



three-car garage, and there is an outdoor swimming pool, installed in 2018.

Appellant pointed to subject's assessment increase for 2019 and questioned whether the recent market data supported the current valuation. In support of a lower value, Appellant searched for recent sales and listings in subjects same zip code. Appellant specifically focused on the sale residences in excess of 2,250 square feet and with similar bedroom and bathroom counts as the subject. Twelve (12) such sales were identified. The sale dates ranged from August 2017 to October 2019, and the residences varied in size from 2,305 square feet to 6,200 square feet. The sale prices ranged from \$285,000 to \$739,900, or from about \$98 to \$151 per square foot. Appellant calculated an average price rate of \$124.50 per square foot.

In similar fashion, Appellant arrayed current listing data in a table. The twelve (12) listings were generally similar to subject in terms of the bedroom and bathroom count. The residence sizes ranged from 2,329 to 3,812 square feet. And the asking prices ranged from \$379,900 to \$619,900, or from about \$100 to \$192 per square foot. The average asking price was \$146.59 per square foot.

From the above sales list, Appellant singled-out four (4) of the higher priced sales for further analysis. Sale No. 1 is located immediately behind subject, went under contract in December 2018 and sold on January 18, 2019 for \$539,000, or \$151 per square foot. This property was a .36 acre lot improved with a 3,576 square foot residence constructed in 1998. It was reported the residence had been upgraded prior to sale. This sale property was regarded as the most comparable to the subject on an overall basis. Sale No. 2 was a 2,750 square foot 2006 residence situated on a .22 acre lot. The property sold in August 2019 for \$405,000, or \$147 per square foot. Next was Sale No. 3, which sold in July 2019 for \$400,000,

or \$144 per square foot. This sale property had a .21 acre lot improved with a 2,785 square foot residence constructed in 1997. Sale No. 4 concerned a 2,990 square foot residence constructed in 2000. This .30 acre lot sold in August 2019 for \$449,900, or \$150 per square foot. Appellant highlighted the rather tight per unit price rates and contended subject's current assessment on a per-square-foot value should be similar.

Respondent challenged the true similarity of some of Appellant's comparable sales. It was noted some were located outside subject's subdivision, in inferior neighborhoods. Also, several of the sale residences were notably larger than the subject, which was argued to skew the prices on a per square foot basis downward. It was further reported many of the sale residences were older. Without appraisal adjustments for these value factors, Respondent questioned the reliability of Appellant's sales as indicators of subject's market value.

Respondent explained that subject's area was trended for the current assessment year. Subject's phase of the subdivision experienced value increases ranging from roughly 8% to 10%. After a Board of Equalization adjustment, subject's assessment equates to a nearly 5% increase over the 2018 value.

For value evidence, Respondent offered information on five (5) recent sales from subject's subdivision. The first sale was the same Sale No. 1 that was provided by Appellant. Respondent agreed this sale was most similar to subject in proximity and property characteristics and was the best indicator of value in this instance. After adjusting the sale price for time of sale, further appraisal adjustments were made to account for physical differences between subject and the sale property. These included adjustments for square footage, age, pool and lot size. The adjusted sale price was \$555,255, or \$180 per square foot.

The remaining four (4) sale properties ranged in lot size from .30 to .481 acres and in residence size from 2,715 to 3,290 square feet. The sales were adjusted in similar fashion to that described with respect to Sale No. 1. This resulted in a range of adjusted prices from \$498,746 to \$726,185, or from roughly \$162 to \$235 per square foot. Respondent maintained subject's current valuation, at roughly \$180 per square foot, was reasonable and supported by relevant sales data.

### 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.

Market value is estimated according to recognized appraisal methods and techniques. The three (3) primary 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). The sale comparison approach, which in basic terms seeks to compare recent arm's-length sales to the subject property with appraisal adjustments made

or considered for relevant differences, is commonly used to value residential property.

The efforts by both parties to provide the Board with numerous recent sales were much appreciated. That being said, there were concerns with the sales data submitted. Of primary note were the 2019 sales included in Appellant's data set. Indeed, six (6) of the twelve (12) sales on the list closed in 2019, with one (1) closing as late as October. As noted earlier, the relevant valuation date in this appeal is January 1, 2019, making this a retrospective value question. To develop an opinion of value as of the controlling date, necessarily requires an analysis of sales and market conditions which existed as of January 1<sup>st</sup>. In other words, sales which occurred later than January 1, 2019 are not used in the analysis because such data did not exist as of the valuation date. There is one (1) exception in this particular case, which is the Sale No. 1 offered by both parties. This property closed on January 18, 2019, however, it went under contract on December 31, 2018. As the terms of the sale were settled prior to the assessment date, the Board takes no issue with including this sale (purchase agreement contract) in the analysis.

The Board's other primary concern with Appellant's value evidence centered on the sales data itself and the lack of direct comparisons between the subject and the sale properties. While Appellant was careful to select sale residences in excess of 2,250 square feet and similar to subject in terms of bedroom and bathroom count, some of the sale residences were notably larger than subject. For example, four (4) of the residences exceeded 4,400 square feet in size. It was not apparent in the record how Appellant factored this into consideration. The same concerns were present with regard to age differences. There was also the fact that the sales were located in different and evidently inferior neighborhoods. As

location is often regarded as a key driver of market value, the Board would have preferred a more focused examination of sales from subject's specific neighborhood, or at least some detailed consideration or adjustment for locational differences.

Respondent's comparable sales and appraisal analysis was generally well received by the Board. The sales were restricted to subject's subdivision and adjustments were made to account for multiple differences in property characteristics, such as size and age. The specific appraisal adjustments were found to be typical of a traditional sales comparison approach. Overall the valuation model was judged to represent a strong indication of subject's current market value.

As the party bringing forth this appeal, Appellant bears the burden of proving error in subject's valuation by a preponderance of the evidence. Idaho Code § 63-511. Given the record in this matter, we did not find the burden of proof satisfied. The most compelling indicator of value was both parties' Sale No.1, which shares a property line with subject. The residence was somewhat older, but was otherwise generally comparable to subject. The property sold for \$539,000, which after making standard appraisal adjustments, indicated a subject value of \$555,255, or \$180 per square foot. Subject's current assessment is \$555,000, or \$180 per square foot. The Board is satisfied subject's assessed value reasonably reflects the property's current market value.

The market value 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 18<sup>th</sup> day of February, 2020.