

BEFORE THE IDAHO BOARD OF TAX APPEALS

THOMAS YAKE,	)	
	)	
Appellant,	)	APPEAL NO. 15-A-1043
	)	
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. RP00310000023BA. The appeal concerns the 2015 tax year.

This matter came on for hearing October 8, 2015 in Sandpoint, Idaho before Board Member David Kinghorn. Appellant Thomas Yake was self-represented. 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 residential property.**

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

FINDINGS OF FACT

The assessed land value is \$413,510, and the combined value of the improvements is \$32,080, totaling \$445,590. Appellant agrees with the value of the improvements, however, contends the correct land value is \$215,000.

The subject property is a 1.351 acre parcel located in the Pages subdivision on Lake Pend Oreille. Subject is improved with a residence constructed in 1977. Most of the

twenty-five (25) parcels in the development share subject's steep slope and general characteristics. Water frontage in the subdivision varies from 50 front feet to more than 200 front feet. Subject enjoys 164 front feet on the lake.

Appellant noted subject's land value nearly doubled from the prior year and questioned how the value could increase so rapidly. Offered in support of reducing subject's land value, was information concerning a nearby sale and the active listing of an adjacent parcel. The sale involved a parcel with 320 front feet which sold through bankruptcy in mid-2013. Appellant explained the property had been on the market for several years before finally selling for \$365,000, or roughly \$1,000 per front foot. Respondent argued the sale was distressed and should not be used to determine subject's value. Appellant countered the purchase price represented the best price the seller could obtain and therefore the sale should be considered.

The listing referenced by Appellant involved an adjacent parcel with roughly 260 front feet. Appellant stated the property had been listed for sale several times during the prior few years. The most current listing, in 2015, had an asking price of approximately \$1,350 per front foot. Appellant reported no offers were received at the recent asking price. In Appellant's view, the listing information provided an indication of the upper range of value and should be used in valuing subject.

Respondent offered information concerning five (5) 2014 lakefront sales within 4.5 miles of subject. Sale No. 1 was a vacant parcel with 100 front feet on Lake Pend Oreille. Respondent described the parcel as steep and the waterfront as rocky. The lot sold for

\$230,000. The remaining four (4) sales involved improved waterfront parcels. Sale prices ranged from \$390,000 to \$895,000 for lots with between 100 and 270 front feet. One (1) of the sales was noted to have relatively flat topography, with the remaining sales characterized as steeply sloped like subject. Details concerning the improvements associated with the sales were not shared, however, Respondent reported residual land values between \$281,480 and \$556,450, or from \$2,012 to \$3,643 per front foot. Subject was assessed \$2,445 per front foot.

#### 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. The three (3) primary methods of determining market value include the cost approach, the

income approach, and the sales comparison approach. *Merris v. Ada County*, 100 Idaho 59, 63, 593 P.2d 394, 398 (1979). The latter approach is commonly used to value residential property.

Both parties offered information relevant to a sales comparison approach to value. Appellant discussed a 2013 sale involving a parcel in subject's immediate area, as well as, the 2015 listing of an adjacent property. The sales comparison approach typically relies on market data from prior to the effective date of valuation because future information is not available. As noted above, the effective date of valuation in this appeal is January 1, 2015. As such, the listing information from beyond the valuation date was not considered by the Board.

The Board was also reluctant to place much weight on the mid-2013 bankruptcy sale referenced by Appellant. Such sales are often tainted with atypical motivation by the parties or other factors not commonly involved in more standard sales transactions. Also, the sale occurred in 2013, which makes it somewhat dated information; particularly considering more recent sales were available.

Respondent provided five (5) sales of nearby lakefront properties which sold during 2014. Though the number of front feet varied, most of the sale parcels were described as similar to subject in terms of steep topography and rocky beachfront. Respondent calculated residual land values ranging from \$2,012 to \$3,643 per front foot, which squarely brackets subject's value of \$2,445 per front foot.

Per Idaho Code § 63-511, Appellant bears the burden of proving error in subject's

valuation by a preponderance of the evidence. The Board did not find the burden of proof satisfied in this particular case. While subject did experience a rather large increase in land value for 2015, the sales information presented by Respondent supported the higher assessment. On the whole, Respondent's evidence was judged to represent the stronger indication of subject's value.

Based on the above, 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 5<sup>th</sup> day of February, 2016.