

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEAL OF WILLARD) APPEAL NO. 13-A-1028
LIVING TRUST from a decision of the Blaine)
County Board of Equalization for tax year 2013.) FINAL DECISION
) AND ORDER

RESIDENTIAL PROPERTY APPEAL

THIS MATTER came on for hearing October 3, 2013, in Hailey, Idaho before Hearing Officer Cindy Pollock. Board Members David Kinghorn, Linda Pike and Leland Heinrich participated in this decision. Trustee Michael Willard appeared at hearing for Appellant. Assessor Valdi Pace and Appraiser Jim Williams appeared for Respondent Blaine County. This appeal is taken from a decision of the Blaine County Board of Equalization (BOE) modifying the protest of valuation for taxing purposes of property described by Parcel No. RP00398000001A.

The issue on appeal is the market value of an improved residential property.

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

FINDINGS OF FACT

The assessed land value is \$234,700, the improvements' valuation is \$2,954,542, with other valuation of \$1,904, totaling \$3,191,146. Appellant requests the land value be reduced to \$130,000, the improvements' value be reduced to \$2,700,000, and other value be increased to \$2,000, totaling \$2,832,000.

The subject property is five (5) acres improved with a 14,538 square foot residence. Subject was built in 1991. The property is situated between Buttercup Road and Highway 75, north of Hailey.

Appellant purchased subject in 1995 for \$575,000. It was remodeled from 1999 to 2004. Since the house was not properly permitted or inspected when it was originally built, several remodels were undertaken to comply with applicable building codes. The residence was

originally 4,700 square feet with the remodels adding about 9,800 square feet. Appellant explained because subject was comprised of an original build and subsequent remodels, the mechanical systems are not adequate. And therefore utility costs are uncommonly high. Appellant reported a new mechanical system would cost approximately \$60,000.

The Taxpayer explained because subject is situated between Highway 75 and Buttercup Road there is a considerable noise factor which detracts from the location. Also, there is a bike path on the other side which brings with it certain unpleasantries such as dog intrusions.

Further, Appellant suggested the Idaho Transportation Department may have future plans of widening the road and overtaking as much as 30 feet of subject. Appellant suggested this would greatly affect value. Lastly, Appellant remarked subject is a special purpose house for a special buyer. Taxpayer suggested buyer profiles have changed and the market is now leaning toward contemporary styles versus subject's European style.

Appellant provided during 2012 there were 17 properties which sold for over \$2,000,000, none of which sold for the respective asking price. Further, only eight (8) properties sold in excess of \$3,000,000. These properties were all located north of East Fork and were said to have substantial amenities and outbuildings. Five (5) sales were reported to be built in 2004 or later. Price rates per square foot on the 17 sales ranged between \$276 and \$1,724.

Two (2) sales were reported in the Golden Eagle area with sale prices of \$3,050,000 and \$2,900,000 for properties built in 2009 and 2006. Golden Eagle was described as a more desirable and prestigious subdivision than subject's area and as being closer to Ketchum. The Golden Eagle area was reportedly not as impacted by highway noise.

Appellant reported the most similar property to subject was located in Townsend Gulch.

It was built in 1998 and sold in 2012 for \$2,800,000. The residence consisted of 10,200 square feet and was situated on 21.7 acres. The finishes were said to be similar to subject. This sale property had a pool, outbuildings, privacy, and was adjacent to government-owned land. The property was on the market for several years before selling. Respondent agreed this sale property was the most comparable to subject.

Appellant declared it was well known in the community that subject was for sale even though it is not currently listed with a realtor. In the past it was listed for \$8,000,000 and subsequently lowered to \$6,800,000. A current asking price was not disclosed.

Respondent explained subject's assessed value was increased by 3% for 2013 due to a market adjustment factor. Subsequently the BOE reduced the assessment back to the 2012 value. Respondent noted subject received a negative 15% economic obsolescence adjustment to compensate for being overbuilt for the area and for the noise factor. This adjustment was said to be reflected by a lower value per square foot than evidenced by the sales.

Respondent submitted information on seven (7) improved sales that occurred during 2012. Lot sizes ranged between 1.054 and 21.77 acres. The residences ranged in size between 3,252 and 10,200 square feet. Sale prices were between \$1,100,000 and \$3,050,000, or between \$249 and \$476 per square foot. The County detailed each sale property.

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.

For purposes of taxation, Idaho Code § 63-205 generally requires taxable property be assessed annually based on its market value on January 1 of the applicable tax year; January 1, 2013 in the current case. Market value is defined in Code § 63-201 as follows.

“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.

Both parties agreed subject is a unique property. Appellant detailed several characteristics which were said to hinder subject’s market value. This included that subject was overbuilt for the area. The residence was also said to suffer from heating and electrical issues and inefficiencies. Further noted was the noise created by an adjacent highway and busy city road. Appellant argued these factors severely diminished subject’s value. Respondent explained subject’s value was reduced specially by 15% to compensate for some of the issues raised by Appellant.

Appellant suggested the Idaho Transportation Department (ITD) may have future plans of widening the road and therefore impacting subject further. The Board understands Appellant’s concerns. However, we are not inclined to make an adjustment based on something that might take place at some distant point in the future. As of January 1, ITD had not started the road project referenced by Appellant.

Both parties provided the Board with a good amount of timely market data. Appellant provided 17 sales. Three (3) of the sales transpired after the January 1 assessment date, the effective date of valuation, and were thus deemed irrelevant. Appellant’s sales indicated price rates per square foot ranged between \$276 and \$1,724. Removing the highest and lowest sale

prices, indicated an average price per square foot of \$545. Subject is assessed at \$220 per square foot, which is less than half the average indicated by the sales offered by Appellant.

Respondent provided seven (7) 2012 sales. The overall prices ranged between \$1,100,000 and \$3,050,000, or between \$249 and \$476 per square foot. Both parties agreed the best comparable sale to subject was the 21 acre sale which included a 10,200 square foot residence. The property sold for \$2,800,000, or \$275 per square foot, in October 2012. While this property was similar to subject, it also reflected many differences. The acreage is nearly four times larger than subject's and it is located in a more secluded and remote area. Subject was assessed at a rate of nearly \$45 less per square foot than this sale indicated. This price difference appears to reasonably reflect the differences between the sale property's size and location, versus subject's characteristics.

Considering all the sales in record, we find subject was given an appropriate adjustment to compensate for its unique size and noise conditions. Further price reductions were not well supported in the record.

"The value of property for purposes of taxation as determined by the assessor is presumed to be correct; and the burden of proof is upon the taxpayer to show by [a preponderance of the] evidence that he is entitled to the relief claimed." *Board of County Comm'rs of Ada County v. Sears, Roebuck & Co.*, 74 Idaho 39, 46-47, 256 P.2d 526, 530 (1953).

In this case, the Board does not find where the evidence provided by Appellant warrants a reduction in subject's BOE assessed value. The appraisal evidence offered by the assessor was found to be fair and reasonable. Therefore, the decision of the Blaine County Board of

Equalization will be 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 19th day of February, 2014.