

BEFORE THE IDAHO BOARD OF TAX APPEALS

SANDCASTLE PROPERTIES, LLC,)	
)	
Appellant,)	APPEAL NO. 18-A-1005
)	
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. R5439210540. The appeal concerns the 2018 tax year.

This matter came on for hearing September 13, 2018 in Boise, Idaho before Board Member Leland Heinrich. Kevin McIntyre appeared at hearing for Appellant. Chief Deputy Assessor Brad Smith represented Respondent.

Board Members David Kinghorn, Leland Heinrich and Kenneth Nuhn join in issuing 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 \$70,600, and the improvements' value is \$139,900, totaling \$210,500. Appellant contends the correct total value is \$184,320.

The subject property consists of a 1,443 square foot single level residence attached to a .16 acre lot in the Mahogany Park Subdivision in Boise, Idaho. The residence, constructed in 1998, consists of three (3) bedrooms, two (2) bathrooms, and includes an attached two-car garage.

In addition to the subject property, Appellant owns two (2) other improved residential properties in the subdivision. The other properties were described as mostly similar to subject in terms of overall characteristics. Particular attention was paid to the property with the larger 1,616 square foot residence which was assessed for roughly \$129 per square foot. In Appellant's view, subject should be assessed at the same per-square-foot rate as the referenced property. Respondent noted each property is valued according to its particular characteristics, and while the property referenced by Appellant did share some common features with subject, there were some differences which resulted in different assessed values.

Appellant additionally provided information concerning three (3) sales from 2017 in subject's subdivision. The sale properties were generally representative of subject in terms of bedroom count, bathroom count, age, location, and size. Overall sale prices were not indicated on the Multiple Listing Service data sheet accompanying each referenced sale, however sale price rates ranging from roughly \$130 to \$158 per square foot were noted. Appellant contended subject should be valued at the lower \$130 per square foot rate.

Respondent first explained subject's subdivision experienced thirteen (13) non-distressed sales during 2017. The median price of these sales was \$210,300, which was noted to closely approximate subject's current assessed value. Based on this sales information, Respondent determined an upward market trend adjustment was needed, so an approximately 12% value increase was applied to all properties in subject's subdivision. Subject's total value increased 11.67% for 2018.

Respondent also offered information on three (3) sales from subject's subdivision. The sale properties were generally similar to subject in terms of age, square footage, bedroom count,

bathroom count, and lot size. Sale prices ranged from \$187,000 to \$212,500. Respondent applied a 1% per month upward time adjustment to the sale prices to reflect price levels on the January 1, 2018 assessment date. Respondent reported making other adjustments, however, details concerning these other adjustments were not shared. Adjusted sale prices ranged from \$209,000 to \$218,100. Subject's total assessed value is \$210,500.

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, 2018 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 sales comparison approach, the cost approach, and the income approach comprise the three (3) primary methods for determining market value. *Merris v. Ada County*, 100 Idaho 59, 63, 593 P.2d 394, 398 (1979). The sales comparison approach, which compares multiple recent sales of similar type property, is commonly used to estimate the market value of residential property. Both parties offered sales information in this regard.

Appellant provided Multiple Listing Service data sheets for three (3) recent sales from

subject's subdivision. Appellant focused on Sale No. 3 with a reported sale price of \$129.74 per square foot and contended subject should be valued at the same or similar rate. While Appellant's argument that two (2) generally similar properties should be valued the same is understood, it fails to account for the fact no two (2) properties are identical. And in the case of Sale No. 3, a primary cause of the seemingly disparate per-square-foot rates between subject and the sale, is the larger size of the sale residence, at 1,688 square feet compared to subject at 1,443 square feet. A size difference of roughly 250 square feet can greatly impact the price per square foot calculation, even if the overall price is relatively the same. Plus, relying solely on Appellant's Sale No. 3, would ignore the other two (2) sales, which are more similar to subject in terms of square footage and support a higher valuation. Further, the sales comparison approach commonly considers multiple recent sales and does not rely solely on one (1) sale to determine a value conclusion.

Respondent likewise offered information concerning three (3) sales from subject's subdivision. Though the sale properties were similar to subject in several key aspects, there were some minor differences. Such is to be expected when comparing properties for purposes of developing a value conclusion. Respondent made adjustments for differences between subject and the sale properties. Details of such adjustments, however, were not shared other than the time adjustment applied to the sale prices. In this regard, the Board prefers a more thorough explanation of adjustments made, however, the overall analysis was supportive of subject's assessed value.

Appellant's additional evidence consisted of assessment notices for two (2) other properties in the subdivision also owned by Appellant. Again, particular focus was paid to the

property with the larger residence and lower value rate per square foot. As mentioned earlier, a notable difference in square footage can greatly impact the price-per-square-foot calculation. Further, that a larger residence is valued less per square foot than a similar, but smaller sized residence, is to be expected. Economies of scale naturally predict such a result. Finally, while looking at different assessed values can be interesting, a comparison of assessed values is not a recognized appraisal approach. As such, minimal consideration was afforded Appellant's assessment information.

Idaho Code § 63-511 places the burden on Appellant to demonstrate error in subject's assessed valuation by a preponderance of the evidence. Given the record in this case, we do not find the burden of proof satisfied. Of the six (6) total sales provided, five (5) pointed to a value at or near subject's current assessed value, on both a total value and a per-square-foot rate basis. The remaining sale involved the larger residence with the lower price rate which appears to be the least comparable given the other sales presented. In all, we found subject's assessed value to be supported and reasonable.

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 31st day of October, 2018.