

BEFORE THE IDAHO BOARD OF TAX APPEALS

BARBARA ONLEY LIFE ESTATE,)	
)	
Appellant,)	APPEAL NO. 22-A-1056
)	
v.)	FINAL DECISION AND ORDER
)	
CLEARWATER COUNTY,)	
)	
Respondent.)	
)	
)	
)	

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. MH35N04E142410A. The appeal concerns the 2022 tax year.

This matter came on for hearing November 3, 2022, in Orofino, Idaho, before Board Member Kenneth Nuhn. Trustee Barbara Onley appeared at hearing for Appellant. Clearwater County Assessor Susan Spencer 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 a mobile home.

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

FINDINGS OF FACT

The assessed improvements' value is \$18,820. Appellant contends the correct value is \$4,210.

The subject property is a one (1) bedroom, one (1) bathroom 996 square foot mobile home located in Weippe, Idaho. The square footage includes the original 580 square feet of the 1966 mobile home, plus a 416 square foot extension added in 1985.

Appellant explained all manufactured homes built before HUD standards were implemented on June 15, 1976, are considered “mobile homes” to distinguish them from HUD-compliant “manufactured homes.” Where subject was built in 1966, it is considered a mobile home. Its effective age is 1976, which Respondent explained was due to the 1985 addition and various other improvement and upkeep items over the past fifty-six (56) years since subject’s assembly. Appellant argued it was illogical for subject’s effective age to change past its actual year built and that the mobile home and its attachment should have separate ages assigned.

Appellant discussed many items of depreciation subject experiences which were argued to not be sufficiently considered in its assessment. Appellant noted subject has poor structural integrity in part due to the addition being built without proper guidance and in part due to rot, wind damage, metal fatigue, and general deterioration due to age. Appellant shared photos which demonstrate the mobile home sits on tree stumps, tires, and stacks of wood. Appellant shared the tires are rotting, deflating, and would be difficult to replace. The insulation under subject is falling apart due to mice and wind, according to Appellant. The land slopes toward the mobile home, causing rain and snow runoff to gather beneath. The carport is supported by packing crates. The entire mobile home is collapsing toward the east, which is evident from the photos of the sloping roof and skirting that is digging into the ground and collapsing inwards. Appellant reported the front door is difficult to close in cold weather. The approximately eighteen- (18) year-old windows leak in heavy rain. Appellant stated there is damage to one side of subject’s exterior and the kitchen cabinets due to a car hitting the mobile home at one point. There is mold in the bathroom by the tub area, and Appellant shared remediation efforts have failed. There

is additionally water damage to the ceiling in a different room which affects a light fixture. Appellant was overall concerned not enough depreciation was being factored into subject's valuation.

Appellant next noted the mobile home cannot be financed. Appellant shared statements from two (2) different banks stating they only finance double-wide manufactured homes on foundations and would not finance a mobile home "regardless of any structural modifications or add-ons." Appellant provided information from the official HUD website which states mobile homes cannot meet HUD standards no matter what updates are done to the property. Appellant argued this makes mobile homes unmarketable. Appellant also shared subject is effectively ineligible for property insurance, providing a statement from a local insurance account manager which opined "the value would be so small it wouldn't be worth the premium."

Appellant quoted multiple statements from local real estate agencies regarding subject's selling potential. Two (2) of the three (3) agencies stated it would not be reasonable to sell the property in its current state, and further contended the mobile home would need removed before the land could be sold. One (1) of the agencies stated it could not be sold because "pre-HUD is considered uninhabitable." Appellant then claimed the Kelley Blue Book states a 1966 mobile home in fair condition is only worth \$1,180. Appellant lastly shared a concern that mobile homes, manufactured homes, and modular homes are all being assessed similarly in the county and therefore mobile homes are being over-assessed.

Respondent explained subject receives a 79% depreciation factor which is based on effective age and overall condition. The depreciation rate is being applied to subject

evenly despite the addition being newer. Respondent shared the roof and concrete pad are recorded as being in fair condition due to the issues they experience, while the mobile home is categorized as being in average condition. Respondent opined the mobile home's condition rating could likely be lowered due to the water damage, mold issues, and damage from the car striking the building, but supplied no information for how this would affect the value. Respondent stated subject must be assessed because it has value in the market, demonstrated in their sales analysis below. Respondent also explained the value has been increasing due to high appreciation rates in the county, which essentially counteract the depreciation factor.

Respondent clarified mobile and manufactured homes are assessed in the same way, but the grades of mobile homes are lowered to account for restrictions in financing, insuring, building, and relocating. Respondent further assured Appellant modular homes are assessed like stick-built homes, and mobile homes are not valued in the same way. Overall, Respondent shared all property is assessed based on market sales of similar properties, then physical depreciation and market appreciation are considered.

Because all property needs to be assessed at market value, Respondent conducts an annual market review called a ratio study. This study is supervised by the State Tax Commission (STC) and is designed to measure assessment level and uniformity across a particular class of properties to ensure assessed values are at market level. Respondent shared the STC's 2021 ratio study letter notified Clearwater County that residential values in the county were not within the acceptable parameters of the ratio study model, so values needed to be trended upward for 2022.

Respondent provided information on five (5) sales to support subject's 2022 assessment. All sales concerned mobile homes like subject, though land and other outbuildings were also included, so Respondent extracted these values to isolate the mobile home values. For example, subject's total value along with the real property on a separate assessment is \$87,483. Respondent extracted the land value of \$63,493 and the value of outbuildings of \$8,200 to compare the subject mobile home's value of \$15,790, or roughly \$16 per square foot, to the sold mobile homes. Respondent also explained that all five (5) of the property buyers kept the mobile homes on the property after purchase, and many were being resided in.

Sale No. 1 totaled 1,140 square feet, which included the original 624 square foot mobile home built in 1966 and a 516 square foot addition from 2003. The effective year built was 1994, and the property sold for \$90,000 in July 2021. Respondent extracted the mobile home's value from the sale price, which was \$10,983, or roughly \$10 per square foot. Sale No. 2 was a 696 square foot mobile home built in 1970 with an effective age of 1979. This property sold for \$110,000 in January 2022. The extracted mobile home value was \$41,824, or roughly \$60 per square foot. Sale No. 3 was a 1,160 square foot mobile home built in 1970 with an effective year built of 1972. It sold for \$210,000 in January 2022. The extracted mobile home value was \$178,161, or roughly \$154 per square foot. Sale No. 4 was a 902 square foot mobile home built in 1972 with an effective year built of 1976. The property sold for \$200,000 in November 2021. The extracted mobile home value was \$134,676, or roughly \$149 per square foot. Lastly, Sale No. 5 was a 1,508 square foot mobile home which had an actual and effective year built of 1975. This property sold for \$25,000 in September 2021. The mobile home's extracted value was

\$6,254, or roughly \$4 per square foot. Respondent calculated an average sale rate of roughly \$75 per square foot, noted to be well above subject's assessment of roughly \$16 per square foot.

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, 2022, 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. There are three (3) approaches to value: 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 differences in property characteristics between subject and the sale properties.

Appellant did not conduct a traditional appraisal analysis to support a reduction in subject's assessment. Appellant focused on describing detrimental features of the mobile home and voiced concern subject's condition was not adequately considered in its assessment. While the Board appreciated the information, substantial depreciation is to be expected in a mobile home of fifty-six (56) years old. Additionally, Respondent testified a depreciation factor of 79% was used, which factor is quite large in the Board's experience. The Board finds this adjustment sufficiently accounts for subject's quality and condition.

Appellant additionally expressed concern subject is unable to be financed, insured, or, according to two (2) real estate agencies, even sold. However, where Respondent's sales data demonstrates similar mobile homes are being sold and inhabited, the Board does not agree with the statements of the real estate agents. And though subject may be unable to be financed or insured, it still has intrinsic value as a potential dwelling, as it is currently being used as one, and not all buyers require third party financing.

All residential property must be assessed at market value each year, and it is clear to the Board Respondent has utilized multiple sources of market research to estimate subject's current market value. Respondent provided information on five (5) recent mobile home sales for comparison with subject. While the Board prefers sales analyses with adjustments made for differences between subject and the sale properties, Respondent's sales represented the only market data in the record. Additionally, the extracted values of the sale mobile homes generally supported subject's assessment.

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 burden of proof

was not met in this instance. Respondent demonstrated the condition concerns Appellant expressed at hearing were already being accounted for with a 79% depreciation factor. Additionally, Respondent provided the only market data on record, and the sales overall substantiated subject's assessed value. Accordingly, the Board will affirm the decision of the Clearwater County Board of Equalization.

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 31st day of March, 2023.

IDAHO BOARD OF TAX APPEALS