

BEFORE THE IDAHO BOARD OF TAX APPEALS

MICHAEL HANAFEY,)	
)	
Appellant,)	APPEAL NOS. 22-A-1173 and
)	22-A-1191
v.)	
)	FINAL DECISION AND ORDER
KOOTENAI COUNTY,)	
)	
Respondent.)	
)	
_____)	

RESIDENTIAL PROPERTY APPEALS

These appeals are taken from two (2) decisions of the Kootenai County Board of Equalization denying appeals of the valuation for taxing purposes on properties described by Parcel Nos. 007700110190 and 007700110180. The appeals concern the 2022 tax year.

These matters came on for hearing October 13, 2022, in Post Falls, Idaho, before Board Member Kenneth Nuhn. Appellant Michael Hanafey was self-represented. Kootenai County Appraisal Manager Troy Steiner represented Respondent.

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

The issues on appeal concern the market values of two (2) residential properties.

The decisions of the Kootenai County Board of Equalization are affirmed.

FINDINGS OF FACT

Parcel No. 007700110190 (Appeal 22-A-1173)

The assessed land value is \$700,000, and the improvements' value is \$2,696,107, totaling \$3,396,107. Appellant contends the correct total value is \$2,600,000.

Parcel No. 007700110180 (Appeal 22-A-1191)

The assessed land value of this vacant parcel is \$400,000. Appellant contends the correct value is \$175,000.

The subject properties are two (2) adjacent lots located in the Black Rock subdivision in Coeur d'Alene, Idaho. Parcel No. 007700110190, which will be referred to as "Subject Property A" for purposes of this decision, is a .52 acre property improved with a four (4) bedroom, five and one-half (5½) bathroom two (2) story residence built in 2008. The residence totals 6,210 square feet, which includes 4,397 square feet of above ground space and a 1,813 square foot finished walk-out basement. The residence also includes a three (3) car garage. Parcel No. 007700110180 ("Subject Property B") is a .77 acre vacant parcel.

Subjects border a large vacant lot, referred to as "Government Lot 1," which is a planned development for ten (10) residential lots. Appellant described this area as having recently been turned into "a virtually treeless wasteland with upcoming overdevelopment." Appellant explained the treed area had been the major selling feature when deciding to purchase the subject parcels, and claimed the removal of the trees caused depreciation in value. Appellant shared subjects are two (2) of only three (3) lots whose views were affected by the removal of trees on Government Lot 1.

Appellant shared the changes made to Government Lot 1 motivated Appellant to explore the option of selling the subject properties. No statements or listing evidence was provided for the record, but Appellant testified potential buyers' feedback indicated the location and view concerns were not singular to Appellant.

Appellant shared Subject Property B has narrow access to the public road and has restricted development options because it borders a golf course. Appellant next explained Subject Property A borders the site of a significant landslide which occurred five (5) or six (6) years ago. Appellant stated the landslide gives the area a reputation of being potentially dangerous. It was shared the area affected by the landslide has undergone repairs, but is still unsightly. Appellant explained the property on which the landslide occurred was vacant for years and only just recently sold.

Appellant stated there were no “truly valid comparison properties” (sic) in the area, so only provided one (1) property to compare to subject. The property was a 1.1 acre lakefront parcel improved with a seven (7) bedroom residence. Appellant shared the property has been on the market for two (2) years and its highest asking price was approximately \$3,900,000. The listing price as of the hearing date in this appeal was \$2,900,000.

Respondent stated Idaho requires all property to be assessed at market value each year and argued there were no sales in 2021 which demonstrated the tree-clearing activities on Government Lot 1 have affected market value in subjects’ neighborhood, negatively or otherwise. Respondent provided a ratio study of six (6) sales from subjects’ neighborhood which transpired in 2021 to demonstrate the values in the neighborhood needed to be trended upward to align with the market. Five (5) of the sales were on the same street as the subject properties. Respondent shared that, before the increases were implemented, the ratio study indicated the sale properties were only assessed at about 39% of market value. This was drastically out of compliance with the parameters imposed

by the Idaho State Tax Commission which requires assessed values be within 10% of market value.

Respondent additionally shared subjects' neighborhood last saw a reappraisal in 2020 for the 2021 assessment year. Each property was physically inspected, and identifiable changes were updated on the property records. Respondent also shared seventeen (17) properties in subjects' neighborhood area sold in 2021, which included both improved and vacant sales which Respondent utilized in developing market trends to reach 2022 assessed values. Properties on subjects' street slope toward Lake Coeur d'Alene and have varying levels of lake views. Respondent described Subject Property B's view as average and Subject Property A's view as very good to excellent, which ratings affected the respective assessed values.

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 did not perform a traditional appraisal analysis in support of the requested values for subjects. Instead, Appellant presented the argument that the recent changes in the immediate surrounding area were not properly accounted for in the subjects' assessed values. Appellant shared the neighboring lot, Government Lot 1, has been heavily logged and has diminished subjects' views, which views were Appellant's primary reason for purchasing the properties. Appellant also described Subject Property A as being next door to a significant landslide which left the area unsightly and with a reputation of potential danger. Lastly, Appellant asserted that, as Subject Property B borders a golf course, it is subject to certain development restrictions.

Appellant did not provide documentation, but described a property reportedly on the open market for approximately two (2) years. The 1.1 acre lakefront parcel included a seven (7) bedroom residence and was at its highest price listed at \$3,900,000. Appellant stated the property was still on the market and listed at \$2,900,000. Appellant claimed this demonstrated the area was undesirable. While interesting information, a listing is not considered the best evidence of market value, particularly when relevant sales data is available. And a single property listing is insufficient to demonstrate a neighborhood's desirability. As such, the Board did not factor the listing information in its analysis. Further,

as the record lacked evidence the various detriments described by Appellant have had any impact on subjects' market values, there was no support for an adjustment.

Despite this one (1) property listed on the market for multiple years, Respondent testified seventeen (17) sales occurred in subjects' neighborhood in 2021. Respondent completed a ratio study using six (6) of the sales which indicated subject's neighborhood was undervalued and needed to be trended upward for 2022 to be in compliance with relevant valuation requirements.

Respondent did not provide a sales comparison analysis for the Board's review; however, the six (6) sales utilized in its ratio study supported subjects' assessed values in the Board's opinion. The improved sales had time-adjusted sale prices of \$4,666,000, \$2,937,870, and \$2,883,375. Two (2) of the properties were located on subjects' street. While the Board would have preferred a more direct comparative analysis with adjustments made for differences in property characteristics, Respondent's sales reasonably bracket Subject Property A's assessed value of \$3,396,107. The unimproved sales, which were all located on subjects' street, had time-adjusted sale prices of \$633,716, \$1,009,980, and \$1,049,000. The sale properties were .28, .37, and .51 acres compared to Subject Property B's .77 acres. Subject Property B's assessed value of \$400,000 appears reasonable in light of these sales of smaller vacant parcels.

In accordance with Idaho Code § 63-511, the burden is with Appellant to establish subjects' valuations are erroneous by a preponderance of the evidence. The burden of proof was not satisfied in this instance. Appellant provided no market information to substantiate claims of Government Lot 1 reducing subjects' values, whereas Respondent

provided market evidence subjects are equitably assessed. The Board will affirm the decisions of the Kootenai County Board of Equalization.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decisions of the Kootenai County Board of Equalization concerning the subject parcels be, and the same hereby are, AFFIRMED.

DATED this 2nd day of March, 2023.

IDAHO BOARD OF TAX APPEALS