

BEFORE THE IDAHO BOARD OF TAX APPEALS

CHRISTOPHER GRAHAM,	)	
	)	
Appellant,	)	APPEAL NO. 18-A-1035
	)	
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 an appeal of the valuation for taxing purposes of property described by Parcel No. R1775170130. The appeal concerns the 2018 tax year.

This matter came on for hearing October 11, 2018 in Boise, Idaho before Board Member Leland Heinrich. Appellant Christopher Graham was self-represented. 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 \$205,500, and the improvements' value is \$339,100, totaling \$544,600. Appellant contends the correct market value is \$512,000.

The subject property is a four (4) bedroom, three and one-half (3½) bathroom residence situated on a .54 acre lot. The property is located in the Daybreak Subdivision in southeastern Boise, Idaho. The 2010 residence totals 4,699 square feet in size, with

3,074 square feet of finished above-grade space, and 1,167 square feet of unfinished space in the daylight basement. The residence also includes a 921 square foot attached garage with an unfinished bonus room above.

Appellant described negative attributes concerning subject and questioned whether adequate consideration was given to these conditions in determining the assessed value. The lot's triangular shape was noted to be somewhat irregular compared to other lots in the neighborhood. Appellant further pointed out a sizeable portion of the lot is steeply sloped, which required the installation of a retaining wall. Also mentioned was a problem with gophers in the area, which had caused a portion of the retaining wall to sink. Lastly, it was noted a utility easement access road traversed the back portion of the lot along the irrigation canal, thus preventing full use of this area by Appellant. Respondent explained subject's land characteristics records accurately reflect the unuseable portion of the lot encumbered by the access easement. It was reported a small portion along front of the lot was also considered unuseable. Respondent in removing these areas from the lot size calculation for appraisal purposes, reduced subject's useable space from .54 acres to .44 acres.

Appellant also questioned whether subject's land was assessed equitably with other lots in the subdivision. Prior to the current assessment year, Appellant reported the lot values in the immediate area were all the same. For 2018, however, assessed land values were noted to be variable throughout the development, with subject's land value being the highest. Respondent explained subject's subdivision was reappraised for 2018, which

effort found value differences between view lots like subject and non-view lots like others in the subdivision. Respondent stated the sales data indicated a price premium for lots with views compared to lots with little or no views. Respondent highlighted subject's lot area is the largest in the subdivision and the lot is also more secluded than other lots, both of which contributed to a higher valuation. It was noted subject has only one (1) adjacent neighbor, with the rest of the property being bordered by large open undeveloped tracts.

Appellant's value evidence consisted of three (3) sales which occurred during 2017. Sale No. 1, regarded by Appellant as most comparable to subject, was a .299 acre parcel improved with a multi-level residence comprised of 2,954 square feet of above-grade finished living space, and 784 unfinished square feet in the basement. The property sold in March 2017 for \$390,000. Sale No. 2 closed in December 2017 for \$500,000. The property included a 3,246 square foot two-story residence attached to a .26 acre view lot. Appellant contended this sale was a good indicator of subject's current market value because very few adjustments were needed due to it being a recent sale, and general physical similarity with subject in terms of view, square footage, garage size, and bedroom and bathroom count. Sale No. 3 concerned a .177 acre parcel improved with 2,868 square foot two-story residence. This property sold in April 2017 for \$362,500.

Appellant arranged the above sales into an adjustment grid, with pertinent physical attributes detailed for each property. Using adjustment figures obtained from Respondent, Appellant adjusted the respective sale prices for noted differences compared to subject. The adjustments included time of sale, square footage, garage size, bedroom and

bathroom count, and lot size. The adjusted sale prices ranged from \$494,462 to \$506,352.

Respondent likewise offered sales information in support of its value position. Of the six (6) total sales, two (2) occurred in late 2016 and four (4) transpired in 2017. The sale residences, constructed between 1993 and 2011, ranged in total size from 2,566 to 3,866 square feet. Though all the sale residences were two-story dwellings, only two (2) were noted to have basement space. Lot sizes were somewhat varied, ranging from .176 to .354 acres. The sale prices ranged from \$420,900 to \$550,000. Though details on the specific appraisal adjustments were not shared, Respondent reported adjusting the sale prices in generally the same manner as reflected in Appellant's above-described adjustment grid. Respondent's adjusted prices ranged from \$556,485 to \$683,800.

Appellant questioned both the comparability of Respondent's comparable sales and some of the adjustments made in its analysis. Appellant contended the interior finishes of several of the residences were of a higher quality than subject's level of finish. Also of concern was the lack of basements for the majority of the sale properties. Regarding Respondent's analysis, Appellant was primarily concerned with the 1% per month upward time adjustment for date of sale, which resulted in large adjustments when applied to the older sales. Appellant also highlighted large location adjustments made to several of the sales. In all, Appellant contended the large time adjustments undermined the reliability of the resulting value conclusion. Respondent maintained the monthly time adjustment was well supported by the sales which occurred throughout 2017. As for the other adjustments, Respondent explained they were necessary because subject is a larger elevated lot with

180 degree views, whereas none of the sale properties enjoy a similar view amenity.

Respondent additionally provided information on recent lot sales to demonstrate the market does place a price premium on view lots. The two (2) view lot sales, .384 and .386 acres in size and noted to have views of the Boise foothills, sold in 2017 for \$242,400 and \$240,000, respectively. By contrast the .230 and .129 acre non-view lots sold in 2017 for \$149,000 and \$99,900, respectively. Subject's view lot is valued at \$205,500.

### 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 three (3) methods for determining market value include the sales comparison approach, the cost approach, and the income approach. *Merris v. Ada Cnty.*,

100 Idaho 59, 63, 593 P.2d 394, 398 (1979). Residential property is commonly valued using the sales comparison approach.

One concern expressed by Appellant was the assessed value of subject's lot compared to others in the area. According to Appellant, lots in the immediate area had historically been assessed at the same value, however, for 2018 they were varied, with subject's being the highest. While the Board understands this concern, the record did not indicate subject was treated inequitably with regard to the land value. The record does not speak to why lot values in subject's immediate neighborhood were assessed the same value in prior years, but the correctness and fairness of this prior assessment treatment is not for the Board to decide. Given variations in the lots, such as with the important view factor, different market perceptions of lot values seems likely and reasonable. As explained by Respondent, subject is an elevated view lot situated in a rather isolated location within the subdivision. Subject is also the largest in the fourteen (14) lot subdivision. Given these factors, it is not surprising subject's land value is higher than smaller non-view lots in the same development. In all, the Board was not convinced subject's lot was arbitrarily or inequitably assessed compared to other lots in the subdivision.

Turning to subject's market value question, both parties developed sales comparison approach models, with adjustments made for differences between subject and the comparable sales. In total, information concerning nine (9) improved residential sales were offered by the parties. The comparable sales were generally similar to subject in terms of overall characteristics, though naturally there were some differences. The parties sought

to account for differences through use of various appraisal adjustments. In fact, the parties used the exact same adjustments and adjustment rates in their respective analyses. Appellant criticized some of the larger adjustments Respondent made, however, Appellant's sales were also heavily adjusted. The primary source of difference between the parties' value conclusions appears to be the sales chosen by each. Respondent's six (6) sales ranged in price from \$420,000 to \$550,000, whereas the prices of Appellant's three (3) sales ranged from \$362,500 to \$500,000. Looking at the overall pool of sale prices, only two (2) were below \$420,000, which suggests to us that these sales were less comparable, or even not suitably comparable, to the subject. Either way, the Board was reluctant to place much emphasis on the lower priced sales.

What remains were seven (7) recent sales with adjusted prices ranging from \$494,462 to \$683,800, of which only two (2) were below \$580,000. Subject's assessed value is \$544,600, which appears somewhat low or conservative given the value evidence presented. Pursuant to Idaho Code § 63-511, Appellant bears the burden of proving error in subject's valuation by a preponderance of the evidence. We did not find the requisite burden of proof satisfied in this instance. Appellant's value claim of \$512,000 was not well supported by the bulk of the sales data in the record, and the Board did not otherwise find subject's valuation to be inequitable or arbitrary.

Based on the above, 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 28th day of January, 2019.

IDAHO BOARD OF TAX APPEALS