

BEFORE THE IDAHO BOARD OF TAX APPEALS

DAVID SWENSON,	)	
	)	
Appellant,	)	APPEAL NO. 23-A-1211
	)	
v.	)	FINAL DECISION AND ORDER
	)	
VALLEY COUNTY,	)	
	)	
Respondent.	)	
	)	
_____	)	

**RESIDENTIAL PROPERTY APPEAL**

This appeal is taken from a decision of the Valley County Board of Equalization denying an appeal of the valuation for taxing purposes on property described by Parcel No. RP002150000410. The appeal concerns the 2023 tax year.

This matter came on for hearing October 5, 2023, in Cascade, Idaho, before Board Member Leland Heinrich. Appellant David Swenson was self-represented. Valley County Assessor Sue Leeper 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 Valley County Board of Equalization is modified.**

FINDINGS OF FACT

The assessed land value is \$162,778, and the improvements' value is \$287,940, totaling \$450,718. Appellant does not dispute the land value but contends the correct improvements' value is \$215,955, totaling \$378,733.

The subject property is a 1.42 acre parcel located in a cul-de-sac of the Ponderosa Shores subdivision in Cascade, Idaho. The property is improved with a one and one-half

(1½) story 1,344 square foot residence built in 1994. Subject is considered average in grade and condition. The residence is further improved with a 616 square foot wood deck. The property is only accessible seven (7) to eight (8) months of the year.

Appellant explained the residence has been under construction for roughly thirty (30) years. Appellant and family have done most of the construction, though drywall work was hired out. Appellant stated it is a simple but serviceable cabin. Appellant additionally noted part of the second floor is unusable due to the slope of the roof. Roughly one-half (½) of the property is sloping down toward the gully and is unusable as well. Subject had no water for twenty (20) years and no electricity for twenty-five (25) years, both of which were brought to subject recently.

Appellant provided assessment details for six (6) properties. Property No. 1 was located on the same street as subject. The property consisted of 1.03 acres assessed at \$150,266, or \$3.45 per square foot and was improved with a 1,440 square foot residence assessed at \$345,285, or roughly \$240 per square foot, for a total assessed value of \$495,551. The residence also included a 432 square foot wood deck. Appellant noted this property has year-round access, a ridgetop location, and was new construction. Appellant asserted this property was the only “true” comparable to subject.

Property No. 2 was a 4.99 acre parcel assessed at \$241,753, or \$1.11 per square foot, and its improvements were assessed for a total of \$355,663, or roughly \$218 per square foot just considering the residence. The improvements included a 1,628 square foot residence, a 224 square foot pole building, a 512 square foot pole building, and an 864 square foot detached garage. The residence additionally included 198 square feet of wood decking. The total assessment was \$597,416. Appellant noted the property had

over triple the amount of land as subject but was only assessed 49% higher. The property was also flatter than subject with full-year access, so Appellant asserted it should not be considered comparable to subject.

Property No. 3 was a .44 acre parcel assessed at \$157,066, or \$8.00 per square foot, and the improvements were assessed at a total of \$146,001, or roughly \$243 per square foot just considering the residence. The improvements included a 600 square foot residence, a 224 square foot shed, and a 160 square foot pole building. The residence included a 240 square foot wood deck. The total assessment was \$303,067. Appellant noted the lot was smaller than subject's and opined it was "over assessed."

Property No. 4 was a 1.40 acre parcel assessed at \$93,934, or \$1.54 per square foot, with improvements assessed at a total of \$323,901, roughly \$198 per square foot just considering the residence. The improvements included a 1,632 square foot residence and a 240 square foot pole building. The residence was further improved with 600 square feet of wood decking. The total assessed value was \$417,835. Appellant noted the residence was log built like subject and similar in construction style and configuration.

Property No. 5 consisted of .90 acres assessed at \$59,845, or \$1.52 per square foot, and a 1,792 square foot residence assessed at \$442,080, roughly \$247 per square foot, for a total assessment of \$501,925. The residence had 700 square feet of wood decking. Appellant noted this was the first property in subject's neighborhood to be developed since subject's residence began being built thirty (30) years ago. Appellant conjectured this was because water and power is now more readily available in the area.

Lastly, Property No. 6 was an unimproved 1.85 acres parcel assessed at \$129,616, or \$1.61 per square foot. Appellant noted the entire lot was “useable,” but only had seven (7) to eight (8) months of access per year like subject.

In comparison, subject is a 1.42 acre lot with limited access and an assessed land value of \$162,778, or \$2.62 per square foot. Appellant asserted subject is improved with a 1,100 square foot residence assessed at \$287,940, or roughly \$262 per square foot. Subject’s total assessment is \$450,718. Appellant expressed concern subject’s assessed improvement value rate was “significantly higher” than the other properties’ assessments, especially given subject’s access issues. Appellant further shared concerns regarding fairness and equity due to the differences in assessment rates.

Respondent noted some of Appellant’s comparable properties had not sold recently, and further that sale prices must be used in setting property values, not assessment values. Respondent additionally noted properties are assessed using mass appraisal techniques; in other words, a fee appraisal is not conducted on every property being assessed. Overall, Respondent was concerned Appellant did not present any sales to show error in subject’s assessment, only assessment information.

Respondent explained the Valley County Road Department is unable to maintain the roads in subject’s neighborhood because they were not built to proper specifications. The land value currently has a downward 25% adjustment due to the maintenance issue. Appellant felt the 25% adjustment should have also been applied to the improvement value, as it had been the previous year when ordered by the BOE. Respondent, on the other hand, requested that the Board remove the adjustment completely, arguing the market demonstrates no need for an access adjustment and that it creates inequity.

Respondent stressed that, even if the adjustment was necessary, it would be inappropriate to apply it to the improvement value, as the issue concerns the land.

Respondent supplied information on six (6) sales to support the residence's assessed value. Respondent noted the properties were all in areas with the same or worse quality roads as subject. Sale No. 1 sold in October 2021 and included a 1,488 square foot residence in fair condition with an effective year of 1986. Respondent removed the land and other improvement values from the sale price then adjusted for time, depreciation, grade, and location. The adjusted price of the residence was \$454,454, or roughly \$305 per square foot.

Sale No. 2, which sold in January 2021, was the same property as Appellant's Property No. 1. The 1,440 square foot residence was in average condition and had an effective year of 2008. The adjusted price was \$311,253, or roughly \$216 per square foot. Like Appellant, Respondent characterized this sale property as the most similar to subject in terms of square footage and grade.

Sale No. 3 had a 906 square foot residence in fair condition and an effective year of 1960. The property sold in October 2021. The adjusted price was \$232,741, or roughly \$257 per square foot.

Sale No. 4 concerned the same property as Appellant's Property No. 5. The property sold in October 2021. The residence had 1,792 square feet, a condition rating of fair, and an effective year of 1997. The adjusted price was \$340,964, or roughly \$190 per square foot.

Sale No. 5 included a 1,073 square foot residence in average condition with an effective year of 2000 which sold in September 2022. The adjusted residence price was \$317,142, or roughly \$296 per square foot.

Lastly, Sale No. 6 was a 1,056 square foot residence in average condition with an effective year of 1978. It sold in July 2022. The adjusted price was \$240,102, or roughly \$227 per square foot.

In comparison, subject's residence has 1,344 square feet, an average condition rating, and an effective year of 1994. Its 2023 assessment is \$287,940, or roughly \$214 per square foot.

Respondent also provided sale details on ten (10) unimproved properties to support subject's land value. The properties sold between March 2020 and September 2022 for prices ranging from \$40,000 to \$160,000. The parcels ranged in size from .27 to 4.57 acres and were all either of good or average grade. Respondent noted the sale prices were "trended," though it was not clear in the record how, resulting in adjusted prices of \$82,000 to \$256,000. In comparison, subject is 1.42 acres and its current land assessment is \$162,778.

#### 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. 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 utilize a traditional appraisal approach and instead focused on a comparison of assessed values. While the Board appreciates the information, a comparison of assessed values is not a recognized appraisal approach which would lead to an accurate estimation of current market value. As Respondent noted, the market dictates assessed values, not vice versa.

While the Board was unpersuaded by Appellant’s assessment information, the fact that only approximately one-half (½) of subject is usable due to the slope of the land compelled the Board to scrutinize subject’s assessment. Respondent shared that subject’s land currently receives a 25% downward adjustment to account for winter accessibility issues. This limits subject’s availability to seven (7) or eight (8) months out of the year. However, no adjustment was made for the usability issue. The Board does

feel the amount of usable lot area should reduce subject's value in comparison to the sale properties Respondent presented, which appear to have full use of the total acreage. The Board will reduce the assessed value of the land to \$145,000 to account for the actual utility of the land.

At hearing, Respondent argued for the removal of the downward adjustment for the accessibility issue. In the Board's experience, however, year-round accessibility does affect a property's market value. Additionally, subject's land value is only slightly under the adjusted price rate for Respondent's sales, despite the fact most of the sale properties enjoy year-round access.

As for the improvements' value, Respondent's comparable sales consisted of the only market data in the record. The adjusted sale prices bracket subject's assessed value of \$214 per square foot, ranging from \$190 to \$305 per square foot. The Board agrees subject's improvement value is reasonable.

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. In this case, the burden of proof was met, but not to the extent to lower subject's value to that requested by Appellant. The Board found consideration should have been given to subject's diminished utility due to the slope. The Board will uphold the improvements' value but set a new value of \$145,000 for the land. Subject's total assessment will be reduced to \$432,940.

#### FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Valley County Board of Equalization concerning the subject parcel be, and the



same hereby is, MODIFIED to reflect a decrease to \$432,940, with \$145,000 attributable to the land and \$287,940 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 13<sup>th</sup> day of December, 2023.