

BEFORE THE IDAHO BOARD OF TAX APPEALS

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| DONALD HOWELL, |) | |
| |) | |
| Appellant, |) | APPEAL NO. 16-A-1022 |
| |) | |
| 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 modifying the protest of valuation for taxing purposes of property described by Parcel No. RP61N04W179600A. The appeal concerns the 2016 tax year.

This matter came on for hearing September 22, 2016 in Sandpoint, Idaho before Board Member Linda Pike. Appellant Donald Howell 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 waterfront residential property.

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

FINDINGS OF FACT

The assessed land value is \$1,049,090, and the improvements' value is \$207,040, totaling \$1,256,130. Appellant contends the correct total value is \$1,069,945.

The subject property is a 3.24 acre parcel with 205 waterfront feet on the west side of Priest Lake. The parcel is improved with a 1,489 square foot residence constructed in 1991. The residence includes three (3) bedrooms, and two and one-half (2½) baths.

Subject is also improved with a boat dock.

Appellant explained subject's land value nearly doubled from 2014 to 2016, and questioned how the value could increase so rapidly. Appellant argued Priest Lake should be valued as one (1) economic unit and not as neighborhoods like Respondent used. Appellant described subject's waterfront site as sloped and rocky, and further noted the eastern property line was encumbered by an easement. Subject was also described as being situated next to the main resort which creates additional traffic, noise and loitering. Appellant further detailed some errors in the property details on Respondent's appraisal worksheet. The noted discrepancies were incorrect bedroom and bathroom counts. Respondent agreed the field sheet contained some errors. After adjusting the bedroom and bathroom counts, Respondent suggested reducing subject's assessed value by \$2,130.

In support of reducing subject's land value, a spreadsheet displaying information on approximately seventeen (17) listings was submitted by Appellant. The columns on the spreadsheet depicted price per front foot, asking price, front footage, original sales price and property address. Also presented was a sales spreadsheet which listed addresses, sale prices, acreage and days on market for approximately twenty-four (24) sales. The average sale price was \$472,833. Respondent noted all except two (2) of Appellant's sales were located on the other side of the lake and argued they were not comparable to subject.

Appellant also provided information on two (2) vacant waterfront sales. The first

sale was a .81 acre waterfront lot which sold in March 2014 for \$465,000, or \$3,321 per front foot. This sale property contained 140 waterfront feet and was located on the east side of Priest Lake. The second sale was a .56 acre parcel which sold for \$449,000, or \$4,495 per front foot in September 2015. This sale contained 100 waterfront feet and was also located on the east side. Respondent noted these sales were also not particularly comparable, as they were located in a less desirable area than subject's.

Lastly, Appellant provided excerpts from a Residential Appraisal Report. The record was left open for Appellant to provide the full copy of the fee appraisal. The fee appraisal, dated April 2013, was provided post-hearing. The appraisal considered four (4) sales of improved properties which sold between 2011 and 2013. Sale prices were between \$629,000 and \$979,000. After adjusting the sales for differences compared to subject, for items such as acreage/water frontage, actual age, size, and other differences, the appraisal presented adjusted sale prices between \$835,870 and \$922,310. The appraisal concluded a value of \$865,000 for subject.

Respondent explained the entire lakefront was analyzed for the 2016 tax year. Respondent developed a matrix which accounted for the different home site characteristics around the lake. Respondent explained two (2) characteristics considered to have the greatest effect on value were beach type and lot topography. As a result of the study, each lot was analyzed based on these two (2) characteristics and given an overall site rating which correlated to a value derived from sales. Subject was given a waterfront grade of "good." Appellant disagreed with subject's rating and contended subject was average.

Respondent provided information concerning eight (8) improved waterfront sales of Priest Lake parcels. The sales occurred during mid-2014 and throughout 2015. The sale properties were located on the more developed west side of Priest Lake. Sale prices ranged from \$440,000 to \$1,080,000. After extracting the assessed values of the improvements, Respondent calculated residual land values between \$369,320 and \$824,280, or from \$4,809 to \$6,995 per front foot. Based on these sales and subject's site rating, Respondent determined to use a value rate of \$5,799 per front foot for subject.

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) approaches to value, the sales comparison approach, the

cost approach, and the income approach. The sales comparison approach, as the name implies, considers information regarding recent sales deemed similar to the property being valued. This approach is commonly used to value residential property.

The Board appreciated the quantity of market data provided by both parties, however, there were concerns with some of it. Most notably, Appellant's sales information lacked physical details regarding the sale properties. Further, Appellant did not provide sale dates. As a result, the Board was reluctant to place much weight on these sales.

Next, the Board was concerned with some aspects of Appellant's fee appraisal. The appraisal considered the potential value if the subject parcel were split and a condominium was constructed on the site. As such, the appraisal valued subject as if the parcel was only .65 acres with 165 waterfront feet. This notably reduces and departs from subject's actual land area and lake frontage. Further, the sales information relied on in the appraisal dated as far back as 2011. The effective date of valuation in this appeal is January 1, 2016. In the Board's view, relying heavily on sales as much as five (5) years old, without adjusting them to current market conditions, would be in error and not represent sound appraisal practice. Therefore, little consideration was given to the fee appraisal.

Respondent explained the entire lakefront was analyzed for the 2016 tax year. Respondent developed a matrix which accounted for the different lot characteristics around the lake. Respondent provided eight (8) improved waterfront sales of Priest Lake parcels on the west side, like subject. The sales were recent and sale prices ranged from \$440,000 to \$1,080,000. Overall, the sale properties appeared reasonably comparable to

subject, and the respective sale prices were found supportive of subject's assessed value.

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. The Board did not find the burden of proof satisfied in this particular case to support a reduction to Appellant's requested value. While the assessment of subject's land did experience a rather large value increase over two (2) years, the sales information presented by Respondent supported the current assessment. On the whole, Respondent's evidence was judged to represent the stronger indication of subject's current market value with the exception of the incorrect data associated with the bedroom and bathroom counts. Respondent stated correcting the errors would result in a decrease of \$2,130 to the improvements' valuation. The Board finds the bedroom and bathroom counts should be corrected and subject's value adjusted accordingly.

Based on the above, the decision of the Bonner County Board of Equalization is modified to reflect a total value for subject of \$1,254,000.

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 as specified below.

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|--------------------|-------------------|
| Land value | \$1,049,090 |
| Improvements value | <u>\$ 204,910</u> |
| Total value | \$1,254,000 |

IT IS FURTHER ORDERED, pursuant to Idaho Code § 63-1305, 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 Appellant.

Idaho Code § 63-3813 provides under certain circumstances that the above ordered value for the current tax year shall not be increased in the subsequent assessment year.

DATED this 30th day of December, 2016.