

BEFORE THE IDAHO BOARD OF TAX APPEALS

BRENDA MCLEAN,	)	
	)	
Appellant,	)	APPEAL NO. 23-A-1030
	)	
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 modifying an appeal of the valuation for taxing purposes on property described by Parcel No. RP00215000109A. The appeal concerns the 2023 tax year.

This matter came on for hearing October 5, 2023, in Cascade, Idaho, before Board Member Leland Heinrich. Ronald McLean appeared at hearing for Appellant. 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 \$202,466, and the improvements' value is \$614,096, totaling \$816,562. Appellant contends the correct land value is \$192,000, and the improvements' value is \$460,500, totaling \$652,500.

The subject property is a 1.16 acre parcel located in the Ponderosa Shores subdivision near Cascade, Idaho. The property is improved with a two (2) story 2,192

square foot residence built in 2007, a 780 square foot detached garage, two (2) 120 square foot cabins, and two (2) stand-alone decks totaling 1,196 square feet.

The parties explained the Valley County Road Department does not maintain the roads in subject's neighborhoods because they were not built to "proper specifications." Due to the conditions of the road related to the lack of maintenance, subject is only accessible approximately five (5) to six (6) months out of the year. Appellant provided a statement by the local fire chief expressing concern about the road conditions and emergency services' ability to continue services in the area. Appellant additionally stated the local disposal service will no longer pick up garbage at the property, a trucking company refused to deliver furniture to the property, and Appellant's insurance company refused to renew the coverage on subject due to the road condition. 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 Valley County Board of Equalization.

Appellant offered two (2) solution suggestions to remedy the valuation issue. Option one (1) involved changing the land grade from excellent to good and adjusting the improvement value down 25%, resulting in a total value of \$619,308, with \$158,736 attributable to the land and \$460,572 to the improvements. Option two (2) involved decreasing the land value an additional 15% and assessing the improvements at 60% of their market value, as Appellant opined subject was only accessible 60% of the year. This resulted in a total value of \$503,383, with \$134,926 attributable to the land and \$368,457 to the improvements.

Respondent conversely requested that the Board remove the 25% 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 improvements' value, as the issue concerns the land.

Respondent did, however, request subject's land valuation be lowered to \$158,736. Respondent explained in August 2023, the assessor's office inspected the area subject is located. Based on the observations, Respondent lowered subject's land grade from excellent to good, as the view of the lake is filtered rather than panoramic.

Respondent next supplied information on six (6) sales to support the residence's assessed value. Respondent asserted all the sale properties were in areas with the same or worse quality roads as subject. Exact sale prices were not clear in the record.

Sale No. 1 sold in October 2022 and was improved with a 3,276 square foot residence of good grade with an effective year of 2005. 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 \$524,847, or roughly \$160 per square foot.

Sale No. 2 sold in September 2022 and was improved with a 1,440 square foot residence of average grade with an effective year of 2008. The adjusted residence price was \$366,498, or roughly \$255 per square foot.

Sale No. 3 sold in August 2020 and was improved with a 3,040 square foot residence of average grade with an effective year of 2010. The adjusted residence price was \$623,453, or roughly \$205 per square foot.

Sale No. 4 sold in August 2019 and was improved with a 1,792 square foot residence of fair grade with an effective year of 1997. The adjusted residence price was \$411,697, or roughly \$230 per square foot.

Sale No. 5 sold in January 2019 and was improved with a 3,306 square foot residence of good grade with an effective year of 2008. The adjusted residence price was \$476,210, or roughly \$144 per square foot.

Sale No. 6 sold in April 2022 and was improved with a 2,136 square foot residence of average+ grade with an effective year of 2015. The adjusted residence price was \$718,059, or roughly \$336 per square foot.

In comparison, subject is improved with a 2,192 square foot residence with a grade of average+ and an effective year of 2007. The residence is currently assessed at \$529,470, or roughly \$242 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 either of good or average land grade. Respondent noted the sale prices were trended, resulting in adjusted prices of \$82,000 to \$256,000. Respondent's analysis resulted in a land value indication of \$167,337 for subject. Subject's 1.16 acres are currently assessed at \$202,466. Respondent is requesting the land assessment be lowered to \$158,736.

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. There are three (3) approaches to value: 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). 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 the differences in 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. The Board agrees with Respondent that the access issue solely concerns the land, and it would be inappropriate to apply a land condition adjustment to the improvements. Appellant offered no evidence, market or otherwise, to support a further adjustment for the access issue. While the Board had many questions regarding Respondent's sale properties, such as

exact sale prices, the sales analysis generally demonstrated that subject's residence value is reasonable.

With respect to subject's land grade, both Appellant and Respondent shared the opinion that the land grade should be lowered from excellent to good. Where both parties agree, the Board will decrease the land grade to good and the valuation to \$158,736.

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. There were also few details provided regarding the land sales, and it was unclear what adjustments were made to compare the properties to subject. The Board had too many questions regarding these sales to afford them much weight in its consideration of subject's value. Accordingly, the Board will leave the 25% downward access adjustment in place.

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 instance, the burden of proof was met, but not to the extent to support a reduction in value to that requested by Appellant. The Board will order a reduction in subject's land value to \$158,736.

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 value to \$772,832, with \$158,736 attributable to the land and \$614,096 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 that under certain circumstances 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.