

Appellant disagreed with subject's original 2019 assessment of \$476,400, which represented a roughly \$66,000, or 16%, increase from 2019. The Ada County Board of Equalization reduced the assessment to \$455,000, however, such adjustment was insufficient in Appellant's view.

In terms of value evidence, Appellant offered information concerning fourteen (14) sales from subject's neighborhood. Though physical details concerning the sale properties were limited, Appellant did provide square footage sizes and ages for all the sale residences, as well as sale price and sale date information. The residences ranged in size from 1,685 to 2,485 square feet and in years built from 2010 to 2016. The properties sold between October 2017 and June 2019, at sale prices ranging from \$395,000 to \$469,000. Using this data, Appellant developed a correlation plot chart depicting the relationship between sale price and square footage. The plotted sales showed a somewhat tight distribution around the linear trend line, with subject's assessed value rate falling well beyond the other data points. Based on the analysis, Appellant concluded subject's assessed value was uncorrelated to the rest of the data set, and thus an outlier.

Appellant additionally offered an appraisal report prepared by an independent fee appraiser. The retrospective date of valuation was January 1, 2019. The appraisal considered six (6) comparable sales which occurred during 2018. Four (4) of the six (6) sale properties were located in subject's development, with the remaining two (2) situated in a different subdivision characterized by Respondent as inferior. The sale properties were generally similar to subject in terms of lot size, design, square footage, age, and bedroom and bathroom count. Sale prices were between roughly \$395,000 and \$450,000. The appraisal directly

compared each sale property to subject and adjusted the respective prices for noted differences. The appraisal adjustments included one for time of sale. After adjustments, the adjusted prices ranging from \$398,600 to \$448,700. The appraisal concluded an estimated value of \$425,000 for subject.

For the time adjustment, the appraisal considered several paired sales, as well as broader Ada County sales data, and found a range of net market appreciation in subject's neighborhood from 19.8% to 25.2% between mid-2016 and the end of 2018. The appraisal noted, applying these rates to subject's purchase in December 2016 for \$350,000, indicated a 2019 value for subject ranging from approximately \$419,000 to \$438,000. This information was noted to weigh heavily in the appraisal's reconciliation of value indicators.

Respondent likewise relied on recent sales information for support of its value position. Information on six (6) sales was offered, five (5) of which sales were used in Appellant's appraisal. The sale properties were generally representative of subject in physical aspects, such as size, age, design, and location. There were some differences, however, which Respondent accounted for by making individual appraisal adjustments. An upward time adjustment of 1.5% per month was also applied to each sale, though details about how the time adjustment was determined were not shared at hearing. Sale prices ranged from \$395,000 to \$485,000, which after adjustments ranged from \$434,989 to \$472,324. Based on this indicated range of value, Respondent concluded a subject value of \$455,000.

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 in fee simple interest, or as applicable exempt

status. This Board, giving full opportunity for all arguments and having considered all the testimony and documentary evidence, hereby enters the following.

Idaho Code § 63-205 requires taxable property be assessed at market value annually on January 1; January 1, 2019 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 three (3) primary methods for determining market value are 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 commonly valued using the sales comparison approach, which in general terms considers recent sales of similar property, with adjustments made to account for differences in time, location, and physical attributes between the sales and the subject property. Both parties relied on the sales comparison approach to develop their respective value positions.

Appellant's value evidence also included a statistical analysis of fourteen (14) local area sales. While this study of sales yielded interesting results, seven (7) of the sales occurred in 2019. As noted above, the effective date of valuation in this appeal is January 1, 2019. To value subject as of this date necessarily requires reliance on sales and other relevant market data from prior to January 1st. The 2019 sales in Appellant's analysis should have been excluded from an appraisal standpoint because such information did not exist as of the valuation date. Excluding the 2019 sales, which represent one-half (½) of Appellant's data set,

diminishes the reliability of the conclusion because it is based on a notably smaller data set. In all, these analytical efforts were appreciated, however, the Board did not find sufficient cause to reduce subject's current assessed value on this basis.

The remainder of the value evidence offered by both parties was largely the same, with both relying on five (5) of the same 2018 sales. The divergence in value conclusions was the adjustments made to the sales; particularly the parties' respective time adjustments. Respondent applied an upward 1.5% per month time adjustment, whereas Appellant's appraisal used an upward adjustment of 0.5% per month. The fee appraisal devoted several paragraphs to discussing how its adjustment was developed. Specifically, the appraisal considered median home prices in subject's general neighborhood involving properties similar in lot size and square footage to subject, as well as two (2) paired sales, both of which sold in 2016 and resold again in 2018. Respondent, on the other hand, did not offer details about the development of the 1.5% per month time adjustment applied in its appraisal. With the respective time adjustments representing the key difference between the parties' analyses, more information concerning Respondent's time adjustment would have been welcomed.

Pursuant to Idaho Code § 63-511, Appellant bears the burden of proving error in subject's valuation by a preponderance of the evidence. In this particular case, we found the burden of proof satisfied. The parties' respective analyses were based on five (5) of the same sales, and the adjustment rates for differences in physical characteristics were either identical or similar. The notable difference was in the monthly time adjustment rates applied by the parties. And in this case, where Appellant's appraisal provided discussion and supporting data for its time adjustment, the Board was persuaded the fee appraisal represented the stronger

indication of subject's current market value.

Based on the above, the decision of the Ada County Board of Equalization is reversed to reflect a market value of \$425,000 for the subject property.

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, REVERSED, setting the assessed value at \$425,000, with \$110,700 attributable to the land and \$314,300 to the improvements.

IT IS FURTHER ORDERED, pursuant to Idaho Code § 63-1305, any taxes which have been paid in excess of those determined to have been due be refunded or applied against other *ad valorem* taxes due from Appellant.

Idaho Code § 63-3813 provides under certain circumstances that the above ordered value for the current tax year shall not be increased in the subsequent assessment year.

DATED this 19th day of November, 2019.