 assessed value of the dwelling. The Board understands Appellant’s position with respect to the conflicting value indicators, but the insurance value of a twenty (20) year old residence is not considered relevant evidence of current market value. Insurance coverage is typically based on a replacement cost methodology, and it is well-established that cost does not necessarily equal market value.

Further, with absolutely zero details about how the coverage amount was calculated or some other form of backup for the reported replacement cost figure, the Board did not factor the insurance value of the subject residence into its consideration of the property's market value.

Appellant additionally referenced the listing activity related to a neighboring property. Appellant did not share the date the property was first listed for sale, but reported an initial asking price of \$999,000, which was reduced to \$900,000 sometime thereafter. Appellant stated the property has been on the market for more than 230 days with no activity. The Board appreciated the listing information but did not find it particularly relevant with respect to subject's market value. First, listings are not considered the best evidence of market value, particularly if relevant sales data is available. Even if such were not the case, the neighboring property is not comparable to subject. Aside from being approximately two (2) acres in size, the neighboring property appeared to share no other commonalities with the subject property aside from location. Though details were not provided, the residence on the neighboring property was noted to be smaller than the subject residence, and the frontage length on the adjacent parcel is only a fraction of subject's shoreline length, as the lot fronts the river on only one (1) side. As the property did not sell, and there were too few physical details to make any meaningful comparisons between subject and the neighboring property, the Board did not give the listing information much weight.

Better received by the Board were the sales models offered by Respondent. The first model was comprised of three (3) vacant riverfront lot sales from 1.12 to 5.00 acres in size, with an average time-adjusted sale price of roughly \$250,000 per acre. Subject's

land value is approximately \$175,000 per acre, which does not appear overstated against the adjusted sale prices.

Respondent's second comparative sales model, consisting of four (4) improved sales, was also generally well-received by the Board. Admittedly, there were significant differences between subject and the sale properties, but such is to be expected in a county as diverse in property type as Boise County. All the sale parcels enjoyed more acreage than the subject lot, but the subject residence was nearly 2,000 square feet larger than any of the sale residences. Respondent determined adjusted sale prices ranging from approximately \$1,700,000 to \$2,600,000, with an average of roughly \$1,950,000. Subject's current assessed value is \$1,835,570, which falls well within the range of value indicated by the adjusted sale prices. Subject's value is even more reasonable considering only one (1) of Respondent's improved sales was a waterfront property. Had all four (4) been riverfront parcels, it is likely Respondent's value conclusion would have been notably higher.

In accordance with Idaho Code § 63-511, Appellant bears the burden of demonstrating error in subject's valuation by a preponderance of the evidence. As Respondent offered the only analysis based on recent sales, the Board did not find the burden of proof satisfied. Both of Respondent's sales models were found supportive of subject's current assessed value, and there was not otherwise any good cause to alter the valuation.

Based on the above, 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 25<sup>th</sup> day of April, 2023.