

BEFORE THE IDAHO BOARD OF TAX APPEALS

LISA PETERSON, )  
 )  
Appellant, ) APPEAL NO. 23-A-1136  
 )  
v. ) FINAL DECISION AND ORDER  
 )  
BONNER COUNTY, )  
 )  
Respondent. )  
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**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. RPS0500041007C. The appeal concerns the 2023 tax year.

This matter came on for hearing October 4, 2023, in Sandpoint, Idaho, before Board Member Kenneth Nuhn. Appellant Lisa Peterson was self-represented. Bonner County Assessor Dennis Engelhardt 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 \$172,613, and the improvements' value is \$46,083, totaling \$218,696. Appellant agrees with the valuation of the improvements, however, contends the correct land value is \$149,480, totaling \$195,563.

The subject property is a .16 acre residential parcel located in Sandpoint, Idaho. The property is improved with a 938 square foot mobile home with an enclosed porch and a 260 square foot utility shed.

Appellant questioned the roughly \$46,000 increase in subject's land value over the 2022 valuation of \$124,534. Appellant attributed much of the increase to the higher site improvement value the assessor's office applied to all properties with well, septic, and electrical, which was \$13,000 last year and increased to \$39,000 for 2023. After consulting several resources, Appellant estimated a cost of approximately \$13,000 for water and sewer hookup for subject and an additional \$2,000 for electricity hookup. In Appellant's view, the \$39,000 was unreasonable and not reflective of the actual utility hookup cost for an average lot within city limits.

Appellant also provided information on three (3) sales from subject's neighborhood. Sale No. 1 was the September 2022 purchase of a .16 acre improved residential property. Details concerning the improvements were not shared, but the property sold for \$200,000. Sale No. 2 was a .16 acre parcel improved with a shop of unknown size which sold for \$199,500 in November 2022. Lastly, Sale No. 3 was an improved residential property located roughly one (1) block from subject which sold for \$200,000 in November 2022. The lot size was not provided, but the property was improved with a 1,400 square foot three (3) bedroom, one (1) bathroom residence. Appellant contended subject's assessed value of approximately \$218,000 was excessive compared to sales from the neighborhood.

With respect to the \$39,000 site improvement rate applied to properties with utilities, Respondent explained the prior \$13,000 rate was developed years earlier

through a study conducted by the county assessor at the time and was not reflective of current costs to install site improvements. Though it was not entirely clear how the \$39,000 rate was determined, Respondent referenced three (3) vacant lot sales from 2021. One (1) of the vacant lots had site improvements at the time of its sale for \$175,000. The other two (2) sale lots, with purchase prices of \$94,000 and \$100,000, did not have site improvements. Respondent additionally shared some summary cost information regarding installation of site improvements. According to Respondent, the cost to add site improvements to a lot in the City of Sandpoint was nearly \$42,000, and the cost for site improvements in rural Bonner County was approximately \$41,000. Based on these indicators, Respondent maintained the \$39,000 site improvement rate was reasonable.

Turning to subject's assessed land value, Respondent offered information on three (3) recent sales within city limits. All the sale properties were improved, though no details regarding the improvements were shared. Sale No. 1 concerned a .22 acre improved residential property located roughly 1.2 miles from subject which sold in April 2022 for \$240,000. After removing \$39,000 for site improvements from the sale price, and an additional \$10,004 for the residential improvements, Respondent calculated a raw land value of \$190,996. To account for the larger lot size compared to subject, Respondent further adjusted the sale price downward by nearly \$20,000, resulting in an adjusted price indication of \$171,281 for the land.

Sale No. 2 was the same .16 acre residential parcel with a September 2022 sale price of \$200,000 also referenced by Appellant. After removing \$39,000 for site improvements and approximately \$30,000 for the residential improvements, Respondent concluded an adjusted land price of \$130,432.

Lastly, Sale No. 3 concerned a .15 acre parcel which sold for \$330,000 in August 2022. After removing the value attributable to site improvements, \$145,000 for the residential improvements, and applying a size adjustment of nearly \$4,000, Respondent determined an adjusted land price of \$148,989. After removing the assessed values of subject's residential and site improvements, Respondent reported a raw land value of \$133,613, which was noted to be on the lower end of the range indicated by the adjusted sales data.

### 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, 2023, 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. The three (3) primary approaches for determining market value include 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 the differences in property characteristics between subject and the sale properties.

Though sales information was provided, neither party's value opinions were developed using one (1) of the recognized appraisal approaches. More concerning, however, was the lack of details concerning the sale properties. All the sales properties were improved at the time of sale, but no information was shared regarding the associated improvements, with the exception of Appellant's Sale No. 3 for which the total size and bedroom/bathroom count of the sale residence was provided. While Appellant's concern was subject's land value, which is certainly an important component, the critical issue is whether subject's total assessed value is at current market value. Neither party examined subject's total valuation, which was a fundamental weakness in the parties' respective analyses.

Even setting aside subject's total valuation and focusing on the land, the Board did not find subject's land value unreasonable. With the lack of details concerning the improvements associated with the sales reported by Appellant, the Board was unable to extract improvement values from the respective sale prices, nor otherwise isolate or examine the values attributable to the sale lots. Respondent likewise did not provide any information regarding the improvements involved in the sales, but did remove assessed improvement values from the respective sale prices and applied adjustments to account for size variances compared to subject. The result was adjusted raw land prices from approximately \$130,000 to \$171,000. Subject's raw land value of \$133,613 is near the

bottom of the range indicated by the adjusted sale price data and not suggestive of over-assessment.

Appellant was also concerned with the \$39,000 rate for site improvements Respondent includes in the land assessments of all properties with utilities. More specifically, Appellant disagreed a uniform \$39,000 rate should be applied to all properties because the cost to install utilities can vary greatly depending on location and the specific attributes of a particular property. In Appellant's view, the \$39,000 figure does not accurately reflect the cost to install utilities for a lot located in the city, as the infrastructure for utilities is already in place and simply needs to be connected. Rural property owners, by contrast, would need to drill a well, install a septic system, and extend electrical services, which Appellant contended would be notably more costly. While the Board does not doubt Appellant's contention, we did not find error in Respondent's general methodology for assessing onsite improvements using a uniform rate, as discussed below.

As noted earlier, the relevant inquiry with respect to assessed values is whether the total valuation is at market level, not the allocation of that total value between the land and improvements. The same holds true when examining a property's assessed land value, which may also be comprised of several components. In the case at bar, Respondent's methodology is to identify a property's land value and assign \$39,000 of that value to the site improvements, which is intended to reflect the difference between a raw parcel with no utilities and a lot with utilities, which is well understood to command a premium in the marketplace, all other things being equal. Certainly, the specific value contribution attributable to site improvements may be debatable, but it is irrelevant in the

final analysis, provided the total assessed land value is at market. Here, subject's total land value is \$172,613, which would be the same regardless of whether the valuation of the onsite improvements was the old rate of \$13,000 or the new rate of \$39,000, because the total land value was determined through an analysis of recent sales of similar property. The \$39,000 is simply an allocation of the total land value to the site improvements, it is not something added to the land value. Respondent did not add \$26,000 increase to subject's land value from last year as believed by Appellant, but rather simply allocated a higher amount of subject's total land value to the onsite improvements. Subject's total land value is higher than last year due to upward price movement in the marketplace, not the increase in Respondent's uniform site improvement rate.

Pursuant to Idaho Code § 63-511, Appellant bears the burden of proving error in subject's valuation by a preponderance of the evidence. Given the record in this case, the Board did not find the burden of proof satisfied. Appellant did provide some sales information, but there were too few details regarding the associated improvements to make any meaningful comparisons with the subject property. A similar lack of details was observed with respect to Respondent's sales data, but Respondent used the limited information to develop a comparative analysis with adjustments made for differences in characteristics compared to the subject property. In all, Respondent's analysis was judged by the Board to represent the better indication of market value in this particular instance.

Given the above, 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 9<sup>th</sup> day of January, 2024.