

BEFORE THE IDAHO BOARD OF TAX APPEALS

VOISARD INTER VIVOS TRUST,	)	
	)	
Appellant,	)	APPEAL NO. 20-A-1069
	)	
v.	)	FINAL DECISION
	)	AND ORDER
CLEARWATER COUNTY,	)	
	)	
Respondent.	)	
	)	
	)	
	)	

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**RESIDENTIAL PROPERTY APPEAL**

This appeal is taken from a decision of the Clearwater County Board of Equalization denying an appeal of the valuation for taxing purposes on property described by Parcel No. RP36N02E239000A. The appeal concerns the 2020 tax year.

This matter came on for telephonic hearing October 21, 2020, before Hearing Officer Travis VanLith. Ryck Voisard appeared at hearing for Appellant. Assessor Susan Spencer represented Respondent.

Board Members Leland Heinrich, David Kinghorn, 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 Clearwater County Board of Equalization is affirmed.**

FINDINGS OF FACT

The assessed land value is \$58,688, and the improvements' value is \$420,620, totaling \$479,308. Appellant agrees with the land value, however, contends the correct improvements' value is \$296,360, totaling \$355,048.

The subject property is a 92 acre rural tract located southwest of Orofino, Idaho. Most of subject's acreage is dedicated to agricultural and forest land uses and was assessed

accordingly. The property is improved with a 7,533<sup>1</sup> square foot multi-level residence constructed in phases, with an effective age of fourteen (14) years. Respondent reported 5,284 square feet of finished living area. As construction is ongoing, the overall residence was estimated to be 77% complete. The property is further improved with a detached garage with three (3) pole buildings integrated into the structure, three (3) utility sheds, a pole building, and two (2) lean-to structures.

Appellant expressed concern with the increases in subject's assessed value over the prior couple years, including the roughly \$124,000 increase for 2020, and wondered if an even larger increase was in store for the upcoming assessment year. Appellant contended the current valuation of the residence would be accurate if it were fully finished but argued, in its current unfinished state, the residence was overvalued and the assessment should be reduced.

Appellant was also concerned with general inconsistencies in assessed values in the county. In this regard, Appellant pointed out many of the sale prices used in Respondent's ratio study were higher than the assessed values of those respective properties. Appellant also highlighted a nearby property with a large custom residence which was not assessed for 2020. Respondent explained the residence referenced by Appellant was not assessed because it has not yet been occupied and therefore was not yet on the tax roll. Once occupied, Respondent testified the residence would be assessed as required by Idaho Code.

Respondent detailed the history of the subject property dating back to 2010. It was noted Appellant purchased the subject property in 2011 for \$450,000. At the time of purchase,

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<sup>1</sup>Appellant contended the actual size of the subject residence is less than 6,000 square feet.

the subject residence totaled 2,012 square feet in size, with 1,618 square feet on the main floor and 632 square feet in the loft. No attributes to subject's property record were changed until the 2014 assessment year, when a lean-to was added to the property. For the 2015 valuation, Respondent added a general purpose building with a basement to subject's assessment. For 2016, the size of the above-noted lean-to was changed from 240 square feet to 1,000 square feet following clarification by Appellant, which caused a minor increase in the overall valuation. For 2018, the value of subject's improvements increased following a 25% market adjustment mandated by the Idaho State Tax Commission (STC), which increase was applied county-wide. For 2019, the classification of the general purpose building with a basement was changed to residential living space, which increased the size of the residence by 1,635 square feet on the main floor and 1,200 square feet in the basement, both of which were assessed as being unfinished. The STC again mandated residential values be increased in 2019 to reflect market trends, resulting in a further increase in subject's assessed value.

For the 2020 assessment, Respondent attempted to visit the subject property for an exterior inspection to verify the sizes and conditions of the various improvements. Respondent was denied entry to the subject property, so examined the building plans and other documents filed with Planning and Zoning in an attempt to ascertain the sizes of the improvements. Respondent's efforts uncovered several attributes which were not previously assessed. Specifically, it was discovered the original residence included a one-half ( $\frac{1}{2}$ ) story which was never included in the property record. Respondent also discovered a 435 square foot connector with a one-half ( $\frac{1}{2}$ ) story had been added. Adding these living spaces to the property record increased the total size of the subject residence by 2,621 square feet. Respondent

further added three (3) pole buildings and a lean-to, which had not been previously assessed. In total, Respondent reported 5,521 square feet had been added to the original residence since subject's purchase, though not all the living space is finished.

In terms of value evidence, Respondent provided an analysis of three (3) sales from 2019 involving residences regarded as similar to subject in terms of construction quality. Sale No. 1 concerned a 6,175 square foot residence constructed in 2008 which sold for \$675,000. Sale No. 2 involved a 3,268 square foot residence constructed in 1981 which sold for \$292,000. Lastly, Sale No. 3 was a 3,168 square foot residence constructed in 1991 with a sale price of \$337,500. In an effort to isolate values attributable to the sale residences, Respondent removed the assessed values of the land and other improvements from the respective sale prices. This yielded residual price rates for the sale residences ranging from roughly \$240,000 to \$520,000, or from approximately \$73 to \$84 per square foot. The subject residence was assessed at \$71.57 per square foot, or \$378,200, which Respondent argued was reasonable given the available sales information.

#### CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of market value in fee simple interest, or, as applicable, a property's exempt status. This Board, giving full opportunity for all arguments and having considered all the testimony and documentary evidence submitted by the parties, hereby enters the following.

Idaho Code § 63-205 requires taxable property be assessed at market value annually on January 1; January 1, 2020, in this case. Market value is always estimated as of a precise point in time. Idaho Code § 63-201 provides the following definition,

“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) approaches 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 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 the differences in property characteristics between subject and the sale properties.

Appellant did not offer sales information for the Board’s consideration. Instead, Appellant challenged the total size of the subject residence as reflected in Respondent’s records. Appellant estimated the residence was less than 6,000 square feet total in size, not the roughly 7,500 square feet claimed by Respondent. Though the Board understands Appellant’s concerns regarding subject’s size, there was nothing in the record to contradict the size figure reported by Respondent other than Appellant’s estimate at hearing. The county’s property records are presumed correct, so without evidence of an error in the total size figure, there is little remedy the Board can offer. Further, as Appellant refused to allow an exterior inspection of the residence to verify the size, Respondent was forced to rely on the building plans filed with Planning & Zoning, as well as verbal representations by Appellant in prior years, to determine the size of subject’s residence. Without an exterior inspection, the Board is strained to find error in the methods Respondent used to determine the size of the

residence, and therefore will accept the size figures reported by Respondent as accurate.

The Board likewise did not find good cause to adjust subject's valuation based on the sales information presented by Respondent. Though the sale residences varied from subject in terms of age and size, Respondent maintained the residences were similar in quality to the subject residence. Respondent extracted land and other improvement values from the respective sale prices to arrive at residual value indications of the sale residences, which ranged from approximately \$73 to \$84 per square foot. Subject's residence was assessed at \$71.57 per square foot. While there are inherent issues with the extraction method utilized by Respondent, there was no other analysis or competing market data in the record to demonstrate the methodology failed to produce a credible result in this case.

Pursuant to Idaho Code § 63-511, the Appellant bears the burden of establishing error in subject's valuation by a preponderance of the evidence. Given the record in this matter, the Board did not find the burden of proof satisfied. Subject's assessed value was supported by the available sales data and accompanying analysis, whereas Appellant's value claim was not similarly supported by sales or other market data. It was also not lost on the Board Appellant purchased the subject property in 2011 for \$450,000, at which time the residence was roughly 2,000 square feet in size. Since that time, the square footage of the residence has more than tripled, and several outbuildings have been added to the property, yet the total assessed value is \$479,308, or only about 6% higher than the nearly decade-old purchase price, despite notable appreciation in the real estate market over that time period. In all, the Board did not find error in subject's current valuation.

Based on the above, the decision of the Clearwater County Board of Equalization is

affirmed.

FINAL ORDER

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

DATED this 1<sup>st</sup> day of February, 2021.