

BEFORE THE IDAHO BOARD OF TAX APPEALS

TAHOE HOMES, LLC,)	
)	
Appellant,)	APPEAL NOS. 14-A-1042 thru
)	14-A-1046
v.)	
)	FINAL DECISION
ADA COUNTY,)	AND ORDER
)	
Respondent.)	
_____)	

VACANT LAND APPEALS

These appeals are taken from decisions of the Ada County Board of Equalization denying protests of valuation for taxing purposes of properties described by the following Parcel Nos. R1719490040, R1719490110, R1719490120, R1719490140 and R1719490150. The assessment appeals concern the 2014 tax year.

This matter came on for hearing on October 2, 2014 in Boise, Idaho before Hearing Officer Travis VanLith. Member Jake Centers appeared at hearing for Appellant. Chief Deputy Assessor Tim Tallman represented Respondent.

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

The issue on appeal concerns the market values of five (5) vacant residential building lots.

The decisions of the Ada County Board of Equalization are affirmed.

FINDINGS OF FACT

The assessed land value for each of the subject lots is \$90,000. Appellant requests each lot value be reduced to \$60,000.

The subject lots are located in the Tahoe Homes Dallas Harris subdivision situated in the Harris Ranch area of Boise, Idaho. Each lot sizes is .11 acres together with 40 front feet and a depth of 120 feet.

Appellant purchased the five (5) subject lots in June of 2013 as part of a 42-lot bulk purchase. It was noted there was unique financing involved in the development. The bulk lot purchases used bond financing which in turn created a Community Improvement District (CID). This is where a developer borrows money to make certain improvements, and then future homeowners in the development pay additional taxes toward repayment. In Appellant's opinion, the additional tax liability is a negative influence on potential buyers.

Appellant's main contention is with how Respondent allocated 25% of an improved property's total value to the land component. Appellant argued the allocation should be between 18% and 20%, with the remaining value assigned to the residential improvements.

Appellant provided an independent fee appraisal for the subject lots with an effective date of April 11, 2013. The appraisal reported information on several comparable bulk lot sales. The sales were analyzed based on the individual lot price to bracket a range for subjects. The bulk lot purchases included from 6 and 32 lots. The bulk purchase prices ranged from \$468,000 to \$1,120,000, or from \$35,000 to \$60,000 on an average price per lot basis. The bulk or wholesale pricing discounts were estimated to range from 1.02% to 41%, with an average low discount of 14%, and an average high discount of 24%. After applying the average discount rates, the appraisal estimated the individual retail price for the subject lots was \$40,000 for a low estimate, and \$85,000 for a high estimate.

Respondent described subjects as being located in phases 9 and 11 of the development. These phases were designed and platted for front loading homes with the garages located to the back of each lot. Respondent noted most of the lots situated within subjects' subdivision were assessed at \$90,000 like the subject lots.

Respondent contended bulk lot purchases are not reflective of market value, thus Appellant's purchase price should not be controlling in this instance. Nonetheless Respondent did consider available bulk purchase information. Another developer had purchased a smaller block with fewer lots and paid an average of \$75,000 per lot. Both parties noted the more lots purchased, the bigger the discount. The record shows that with bulk purchases of more than 20 lots, the discount is generally about 20% to 40%.

Respondent explained how the site value allocation method may be used when appraising land, especially when the number of comparable bare land sales is limited. Information on six (6) 2012 and 2013 bare land sales in subject's Harris Ranch neighborhood was provided. These sales were used to derive a typical land value allocation rate of 25%. Information on another set of individual lot sales from a Southeast Boise neighborhood was also supplied. This set indicated an average land value allocation rate of 25.5%.

Respondent then provided information on all the 2013 Dallas Harris subdivision improved sales, from all builders, and found a typical price range of \$350,000 to \$375,000. Using a land allocation rate of 25% indicated land values ranged from \$87,500 to \$93,750. Respondent noted Appellant's fee appraisal showed a higher land allocation rate than Appellant was requesting.

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.

The issue before us is whether subjects’ current assessed values of \$90,000 fairly represent full market value as of January 1, 2014. The Idaho Supreme Court has identified three (3) primary methods for determining market value: the cost approach, the income approach, and the sales comparison approach. See *Merris v. Ada County*, 100 Idaho 59, 63 (1979).

Appellant’s value evidence was deemed to center on subjects’ recent indicated pricing as part of a large bulk purchase. Appellant also disagreed with Respondent allocating 25% of an improved property’s total value to the land component. Appellant claimed the allocation should range between 18% and 20%. On the proper land allocation rate, the Board found Respondent’s case demonstrated better support for a higher allocation rate than Appellant’s claim.

Appellant presented further information in the form of an independent fee appraisal. The appraisal reported on the pricing associated with bulk purchases as well as individual lot sales. The reported information on individual or retail lot prices ranged from \$40,000 to \$85,000 after discount rates were applied. The appraisal found the bulk discounting ranged from an average low of 14% to an average high of 24%.

Respondent presented an analysis of comparable sales data in support of subjects’

current assessed values. The sales data in this case came from subjects' own subdivision and nearby neighborhoods. The sale properties were described as comparable to subjects and the sale information was analyzed in considerable depth. The extensive consideration of land-to-building ratio was detailed in the record.

Ultimately, Respondent's appraisal analysis was judged by the Board to present a superior valuation of subjects' individual market values when compared to the value case offered by Appellant. Pursuant to Idaho Code § 63-511, the burden is on Appellant to prove error in an assessed value by a preponderance of the evidence. In this instance, that burden of proof was not reached. Respondent's valuations were supported and the Board found no error in the assessments was proven. Accordingly, the Board will affirm the value decisions of the Ada County Board of Equalization.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decisions of the Ada County Board of Equalization concerning the subject parcels be, and the same hereby are, AFFIRMED.

DATED this 11th day of February, 2015.