

BEFORE THE IDAHO BOARD OF TAX APPEALS

SUSAN HOPKINS,	)	
	)	
Appellant,	)	APPEAL NO. 22-A-1198
	)	
v.	)	FINAL DECISION AND ORDER
	)	
KOOTENAI COUNTY,	)	
	)	
Respondent.	)	
	)	
	)	
	)	

**RESIDENTIAL PROPERTY APPEAL**

This appeal is taken from a decision of the Kootenai County Board of Equalization denying an appeal of the valuation for taxing purposes on property described by Parcel No. 082650010050. The appeal concerns the 2022 tax year.

This matter came on for hearing October 11, 2022, in Post Falls, Idaho, before Board Member Kenneth Nuhn. Appellant Susan Hopkins was self-represented. Kootenai County Chief Deputy Assessor Benjamin Crotinger represented Respondent.

Board Members Leland Heinrich, Kenneth Nuhn, and Doug Wallis join in issuing this decision.

**The issue on appeal concerns the market value of an improved residential property.**

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

FINDINGS OF FACT

The assessed land value is \$368,918, and the improvements' value is \$369,480, totaling \$738,398. Appellant contends the correct land value is \$150,000, and the improvements' value is \$250,000, totaling \$400,000.

The subject property is a 5.0 acre rural residential parcel located in the Timbers subdivision east of Rathdrum, Idaho. The property is improved with a 1,631 square foot

single-story residence which was built in 1999 and includes an attached 783 square foot garage. Subject is further improved with a 1,200 square foot pole building built in 1999 and a 480 square foot pole building built in 2016.

Appellant purchased the subject property in 2013 for approximately \$286,000 when its assessed value was \$207,862, or approximately \$127 per square foot. The assessed value for 2014 was \$226,925. Subject's 2022 assessed value is \$738,398, or approximately \$453 per square foot. Appellant shared the assessed value increased \$273,776 from 2021 to 2022, and has increased \$530,536 since 2013. Appellant described subject's residence as plain, simple, and modest. Appellant shared that no structural or operating components have been replaced, nor has any remodeling work occurred. Appellant also detailed several structural and aesthetic features of the subject property, detailed below.

First, Appellant shared subject's roof and water heater are original to the twenty-three (23) year old residence and need replaced. Appellant provided cost-to-cure estimates which indicated a roof replacement would cost between roughly \$21,599 for a 30-year roof to roughly \$38,324 for a 50-year roof. Appellant provided an estimated cost to install a new hot water heater and to update the residence with a central air system. The estimate totaled approximately \$14,378. Appellant provided an additional bid estimating the cost of installing just central heating and air which totaled \$5,590.

Appellant next testified sand and grime are contaminating the water which is pumped from a well through the residence's water lines. Direct cost-to-cure estimates were not available, but Appellant shared well service companies were contacted and one

(1) gave a “site unseen” estimate approximating \$10,800 to \$12,200 to replace the well pump, casing, wiring, and indoor water tank, in addition to installing a filtration system.

Next, Appellant described subject’s land and outdoor improvements. Appellant shared there is no grass or sprinklers. The driveway asphalt is cracked and separating in multiple locations, as are the concrete driveway, walkways, and the steps into the residence. The back doorstep has become “separated from the house,” and Appellant reported it has sunk two (2) inches into the ground.

Appellant next provided details regarding the structures on the subject property. Appellant described the pole buildings as “low-cost, uninsulated, metal pole buildings having roadmix gravel floors.” Both buildings are used for storage. Moving onto the residence, Appellant described the finishes as simple, including plain white, low-cost laminate counters and low-cost linoleum flooring. Appellant testified the “sloppy attic construction” might not pass inspection and is not desirable for potential buyers. Appellant also stated the residence would not meet current building code requirements. Appellant provided photographic evidence of all characteristics, deterioration, and deferred maintenance described above.

Appellant additionally supplied five (5) comparable sales for the Board’s consideration. The properties were all located within 2.1 miles of subject, the closest being 1.3 miles distant. Sale No. 1 sold in July 2022 for \$599,900. This property was 4.82 acres in size and improved with a 1,590 square foot double-wide manufactured residence built in 1992 and a detached four (4) car garage. Sale No. 2 sold in June 2021 for \$410,000. This property was 4.89 acres in size and improved with a 1,504 square foot single-story residence built in 1994 and a detached two (2) car garage. Sale No. 3 sold in

August 2021 for \$400,000. This property was 5.0 acres in size and improved with a 1,885 square foot double-wide manufactured residence built in 1994 and a detached four (4) car garage. Sale No. 4 sold in June 2021 for \$665,000. This property was 5.01 acres in size and improved with a 1,986 multi-level residence built in 1977 and a detached two (2) car garage. Sale No. 5 sold in August 2022 for \$705,000. This property was 5.40 acres in size and improved with a 1,208 square foot single-level residence built in 1998 and an attached two (2) car garage. The average selling price of the properties was \$555,982, and Appellant ultimately requested a new assessed value of \$506,879 for subject's 5.0 acres improved with a 1,631 square foot single-story residence built in 1999, an attached two (2) car garage, and two (2) pole buildings. Appellant stated this value was calculated "using historical fair market values minus the needed replacement expenditures."

Respondent explained state statute requires every property in Idaho to be assessed at market value annually. Respondent reported 2022 assessed values in subject's neighborhood were adjusted based on the 48 sales which transpired in the neighborhood in 2021. Respondent also shared the housing market in Kootenai County experienced significant levels of appreciation in 2021, seeing median sale prices raise approximately 33% from January 2021 to January 2022. In comparison, Respondent shared, the Rathdrum area where subject is located saw median appreciation at about 40%. Subject's value increased approximately 59% from 2021 to 2022.

Respondent stated subject's neighborhood was last reappraised for the 2020 assessment year. Each property was physically inspected, and identifiable changes were made on property records. These changes included updating levels of maintenance, further deterioration, and updating or remodel work that has taken place since the last

reappraisal. Respondent shared subject's residence is in Average condition because upon physical inspection it appeared to have been maintained throughout the years, which makes it carry a slightly newer effective age. Subject's effective age is seventeen (17) years, compared to its actual age of twenty-three (23) years.

Respondent also assured Appellant that the aged components of subject are not abnormal for a residence of subject's actual and effective age. Other residences in subject's area in similar condition may have similar issues and deferred maintenance, which have been taken into account with the property's effective age and condition rating.

Respondent supplied four (4) sales to support subject's assessed value, explaining the sales were not used to set subject's value—mass appraisal was—but the sales illustrate the consideration of sales in determining subject's market value assessment. Respondent stated each sale property was adjusted to make them more comparable to subject. The sales were located within .25 to 1.5 miles from subject.

Sale No. 1 sold in October 2021 for \$710,000. This property was 4.56 acres in size and was improved with a 2,640 square foot Fair+ quality residence built in 1930 with a basement and attached two (2) car garage. The property additionally had a 2,000 square foot pole building constructed in 2013. Respondent reported an adjusted sale price of \$733,043 for this property..

Sale No. 2 sold in June 2021 for \$665,000. This property was 5.01 acres and improved with a 1,986 square foot Fair+ quality residence built in 1977. The property also had a 280 square foot barn, a 720 square foot pole building constructed in 1993, and an 864 square foot pole building constructed in 1997. The adjusted sale price was \$791,056.

Sale No. 3 sold in August 2021 for \$915,000. This property was located on the same street as subject on a 4.72 acre parcel improved with a 3,596 square foot Average quality residence built in 1990. The property further had a 640 square foot barn, a 1,728 pole building constructed in 2007, and a 720 square foot hay cover built in 2010. The adjusted sale price for this property was \$929,375.

Lastly, Sale No. 4 sold in November 2021 for \$760,000. This property was a 9.61 acre parcel improved with a 3,012 square foot Average quality residence built in 1997 which included an attached two (2) car garage. The property also included a 1,920 square foot pole building constructed in 1994. The adjusted sale price was \$693,512. Based on the adjusted sale prices, Respondent maintained subject's current valuation of roughly \$740,000 is reasonable.

#### 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, 2022, 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 subject and the sale properties.

Appellant provided information on five (5) sales which occurred between June 2021 and August 2022 to support the value request for subject. The two (2) sales which occurred in 2022 were not timely for considering subject's value as of January 1, 2022, so the Board did not utilize them when determining subject's assessed value. One (1) of the remaining sales concerned a manufactured residence, which is not comparable to a stick-built residence like subject, so the Board likewise did not consider it. The remaining two (2) sales included a single-story 1,504 square foot residence situated on a 4.89 acre parcel with a two (2) car detached garage, and a multi-story 1,986 square foot residence situated on on a 5.01 acre parcel with a two (2) car detached garage. The properties sold for \$410,000 and \$665,000, respectively.

Ultimately, the Board did not view any of Appellant's sales as similar enough to subject to be deemed strong evidence of subject's market value. Subject is similar to the two (2) sales referenced in respect to acreage and square footage; however, subject includes additional buildings compared to the sales which were not adjusted for in the analysis: two (2) pole buildings of 480 square feet and 1,200 square feet in size. These add value to the property, but it appears Appellant did not consider them in calculating a value request for subject. Overall, Appellant made no adjustments for any differences in

property characteristics between subject and the sale properties, which is a critical aspect of a strong sales comparison analysis.

Respondent likewise provided a sales comparison analysis, with adjustments made for differences to make the sale properties more comparable to subject. All four (4) of Respondent's sales occurred in 2021 and included stick-built residences like subject. Adjusted sale prices ranged from \$693,512 to \$929,375, which well-bracket subject's assessed value of \$738,398

In accordance with Idaho Code § 63-511, the burden is with Appellant to establish subject's valuation is erroneous by a preponderance of the evidence. The Board did not find the burden of proof met in this instance. Respondent's sales analysis was found to be more thorough and detailed, and there were too many questions regarding the comparability of subject to Appellant's sale properties. Respondent also made it clear subject's condition was sufficiently considered in its assessment. The Board will affirm the decision of the Kootenai County Board of Equalization.

#### 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, AFFIRMED.



DATED this 22<sup>nd</sup> day of February, 2023.