

BEFORE THE IDAHO BOARD OF TAX APPEALS

TREVOR CARDIGAN,)	
)	
Appellant,)	APPEAL NO. 16-A-1005
)	
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. RP54N03W252250A. The appeal concerns the 2016 tax year.

This matter came on for hearing September 19, 2016 in Sandpoint, Idaho before Board Member Linda Pike. Appellant Trevor Cardigan was self-represented. Manager of Assessor Operations Bonnie Berscheid represented Respondent.

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

The issue on appeal concerns the market value of a rural residential homesite.

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

FINDINGS OF FACT

The assessed value of subject’s one-acre homesite is \$35,000, which includes \$13,000 for onsite improvements. Subject’s remaining nineteen (19) acres are valued at \$1,976 as forestland. Appellant contends the correct homesite value is \$26,000, with \$4,000 attributed to the site improvements.

The subject property is a rural forested parcel located near Athol, Idaho. The property is improved with a mid-1960s manufactured home and a couple small outbuildings. Subject has a typical septic system, however, relies on a limited solar system for power and does not have an onsite water supply. The solar power system is generally comprised of two (2) panels and one (1) battery, which can provide as little as one (1) hour of lights per day. For water, Appellant must haul this from a water filling station in Athol and then fill subject's cistern. The property's driveway was described as a simple dirt logging road, with no paving or other rock improvements.

The parties agreed with the assessed value of the forested acres, as well as, the raw homesite land value of \$22,000. The issue centers on the \$13,000 assessed value of the onsite improvements. Because subject does not have typical electrical and water systems, Appellant argued the \$13,000 valuation was excessive. Appellant acknowledged the septic system added value, however, maintained the other improvements contributed no value to subject. Appellant cited a page authored by Respondent concerning site improvement values. The document identified the following value rates for parcels improved with utilities: \$4,000 for septic, \$6,000 for well or water district, and \$3,000 for electricity. Based on these rates, Appellant argued only the septic value should be included in the homesite assessment.

Respondent explained current office policy is to assess a \$13,000 onsite improvements rate to any parcel which is improved with a structure classified as a dwelling. Prior to the current tax year, subject's onsite improvements were given a 50% downward

adjustment which had resulted in an assessed value of \$6,500. For the 2016 tax year and following its current policy, Respondent included the full \$13,000 onsite rate in the homesite's assessment because the site supports a manufactured home.

Appellant also referenced the assessment of a nearby parcel. It was noted the parcel had a septic system, and used cisterns for water which is hauled to the site and used a generator for electricity. Appellant questioned why this parcel was not assessed as having onsite improvements while subject was. Respondent stated the onsite improvements were not assessed because Respondent's records classified the structure on the property as an outbuilding, not a dwelling. Respondent explained if the structure is determined to be a dwelling, the onsite improvements will be added to the assessment.

Respondent presented information on five (5) recent residential property sales near subject. The sizes ranged from five (5) to twenty (20) acres. Two (2) of the sale properties were improved. After removing improvement values, Respondent calculated raw land residual prices ranging from \$45,000 to \$111,840. No direct comparison or other analysis was offered, nor were details shared about the improvements associated with the 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, 2016 in this case. A residential homesite and its associated onsite improvements is taxable property. See Property Tax Administrative Rule 961 which specifically addresses homesite assessments on a forestland parcel. 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 for determining market value include the cost approach, the sales comparison approach, and the income approach. *Merris v. Ada County*, 100 Idaho 59, 63, 593 P.2d 394, 398 (1979). The sales comparison approach is commonly used to appraise residential property. This approach considers the available price information on recent comparable sales.

As the parties agree with the other values, the sole issue in this appeal is the proper value of subject’s onsite improvements. Appellant argued subject has substandard utilities, so should not be assessed the same as parcels with more typical utilities. Respondent stated its office policy is to assess all properties improved with a dwelling the full onsite improvements rate of \$13,000.

While the Board understands the rationale behind Respondent’s policy, we do not

agree with its application in this instance. Indeed, this case illustrates one of the dangers of a broad and universally-applied assessment policy, which is the failure to fairly consider an individual property's specific characteristics. Subject does not have onsite utility systems on par with a typical residential parcel. Subject's only standard utility is its septic system. Water must be hauled to the parcel, and the solar power system is significantly limited in terms of providing a useful level of electricity. To determine these utilities contribute the same value as a parcel with more standard systems does not survive reasonable scrutiny.

Further, Respondent provided no evidence to show the marketplace does not distinguish between parcels like subject and a more traditional residential property. The only documentary evidence of site improvement values was offered by Appellant, and the source of this evidence was an internal document developed by Respondent. The document contradicts Respondent's statement the onsite improvements value includes not just utilities, but also value for other improvements such as driveways and graded building pads. The only onsite improvements mentioned in the document were "Sewer", "Well or Water Dist", and "Electric", with values of \$4,000, \$6,000 and \$3,000, respectively. In other words, from the record the \$13,000 onsite rate was developed with only consideration of utility values, not the contributory value of other onsite improvements. Therefore a contention subject's primitive driveway and its cleared and leveled building site make up for any value deficiencies related to the restricted utilities is unsupported.

Though subject's water and power systems are difficult and limited, they do exist.

And in the Board's view they still contribute some value. As such, the Board will reduce subject's total onsite improvements value to \$6,500, with \$4,000 attributable to the septic system, and the remainder to the water and electricity.

In appeals to this Board, pursuant to Idaho Code § 63-511, the burden is with the Appellant to establish Respondent's valuation is erroneous by a preponderance of the evidence. Where the chief evidence of site improvement values was offered by Appellant, we find the burden of proof was satisfied. Therefore, the decision of the Bonner County Board of Equalization is modified.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Bonner County Board of Equalization concerning subject's homesite value be, and the same hereby is, MODIFIED, reducing the value of the onsite improvements to \$6,500, with no change to the raw land component at \$22,000. And therefore the total homesite assessment is fixed at \$28,500.

DATED this 19th day of December, 2016.