

BEFORE THE IDAHO BOARD OF TAX APPEALS

DONNA FOTH,	)	
	)	
Appellant,	)	APPEAL NO. 23-A-1018
	)	
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 denying an appeal of the valuation for taxing purposes on property described by Parcel No. RP57N01W302600. The appeal concerns the 2023 tax year.

This matter came on for hearing October 3, 2023, in Sandpoint, Idaho, before Board Member Kenneth Nuhn. Appellant Donna Foth was self-represented. Bonner County Chief Deputy Assessor Cory Gabel 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 Bonner County Board of Equalization is affirmed.**

FINDINGS OF FACT

The assessed land value is \$609,249, and the improvements' value is \$203,671, totaling \$812,920. Appellant agrees with the value of the improvements, however contends the correct land value is \$500,000, for a total valuation of \$703,671.

The subject property is a .58 acre rural residential parcel with 101 feet of waterfront along the northwestern shores of Lake Pend Oreille. The property is improved with a

1,044 square foot residence constructed in 1985. The property is further improved with several small sheds and outbuildings, as well as a dock and boat lift.

Appellant's central concern was the subject property's current land value, which effectively doubled over the prior assessment, from \$305,349 to \$609,249. Appellant questioned whether the current valuation adequately reflected the atypical characteristics of the property. In addition to a county road bisecting the lot, the property does not have a septic system so must instead use a holding tank, which presents some unique challenges. As the holding tank's capacity is only 1,200 gallons, Appellant must make careful use of any water to extend the time between pump-outs, which cost several hundred dollars each time. With judicious use and regular monitoring, Appellant estimated the holding tank needs to be pumped out every four (4) to six (6) weeks, though that timeframe notably shortens when hosting houseguests. Appellant explored installing a septic system on the portion of the subject lot situated across the county road but was informed the bedrock and steep slope would not facilitate a suitable drain field, so the effort was abandoned. Appellant was unaware of any other waterfront parcels in the area with year-round occupants that do not have a septic system and contended subject's assessed value should be reduced to account for lack of a septic system.

Appellant further questioned whether adequate consideration was given for the steep slope on the portion of the subject lot situated across the county road. Appellant argued the steep portion of the lot was unusable as evidenced by the inability to install a drain field. Appellant estimated the sloped area encompasses roughly two-thirds (2/3) of the subject parcel and contended subject's assessed value does not accurately reflect the property's associated challenges and restrictions on use.

Respondent disagreed subject's characteristics were inadequately considered in the current valuation. Respondent explained a 30% downward adjustment was applied to the valuation to account for the roadway bisecting the property, as well as the less desirable waste system. In Respondent's opinion, no further adjustment was warranted for subject's slope as most parcels in the area have steep topography and some owners have constructed improvements on the sloped areas.

In support of subject's land value, Respondent offered information on three (3) waterfront properties which sold during the prior year. Sale No. 1 was an improved waterfront property located roughly one-half ( $\frac{1}{2}$ ) mile from subject with 161 waterfront feet. The property sold in September 2022 for \$1,875,000. After removing the assessed values of the associated improvements, for which no details were shared, Respondent calculated a residual price indication of \$1,027,595 for the land. Respondent further adjusted the price downward to account for location and the larger shoreline length of the sale property compared to subject's frontage, resulting in an adjusted price of \$823,172, or \$8,150 per front foot for the land. Sale No. 2 was also an improved property, with 219 feet of waterfront, though was located approximately eight (8) miles away. The property sold in October 2022 for \$1,373,199. After removing improvement values and adjusting for location and shoreline length, Respondent calculated a residual land price of \$968,254, or \$9,587 per front foot. Sale No. 3, situated nearly sixteen (16) miles away, concerned an unimproved waterfront lot with 99 feet of waterfront which sold for \$675,000 in September 2022. After adjusting for location and shoreline length, Respondent determined an adjusted sale price of \$814,079, or \$8,060 per front foot. Subject's current land value of \$5,646 per front foot was noted to be lower than the adjusted price rates

indicated by the sales, which Respondent argued demonstrated that subject's challenging attributes were sufficiently considered in the valuation.

### 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, 2023, 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.

Appellant did not offer sales or other market data to support a reduction in subject's land value, but instead argued inadequate consideration was given for subject's less desirable waste system and steep topography. Appellant detailed the more extensive

monitoring and maintenance requirements associated with a holding tank waste system compared to a typical septic system and argued subject's holding tank negatively impacts the property's marketability and therefore its market value. While the Board agrees subject's holding tank would likely be viewed as a detriment in the marketplace, particularly given that nearly all other properties in the area have septic systems, there was no support offered for a further reduction above the 30% adjustment Respondent already applied to the land value. According to Respondent, the 30% adjustment, which is a notable appraisal adjustment in the Board's experience, is to account for the county road running across the property, as well as the less desirable waste disposal system. With no market data or other information suggesting a higher adjustment, the Board was strained to find support for the reduced value petitioned by Appellant.

Subject's land value was also generally supported by the sales analysis offered by Respondent. Though there were some questions concerning the comparability of the sale properties, such as two (2) of the properties being extensively improved and two (2) being located miles away, along the Pend Oreille River instead of the lake, there were no other sales in the record for the Board to consider. Respondent's analysis yielded adjusted land prices from \$8,060 to \$9,587 per front foot, with shoreline lengths ranging from 99 to 219 feet. By contrast, subject's 101 feet of waterfront is assessed at \$5,646 per front foot, which against Respondent's adjusted price rates, is not overstated in the Board's view.

Idaho Code § 63-511 places the burden with Appellant to establish subject's valuation is erroneous by a preponderance of the evidence. Given the record in this matter, the Board did not find the burden of proof satisfied. In all, Respondent's sales data and related analysis was found supportive of subject's current valuation, and where

Appellant did not offer competing market evidence to support a lower valuation, there was no good cause to disturb the assessment. Accordingly, the decision of the Bonner County Board of Equalization is affirmed.

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, AFFIRMED.

DATED this 29<sup>th</sup> day of November, 2023.