

BEFORE THE IDAHO BOARD OF TAX APPEALS

DALE AND ROSE JOHNSON,	)	
	)	
Appellants,	)	APPEAL NO. 24-A-1134
	)	
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. RP01355000010. The appeal concerns the 2024 tax year.

This matter came on for hearing October 3, 2024, in Sandpoint, Idaho, before Board Member Kenneth Nuhn. Appellants Dale and Rose Johnson were 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 rural residential property.

The decision of the Bonner County Board of Equalization is affirmed.

FINDINGS OF FACT

The assessed land value is \$282,776, and the improvements' value is \$156,988, totaling \$439,764. Appellants contend the correct land value is \$300,000 and the improvements' value is \$25,000, totaling \$325,000.

The subject property is a 5.14 acre parcel located in Athol, Idaho, improved with a 2,280 square foot manufactured home, a 440 square foot unattached garage built in 2007, a 120 square foot shed, and a 200 square foot lean-to.

Appellants shared that in 2004, the subject manufactured home was in a vehicle accident while being moved, which caused significant damage. The damage was repaired, but the home could not meet HUD requirements or be deemed real property. According to Appellants, the company which owned the manufactured home at the time falsified documents to conceal the damage and subsequent removal of HUD labels from Bonner County to have the home reclassified as real property.

Appellants purchased the subject property, including the manufactured home, in 2012 but did not learn about the history detailed above until 2020, and in the same year informed the Bonner County Assessor of the issues. Appellants stated that despite being aware of the defects in subject's record, the assessor has not addressed the fraudulent documentation or subject's assessment, which Appellants view as inflated due to the incorrect record. In Appellants' opinion, the manufactured home should be assessed as personal property, and the false documents in the property record should be removed.

In support of classifying the home as personal instead of real property, Appellants supplied a 2022 letter from a realtor opining "Bonner County should not have declared the structure real property and should have rejected [the original owner's] incomplete documentation." The letter further noted the lender, title company, and homeowner's insurance company should also have caught the defects in documentation, but it was missed at every level.

Appellants additionally claimed the home is a “salvage structure” and does not have any value. In support of this, Appellants shared a 2020 letter from the Institute for Building Technology and Safety which stated subject cannot be considered an HUD home due to the wreck damage and a 2020 email from the Idaho Department of Building Safety (now the Division of Occupational and Professional Licenses) stating “manufactured homes that have been salvaged are no longer compliant with HUD standards, and may not be used for occupancy.”

Appellants then shared a market evaluation from a realtor which opined subject could be listed on the market for around \$290,000, for the land only, without considering the cost to remove the home. Appellants did not provide supporting documentation but estimated it would cost roughly \$20,000 to \$30,000 to remove the home, then approximately \$300,000 to replace it with a similarly sized manufactured home.

Last, Appellants provided an exterior inspection report dated September 2024. The report concluded that the home “did not qualify for registration by Bonner county [sic] as Real Property” and “the home is seriously damaged to the point that any value in the home would have been seriously diminished by the damage.” In addition to the inspection, Appellants shared the home has mold and twisted beams in the same location the wreck occurred.

Respondent shared subject’s manufactured home has been on the tax rolls as real property since 2007. According to Respondent, Appellants would need to fill out a “Reversal of Manufactured Home to Real Property” form in order to change the home’s classification back to personal property. Respondent explained a county official signed the form in June 2024 and supplied Appellants a list of items needed to submit to the

Department of Motor Vehicles (DMV) to complete the process—i.e. the items needed to convert subject to a titled property with Idaho Transportation Department. Respondent stated Appellants have not completed the titling process with the DMV, so the home's classification cannot be altered.

Appellants argued no form should be required because the initial declaration to classify the manufactured home as real property was based on fraud and should be changed now that the falsity of the documents has come to light. Respondent maintained Appellants need to follow the county's process to change the property record, as neither the assessor or clerk has the power to alter a property's record without a court order, and cannot change the property's classification without the proper DMV-submitted paperwork discussed above. Respondent also noted manufactured homes built prior to 2006 were exempt from being labeled as "salvage." Additionally, Respondent emphasized all property is subject to valuation and taxation per Idaho Code Section 63-203, so subject will have an assessed value whether it is real or personal property.

To support subject's current assessment, Respondent provided information on three (3) manufactured home sales. All sale homes were of average construction quality and in good condition, where subject's home has the same good construction quality rating but is in average condition. Sale No. 1 was a 1,296 square foot manufactured home built in 2008 which sold in October 2023. Respondent extracted a dwelling value of \$194,998 from the \$350,000 sale price, then made adjustments for condition and living area, resulting in an adjusted sale price of \$214,140 for the manufactured home. Sale No. 2 was a 1,296 square foot manufactured home built in 2005 which sold in October 2023. Respondent extracted a dwelling value of \$131,863 from the \$346,000 sale price. The

adjusted manufactured home price was \$144,647. Sale No. 3 was a 1,782 square foot manufactured home built in 2004 which sold in August 2023. Respondent extracted a dwelling value of \$144,459 from the \$440,000 sale price, and the adjusted manufactured home price was \$133,001.

In comparison, subject is a 2,280 square foot manufactured home with an effective build year of 2006¹, and its 2024 assessment is \$127,228. Respondent asserted the range of values indicated in the sales analysis substantiate subject's current valuation. Appellants suggested it was likely the comparable sales were all HUD-compliant manufactured homes which had never been wrecked. Respondent acknowledged subject has some wear and tear, but contended any present damage is not atypical for a roughly twenty (20) year old manufactured home.

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,

¹ It was unclear to the Board exactly what year the home was built. Presumably, original construction was completed sometime in 2004, the year the wreck occurred, and repairs were finished in 2006, the year the home was placed on the subject parcel and declared real property.

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 were primarily concerned that fraudulent records were being relied on to value subject's manufactured home, so did not provide any traditional valuation analyses. Instead, Appellants' presentation focused on attempting to prove subject's home should be categorized as personal property and that any documentation which was submitted to convert subject's manufactured home to real property should be expunged from the county's record of the property.

The Board recognizes the uniqueness and frustrations of Appellants' situation, but much of Appellants' grievances and petitioned relief fall outside the Board's jurisdiction, which is limited to determining subject's market value. The Board does not have the authority to convert subject's manufactured home back to personal property, though Appellants have been instructed on how to do so.

The process to revise the property's record has also been outlined by Respondent, and the Board likewise has no authority to order the removal of documents. Most importantly, though, it is clear to the Board subject has value, as it continues to be

inhabited and utilized by Appellants as their primary dwelling. And all property in Idaho must be assessed at market value. See Idaho Code § 63-205.

Respondent provided a sales analysis which included three (3) manufactured homes. Respondent extracted adjusted home values of \$214,140, \$144,647, and \$133,001, respectively. Where subject's manufactured home is assessed at \$127,228, Respondent argued the valuation is reasonable and supported by recent sales. It was not clear in the record how Respondent extracted the manufactured home prices from the full sale prices. Generally speaking, however, an extraction methodology is, in the Board's experience, not as reliable as a more straightforward analysis which compares properties fully to each other. Parcel sizes and specifications of other improvements on the sale properties were also unclear. Despite the Board's concerns, the information represented the only evidence of market value.

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. The Board is sympathetic to Appellants' unique situation, but there was no market evidence in the record which would support a conclusion subject is overvalued. While the Board had some concerns with Respondent's extraction methodology, the information was the only market data in the record. Consequently, the Board will affirm the decision of the Bonner County Board of Equalization.

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 23rd day of December, 2024.