

BEFORE THE IDAHO BOARD OF TAX APPEALS

DEAN FIEDLER,)	
)	
Appellant,)	APPEAL NO. 15-A-1095
)	
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 modifying the protest of valuation for taxing purposes of property described by Parcel No. RP054040000450A. The appeal concerns the 2015 tax year.

This matter came on for hearing October 6, 2015 in Sandpoint, Idaho before Board Member David Kinghorn and Hearing Officer Cindy Pollock. Appellant Dean Fiedler was self-represented. Jerry Clemons represented Respondent.

Board Members David Kinghorn, Linda Pike and Leland Heinrich participated in this decision.

The issue on appeal is 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 \$600,925, the improvements' value is \$167,170, and other improvements' value is \$12,350, totaling \$780,445. Appellant contends the correct land value is \$344,200, the improvements' value is \$146,880, and other value is \$6,480, totaling \$497,560.

The subject property is a 1.1 acre parcel with 125 waterfront feet on the east side

of Priest Lake in Coolin, Idaho. The parcel is improved with a home, dock, and various outbuildings.

Appellant explained Priest Lake frontage varies greatly. The variations were said to be related to distance to services, road access to the property, beach access and quality, amount of front footage, and the steepness of the property. Appellant described subject as containing a significant amount of state land along subject's shoreline which impacts the lake view. There is a required 70' building setback from the beach, a steep lot and driveway, and the beach is comprised of large boulders. Appellant further noted these impediments led the original developer to discount the front footage of subject by 25%. Respondent noted subject's value was discounted 10% for its notably smaller frontage than surrounding properties.

Appellant challenged Respondent's valuation wherein the properties compared to subject enjoyed flat, sandy beachfronts, better topography and superior locations. Appellant provided three (3) sales to compare with subject. The first two (2) sold in 2013, with the remaining sale taking place in 2014. The first sale contained 125 front feet and sold for \$450,000 or \$3,600 per front foot. The second sale contained 140 front feet and sold for \$460,000 or \$3,285 per front foot. Lastly the third sale contained 170 front feet and sold at auction for \$410,000 or \$2,412 per front foot.

Using the three (3) sales, Appellant calculated an average front foot price of \$3,099. Appellant used the average of the two (2) South Shores sales to determine a value rate of \$3,442.50 per foot for subject. Appellant then applied a 20% hardship reduction to

arrive at a value of \$344,200 or \$2,754 per front foot for subject. Respondent noted the first sale was never reported, therefore it was not used in its sales analysis. The second sale was said to be sold under unusual circumstances. Respondent reported it was listed and sold in one (1) day, and therefore there was no market competition. Appellant disagreed and maintained the sale should be used. The third sale was an auction sale and therefore not considered valid by Respondent.

Appellant explained the improvements are overvalued. Subject improvements include a 2,184 square foot modular home with an assessed value of \$167,170. Appellant declared it would cost approximately \$119,579 to replace the manufactured home. An email with an estimate for an 1,190 square foot modular unit was provided in record. This estimate included electrical, concrete, foundation with a total approximate cost of \$100 per square foot. Respondent noted the modular home is assessed at \$76.54 per square foot.

Respondent explained the entire lakefront was trended for the 2015 tax year. Respondent maintained due to the wide variety of lot sizes, beach types and location all selling in a similar price range, all lakefront parcels were assessed at the same front foot rate. Respondent provided information concerning nine (9) waterfront sales of Priest Lake parcels. The sales occurred during 2013 and 2014. The sale properties were situated all over the lake, with the majority located on the more developed west side of Priest Lake. Two (2) of the sales were vacant parcels, one (1) of which was located near the outlet. These vacant lots, both with mostly flat topography and building sites near the water's edge, consisted of 110 and 50 waterfront feet. The sale prices were \$538,000 and

\$260,000, or \$4,891 and \$5,200 per front foot, respectively.

The remaining sales involved improved parcels, one (1) of which was noted to have steep topography similar to subject. Sale prices ranged from \$445,000 to \$1,600,000. After extracting assessed values of the associated improvements, Respondent calculated land value residuals between \$377,650 and \$1,338,240, or from \$5,106 to \$6,965 per front foot. Based on these sales, Respondent used a value rate of \$4,887 per front foot, which was applied to the first 100 front feet of each parcel on Priest Lake.

Respondent explained the auction sales were considered invalid sales and therefore not used to set 2015 land values. It was explained the auction took place because the State of Idaho was under compulsion to sell the lots to fulfill its obligation to the endowment fund and the lessees were the purchasers of the auction lots. Respondent stated the purchasers had extra motivation to own the land under their homes. Respondent concluded this was not typical motivation and therefore the auction sales were not considered valid.

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.

Idaho Code § 63-205 requires taxable property be assessed at market value

annually on January 1; January 1, 2015 in this case. Market value is defined in Idaho 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.

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. In a unique way, each approach considers the available information on recent comparable sales.

Appellant explained the Priest Lake frontages vary and contended subject is negatively impacted by its location, distance to services, steepness of the lot and the state land impacting its views. It was noted the original developer reduced the subject lot price by 25% per front foot when it was sold. Respondent agreed subject has a notably small frontage, so made a 10% reduction.

Appellant explained Respondent’s sales did not resemble subject’s topography or location challenges. Appellant provided three (3) sales thought to be better comparables to subject. Appellant arrived at the requested assessed land value by averaging the two (2) South Shores sales to determine a rate of \$3,442.50 per front foot for subject, then applied a 20% reduction to arrive at a land value of \$344,200, or \$2,754 per front foot.

Appellant also challenged the improvements’ valuation by providing an estimate for a 1,190 square foot modular home. By contrast subject is nearly 2,200 square feet.

Further, the estimate indicated an average cost rate of \$100 per square foot, however subject's residence is assessed at \$77 per square foot. We do not agree the modular home is over-assessed.

Respondent provided nine (9) lakefront sales which were located on both sides of Priest Lake. Two (2) of the sales were vacant parcels, with the remaining being improved properties. Respondent extracted the values of the improvements to determine the indicated front foot value. A rate of \$4,887 was then assigned to all front feet on Priest Lake with the exception of some outlet properties. Without being able to see what improvements were extracted in each individual property, the Board found it difficult to conclude the residual land values are accurate. Before us, we found Appellant's sales more closely resemble subject. Respondent's analysis did apply a 10% adjustment for subject's smaller size, however we find more consideration for the physical characteristics and use challenges facing the subject lot should be given.

In accordance with Idaho Code § 63-511, the burden is with the Appellant to establish the county valuation is erroneous by a preponderance of the evidence. Appellant did not provide convincing support for the requested reduction in the improvements' assessed value, however we found Appellant demonstrated the land value was high.

Based on the above, the decision of the Bonner County Board of Equalization is modified, lowering subject's total land value to \$344,200, and with no change to the combined improvements' valuation of \$179,520, for a total assessed value of \$523,720.

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 setting the total assessed land value at \$344,200, with no changes to the total improvements' value of \$179,520, resulting in a total value of \$523,720.

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 under certain circumstances that the above ordered value for the current tax year shall not be increased in the subsequent assessment year.

DATED this 11th day of January, 2016.