

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEAL OF STEVEN ) APPEAL NO. 08-A-2336  
PAUL FRAMPTON from the decision of the Board of )  
Equalization of Kootenai County for tax year 2008. ) FINAL DECISION  
 ) AND ORDER

**RESIDENTIAL PROPERTY APPEAL**

THIS MATTER came on for hearing October 29, 2008 in Coeur d'Alene, Idaho before Board Member Linda Pike. The full Board participated in this decision. Appellant Steven Paul Frampton appeared at hearing. Chief Deputy Assessor Richard Houser, Residential Appraisal Manager Darin Krier, Appraisers Elizabeth Reese and Shane Harmon appeared for Respondent Kootenai County. This appeal is taken from a decision of the Kootenai County Board of Equalization denying the protest of the valuation for taxing purposes of property described as Parcel No. V96000000290.

**The issue on appeal is the market value of a residential property.**

**The decision of the Kootenai County Board of Equalization is modified.**

FINDINGS OF FACT

The assessed land value is \$900,000 and the improvements' valuation is \$121,321, totaling \$1,021,321. Appellant requests the land value be reduced to \$450,000 and the improvements' value be reduced to \$75,000, totaling \$525,000.

The subject property includes a 1,146 square foot residence built in 1959, attached to a .405 acre parcel with 75 waterfront feet on Hayden Lake. Subject's land is described as steep, solid rock topography with deep water and an elevated homesite.

Appellant stated there were no sales in subject's area during 2007. The only available sales transpired in 2006, which Appellant argued was the peak of the real estate market and thus should not be used to establish subject's value.

Appellant admitted into evidence a letter from a local realtor. In the realtor's opinion, subject should be valued as land only because the small cabin-style residence would likely need to be removed if the property was to be occupied as a full time abode. The realtor noted the highest price ever received for vacant land on Hayden Lake was \$670,000 during 2007, which was a parcel with 104 waterfront feet. Another parcel with 100 waterfront feet sold for \$490,000. The realtor concluded subject's \$900,000 land assessment was overstated in light of the unimproved parcel sales.

Appellant provided three (3) vacant land sales. The first sale occurred in March 2008 for \$530,000 and involved a parcel with 182 front feet on the lake. The remaining sales transpired during 2007 with sale prices of \$670,000 and \$275,000 for parcels with 104 and 62 front feet, respectively.

Respondent challenged the sales referenced by Appellant on the basis they were not improved properties and thus not comparable to subject. Respondent further noted, sale #1 took place in 2008 and the other properties were located across the lake in different geo-economic neighborhoods.

Respondent explained all of Hayden Lake was reappraised for the 2008 tax year. Sales were used to determine front foot rates for parcels with frontage on the lake. Different rates were used for each distinct neighborhood or area. Subject's immediate area was assessed at \$12,000 per front foot. Respondent relied on four (4) sales that occurred in subject's neighborhood that occurred during 2006. Respondent reported time-adjusted prices for sales #1 and #2 of \$1,258,043 and \$1,616,400. The land assessment for each parcel is \$12,000 per front foot for 2008. Sales #3 and #4 had time-adjusted prices of \$599,500 and \$539,500 and were assessed \$7,500 per front foot for the current tax year. Appellant pointed to the superior residential

improvements on properties #1 and #2 and argued they should not be compared to subject.

Respondent also provided three (3) additional sales involving residences similar in size to subject. Sale prices were between \$970,000 and \$1,350,938. Respondent testified the 2008 land value rate for these parcels was \$12,000 per front foot.

#### 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 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.

For purposes of taxation, Idaho requires property be assessed at market value as defined in Idaho Code § 63-201:

“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.

Appellant provided three (3) unimproved sales to support subject's proposed valuation, one (1) of which occurred in March 2008. The relevant assessment date in this appeal is January 1, 2008 and sales after this date will not be considered here. See Idaho Code § 63-205. The remaining sales, however, transpired during 2007 and will be examined. They involved parcels with 104 and 62 front feet on the lake and sold for \$670,000 and \$275,000, respectively.

Respondent noted the sales offered by Appellant were across the lake, with different beachfront, and were thus not comparable to subject. Further, because the parcels were unimproved, Respondent contended comparison to subject would be improper.

Respondent offered four (4) sales that occurred during 2006 in subject's immediate area. Sales #1 and #2 had 50 and 75 front feet, with time-adjusted sale prices of \$1,258,043 and \$1,616,400, respectively. Respondent indicated the 2008 land assessment rate for these parcels is \$12,000 per front foot. Sales #3 and #4 were assessed at \$7,500 per front foot. The parcels have 74 and 75 front feet on the lake with time-adjusted sale prices of \$599,500 and \$539,500. The lower per front foot rate of sale properties #3 and #4 was not clearly explained in the record. Further, actual sale prices were not provided and no explanation of the time adjustment rate or the data used was shared at hearing. This is troubling to the Board.

Appellant argued sales #1 and #2 were superior to subject in terms of residential improvements and thus should not be compared to subject. We agree, it would be improper to use these sales to estimate subject's improvement value. They are however, relevant in terms of land value because they share similar waterfront features as subject, as evidenced by the photographs submitted by Respondent.

While questions exist concerning Respondent's sales (most notably the actual sale prices), they did involve properties located in subject's immediate area. Sale properties #1 and #2 share similar beachfront as subject, which appears in the photographs to be different than the beachfront of sale properties #3 and #4. Presumably this explains the different front foot rates used for the 2008 assessments of these sale properties. From the record before the Board, it appears subject's land value is reasonably supported.

Support for subject's improvement value, on the other hand, is absent in the record. In terms of size, the improvements on sale properties #3 and #4 are most comparable to subject, though their construction grades are superior. Using this limited data set, the Board will adjust subject's improvement value down to \$80,000.

Based on the above, the Board will modify the decision of the Kootenai Board of Equalization to reflect a decrease in subject's improvement value to \$80,000, with no change to the assessed land value of \$900,000.

**FINAL ORDER**

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Kootenai County Board of Equalization concerning the subject parcel be, and the same hereby is, MODIFIED to reflect a decrease in total value to \$980,000.

IT IS FURTHER ORDERED that 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.

**DATED MARCH 20, 2009**