

with a 1,024 square foot cabin. County records show the cabin was built in 1977 and Appellants described it as a seasonal cabin. Subject is located in the Delta Shores Estates Subdivision which is located on Derr Island in the Clark Fork Delta. The subdivision has an airstrip amenity.

Appellants reported information on a December 2013 sale located immediately adjacent to subject. It was explained a church inherited the property and had been trying to sell it for years. The property contained 470 waterfront feet and had a sale price of \$500,000. Appellants concluded the sale was an "arm's-length" transaction as the church was trying to get the highest possible price. A copy of the closing statement and a letter from the pastor of the church were provided to the record. The pastor represented the sale was not made under any duress.

A small portion of an independent fee appraisal, prepared for the purchasers of the adjacent property, was also offered into evidence. A value conclusion of \$510,000 was reached using primarily the sales comparison approach. This approach considered three (3) 2013 sales. The sale properties were located between 6 and 19 miles distant from the property being appraised and were dissimilar in their home sites.

Using the sale of the neighboring property, Appellants started with the sale price of \$500,000 and deducted the assessed value of the improvements, which left \$293,880 for the land. With 470 feet of water frontage this equated to a price rate of \$625 per front foot. Appellants then applied the \$625 rate to subject's 300 front feet to arrive at a land value of \$187,500. The assessed value for subject's improvements, \$69,330, was then added

back resulting in a total value of \$256,830. Appellants then applied an additional 17% adjustment to account for other unconsidered variables to arrive at a total value estimate of \$300,000. In response, Respondent argued one (1) sale does not make the market, and further that the referenced sale appeared to be a “good deal”.

Respondent explained subject was reappraised for the prior 2013 tax year. The land was assessed at a rate of \$1,096 per foot of waterfront. Respondent offered land sales information for comparison to subject’s site. Four (4) 2013 sales were considered in this regard. Sale No. 1 was located nearby in the Delta Shore Estates subdivision and was described as having a similar waterfront and views as the subject. This sale property contained 100 front feet and sold for \$136,000 or \$1,360 per front foot.

Respondent’s Sale Nos. 2 through 4 each contained 100 feet of water frontage. These sales were all described as having similar waterfront and views to subject. Both parties noted these comparable sales were located in a superior location. Sale No. 2 sold for \$232,000, or \$2,313 per front foot. Sale No. 3 sold with a price per front foot of \$1,700. Sale No. 4 had a reported sale price of \$2,500 per front foot.

In support of the assessed value assigned to the subject improvements, Respondent presented an analysis of recent improved sales.

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) 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 Board found this case chiefly presented a dispute centered on subject’s land value. The land value of a residential site is typically determined through a sales comparison approach.

Appellants provided information for one (1) recent land sale located immediately adjacent to subject and pages from a fee appraisal on that same property. Respondent argued one (1) sale does not make the market, and further that certain details surrounding the sale were unknown. Appellants countered with a letter from the pastor of the church wherein it was stated the adjacent property was not sold under duress and had been for sale on the open market for approximately three (3) years. Appellants therefore argued the sale should be considered.

The Board found the independent fee appraisal did not offer reliable evidence of subject's land value, or the total value for subject. One of the appraisal pages did present some detailed listing history, with the asking prices, leading up to the eventual sale of the adjacent property. Ultimately the Board found the neighboring sale and its associated listing information should be considered for the information it provided on land value, especially for a larger water frontage.

Respondent provided information on four (4) waterfront sales, three (3) of which were considered superior to subject. The indicated land prices ranged between \$1,360 and \$2,500 per front foot. All the sale properties contained 100 waterfront feet. Subject has 300 front feet and was assessed \$1,096 per front foot. This land assessment demonstrated a discount for the larger size, as well as the fact some of the waterfront sales enjoyed a superior location.

The Board found the available sales information shows a rather wide difference in price rates on a per front foot basis. This was not surprising where the waterfront properties differed in size or location, among other value factors. The two (2) recent sales which occurred in the same area as subject had the lowest prices per front foot. The subject frontage is roughly three (3) times larger than the four (4) land sales provided by Respondent. The assessment of subject's site reflected a marked discount for the large size, but the adjustment was not well supported in the record. Under the circumstances, giving some weight to the neighboring property sale, which was larger like subject's, is warranted. This consideration is necessarily tempered by the fact that the seller in the

transaction was a church and not a typical waterfront homeowner. Analysis of the indicated land value from the sale was also difficult where the property had extensive improvements. The Board found the County valuation of subject's land offered the best evidence of market value, but that a lesser weight should also be given to the indicated land value abstracted from the adjacent sale and its listing history.

In appeals to this Board, the burden is with the Appellant to establish subject's valuation is erroneous by a preponderance of the evidence. Idaho Code § 63-511. The Board is satisfied that burden was met in this instance. In evaluating the land value, we find putting the majority of weight on Respondent's waterfront sales and analysis is appropriate in this instance. However, in affording the neighboring property sale some weight, we find an adjustment to subject's land value is warranted. Accordingly, the Board will reduce the land value of the subject parcel to \$320,000, which figure includes \$13,000 for the onsite improvements. With no change to the improvements' valuation, the total assessed value for subject is therefore \$389,330.

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 to reflect a decrease in land value to \$320,000, with no change in the improvements' valuation, resulting in a total assessed value of \$389,330.

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 18th day of February, 2015.