

BEFORE THE IDAHO BOARD OF TAX APPEALS

ERICA UPHAM, )  
 )  
Appellant, ) APPEAL NO. 24-A-1012  
 )  
v. ) FINAL DECISION AND ORDER  
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ADA COUNTY, )  
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Respondent. )  
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**COMMERCIAL 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. R3179070320. The appeal concerns the 2024 tax year.

This matter came on for hearing October 29, 2024, in Boise, Idaho, before Board Member Leland Heinrich. Appellant Erica Upham was self-represented. 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 a commercial condominium property.**

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

FINDINGS OF FACT

The assessed value is \$331,800. Appellant contends the correct value is \$286,800.

The subject property is a commercial storage condominium unit located in southeast Boise, Idaho. Subject is one (1) of twenty (20) total units in the condominium

development, which was constructed in 2020. The subject unit has a total of 1,603 square feet of leasable space, with 1,278 square feet on the main floor and 325 in the mezzanine. The unit is air-conditioned and has a one-half (½) bathroom and a heavy-duty utility sink.

Appellant contended the roughly 53% increase in subject's assessed value over the 2023 valuation was excessive and not reflective of the market trends over the course of the year. Appellant cited house pricing data published by the Federal Housing Finance Agency which reported an appreciation rate of 1.7% for the Boise market for 2023. In Appellant's view, subject's current assessed value is wildly out of line with broader market indicators.

Respondent explained subject's assessed value was determined using local sales data and was not the result of an arbitrary increase applied to subject's development. Respondent shared assessment information on five (5) storage condominium developments which showed average increases ranging from roughly 14% for units in a development constructed in 2006, to nearly 85% for units in a development constructed in 2016. Respondent stated the 53% average increase in values in subject's development was largely due to the previous year's values being below market level. In all, Respondent did not regard subject's increase in valuation as extraordinary.

In support of a lower valuation, Appellant provided six (6) recent storage condominium sales from three (3) different developments located within approximately one (1) mile of the subject property. Appellant characterized the developments as generally comparable to subject's, but all had additional amenities, including a clubhouse. Appellant's first three (3) sales were situated in a newly constructed 220-unit development located on Federal Way. All three (3) sales closed in October 2023 and Appellant reported

each sale unit had air-conditioning. The first was an 825 square foot unit which sold for \$140,250, or \$170 per square foot. The second sale concerned the purchase of a 1,080 square foot unit for \$194,800, or \$180 per square foot. The third sale was an 825 square foot unit with a \$137,500, or \$167 per square foot, purchase price.

Appellant's next two (2) sales were located in a 110-unit development on Summersweet Drive. The sale units were 1,200 and 1,300 square feet in size, and both sold in November 2023 for \$140,000 and \$245,000, or \$117 and \$188 per square foot, respectively. Respondent questioned whether the sale of the 1,200 square foot unit was an arm's-length transaction, as the \$140,000 purchase price matched the last price paid for the unit, which occurred in 2020. There was also some question as to whether the unit was openly marketed, as Respondent was unaware of any listing information leading up to the 2023 sale. Respondent also stressed the purchase price of \$117 per square foot was an outlier compared to the other 2023 sale prices reported for units in the development, the lowest of which was \$185 per square foot.

The final sale unit referenced by Appellant came from a 98-unit development located on Exchange Street. The 675 square foot unit, constructed in 2023, reportedly sold for \$108,000, or \$160 per square foot. In Appellant's opinion, subject's current assessed value of \$331,800, or \$207 per square foot, is unreasonable compared to the recent price data from nearby developments.

Respondent challenged the comparability of the sale units included in Appellant's analysis. Respondent noted Appellant's sale units, with the exception of the two (2) located on Summersweet Drive, were pre-engineered steel-framed structures with insulation only in the exterior walls. The subject unit, by contrast, is wood frame

construction with finished drywall and insulation in the walls between the units. Respondent further highlighted that subject has windows on the front and back of the unit, as well as a one-half ( $\frac{1}{2}$ ) bathroom with a utility sink, none of which are features of Appellant's sale units. In Respondent's view, subject's construction quality and level of finish are superior to the sale units offered by Appellant, so the assessed value should reflect such.

In terms of more direct support for subject's valuation, Respondent offered information on nine (9) sales from three (3) developments located in Boise. The first two (2) sales concerned an 896 square foot unit and a 996 square foot unit in a 100-unit complex constructed in 2023 on Saturn Way. The units both sold in December 2023 for \$230,400, or \$257 per square foot, and \$259,200, or \$260 per square foot, respectively.

Respondent's next four (4) sale units were located in a 139-unit complex located on Horseshoe Bend Road. The first was a 1,136 square foot unit constructed in 2018, which sold in July 2023 for \$275,000, or \$242 per square foot. The second sale involved a 951 square foot unit constructed in 2017, with a May 2023 purchase price of \$270,000, or \$284 per square foot. Third was the January 2023 purchase of a 949 square foot unit constructed in 2017 for \$185,000, or \$195 per square foot. The fourth sale unit, constructed in 2018, was 913 square feet and sold for \$250,000, or \$274 per square foot, in May 2023. Respondent calculated an average price rate of \$249 per square foot for the sale units located in the Horseshoe Bend Road complex.

Respondent's final three (3) sale units were located in the same Summersweet Drive complex from which two (2) of Appellant's sale units were selected. The first was a 979 square foot unit which sold for \$235,000, or \$240 per square foot, in January 2023.

The second sale, involving a 1,233 square foot unit, likewise sold in January 2023, for a price of \$240,000, or \$195 per square foot. The final sale was the November 2023 purchase of a 1,233<sup>1</sup> square foot unit for \$245,000, or \$199 per square foot. Respondent regarded the Summersweet Drive complex, effectively located across the street, as most similar to subject's complex in terms of quality, age, and general appeal.

Appellant disagreed the sale units included in Respondent's analysis were comparable to the subject unit. Appellant's primary grievance centered on the locations of the Horseshoe Bend Road and Saturn Way developments, which were noted to be several miles away from the subject complex in different market areas. Appellant also disagreed that a one-half ( $\frac{1}{2}$ ) bathroom and drywall in the subject unit contributed as much value as suggested by the disparity between subject's assessed value and the sale prices of units without these features. Respondent explained that while no specific location adjustment was applied to the Horseshoe Bend Road and Saturn Way sales for purposes of direct comparison with the subject property, the assessed values of units in those developments range from \$248 to \$260 per square foot, which demonstrates Respondent recognizes differences exist between the developments, as values in subject's development are \$207 per square foot.

Respondent additionally shared some cost information from a 13-unit condominium project on Mitchell Street constructed in 2023. Though the units were noted to be a little taller than units in subject's development, Respondent characterized the construction quality and finish level as similar. Individual units do not have bathrooms, but the project does include two (2) one-half ( $\frac{1}{2}$ ) community bathrooms. After adding indirect

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<sup>1</sup> Appellant reported a size figure of 1,300 square feet for this same sale unit, which represents the gross square footage. Respondent's 1,233 square foot size figure reflects the unit's leasable area.

costs and entrepreneurial profit to the certified hard construction costs, Respondent calculated a value indication of nearly \$2,200,000, or \$255 per square foot, for the improvements. In Respondent's view, subject's current valuation of \$207<sup>2</sup> per square foot is somewhat understated given the available recent sales and local construction cost 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, 2024, 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 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).

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<sup>2</sup>At the time subject's 2024 assessed value was determined, Respondent was unaware subject was an air-conditioned unit and had a one-half (½) bathroom with a heavy-duty utility sink, so the assessed value does not reflect the value contributions of these features.

Both parties provided recent sales, but neither party developed a traditional sales comparison model wherein the sales were compared to the subject property, with appraisal adjustments made for differences in property characteristics. Instead, the parties relied on unadjusted sale prices in support of their respective value positions.

Though Appellant offered sales from three (3) different condominium projects, Appellant emphasized three (3) sales from the facility located on Federal Way. Two (2) of the sales were 825 square foot units which sold for \$140,250 and \$137,500, or \$170 and \$167 per square foot, respectively. The remaining sale was a 1,080 square foot unit purchased for \$194,480, or \$180 per square foot. According to Appellant, each of the three (3) reported sale prices were the result of a \$20,000 discount given by the seller because the buyers paid cash. Removing the discount, the price rates for the two (2) smaller units calculate to \$194 and \$191 per square foot, and \$199 per square foot for the larger unit. Respondent did not include any sales from the Federal Way facility, as Respondent regarded the units as inferior in construction quality and finish compared to units at subject's development.

In similar fashion, Respondent also focused on three (3) sales from a single condominium project, but it was the facility located on Summersweet Drive, which in Respondent's opinion was the most similar to subject's development on an overall basis. The smaller sale unit with 979 leasable square feet sold for \$235,000, or \$240 per square foot, and the two (2) larger 1,233 square foot units sold for \$240,000 and \$245,000, or \$195 and \$199 per square foot, respectively. Appellant likewise referenced the \$245,000 sale, as well as a 1,200 square foot unit which sold for \$140,000, or \$117 per square foot. Respondent questioned whether the \$140,000 sale was an arm's-length transaction, as

the 2023 sale price is identical to the 2020 sale price. Respondent was also unaware of any marketing or listing information for the unit, so was unsure if it was listed on the open market or was perhaps a private sale. Given the uncertainty surrounding the \$140,000 sale, Respondent argued it should not be used to develop a market value opinion for the subject property. The Board agrees. The price rate of \$117 per square foot is a clear outlier compared to the other reported price rates from the Summersweet Drive facility.

Though the information was appreciated, there were some concerns regarding the comparability of the parties' additional sale properties, from the Board's perspective. Unsurprisingly, the sale Appellant cited from the facility on Exchange Street was the lowest price in the record, whereas the sale prices Respondent reported from the Saturn Way and Horseshoe Bend Road facilities were the highest. As neither party argued subject's value should be at the bottom or the top of range of value, the Board sees little benefit in focusing on these additional sales from the more extreme ends of the spectrum. In all likelihood, subject's market value falls somewhere in the middle of the range of indicated value, which is consistent with the parties' emphasis on sales in the mid-range.

Appellant also discussed the sale of a 1,511 square foot unit from subject's condominium project which closed in October 2024 for \$260,000, or \$172 per square foot. While a sale from subject's same facility would certainly be relevant information, it occurred ten (10) months after the January 1, 2024, date of valuation in this appeal, so is untimely. Estimating market value as of a particular date is necessarily dependent on sales and market data in existence as of such date, as market participants cannot factor future unknown events into a potential purchase decision. Accepted appraisal standards



do allow for consideration of sales which transpire after the effective date of valuation, but only under certain circumstances not present here.

In comparing Appellant's sales from the Federal Way facility and Respondent's sales from the Summersweet Drive facility, there are some noticeable differences in the respective units. While both facilities feature steel-framed construction, Appellant's units in the Federal Way development have a construction grade of "Low," whereas Respondent's units in the Summersweet Drive complex have an "Average" construction grade. This is apparent in the photographs, which shows finished drywall in the Summersweet Drive units, while the Federal Way units have uninsulated metal walls. Air-conditioning is available for units in both facilities, but at the owner's added expense in the Federal Way facility. According to Appellant, owners in the Federal Way facility have the option to add a one-half ( $\frac{1}{2}$ ) bathroom, but again, at the cost of the owner.

The subject unit is wood-frame construction and is fully insulated. The subject unit also includes climate control, a one-half ( $\frac{1}{2}$ ) bathroom, a heavy-duty utility sink, windows on the front and back of the unit, and a 325 square foot mezzanine. With the exception of air-conditioning, neither party's sale units included the additional features and amenities enjoyed by the subject property. While Respondent's sale units from Summersweet Drive did not have the extra features, they more closely resembled units in the subject facility in construction quality and finish level. Unfortunately, interior photographs of units in subject's facility, or even the subject unit itself, were not provided, so direct comparisons with the sale units were not possible. However, based on the information in the record, it is apparent to the Board the Summersweet Drive facility shares more in common with

subject's development than the Federal Way facility. As such, the Board prioritized the sales data from Summersweet Drive in its final consideration of subject's market value.

Idaho Code § 63-511 places the burden on Appellant to establish subject's valuation is erroneous by a preponderance of the evidence. The Board did not find the burden of proof satisfied in this instance. The bulk of Appellant's value evidence was comprised of sales from a somewhat inferior storage condominium project, with no adjustments made for clear differences in quality and amenities compared to subject. Admittedly, Respondent's analysis likewise did not include adjustments for differences in property characteristics, but that is largely due to the fact Respondent has never been granted access to inspect the subject facility or view the interior of any unit. But, based on the information available, incomplete as it may be, the Board found subject's assessed value reasonably supported by Respondent's analysis and supporting data.

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 14<sup>th</sup> day of January, 2025.