

BEFORE THE IDAHO BOARD OF TAX APPEALS

STEVEN AND LORI YOB,	)	
	)	
Appellants,	)	APPEAL NOS. 25-A-1101,
	)	25-A-1102, and 25-A-1103
v.	)	
	)	FINAL DECISION AND ORDER
BONNER COUNTY,	)	
	)	
Respondent.	)	
	)	
_____	)	

RESIDENTIAL PROPERTY APPEAL

These appeals are taken from decisions of the Bonner County Board of Equalization denying appeals of the valuations for taxing purposes on properties described by Parcel Nos. RP00071012004D, RP00071012005A, and RP00071012006A. The appeals concern the 2025 tax year.

These matters came on for hearing October 1, 2025, in Sandpoint, Idaho, before Board Member Kenneth Nuhn. Appellants Steven and Lori Yob 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 values of three (3) adjacent residential parcels.

The decisions of the Bonner County Board of Equalization are affirmed and modified.

FINDINGS OF FACT

Parcel No. RP00071012004D (Appeal No. 25-A-1101)

The assessed land value is \$79,374. Appellants contend the correct land value is \$50,000.

This subject property is a .137 acre unimproved residential lot located in Coolin, Idaho. For purposes of this decision, this subject parcel will be referred to as “Lot 4.”

Parcel No. RP00071012005A (Appeal No. 25-A-1102)

The assessed land value is \$79,374. Appellants contend the correct land value is \$50,000.

This subject property is also a .137 acre unimproved residential lot. This property, hereinafter “Lot 5,” sits between the above Lot 4 and the below Lot 6.

Parcel No. RP00071012006A (Appeal No. 25-A-1103)

The assessed land value is \$118,374. Appellants contend the correct land value is \$50,000.

This subject property is a .137 acre residential lot. A mobile home situated on the parcel is assessed separately. This property will be referred to as “Lot 6.”

Appellants purchased Lot 6 in 1996 and later purchased adjacent Lots 4 and 5 in 2004. At some point thereafter, in an effort to streamline paperwork, Appellants requested the three (3) lots be “combined” for purposes of assessment and appear on a single assessment notice as a .414 acre parcel. This valuation treatment remained in place for a number of years until Appellants requested in July 2024 the parcels be “split” into three (3) distinct properties, each with its own assessment notice. Appellants explained the request to separate the subject lots was at the behest of Idaho Power because electricity was being provided to each lot. Respondent honored Appellants’ request and separately valued each subject parcel as a stand-alone .137 acre residential lot instead of a single .414 acre parcel, which caused the combined value to increase from roughly \$142,000 to \$277,000. Appellants stressed the intent

behind the request to separate the parcels was simply so each subject parcel would receive its own assessment notice, not to change how the properties were assessed or the valuations. Respondent shared that in years past the assessor's office had a policy to "combine" adjacent parcels with common ownership into a single property for purposes of assessment when requested by the property owner. That policy, however, is no longer in effect, meaning the assessor's office will not combine parcels for assessment purposes.

Regardless of whether the subject lots should be combined, Appellants contended the land values were too high and unsupported by the market. Of particular concern was that Lots 4 and 5 are unable to connect to sewer services due to a moratorium on new hookups issued by the Coolin Sewer District in October 2021. Initially, the moratorium was not expected to affect existing Local Improvement District (LID) members, which refers to owners who had already paid connection fees. Appellants also provided a December 2024 letter from the Idaho Department of Environmental Quality (DEQ) disapproving a request from a property owner in the area to connect to the sewer system. The letter stated,

The Wastewater Facility Plan dated July 15, 2024, concludes the existing wastewater system does not have sufficient capacity to support the existing number of connections, and it outlines a capital improvement plan necessary to bring the system into compliance with the Rules. Until such time as the wastewater facilities can support the proposed number of connections, DEQ cannot consider approving any new facilities that increase flows and potentially overload the existing system design.

In its regular meeting on June 4, 2025, the Coolin Sewer District Board of Directors inquired if the DEQ would allow LID connections only and was informed by a DEQ representative that, "... [any such connection request] submitted to DEQ within

the District would assumably be denied until improvements [to the system] are made.” Appellants stressed that despite being LID members, subject Lots 4 and 5 cannot be connected to the sewer system, thereby rendering the parcels unbuildable and greatly diminishing the market values.

Appellants additionally argued insufficient consideration was given to the road fronting the subject parcels. According to Appellants, the narrow roadway was in poor condition and had never been graded or graveled by the county. In Appellants’ view, the road negatively affected subjects’ values in the marketplace. Respondent stated that according to its records, the roadway in question is a county-maintained road so insisted no special consideration was warranted.

Lastly, Appellants contended recent sales activity did not support subjects’ current assessed values. Though details were limited, reference was made to the sale of a 2.5 acre parcel for \$265,000, or roughly \$106,000 per acre, which occurred sometime in 2025. By contrast, Appellants highlighted subject Lots 4 and 5 were assessed at approximately \$580,000 per acre, and Lot 6 was valued at nearly \$865,000 per acre. Utilizing the referenced \$106,000 per acre price rate, Appellants calculated a value of \$14,522 for each subject lot.

Respondent explained land values in subjects’ neighborhood were established for the 2023 assessment year based on sales from 2022, and those same values have carried forward to the current 2025 year because there were no sales in 2023 and 2024 to support adjusting values. Respondent noted the subject lots were assessed as a single .414 acre parcel for 2024 but were assessed as three (3) discrete .137 acre parcels for 2025 following Appellants’ request to separate the parcels. Applying

the same land tables developed in 2023 to the subject lots, Respondent determined a land value of \$79,374 for each subject lot. For Lot 6, Respondent added its standard \$39,000 rate for onsite improvements because Lot 6 is connected to water, electrical, and sewer services, bringing the total assessed value to \$118,374. Respondent explained its land value tables are based on square footage, wherein the per-square-foot rate decreases as the size of the parcel increases. Respondent stressed the subject lots were valued at a higher rate per square foot for 2025 because they were assessed as notably smaller parcels than in prior years. To demonstrate consistency and equity, Respondent shared that all .137 acre parcels in subjects' immediate neighborhood are also assessed at \$79,374.

In response to Appellants' concerns regarding the moratorium preventing Lots 4 and 5 from connecting to the sewer system, Respondent contended no adjustment was necessary because no site improvements were included in the valuations. Respondent pointed out the \$39,000 onsite value included in the valuation of Lot 6 was not included in the assessment of Lots 4 and 5 due to the lack of sewer service. In Respondent's view, subjects' valuations are reasonable and should remain undisturbed.

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. 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 develop a traditional sales comparison model but did make reference to a sale which occurred in 2025. According to Appellants, the sale concerned a 2.5 acre parcel with a \$265,000, or roughly \$106,000 per acre, purchase price. In Appellants’ opinion, subjects’ current valuations should more closely approximate the referenced sale price instead of the nearly \$580,000 per acre rate applied to subject Lots 4 and 5, and the roughly \$865,000 per acre rate applied to Lot 6. Though Appellants’ position is understandable, there are concerns with the analysis. First, the referenced sale reportedly occurred sometime during 2025. Developing an estimate of value as of the date of valuation, which is January 1, 2025, in this case, necessarily requires consideration of sales and market data from prior to

such date because information from beyond the date of valuation is not known or knowable to market participants at the time. In short, the sale referenced by Appellants was untimely for purposes of establishing subjects' values on January 1.

Even if the referenced sale was timely, no details regarding the sale property were shared other than its 2.5 acre size, so no meaningful comparisons could be made with the subject properties. Also, the size of the sale lot is problematic on its own because, at only .137 acres each, the subject lots are only a fraction of the size. Aside from being residential properties, similarities between the subject lots and the referenced sale parcel were not apparent. Given these concerns, the Board afforded no weight to the sale offered by Appellants.

Respondent explained its land value table for subjects' neighborhood was updated in 2023, based on sales activity during 2022. The same land value table was carried forward to the current 2025 assessment year because there were no sales during the last two (2) years to support modifications to the table. Respondent further explained the reason subjects' land values increased was because the lots were assessed as three (3) individual .137 acre parcels instead of a single .414 acre parcel, as assessed in prior years. As smaller parcels, the subject properties were assessed at a higher per-square-foot rate than if treated as a larger single parcel, which is not surprising in the Board's experience. Economies of scale naturally suggest that as the size of a property increases, the value per-acre or per-square-foot decreases. Here, Appellants requested the subject lots be treated individually for assessment purposes, so they were assessed as individual .137 acre lots, which carries a higher per-square-

foot rate. In short, the Board found no error with Respondent's general valuation methodology.

Though Respondent's valuation of subjects as three (3) stand-alone parcels was appropriate, the Board was concerned with lack of consideration given for the moratorium on additional sewer connections which prevents subject Lots 4 and 5 from obtaining sewer service. Respondent argued no adjustment was necessary for the lack of available sewer service because no site improvement values were included in the assessments of Lots 4 and 5. The Board disagrees. The issue is not that Lots 4 and 5 have not yet been connected to sewer service, but that Lots 4 and 5 are unable connect to the system at all until certain capital improvements are made to increase the system's capacity. The lack of sewer service means subject Lots 4 and 5 are effectively unbuildable and unsuitable for single-family residential use. The lots are not sites they are raw land. As such, they do not fit into Respondent's land value table, which was developed for typical unrestricted residential lots, not properties encumbered with strict development restrictions. The inability to develop Lots 4 and 5 undoubtedly reduces their marketability and diminishes their respective market values. In the Board's view, consideration should have been given for the unavailability of sewer service to Lots 4 and 5.

Appellants additionally contended the condition of the roadway fronting the subject lots negatively impacted the market values. While a difficult access road could potentially affect a property's market value, Appellants did not share any photographs of the road. Instead, Appellants just generally described the road as being in poor condition. According to Respondent, however, the roadway in question is a county

road, which means the county has maintenance responsibilities, even if such maintenance falls short of the standard expected by Appellants. The fact remains the road provides adequate access to the subject lots, and without sales or other market data indicating an adjustment is warranted, there is no basis to reduce subjects' valuations on account of the road.

Idaho Code § 63-511 places the burden on Appellants 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 but did not find sufficient support for the values petitioned by Appellants. Due to the lack of available sewer service to subject Lots 4 and 5, the lots cannot be developed into functional residential parcels, which certainly diminishes their value in the marketplace. As such, the Board will reduce the valuations of Lots 4 and 5 to \$50,000 each. However, because Lot 6 is not similarly restricted, no adjustment is warranted.

The decision of the Bonner County Board of Equalization concerning subject Lot 6 is affirmed, and the decisions concerning Lots 4 and 5 are modified.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decisions of the Bonner County Board of Equalization concerning the subject parcels be, and the same hereby are, AFFIRMED and MODIFIED, as detailed below:

<u>Appeal No.</u>	<u>Parcel No.</u>	<u>Decision</u>	<u>BTA Value</u>
25-A-1101	RP00071012004D (Lot 4)	Modified	\$50,000
25-A-1102	RP00071012005A (Lot 5)	Modified	\$50,000
25-A-1103	RP00071012006A (Lot 6)	Affirmed	\$118,374

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 5th day of January, 2026.