

BEFORE THE IDAHO BOARD OF TAX APPEALS

WILLIAM LARGEN,)	
)	
Appellant,)	APPEAL NO. 14-A-1053
)	
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. RP55N02W275100A. 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 William Largen 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 improved rural residential tract.

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

FINDINGS OF FACT

The assessed land value is \$29,956, and the improvements' valuation is \$207,390, totaling \$237,346. Appellant contends the land value should remain at \$29,956, however, the improvements' valuation should be reduced to \$182,010, totaling \$211,966.

The subject property is a 20 acre parcel located several miles outside Cocolalla, Idaho. Nineteen (19) acres are assessed as forest land, with the remaining one (1) acre

assessed at market value as a rural homesite. The parcel is improved with a 2,180 square foot, two-story residence constructed in 2002. There is also at least one (1) small outbuilding. Access to subject is via a long privately-maintained dirt road leading from a U.S. Forest Service road that in turn connects to a county-maintained gravel road several miles in length.

Appellant argued the increase in the assessed value of the subject residence was arbitrary. Appellant testified no changes had been made to the residence and therefore no basis existed for increasing its value for the current tax year. Appellant reasoned the increased assessment resulted from not permitting the assessor to perform an onsite inspection of the property.

Appellant also provided a list of 14 improved properties which sold between 2012 and 2014. The sale properties land areas were all at least 10 acres. The residences varied in size from 1,124 to 5,680 square feet and were constructed between 1971 and 2005. The lowest sale price was \$103,500 and the highest was \$190,000. Appellant regarded Sale No. 5 as the most comparable to subject in terms of quality of construction and difficult access. Respondent opined Sale No. 5 was not comparable to subject because its location was inferior.

Respondent explained subject's area was re-evaluated for 2014 as part of the county's regular 5-year reappraisal program. Subject's residence value increased due to a change in construction quality rating from "Average" to "Average +". Because no onsite inspection of the property was performed, the change in construction quality stemmed from

a closer reexamination of photographs taken of the residence in 2009. Respondent acknowledged no physical changes to the residence occurred, but a review of the photographs indicated the construction quality rating in previous years was understated.

Respondent also provided sales in support of both the homesite and improvement values. Concerning subject's appraised land value, information on three (3) sales from 2013 was offered. Sale Nos. 1 and 2 involved improved properties of .459 and 5.0 acres in size, with sale prices of \$180,000 and \$148,500, respectively. After removing improvement values, Respondent estimated residual land prices of \$43,490 for the smaller parcel, and \$68,125 for the larger. The remaining sale concerned a vacant 2.66 acre lot, which sold for \$33,500 in July 2013. Appellant argued the sale properties were situated closer to Cocolalla Lake and therefore not comparable to subject's more rural location. Respondent agreed the sales were located in superior areas, but pointed to subject's lower assessed land value as evidence this factor was considered.

Offered in support of subject's improvement valuation, Respondent submitted information on five (5) improved residential sales from 2013. The sale residences had the same grade and condition rating of "Average +" and "Average", as the subject's. The residences, constructed between 2003 and 2013, ranged from 1,857 to 3,130 square feet in size. Sale prices were between \$270,000 and \$430,000. After extracting land values, adjusted prices for the residences were between \$195,656 and \$314,691.

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.

Market value is estimated according to recognized appraisal methods and techniques. There are three (3) generally accepted approaches to value, the sales comparison approach, the cost approach, and the income approach. *Merris v. Ada County*, 100 Idaho 59, 63, 593 P.2d 394, 398 (1979). The approach typically relied on in valuing residential property is the sales comparison approach.

Both parties provided sales information for the Board’s consideration. While the Board appreciated the efforts in this regard, there were comparability issues between the sale properties and the subject unit.

Appellant’s sales involved large acreage parcels, and there were also differences in terms of age, square footage, and location. Here the proper appraisal unit to value, under the market value standard, is the subject property’s improvements and the land

associated with the improvements, i.e. the 1-acre homesite. To make a meaningful comparison, adjustments for property differences, would be necessary. The details in record were too scant for the Board to make such adjustments or considerations.

The Board was likewise concerned with comparability in some of Respondent's marketplace evidence. This was particularly so with respect to the information on the improved sales offered to support the value assigned to subject's residence. Most of the sale residences were noted to be considerably larger in terms of square footage. The Board was also challenged to consider location information on the sale residences and their associated land sizes. Respondent's presented analysis chiefly consisted of taking the total sale price and subtracting the assessed value of the land component, thereby leaving a residual value for the improvements. Support for the removed land values, however, was generally absent from the record. Other than grade and condition information, the comparison of the sale residences and properties to subject's residential property was limited by the record.

While there were concerns with parts of the sales information, the Board did not find error in the final value conclusion reached by Respondent. Subject was recently reappraised as part of the county's regular reappraisal effort for 2014. Based on the information available, which consisted primarily of photographs taken a few years back, Respondent determined the grade, or construction quality, of the residence was too low and needed to be increased to a rating of "Average +". Making this change resulted in the residence's increased valuation. The Board understands no physical changes to subject

occurred between the time the photographs were taken and the current assessment date. Rather, the Board here accepts Respondent's position that the prior determination of construction grade was erroneous. Appellant did not offer competing evidence or otherwise demonstrate the residence's grade should be lower or have been left unchanged. On the distinct and special forest land assessment, the Board notes Appellant raised no issue.

In appeals to this Board, the burden is with Appellant to establish error in Respondent's value determination by a preponderance of the evidence. Idaho Code § 63-511. In this particular case, that burden was not satisfied. As such, the decision of the Bonner County Board of Equalization is 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 4th day of November, 2014.