

BEFORE THE IDAHO BOARD OF TAX APPEALS

CATHERINE HEYNEMAN,)	
)	
Appellant,)	APPEAL NOS. 19-A-1400
)	and 19-A-1401
v.)	
)	FINAL DECISION
BANNOCK COUNTY,)	AND ORDER
)	
Respondent.)	
)	
)	
)	

RESIDENTIAL PROPERTY APPEALS

These appeals are taken from decisions of the Bannock County Board of Equalization modifying appeals of the valuation for taxing purposes on property described by Parcel Nos. RPRRLR4008500 and RPRRLR4008600. The appeals concern the 2019 tax year.

These matters came on for telephonic hearing April 1, 2020, before Board Member Leland Heinrich and Hearing Officer Cindy Pollock. Appellant Catherine Heyneman was self-represented. Assessor Sheri Davies represented Respondent.

Board Members David Kinghorn, Leland Heinrich, and Kenneth Nuhn join in issuing this decision.

The issues on appeal concern the market values of two (2) residential properties.

The decisions of the Bannock County Board of Equalization are modified in part and affirmed in part.

FINDINGS OF FACT

Appeal No. 19-A-1400 (Parcel No. RPRRLR4008500)

The assessed land value is \$43,454, and the improvements' value is \$163,606, totaling \$207,060. Appellant contends the land value is \$33,000, and the improvements' value is \$147,000, totaling \$180,000.

Appeal No. 19-A-1401 (Parcel No. RPRRLR4008600)

The assessed land value is \$34,764. Appellant contends the value is \$33,000.

The subject properties are adjacent residential parcels located in a rural subdivision in the outskirts of Lava Hot Springs, Idaho. One (1) of the subjects is a vacant five (5) acre unimproved parcel and the other is a 5.64 acre improved property. The improved subject property has a one (1) bedroom, multi-story residence constructed in 2005. The residence consists of 936 square feet on the main level, 520 square feet on the upper level, and 936 square feet in the basement, of which approximately 560 square feet are finished.

Appellant questioned the increase in subjects' valuations for 2019. As no improvements or changes have been made to the properties, Appellant contends there was little basis for increasing the assessment. Appellant offered sales information in support of a lower assessment for each parcel. With respect to the improved parcel, Appellant described the residence as an off-grid cabin which is only accessible from May through November via a five (5) mile long primitive dirt road. Appellant provided information on three (3) sales which occurred in 2018 for the Board's consideration. Sale No. 1 was a 3.5 acre property improved with a 2,184 square foot residence constructed in 1976 which sold for \$190,000. Sale No. 2 was a 3.2 acre property improved with a 2,326 square foot residence constructed in 2003 which sold for \$198,000. Sale No. 3 was a 4 acre property improved with a 2,484 square foot residence constructed in 1976 which sold for \$207,500. Appellant noted these sale properties all contained more finished square footage, had typical utilities, were improved with outbuildings, and were accessible year-round, yet sold for less than subject's assessment.

Respondent provided a neighborhood analysis of ten (10) sales occurring in 2017 and

2018. Properties were between .54 and 5.71 acres in size and were located within 22 miles of subject. The properties were improved with residences ranging from 1,186 to 2,880 square feet in size, constructed between 1950 and 2006. Sale prices were between \$198,000 and \$331,700. Respondent applied adjustments for time of sale and location, which resulted in value indications from \$223,708 to \$452,450.

Respondent selected three (3) of the ten (10) sales to compare directly to subject. These three (3) sales were located in subject's same subdivision and occurred in 2018. Sale No. 1 was a 5 acre parcel located 4 miles from subject which sold for \$245,000. The property was improved with a 1,622 square foot residence constructed in 2005. Sale No. 2 was a 5.1 acre parcel located 3 miles from subject which sold for \$215,000. The property was improved with a 1,426 square foot residence constructed in 1985. Sale No. 3 was a 5 acre parcel located .5 miles from subject which sold for \$240,000. The property was improved with a 1,220 square foot residence constructed in 1992. Respondent first adjusted the sale prices for time of sale. Next, each was directly compared to subject, and adjustments were made for differences in property characteristics. After all appraisal adjustments, Respondent concluded value indications ranging between \$245,050 and \$335,879, or roughly \$168 to \$231 per square foot. In comparison, subject is assessed at \$207,060, or roughly \$142 per square foot.

Appellant challenged the sales utilized in Respondent's analysis and pointed out the sale residences all have year-round access, are improved with garages, have regular electricity, and are located closer to Smith Canyon. In Appellant's view, their own sales were better representatives of subject's value.

Turning to the vacant parcel, Appellant offered their own purchase of subject for

\$32,000 in 2017 to support their request for a lower assessment. Appellant described the lot as very steep and very difficult to build on. Appellant also provided information on three (3) sales of vacant properties, all located within one (1) mile of subject. Sale No. 1 was a 5.9 acre property which sold on July 20, 2018 for \$31,000. Sale No. 2 was a 5 acre property which sold on November 15, 2018 for \$32,000. Sale No. 3 was a 5 acre property which sold on October 4, 2018 for \$36,000. Appellant described these properties as having typical lot composition and topography for subject's side of the mountain.

Respondent likewise provided information on ten (10) vacant land sales which occurred in 2018. The sale properties were 5 to 5.27 acres in size and all were located less than three (3) miles from subject. The properties sold for between \$32,000 and \$65,000. Respondent applied time and location adjustments and reported value conclusions of \$32,000 to \$70,505.

Respondent selected three (3) sales to directly compare to the vacant subject. The sales were all five (5) acres in size and were located two (2) miles or less from subject. The properties sold for \$36,000 to \$65,000. Respondent applied adjustments for time of sale and location, which resulted in value indications ranging between \$36,000 and \$55,900. In comparison, subject is valued at \$34,764.

Appellant criticized Respondent's choice of comparables and contended their location on the other side of the mountain, proximity to Smith Canyon, and year-round access account for the higher sale prices.

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 always estimated as of a precise point in time. 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. There are three (3) approaches to value: the sales comparison approach, the cost approach, and the income approach. The sales comparison approach is commonly used in the valuation of a residential property. In general terms, the approach examines recent sales of similar property and considers differences in the property characteristics between the subject and the sale properties.

Appellant contended subjects' assessments should not have increased at such a high percentage, as no changes were made to the properties. Respondent described for the record that subjects' assessed values had remained relatively stagnant from 2012 to 2018. Further described was the inflationary nature of the market in Bannock County, which increased at a rate of .75% per month from 2018 to 2019. Respondent contends the substantial increases to subjects' assessments were necessary to bring them to current fair market value.

Both parties developed opinions of value utilizing the sales comparison approach. With respect to the improved subject, though Respondent's efforts to offer timely sales data and

analysis were appreciated, the Board identified some concerns. The sales were accessible year-round and were improved with outbuildings. Respondent failed to make any adjustments for topography or inferior access. The Board finds these property attributes have an impact on a property's fair market value. Likewise, Appellant's sales were generally similar to subject in property characteristics; however, they were not located in subjects' general market area and as such would not have been considered when developing valuation models for this neighborhood.

As for the value of the vacant subject parcel, it was unclear to the Board how the sales provided by Respondent correlated to subject's specific value. With reported sale prices of \$36,000, \$44,900, and \$65,000, it is unclear how these values support subject's assessment of \$34,764. Appellant's sale properties were better received by the Board. The properties were located within a mile of subject and shared similar property characteristics. However, Appellant failed to adjust prices for time of sale, which, as described by Respondent, was necessary due to the rapidly inflating market.

In accordance with Idaho Code § 63-511, the burden is with the Appellant to establish Respondent's valuation is erroneous by a preponderance of the evidence. Both parties provided relevant market information in support of their valuations. With respect to the improved property, Respondent's sales were better received by the Board. However, adjustments for access and topography were necessary to accurately reflect the most probable selling price. As to the vacant property, Appellant provided sales with high level of comparability, but failed to make necessary time adjustments. After review, the Board found the burden of proof satisfied for improved subject, parcel RPRRRLR4008500. For vacant

subject, parcel RPRRLR4008600, the Board did not find the burden of proof met.

The value decision of the Bannock County Board of Equalization for appeal 19-A-1400 is modified to \$190,000. The value decision of the Bannock County Board of Equalization for appeal 19-A-1401 is affirmed.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decisions of the Bannock County Board of Equalization concerning the subject parcel RPRRLR4008500 be, and the same hereby is, MODIFIED, to reflect a decrease to \$190,000. The assessor's office may determine value allocation between the land and improvements.

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Bannock County Board of Equalization concerning the subject parcel RPRRLR4008600 be, and the same hereby is, AFFIRMED.

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 29th day of April, 2020.