

BEFORE THE IDAHO BOARD OF TAX APPEALS

GRETA GILMAN,)	
)	
Appellant,)	APPEAL NO. 21-A-1035
)	
v.)	FINAL DECISION AND ORDER
)	
BONNER COUNTY,)	
)	
Respondent.)	
)	
_____)	

RESIDENTIAL PROPERTY APPEAL

This appeal is taken from a decision of the Bonner County Board of Equalization modifying an appeal of the valuation for taxing purposes on property described by Parcel No. RP0004400A014AA. The appeal concerns the 2021 tax year.

This matter came on for telephonic hearing November 1, 2021, before Board Member Leland Heinrich. Appellant Greta Gilman was self-represented. Bonner County Chief Deputy Assessor Dina Brown represented Respondent.

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

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

The decision of the Bonner County Board of Equalization is modified.

FINDINGS OF FACT

The assessed land value is \$710,816, and the improvements' value is \$40,099, totaling \$750,915. Appellant agrees with the value of the improvements, but contends the correct land value is \$422,400, for a total value of \$462,499.

The subject property is a .92 acre waterfront parcel located in the Cape Horn Estates subdivision a couple miles east of Bayview, Idaho. The parcel has 160 front feet

on the southwestern shores of Lake Pend Oreille, though due to the steep slope and thick vegetation there is no area to stand on the shoreline. The property is improved with a 200 square foot bath house and a boat dock. Fifty-one (51) stairs provide access from the bath house to the dock.

Subject's initial 2021 assessed value totaled \$987,854. It was explained waterfront values throughout the subdivision were increased for 2021 based on the October 2020 sale of 100 Grand View Lane for \$1,100,000, which was the only sale from within the subdivision since 2016. Prior to sale, the Grand View Lane property has been extensively updated. Some of the renovations included relocation and complete remodel of the kitchen; replacement of the septic system; new roof, siding, windows, and decks; and installation of a split-duct HVAC system. The prior owner also constructed an air-conditioned detached three (3) car garage with shop space in the loft. As this was the only recent sale from the subdivision, Respondent utilized it to develop its valuation model for the waterfront parcels, which resulted in notable increases in land value across the board. Subject's land value increased roughly 244% over the 2020 valuation. Therefore, Appellant timely appealed the valuation to the Bonner County Board of Equalization (BOE), as did other waterfront owners in the subdivision. The BOE reduced subject's land value by 25%, the same base adjustment¹ applied to all waterfront parcels in the subdivision. Though appreciative of the value reduction, Appellant questioned whether it was sufficient to produce an accurate estimate of subject's current market value.

In support of reducing subject's land value, Appellant provided information on three (3) recent vacant lot sales from 2020. Sale No. 1, located a couple miles away across the

¹ Some owners received an additional 10% downward adjustment for other issues, such as roadway easements or inaccessible waterfront. Subject did not receive the additional 10% adjustment.

Kootenai County border, concerned two (2) lots with a combined frontage of 137 feet which sold in August 2020 for \$227,500, or \$1,661 per front foot. Sale No. 2 was a .37 acre parcel with 66.2 front feet on the lake located in subject's subdivision. This lot sold in January 2020 for \$200,000, or \$3,021 per front foot. Sale No. 3, located in Kootenai County, concerned a 1.25 acre parcel with 118 waterfront feet which sold in November 2020 for \$310,000, or \$2,627 per front foot. Subject's current land value is roughly \$720,000, or \$4,300 per front foot, which Appellant argued was too high compared to the sales data.

Respondent stressed at the time waterfront values were determined in subject's subdivision, it had only a single sale upon which to base its valuation model. It was not until the BOE appeal process that Respondent was made aware of the additional sales information provided by Appellant and other owners in the subdivision. After analyzing the new sales data, Respondent discovered its original valuation model did not produce reliable results. Instead of increasing waterfront land values, Respondent's revised analysis indicated improvement values needed to be increased. Accordingly, Respondent petitioned to revert subject's land value to the 2020 valuation of \$377,130, and increase the value of the improvements by 75%, to \$47,423.

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, 2021, 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. 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). Residential property is typically valued using the sales comparison approach, which in basic terms compares recent sales of similar property to the subject property and makes appraisal adjustments for differences in property characteristics.

Both parties provided sales information, and Respondent also developed a couple sales comparison models, which efforts were appreciated by the Board. In this particular instance, there is no need to compare the relative strengths and weaknesses of the parties' respective land value analyses, because both parties requested subject's land value be returned to the 2020 valuation of \$377,130. The Board will accept the parties' proposed land value, as it better aligns with the sales information than the current valuation.

The only outstanding issue for the Board's consideration is the value attributable to subject's improvements. Respondent contended improvement values throughout the subdivision should be increased by 75%. The only improvements on the subject property

include a 200 square foot bath house and a boat dock, both modest improvements. The 75% increase proposed by Respondent, however, was primarily developed from the \$1,100,000 sale of 100 Grand View Lane, which had been extensively updated prior to sale. The improvements attached to the sale property in no way resemble those situated on the subject parcel. In short, the Board was strained to find a correlation between the expansive and updated residential improvements on the sale property and the older recreational-type improvements on the subject property. Perhaps subject could one day be developed similarly to 100 Grandview Lane, but that is not how the property exists today. While the Board does not doubt residential improvement values may need to be increased broadly throughout the subdivision, the Board is not convinced the same increase should be applied to subject's improvements, which are a different class of improvements.

Idaho Code § 63-511 places the burden on Appellant to demonstrate error in subject's valuation by a preponderance of the evidence. Based on the evidence presented, the Board found the burden of proof satisfied and will reduce subject's assessed value. The Board will accept the parties' proposed land value of \$377,130, which includes Respondent's standard \$13,000 rate for onsite improvements. With respect to the value of subject's improvements, the Board did not find sufficient support for any adjustment.

Given the above, the decision of the Bonner County Board of Equalization is modified to reduce subject's total valuation to \$404,229.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Bonner County Board of Equalization concerning the subject parcel be, and the same hereby is, MODIFIED to reflect a decrease in valuation to \$404,229, with \$377,130 attributable to the land and \$27,099 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 17th day of February, 2022.