

BEFORE THE IDAHO BOARD OF TAX APPEALS

TERRY SHAKE,	)	
	)	
Appellant,	)	APPEAL NO. 24-A-1032
	)	
v.	)	FINAL DECISION AND ORDER
	)	
ADA COUNTY,	)	
	)	
Respondent.	)	
	)	
_____	)	

RESIDENTIAL 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. R4221300515. The appeal concerns the 2024 tax year.

This matter came on for hearing October 30, 2024, in Boise, Idaho, before Board Member Leland Heinrich. Appellant Terry Shake 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 an unimproved residential parcel.

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

FINDINGS OF FACT

The assessed land value is \$16,000. Appellant contends the correct land value is \$2,750.

The subject property is a 0.06 acre unimproved residential parcel located in the Indian Lake subdivision in southwest Boise. The subject lot is situated adjacent to an

improved .20 acre parcel also owned by Appellant, which serves as Appellant's primary residence. Due to its small size, the subject lot is unbuildable according to current zoning regulations. For purposes of this decision, the adjacent improved property will be referred to as the Home parcel.

Appellant's primary concerns centered on Respondent's methodology for valuing the subject property, as well as the rate of increase in subject's assessed value over the past four (4) years compared to other properties. Through conversations with the assessor's office, Appellant learned subject was assessed together with the Home parcel, as a contiguous lot. This methodology involved combining the acreages of the two (2) parcels, determining the market value of the "combined" parcel, then allocating that value between the two (2) parcels according to the respective acreages. Appellant questioned whether the methodology produced a reliable estimate of the market value of the unbuildable subject lot because the improved Home parcel was included in the analysis.

Appellant was also concerned whether the subject property has been equitably assessed with other properties. Noting subject's current assessed value of \$16,000 is roughly 255% higher than the 2020 valuation of \$4,500, Appellant shared assessment information on three (3) other properties located within approximately 1.5 miles of subject. The first property consisted of an improved 1.0 acre main parcel with two (2) smaller adjacent lots. One (1) of the adjacent lots was a 0.7 acre vacant parcel with a 2024 assessed value of \$26,600, which is 40% higher than the 2020 valuation. The other adjacent parcel was a .56 acre improved lot assessed at \$38,700, though details regarding the improvements were absent in the record. Appellant reported an increase of roughly 35% in the assessed land value over the four (4) year period for this parcel.

Appellant calculated an assessment rate of approximately \$38,285 per acre for the vacant lot and \$37,857 per acre for the improved lot. Applying these rates to subject's 0.06 acres yielded value indications of \$2,297 and \$2,271, respectively.

The second property referenced by Appellant was a 1.01 acre vacant parcel. The 2024 assessed value of \$40,300 was noted to be nearly 44% higher than the 2020 valuation of \$28,000. Appellant determined the lot was valued at \$39,900 per acre, applied this rate to subject's acreage, and calculated a value of \$2,394 for the subject lot.

The third property Appellant discussed was a .004 acre vacant parcel located adjacent to a .25 acre improved main parcel. Appellant noted the \$500 assessed value of the .004 acre lot represented a nearly 67% increase over the 2020 valuation. Appellant calculated an assessment rate of \$125,000 per acre for the small vacant parcel, which indicated a value of \$7,500 for subject's .06 acres. In Appellant's view, subject's land value is out of line with other small acreage lots so should be reduced.

Respondent explained the subject lot was valued with the Home parcel because it is completely fenced in with the Home parcel and provides added privacy. While subject's assessed value increased roughly 52% over the 2023 valuation, Respondent pointed out the land value of the Home parcel decreased by 7%, and the combined land value of both parcels decreased by nearly 2%. Respondent acknowledged subject is an unbuildable lot, however, noted the assessed value would be \$130,000 if it were buildable. Respondent testified the same valuation methodology is consistently used to assess other contiguous parcels with common ownership.

Due to the dearth of sales in subject's neighborhood, Respondent expanded its geographic scope in search of relevant sales data in support of subject's valuation.

Respondent's first sales analysis, comprised of three (3) vacant lot sales, evaluated subject together with the Home parcel as a single .26 acre residential property. Sale No. 1 concerned a .27 acre lot which sold for \$253,933, or \$21.20 per square foot, in May 2022. Sale No. 2 was the November 2022 purchase of a .31 acre parcel for \$320,000, or \$23.70 per square foot. Sale No. 3 was a .25 acre lot with an April 2023 sale price of \$259,900, or \$23.77 per square foot. Though adjustments were considered for Sale Nos. 1 and 3, none were made. Sale No. 2, however, received a downward 20% adjustment on account of its superior location compared to subject. Adjusted sale prices ranged¹ from \$18.96 to \$23.77 per square foot. The combined assessed value of subject and the Home parcel is \$182,000, or \$15.95 per square foot, which Respondent maintained was consistent with other similarly sized parcels in the subdivision.

Respondent's second analysis likewise included three (3) unimproved sales; however, subject was evaluated as a stand-alone parcel. All three (3) sale properties were buildable lots. Sale Nos. 1 and 2 were adjacent .07 acre lots, both of which sold in October 2021 for \$145,000 and \$146,500, or \$55.48 and \$56.05 per square foot, respectively. Sale No. 3 concerned the October 2022 purchase of a .08 acre lot for \$151,000, or \$43.33 per square foot. Due to its superior location, Respondent applied a 10% downward adjustment to Sale No. 3, resulting in an adjusted sale price of \$135,900, or \$52 per square foot. Subject's .06 acres are assessed for \$16,000, or \$6.12 per square foot, which was reasonable in Respondent's opinion against the adjusted price data.

¹ Respondent's exhibit materials reflected adjusted sale prices of \$22.25, \$22.43, and \$22.77 per square foot, which were miscalculations. The correct adjusted price figures for the three (3) sales are \$21.20, \$18.96, and \$23.77 per square foot, respectively.

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). 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's concerns focused on the perceived inequitable assessment of the subject property compared to other parcels, as well as the methodology Respondent utilized to determine subject's assessed value. In arguing subject was inequitably assessed, Appellant compared the increase in subject's assessed value from 2020 to

2024 to the increases experienced by several other properties over the same period. During that time, subject's assessed value increased approximately 255%, whereas the referenced properties saw more modest increases from roughly 40% to 74%. Though the Board understands Appellant's concerns, a comparison of assessed values is not a recognized appraisal approach and is not regarded as a reliable methodology for estimating current market value. Also, that subject's assessed value increased at a higher rate than a couple of other parcels is not itself evidence of inequitable assessment.

Regarding inequitable assessment, the Idaho Supreme Court has held,

While the courts will not attempt to correct mere mistakes or errors of judgment on the part of the assessor or board of equalization, where intentional, systematic discrimination occurs, either through undervaluation or through overvaluation of one property or class of property as compared to other property in the county, the courts will grant relief.

Anderson's Red & White Store v. Kootenai Cnty., 70 Idaho 260, 264, 215 P.2d 815, 817 (1950).

The Court has further found, "an individual who claims that a selective assessment procedure had deprived him or her of the protection guaranteed by the state constitutional requirement of uniformity of taxation must show a deliberate plan to discriminate based upon an unjustifiable or arbitrary classification." *Xerox Corp. v. Ada Cnty. Assessor*, 101 Idaho 138, 144, 609 P.2d 1129, 1135 (1980). In the case at bar, the record did not indicate subject's assessment was the result of a deliberate plan to discriminate. Rather, subject is a contiguous ancillary parcel which contributes to the use and enjoyment of Appellant's adjacent Home parcel. This is how the property is actually used, and Idaho Code § 63-208(1) requires ". . . that the actual and functional use [of the subject property] shall be a major consideration when determining market value for assessment purposes." The record is unclear how the properties referenced by Appellant were used, whether physical

changes occurred, or how their values were developed. It was clear, however, that with the exception of the .004 acre lot, all the referenced properties were notably larger and would therefore need to be adjusted before they could be meaningfully compared to subject. Based on the limited information available, the Board did not find subject was inequitably assessed.

Appellant also disagreed with Respondent's methodology of combining subject's acreage with that of the Home parcel and allocating the indicated market value to each parcel according to size. Though the Board shares some of Appellant's concerns with valuing the combined acreage as a single buildable parcel, then allocating a portion of that value to subject, an unbuildable lot, Appellant did not offer an alternative methodology that would provide more reliable results. More importantly,

[T]he question is not what someone else, however eminent he may be in the field of appraisal work and knowledge of market values, may think is the proper method, but involves simply the determination as to whether the method used by the assessor was legitimate and fair, and was a reasonable method to use in arriving at the value of the property in question.

Abbot v. State Tax Comm'n, 88 Idaho 200, 206, 398 P.2d 221, 224 (1965).

Respondent testified the same methodology is used to assess all similarly situated contiguous parcels, so subject was not treated differently in that regard. And given the lack of sales involving unbuildable contiguous lots, the Board is at a loss to identify an alternative methodology to value such parcels. Again, while the subject lot itself is unbuildable, it is being used to enhance the use and enjoyment of the adjacent Home parcel, so it carries more value than a stand-alone unbuildable parcel. In this context, the Board found Respondent's general assessment methodology a reasonable effort to

estimate the market value of an unbuildable lot that is contiguous to, and used to complement an improved homestead parcel.

In terms of support for subject's valuation, Respondent developed two (2) comparative sales models. The first model analyzed the subject lot together with the Home parcel, as a single .26 acre residential lot. The analysis demonstrated the combined assessed value of subject and the Home parcel of \$182,000, or \$15.95 per square foot, is less than indicated by the sales, which varied in unadjusted sale price from roughly \$254,000 to \$260,000, or \$21.20 to \$23.77 per square foot. Respondent's second sales model evaluated subject as a stand-alone .06 acre parcel, and likewise demonstrated subject's assessed value of \$6.12 per square foot is markedly lower than the reported sale prices, which varied from approximately \$52 to \$56 per square foot. Admittedly, all the sales included in both of Respondent's valuation models were buildable parcels, but subject's assessed value is far below those sale prices. And without additional sales or other market data suggesting a lower valuation, the Board was strained to conclude subject's assessed value is overstated.

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. Ultimately, the Board found Respondent's assessment methodology produced a reasonable estimate of subject's current market value. 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 18th day of December, 2024.