

BEFORE THE IDAHO BOARD OF TAX APPEALS

JUSTIN OLESON,)	
)	
Appellant,)	APPEAL NOS. 22-A-1160 and
)	22-A-1161
v.)	
)	FINAL DECISION AND ORDER
FREMONT COUNTY,)	
)	
Respondent.)	
_____)	

RESIDENTIAL PROPERTY APPEALS

These appeals are taken from two (2) decisions of the Fremont County Board of Equalization: one (1) denying the appeal on Parcel No. RP001550220170 and one (1) modifying the valuation for taxing purposes on property described by Parcel No. RP001550220180. The appeals concern the 2022 tax year.

These matters came on for telephonic hearing November 30, 2022, before Board Member Leland Heinrich. Appellant Justin Oleson was self-represented. Fremont County Assessor Carol Blanchard 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) rural residential properties.

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

FINDINGS OF FACT

Parcel No. RP001550220170 (Appeal 22-A-1160)

The assessed land value is \$66,500, and the improvements' value is \$84,194, totaling \$150,694. Appellant contends the correct land value is \$35,000, and the improvements' value is \$79,890, totaling \$114,890.

This subject property, which will be referred to as the Home Parcel for purposes of this decision, is a .30 acre rural residential parcel located in the Shotgun Village Estates subdivision roughly seven (7) miles east of Island Park, Idaho. The property is improved with a 930 square foot single-wide manufactured home built in 1970. Several additions have been made to the manufactured home since being placed on the Home Parcel, including two (2) snow roofs, two (2) porches, and a couple of small, enclosed areas. The property is further improved with a 190 square foot outbuilding. The Fremont County Board of Equalization (BOE) reduced the valuation of the Home Parcel from \$160,036 to \$150,694.

Parcel No. RP001550220180 (Appeal 22-A-1161)

The assessed land value is \$64,500, and the improvements' value is \$7,150, totaling \$71,650. Appellant agrees with the value of the improvements, however, contends the correct land value is \$20,000, totaling \$27,150.

This subject property, hereinafter the Shop Parcel, is a .30 acre parcel situated adjacent to the above Home Parcel on the west side. The property is improved with a 1,248 square foot shop building. The BOE did not adjust the assessed value of the Shop Parcel.

Appellant was primarily concerned the subject properties were not being assessed similarly to several other properties in the subdivision, including the neighboring property to the south and another property two (2) lots to the north. Appellant purchased both subject lots from the prior owner in a single transaction in 2016. Appellant explained the subject parcels were assessed as stand-alone properties instead of a single residential unit, which resulted in a higher combined assessed land value for the subject parcels

compared to other double lots in the immediate neighborhood assessed as a single parcel. Appellant argued the subject properties should be treated similarly and assessed as a single parcel.

To demonstrate the inequitable treatment of the subject properties, Appellant provided assessment information on eight (8) properties located within a couple blocks, including five (5) on subjects' same street. The properties were all improved to some degree or another, but Appellant's focus was on the respective assessed land values. The first property was the adjacent .60 acre double lot on subjects' south side with an assessed land value of \$96,170. Next was the .60 acre double lot situated a couple lots north of subjects with a current land value of \$96,170. The third parcel referenced by Appellant was a little larger at .67 acres with an assessed land value of \$98,513. Appellant next reported a .74 acre parcel located down the block with a current land value of \$99,051. The remaining four (4) parcels were all .60 acre lots, each with land valuations of \$96,170. As all six (6) of the .60 acre lots had the same land value of \$96,170, Appellant reasoned the .60 combined acres of the subject lots should likewise be assessed a total of \$96,170.

Respondent explained the subject Home Parcel and the Shop Parcel were assessed as stand-alone properties because they have different legal descriptions and parcel numbers, so could be sold separately from each other. Reference was also made to a policy change in 2011 by the Planning & Zoning Department concerning subdivisions. According to Respondent, the subject parcels would need to be legally combined, and an amended plat map filed reflecting such combination before they could be assessed as a

single parcel. Appellant questioned why the referenced double lots in the subdivision were allowed to be combined into single parcels without filing amended plat maps.

Respondent additionally stated in 2007 the prior owner split the property into the current subject lots, which established them as separate parcels. Appellant disputed this claim and pointed out the warranty deed associated with Appellant's purchase of the subject parcels describes them as "Lots 17 and 18 in Block 22 of Shotgun Village Estates . . . as per the plat recorded May 10, 1971, as Instrument No. 322874." As the subject properties were identified as Lots 17 and 18 in the 1971 plat map, Appellant argued they were not newly created by the prior owner in 2007 as alleged by Respondent.

In terms of support for the assessed values of the subject properties, Respondent offered two (2) groups of sales from subjects' neighborhood which transpired during 2021. The first group consisted of eleven (11) improved residential sales. The sale lots ranged in size from .29 to .66 acres. The sale residences were a mixture of stick-built structures and manufactured homes. Roughly one-half ($\frac{1}{2}$) of the sale properties also included additional outbuildings. The sale residences, constructed from 1970 to 2008, ranged in size from 576 to 2,320 feet, though no other details were shared. Sale prices stretched from a low of \$150,000 to a high of \$600,000. There were three (3) manufactured home sales in the group characterized as generally comparable to the subject Home Parcel. Two (2) of the manufactured homes were constructed in 1970 and sold for \$150,000 and \$160,000, while the remaining sale concerned a model from 1980 which sold for \$184,000. The subject Home Parcel is assessed at \$150,694.

Respondent's second sales group included six (6) 2021 vacant lot sales from the neighborhood. Three (3) of the sale lots were .30 acres in size, with sale prices of

\$65,000, \$89,000, and \$95,000. There was also a .69 acre lot which sold for \$189,000. And the larger 1.7 and 1.87 acre sale lots were purchased for \$112,500 and \$115,000, respectively. Based on the improved and vacant sales data, Respondent maintained the assessed values of the subject Home Parcel and Shop Parcel were 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. The sales comparison approach, the cost approach, and the income approach comprise the three (3) primary methods for determining market value. *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.

Respondent did not develop a traditional comparative sales model, though did offer information on eleven (11) improved and six (6) vacant lot sales from the neighborhood, including several within two (2) blocks of the subject properties. Of the improved sales, three (3) involved manufactured homes, two (2) of which were built in 1970 and one (1) in 1980. The two (2) older manufactured home properties sold for \$150,000 and \$160,000 in October and December 2021, respectively. The third manufactured home property sold in May 2021 for \$184,000. The assessed value of the subject Home Parcel, improved with a 1970 manufactured home, is \$150,694.

Though Appellant's concern with respect to the Home Parcel centered on the assessed land value, the Home Parcel is a fully developed residential property and should be valued on that basis. Therefore, the relevant question is whether the total assessed value of the Home Parcel is at market level, not the allocation of value between the land and improvements. That being said, the \$66,500 land value of the Home Parcel does not appear overstated when evaluated against the .30 vacant lot sales with sale prices of \$65,000, \$89,000, and \$95,000. In any event, given the manufactured home sales reported by Respondent and the lack of competing value evidence from Appellant, the Board found the subject Home Parcel's valuation reasonable.

The above-referenced vacant lot sales were also generally supportive of the assessed land value of the Shop Parcel. In the Board's view, a focus on the vacant lot sales is appropriate under the circumstances here, where the Shop Parcel is not developed with residential improvements, just a shop building. As it too is a .30 acre lot, there was support for the \$64,500 land value of the Shop Parcel.

Appellant's argument, however, was not that the land value of either subject property was erroneous if the properties are evaluated on an individual basis, but that the subject parcels should be considered a single residential property for purposes of assessment and valued accordingly. In this regard, Appellant offered assessment information on eight (8) double lot parcels, all of which were assessed as single lots. Six (6) of the referenced lots were .60 acres in size, each with the same \$96,170 assessed land value. Appellant argued the subject lots, which also total .60 acres in size, should likewise be assessed a combined value of \$96,170, not a total of \$131,000 as is currently the case with subjects' stand-alone assessments.

According to Respondent, the decision to assess the subject parcels separately stemmed from a policy of the Planning and Zoning department which requires an amended plat be filed if an owner wants to combine lots in a subdivision. As Appellant has not legally combined the subject lots, and they each have their own unique parcel numbers and legal descriptions, Respondent concluded the properties should be individually assessed. Appellant argued the subject properties are used together as a single homesite parcel, just like the referenced double lots in the subdivision, and would likely sell together. Appellant also stressed the Shop parcel does not have water or a septic system, though community water service is available for hookup. However, due to the location of the shop building and the low water table in one (1) corner of the lot, Appellant was doubtful there is sufficient space available on the Shop Parcel to install a septic system that would comply with the county's setback and drain field requirements.

On the one hand, Respondent's decision to assess the subjects as separate properties is logical because the lots are not legally combined and therefore could be sold

independently of each other. On the other hand, the subject parcels are used together as a single residential property and in Appellant's opinion would most likely be purchased as a combined single unit, the same as the other referenced double lots. There is no physical barrier or other form of separation or demarcation between the Home Parcel and Shop Parcel, other than being legally distinct lots, so for practical day-to-day purposes the properties function as a single integrated unit.

There is some merit to Appellant's argument that the subject properties should be valued as a single residential unit because that is the historical and current use and is likely how they will be sold in the future. Certainly, Respondent's bright-line policy concerning the assessment of contiguous parcels under common ownership could incorporate some more consideration for how such properties would most likely transact in the marketplace, but that is not the case here. In the Board's experience, lot lines in a multi-parcel sale typically have little influence on sale price because the buyer is usually negotiating to purchase "the property," not engaging in separate negotiations for each individual parcel. In any event, Respondent's policy regarding lot combinations is outside the scope of these appeals and this Board's jurisdiction. The relevant question with respect to inequitable assessment is whether the subject properties were treated differently than other similar properties. On this issue, the Idaho Supreme Court has opined,

The requirement that all property be assessed at its actual cash value is secondary to the constitutional mandate of equality of taxation. Where certain property is assessed at a higher valuation than all other property, the court will enforce the requirement of uniformity by a reduction of the taxes on the property assessed at the higher valuation, if it be shown that the difference is the result not of mere error in judgment, but of fraud or of intentional and systematic discrimination.

Washington Cnty. v. First Nat'l Bank, 35 Idaho 438, 444, 206 P. 1054, 1056 (1922).

While Respondent's policy regarding multi-parcel ownerships may benefit from some flexibility, nothing in the record indicated the policy was applied differently to the subject properties. There is a definitive difference between the subject properties and the double-lot parcels referenced by Appellant. The double lots in the neighborhood have all been legally combined into single parcels, whereas the subject properties have not been so combined. Therefore, Respondent's multi-parcel ownership policy applies to the subject parcels, but not the double lots highlighted by Appellant. This means the subject properties were not assessed inequitably compared to the referenced double lots but were instead assessed pursuant to a different policy that simply did not apply to the double lots. In short, the Board did not find evidence of inequitable assessment treatment of the subject properties.

Appellant raised another potential issue concerning the Shop Parcel argued to negatively impact its market value. Specifically, Appellant pointed out the Shop Parcel currently has no water, and no septic system so is not equipped to support a residence. Appellant stated community water service is available to the Shop Parcel so it would just need to be connected; however, Appellant questioned whether there was adequate space available on the lot to install a permissible septic system. According to Appellant, there is a shallow water table in one (1) corner of the Shop Parcel which creates a swampy area. Given the water issue and the location of the shop, Appellant doubted a suitable septic system could be installed. The Board agrees the market value of an unbuildable parcel is decidedly less than a developable property, but the only evidence in this case the Shop Parcel could not be developed for residential use was Appellant's verbal assertions, which

are insufficient on their own to support the conclusion the Shop Parcel is effectively unbuildable. An argument could be made that the cost to remove the shop improvement from the Shop Parcel to make way for a residence should be factored into the valuation, but the issue was not pursued and there was nothing in the record to support such an adjustment.

Idaho Code § 63-511 places the burden on Appellant to establish subjects' valuations are erroneous by a preponderance of the evidence. Having determined the subject properties were not assessed inconsistently and concluding the sales data provided by Respondent generally supportive of subjects' respective valuations, the Board did not find the burden of proof satisfied. Accordingly, the decisions of the Fremont County Board of Equalization are affirmed.

FINAL ORDER

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

DATED this 24th day of April, 2023.

IDAHO BOARD OF TAX APPEALS