

BEFORE THE IDAHO BOARD OF TAX APPEALS

5080 MOUNTAIN HOME, LLC,	)	
	)	
Appellant,	)	APPEAL NO. 25-A-1016
	)	
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. RP045360000010. The appeal concerns the 2025 tax year.

This matter came on for hearing September 30, 2025, in Sandpoint, Idaho, before Board Member Kenneth Nuhn. Managing Member Christopher Bell 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 \$1,268,670, and the improvements' value is \$2,088,560, totaling \$3,357,230. Appellant contends the correct land value is \$397,641, and the improvements' value is \$2,088,560, totaling \$2,486,201.

The subject property is a 1.23 acre residential parcel located in the Spires Crystal subdivision on Schweitzer Mountain in Sandpoint, Idaho, with ski-in, ski-out access to the resort's ski trails. The property is improved with a three (3) story, two (2) bedroom, three and one-half (3½) bathroom residence with an attached garage constructed in 2024. Of the residence's 3,314 total square feet, 2,897 square feet are finished.

Appellant's chief concern was subject's \$1,268,670 land value, as the assessed value of the residence closely approximated the actual construction costs. In this regard, Appellant detailed a couple attributes argued to negatively impact subject's market value. According to Appellant, approximately 25% of the subject lot is encumbered by a stormwater retention easement for the benefit of the subdivision. Appellant additionally shared there is a ski trail easement running through subject and the adjacent vacant lot also owned by Appellant, as well as a trail access area across the bottom portion of subject. In all, Appellant estimated roughly one-half (½) of subject's acreage is restricted and incapable of being further developed.

In support of a lower land valuation, Appellant first referenced the assessment of the adjacent .51 acre vacant parcel Appellant also owns. It was explained the adjacent parcel was initially assessed at approximately \$750,000 for 2025, but the value was reduced to \$397,241 by the Bonner County Board of Equalization. After removing the above-referenced encumbered areas from subject's total acreage, Appellant noted the adjacent parcel is nearly the same size. As such, Appellant reasoned subject's land value should closely approximate the value of the adjacent parcel.

Appellant additionally provided information on three (3) sales located on the mountain, though details were limited to square footage, sale price, and listing history. Sale No. 1 was a 2,052 square foot townhouse which sold for \$2,495,000 in August 2024. Sale No. 2 concerned a 1,910 square foot condominium unit with a September 2024 sale price of \$1,300,000. Sale No. 3 was the May 2024 purchase of a 2,168 square foot condominium for \$1,235,000. Appellant calculated an average sale price of \$1,676,667 and contended subject's assessed value of \$3,357,230 was excessive by comparison.

In a related analysis, Appellant added the recent sale of the property neighboring subject to the three (3) above sales. Appellant shared the neighboring property was improved with 2,612 square foot four (4) bedroom, four (4) bathroom residence. Appellant noted the lower level was unfinished, so there is an opportunity to increase the amount of finished living space. This property sold for \$3,860,000 in February 2024. After adding this sale to the data set, Appellant calculated an average sale price of \$2,222,500, which again exceeded subject's assessed value.

Lastly, Appellant provided price and date information on four (4) vacant lot sales from the area which occurred during 2024. Sale prices ranged from \$242,000 to \$600,000, with an average price of \$425,500. Appellant also provided current assessed land values for the referenced lot sales, which ranged from \$223,458 to \$522,611, with an average of \$397,641. Appellant petitioned subject's land value be reduced to the \$397,641 figure.

Respondent offered two (2) improved sales from the immediate neighborhood in support of subject's current valuation. Sale No. 1 was the same February 2024

purchase of the neighboring property for \$3,860,000 referenced earlier by Appellant. The property is a .58 acre lot improved with a 2,612 square foot residence constructed in 2023. Sale No. 2 concerned a .49 acre parcel improved with a 5,029 square foot residence which sold for \$3,477,500 in April 2023. Respondent compared the sale properties to subject and made adjustments for differences in square footage, construction quality, age, and garage size. Respondent additionally removed \$100,000 in personal property from the price of Sale No. 1, because the transaction included furnishings, and applied a 2.65% per month time adjustment to Sale No. 2 to bring the sale price forward to January 1, 2025. Respondent calculated respective adjusted sale prices of \$4,300,005 and \$3,716,806, and argued subject's lower assessed value was reasonable by comparison.

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, 2025, 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). Residential property is commonly valued using the sales comparison approach, which in basic terms compares recent sales of similar properties to the subject property, with adjustments made for differences in relevant characteristics.

Appellant disagreed with subject's land value and contended there was no market support for the roughly \$1,270,000 figure. In this regard, Appellant provided price and assessment information on four (4) vacant lot sales which occurred during 2024. Appellant reported an average sale price of \$425,500 and an average assessed value for those sale properties of \$397,641. While the Board appreciated Appellant's efforts to share recent sales data, there were concerns with the accompanying analysis. First, no details concerning the vacant sale lots were provided, such as size, location, topography, or other relevant characteristics. Without details such as these, it is not possible to make any meaningful comparisons to the subject property. Second, it was curious to the Board that Appellant's analysis ultimately relied on the average assessed value of the four (4) sale lots, not the actual sale prices or average price rate. It is well understood a comparison of assessed values is not a recognized appraisal approach and is not considered the best indicator of current market value. Accordingly, little weight was afforded Appellant's comparative analysis.

The Board was likewise not persuaded subject's land value should match the assessed value of Appellant's adjacent vacant lot. Not only is a comparison of assessed values not a recognized appraisal approach, but the subject property is improved, so it is an entirely different class of property than a vacant lot. This is particularly true in mountainside locations like subject's where considerable preparation work, including geo-engineering, is necessary to identify and create a suitable building site. All the necessary site preparation work and associated costs have already been taken care of on the subject property, so it would be improper to compare it to a raw unimproved parcel that, in its current state, cannot readily support residential development. In short, the subject parcel is not comparable to the adjacent vacant lot so it would be inappropriate to assess them the same.

Appellant also offered an analysis focused on subject's total assessed value. This analysis included three (3) sales which transpired during 2024, with sale prices from \$1,235,000 to \$2,495,000. Though Appellant's analysis was based on sales, the sale properties were not comparable to subject. In addition to having notably more finished living area, subject is improved with a single-family residence, whereas the sales consisted of one (1) townhouse and two (2) condominiums. These are different property types and compete for different buyers in the marketplace. Using sales of townhouse and condominium properties to estimate the market value of a single-family residential property would be inappropriate and inconsistent with accepted appraisal techniques.

Respondent's methodology, where it utilized two (2) sales of single-family residential properties to evaluate subject on a whole property basis, was generally

better received by the Board. There were, however, some concerns with aspects of the analysis. First, both sale residences had superior construction quality ratings and the lots were less than one-half ($\frac{1}{2}$) the size of subject's lot. Also, the residence connected with Sale No. 2 was considerably larger, which necessitated a downward adjustment of \$1,236,412, or roughly 35% of the sale price. Though there were some obvious dissimilarities, such is not surprising given the wide diversity in improvement types typically found in a ski resort community like subject's. Notably, Respondent's sales model utilized sales of single-family residential properties in subject's immediate neighborhood, whereas Appellant's sales analysis relied on sales of different property types located in other areas of the mountain.

The other primary concern with Respondent's valuation model was with the aggressive 34.44% annual time adjustment applied to Sale No. 2. According to Respondent, the time adjustment was determined by comparing a 2023 vacant lot sale for \$180,000 to the sale of a different lot which sold for \$242,000 in 2024. No details concerning the two (2) lots were provided, not even size or location, but Respondent regarded the lots as similar to one another. Even if the lots are comparable to each other, there is no indication either lot is similar to subject or to a typical lot in subject's mountainside neighborhood. The dissimilarity is evident by the sale prices themselves, which are only a fraction of subject's land value. Lastly, Respondent's time adjustment amount was approximately \$737,000, or nearly 20% of the sale price, which represents a significant adjustment. In short, the Board was reluctant to place much emphasis on a time adjustment factor developed through a

single comparison of two (2) different lots characterized as generally comparable to each other.

Despite the above concerns, Respondent's sales model was generally consistent with accepted appraisal techniques. And importantly, the analysis focused on sales of the same property type located in subject's immediate neighborhood. That being said, some of the adjustments in the model were rather aggressive despite limited support, which led to somewhat inflated adjusted sale prices. Using more moderate adjustments would reduce the ultimate value conclusion, which the Board views as reasonable in this instance, particularly given the limited amount of relevant sales data.

Idaho Code § 63-511 places the burden on Appellant to establish subject's valuation is erroneous by a preponderance of the evidence. While there was insufficient support for the value petitioned by Appellant, the Board did find support for a lower valuation. Accordingly, the decision of the Bonner County Board of Equalization is modified to reflect a decrease in subject's assessed value to \$3,151,560.

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 assessed value to \$3,151,560, with \$2,088,560 attributable to the improvements and \$1,063,000 (includes site improvements) 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 12th day of December, 2025.