

BEFORE THE IDAHO BOARD OF TAX APPEALS

ROBERT GERHART,	)	
	)	
Appellant,	)	APPEAL NO. 23-A-1031
	)	
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. RP00215000031A. 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 Robert Gerhart 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 \$161,175, and the improvements' value is \$566,560, totaling \$727,735. Appellant does not dispute the land value but contends the correct improvements' value is \$424,920, totaling \$586,095.

The subject property is a 2.23 acre parcel located in the Ponderosa Shores subdivision near Cascade, Idaho. The property is improved with a one and one-half (1½)

story 1,800 square foot residence built in 2018, a 1,200 square foot attached garage, a 200 square foot utility shed, and a 24 square foot utility shed.

It was explained the Valley County Road Department does not maintain the roads in subject's neighborhood because they were not built to "proper specifications." Appellant described the one (1) mile dirt road to access subject as "eroded" and stated access is impossible three (3) to four (4) months out of the year. When it is accessible in the winter, Appellant has to haul the garbage the full mile of the road so it can be picked up by sanitation services. Appellant also mentioned emergency services have expressed concern regarding the accessibility of the road. The land value currently has a downward 25% adjustment due to the access 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 Board of Equalization.

Appellant requested a further improvement value reduction of \$32,079 based on a conversation with the county assessor in September, during which the assessor learned about some negative attributes of the residence and offered said reduction in value. Appellant appreciated the reduction offer but stated it did not address the question regarding the effect of accessibility on improvement value.

Respondent corroborated the reduction offer, requesting the Board lower the improvement value to \$534,481. However, where Appellant believes the 25% downward adjustment should also be applied to the improvements' value, Respondent requested the Board remove the adjustment completely, arguing the market demonstrates no need for the 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 assessed value of subject's residence. With the exception of Sale Nos. 3 and 4, located in areas with paved roads which were maintained to some degree, Respondent noted the properties were in areas with the same or worse quality roads as subject. Exact sale prices and dates were not clear in the record.

Sale No. 1 was improved with a 1,073 square foot residence of average grade with an effective year of 2000. Respondent removed the land and other improvement values from the undisclosed sale price then adjusted for time, depreciation, grade, and location. The adjusted price of the residence was \$366,056, or roughly \$341 per square foot.

Sale No. 2 was improved with a 1,440 square foot residence of average grade with an effective year of 2008. The adjusted residence price was \$373,404, or roughly \$259 per square foot.

Sale No. 3 was improved with a 1,628 square foot residence with a grade of average and a 1990 effective year. The adjusted residence price was \$541,926, or roughly \$333 per square foot.

Sale No. 4 was improved with a 1,880 square foot residence of average grade with an effective year of 2016. The residence's adjusted price was \$718,547, or roughly \$382 per square foot.

Sale No. 5 was improved with a 1,806 square foot residence with a grade rating of good and an effective year of 1988. The adjusted price of the residence was \$952,288, or roughly \$527 per square foot.

Lastly, Sale No. 6 was improved with a 2,136 square foot residence of average+ grade with an effective year of 2015. The adjusted residence price was \$722,998, or roughly \$338 per square foot.

In comparison, subject is improved with a 1,800 square foot residence with a grade of average+ and an effective year of 2018. Respondent requested the 2023 assessed value of the residence be lowered to \$470,580, or roughly \$261 per square foot. The current assessment is \$502,659, or roughly \$279 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 for time, resulting in adjusted prices of \$82,000 to \$256,000. Respondent's analysis resulted in a land value indication of \$199,207 for subject. Subject's 2.23 acres are currently assessed at \$161,175. Respondent requested the land assessment be increased to \$214,900.

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 present a traditional valuation approach to support a reduction in subject’s value. Appellant was mainly concerned subject’s improvements did not receive the same 25% downward adjustment as the land did for the access issue.

At hearing, the parties agreed the value of subject’s residence should be reduced by \$32,079, which value the Board will accept. The Board, however, found no evidence subject’s improvements need an additional 25% reduction. The access issue solely concerns the land, so it would be inappropriate to apply a land condition adjustment to the improvements. Appellant offered no evidence, market or otherwise, to demonstrate subject’s value should be lowered further. Respondent’s improved sales analysis, while lacking important details such as sale date and actual sale price, generally supported subject’s adjusted residence value.

At hearing, Respondent argued for the removal of the downward adjustment for the accessibility issue. In the Board’s experience, year-round accessibility does affect a property’s market value. There were also very few details provided regarding the land

comparable sales, and it was unclear what, if any, adjustments were made to compare the properties to subject other than a time adjustment. The Board had too many questions regarding these sales to provide them much weight in its consideration of subject's value. The Board will not disturb the 25% downward adjustment for subject's land assessment.

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 burden of proof was met in this instance, but not to the extent to support a reduction in value to that requested by Appellant. As stated earlier, the Board will reduce the value of subject's residence to \$470,580, with no change to any other values.

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 in total valuation to \$695,656, with \$161,175 attributable to the land and \$534,481 to the improvements (\$470,580 attributable to the residence, \$63,901 to the other 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 January, 2024.