

BEFORE THE IDAHO BOARD OF TAX APPEALS

JOSEPH AND AMANND A TUINSTRA,)	
)	
Appellants,)	APPEAL NO. 24-A-1109
)	
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. RP56N02W202440. The appeal concerns the 2024 tax year.

This matter came on for Zoom hearing November 19, 2024, before Board Member Leland Heinrich. Appellant Joseph Tuinstra 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 modified.

FINDINGS OF FACT

The assessed land value is \$200,424, and the improvements' value is \$470,220, totaling \$670,644. Appellants contend the correct total value is \$599,064.

The subject property is 5.0 acre parcel located in Sagle, Idaho. The property is improved with a 1,820 square foot residence, a 64 square foot shed, and a 3,000 square foot pole building which includes a 600 square foot accessory dwelling unit (ADU).

Appellants' primary concern was the change in the percentage of completion of the ADU. The completion amount was changed from 74% to 95% for 2024, but Appellants stated no work has been done on the ADU since 2022 so reasoned the completion percentage should not change. Appellants explained the ADU has bare insulation, no ceilings, concrete flooring, and no lighting. Appellants also shared that a plumbing leak caused by a faulty dishwasher created black mold in the ADU, so it is currently unlivable. Overall, Appellants argued a 95% complete building should look basically finished, and asserted such is not the case with subject.

Respondent stated a "percent complete matrix" associated with the county's assessment software was used to determine subject's completeness ratings. Respondent noted subject's primary residence is valued as 90% complete based on the facts the floor is bare plywood, and the residence is missing interior finish, trim, and doors. The percentage completion of the ADU, as mentioned above, is 95%, though Respondent did request a small change in value for the ADU "due to rental listing photos the appellants [sic] published on Facebook in 2023" which showed the laundry room does not have drywall, trim, or finishes. Additionally, corrections were made to the pole building's record sketch to more accurately reflect the ADU's living area and the building overall. Based on the changes, Respondent requested a "correction" in value from \$203,870 to \$201,510 for the ADU, lowering subject's total assessment to \$668,284.

Respondent provided three (3) sales analyses to support subject's assessment. The first analysis focused on the land value and included three (3) vacant land sales. Sale No. 1 was a 2.34 acre property located 4.59 miles from subject which sold for \$250,000 in October 2023. Respondent adjusted for site improvements, location, lot size, and land

grade, resulting in an adjusted price of \$192,338. Sale No. 2 was a 9.98 acre property located 5.03 miles from subject which sold for \$175,000 in July 2023. The adjusted price was \$181,086. Sale No. 3 was a 5.52 acre property located 6.77 miles from subject which sold for \$190,000 in October 2023. The adjusted price was \$174,744. In comparison, subject is a 5.0 acre property with a 2024 assessed land value, minus site improvements, of \$141,924.

Respondent's second analysis focused on the primary residence. Sale No. 1 was a 1,536 square foot residence built in 1995 which sold in September 2023 for \$640,000. Respondent removed land, site improvement, and other improvement values from the sale price, resulting in a residual price of \$268,149 for the residence. Respondent then adjusted for completion, condition, effective year, and living area. The adjusted price was \$267,482. Sale No. 2 was a 1,704 square foot residence built in 2009 which sold in October 2023 for \$490,000. The residual residence price was \$312,748, and the adjusted price was \$305,425. Sale No. 3 was a 1,736 square foot residence built in 2002 which sold in August 2023 for \$575,000. The residual price of the residence was \$258,734, and the adjusted price was \$282,690. In comparison, subject's residence is 1,820 square feet, was built in 2009, and is assessed at \$265,430.

Respondent's final analysis regarded the ADU. Sale No. 1 included a 900 square foot ADU built in 2009 which sold in May 2023 for \$497,500. Respondent removed land, site improvement, and other improvement values from the sale price, resulting in a residual price of \$233,886 for the ADU. Respondent then adjusted for completion, quality, effective year, living area, and garage area. The adjusted price was \$235,298. Sale No. 2 included an 836 square foot ADU built in 2010 which sold in October 2023 for \$499,000.

The residual price of the ADU was \$156,254, and the adjusted price was \$159,205. Subject's ADU is 600 square feet, was built in 2019, and is assessed at \$201,510.

Appellants argued Respondent's sale properties are situated along county-maintained roads, one (1) is double subject's lot size, and one (1) is a "secondary lakefront property." Subject, Appellants shared, is roughly one (1) mile off a county road, on the end of a "horrible" privately maintained road.

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, 2024, 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. There are three (3) approaches to value: 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.

Appellants did not utilize a traditional valuation analysis to support their opinion of subject's value. Appellants were primarily concerned with the 95% completion rating of the ADU, so instead focused on arguing the percentage rating should be reverted back to 74%. Appellants outlined issues with the ADU including black mold damage and a lack of insulation, lighting, and ceilings. No photos, cost to cure estimates, or any other information was provided.

The Board understands the ADU is not complete but disagrees the percentage should be lowered. Respondent described the county's routine practice of utilizing a matrix to determine completion percentage and provided the sheet used to determine the completeness of the subject ADU. With no market, photographic, or other evidence indicating error, there was no support to alter the ADU's completion rating, or its valuation, based on the limited information provided by Appellants.

Respondent supplied three (3) separate sales analyses to support the values of the land, primary residence, and ADU, respectively. The sales provided generally bracketed and supported the values of the respective components of subject's assessment, but the Board did have a few concerns. Only one (1) of the land sales closely approximated subject's acreage; the other two (2) were half and double subject's acreage, respectively. The sale ADUs were 50% larger than subject's ADU, though Respondent did adjust the residual prices.

The most glaring fault of Respondent's sales analyses, in the Board's view, is the reliance on an extraction methodology which removed assessed values of property

components in the analyses focusing on subject's improvements. There are inherent weaknesses in an extraction methodology, primarily the presumption the assessed values being extracted are accurate. And an extraction methodology is generally, in the Board's experience, not as reliable as a more straightforward analysis which compares properties fully to each other. Despite the Board's concerns, the information represented the only evidence of market value in the record.

Respondent requested the Board lower the valuation of the ADU to \$201,510 due to new information gained from rental listing photos posted online in 2023. The change reflects the fact that the laundry room does not have drywall, trim, or finishing, and considers the corrected pole building sketch. The Board agrees subject's valuation should be reduced to accurately reflect these characteristics.

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 not met in this instance. Appellants argued the ADU percentage of completion is incorrect in Respondent's records, but did not provide specific information which would demonstrate such. The Board will accept Respondent's amended valuation and modify subject's value accordingly.

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 \$668,284, with the value to be allocated as follows:

Land	\$141,924
Site Improvements	\$ 58,500
Outbuildings	\$ 920
Primary Residence	\$265,430
<u>ADU</u>	<u>\$201,510</u>
Total	\$668,284

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 that under certain circumstances the above-ordered value for the current tax year shall not be increased in the subsequent assessment year.

DATED this 16th day of January, 2025.