

BEFORE THE IDAHO BOARD OF TAX APPEALS

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|---------------|---|----------------------|
| RYAN HAMMONS, | ) |                      |
|               | ) |                      |
| Appellant,    | ) | APPEAL NO. 16-A-1086 |
|               | ) |                      |
| v.            | ) | FINAL DECISION       |
|               | ) | AND ORDER            |
| ADA COUNTY,   | ) |                      |
|               | ) |                      |
| Respondent.   | ) |                      |
|               | ) |                      |
|               | ) |                      |
| _____         | ) |                      |

**RESIDENTIAL PROPERTY APPEAL**

This appeal is taken from a decision of the Ada County Board of Equalization denying the protest of valuation for taxing purposes of property described by Parcel No. R8081880050. The appeal concerns the 2016 tax year.

This matter came on for hearing November 3, 2016 in Boise, Idaho before Board Member Leland Heinrich. Appellant Ryan Hammons was self-represented. 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 value of an improved residential property.**

**The decision of the Ada County Board of Equalization is affirmed.**

FINDINGS OF FACT

The assessed land value is \$161,000, and the improvements' value is \$438,700, totaling \$599,700. Appellant contends the correct land value is \$140,000, and the improvements' value is \$387,363, totaling \$527,363.

The subject property is a .45 acre residential lot situated in the Spurwing Rim Subdivision in Meridian, Idaho. The parcel is improved with a 4,150 square foot multi-level

residence and an attached 1,183 square foot garage. The residence consists of five (5) bedrooms and four and one-half (4½) bathrooms.

The subject lot was purchased by a builder in late-2014 for \$140,000. Appellant, who was an employee of the builder, entered into an agreement with the builder to construct the residence. Such work was completed in 2015. The total reported contract price was roughly \$475,000.

The parties explained subject's subdivision is comprised of three (3) distinct sections; the *Estates*, the *Reserve*, and the *Greens*. The *Greens* is located on the western side of the development and is comprised of smaller residences with fewer architectural requirements situated on small lots. The *Reserve* section has larger lots and was described as somewhat superior to the *Greens* section in terms of construction quality. Subject is located in the *Estates* section, which is comprised of higher end residences attached to larger lots. Residences in this section must adhere to strict building requirements, such as tile roofing and certain other architectural details. Some of the lots in the *Estates* section are elevated or located near the golf course. Subject is located on the western edge of the *Estates*, across the street from the *Greens* section. Due to subject's location near the *Greens*, Appellant contended subject's value was negatively impacted compared to other properties in the *Estates* section.

Appellant provided information related to five (5) properties from subject's subdivision which sold during 2015. The sale properties ranged in lot size from .26 to .44 acres, and in residence size from 3,600 to 4,031 square feet. Sale prices ranged from

\$450,000 to \$533,900. Respondent noted each of these sale properties were located in the *Reserve* section of the subdivision and argued they were thus not comparable to subject in quality or location.

Appellant also provided an independent fee appraisal report concerning the subject property. The appraisal considered four (4) sales from 2014 and two (2) active listings. The sale residences ranged in size from 3,645 to 5,014 square feet and were all constructed within four (4) years of subject's construction date. Sale prices ranged from \$491,101 to \$635,000. The appraisal made adjustments for lot size, age, condition, and square footage. The adjusted sale prices were between \$508,101 and \$650,733. The appraisal concluded a total value of \$525,000 for subject as of March 31, 2015.

Respondent noted one (1) of the sale properties in the fee appraisal was located approximately two (2) miles away in a different subdivision, while another was located in the *Reserve* section of the subdivision. The remaining sale properties were located in the *Estates* section. Respondent also highlighted the adjusted prices of the *Estates*' sales was notably higher than the adjusted prices of the non-*Estates* sale properties.

Respondent offered information related to five (5) sales from the *Estates* section which occurred in 2014 and 2015. While generally similar in age, condition, and construction quality, the sale residences were smaller than subject's residence, ranging from 3,258 to 3,817 square feet in size. The sale prices were between \$565,000 and \$780,237. After making adjustments for differences between the sale properties and subject, and including an upward .5% per month time adjustment for date of sale, the

adjusted prices ranged from \$628,843 to \$783,557. Subject's total assessed value is \$599,700, which Respondent noted was lower than the value indicated by neighborhood sales. Appellant contended the sales used by Respondent were superior to subject due to their close proximity either to the golf course or common areas.

#### 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, 2016 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 three (3) primary approaches for determining market value include 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). Residential property is typically valued using the sales comparison approach.

Both parties offered sales and other information relevant to the sales comparison approach. The key difference centered on the location of the sales, with Respondent focusing solely on sales from within the *Estates* section of the development, and Appellant utilizing sales from other parts of the subdivision or outside the development. The parties agree the subdivision is split into three (3) distinct sections, each with differing values due to the development requirements of the respective sections. It would then logically follow, sales from subject's *Estates* section of the subdivision would feature prominently in developing a value conclusion for subject. In this regard, the Board favored Respondent's comparable sales and accompanying analysis because it was focused on sales from subject's specific section of the subdivision, thus eliminating much of the need for location and quality adjustments.

Properties in the *Estates* section were demonstrated to be superior to those located in other sections, both in Respondent's sales information and also in the sales and listing information contained in Appellant's fee appraisal report. In fact, the fee appraisal determined adjusted prices of the *Estates* properties to be roughly \$200,000 more than the adjusted prices of the sales located in different sections or outside the subdivision. The same can be seen with the unadjusted sale prices reported by Appellant, which were approximately \$200,000 less for properties in the *Reserves* section than the other sales in record from the *Estates* section.

Idaho Code § 63-511 places the burden on Appellant to establish subject's valuation is erroneous by a preponderance of the evidence. We did not find the burden of proof

satisfied here. Respondent's information and analysis was narrowly focused on subject's specific neighborhood, whereas Appellant's sales and market information consisted mostly of properties located outside the *Estates* section. While there may be some size similarities between properties in the *Estates* section and those situated in the *Reserve* section, the sales data strongly suggests the respective locations are vastly different and not particularly comparable. Given the evidence presented in this matter, we did not find sufficient cause to disturb subject's assessed value. Accordingly, the decision of the Ada County Board of Equalization is affirmed.

#### FINAL ORDER

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

DATED this 20<sup>th</sup> day of March, 2017.