

BEFORE THE IDAHO BOARD OF TAX APPEALS

LIU FAMILY TRUST 12/17/2016,)	
)	
Appellant,)	APPEAL NO. 23-A-1115
)	
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. R5710470050. The appeal concerns the 2023 tax year.

This matter came on for hearing November 14, 2023, in Boise, Idaho, before Board Member Leland Heinrich. Appellant was represented by Lianggao Liu. 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 an improved residential property.

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

FINDINGS OF FACT

The assessed land value is \$184,600, and the improvements' value is \$475,800, totaling \$660,400. Appellant contends the correct land value is \$177,300, and the improvements' value is \$339,200, totaling \$516,500.

The subject property is a .10 acre residential property situated in the Millrun subdivision in southeast Boise. The subdivision is comprised of five (5) improved parcels,

as follows: one (1) single-family residence, two (2) duplexes, and two (2) four-plexes. The subject property is improved with a 2,232 square foot single-level duplex constructed in 1993. Each duplex unit includes two (2) bedrooms, two (2) bathrooms and a two (2) car carport.

Appellant was concerned with the increase in subject's assessed value over the prior year's valuation, particularly the roughly 40% increase in the value of the improvements. In this regard, Appellant provided assessment information for three (3) of the properties in the subdivision. The single-family residence parcel was assessed at \$425,900, with the improvements valued at \$219,200, or \$132 per square foot. The duplex property across the street from subject was assessed at \$664,900, with a value of \$468,600, or \$215 per square foot for the improvements. Lastly, the four-plex property adjacent to subject was assessed at \$814,200, with the improvements valued at \$640,000, or \$177 per square foot. Appellant explained this four-plex property was originally assessed a higher value, which value was reduced by the assessor's office following an inquiry from the property owner. Appellant questioned why the value of subject's improvements was not similarly reduced.

Respondent explained values in the general area were trended for the 2023 assessment year, with value changes in subject's subdivision ranging from -10.89% to 29.73%. Subject's valuation increased 27.86% over the 2022 assessed value. In more direct support of subject's market value, Respondent developed a comparative valuation model utilizing three (3) recent duplex sales. Constructed between 1977 and 2006, the sale duplexes ranged in size from 2,187 to 2,469 per square feet. Bedroom counts ranged from three (3) to six (6), and bathroom counts from three (3) to four and one-half (4½).

Sale prices were \$775,000 for Sale No. 1, \$650,000 for Sale No. 2, and \$550,000 for Sale No. 3. After making adjustments for differences in property characteristics such as finished living area, lot size, age, and garages, Respondent concluded adjusted sale prices of \$663,200, \$661,647, and \$630,285, respectively. Subject's assessed value is \$660,400, which Respondent maintained was reasonable against the sales data.

Appellant disagreed with the comparability of Respondent's sale duplexes, as all three (3) had attached garages. It was also noted Sale No. 1 concerned a parcel roughly five (5) times larger than subject's .10 acre lot. Appellant was additionally concerned with the assessed values of the respective sale properties. Sale No. 1 was assessed at \$762,600, with the improvements valued at \$477,900, or \$193 per square foot. The assessed value of Sale No. 2 was \$674,700 with an improvements' valuation of \$490,700, or \$217 per square foot. Sale No. 3 was valued at \$602,600, with \$388,100, or \$177 per square foot attributable to the improvements. Appellant calculated an average rate of roughly \$196 per square foot for the improvements and contended subject's improvements should be similarly valued.

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, 2023, 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 determining market 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). Residential property is commonly valued using the sales comparison approach, which in simplistic terms compares recent sales of similar properties to the subject property and makes appraisal adjustments for differences in key property characteristics.

Appellant did not offer sales or other market data in support of a reduction in subject’s valuation. Instead, Appellant provided assessment information for three (3) properties in subject’s subdivision, as well as the three (3) sales included in Respondent’s valuation analysis. Though the information was appreciated, a comparison of assessed values is not a recognized appraisal approach and is not generally regarded as the best evidence of current market value. Even ignoring this, Appellant’s analysis was fundamentally flawed where it was centered on comparing assessed values of dissimilar properties. Appellant was particularly focused on the \$132 and \$177 per square foot valuations of the improvements associated with two (2) properties in subject’s subdivision. The problem, however, is the former rate was for a single-family residence and the latter was for a notably larger four-plex, neither of which are comparable property types to subject’s duplex. Further, that the valuation rate of the four-plex was lower than subject’s rate is unsurprising given that economies of scale dictate a larger property generally

carries less value per square foot than an otherwise similar property with fewer square feet.

Setting aside the different property types, another issue with Appellant's analysis was the absence of any consideration for difference in size. The properties from the subdivision referenced by Appellant ranged in size from 1,656 to 3,616 square feet. A meaningful per-unit comparison necessarily requires a high degree of similarity between the items being compared. In the context presented here, it is necessary for the residences to be similar in size in order to make any credible per-square-foot comparisons or draw any reliable conclusions therefrom. Here, there is a nearly 2,000 square foot difference between the smallest and largest property referenced by Appellant, which at the least would require substantial adjustments before any comparisons could be attempted.

Respondent's comparative sales analysis, on the other hand, was developed using three (3) recent duplex sales. Adjustments were made for differences in property characteristics, which is consistent with accepted standards of appraisal. The analysis yielded a rather tight range of value from approximately \$630,000 to \$663,000, which is suggestive of notable similarity between the sale properties. Subject's assessed value of \$660,400 falls within the indicated range and is reasonable in the Board's view.

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. Where Appellant relied on a comparison of assessed values, the Board did not find the burden of proof satisfied. Respondent's valuation model was supportive of subject's current valuation,

and given the absence of sales or other market data suggesting a lower valuation, the Board did not find good cause to disturb the value determined by Respondent.

Based on the above, the decision of the Ada County Board of Equalization is affirmed.

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 13th day of March, 2024.