

BEFORE THE IDAHO BOARD OF TAX APPEALS

MEAGAN KINDRED,)	
)	
Appellant,)	APPEAL NO. 16-A-1095
)	
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. RP04959000030A. The appeal concerns the 2016 tax year.

This matter came on for hearing October 4, 2016 in Sandpoint, Idaho before Board Member Linda Pike. Appellant Meagan Kindred 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 property.

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

FINDINGS OF FACT

The assessed land value is \$91,365, and the combined value of the improvements is \$223,155, totaling \$314,520. Appellant contends the correct land value is \$82,500, and the combined improvements' value is \$160,450, totaling \$242,950.

The subject property is an eight (8) acre rural parcel located several miles north of Sandpoint, Idaho. The property is improved with several structures, including a

manufactured home, a large pole outbuilding, a mother-in-law cabin, and a partially completed 5,000 square foot residence. The manufactured home currently serves as the primary dwelling because it has kitchen and laundry facilities. The mother-in-law cabin totals 1,200 square feet spread equally between the main and upper floors. Due to the slope of the roof, not all of the space on the upper floor was considered living area. Indeed, Respondent reported only 1,080 total square feet were assessed as finished living space. Appellant explained the cabin did not have laundry hookups and venting, exhaust venting for a full kitchen, nor a closet for storage. In Appellant's view, the cabin was a detached bedroom with a sink. The larger residence was estimated to be 46% complete and was assessed accordingly.

Appellant questioned why subject's land value increased \$13,000 for the 2016 assessment. Respondent reported the increase was due to adding the value of the onsite improvements for the mother-in-law cabin. Appellant argued the increase was improper because no onsite improvements were added to the property. According to Appellant, the utility hookups and driveway had been installed by the prior owner years ago and were not new for 2016. Respondent explained \$13,000 was a standard rate applied to all properties improved with a dwelling. Because subject has two (2) dwellings, Respondent added \$13,000 for the second set of onsite improvements.

Appellant further described some factors believed to negatively impact subject's value. The first issue related to some large power lines which were argued to diminish the view. Appellant also referenced a difficult access road. The road is owned by the county,

though privately maintained. Appellant explained, however, there is no formal private road maintenance organization. Rather, maintenance such as snow plowing is done when any of the local residents have the available time and equipment. Appellant further described failed efforts to obtain a value estimate from local realtors. Appellant reported of the four (4) realtors contacted, only one (1) responded. The realtor indicated a value range between \$265,000 and \$325,000.

Respondent noted subject's increased 2016 value resulted mostly from items not previously assessed. The first concerned adding \$13,000 to the land value to account for the second complement of onsite improvements which service the mother-in-law cabin. Additional value was also found in the upper level of the large pole building barn, which had been finished and used as a recreation space. The primary source of the increase, however, was the addition of the partially complete larger residence. Respondent explained its policy is to add a structure to the tax roll after two (2) years from the date the building permit is issued, regardless of whether the structure is complete. In this case, Respondent valued the larger dwelling as 46% complete.

In support of the cabin's assessed value, Respondent offered information concerning four (4) residential sales from 2015. The sale residences were similar to the subject cabin in terms of age and condition. Sizes ranged from 1,074 to 1,404 square feet and sale prices were between \$133,000 and \$170,000. After removing land and other improvement values, Respondent determined prices for the residences between \$90,590 and \$138,350, or from \$69.91 to \$99.46 per square foot. Subject's cabin was assessed

at \$71,100, or \$65.83 per square 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, 2016 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) primary 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). Residential property is commonly valued using the sales comparison approach.

Appellant was primarily concerned about the \$13,000 onsite improvements' value, the value of the mother-in-law cabin, and the value of the pole outbuilding. Regarding the \$13,000 onsites value, Respondent explained it represents a standard rate applied to all

parcels improved with a dwelling. In subject's case, there are two (2) dwellings; the manufactured home and the mother-in-law cabin, both of which have the benefit of utilities and driveway access. Further, Appellant indicated at least one (1) member of the family primarily resides in the cabin. In the Board's view, subject has two (2) residences, so Respondent including two (2) onsite improvements values in the total land value is reasonable.

Turning to the value of the mother-in-law cabin, Respondent offered information regarding four (4) recently sold residential properties. Though details were limited, the sale residences appeared to be reasonably similar to subject's cabin in terms of age, quality, and size. After removing other values, Respondent reported the sale residences sold between \$69.91 and \$99.46 per square foot. Subject, by contrast, was assessed for \$65.83 per square foot. Appellant did not provide any competing sales or other market value information for the Board's consideration. As such, the Board relied on Respondent's value evidence, which supported the assessed value of the mother-in-law cabin.

Lastly, Appellant questioned the value of the pole outbuilding. Respondent explained in prior years the outbuilding value was lumped together with the manufactured home value. For the current year, the value was removed from the manufactured home and included as a separate line item on the assessment notice. Further, during a recent inspection of subject, Respondent discovered the upper level of the pole building had been finished. Respondent added the newly-discovered value to arrive at the \$28,420 assessed

value of the pole building. Again, Appellant did not offer any competing value evidence to dispute Respondent's value conclusion. As such, the Board finds insufficient cause to disturb the value determined by Respondent.

Appellant also contended subject's value should be reduced due to some power lines and difficult road access. Appellant additionally noted difficulty obtaining value estimates from local realtors. Appellant did receive a single response, wherein the only concern expressed by the realtor was finding a buyer able to secure financing for a partially finished residence. No reference was made to the power lines or difficult road access. On the contrary, the email described subject as a "Great property, very marketable" and encouraged Appellant to list it on the market soon at a price range between \$265,000 and \$325,000. This information actually supports the assessed value of \$314,520.

Idaho Code § 63-511 places the burden on Appellant to establish Respondent's valuation is erroneous by a preponderance of the evidence. The Board did not find the burden of proof satisfied. Appellant did not provide sufficient market or cost information to reduce subject's value.

For the reasons 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 19th day of December, 2016.