

BEFORE THE IDAHO BOARD OF TAX APPEALS

LIGHTHOUSE INVESTMENT PROPERTIES,	)	
LLC,	)	
	)	APPEAL NO. 23-A-1249
Appellant,	)	
	)	FINAL DECISION AND ORDER
v.	)	
	)	
BEAR LAKE COUNTY,	)	
	)	
Respondent.	)	
	)	

RESIDENTIAL PROPERTY APPEAL

This appeal is taken from a decision of the Bear Lake County Board of Equalization denying an appeal of the valuation for taxing purposes on property described by Parcel No. RP713000082030. The appeal concerns the 2023 tax year.

This matter came on for telephonic (Zoom) hearing October 17, 2023, before Hearing Officer Travis VanLith. Member Bryan Smith appeared at hearing for Appellant. Bear Lake County Assessor Jannelle Jensen 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 unimproved residential property.

The decision of the Bear Lake County Board of Equalization is reversed.

FINDINGS OF FACT

The assessed land value is \$194,646. Appellant contends the correct land value is \$179,000.

The subject property is a .51 acre vacant rural residential parcel located in The Reserve subdivision on the west side of Bear Lake near Fish Haven, Idaho. In addition to

views of the lake, the subdivision's amenities include a clubhouse, swimming pools, splash pad, gated access to the lake, and others. The development was characterized as a premier subdivision in the area.

Appellant purchased the subject lot from the subdivision's developer in September 2022 for \$179,000 in an arm's-length transaction. In Appellant's view, subject's purchase price is the market value of the property, and the 2023 assessed value should match. Subject's assessed value, however, is \$194,646, the same as all lots in the subdivision. Appellant argued it was inappropriate to assess every lot at the same value, as the lots vary in size, orientation, and view.

Appellant stressed sale prices in the subdivision varied widely, which demonstrates the market recognizes differences between the lots. In this regard, Appellant provided information on sixteen (16) vacant lot sales from the subdivision which transpired from late December 2021 to early September 2022. The sale lots varied in size from .50 to 1.35 acres, and in sale price from \$129,000 to \$220,000. Appellant pointed out all the sale prices above subject's purchase price of \$179,000 involved larger lots. For instance, the four (4) lots which sold for \$220,000 were .70, 1.09, 1.20, and 1.35 acres in size. Given that these lots sold for roughly \$40,000 more than the subject parcel, it was illogical in Appellant's opinion that they are assessed the same \$194,646 value as subject. Appellant maintained subject's purchase price, which occurred roughly three (3) months prior to the assessment date, was the property's market value and petitioned the Board to reduce the assessed value accordingly.

Respondent explained lots in subject's subdivision, as well as other subdivisions, are assessed on a site basis, rather than per-acre or per-square-foot. This is why subject's

valuation is the same as all other lots in the development. Respondent further shared that values in subject's subdivision were trended for the current assessment year based on the results of a ratio study analysis. In simple terms, the ratio study compared twenty-one (21) sale prices for properties from a handful of higher-end subdivisions which sold during 2022 to the respective assessed values of those properties. Sale prices stretched from \$139,000 to \$420,000. The analysis concluded vacant residential lot values were below market level. Therefore, vacant residential values were increased by roughly 57% for 2023.

Looking more closely at subject's valuation, Respondent focused on eleven (11) of the same sales offered by Appellant. The difference between the parties' sales groups was Respondent's exclusion of the four (4) sales which closed in December 2021, as well as subject's purchase. Respondent calculated an average sale price of \$200,000 and noted it was higher than subject's valuation of roughly \$195,000.

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 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 the differences in property characteristics between subject and the sale properties.

Though neither party developed a traditional sales comparison model, both parties offered numerous sales for the Board's consideration, which efforts were much appreciated. In total, sixteen (16) sales from subject's subdivision which occurred from December 2021 to September 2022 were provided. Lot sizes varied from .50 to 1.35 acres, and sale prices ranged from \$129,000 to \$220,000. Included in the data set was subject's September 2022 purchase for \$179,000.

Appellant questioned why all the sale lots, including subject, were assessed the same value of \$194,646. Respondent explained that, in an effort to treat all properties in the subdivision equitably, each lot was assessed a standard site value. While the general site value methodology is not uncommon in assessment, in the Board's experience the methodology is typically reserved for highly homogeneous subdivisions. In this particular case, however, the sales indicate notable differences exist between the lots in subject's subdivision, as evidenced by the wide variance in price, from a low of \$129,000 to a high of \$220,000.

In looking at the twelve (12) sales which occurred during 2022, it appears prices were lower the first half of the year, as none of the sale prices reached \$200,000. That trend appears to have shifted later in the year, as six (6) lots sold for at least \$200,000. And of these six (6) sale lots, four (4) exceeded one (1) acre in size, so were at least double the size of the subject lot. Though there are likely other factors, it appears from the raw sales data that size does have some influence on prices in subject's subdivision.

Most interesting, however, is subject's own purchase price. The \$179,000 sale price equates to a rate of \$8.06 per square foot, which is higher than any sale provided by both parties. The next closest prices were \$196,000, or \$7.63 per square foot, for a .59 acre lot, and \$159,000, or \$7.30 per square foot, for a .50 acre lot. Subject's assessed value of roughly \$195,000 equates to \$8.76 per square foot. This further separates subject from the 2022 sales, which have an average price rate of \$4.68 per square foot.

What was clear by examining the sales data is the marketplace recognizes differences in lots within subject's subdivision. Without more details about the sale lots, it is difficult to identify which specific characteristics are prioritized in the market, but size does appear to be a factor. In any event, subject's purchase price far exceeded every other sale price in the subdivision on a per-square-foot basis, and where it occurred later in the year when prices were highest, the Board did not find support for an even higher assessed value. There are simply no sales or other market data to support subject's assessment rate of \$8.76 per square foot.

Idaho Code § 63-511 places the burden on Appellant to establish subject's valuation is erroneous by a preponderance of the evidence. Given the record in this matter, the Board found the burden of proof satisfied. In this particular instance, with such

widely varying sale prices, the Board found subject's purchase price the best evidence of the property's market value, so will reduce the assessed value accordingly.

Based on the above, the decision of the Bear Lake County Board of Equalization is reversed.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Bear Lake County Board of Equalization concerning the subject parcel be, and the same hereby is, REVERSED, setting the assessed value at \$179,000.

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 Appellant.

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 29th day of February, 2024.