

BEFORE THE IDAHO BOARD OF TAX APPEALS

JANE STONE-SAYKO,)	
)	
Appellant,)	APPEAL NOS. 22-A-1253 and
)	22-A-1254
v.)	
)	FINAL DECISION AND ORDER
BOISE COUNTY,)	
)	
Respondent.)	
)	
_____)	

RESIDENTIAL PROPERTY APPEALS

These appeals are taken from decisions of the Boise County Board of Equalization concerning appeals of the valuations for taxing purposes on properties described by Parcel Nos. RP09N04E108580 and RP09N04E108570. The appeals concern the 2022 tax year.

These matters came on for hearing January 5, 2023, in Idaho City, Idaho, before Board Member Leland Heinrich. Appellant Jane Stone-Sayko was self-represented. Boise County Assessor Chris Juszczak represented Respondent.

Board Members Kenneth Nuhn and Doug Wallis join in issuing this decision.

The issue on appeal concerns the market values of two (2) improved rural residential properties.

The decisions of the Boise County Board of Equalization are modified.

FINDINGS OF FACT

Parcel No. RP09N04E108580 (Appeal 22-A-1253)

The assessed land value is \$135,510, and the improvements' value is \$118,133, totaling \$253,643. Appellant contends the correct land value is \$27,570, and the improvements' value is \$33,000, totaling \$60,570.

This subject property is a 6.0 acre rural parcel located about a mile north of Crouch, Idaho. The property is improved with an open-sided shed cover comprised of 3,520

square feet on the ground floor and 1,080 square feet in an elevated storage area described by Respondent as a mezzanine.

Parcel No. RP09N04E108570 (Appeal 22-A-1254)

The assessed land value is \$291,540, and the improvements' value is \$233,392, totaling \$524,932. Appellant agrees with the value of the improvements, however, contends the correct land value is \$176,480, totaling \$409,872.

This 4.63 acre subject property is situated adjacent to the above subject parcel and is improved with a 2,140 square foot residence constructed in 1982 and several multipurpose outbuildings. Both subject properties, plus a third contiguous parcel, are used together as Appellant's homesite and for grazing cattle. There are no interior fences or other restrictive barriers separating the parcels, so cattle are free to graze the entirety of the combined acreage, including around the residence.

Appellant's primary concerns centered on the size and valuation of the homesite and the valuation of the shed cover improvement. In 2020, Appellant brought the homesite issue before this Board (BTA) because at that time both were assessed as having independent homesites with a combined size of 2.53 acres. Ultimately, the BTA concluded a single one (1) acre homesite spread between the two (2) subject parcels and reduced the land valuation accordingly. Subjects' assessment notices for the current 2022 year reverted to the prior assessment treatment as two (2) homesites with a combined size of 2.53 acres. As this same homesite issue was addressed by the BTA in 2020, Appellant petitioned the Board to reach the same conclusion for the current assessment year.

At hearing, Respondent explained the 2.53 acre combined homesite figure reflected on subjects' 2022 assessment notices was an error. Instead, the notices should have reflected a combined size of one (1) acre, with 0.5 acres assigned to each subject property. The error was caused by a "crash" of the assessment system used by the assessor's office earlier in 2022, which required an entire re-build of the system and delayed the issuance of assessment notices by several weeks. Respondent shared much of the re-build effort required manually inputting property data into the system, so there were some data entry errors. The homesite on the subject properties was one (1) of those data entry errors that was not caught prior to the assessment notices being issued. Due to this error, Respondent petitioned this Board to reduce the total size of the homesite to 1.0 acre and the valuation to \$268,000, split evenly between both subject properties. As the parties both agree on the one (1) acre homesite size, there is no need to further discuss this issue.

While the homesite size issue was settled between the parties, the market value of that homesite acre was not. Appellant maintained the \$268,000 valuation proposed by Respondent was above-market and contended the Board should reduce the value to \$200,000. In this regard, Appellant offered an analysis of all vacant lot sales in the Garden Valley area involving parcels less than five (5) acres in size, which sold between July 1, 2020, and December 31, 2021, as reported by the Multiple Listing Service (MLS). There were a couple dozen sales in the data set with an average size of 1.98 acres and a median of 2.00 acres. The sales data was plotted on a graph and an 8% per month upward price trend was identified, which indicated a 96% annual market appreciation rate in subjects' area. Appellant applied this 8% per month market trend to each sale price in the group to

reflect pricing levels on January 1, 2022, the relevant date of valuation here. The average time-adjusted sale price was \$146,455 per acre, and the median was \$121,095 per acre. The time-adjusted sale price plot line indicated a price of \$200,000 for a one (1) acre parcel, the value to which Appellant argued subjects' homesite acre should be reduced.

In support of the \$268,000 proposed homesite valuation, Respondent provided a comparative analysis of three (3) unimproved riverfront sales. Sale No. 1 concerned a 1.12 acre parcel which sold in July 2021 for \$325,000. Sale No. 2 was the June 2021 purchase of a 1.29 acre lot for \$245,000. The third sale was a 5.0 acre parcel with an April 2021 sale price of \$435,000. Based on a study of sales activity over the prior year, Respondent determined a 5% per month time adjustment rate for unimproved residential parcels in the county during 2021, and a 3% rate for improved residential properties. Applying the 5% per month adjustment to the lot sales, Respondent calculated time-adjusted sale prices of \$419,250, or \$374,330 per acre, for Sale No. 1; \$324,217, or \$251,331 per acre, for the second sale lot; and \$630,025, or \$126,005 per acre, for Sale No. 3, a 5.0 acre parcel. The average price rate for the group was \$250,555 per acre, and the average of the two (2) smaller sale lots was \$312,831 per acre. Respondent maintained the proposed value of \$268,000 for subjects' one (1) acre homesite was reasonable, particularly against the adjusted price rates of the two (2) sale lots closer in size to subjects' homesite.

Moving to the assessed value of the shed cover, it was explained the Boise County Board of Equalization (BOE) reduced the valuation from \$158,003 to \$118,133 following some corrections Respondent made to the characteristics of the structure. Though the BOE's value reduction was appreciated, it did not go far enough in Appellant's opinion.

Appellant noted Respondent has changed the classification of the shed cover several times in recent years, from a general-purpose building, to a detached garage, to a carport, none of which have been accurate in Appellant's view. Appellant stressed the shed cover is an open pole-built structure with no foundation, no exterior walls, no electricity, and no plumbing. Appellant shared the structure was constructed using mostly recycled building materials, including the roof which is comprised of old 4' x 8' traffic signs arranged like typical roofing shingles. And the steel I-beams were salvaged from an old grocery store built some decades ago. Appellant contended the shed cover is a basic agricultural accessory building used to store equipment.

Appellant also challenged Respondent's classification of the 1,056 square foot "mezzanine" area as a separate general-purpose building. The disputed area is an elevated floor made from non-treated press board with a pony wall around the perimeter. It has no foundation, no roof, and no exterior wall coverings. Appellant stated the space is not like a traditional mezzanine level in a commercial office building and is nothing similar to its own general-purpose building as it is currently being assessed by Respondent. Appellant regarded the area as an elevated dry storage area suitable only for storing items not too heavy to carry up the stairs.

In terms of the valuation, Appellant developed several cost approach estimates for the subject shed cover using different building types/classifications. Appellant shared detailed descriptions and photographs of different types and classes of outbuildings from recognized cost manuals. For the elevated mezzanine area, Appellant concluded a replacement cost new estimate of \$6,684, or \$6.33 per square foot, for the 1,056 square

space, plus an additional \$1,500 for the stairs used to access the space. The same mezzanine value was included in each of Appellant's four (4) cost models.

Appellant's first cost analysis considered the subject outbuilding as a commercial structure. After applying a cost modifier of 1.14 and a local market modifier of 1.05, Appellant calculated a total replacement cost new estimate of \$58,360 for the entire structure, including the mezzanine space. Applying the fifteen (15) year age of subject's structure to an expected useful life of fifty (50) years, Appellant determined a 30% depreciation rate. After depreciation, Appellant concluded a depreciated value of \$41,041 for the structure, or \$11.66 per square foot. The same cost and local market modifiers were used in Appellant's other three (3) cost models, as was the same 30% depreciation factor. Evaluated as a carport, Appellant determined a depreciated replacement cost of \$40,570, or \$11.53 per square foot for subject's outbuilding. The last two (2) cost models both evaluated the structure as an open hay shed, one (1) as a type "good" and the other as a type "average" open hay shed. Appellant reported cost approach values of \$35,909, or \$10.20 per square foot, as a type "good" open hay shed and \$27,533, or \$7.82 per square foot, as an "average" hay shed. Based on the descriptions and photographic examples of different building types in the cost manuals, Appellant argued subject's outbuilding best resembles an open hay cover, not a general-purpose building as valued by Respondent.

Appellant additionally shared recent construction cost information for some steel shed cover improvements installed at an active dairy operation in eastern Idaho, as well as some assessment information concerning other outbuildings in subjects' general area. The average cost of the three (3) shed cover improvements totaling 51,288 square feet

in size was \$7.41 per square foot in late 2022. The assessment information concerned properties improved with a wide variety of outbuildings. Appellant highlighted several outbuildings generally comparable to the subject structure assessed at \$12.52 per square foot. Based on the various value indications from the cost models, the assessment data, and recent construction cost information, Appellant contended the value of the subject outbuilding should be roughly \$12.50 per square foot.

Respondent offered two (2) valuation models in support of the \$118,133 value of the subject outbuilding. The first was a sales comparison analysis using five (5) recent sales of properties with outbuildings. All the sale outbuildings were smaller, and Respondent regarded each as inferior in quality to the subject outbuilding. Sale No. 1 was a 2.44 acre parcel improved with a 322 square foot metal pole building with a dirt floor and no power or insulation constructed in 2007. The property sold for \$215,000 in November 2021. Respondent removed the assessed land value from the sale price and applied a 5% per month time adjustment to bring the price up to current market levels on January 1, 2022, resulting a time-adjusted residual price indication of \$5,528, or \$17 per square foot, for the shed.

Sale No. 2 was a .93 acre lot improved with a 480 square foot wooden pole outbuilding with no exterior walls, a dirt floor, and no power. This property sold for \$85,000 in June 2021, with a residual value indication of \$15,516, or \$32 per square foot, for the outbuilding.

Sale No. 3 concerned a .80 acre parcel improved with a nearly 1,400 square foot single-level residence constructed in 1973. The property was further improved with a 580 square foot wooden pole- and stick-built outbuilding constructed in 1999. This property

sold for \$310,000 in September 2021, with a residual price indication of \$59,101, or \$102 per square foot, for the outbuilding.

Sale No. 4 was the February 2021 purchase for \$269,000 of a 2.57 acre parcel improved with an enclosed RV cover made of aluminum square tubing constructed in 2020. The residual price indication for the outbuilding was \$109,030, or \$170 per square foot.

Lastly, Sale No. 5 was the \$253,400 purchase in February 2021 of a 5.0 acre parcel improved with a 960 square foot lean-to attached to a steel shipping container. The residual price indication for the structure was \$42,548, or \$44 per square foot. Respondent calculated an average adjusted residual price rate of \$73 per square foot for the sale outbuildings. Subject's outbuilding is assessed at \$118,133, or \$26 per square foot, using a total size figure of 4,576 square feet for the main structure and the mezzanine space.

Respondent's second value estimate was developed through a cost approach model. A base replacement cost rate of \$20.81 per square foot was used for the main structure, and \$12.52 per square foot was used for the 1,056 square feet in the mezzanine area. After applying a 0.95 market grade modifier, a 1.25 local cost modifier, and a 1.33 market trend modifier, Respondent calculated a total replacement cost new estimate of roughly \$130,000. After applying a 9% depreciation factor, Respondent's cost model concluded a value of \$25.82 per square foot for the subject outbuilding. Based on the value indications from the two (2) valuation models, Respondent argued the assessed value of subject's outbuilding was reasonable.

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 sales comparison approach, the cost approach, and the income approach comprise the three (3) primary methods for determining market value. *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.

There are three (3) primary issues in these appeals, each of which will be addressed in turn. The first issue concerns the proper size of subjects' homesite. Subjects' original assessment notices reflected a combined homesite size of 2.53 acres. At hearing, Respondent explained the 2.53 acre size figure was an administrative error and the correct homesite size should total one (1) acre. As Appellant likewise advocated

for a homesite size of one (1) acre, the Board will accept the proposed one (1) acre size figure for subjects' homesite.

The second issue concerns the market value of subjects' one (1) acre homesite. Appellant's value opinion was developed through an analysis of a couple dozen sales from the Garden Valley area which transpired between July 2020 and December 2021. Appellant plotted the price data and calculated an 8% per month rate of market appreciation. Appellant applied this rate to each sale price in the data set, and the resulting trend line indicated a market price of \$200,000 for a one (1) acre parcel. While the Board appreciated Appellant's thorough analysis, it represented more of a broad overview of the general Garden Valley marketplace than a valuation model targeted at subjects' specific homesite valuation. None of the sales were compared to the subjects' homesite, and no consideration was given for differences in property characteristics. Further, the data set included all sales in the area with no distinction for location, not even between riverfront and non-riverfront. In the Board's experience, properties with a water amenity typically command higher prices in the market and are generally considered a separate class of residential property. As the subject properties do enjoy a water amenity, the Board would have preferred a sales model more focused on comparable water-influenced properties.

Respondent's land valuation model was better received by the Board, as it was more directly focused on subjects' specific homesite value. The analysis included three (3) unimproved riverfront lot sales from 1.12 to 5.00 acres in size. Respondent calculated time-adjusted sale prices from roughly \$325,000 to \$630,000, or \$126,000 to \$375,000 per acre, and an average price rate of \$250,000 per acre. An approximate price rate of

\$313,000 per acre was reported for the two (2) smaller sale lots. Given the riverfront sales data, the Board finds Respondent's proposed valuation of \$268,000 for subjects' one (1) acre homesite reasonable.

The remaining issue is the value of subjects' outbuilding. Respondent developed a cost approach model but emphasized a comparative analysis of five (5) recent sales involving various types of outbuildings. After time-adjusting the respective sale prices and removing land and other improvement values, Respondent calculated residual price rates from \$17 to \$170 per square foot for the outbuildings, at an average of \$73 per square foot. The sales information was appreciated, but the Board was not persuaded Respondent's methodology produced the most reliable indication of market value for subjects' outbuilding. A fundamental element necessary for a reliable unit-based comparison, such as per square foot, is that there needs to be a high degree of similarity between the subject property and the sale properties to which it is being compared. In this case, none of the outbuildings associated with Respondent's sale properties resembled the subject outbuilding in terms of size, with the largest totaling only 960 square feet, less than 25% the gross size of the subject outbuilding. Another key difference was several of the outbuildings in Respondent's group had exterior walls and doors, whereas the subject outbuilding is a completely open structure with a sloped metal roof made from old traffic control signs. Given the profound dissimilarities of the outbuildings in the model, the Board was strained to make any meaningful comparisons between the outbuildings in Respondent's model and the subject outbuilding or to correlate the adjusted residual price rates to any reliable indication of market value for subjects' outbuilding.

The Board likewise had concerns with Respondent's cost approach analysis. Respondent applied base replacement cost rates of \$20.81 and \$12.52 per square foot for the main structure and mezzanine area, respectively, or an overall rate of \$18.90 per square foot. The Board agrees different rates should be used for the two (2) distinct areas of the structure, but there was no support offered for the base rates chosen. Respondent stated the structure was valued as a general-purpose building, but nothing else was shared, such as the building class. In any event, the Board was not convinced the subject structure should be considered a general-purpose building, as such outbuilding types typically include exterior walls and doors, which add significantly to the cost. Though not addressed at hearing, the base cost Respondent utilized for general-purpose buildings presumably includes costs associated with walls and perhaps more. Based on the illustrative photographs of hay covers included in the Oregon Cost Manual for farm buildings, the subject structure is best characterized as a hay cover in the Board's view. Such structures are typically open pole or steel frame construction with a roof cover, which aptly describes the subject outbuilding. The only discernable difference from a hay cover is the subject structure includes an elevated dry storage area, but in the Board's view the general character or class of the building is a hay cover, which is less costly to construct than a typical general-purpose building.

The Board generally preferred Appellant's cost approach models where consideration was given for the lack of walls and flooring in the subject outbuilding. The mezzanine was also thoughtfully evaluated according to its specific attributes. One area of concern from the Board's perspective was use of a straight-line depreciation rate, which resulted in an aggressive depreciation factor of 30%. Another question concerned the

cost and local modifiers used in the analysis, as they were not specific to the Garden Valley market but were instead broader rates from the Boise area. Due to these concerns, the Board was hesitant to adopt the roughly \$33,000 value proposed by Appellant for the subject outbuilding, but we did find support for a lower valuation.

Idaho Code § 63-511 places the burden on Appellant to establish subjects' valuations are erroneous by a preponderance of the evidence. Given the record in this matter, the Board found the burden of proof satisfied, though did not find sufficient support for the values petitioned by Appellant. As agreed by the parties, the Board will reduce the size of the homesite on the subject parcels to 1.0 acre, with 0.50 acres attributable to each subject property for purposes of assessment. Given the relative strength of Respondent's analysis of vacant riverfront sales, the Board found a value of \$268,000 for the homesite reasonable, so will order that value be allocated evenly to each subject property, plus \$32,000 for the well and septic improvements on the parcel with the residence. With respect to the value of the outbuilding, the Board was not persuaded either party's value estimate represented the more reliable indication of value. In light of the various indicators, the value of the outbuilding is likely between the parties' respective conclusions, so the Board will order the value be changed to \$63,360. The decisions of the Boise County Board of Equalization are modified accordingly.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decisions of the Boise County Board of Equalization concerning the subject parcels be, and the same hereby are, MODIFIED as follows:

Parcel No. RP09N04E108580 (Appeal No. 22-A-1253)

<u>Category</u>	<u>Size</u>	<u>Value</u>
4 - Meadow	5.50 acres	\$ 2,750
10 - Homesite	0.50 acres	\$134,000
<u>32 – Rural Improv.</u>		<u>\$ 63,360</u>
Total	6.00 acres	\$203,110

Parcel No. RP09N04E108570 (Appeal No. 22-A-1254)

<u>Category</u>	<u>Size</u>	<u>Value</u>
4 - Meadow	4.13 acres	\$ 2,065
10 – Homesite	0.50 acres	\$166,000 (includes \$32,000 for well & septic)
31 – Res. Improv.		\$223,114
<u>32 – Rural Improv.</u>		<u>\$ 10,278</u>
Total	4.63 acres	\$401,457

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 values for the current tax year shall not be increased in the subsequent assessment year.

DATED this 1st day of May, 2023.

IDAHO BOARD OF TAX APPEALS