

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEAL OF CHRIS ) APPEAL NO. 13-A-1083  
AND JOYA BLAIR from a decision of the Bonner )  
County Board of Equalization for tax year 2013. ) FINAL DECISION  
) AND ORDER

**RESIDENTIAL PROPERTY APPEAL**

THIS MATTER came on for hearing October 16, 2013, in Sandpoint, Idaho before Hearing Officer Travis VanLith. Board Members David Kinghorn, Linda Pike and Leland Heinrich participated in this decision. Appellants Chris and Joya Blair appeared at hearing. Assessor Jerry Clemons, Chief Deputy Appraiser Ken Bocksch, and Appraisers Holli Hodge and Sue Brooks appeared for Respondent Bonner County. This appeal is taken from a decision of the Bonner County Board of Equalization (BOE) denying the protest of valuation for taxing purposes of property described by Parcel No. RPS02280040160A.

**The issue on appeal is the market value of an improved residential property.**

**The decision of the Bonner County Board of Equalization is reversed.**

FINDINGS OF FACT

The assessed land value is \$71,846, and the improvements' valuation is \$303,610, totaling \$375,456. Appellants request the improvements' value be reduced to \$238,080 (residence \$220,620 + garage \$17,460), with no change to the land value, totaling \$309,926.

The subject property is a .25 acre lot located in South Sandpoint, Idaho. The parcel is improved with a 3,232 square foot residence built in 2005. To the subject residence, Respondent assigned a construction grade rating of "A+" and a condition rating of "average".

Appellants purchased subject in May 2013 for \$299,600 in a short sale transaction. Respondent did not include the purchase in its analysis because it took place in 2013, after the statutory assessment date. Further, according to Respondent, distressed sales played a limited role in subject's market during 2012.

Appellants contested the sales used by Respondent, as some were nearly half the size of subject and had amenities subject was lacking. According to Appellants, the smaller residences skewed the price per foot, i.e. the unit of comparison, upward. Appellants also pointed out a possible discrepancy in Respondents presentation; it was suggested the price per square foot numbers used by the County were inclusive of land, not just the price per square foot of the improvements as Respondent suggested. Appellants found it hard to find similarities between Respondent's sales and the subject.

Appellants provided information on two (2) 2012 sales to compare with subject. The first sale was located three (3) houses away from subject. This property sold in February 2012 for \$324,000 and had a 2012 assessed value of \$322,276. Appellants detailed the similarities and differences of this property versus subject. It was stated that both properties had identical hardwood, trim, framed windows, french doors and that there was only a 23 square foot size difference between the residences. It was noted the garage on the sale property was larger than subject's.

The second sale was also located on the same street as subject. This property sold in August 2012 for \$225,000. The property's residence and subject's residence were built by the same builder. However, Appellants noted the quality was not as good as that

associated with subject's residence.

Respondent noted Appellants' appraisal provided before the BOE used two (2) 2013 sales, one (1) active listing, and one (1) sale which was inferior to subject, to compare with subject. The last sale used was similar in construction quality, however, was a distressed sale associated with a divorce settlement. The appraisal's value opinion was reported as \$302,000.

Respondent presented information on six (6) improved sales, all of which had a construction grade of "A+" and condition rating of "average", like subject. The sale properties had residences with 1,312 to 4,772 square feet. Sale prices were between \$200,000 and \$595,000, which demonstrated a price per square foot range of \$84.70 to \$167.02, after land values were removed. The County suggested these sale properties were most similar to subject in grade and condition. Subject's residence assessment reflected a rate of \$88.54 after removing the garage, land and site improvements values.

#### CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value, or as applicable exempt status. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

For purposes of taxation, Idaho Code § 63-205 generally requires taxable property be assessed annually based on its market value on January 1 of the applicable tax year;

January 1, 2013 in the current case. Market value is defined in Code § 63-201 as,

“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.

Appellants’ actual purchase of the subject in May 2013 for \$299,000 is factual evidence that became evidence after the January 1, 2013 effective date of valuation. Recent sales information, as of the date of valuation, is considered in a market value appraisal. Where subject’s sale was not recent to the appraisal/assessment date, the information was not considered further in this decision.

Both parties provided the Board with timely market data. Appellants provided information on two (2) sales located on subject’s street. Appellants had first hand knowledge of the property located three (3) houses down from subject and testified to the quality and finishes being similar to subject. This same-neighborhood property sold in February 2012 for \$324,000. Appellants noted the biggest difference was the sale property had a larger garage than subject, otherwise it was said to be very similar. The second sale sold in September 2012 for \$225,000. This sale property was noted, by both parties, to have inferior finishes versus subject’s.

Respondent offered six (6) sales in support of subject’s assessment. Sale price rates were between \$84.70 to \$167.02 per square foot, after assessed land values were removed. The sale residences were graded like subject with an “A+”, and all were considered in “average” condition. The sale residences had between 1,312 and 4,772

square feet.

Some of Respondent's sales involved residences that are one-half the size of subject's or that were quite a bit larger than subject's. As noted by Appellants, the smaller-sized residences effectively increased the average price per square foot of the data set. Sizeable adjustments are indicated to fairly compare the smaller or larger sales with subject. The size disparity was concerning to the Board.

While Respondents goal was to only compare improvements of like quality and grade, no specific appraisal adjustments were made for differences between the sale properties and the subject property. Neither party agreed with the other's comparable sale selections. The Board finds Appellants made a strong case for comparing subject to a neighboring property. Appellants were able to describe and address the differences between this sale property and the subject. Taking all the evidence into consideration, the Board finds subject's assessed value is more likely than not higher than its fair market value.

Based on the evidence in record, the Board is satisfied Appellants proved error in subject's assessed value by a preponderance of the evidence, as required by Idaho Code § 63-511(4). Accordingly, the Board will reverse the decision of the Bonner County Board of Equalization and lower subject's market valuation to \$309,926.

#### 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, REVERSED as follows.

Main improvements' value decreased to	\$220,620
Land & garage value no change at	<u>\$89,306</u>
Subject's total market value	\$309,926

IT IS FURTHER ORDERED that 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.

DATED this 14<sup>th</sup> day of January, 2014.