

BEFORE THE IDAHO BOARD OF TAX APPEALS

TAHOE HOMES, LLC,	)	
	)	
Appellant,	)	APPEAL NOS. 14-A-1047 thru
	)	14-A-1050
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 the protests of valuation for taxing purposes of properties described by Parcel Nos. R8528680010, R8528680140, R8528680160 and R8528680180. The appeals concern the 2014 tax year.

These matters came on for hearing 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 four (4) vacant residential building lots.**

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

FINDINGS OF FACT

The assessed value for each subject lot is \$96,000. Appellant requests each lot value be reduced to \$70,000.

The subject lots are located in the Tahoe Homes Triplett Ridge subdivision, Phase 2, situated in the Harris Ranch area of Boise, Idaho. Three (3) of the lots are .27 acres and one (1) is .23 acres in size. As construction of improvements on the subject lots began during the

first quarter of 2014, their site improvements exemption was lost and they were assessed at market value.

Appellant's representative testified the subject lots were last purchased in a non-arm's-length transaction. Subjects were originally purchased by another entity owned by Appellant and a construction manager was hired to develop the lots. Appellant subsequently re-purchased the lots in some manner.

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

Appellant provided an independent fee appraisal for the subject lots with an effective date of March 22, 2013. The appraisal was done for 21 lots included in a bulk purchase, which included the four (4) subject lots. The appraisal reported on several comparable bulk lot sales. The sales were analyzed based on the average individual lot price to bracket a range of value. The bulk lot purchases included between six (6) and 60 lots. The indicated bulk lot discounts were as high as 41%. Individual retail prices were estimated at an average of \$74,286 for the four (4) subjects. Primary consideration was given to the bulk value conclusion.

Respondent described the four (4) subjects as having relatively little frontage and great depth. Only a portion of the sites are able to be developed as they back up to steep open terrain, which terrain will never be developed. Respondent suggested this enhanced the subject lots desirability. The building envelopes on the lots are all the same. Respondent noted most lots within subjects' subdivision were assessed uniformly, with the exception of three (3) larger lots.

Respondent contended bulk lot purchases are not reflective of full market value, thus Appellant's purchase price should not be controlling in this instance. Both parties noted the more lots purchased in a single transaction, the bigger the discount. The record showed that with bulk purchases of more than 20 lots, the discount was generally between 20% and 40%.

Respondent explained the allocation method may be used when appraising land, especially when comparable bare land sales are limited. Information on six (6) 2012 and 2013 bare land sales in subjects' 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 in a Southeast Boise neighborhood was also supplied. This set of data indicated an average land value allocation rate of 25.5%.

Respondent provided the Tahoe Homes in the Triplett subdivision should have a typical sale price between \$350,000 and \$400,000. Using a land allocation rate of 25% to conclude lot values in the development, the individual lot value ranged from \$88,000 to \$100,000 results.

#### 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 land value of \$96,000 per lot represents 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 market data (sales comparison) approach. See *Merris v. Ada County*, 100 Idaho 59, 63 (1979).

Appellant's value evidence centered on subjects' bulk purchase price. Appellant disagreed with Respondent allocating 25% of an improved property's total value to the land component, and suggested a range between 18% to 20% was more appropriate. Respondent's detailed sale information, however demonstrated good support for a higher land allocation rate than Appellant's claim. In this instance, the Board found Respondent's higher land allocation rate better supported than Appellant's lower rate.

Appellant produced an independent fee appraisal encompassing subjects. The appraisal reported prices for bulk lot sales, as well as individual lot sales. The appraisal gave primary consideration to the bulk value conclusion. Bulk lot discounts were estimated to be as high as 41%. Individual retail prices were estimated at \$74,286, or \$59,429 after applying a 20% bulk discount. In determining market value for assessment purposes, we are concerned with finding the most probable sale price of an individual property. Bulk sales typically involve a discount and therefore do not reflect full market value of an individual property. Accordingly, the Board placed very little weight on Appellant's bulk sales analysis.

Respondent's appraisal analysis was judged by the Board to be a superior valuation to

that offered by Appellant. Pursuant to Idaho Code § 63-511, the burden is on Appellant to prove error in a subject's assessed value by a preponderance of the evidence. In this instance, that burden was not met. Appellant's evidence was not found to be sufficient to overturn the assessed values determined by Respondent. 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 11<sup>th</sup> day of February, 2015.