

BEFORE THE IDAHO BOARD OF TAX APPEALS

NEIL SIEGEL,)	
)	
Appellant,)	APPEAL NO. 22-A-1178
)	
v.)	FINAL DECISION AND ORDER
)	
BLAINE COUNTY,)	
)	
Respondent.)	
)	
_____)	

RESIDENTIAL PROPERTY APPEAL

This appeal is taken from a decision of the Blaine County Board of Equalization denying an appeal of the valuation for taxing purposes on property described by Parcel No. RP003200090090. The appeal concerns the 2022 tax year.

This matter came on for hearing October 18, 2022, in Hailey, Idaho, before Board Member Leland Heinrich. Appellant Neil Siegel was self-represented. Blaine County Assessor Jim Williams 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 Blaine County Board of Equalization is modified.

FINDINGS OF FACT

The assessed land value is \$632,648, and the improvements' value is \$589,162, totaling \$1,221,810. Appellant contends the correct land value is \$632,000, and the improvements' value is \$382,000, totaling \$1,014,000.

The subject property is a .31 acre parcel located in the Hulen Meadows Number 5 subdivision in Ketchum, Idaho. The property is improved with a 1,911 square foot

Weyerhaeuser pre-built residence with a 672 square foot attached garage built in 1975 and remodeled in 1993. The residence has a cinderblock foundation with dirt underneath. The only heat source in the living room is a gas fireplace. The heating source for the rest of the residence was not specified.

Appellant and Respondent provided information on the same three (3) sale properties, none of which were pre-built Weyerhaeuser residences like subject. Appellant provided assessment information, asserting the properties were not comparable to subject and demonstrated subject is overvalued. Respondent contended the sales included in its analysis support subject's current valuation.

Sale No. 1 was a .83 acre property improved with a 2,240 square foot residence with a 752 square foot garage built in 1968 and remodeled in 1993. The property had an average location rating, a higher construction quality rating than subject, and sold in December 2021 for \$1,500,000, or roughly \$676 per square foot. Respondent made adjustments for differences between the sale property and subject, concluding an adjusted sale price of \$1,278,300. Appellant shared this sale property was assessed at \$1,618,902, or roughly \$269 per square foot for just the improvements.

Sale No. 2 was a .32 acre property improved with a 1,512 square foot residence with a 256 square foot garage built in 1973 and remodeled in 2003. The property had an excellent location rating, a notably higher construction quality rating than subject, and sold in July 2021 for \$2,000,000, or roughly \$1,402 per square foot. The adjusted sale price was \$1,841,300. The property was assessed at \$1,585,823 for 2022, the residence being assessed at roughly \$543 per square foot.

Sale No. 3 was a .98 acre property improved with a 2,870 square foot residence and a 418 square foot garage built in 1972 and remodeled in 2000. The property had a good location rating, a lower construction quality rating than subject, and sold in October 2021 for \$1,900,000, roughly \$682 per square foot. The adjusted sale price was \$1,237,700. The sale property's 2022 assessed value was \$1,878,477, or roughly \$245 per square foot for the residence.

In comparison, subject's residence is assessed at approximately \$308 per square foot and roughly \$639 per square foot overall. Respondent shared subject's value increased 47% from its 2021 assessment of \$828,441. The land value increased 32% while the improvements' value increased 69%.

Overall, Appellant was concerned subject's condition and location were not sufficiently considered in the sales analysis and therefore not reflected in subject's assessed value. Appellant also expressed disagreement with Respondent's adjustments, stating they were insufficient to account for the vast differences between subject and the sale properties. Specifically, Sale Nos. 1 and 3 had notably larger lots and were on the north side of the neighborhood, which Appellant argued is superior to subject's south side location. Additionally, Appellant opined Sale No. 2's residence was higher quality with better views than subject. Appellant lastly testified a new Weyerhaeuser residence could be installed on the property for \$250,000.

Respondent spoke against the use of assessments in a comparison analysis. Respondent maintained subject is fairly and equitably assessed and the sales were properly adjusted to demonstrate subject's value. Respondent additionally reported

subject has an approximately 10% functional obsolescence adjustment which sufficiently considers subject's condition and Weyerhaeuser box status.

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.

Appellant did not perform a traditional valuation approach to support a reduction in subject's assessment. Instead, Appellant focused on an analysis of assessments of the sale properties Respondent provided, as well as describing detrimental aspects of the

subject property which differ from other properties in the area. Specifically, subject's residence is a lesser quality pre-fabricated residence, not a stick-built residence like all three (3) of Respondent's comparable sales. The assessments of the "comparable" properties ranged from \$1,585,823 to \$1,878,477. Appellant was mainly concerned with the value rates of the improvements, which ranged from approximately \$245 to \$543 per square foot. Subject is assessed at \$1,221,810, or roughly \$308 per square foot for just the improvements.

Respondent provided a more traditional sales comparison analysis, which the Board found supportive of subject's land value. Respondent gave considerable weight to the size and location of subject in its analysis. The Board also found no sign of inequitable land assessment, so there is no good cause to alter the land value.

The Board did not, however, find Respondent gave sufficient weight to subject's condition and quality. Subject is a pre-built residence on a cinderblock foundation, which means no vertical additions could be made to the residence. Additionally, the residence is situated on the property in such a manner that the setback requirements limit any potential ground-level additions. All of Respondent's sale residences were two (2) story stick-built designs which are difficult to compare to subject. Respondent testified there was some consideration for functional obsolescence, a 10% adjustment, but in view of the fact subject is of such a lesser construction quality, the Board concluded an additional 10% reduction is warranted in this instance.

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 met, but did not find support for the value requested by Appellant. In

the Board's view, not enough consideration was given to subject's lesser quality, so the Board will reduce the improvement's value to \$530,246. The decision of the Blaine County Board of Equalization is modified accordingly.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Blaine County Board of Equalization concerning the subject parcel be, and the same hereby is, MODIFIED to reflect a new value of \$1,162,894, with \$632,648 attributable to the land and \$530,246 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 2nd day of March, 2023.

IDAHO BOARD OF TAX APPEALS