

BEFORE THE IDAHO BOARD OF TAX APPEALS

KEVIN AND CHRISTINA JEFFRIES,	)	
	)	
Appellants,	)	APPEAL NO. 23-A-1230
	)	
v.	)	FINAL DECISION AND ORDER
	)	
BOISE COUNTY,	)	
	)	
Respondent.	)	
	)	
	)	
	)	

RESIDENTIAL PROPERTY APPEAL

This appeal is taken from a decision of the Boise County Board of Equalization modifying the valuation for taxing purposes on property described by Parcel No. RP054120010020. The appeal concerns the 2023 tax year.

This matter came on for hearing November 15, 2023, in Idaho City, Idaho, before Board Member Leland Heinrich. Appellants were self-represented. Boise County Assessor Chris Juszczak 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 Boise County Board of Equalization is modified.

FINDINGS OF FACT

The assessed land value is \$406,000, and the improvements' value is \$1,648,412, totaling \$2,054,412. Appellants contend the correct land value is \$328,860, and the improvements' value is \$1,241,409, totaling \$1,570,269.

The subject property is a 2.11 acre parcel located in the Pine Tree Ranch subdivision north of Crouch, Idaho. The parcel is located on the Middlefork of the Payette

River. The property is improved with a two (2) story 5,298 square foot residence built in 2003 with five (5) bedrooms, four and one-half (4½) bathrooms, and a 1,156 square foot attached garage. The property is further improved with a 1,200 square foot detached garage built in 2019.

Appellants purchased the subject property in October 2018 for \$679,000. There was a detached garage at the time, but it was removed to build the current garage, which Appellants shared cost \$21,915 to build. Appellants argued the garage costs would be the same if it were built in 2023. The garage is currently assessed at \$127,097, which Appellants consider excessive and erroneous.

Appellants provided an October 2023 internet article which described Idaho's market as the most overvalued in America. According to the article, residences in Idaho "are now more than 40 percent overvalued after soaring demand artificially pushed up prices" during the pandemic. The article also stated that with interest rates nearing 8%, homeowners may fall into negative equity, "meaning the outstanding mortgage balance is higher than the value of their property," and noted this can make selling difficult. The article estimated properties in Idaho have lost \$33,000 in equity.

Last, Appellants cited a 19.2% reduction in sale values within Garden Valley from Redfin. Respondent clarified the 19.2% decrease referred to the reduction in median sale price between mid-2022 and mid-2023. Respondent argued it was not a realistic reflection of the market, because the properties which sold in mid-2022 were not the same properties Redfin was analyzing for the mid-2023 sales. Respondent also testified the sale price rate per square foot increased within the same time period.

According to Respondent, riverfront land in Garden Valley is rarely available for sale, and when it is, the properties are “highly desired and extremely valuable.” There were no riverfront land sales in 2022, so Respondent utilized 2021 sales and claimed raw land value did not increase in 2022. Respondent provided information on three (3) bare land sales to support subject’s land value. All three (3) vacant sale properties were in Garden Valley on the Middlefork of the Payette River like subject.

Sale No. 1 was 1.12 acres with 150 feet of river frontage and average access. Respondent noted the parcel was “tiered” with level areas at the top and bottom. The property sold in July 2021 for \$325,000, with a time-adjusted price of \$411,775, or \$367,656 per acre.

Sale No. 2 was 1.29 acres and had good access and mountain views. The parcel was noted to be level but with steep slopes to the river, on which the property had 100 waterfront feet. The property sold in June 2021 for \$245,000, with a time-adjusted price of \$312,865, or \$242,531 per acre.

Sale No. 3 was 5.0 acres and had average access, was level with gentle slopes to the river, had approximately 385 waterfront feet, and had good mountain views. The property sold in April 2021 for \$435,000, with a time-adjusted price of \$571,808, or \$114,362 per acre.

In comparison, subject is a 2.11 acre level parcel with 940 waterfront feet and 360-degree mountain views. The 2023 land assessment, minus the \$36,000 assessment for subject’s well and septic, is \$370,000, or \$175,355 per acre. Where the average time-adjusted sale rate of the three (3) land sales was \$241,516 per acre, Respondent argued subject’s land assessment is below market.

Respondent next provided a sales analysis to support the assessed value of subject's detached garage. Sale No. 1 was located 1.6 miles from subject in the same subdivision and was improved with a 1,440 square foot¹ stick-built detached garage with a concrete foundation. The garage was built in 2017 and had insulation, drywall, power, and heat. The property sold in July 2022 for a time-adjusted sale price of \$2,300,000. Respondent removed the values of the land and other improvements, resulting in a residual sale price of \$210,527, or roughly \$146 per square foot, for the garage.

Sale No. 2 was located 9.9 miles from subject and was improved with a 1,860 square foot stick- and pole-built detached garage with a concrete foundation. The garage was built in 2001 and had insulation, partial drywall, and power. It also had a 292 square foot unfinished attic. The property sold in October 2022 for a time-adjusted price of \$1,550,000. The residual garage price was \$147,709, or roughly \$79 per square foot.

Sale No. 3 was located in subject's subdivision 1.7 miles from subject and was improved with a 588 square foot pole-built detached garage on piers with a dirt floor. The garage was built in 2007 and had insulation, power, and an unfinished attic. The property sold in May 2022 for a time-adjusted price of \$660,000. The residual garage price was \$108,361, or roughly \$184 per square foot.

Sale No. 4 was located 1.6 miles from subject in subject's subdivision and was improved with a 980 square foot pole-built detached garage with a concrete foundation. The garage was built in 2003 and had power and partial insulation.

¹ Respondent listed two (2) different sizes for the garage, but utilized the 1,440 square foot figure in its calculations.

In comparison, subject's garage is a 1,200 square foot metal pole-built detached garage with a concrete foundation. It does not have drywall or heat. The garage was built in 2019 and is assessed at \$127,097, or roughly \$106 per square foot. Respondent opined the average price per square foot of \$126 for the four (4) sale detached garages illustrates subject's garage is assessed fairly and equitably.

Next, Respondent offered a sales analysis in support of subject's full value. Respondent noted the residential market has stabilized since 2021, so no time adjustments were needed on the improved sales. Respondent also noted age adjustments were only applied for properties more than fifteen (15) years older or newer than subject, as the market did not demonstrate a need for adjustments for residences built within fifteen (15) years of subject.

Sale No. 1 was a 1.0 acre riverfront lot located in subject's subdivision roughly one (1) mile from subject. The property was improved with a custom single-level, 2,828 square foot residence built in 2006 with five (5) bedrooms, two and one-half (2½) bathrooms, and a 1,815 square foot attached garage. The property sold in May 2022 for \$1,650,000. Respondent made adjustments for differences in square footage, amenities, and other structures. The adjusted sale price was \$2,319,081.

Sale No. 2 involved two (2) lots which totaled 6.38 acres. The sale property was located in subject's subdivision, roughly 1.6 miles from subject, and was not on the river. The property was improved with a custom two (2) story, 3,342 square foot residence built in 2018 with four (4) bedrooms, four and one-half (4½) bathrooms, and an 872 square foot attached garage. The residence had a walkout basement, hardwood flooring, granite countertops, and custom wood cabinets. The property was further improved with a 1,600

square foot² detached garage. The property sold in July 2022 for \$2,300,000. The adjusted sale price was \$2,495,744.

Sale No. 3 was a 2.28 acre lot in subject's subdivision not on the river, roughly 9.9 miles from subject. The property was improved with a custom two (2) story, 3,190 square foot residence built in 2000 with three (3) bedrooms, three and one-half (3½) bathrooms, and a 667 square foot attached garage. The residence featured tile flooring, granite countertops, and wood cabinets. The property was further improved with a 796 square foot detached garage with a 292 square foot unfinished attic. The property sold in October 2022 for \$1,550,000. The adjusted sale price was \$2,175,545.

Sale No. 4 was a .32 acre river-influenced lot roughly 9.8 miles from subject. The property was improved with a custom two (2) story, 2,738 square foot residence built in 2008 with three (3) bedrooms, three and one-half (3½) bathrooms, and a 564 square foot attached garage. The residence has carpet and solid hardwood floors, a gourmet kitchen, granite counters, and custom wood cabinets. The property sold in November 2022 for \$895,000. The adjusted sale price was \$1,627,940.

In comparison to the sale properties, Respondent described subject's residence as unique and custom-built with carpet and tile flooring, granite countertops, wood cabinets, and extensive custom log and stone accent details throughout. The average adjusted sale price for the improved sales was \$2,154,578. Overall, Respondent argued the sales analyses demonstrated subject's current assessment of \$2,054,412 is accurate, fair, and equitable.

² This is the same property referenced earlier, where the size of the garage was unclear. In this analysis, Respondent reported a size figure of 1,600 square feet.

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.

Appellants did not provide sales information or analysis to support a reduction in subject's value. Appellants shared an unsupported internet article regarding Idaho's general real estate market, with no information related to subject's market area. The Board did not consider it as strong evidence subject's value should be decreased.

The garage cost and condition information was more compelling. According to Appellants, subject's detached garage is stick- and pole-built, does not have drywall, and is not heated. It cost \$21,915 to build in 2019 and the 2023 assessment is \$127,097. Considering Respondent's sales information, it is clear the garage is overvalued. Respondent provided information on four (4) garages which were 588 to 1,860 square feet, with residual price indications from \$91,237 to \$210,527. All four (4) garages had some level of drywall or insulation, and all had power. Subject is a detached metal garage with no drywall, insulation, or power, yet no adjustments were made to the sale garages. In the Board's view, subject's garage is not comparable to the sales, nor should its value be comparable. The Board views a valuation of \$90,000 to be more appropriate to give consideration to the construction quality and condition of the garage.

Respondent offered two (2) other sales analyses in support of subject's land valuation and total valuation, respectively. While there were significant differences between the sale properties and subject, the Board recognizes Boise County is diverse and subject is a unique property, along with most other properties in the area. In general, the sales data supports subject's valuation, and Appellants offered no conflicting information.

In accordance with Idaho Code § 63-511, the burden is with Appellants to establish subject's valuation is erroneous by a preponderance of the evidence. The burden was met in this instance, but there was insufficient evidence to lower the value to that requested by Appellants. Respondent's vacant and improved sales justify the valuations of subject's residence and land, but the garage sales do not reflect the subject detached

garage's particular construction and condition. The Board will decrease the value of the detached garage to \$90,000. The subject's assessment is modified accordingly.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Boise County Board of Equalization concerning the subject parcel be, and the same hereby is, MODIFIED to reflect a decrease to \$2,017,315, with \$406,000 attributable to the land and \$1,611,315 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 Appellants.

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 25th day of March, 2024.