

BEFORE THE IDAHO BOARD OF TAX APPEALS

PEAK PERFORMANCE CONSULTANTS, LLC,	)	
	)	
Appellant,	)	APPEAL NOS. 14-A-1063 and
	)	14-A-1064
v.	)	
	)	FINAL DECISION
ADAMS COUNTY,	)	AND ORDER
	)	
Respondent.	)	
	)	
	)	
	)	

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**RESIDENTIAL PROPERTY APPEALS**

These appeals are taken from two (2) decisions of the Adams County Board of Equalization modifying the protests of valuation for taxing purposes of properties described by Parcel Nos. RP0002500B0420A and RP0002500B0430A. The appeals concern the 2014 tax year.

These matters came on for hearing October 2, 2014 in Council, Idaho before Board Member Leland Heinrich. Richard Kluckhohn represented Appellant. Assessor Stacy Swift Dreyer represented Respondent.

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

**The issue on appeal concerns the market value of two (2) unimproved residential lots.**

**The decisions of the Adams County Board of Equalization are modified.**

FINDINGS OF FACT

The original assessed land value of each subject parcel was \$24,937. Following a timely protest, the Adams County Board of Equalization reduced the land value to \$22,850 for each subject lot. Appellant contends the correct land value for each lot is \$15,700.

The subject lots are each .52 acres in size. The golf course-adjacent subject parcels are situated next to each other in the Council Greens subdivision located near Council, Idaho.

Appellant explained the subject lots have been listed for sale on the open market for the past two (2) years, each with an asking price of \$15,700. Appellant reported there have been no serious inquiries from potential buyers and no purchase offers received during the listing period. Given the lack of interest for the subject lots, Appellant argued their assessed values should not exceed their asking prices. Respondent noted the advertised asking price for each subject lot was \$17,500 and provided the active listing sheets reflecting such.

Respondent offered two (2) separate land comparison grids in support of subjects' assessed values. The first table compared subjects to one (1) July 2013 vacant land sale and four (4) active nearby vacant lot listings. Respondent made adjustments to the compared properties to account for physical differences compared to subjects. The sale parcel, located adjacent to subjects' subdivision, was 3.58 acres in size. The \$45,000 sale price received net downward adjustments totaling 40%, resulting in an adjusted sale price of \$27,000. The active listings concerned lots slightly smaller than the subject parcels. Asking prices ranged from \$11,250 to \$28,000. The two (2) lots with the lowest asking prices were noted to only include electrical hookups, compared to subjects which had electrical, water, and sewer service hookups available. As such, Respondent adjusted the asking prices upward by \$12,200. No other adjustments were made to the listings. Adjusted asking prices were between \$23,450 and \$28,000.

Respondent's other comparison grid included six (6) recent sales of vacant lots from another golf course development located elsewhere in the county. Lot sizes ranged from .31 to .48 acres. Sale prices, each of which were noted to include a \$15,000 golf club membership, ranged from \$30,000 to \$32,900. After adjustments for location and size, Respondent

concluded adjusted sale prices between \$22,400 and \$27,965. Appellant argued the sale lots were not comparable to subjects because they were located in a more developed subdivision. Of the roughly fifty-six (56) parcels in subjects' subdivision, it was noted only one (1) had been developed. Respondent agreed subjects' subdivision was inferior so made a 35% adjustment to the sale prices.

### 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). The sales comparison approach is commonly used in determining the market value of residential properties like subjects. The approach typically considers recent sales of similar-type property, as well as other available market information.

Appellant noted subjects have been listed for sale the past two (2) years, however, no

purchase offers have been received. In Appellant's view, the lack of buyer interest is strong evidence the market values of the subject lots are lower than the asking prices; and notably lower than the current assessed values.

Respondent provided two (2) separate land comparison grids in support of subjects' assessed values. While the Board appreciated Respondent's efforts in this regard, there were some concerns with each analysis. Included in the first comparison grid was a sale involving an unimproved 3.58 acre parcel, which is roughly seven (7) times larger than the .52 acre size of each subject lot. Respondent adjusted sale price by 40% to account for the size disparity, but support for the adjustment figure was lacking. The active listings involved unimproved lots similar to subjects' in terms of size and location, however, asking prices were widely divergent. Two (2) of the asking prices were \$25,000 and \$28,000, which appeared to be high compared to the value evidence in the record. No appraisal adjustments were made and it was otherwise not apparent how Respondent considered this information in reaching its value conclusion for the subject parcels. The lots associated with the lower asking prices of \$11,250 and \$12,000 lacked sewer and water services. To compensate, Respondent added \$12,200 to each asking price. This was a rather large adjustment. Without more support for the adjustments the Board was reluctant to place much weight on this value evidence.

Respondent's other comparison grid analysis was better received by the Board, though there was one (1) notable issue. Each of the reported sale prices included a golf course membership valued at \$15,000. Because a golf membership is personal property, its value should be removed from the total sale price to reflect the price paid for the real property. By not excluding the personal property, the starting point for Respondent's adjustment analysis was the

full sale price, which was roughly \$30,000 for each lot. Removing the value attributable to the golf memberships prior to making the other adjustments results in adjusted sales prices nearly half those determined by Respondent.

In weighing all the evidence presented, the Board found subjects' active listing information and the sales data contained in Respondent's second land comparison grid to be the most compelling indicators of subjects' current market values. For residential property, recent sales of similar property is commonly understood to represent the best evidence of market value in a sales comparison analysis. Lengthy listings, however, can provide an indication of a property's likely upper value limit. In this particular case, both subjects' asking prices, and Respondent's sales information, point toward value conclusions less than subjects' assessed values.

In appeals to this Board, the burden is with the Appellant to establish error in subjects' assessed values by a preponderance of the evidence. Idaho Code § 63-511. The burden of proof was satisfied in this instance. As such, the decisions of the Adams County Board of Equalization are modified to reflect a value of \$17,000 for each subject parcel.

#### FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decisions of the Adams County Board of Equalization concerning the subject parcels be, and the same hereby are, MODIFIED to reflect a decrease in the value of each subject lot to \$17,000.

IT IS FURTHER ORDERED that 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 Appellant.

DATED this 9<sup>th</sup> day of January, 2015.