

BEFORE THE IDAHO BOARD OF TAX APPEALS

NORTH IDAHO INVESTMENTS, LLC,	)	
	)	
Appellant,	)	APPEAL NO. 24-A-1086
	)	
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. RP003560010130. The appeal concerns the 2024 tax year.

This matter came on for hearing October 3, 2024, in Sandpoint, Idaho, before Board Member Kenneth Nuhn. William Drumwright appeared at hearing for Appellant. 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 \$2,195,340, and the improvements' value is \$534,720, totaling \$2,730,060. Appellant contends the correct total value is \$94,979.

The subject property is a .82 acre residential parcel with 110 feet of waterfront on Lake Pend Oreille in the Ponder Point neighborhood north of Sandpoint, Idaho. The

property is improved with a 3,284 square foot three (3) story residence constructed in 1994. The property is further improved with a total of 3,482 square feet of garage space spread across several structures, 5,744 square feet of paving, a dock and boathouse, and two (2) small sheds.

Appellant's central concern was subject's current assessed value does not accurately reflect the serious issues which have plagued the property since Appellant's 1986 purchase. The most pressing issue in Appellant's view was the condition of the residence. Appellant explained the Northwest Energy Code standards in 1987 required plastic to be installed on the warm side of the insulation in the floors, ceilings, and walls. The plastic wrapping and inadequate ventilation caused a "thermos bottle effect" inside the residence because the moisture had nowhere to go. In addition to creating a condition ripe for toxic mold growth, the moisture has caused issues throughout the residence, including damage to most of the drywall and dry rot in the roof trusses. Appellant further noted the hard board siding, which was recalled years ago, is deteriorating.

Appellant has explored various remediation options over the years, but such efforts have not been fruitful. An October 2005 letter from a mold remediation company stated, "[t]he testing concludes that the home has toxic mold. Until the mold issues is [sic] remediated, the house is unsafe to inhabit. At this time the house is a dangerous health threat and should be evacuated." On the same theme, a September 2005 letter from a local contractor stated, "I unfortunately have to decline this opportunity, as it is my opinion that the cost to remediate all infected areas would exceed the structure value and I would recommend the dwelling be demolished." Appellant testified much of the residence is sealed off, with one (1) bedroom serving as the primary living space.

Appellant also shared the subject property suffered a major landslide in 1997. At the time, the Idaho Department of Lands and the Corps of Engineers declared the residence was in imminent danger and should be evacuated. Appellant further stated the Bureau of Disaster Services has opined the land is effectively useless without major stabilization, however, according to Appellant, nobody will guarantee a permanent fix. In Appellant's view, subject's current valuation does not accurately reflect the condition and stabilization issues affecting the property.

Respondent was generally aware of subject's issues, but did not appreciate the full extent of the difficulties until a recent inspection of the property. During the inspection Respondent detected a smell of mold emanating from the basement and observed several areas of dry rot and structural damage. Respondent maintained the other structures were accurately assessed, however, recommended reducing the condition rating of the residence from "average" to "poor" and the combined value of the improvements from \$534,720 to \$251,880.

Respondent's inspection also revealed the extent of the stability issues caused by the landslide and the scope of the excavation work needed to remedy the problem. As a result, Respondent recommended subject's land grade be reduced from "good" to "average" to be more consistent with other "average" grade lots in the neighborhood, which Respondent described as generally steep and also require excavation work to create easy access to the lake. Reducing the land grade would reduce subject's assessed land value from \$2,195,340 to \$911,640.

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.

Appellant detailed numerous condition issues plaguing subject's residence, as well as general stability problems with the lot resulting from a major landslide. Respondent agreed the property suffers serious issues with both the residence and the land so recommended lowering the respective condition and land grade ratings and reducing

subject's total assessed value accordingly. The Board concurs. Subject's various issues were well-documented with photographs and third-party reports, so in the Board's view, a reduction is warranted.

Pursuant to Idaho Code § 63-511, Appellant bears the burden of establishing error in subject's valuation by a preponderance of the evidence. Though the Board found subject's assessed value erroneous, no support was offered for Appellant's value claim of roughly \$95,000. As such, the Board will reduce subject's assessed value as recommended by Respondent. The decision of the Bonner County Board of Equalization is modified 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 in total value to \$1,163,520, with \$251,880 attributable to the improvements and \$911,640 to the land.

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 23rd day of December, 2024.