

BEFORE THE IDAHO BOARD OF TAX APPEALS

ALLAN AND ANDREA METOS,)	
)	
Appellants,)	APPEAL NO. 15-A-1255
)	
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 denying the protest of valuation for taxing purposes of property described by Parcel No. RP00101001014A. The appeal concerns the 2015 tax year.

This matter came on for hearing November 18, 2015 in Idaho City, Idaho before Hearing Officer Cindy Pollock. Appellants Allan and Andrea Metos were self-represented. Chris Juszczak 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 property.

The decision of the Boise County Board of Equalization is modified.

FINDINGS OF FACT

The combined land value is \$82,435, and the improvements' value is \$459,028, totaling \$541,463. Appellants contend the correct land value is \$51,832, and the improvements' value is \$316,897, totaling \$368,729.

The subject property is 2.41 acre parcel situated on the Middlefork of the Payette River in Garden Valley, Idaho. Currently, 1.41 acres of subject is assessed as agricultural

land with a value of \$832. The remaining one (1) acre was assessed at market value as a homesite. The property is improved with a 4,696 square foot two-story residence with a finished walkout basement constructed in 1997. Other improvements include an attached garage and a 320 square foot outbuilding.

Based on active listings and recent sales within the subdivision, Appellants argued subject's current value was excessive. Appellants reported as of March 2015 there were five (5) vacant lots and one (1) improved property on the market. Three (3) of the lots had been on the market for roughly three (3) years and the other lots had been on the market for two (2). The improved property was estimated to have been on the market for four (4) years and had a current asking price of \$450,000. Asking prices for the vacant lots ranged from \$94,500 to \$199,000.

Appellants also provided information concerning a recent lot sale from subject's subdivision. The 3.08 acre lot sold for \$80,000 in January 2014. Appellants described the sale lot as a horse property due to its level topography, easy access to the river, and pressurized irrigation system. Appellants noted subject did not have pressurized irrigation and access to the river was steep and difficult. Respondent contended the sale occurred in December 2013 and was therefore too old to be used in estimating subject's current value.

Appellants further offered a recent improved sale from subject's development. The sale involved a 2.16 acre lot improved with a 5,108 square foot residence. The property sold for \$315,000 in June 2015, which Appellants noted was the first improved sale in the

subdivision in approximately fifteen (15) years. Respondent questioned whether the price represented market value because the property was purchased at an estate sale.

Lastly, Appellants pointed to the assessment of a property situated directly across the river and argued subject was inequitably assessed by comparison. Appellants described the compared property as highly similar to subject in terms of use; with portions dedicated to both residential and agricultural uses. The residence was regarded as superior to subject due to upgraded interior fixtures, stucco siding, and metal roof. The lot was roughly ten (10) acres in size. Appellants highlighted the fact the homesite was assessed for \$67,884, whereas subject's homesite was valued at \$81,603.

Respondent provided sales in support of both subject's land and improvement values. For subject's land value Respondent offered three (3) sales, one (1) of which was improved. Sale No. 1 involved a 1.185 acre improved parcel which sold in August 2014 for \$258,280. The sale lot was characterized as similar to subject in terms of river access, topography, and views. Respondent extracted the assessed value of the improvements, which left a residual value of \$71,936 attributable to the land. Sale No. 2 was characterized as inferior to subject primarily due to its steep and marshy river access. The 1.83 acre lot sold in June 2014 for \$77,900. Sale No. 3 was the same lot sale from subject's subdivision referenced by Appellants. The 3.08 acre lot sold for \$80,000. Respondent stated typically a parcel's first acre is the most valuable and each additional acre contributes value at a reduced rate, which was evidenced by the sales which varied from \$71,936 per acre for the smallest lot, to \$25,974 per acre for the largest lot. Subject's

one (1) acre homesite was assessed at \$68,603 per acre, plus \$13,000 for the onsite improvements.

Respondent offered information concerning four (4) sales from 2014 in support of subject's improvement value. Respondent focused on sales involving residences similar in quality and condition as subject. The sale residences ranged in size from 1,820 to 4,113 square feet and were constructed between 2001 and 2008. Adjusted sale prices were between \$416,000 and \$575,000. After removing assessed land values and other improvement values, Respondent calculated residual values for the sale residences between \$267,347 and \$454,761.

Using the same improved sales from above, Respondent developed a sales comparison approach analysis. Each sale property was compared to subject and adjustments were made for physical differences, such as lot size, square footage, location, fireplace count, garages, and outbuildings. Respondent also applied an upward time adjustment of 1% per month to reflect prices on January 1, 2015. Adjusted sale prices ranged from \$546,250 to \$655,150, or an average of \$581,065.

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, 2015 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. The income approach, the cost approach, and the sales comparison approach represent the three (3) primary methods of determining market value. *Merris v. Ada County*, 100 Idaho 59, 63, 593 P.2d 394, 398 (1979). Residential properties are often valued using the sales comparison approach.

Both parties offered sales information in support of their respective value positions. Appellants’ sales included a vacant lot and an improved property from subject’s subdivision. The improved sale occurred in mid-2015. Typically only market data from prior to the date of valuation is used in developing a value conclusion because information from beyond the valuation date is not yet known. As noted earlier, the controlling date in this appeal is January 1, 2015. Because Appellant’s improved sale took place roughly six (6) months after the date of valuation, the Board excluded this sale from its consideration. The lot sale, however, factored heavily in the Board’s analysis due to its proximity and overall similarity to subject.

Appellant’s other value evidence was reference to the assessment of a property

located directly across the river from subject, as well as some active listings from subject's subdivision. Appellants noted the homesite valuation was less than subject's homesite value, which in Appellants' mind suggested inequitable assessment treatment. While the Board appreciates Appellants' concerns in this regard, a comparison of assessed values is not a recognized appraisal approach. As a result, little weight was afforded the assessment information. Similarly, the Board lightly regarded the listing information because details regarding the listed properties were not provided. Also, listings are not generally considered the best evidence of value, though they can indicate an upper range of value.

Respondent considered subject's land and improvement values separately, and offered different sales for each. For subject's land value Respondent provided three (3) sales with lot sizes increasing from 1.185 to 3.08 acres. Respondent noted the price per acre decreased as the size of the lot increased. While we generally agree the first acre of a parcel contributes the most value due to its ability to support a residence, there was some concern with the sales Respondent used to illustrate this point. Most notably, Sale No. 1 involved an improved property. Respondent simply removed the assessed values of the associated improvements and calculated the residual land value. Respondent provided no details regarding the improvements, nor was the location of the sale indicated. Further, at 1.185 acres, it was not clear how the sale property was comparable to subject or how the size difference was considered in Respondent's analysis. The Board understands only the value of subject's one (1) acre homesite is under appeal, however,

it would be improper to ignore the fact subject is nearly three (3) acres in size and rely primarily on one (1) acre sales to determine the value.

Of the sales offered, the vacant lot sale in subject's subdivision was found to represent the best indicator of subject's homesite value. The sale lot was generally similar to subject in terms of size, topography, views, and location. There was some dispute between the parties regarding the date of sale. Appellants reported the property was under contract in December 2013 and closed in January 2014, whereas Respondent indicated the sale closed in December 2013. Based on the information in record the Board is unable to determine when the sale transpired, however, it makes little difference in the final analysis because there is only a one (1) month difference between the parties' positions on the issue, which is rather insignificant in this context. While we found this sale to be the best indicator of subject's land value, a time adjustment should be applied to reflect value on January 1, 2015. Recognizing the higher value inherent in the first acre, the Board will reduce subject's raw homesite value to \$50,000, to which \$13,000 will be added for the onsite improvements, resulting in a total homesite value of \$63,000.

Turning to the value of subject's residence, we did not find sufficient timely market value evidence to support a reduction. Indeed, the only timely sales information was offered by Respondent. That being said, the Board was concerned with the comparability of Respondent's sales. For instance, gross adjustments in Respondent's sales comparison approach ranged from roughly 20% to 70%. Such large adjustments naturally raise questions of comparability. The Board identified several other areas of concern with the

sales and accompanying analysis, however, we need not address them here because Appellants did not offer competing sales or other market data for the Board's consideration. In the end, the Board did not find sufficient cause to reduce the value of subject's residence.

Idaho Code § 63-511 requires Appellants to prove error in subject's assessment by a preponderance of the evidence. We find the burden of proof satisfied in this instance with respect to subject's homesite value. As such, the decision of the Boise County Board of Equalization is modified to reflect a reduction in subject's total homesite value to \$63,000, with no changes to the other assessment components.

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 in subject's homesite land value to \$63,000, with no changes to the agricultural land value of \$832 and the improvements' value of \$459,028, resulting in a total assessed value of \$522,860.

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 under certain circumstances that the above ordered value for the current tax year shall not be increased in the subsequent assessment year.

DATED this 19th day of February, 2016.