

BEFORE THE IDAHO BOARD OF TAX APPEALS

|                                    |   |                          |
|------------------------------------|---|--------------------------|
| JOHN AND LYDIA BROWN CONSOLIDATED, | ) |                          |
|                                    | ) |                          |
| Appellants,                        | ) | APPEAL NOS. 25-A-1060    |
|                                    | ) | through 25-A-1065        |
| v.                                 | ) |                          |
|                                    | ) | FINAL DECISION AND ORDER |
| LATAH COUNTY,                      | ) |                          |
|                                    | ) |                          |
| Respondent.                        | ) |                          |
|                                    | ) |                          |
|                                    | ) |                          |
|                                    | ) |                          |

---

**RESIDENTIAL PROPERTY APPEALS**

These appeals are taken from decisions of the Latah County Board of Equalization modifying the assessed values of properties identified by parcel number in Attachment A. These appeals concern the 2025 tax year.

These matters came on for a Zoom hearing January 15, 2026, before Hearing Officer Travis VanLith. Attorney Cody Moore appeared at hearing for Appellants. Deputy Prosecuting Attorney Ari Woodyard represented Respondent.

Board Members Kenneth Nuhn and Doug Wallis join in issuing this decision.

**The issues on appeal concern the market values of six (6) rural residential properties.**

**The decisions of the Latah County Board of Equalization are modified.**

**FINDINGS OF FACT**

The subject properties are six (6) of ten (10) contiguous rural residential parcels located a few miles east of Moscow, Idaho, owned by Appellants. Collectively, the parcels total 89.72 acres in size, 17.39 acres of which are specially assessed as forest land. After receiving the 2025 assessment notices, Appellants timely appealed the

valuations for all ten (10) properties to the Latah County Board of Equalization (BOE). However, in appealing the BOE's decisions to this Board, Appellants filed notices of appeal for only six (6) of the ten (10). Though just six (6) of the properties are the subject of this appeal, both parties' valuation models included all ten (10) because that is how the properties are used and likely how they would sell. It would be nonsensical from an appraisal standpoint to carve out the four (4) non-appealed parcels because they are intertwined with the other properties, so, on their own, would not be marketable units. Given this, the Board will consider all ten (10) parcels for purposes of evaluating the parties' respective valuation analyses; however, the final order detailed at the end of this decision is applicable to only the six (6) properties that were appealed. The total parcel breakdown is provided below, including the respective values ordered by the BOE.

| APPEAL<br>NUMBER    | PARCEL<br>NUMBER | TOTAL<br>ACRES | FOREST<br>ACRES | LAND<br>VALUE | IMPROVEMENT<br>VALUE | TOTAL<br>BOE VALUE |
|---------------------|------------------|----------------|-----------------|---------------|----------------------|--------------------|
| 25-A-1060           | RP39N04W066130   | 8.73           | 2.13            | \$275,005     | \$325,040            | \$600,045          |
| 25-A-1061           | RP39N04W066215   | 4.99           | 0               | \$269,600     | \$290,139            | \$559,739          |
| 25-A-1062           | RP39N05W019520   | 4.06           | 0               | \$50,722      | \$0                  | \$50,722           |
| 25-A-1063           | RP39N05W019655   | 9.1            | 0               | \$113,686     | \$6,020              | \$119,706          |
| 25-A-1064           | RP39N05W019825   | 2.74           | 0               | \$34,231      | \$0                  | \$34,231           |
| 25-A-1065           | RP39N05W120022   | 16.65          | 0               | \$325,300     | \$253,851            | \$579,151          |
| <i>not appealed</i> | RP39N04W070806   | 8.8            | 0               | \$64,216      | \$100                | \$64,316           |
| <i>not appealed</i> | RP39N04W073206   | 1.21           | 0               | \$8,363       | \$0                  | \$8,363            |
| <i>not appealed</i> | RP39N05W120175   | 9.34           | 4.05            | \$38,138      | \$0                  | \$38,138           |
| <i>not appealed</i> | RP39N05W019020   | 24.1           | 11.21           | \$106,863     | \$42,719             | \$149,582          |
|                     |                  | 89.72          | 17.39           | \$1,286,124   | \$917,869            | \$2,203,993        |

For some history, Appellants acquired four (4) of the parcels in 1998 with a combined size of roughly forty-eight (48) acres and built a residence. Soon thereafter, Appellants' parents purchased and developed the two (2) adjacent parcels totaling approximately forty-one (41) acres. Appellants acquired those parcels roughly eight (8) years ago, bringing Appellants' total ownership to 89.72 acres across six (6) parcels, with two (2) homesites. In effect, there were two (2) large single-family residential parcels; however, due to the intersection of township and range lines, the total acreage is spread across a half-dozen tax parcels.

In 2023, Appellants commissioned a survey to explore the possibility of splitting the combined acreage into four (4) homesite parcels. The intent was to create a homesite parcel for each of Appellants' children to own and occupy at some point in the future. In July 2024, Appellants recorded a survey and deeds attempting to create the four (4) parcels. Prior to the survey, construction of an accessory dwelling unit (ADU) was completed on Appellants' main homesite parcel. The survey assigned the ADU to its own parcel, separate from Appellants' homesite parcel. The former residence of Appellants' parents, referred to as the *Other Homesite* in this decision, was placed on its own parcel. The fourth parcel identified by the survey was unimproved. Again, due to the intersecting township and range lines, the ten (10) tax parcels detailed in the earlier summary table were necessary to capture the four (4) parcels reflected in the survey.

Respondent was unaware of Appellants' intent to create four (4) homesite parcels at the time it reviewed the recorded survey and deeds while preparing the 2025 assessments. Noting the survey placed the ADU on its own parcel, and there

were already two (2) other established homesites, Respondent reasoned the acreage should be grouped into three (3) separate economic units, each with a homesite and residence. This was the methodology Respondent advocated at the BOE hearing and formed the basis for the BOE's decisions. The parcel groupings are detailed in the following tables.

|                             | APPEAL<br>NUMBER | PARCEL<br>NUMBER | TOTAL<br>ACRES | FOREST<br>ACRES | LAND<br>VALUE | IMPROVEMENT<br>VALUE | TOTAL<br>BOE VALUE |
|-----------------------------|------------------|------------------|----------------|-----------------|---------------|----------------------|--------------------|
| GROUP A<br>(*MAIN HOMESITE) | 25-A-1061        | *RP39N04W066215  | 4.99           | 0               | \$269,600     | \$290,139            | \$559,739          |
|                             | 25-A-1062        | RP39N05W019520   | 4.06           | 0               | \$50,722      | \$0                  | \$50,722           |
|                             | 25-A-1063        | RP39N05W019655   | 9.1            | 0               | \$113,686     | \$6,020              | \$119,706          |
|                             | 25-A-1064        | RP39N05W019825   | 2.74           | 0               | \$34,231      | \$0                  | \$34,231           |
|                             |                  |                  | 20.89          | 0               | \$468,239     | \$296,159            | \$764,398          |

|                             | APPEAL<br>NUMBER    | PARCEL<br>NUMBER | TOTAL<br>ACRES | FOREST<br>ACRES | LAND<br>VALUE | IMPROVEMENT<br>VALUE | TOTAL<br>BOE VALUE |
|-----------------------------|---------------------|------------------|----------------|-----------------|---------------|----------------------|--------------------|
| GROUP B<br>(OTHER HOMESITE) | 25-A-1065           | RP39N05W120022   | 16.65          | 0               | \$325,300     | \$253,851            | \$579,151          |
|                             | <i>not appealed</i> | RP39N04W070806   | 8.8            | 0               | \$64,216      | \$100                | \$64,316           |
|                             | <i>not appealed</i> | RP39N04W073206   | 1.21           | 0               | \$8,363       | \$0                  | \$8,363            |
|                             | <i>not appealed</i> | RP39N05W120175   | 9.34           | 4.05            | \$38,138      | \$0                  | \$38,138           |
|                             |                     |                  | 36             | 4.05            | \$436,017     | \$253,951            | \$689,968          |

|                  | APPEAL<br>NUMBER    | PARCEL<br>NUMBER | TOTAL<br>ACRES | FOREST<br>ACRES | LAND<br>VALUE | IMPROVEMENT<br>VALUE | TOTAL<br>BOE VALUE |
|------------------|---------------------|------------------|----------------|-----------------|---------------|----------------------|--------------------|
| GROUP C<br>(ADU) | 25-A-1060           | RP39N04W066130   | 8.73           | 2.13            | \$275,005     | \$325,040            | \$600,045          |
|                  | <i>not appealed</i> | RP39N05W019020   | 24.1           | 11.21           | \$106,863     | \$42,719             | \$149,582          |
|                  |                     |                  | 32.83          | 13.34           | \$381,868     | \$367,759            | \$749,627          |

Appellant disagreed with Respondent's groupings on several counts. Chief among these was that the ADU cannot be separated from Appellant's main residence,

so Group C, as defined by Respondent, cannot legally exist as its own parcel. Appellants pointed to a deed restriction recorded in March 2023 related to the issuance of the building permit to construct the ADU, which provides, “[T]he accessory cottage unit shall forevermore be tied to the principal building and shall not be separated or put on its own parcel for sale or any other purpose.” This restriction was clearly communicated to Appellants during the permitting process, though county officials also provided guidance on how far away from the main residence to construct the ADU to satisfy setback requirements in the event the ADU is allowed in the future to be split from the main residence.

Appellants further explained county zoning ordinances allow only a single split of the original two (2) homesites owned by Appellants and Appellants’ parents. Appellants stressed those original homesites, however, are not eligible to be split until October 2028. So again, Respondent’s grouping of the parcels was not legally possible, in Appellants’ opinion. It was the properties’ upcoming eligibility to be split that motivated Appellants to explore potential development options, which led to the four-parcel split reflected on the 2023 survey. However, because the original homesites cannot be split until 2028, at the earliest, Appellants contended the properties should be currently assessed as two (2) large residential parcels, the same as the properties have been considered in the past and consistent with how the properties are used today.

To get a better understanding of the properties’ overall value, Appellants engaged a local firm to prepare an appraisal. Through a highest and best use analysis, which considered the most profitable, legally permissible, physically possible, and

financially feasible use of the acreage, the appraisal concluded dividing the roughly ninety (90) acres into two (2) large homesite parcels would create the most marketable units, effectively the same as before the splitting occurred. The appraisal pointed to the deed restriction prohibiting the ADU from being separated from the main residence and concluded it was not legally permissible for the ADU to be on its own parcel. It was also noted several of the ten (10) parcels have no recorded legal access so could not be marketed individually. Accordingly, the two (2) units identified in the below tables were concluded, and separate appraisal reports were developed for each.

|                               | APPEAL<br>NUMBER    | PARCEL NUMBER   | ACRES | TOTAL<br>ACRES |
|-------------------------------|---------------------|-----------------|-------|----------------|
| PARCEL 1<br>(*OTHER HOMESITE) | 25-A-1062           | RP39N05W019520  | 4.06  | 40.36          |
|                               | 25-A-1063           | RP39N05W019655  | 9.1   |                |
|                               | 25-A-1065           | *RP39N05W120022 | 16.65 |                |
|                               | <i>not appealed</i> | RP39N05W120175  | 9.34  |                |
|                               | <i>not appealed</i> | RP39N04W073206  | 1.21  |                |

|                                                | APPEAL<br>NUMBER    | PARCEL NUMBER     | ACRES | TOTAL<br>ACRES |
|------------------------------------------------|---------------------|-------------------|-------|----------------|
| PARCEL 2<br>(**ADU)<br>&<br>(***MAIN HOMESITE) | 25-A-1060           | **RP39N04W066130  | 8.73  | 49.36          |
|                                                | 25-A-1061           | ***RP39N04W066215 | 4.99  |                |
|                                                | 25-A-1064           | RP39N05W019825    | 2.74  |                |
|                                                | <i>not appealed</i> | RP39N05W019020    | 24.1  |                |
|                                                | <i>not appealed</i> | RP39N04W070806    | 8.8   |                |

The appraisal of *Parcel 1* developed a comparative sales analysis comprised of four (4) rural homesites situated on larger acreage tracts. Sale No. 1 concerned a 23.29 acre parcel improved with a 2,240 square foot residence constructed in 2001

which sold for \$710,000 in May 2024. Sale No. 2 was the August 2024 purchase of a 2,328 square foot residence constructed in 1987 situated on a 20.92 acre parcel for \$745,000. Sale No. 3 was a 34.10 acre parcel improved with a 1,886 square foot residence built in 1999 purchased for \$925,000 in November 2024. Sale No. 4 was the \$700,000 purchase in November 2024 of a 50-acre parcel improved with a 2,144 square foot residence constructed in 1988. Appraisal adjustments were made to the sales for differences in property characteristics compared to *Parcel 1*, including above-grade square footage, condition, garage size, outbuildings, and acreage, among others. Net adjustments ranged from -8% to 9%, resulting in adjusted sale prices ranging from \$687,090 to \$852,470. Based on the adjusted price data, the appraisal concluded a value of \$766,000 for *Parcel 1* as of December 22, 2025.

The second appraisal report, for *Parcel 2*, was largely similar to the appraisal of *Parcel 1*, with one (1) notable exception. Because *Parcel 2* includes the ADU, and none of the sale properties had an ADU amenity, the appraisal developed a cost model to estimate the value of the ADU using cost data from Marshall Valuation Service (MVS). The cost model separately valued the ADU's above-grade living area, finished basement space, and the built-in garage with a workshop. After a 1% physical depreciation factor, the appraisal concluded a replacement cost of \$320,739 for the structure. The appraisal next applied a 30% functional obsolescence factor. It was explained the ADU, as a secondary residence, does not command the same value in the marketplace as the primary residence, on a dollar-for-dollar basis. In other words, a buyer would assign less value to an ADU, as a secondary dwelling, than if the ADU was the primary residence, so an obsolescence adjustment was necessary to capture

the difference. The appraisal's cost model concluded a replacement cost new less depreciation value of \$224,517 for the ADU on *Parcel 2*.

The appraisal's sales comparison approach analysis for *Parcel 2* utilized the same four (4) sales as used in the appraisal of *Parcel 1*, plus an additional sale of a 51.43 acre parcel improved with a 1,568 square foot residence constructed in 1973, which sold for \$760,000 in August 2023. Similar adjustments to those in the other appraisal were considered and made where appropriate. However, because none of the sales included an ADU, the appraisal used the value determined in the earlier cost approach to adjust the sales for this characteristic. After net adjustments<sup>1</sup> ranging from 24% to 51%, the appraisal's sales model determined adjusted prices from \$991,856 to \$1,150,256, and concluded a value of \$1,077,000 for *Parcel 2* as of December 22, 2025.

In preparing for these appeals, Respondent discovered additional errors in its prior valuations of the subject parcels. During the preparation period Respondent also learned Appellants' ultimate intent is to create four (4) homesites with some associated acreage. With this new understanding, and correction of the newly discovered errors, Respondent developed a new valuation analysis dividing the total acreage into four (4) groups, or appraisal units, as follows:

|                     | APPEAL<br>NUMBER    | PARCEL<br>NUMBER | TOTAL<br>ACRES | FOREST<br>ACRES | LAND<br>VALUE | IMPROV.<br>VALUE | NEW TOTAL<br>VALUE |
|---------------------|---------------------|------------------|----------------|-----------------|---------------|------------------|--------------------|
| GROUP A<br>(VACANT) | 25-A-1062           | RP39N05W019520   | 4.06           | 0.00            | \$93,685      | \$0              | \$93,685           |
|                     | <i>not appealed</i> | RP39N05W120175   | 9.34           | 4.05            | \$116,646     | \$0              | \$116,646          |
|                     |                     |                  | 13.40          | 4.05            | \$210,331     | \$0              | \$210,331          |

<sup>1</sup> Without the ADU adjustment, net adjustments ranged from 0% to 18%.

|                              | APPEAL<br>NUMBER    | PARCEL<br>NUMBER | TOTAL<br>ACRES | FOREST<br>ACRES | LAND<br>VALUE | IMPROV.<br>VALUE | NEW TOTAL<br>VALUE |
|------------------------------|---------------------|------------------|----------------|-----------------|---------------|------------------|--------------------|
| GROUP B<br>(*OTHER HOMESITE) | 25-A-1063           | RP39N05W019655   | 9.10           | 0.00            | \$33,934      | \$6,020          | \$39,954           |
|                              | 25-A-1065           | *RP39N05W120022  | 16.65          | 0.00            | \$325,300     | \$419,130        | \$744,430          |
|                              | <i>not appealed</i> | RP39N04W073206   | 1.21           | 0.00            | \$4,176       | \$0              | \$4,176            |
|                              |                     |                  | 26.96          | 0.00            | \$363,410     | \$425,150        | \$788,560          |

|                              | APPEAL<br>NUMBER    | PARCEL<br>NUMBER | TOTAL<br>ACRES | FOREST<br>ACRES | LAND<br>VALUE | IMPROV.<br>VALUE | NEW TOTAL<br>VALUE |
|------------------------------|---------------------|------------------|----------------|-----------------|---------------|------------------|--------------------|
| GROUP C<br>(**MAIN HOMESITE) | 25-A-1061           | **RP39N04W066215 | 4.99           | 0.00            | \$239,600     | \$498,150        | \$737,750          |
|                              | 25-A-1064           | RP39N05W019825   | 2.74           | 0.00            | \$21,060      | \$500            | \$21,560           |
|                              | <i>not appealed</i> | RP39N04W070806   | 8.80           | 0.00            | \$64,639      | \$0              | \$64,639           |
|                              |                     |                  | 16.53          | 0.00            | \$325,299     | \$498,650        | \$823,949          |

|                     | APPEAL<br>NUMBER    | PARCEL<br>NUMBER  | TOTAL<br>ACRES | FOREST<br>ACRES | LAND<br>VALUE | IMPROV.<br>VALUE | NEW TOTAL<br>VALUE |
|---------------------|---------------------|-------------------|----------------|-----------------|---------------|------------------|--------------------|
| GROUP D<br>(***ADU) | 25-A-1060           | ***RP39N04W066130 | 8.73           | 2.13            | \$156,036     | \$322,120        | \$478,156          |
|                     | <i>not appealed</i> | RP39N05W019020    | 24.10          | 11.21           | \$106,865     | \$42,719         | \$149,584          |
|                     |                     |                   | 32.83          | 13.34           | \$262,901     | \$364,839        | \$627,740          |

In support of its revised value conclusions, Respondent developed a separate sales analysis for each of the above parcel groups. For *Group A*, Respondent offered information on five (5) vacant residential land sales which transpired between October 2021 and July 2023. The parcels varied in size from 10.22 to 16.19 acres, with sale prices ranging from \$242,500 to \$320,000. After applying a monthly time adjustment factor of 0.308%, Respondent calculated adjusted sale prices from \$254,810 to \$353,489, or from roughly \$23,000 to \$31,000 per acre. The parcels in *Group A* total 13.4 unimproved acres, of which 4.05 acres are forest land.

*Group B*, comprised of three (3) parcels with a combined size of 26.96 acres, includes the other homesite originally developed by Appellants' parents. The 2,254 square foot single-level residence was constructed in 2000 and includes a 1,091 square foot attached garage. There are also two (2) small outbuildings included in *Group B*. Respondent's sales comparison analysis included five (5) sales which transpired between 2022 and 2024. The sale properties varied in size from 5.01 to 23.29 acres, and the residences, constructed between 1993 and 2003, ranged from 2,647 to 3,442 square feet in gross living area. Sale prices were from \$695,000 to \$940,000. No adjustments for differences in property characteristics were made, but the sale prices were adjusted for date of sale at 0.579% per month, resulting in time-adjusted sale prices from approximately \$719,000 to \$1,103,000. Respondent concluded a value of \$788,560 for *Group B*.

Respondent's analysis of *Group C* included one (1) improved residential sale from 2023 and two (2) from 2024. The sale residences, constructed between 1992 and 2010, varied in gross living area from 2,110 to 2,961 square feet and were situated on parcels from 5.0 to 38.43 acres in size. Sale prices ranged from \$550,000 to \$715,000, with time-adjusted sale prices from approximately \$575,000 to \$790,000. Based on the adjusted price data, Respondent concluded a value of \$823,949 for *Group C*, which is comprised of three (3) parcels with a combined size of 16.53 acres improved with a 3,363 square foot two-story residence constructed in 1999 and a small shed.

*Group D* includes two (2) parcels totaling 32.83 acres improved with the ADU, a multi-level dwelling constructed in 2024 with a total of 2,185 square feet, of which

1,221 square feet are finished. Respondent included four (4) sales in this particular analysis. Parcel sizes ranged from 1.0 to 23.4 acres. The sale residences were constructed between 2012 and 2022 and varied in finished living area from 900 to 1,745 square feet. Sale prices ranged from \$339,000 to \$440,000, with time-adjusted prices from roughly \$345,000 to \$522,000. Respondent concluded a value of \$627,740 for *Group D*.

Respondent acknowledged its current analysis produced a higher combined valuation for the ten (10) parcels than determined by the BOE, but maintained the analysis was a more accurate estimate of market value because several errors in the respective property records were identified and corrected. Respondent petitioned the Board to amend the properties' values to align with those concluded in its current analyses.

#### 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, 2025, 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). Residential property is often valued using the sales comparison approach. In basic terms, the approach compares recent sales of similar properties to the subject property, with appraisal adjustments made for differences in key property characteristics.

Regardless of the valuation approach used, a proper appraisal analysis begins with identifying the property being valued, or the appraisal unit. This could be a single parcel or multiple parcels under common ownership and used for a combined or integrated purpose. This first step of identifying the appropriate appraisal units, however, is where the parties' respective analyses took different paths. Appellants' appraisal considered the total acreage as two (2) improved rural residential tracts, whereas Respondent divided the acreage into four (4) residential parcels, one (1) vacant and three (3) improved. While the Board understands Respondent's reasoning with respect to breaking the acreage into four (4) appraisal units, particularly with the knowledge Appellants' ultimate intent is to create four (4) parcels, the results were problematic for several reasons.

Identifying the property or proper appraisal unit often includes a highest and best use analysis. This analysis examines whether the proposed use is legally permissible, physically possible, financially feasible, and maximally productive. Legally permissible considers whether the proposed use complies with zoning laws, building codes, and

other applicable regulations. Here, one (1) of Respondent's groupings put the ADU together with another vacant parcel, as a discrete appraisal unit. The problem is, however, the ADU cannot be legally separated from Appellants' main residence.

To obtain approval to build the ADU, the county planning and building department required Appellants to file a deed restriction on the main homesite parcel stating, "[T]he accessory cottage unit shall forevermore be tied to the principal building and shall not be separated or put on its own parcel for sale or any other purpose." In other words, the ADU cannot be separated from Appellants' main residence, regardless of the lot lines reflected on the survey recorded in 2024. If the ADU parcel identified by Respondent cannot legally exist as a separate parcel, then logically it cannot be sold on its own. And if it cannot be sold on its own, then it should not be valued as though it can.

Even without the deed restriction pertaining specifically to the ADU, the original two (2) homesites of Appellants and Appellants' parents are not eligible to be split until at least 2028. According to guidance from the county planning and building department, the original two (2) parcels with homesites could only be split one (1) time after becoming eligible. This would result in four (4) parcels should future splitting occur. Currently, however, the four (4) appraisal units identified by Respondent are not legally possible, so are not saleable or otherwise marketable as individual parcels.

Idaho Code §§ 63-203 and 63-205 require all nonexempt property to be assessed annually but does not necessarily mean each property is to be valued on a standalone basis. This assessment mandate is held to the market value standard. Simplistically, market value is an estimate of the price at which a property would likely sell in the marketplace, which, as noted earlier, starts with identifying the property or

appropriate appraisal unit. The parties clearly recognized this key appraisal principle, as evidenced by both parties dividing the total acreage into multi-parcel groups instead of evaluating each of the ten (10) parcels individually.

Historically, the acreage at issue here has been viewed as two (2) homesite parcels, one (1) roughly forty (40) acres in size and the other approximately fifty (50) acres. This is how the properties have been used in the past and how the properties are currently used. And according to Idaho Code § 63-208, a property's “. . . actual and functional use shall be a major consideration when determining market value for assessment purposes.” Not only are Respondent's proposed parcel groups not legally permissible but the groupings also fail to consider the actual and functional use of the acreage as two (2) homesite properties. For these reasons, the Board found Appellants' appraisals' consideration of the acreage as two (2) parcels appropriate, as it aligns with how the properties currently exist and is most likely how the properties would be viewed by market participants.

While the Board preferred the general methodology employed by Appellants' appraisals, there was an issue with the effective dates of valuation. The relevant date of valuation in this appeal is January 1, 2025; however, the effective valuation date in both appraisal reports was December 22, 2025. That being said, all the sales used in the appraisals transpired in 2023 and 2024, including two (2) in late November 2024, about one (1) month prior to the January 1, 2025, assessment date. While the sales in the appraisal reports could have arguably been adjusted for date of sale, there was not a good indication in the record of what an appropriate time adjustment factor would be. Respondent applied a .308% per month time adjustment factor to the vacant sales in its

analyses, and a .579% per month factor to the improved sales, but support for those factors was not shared. It was also not apparent whether the time adjustment factors reflected just 2024 market conditions, as the majority of Respondent's sales occurred prior to 2024, so needed to be adjusted across multiple years. Though the effective dates of Appellants' appraisals were untimely, the market data upon which the analyses therein were based was timely and should be considered.

Lastly, Respondent was critical of the appraisal's use of the cost approach to estimate the value of the ADU, and particularly the 30% functional obsolescence factor applied to the replacement cost new estimate. The Board disagrees. In light of the legal restrictions prohibiting the ADU from being separated from Appellants' main residence, the structure is effectively equivalent to an outbuilding, albeit a nicely appointed one. Outbuildings are particularly amenable to valuation through the cost approach, as there are typically no sales involving just outbuildings so there is no market data available to develop a reliable sales comparison model. Also, the ADU at issue here was constructed in 2024, so determining physical depreciation is not difficult or speculative, as can be the case with older improvements. In all, the Board found the appraisal's use of the cost approach to estimate the value of the ADU appropriate.

The Board likewise took no issue with the functional obsolescence factor the appraisal applied in its cost model. Though more details regarding how the 30% factor was determined would have been appreciated, application of an obsolescence factor was proper here, in the Board's view. The county planning and building department's land use regulations define an accessory building as, "a subordinate building or use, the use of which is incidental to the primary use or principal building on the same parcel."

See Latah County, ID., Land Use Regulation § 9-2-1. An ADU, by definition, serves as secondary living space to the main residence, so should be evaluated according to the value it contributes to the main residence, which carries the primary value. The ADU certainly contributes to the overall value of the property, but it does so at a lesser rate than the main residence, similar to principles of economies of scale which generally hold that the price-per-unit decreases as the number of units increases. In all, the Board found the appraisal's analysis of the ADU reasonable and consistent with accepted standards of appraisal.

Pursuant to Idaho Code § 63-511, the burden of proving error in subjects' valuations by a preponderance of the evidence is Appellants' to bear. Given the record in this matter, the Board found the burden of proof satisfied. In the Board's view, the approach taken by Appellants' appraisal to evaluate the roughly 90 acres as two (2) improved residential parcels best reflects the actual and functional use of the properties, as well as how the properties would likely transact in the current marketplace. As such, the Board will adjust the values of the subject properties under appeal to those concluded in Appellants' appraisal reports.

Based on the above, the decisions of the Latah County Board of Equalization are modified as detailed below.

#### FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decisions of the Latah County Board of Equalization concerning the subject parcels be, and the same hereby are, MODIFIED, as follows:

Parcel No. RP39N04W066130 – Appeal No. 25-A-1060

|                      |                       |
|----------------------|-----------------------|
| Land Value           | \$169,422             |
| <u>Improv. Value</u> | <u>\$264,325</u>      |
|                      | \$433,747 TOTAL VALUE |

---

Parcel No. RP39N04W066215 – Appeal No. 25-A-1061

|                      |                       |
|----------------------|-----------------------|
| Land Value           | \$166,233             |
| <u>Improv. Value</u> | <u>\$238,378</u>      |
|                      | \$404,611 TOTAL VALUE |

---

Parcel No. RP39N05W019520 – Appeal No. 25-A-1062

|            |          |
|------------|----------|
| Land Value | \$47,339 |
|------------|----------|

---

Parcel No. RP39N05W019655 – Appeal No. 25-A-1063

|                      |                       |
|----------------------|-----------------------|
| Land Value           | \$109,122             |
| <u>Improv. Value</u> | <u>\$ 5,778</u>       |
|                      | \$114,900 TOTAL VALUE |

---

Parcel No. RPN05W019825 – Appeal No. 25-A-1064

|            |          |
|------------|----------|
| Land Value | \$24,744 |
|------------|----------|

---

Parcel No. RP3905W120022 – Appeal No. 25-A-1065

|                      |                       |
|----------------------|-----------------------|
| Land Value           | \$313,008             |
| <u>Improv. Value</u> | <u>\$244,259</u>      |
|                      | \$557,267 TOTAL VALUE |

---

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 Appellants.

Idaho Code § 63-3813 provides that under certain circumstances the above-ordered values for the current tax year shall not be increased in the subsequent assessment year.

DATED this 30<sup>th</sup> day of March, 2026.