

BEFORE THE IDAHO BOARD OF TAX APPEALS

ARK INVESTMENTS, LLC,	)	
	)	
Appellant,	)	APPEAL NO. 24-A-1020
	)	
v.	)	FINAL DECISION AND ORDER
	)	
ADA COUNTY,	)	
	)	
Respondent.	)	
	)	
	)	
	)	

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. R3179070300. The appeal concerns the 2024 tax year.

This matter came on for hearing October 28, 2024, in Boise, Idaho, before Board Member Leland Heinrich. Member Chris Luffman 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 a commercial condominium unit.

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

FINDINGS OF FACT

The assessed land value is \$6,400, and the improvements' value is \$306,400, totaling \$312,800. Appellant does not dispute the land value but contends the improvements' value is \$235,600, totaling \$242,000.

The subject property is a commercial storage condominium situated in a 20-unit complex in southeast Boise. The subject condominium unit, constructed in 2020, has a

total of 1,511 square feet of leasable space, with 1,186 square feet on the main floor and 325 square feet on the mezzanine. The unit has windows on the front and rear, air conditioning¹, a one-half (½) bathroom, and a heavy-duty utility sink.

Appellant was concerned with the roughly 53% increase in subject's assessed value over the 2023 valuation and questioned whether it accurately reflects the current market value of the property. It was noted there had not been any sales since subject's condominium project was constructed until October 2024, when a unit was sold for \$260,000, or \$172 per square foot. Details regarding the sold unit or the transaction itself were not shared, but in Appellant's view, subject's assessed value should not exceed the price of the newly sold unit.

Respondent explained subject's assessed value was trended for the 2024 assessment year based on sales activity which occurred during 2023. Respondent shared that nineteen (19) of the twenty (20) units in subject's complex are currently assessed at \$207 per square foot, and clarified the \$180 per square foot valuation of the remaining unit was due to an error that will be corrected for next year's assessment. Citing the absence of any sales from subject's complex, Respondent looked to other developments for relevant sales. Respondent shared information on nine (9) sales from three (3) storage complexes located in Boise. Two (2) sales were reported from a complex located on Saturn Way. Both units sold in December 2023. The 896 square foot unit sold for \$230,400, or \$257 per square foot, and the larger 996 square foot unit sold for \$259,200, or \$260 per square foot. The average and median price rates from this complex were both \$259 per square foot.

¹ Prior to this appeal, Respondent was unaware the subject unit had air-conditioning, a bathroom, and utility sink, so those characteristics were not included in the 2024 assessment.

Respondent offered four (4) sales from a development located on Horseshoe Bend Road. The first was a 1,136 square foot unit constructed in 2018 which sold for \$275,000, or \$242 per square foot, in July 2023. The second was a 2017 unit with 951 square feet and a May 2023 sale price of \$270,000, or \$284 per square foot. Next 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 concerned a 913 square foot unit constructed in 2018 which sold for \$250,000, or \$274 per square foot, in May 2023. The average sale price for units in this complex was \$249 per square foot, and the median was \$258 per square foot.

The final three (3) sale units were from a complex located a stone's throw from subject, on Summersweet Drive. All three (3) units were constructed in 2019. The first was a 979 square foot unit with a January 2023 sale price of \$235,000, or \$240 per square foot. The other two (2) sales were both 1,233 square foot units, which sold in January and November 2023, for \$240,000, or \$195 per square foot, and \$245,000, or \$199 per square foot, respectively. Respondent calculated an average price rate for these sales of \$211 per square foot and a median of \$199 per square foot. Respondent maintained subject's assessed value of \$312,800, or \$207 per square foot, was reasonable against the sales data.

Appellant contended Respondent's sale units were located outside the immediate neighborhood so should not be used. In Appellant's view, Respondent should have focused on sales from a nearby complex located on Federal Way, of which twenty-six (26) were reported sold during 2023. Respondent disagreed the referenced complex on Federal Way was comparable. Respondent regarded subject's complex as superior in construction quality and stressed subject has finished drywall with insulation in the walls

between adjoining units, not just exterior walls as is the more typical design. Respondent further pointed out subject has climate control, windows, a one-half (½) bathroom, and a utility sink. Overall, the complex on Federal Way was inferior to subject's development, in Respondent's opinion, and therefore sales from that complex should not be considered to determine subject's value.

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).

Both parties offered sales information in support of their respective value positions, though neither party developed a traditional comparative sales model wherein recent

sales of similar properties are compared to the subject property, with adjustments made for differences in key property characteristics. Appellant's sales data consisted of a unit from subject's complex which sold at the end of October 2024 for \$260,000, or \$172 per square foot. While the Board appreciated the information, there were some concerns. To start, nothing was shared regarding the physical characteristics of the sold unit, nor were any details provided regarding the transaction itself, such as the parties involved in the sale and how, or if, the property was listed/marketed leading up to the sale. Most notable however, was the sale occurred nearly eleven (11) months after January 1, 2024, the relevant date of valuation in this matter. Developing an opinion of market value necessarily requires consideration of sales and market factors from prior to the date of valuation because future events are unknowable to market participants and therefore cannot factor into a potential purchase decision. Accepted appraisal standards do allow for sales after the effective date of valuation in the case of a retrospective appraisal, but time adjustments are necessary to reflect market conditions on the date of valuation. Here, Appellant did not adjust the sale back to January 1, 2024, nor was any market data offered by which to develop an appropriate time adjustment. Accordingly, the Board placed little emphasis on the October 2024 sale reported by Appellant.

Though Respondent did not develop a traditional sales model, nine (9) sales from three (3) local complexes were offered in support of subject's current valuation. The sale units were constructed between 2017 and 2023, with unit sizes ranging from 913 to 1,233 square feet. Sale prices ranged from \$185,000 to \$275,000, or \$195 to \$274 per square foot. The overall average price rate was approximately \$238 per square foot, and the median rate was approximately \$242 per square foot. Given Respondent's timely sales

data, the Board was strained to conclude subject's current assessed value of \$207 per square foot is overstated or otherwise unreasonable, particularly given the unit is significantly larger than any of the sales and has added features/amenities the sale units lacked.

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 Board did not find the burden of proof satisfied in this instance. Appellant shared limited information on a single sale which occurred nearly eleven (11) months after the date of valuation. Respondent, by contrast, provided details on nine (9) storage condominium units, six (6) of which sold notably higher than subject's assessed value of \$207 per square foot. In all, the Board found subject's current valuation reasonably supported by the available sales data. 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 23rd day of December, 2024.