

BEFORE THE IDAHO BOARD OF TAX APPEALS

TERRILL D. AND CHARLOTTE C. HOWARD	)	
TRUST,	)	
	)	APPEAL NO. 23-A-1010
Appellant,	)	
	)	FINAL DECISION AND ORDER
v.	)	
	)	
ADA COUNTY,	)	
	)	
Respondent.	)	
	)	

RESIDENTIAL PROPERTY APPEAL

This appeal is taken from a decision of the Ada County Board of Equalization modifying the valuation for taxing purposes on property described by Parcel No. R4341190390. The appeal concerns the 2023 tax year.

This matter came on for hearing October 10, 2023, in Boise, Idaho, before Board Member Leland Heinrich. Terrill and Charlotte Howard appeared at hearing for Appellant. 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 original assessed land value was \$500,000, which was reduced to \$450,000 by the Ada County Board of Equalization (BOE). The improvements' valuation is \$441,800, for a total assessed value of \$891,800. Appellant agrees with the valuation of

the improvements, however, contends the correct land value is \$271,185, totaling \$712,985.

The subject property is a .20 acre residential property located in the Island Woods subdivision in Eagle, Idaho. The property is improved with a 2,875 square foot three (3) bedroom, two and one-half (2½) bathroom residence constructed in 2002 with a 676 square foot attached garage.

Appellant's central concern was the subject property's assessed land value compared to the land valuations of other parcels in the immediate neighborhood. Specifically, Appellant questioned why subject's land value was the highest of the five (5) parcels situated around the cul-de-sac despite subject being the smallest lot of the group. The referenced lots ranged in size from .24 to .28 acres and each shared the same \$350,000 assessed land value. By contrast, subject's .20 acres are assessed at \$450,000, which is inequitable in Appellant's view.

Appellant shared that when the subdivision was initially developed, all the lots around the cul-de-sac were listed for \$80,000, including subject. All the lots quickly sold with the exception of the subject lot, which sold several years later once the developer reduced the asking price by 25%. Appellant attributed the price reduction to subject's smaller size compared to the other four (4) lots and contended subject's current valuation should likewise be less.

Utilizing the assessments of the other cul-de-sac parcels, Appellant determined an average lot size of 11,358 square feet. Dividing the square footage into the \$350,000 assessed land value, Appellant calculated an assessment rate of \$30.82 per square foot

for the referenced parcels. On a like basis, subject's land value equates to \$39.62¹ per square foot, which Appellant contended was inequitable. Applying the \$30.82 per square foot rate of the other four (4) lots to subject's 8,799 square feet, Appellant calculated a land value of \$271,185 for subject. Appellant highlighted this figure was roughly 22.5% less than the land values of the other lots, which closely approximated the 25% discounted price at which the subject lot was initially purchased. In Appellant's opinion, the historical price difference holds true today and should be reflected in the current assessment.

Respondent explained its land valuation methodology within subject's subdivision, as well as other similar type single family residential developments, is to assess lots on a site value basis, not per acre or by square foot. Respondent stated its sales studies revealed no notable price differences for minor variations in lot size for a residential subdivision like subject's. Therefore, a uniform site value is assessed to each lot that is otherwise similar in characteristics and amenities.

With regard to subject's seemingly disuniform valuation, Respondent explained that while subject is located in the same cul-de-sac as the lots referenced by Appellant, the subject property enjoys an amenity the others do not. Namely, the subject property backs to a heavily treed stretch along the Boise river, whereas the other parcels around the cul-de-sac back to either an open common area or a pond. Respondent maintained the market in subject's subdivision has historically favored those parcels situated nearest the river, of which there are five (5) on subject's street, including subject. Respondent

¹ Appellant's exhibit concluded a land valuation of \$56.82 per square foot. This rate, however, was calculated using subject's original assessed land value of \$500,000. The \$39.62 per square foot rate reflected above was calculated using the BOE-reduced land value of \$450,000.

further explained the trees along the river afford a privacy to those parcels that is absent from the others in the cul-de-sac which back to open areas. Of the river-influenced properties on subject's street, the three (3) parcels in closest proximity to the river's edge share the same assessed land value of \$650,000. Subject and the remaining lot were initially assessed at \$500,000 each, but as Respondent pointed out, the BOE's decision to reduce subject's land value to \$450,000 made it the lowest of the group.

Turning to subject's valuation, Respondent developed a comparative sales model using three (3) sales from subject's subdivision. Sale No. 1, located across the street from subject, concerned a .24 acre lot improved with a 2,922 square foot residence constructed in 2000 with an attached 756 square foot garage. The property sold for \$955,000 in April 2022. Sale No. 2 was the \$929,000 purchase in July 2021 of a 2,996 square foot residence constructed in 2002 with a 738 square foot garage situated on a .23 acre lot located at the end of subject's street. Last, was the January 2022 sale of a .32 acre lot improved with a 2,850 square foot residence with a 776 square foot garage constructed in 1993 for \$849,900. This property was located in a different area within the subdivision.

Respondent first adjusted each sale price to reflect market conditions and pricing levels as of the January 1, 2023, assessment date. In recognition of the mid-year shift in market pricing trends Respondent observed during 2022, the sale prices were adjusted upward at a rate of 1.67% per month, until May, and then a downward 2.16% per month adjustment rate was used on account of the marked shift in the marketplace. Respondent further adjusted the sales for differences in key property characteristics, such as square footage and fireplace count, as well as a location adjustment because none of the sale properties were near the river so did not enjoy the privacy provided by subject's river-

adjacent location. Respondent concluded adjusted sale prices from roughly \$833,000 to \$970,000. Subject's current valuation is \$891,800, which Respondent maintained was reasonable against the adjusted sales data.

CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of market value in fee simple interest or, as applicable, a property's exempt status. This Board, giving full opportunity for all arguments and having considered all the testimony and documentary evidence submitted by the parties, 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. Idaho Code § 63-201 provides the following definition,

“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 the market value of real property. *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 basic terms compares recent sales of similar properties to the subject property, with adjustments made for differences in property characteristics.

Appellant contended subject's land was assessed inequitably compared to other parcels in subject's immediate proximity. Specifically, Appellant was concerned subject's land value of \$450,000 exceeded the \$350,000 assessed land value of the other four (4) properties situated around the cul-de-sac despite subject being the smallest lot. Though Appellant's concerns are understandable, the Board did not find evidence of inequitable assessment in this instance.

First, while subject's land value is higher than the other four (4) parcels in the cul-de-sac, it is the lowest land value of the four (4) other parcels to subject's east that back toward the river. In this regard, subject's location is somewhat unique, as it is the first property in the cul-de-sac but also the last property on the street that backs to the river. Respondent testified properties located along the river typically command a premium in the marketplace, which is consistent with the Board's experience for properties influenced by a river amenity. It is therefore logical to evaluate subject's land value against the other river parcels, not the interior lots situated around the cul-de-sac which back to open areas and lack privacy. Of the five (5) total parcels on subject's street located along the river, subject's assessed land value is the lowest by \$50,000 to \$200,000. This is not suggestive of inequitable assessment, but rather that consideration was given to the characteristics of the individual parcels along the street and how they are influenced by the river, with land values determined accordingly. This is sound valuation practice in the Board's view.

The Board likewise found no error in Respondent's methodology of using site values for lots in subject's subdivision, rather than determining values on a per-acre or per-square-foot basis. As explained by Respondent, incremental size differences for lots in a relatively homogenous residential subdivision have little impact on pricing levels. The

primary value in a residential lot is its ability to support a residence. Once a residence has been constructed, the remaining land contributes value at a comparatively marginal rate. In the case of subject's subdivision, Respondent determined a uniform site value of \$350,000 for interior lots, and several different site values for parcels along the river depending on proximity to the shoreline. This is common assessment practice and is consistent with how properties trade in the marketplace.

Even if the Board disagreed with Respondent's site value methodology for setting land values in subject's subdivision, the critical inquiry is not subject's land value, but whether subject's total assessed value is at market level, as subject is an improved property, not a vacant lot. Improved property is typically transacted on a whole basis; it is not commonly purchased in piece-meal fashion in which prices for land and improvements are separately negotiated. For this reason, the Board found Respondent's comparative sales model particularly relevant in its consideration of subject's total market value. Three (3) recent sales from subject's subdivision were directly compared to the subject property, with adjustments made for key differences in property characteristics. Overall, the analysis was found to be consistent with accepted appraisal principles and methodology. And where subject's total assessed value was in the middle of the range indicated by the adjusted sale prices, the Board was not persuaded subject was overvalued.

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. Given the record in this matter, the Board did not find the burden of proof satisfied. Appellant relied on a comparison of assessed values, which is not a recognized valuation approach and not

considered the best indicator of current market value. Respondent's analysis was found supportive of subject's assessed value, and in the absence of sales or other market data suggesting a lower value, the Board did not find good cause to disturb subject's current valuation. As such, 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 9th day of January, 2024.