

BEFORE THE IDAHO BOARD OF TAX APPEALS

EDGAR CUMMINS,	)	
	)	
Appellant,	)	APPEAL NO. 14-A-1076
	)	
v.	)	FINAL DECISION
	)	AND ORDER
BLAINE COUNTY,	)	
	)	
Respondent.	)	
_____	)	

**RESIDENTIAL PROPERTY APPEAL**

This appeal is taken from a decision of the Blaine County Board of Equalization denying the protest of valuation for taxing purposes of property described by Parcel No. RP00246000012A. The appeal concerns the 2014 tax year.

This matter came on for hearing October 16, 2014 in Hailey, Idaho before Board Member David Kinghorn. Appellant Edgar Cummins was self-represented. Assessor Valdi Pace represented Respondent.

Board Members David Kinghorn, Linda Pike and Leland Heinrich participated in this decision.

**The issue on appeal concerns the market value of an improved residential parcel.**

**The decision of the Blaine County Board of Equalization is affirmed.**

FINDINGS OF FACT

The assessed land value is \$742,857, and the improvements' valuation is \$794,706 totaling \$1,537,563. Appellant contends the correct land value is \$452,000, with no change to the improvements' value, totaling \$1,246,706.

The subject property is a 2.25 acre parcel improved with a 3,745 square foot residence constructed in 1991 and remodeled in 2000. Subject is located in the Gimlett

#13 subdivision near Ketchum, Idaho.

Appellant contended the roughly 64% increase in subject's land value for 2014 was excessive and not supported by available market data. In this regard, Appellant provided information concerning five (5) sales of vacant residential lots for comparison to subject. Sale Nos. 1, 2, 3, and 4, which occurred during 2014, involved lots between 2.1 and 10.3 acres in size. Sale prices ranged from \$475,000 to \$795,000. Sale No. 5 concerned a 2.1 acre parcel which sold for \$590,000 in September 2013. Appellant calculated a price-per-acre range of the sales between \$77,000 and \$280,000, or an average of \$196,000 per acre. Based on this information, Appellant argued subject's assessed land value of \$330,000 per acre was excessive.

Appellant also provided assessment information on the two (2) improved properties situated immediately adjacent to subject on both the north and south sides. The assessed land values equated to \$290,000 and \$334,000 per acre. In Appellant's view, subject's land value should be lower than both adjacent properties because the tennis court improvements on those parcels diminished subject's views.

Respondent reported subject's area was reappraised for the current tax year as part of its regular five-year revaluation cycle. Respondent's primary value evidence centered on four (4) 2013 sales from subject's general area, two (2) of which were improved and two (2) of which were vacant. Respondent regarded the unimproved sales as most comparable and relevant in this appeal because Appellant contested only subject's land value. Sale No. 1 involved a vacant 2.54 acre parcel located down the street from subject.

The lot sold in August 2013 for \$900,000. The other vacant land sale concerned a 3.88 acre parcel which sold in August 2013 for \$1,110,000. Sale Nos. 3 and 4 involved 2.63 and 5.8 acre parcels improved with residences 5,143 and 7,920 square feet in size, respectively. Sale No. 3 sold for \$1,825,000 and Sale No. 4 sold for \$4,845,000.

Appellant challenged the comparability of Respondent's sales. According to Appellant, the price of Sale No. 1 was above market value because the purchaser owned the adjacent property and bought the lot to maintain a buffer between the main residence and any potential future buyer. Respondent noted the parcel had been on the market for approximately four (4) years and the sale price was near the asking price. Based on these factors, Respondent concluded the sale was arm's-length in nature and the price was at full market value. As for Sale No. 2, Appellant provided the associated Multiple Listing Service (MLS) listing sheet which described the parcel as a waterfront lot. Respondent countered with an aerial map overlaid with parcel lot lines showing Sale No. 2 did not abut the Wood River. As for the remaining improved sales, Appellant noted the residences were notably newer than subject and generally superior. Respondent agreed the residences were superior to subject and indicated the sales were included as additional reference points for values in the area.

Respondent additionally provided a list of assessment information for all properties located in subject's subdivision. There was some variance in lot sizes across the development, ranging from 2.02 to 3.67 acres. Assessed land values were between \$742,857 and \$963,705, with subject's land value representing the lowest. Appellant noted

subject's assessed land value was near the top of the range on a per-acre basis. Respondent explained land values in the county are determined on a site value basis, not a price-per-acre basis.

#### CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value, or as applicable exempt status. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

Idaho Code § 63-205 requires taxable property be assessed at market value annually on January 1; January 1, 2014 in this case. Market value is defined in Idaho Code § 63-201, as,

“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 County*, 100 Idaho 59, 63, 593 P.2d 394, 398 (1979). A sales comparison approach is typically used for estimating the market value of a residential property like subject. In this regard, both parties provided sales information in support of their respective value positions.

Appellant presented five (5) vacant lot sales for comparison to subject. Four (4) of the sales, however, transpired in 2014. An appraisal analysis is generally restricted to available market information from prior to the effective date of valuation. In the present case the date of valuation is January 1, 2014. Therefore, sales occurring after January 1 should be excluded from the analysis because such information was not available or knowable as of the valuation date. What remains then is one (1) lot sale from 2013. The 2.1 acre parcel sold for \$590,000, or roughly \$280,000 per acre. Respondent contended the location of the sale lot was not comparable to subject's and therefore should not be included.

Respondent's analysis focused primarily on two (2) unimproved sales, though information related to two (2) nearby improved sales was also offered. Respondent regarded Sale No. 1 as most comparable to subject in terms of size and location. The 2.54 acre lot situated on the same street as subject sold in August 2013 for \$900,000. The other lot sale involved a 3.88 acre parcel which sold in August 2013 for \$1,110,000. Appellant challenged the comparability of this latter sale because according to the MLS listing sheet it was a riverfront property. The Board would likewise question the comparability if the lot was truly riverfront. Respondent, however, provided an aerial map overlaid with individual property boundary lines which clearly shows the lot's eastern boundary stops short of the Wood River. The frontage instead belongs to the parcel across the river.

In addition to sales information, both parties referenced assessed land values of

other properties located in subject's subdivision. While interesting information, a comparison of assessed values is not a recognized appraisal approach. Such a comparison, however, could be useful in examining general assessment uniformity or identifying outliers. In this particular case, all lots in the subdivision appeared to be assessed consistently. Appellant focused on some variance in the value per acre and argued subject's land value was excessive on a per-acre basis. The Board disagrees. Some of the parcels emphasized by Appellant involved larger acreages. The fact these lots showed a lower value per acre is not surprising. Economies of scale naturally suggests price per acre generally decreases as land size increases for properties that are otherwise physically similar. The assessment data presented here reflects this phenomenon. The Board does not find subject was treated unfairly in this regard. Furthermore, subject's assessed land value represented the lowest of all the parcels in the development.

In appeals to this Board, Appellant bears the burden of proving error in subject's assessed value by a preponderance of the evidence. Idaho Code § 63-511. The burden of proof was not met in this instance. Based on the lot sales in record, particularly Respondent's Sale No. 1 located in subject's immediate proximity, the Board does not find error in subject's assessed value. Subject was assessed lower than the \$900,000 sale price of Sale No. 1, which demonstrates Respondent considered subject's somewhat smaller size. Further, none of the timely sales information in record supported Appellant's value claim of \$200,000 per acre. Accordingly, the decision of the Blaine County Board

of Equalization is affirmed.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Blaine County Board of Equalization concerning the subject parcel be, and the same hereby is, AFFIRMED.

DATED this 23<sup>rd</sup> day of January, 2015.