

BEFORE THE IDAHO BOARD OF TAX APPEALS

JAMES JANISH,)	
)	
Appellant,)	APPEAL NO. 14-A-1054
)	
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 the protest of valuation for taxing purposes of property described by Parcel No. RPD00000322400A. The appeal concerns the 2014 tax year.

This matter came on for hearing September 23, 2014 in Sandpoint, Idaho before Board Member Linda Pike. Appellant James Janish was self-represented. Assessor Jerry Clemons represented Respondent.

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

The issue on appeal concerns the market value of an unbuildable waterfront parcel.

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

FINDINGS OF FACT

The assessed land value is \$180,900, and the improvements' valuation is \$10,980, totaling \$191,880. Appellant contends the correct land value is \$101,200, and the improvements' value is \$10,980, totaling \$112,180.

Subject is one (1) of four (4) unbuildable, waterfront parcels accessed by a dead end road. The road also serves as the access to four (4) developed residence parcels.

Each residence currently has a common ownership with one of the unbuildable waterfront parcels. The subject parcel is .21 acres in size. It is located in Dover, Idaho and has 120 waterfront feet along the Pend Oreille River. The subject property is improved with a deck and boat dock. This type of unbuildable waterfront parcel is sometimes called a picnic lot. The 2014 assessment of the upbank parcel, improved with Appellant's residence, was not appealed.

Appellant contended it was incorrect for Respondent to put the most weight on the recent sale of a property located two (2) lots east of subject. The 2013 sale for \$535,000 involved two parcels, an unbuildable waterfront site like the subject, and a parcel located across the above-referenced dead end road improved with a residence. Appellant reported this sale property was for sale for up to six (6) years before it sold. Appellant described the process of arriving at subject's prior assessments over the last ten (10) years. This included negotiating values, making comparisons to other assessments, and looking to comparable sales in more distant locations.

Respondent reported it considered a total of four (4) recent sales in subject's immediate vicinity. In order to isolate the value of the unbuildable land included in the \$535,000 sale referenced above, Respondent looked to a residual calculation that removed the assessed value of the residence parcel as well as the assessed value of the improvements situated on the waterfront parcel. The indicated land value for the waterfront parcel was determined to be \$206,950. The water frontage associated with this sale was 127.82 feet, or slightly more than subject's 120 foot frontage.

Appellant believed the way in which the residual land value was calculated was arbitrary. It was argued more value should have been deducted for the residence parcel, which would then have indicated a reduced value for the waterfront land. Respondent argued that at the time of sale the facts did not support deducting a higher value for the residence, which was substantially remodeled after the sale.

Appellant further argued the purchaser in the \$535,000 sale planned to make the property a vacation rental or income-producing property. It was contended the commercial use was responsible for a higher than normal sale price. Examples of the subsequent rental rates were offered into evidence as well as other information on the after-sale use of the property. It was noted the other sales in subject's immediate area also did not involve a current use by a year-round resident. Appellant argued the other nearby sales were further dissimilar to subject in important respects such as waterfront bank and certain privacy characteristics.

Appellant offered into evidence information on a 2013 comparable sale. This property was located about three (3) or four (4) miles downriver from subject. The sale included a residence parcel and an unbuildable waterfront parcel. In this instance, the two (2) parcels were separated from one another by a state highway and railroad tracks. The waterfront parcel reportedly lacked legal access.

For its 2014 market study, Respondent found information on four (4) 2013 waterfront sales in subject's neighborhood. Associated details were provided for each of the sales such as photographs, maps, sale date and price, dimensions and analysis. One

(1) comparable was the \$535,000 sale discussed above, which included an unbuildable waterfront parcel that was highly comparable to the subject.

Respondent's other three (3) sales involved vacant, buildable waterfront sites located next to, or just a few parcels away from, the subject. All the sales were analyzed to isolate the waterfront value. The price rate information for buildable lots is summarized in the chart below. On a like basis, subject's assessment, after the site rating was downgraded for size considerations and after making a 55% reduction for non buildable status, demonstrated an assessed value rate of \$1,508 per front foot.

The buildable waterfront sales yielded the following information:

Comp. No.	Sale Price	Front Feet (FF)	Price/FF
2	\$615,000	220	\$2,795
3	\$525,000	111.48	\$4,709
4	\$540,000	112	\$4,821

Respondent stated the valuation of subject and its near neighbors was relatively challenging in prior years, as less than desirable comparable sales had to be used. Whereas for 2014, it was argued having information from the four (4) recent and immediate sales clearly established market value for the waterfront in subject's area.

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, 2014 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.

This is essentially a land value question where there is no dispute on the value contribution the improvements make. The subject property is first a waterfront property. Importantly, it cannot be improved with a residence due in part to septic limitations and the small bank size. The record reveals the site has good access and other desirable characteristics.

The appraisal of land, like the subject site, is accomplished through a consideration of recent sales of comparable property. Normally the availability of good comparable sales for unbuildable, waterfront parcels is limited, making for a relatively challenging valuation. Like the Respondent, the Board found here the availability of good comparable sales, both buildable and unbuildable, was not an issue. There were four (4) recent, waterfront sales located in subject’s immediate vicinity. Notably, one (1) of the sales included an unbuildable, waterfront parcel very similar to subject.

In contrast with Respondent’s consideration of recent nearby sales of waterfront property, Appellant asked the Board to consider information or methodologies applied in

prior year assessments, and to some extent the sale price information of an unbuildable, waterfront parcel which was located about three (3) miles downriver. Isolating the waterfront value from the downriver sale involved the same residual calculation used by Respondent, plus making adjustments for property characteristic differences between the downriver site and subject.

Regarding past assessment methodologies or negotiated value agreements, we are aware of no legal standard requiring a subsequent assessment must consider these. Such practice could be advantageous, but not doing so does not mean a current assessment is arbitrary. In fact, Respondent's consideration of the newly available and nearby waterfront sales was found to be reasonable and proper under the present circumstances.

Respondent's analysis of subject's market value, and in particular subject's waterfront, was appropriately based on an analysis of multiple, recent sales of proximate and comparable waterfront property. Some of these sales indicated buildable water frontage, of a size near subject's effective frontage, was priced near \$4,700 per front foot. The adjustments for subject's relatively small size and unbuildable status produced a value estimate of \$1,508 per front foot. This assessment rate appeared reasonable to the Board in comparison to the larger buildable waterfront sales.

Appellant did not present a detailed consideration of recent comparable sales. Nor was a different residual calculation presented for the \$535,000 sale, which included an unbuildable, waterfront parcel highly similar to subject. The residual analysis was complex, but Respondent was not found to have acted arbitrarily in the values used in the

calculation. The Board found Appellant's argument unavailing that this latter sale price was somehow inflated due to the buyer's intended use. Respondent considered subject's important value factors in its appraisal and looked to recent, proximate comparable sales that reflected on those factors.

In appeals to this Board, the burden is with Appellant to prove error in the Respondent's assessment by a preponderance of the evidence. Idaho Code § 63-511. That burden of proof was not satisfied in this instance. Therefore the decision of the Bonner County Board of Equalization will be affirmed.

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 9th day of January, 2015.