

BEFORE THE IDAHO BOARD OF TAX APPEALS

THOMAS LAWLER,)	
)	
Appellant,)	APPEAL NO. 19-A-1449
)	
v.)	FINAL DECISION
)	AND ORDER
BANNOCK COUNTY,)	
)	
Respondent.)	
)	
)	
)	

RESIDENTIAL PROPERTY APPEAL

This appeal is taken from a decision of the Bannock County Board of Equalization modifying an appeal of the valuation for taxing purposes on property described by Parcel No. RPRRLAP000600. The appeal concerns the 2019 tax year.

This matter came on for telephonic hearing, Thursday March 5, 2020, before Hearing Officer Cindy Pollock. Appellant Thomas Lawler was self-represented. Assessor Sheri Davies 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 an improved residential property.

The decision of the Bannock County Board of Equalization is affirmed.

FINDINGS OF FACT

The 2019 assessed land value is \$46,600, and the improvements' value is \$301,900, totaling \$348,500. Appellant contends the total value is \$200,000, with no detail given as to allocation between land and improvements.

The subject is a 4.96 acre rural property located on the outskirts of Lava Hot Springs, Idaho. The property is improved with a two (2) bedroom, two (2) bathroom hangar-style home located at the end of a private airstrip. The residence, built in 2004, consists of 1,386 finished

square feet on the main level, 1,744 unfinished square feet on the upper level, and a 1,506 square foot unfinished basement, totaling 4,636 square feet. Attached to the dwelling is a 6,045 square foot garage/airplane hangar. The hangar consists of open studs, is not insulated, and is unheated.

Appellant questioned subject's 2019 assessment and asserted no comparable sales existed to support an increase in the market value of Appellant's unique property. Provided for the Board in Exhibits 1A and 1B were covenants filed with Bannock County in 2000, restricting the sale of properties in the airpark to airplane pilots. Appellant explained the number of licensed pilots in the United States represents less than 1% of the total population, and thus the potential buyer pool is extremely limited. Appellant's Exhibit 2 noted statistics of active airmen from 2013 to 2018, demonstrating that the population of pilots is thin.

Appellant challenged Respondent's selection of comparable properties, as none of the sales were located on an airstrip, were hangar-style homes, or had restrictive covenants that limited potential buyers. There was one (1) other improved property on the airstrip, which was a parcel of over 60 acres improved with a similar style building to subject, with a completely finished hangar. This property has been listed for approximately \$500,000 for over twelve (12) years and has yet to be sold. Appellant further noted their own purchase of subject property as a vacant lot for \$70,000 in 2000. Subject's land value was assessed in 2019 for \$46,600.

In support of a lower assessment, Appellant provided information on three (3) vacant land sales occurring in subject's neighborhood. Sale No. 1 was a 6+ acre parcel which sold for \$18,000. Sale No. 2 was a 7 acre parcel which sold for \$28,000. Sale No. 3 was a 17 acre parcel which sold in the fall of 2019 for \$66,000. Appellant noted the original asking prices of

these three (3) lots in 2010 were \$160,000, \$140,000, and \$800,000, respectively, again asserting that values in subject's neighborhood are decreasing in spite of an inflating market in other areas of Bannock County.

Respondent attested that subject's assessed value had remained stagnant from 2014 until 2019, when a county wide trend was applied. Respondent described a healthy real estate market and reported that subject's assessed value had not kept up with rising values in Bannock County. In support of its assessment, Respondent provided information on three (3) recent sales located between 7 and 26 miles distant from subject. Sale No. 1 was a 5 acre parcel which sold on July 7, 2017 for \$298,000. The property was improved with a 2,787 square foot dwelling constructed in 2006. Sale No. 2 was a 5.01 acre parcel which sold on October 23, 2018 for \$443,500. The property was improved with a 3,596 square foot residence constructed in 2008. Sale No. 3 was a 20 acre parcel which sold on October 13, 2017 for \$330,000. The property was improved with a 2,145 square foot residence constructed in 1993. Respondent first applied time adjustments to bring sale prices relevant to the assessment date of January 1, 2019. Next, Respondent directly compared three (3) sales to subject and applied adjustments for any differences in property characteristics. After all appraisal adjustments, Respondent reported values ranging from \$340,420 to \$519,095, or roughly \$246 to \$375 per square foot. Subject is assessed at \$348,500, or roughly \$251 per square foot.

Respondent submitted for the record sales information on nineteen (19) hangar-style homes which sold between 2011 and 2020. The sales which took place from 2013 forward, had prices which ranged from \$295,000 to \$675,000. Average time on the market was reported to be 234 days, and the average sale price was \$361,000.

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 attested that due to a limited potential purchasing group, approximately 1% of the U.S. population, the 2019 assessment of subject was far overstated. Appellant stated as there were no sales of hangar-style homes located on private airstrips, there was no basis for a value increase. Respondent challenged Appellant's assertion and noted it is only possible to own an “air-home” on a private airport, and as such, properties like subject are in short

supply, are desirable, and thus have a higher demand. It is well understood by the Board that, despite a lack of directly comparable sales, the market value of a property does not often remain stagnant in an otherwise rapidly inflating market.

Appellant contends properties in the airport have decreased in value since 2010. Three (3) vacant land sales were provided in support of a lower assessment. Though the sale parcels provided by Appellant were larger in size and located on the same airstrip, vacant land often sells for a lower dollar per acre price when compared to improved properties. Site improvements including power, water, and septic attribute to a higher land value compared to vacant land sales. Upon review, the Board found Respondent's land valuation to be fairly represented.

As to the neighboring property, Appellant reported this parcel being listed for over twelve (12) years without selling. Respondent noted that though properties like subject are often on the market for longer, recent studies show that they sell at or near asking prices. Appellant challenged that these sales described by Respondent are in Boise and other parts of the state, which cannot be compared to Lava Hot Springs. In appraisal, it is often necessary to go outside the subject area when looking at a unique property.

Respondent utilized the sales comparison approach to develop subject's 2019 assessment. Respondent provided information on three (3) recent sales for the Board's consideration. The Board understands Respondent's efforts in this regard, we note a high amount of adjustments were applied to each sale, as the sales were not unique hangar-like properties.

Respondent provided information on nineteen (19) sales of hangar homes which occurred from 2011 to present. Sale prices were reported to be between \$199,000 to

\$675,000, with an average sale price of \$361,000. No information was provided as to proximity to subject, size of parcels, or improvement characteristics. As such, it was difficult for the Board to find relevance in these sales when compared to subject.

In appeals to this Board, pursuant to Idaho Code § 63-511, the burden of proof is with the Appellant to establish subject's valuation is erroneous by a preponderance of the evidence. Both parties provided limited sales information for the record. The Board was strained to find value evidence to support Appellant's value request of \$200,000. It is well understood by the Board the challenge that unique properties present in developing assessed values. To find a direct comparable for a unique property is often non-existent, and Respondent must rely on the most relevant data available. After review, Respondent's value evidence was judged to be more thorough and better supported.

DATED this 10th day of April, 2020.