

BEFORE THE IDAHO BOARD OF TAX APPEALS

JOSEPH AND AMANND A TUINSTRA,)	
)	
Appellants,)	APPEAL NO. 22-A-1103
)	
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. RP56N02W202440A. The appeal concerns the 2022 tax year.

This matter came on for telephonic (Zoom) hearing November 30, 2022, before Board Member Leland Heinrich. Appellants Joseph and Amannda Tuinstra were self-represented. Bonner County Assessor Donna Gow 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 rural residential property.

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

FINDINGS OF FACT

The assessed land value is \$128,844, and the improvements' value is \$578,953, totaling \$707,797. Appellants contend the correct land value is \$106,000, and the improvements' value is \$429,000, totaling \$535,000.

The subject property is a five (5) acre parcel located in Sagle, Idaho. The property is improved with a 1,820 square foot residence, a 3,000 square foot pole building, and a

64 square foot shed. The pole building includes a 600 square foot accessory dwelling unit (ADU), and the remaining 2,400 square feet is garage space.

Appellants described subject for the record, focusing on items believed not to be sufficiently considered in the current assessment. Subject sits about 1.3 miles from the county road, on a privately maintained mountain road which Appellants described as steep, curvy, and difficult to navigate much of the year. The residence has unfinished floors of bare plywood and is missing interior finishing work, trim, and doors. The ADU was described as a studio, as there are no bedrooms. There is no drywall in the ADU, and there is currently no intention of ever finishing it. Appellants lastly shared there is no option for internet access on the property.

Appellants expressed concern subject's value has essentially doubled over the last two (2) years despite no improvements being made to the property. Appellants recognized the market has seen substantial appreciation during this time, but argued the requested value of \$535,000 is reasonable and accounts for market appreciation.

Respondent did not provide any exhibits but presented oral testimony regarding three (3) different sale analyses. The first analysis focused on sales of comparable land within approximately five (5) miles of subject. Sale No. 1 was a 2.06 acre fair grade parcel located in a nearby neighborhood. The property sold in March 2021 for \$550,000. Respondent removed all improvement values to calculate a raw land price of \$98,028, then adjusted for property differences. The adjusted land price was \$115,940. Sale No. 2 was a 1.40 acre good grade parcel located in the same neighborhood as subject. The property sold in February 2021 for \$151,000. The raw land price was \$134,224, and the adjusted land price was \$127,210. Sale No. 3 was a five (5) acre average grade parcel

located in subject's neighborhood. The property sold in February 2021 for \$265,000. The extracted land price was \$202,025, and the adjusted land price was \$106,883. In comparison, subject's five (5) acres are graded as fair, and the raw land assessment is \$102,844, which Respondent noted was lower than all three (3) of the adjusted land prices.

Respondent's second analysis involved sales of comparable residences. Respondent explained the residences were reduced in value to compare to subject's 90% finish level. Sale No. 1 was a 1,152 square foot residence in fair+ quality and good condition with a 2012 effective year. The property sold for \$500,000 in November 2021. Respondent extracted land, site improvement, and other improvement values from the sale price, leaving a residual value of \$270,115 for the residence. The adjusted sale price for the residence was \$320,673. Sale No. 2 was a 1,200 square foot residence in fair quality and average condition with a 2013 effective year. The property sold for \$420,000 in March 2021. The residual value of the residence was \$221,760, and the adjusted price was \$282,352. Sale No. 3 was a 1,392 square foot residence in fair quality and average condition with a 2015 effective year. The property sold for \$519,000 in April 2021. The residence's extracted value was \$303,736, and its adjusted sale price was \$314,046. In comparison, Respondent is requesting an assessed value of \$281,370 for subject's 1,820 square foot residence in fair+ quality and average condition with a 2009 effective year. Respondent noted this figure is below the adjusted sale prices.

Respondent's third analysis was provided to support its opinion of the ADU's value. Sale No. 1 sold in July 2021 for \$908,000. The property included a 1,751 square foot ADU in average quality and condition with a 2015 effective year. Respondent calculated the

ADU's sale value to be \$552,926, then adjusted for differences, resulting in an adjusted sale price of \$176,510. Sale No. 2 sold in November 2021 for \$390,000. The property included a 900 square foot ADU in average quality and condition with a 2008 effective year. The ADU's extracted value was \$244,058, and its adjusted sale price was \$219,881. Sale No. 3 sold in March 2021 for \$361,000. The property included an 864 square foot ADU in fair quality and average condition with a 2018 effective year. The ADU's sale value was calculated to be \$252,219, and the adjusted sale price was \$308,445. Respondent is requesting the subject ADU be assessed at \$76,990, which is well below the range of values concluded in the analysis. Subject's 600 square foot ADU is 74% complete, is of average quality and condition, and has a 2019 effective year.

Appellants questioned whether Respondent's analyses adjusted for the sale properties' proximity to a county road, as subject is approximately 1.3 miles from a county maintained road. Respondent assured Appellants a parcel's land grade rating takes this into account, as the rating considers ease of access. Respondent testified it adjusted for land grade in its land sale analysis. Respondent further explained subject's land grade is "fair," while properties at the bottom of subject's road with easier access to the county road have "good" land grades, which is two ratings higher than subject.

After reviewing the time-stamped photographs of subject's residence and ADU, Respondent requested a reduction in the assessed values of each. Respondent adjusted the residence's finish level from 100% to 90% to account for the incomplete floor, trim, and doors. This would reduce the residence's assessed value from \$312,636 to \$281,370.

Next, Respondent adjusted the ADU's finish level from 100% to 74% due to the lack of drywall and the incomplete status of finishes such as doors, trim, flooring, appliances, light fixtures, hardware, and painting. A fireplace and cooling system were removed from the ADU record, and a heating system was added. Additionally, 300 square feet were removed from the structure's record and added to the garage space. All these factors would reduce the ADU's assessed value from \$152,171 to \$76,990, which reflects 600 square feet and 74% finish.

Respondent last requested the garage assessment be increased from \$113,047 to \$123,755 to account for the 300 square feet removed from the ADU's square footage above. To summarize, Respondent requested a value of \$482,115 for subject's improvements, with no change to the \$128,844 land value, for a total valuation of \$610,959

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 property characteristics between subject and the sale properties.

Appellants did not utilize a recognized appraisal approach to support a reduction in subject's valuation. Instead, Appellants focused on describing detriments subject faces which were argued to not be sufficiently considered in its most recent assessment. The main concerns were the access to the property and the finish levels of the residence and ADU. The Board understands Appellants' concerns with the original valuations; however, at hearing, Respondent presented new values for the residence and ADU which did consider the buildings were unfinished. The residence's finish level was decreased by 10%, and the ADU's finish level was decreased by 26%. Given the photos and verbal testimony in this case, the Board finds the adjusted finishing percentages a more accurate representation of subject's current features and conditions.

In accordance with Idaho Code § 63-511, the burden is with Appellants to establish subject's valuation is erroneous by a preponderance of the evidence. The burden of proof was met in this instance, where both parties agreed subject's valuation was too high, but there was insufficient support for the values requested by Appellants. Based on Respondent's new value estimates, the Board will modify the Bonner County Board of Equalization's decision and reduce subject's assessed value to \$610,959.

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 to \$610,959, with the value allocated as follows:

Land	\$128,844
Residence	\$281,370
Garage	\$123,755
<u>ADU</u>	<u>\$ 76,990</u>
Total Value: \$610,959	

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 Appellants.

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 24th day of April, 2023.

IDAHO BOARD OF TAX APPEALS