

BEFORE THE IDAHO BOARD OF TAX APPEALS

CHAMALES FAMILY LIVING TRUST,)	
)	
Appellant,)	APPEAL NO. 16-A-1012
)	
v.)	FINAL DECISION
)	AND ORDER
BLAINE COUNTY,)	
)	
Respondent.)	
_____)	
)	
)	

RESIDENTIAL PROPERTY APPEAL

This appeal is taken from a decision of the Blaine County Board of Equalization denying the protest of valuation for taxing purposes of property described by Parcel No. RP000400000150. The appeal concerns the 2016 tax year.

This matter came on for hearing September 28, 2016 in Hailey, Idaho before Board Member David Kinghorn. Appellant was represented at hearing by Attorney Edward Lawson. Blaine County Prosecuting Attorney Tim Graves 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 Blaine County Board of Equalization is affirmed.

FINDINGS OF FACT

The assessed land value is \$2,972,987, and the improvements' value is \$142,947, totaling \$3,115,934. Appellant contends the correct total value is \$2,000,000.

The subject property is a five (5) acre parcel located in the Barlow subdivision, north of Ketchum, Idaho. The parcel is improved with an 1,820 square foot cabin constructed in 1978, and a detached three (3) car garage. The topography was described as level, and the parcel

has good access from the adjacent public roadway. Subject also enjoys unobstructed views of the Big Wood River.

Appellant challenged Respondent's characterization of subject as a riverfront property. It was explained a piece of land, roughly .61 acres in size, separated subject's eastern border from the Big Wood River. Appellant was unsure who owned the land, and as such, argued subject did not have legal access to the river, and thus was not a riverfront property. As a result, Appellant contended subject's value should not be derived from sales of riverfront properties.

Respondent acknowledged the piece of land described by Appellant, however, Respondent pointed to the original plat map for the subdivision filed in 1955, which depicts subject's easterly boundary extending to the banks of the Big Wood River. Respondent suggested the river had likely shifted over the decades since the original plat was filed, the result of which extended subject's eastern boundary. Respondent explained the uncertainty surrounding the ownership of the .61 acres was a consideration in determining subject's assessed value.

In support of the requested value reduction, Appellant pointed to the assessed land values of Lots 5 through 8 in the subdivision, all of which were assessed lower than subject. According to the plat map none of the lots were riverfront, which in Appellant's mind was comparable to subject. Because the lots were otherwise physically similar to subject, Appellant reasoned subject's value should be reduced accordingly. Respondent countered, the lots referenced by Appellant were truly not waterfront, nor were they ever waterfront. According to the plat map, the eastern boundaries of the lots stop well short of the river. Further, the building sites on the referenced lots were on the western portions of the lots, away from the river, with

no view of the water. Respondent contended these lots are marketed and sold differently in the marketplace than a property like subject. In Respondent's opinion, subject was not comparable to the referenced lots because subject's building site was near the river, and the river was accessible, even if the precise legality of such access was uncertain.

Appellant further provided an independent fee appraisal report with a January 1, 2016 effective date of valuation. In concluding subject was a non-riverfront parcel, the appraisal relied on the opinion of an employee in the Blaine County Land Use Services department, who opined subject's eastern lot line did not extend to the river as indicated in the original plat map because the river had moved. As such, the appraisal considered information concerning three (3) non-riverfront sales and two (2) listings. The sales were located south of subject near the Big Wood River, and the listings were Lots 6 and 7 from subject's subdivision. Sale No. 1 involved a 5.02 acre improved parcel situated roughly 400 feet from the river. Originally listed in 2013 for \$2,495,000, the property sold in March 2015 for \$1,600,000. Sale No. 2 concerned a 3.58 acre vacant lot which sold in April 2014 for \$1,087,000. Though it did not have direct access, the river could be reached by crossing public Forest Service land. The final sale property was a 2.92 acre parcel improved with a 6,000 square foot residence. The Big Wood River was noted to cross the parcel immediately adjacent to the residence. The property sold in November 2013 for \$1,500,000. The appraisal adjusted the sale prices upward between 25% and 75%, resulting in adjusted sale prices ranging from \$1,902,250 to \$2,100,000. A value of \$2,000,000 was concluded for subject.

Respondent questioned the comparability of the sales contained in Appellant's appraisal. Sale No. 1 was situated some distance from the river, with no view of the water or access

thereto. Respondent explained Sale No. 2 also lacked water view, and water access. Further, Respondent noted Sale No. 2 was an estate sale in which the buyer remarked to Respondent he “got a good deal”. Regarding Sale No. 3, Respondent highlighted the limited useable building area due to the river crossing through the parcel. Aerial photographs depicting the described condition of each sale property were provided.

Appellant additionally offered a survey of the disputed land between subject and the river. The date of the survey work was not clear, however it concluded the land area was .61 acres. Respondent countered the survey was never recorded, nor were pins set, and therefore it was not legally controlling. Respondent maintained the only legal description of subject is the original plat map filed in 1955, which clearly indicates subject’s eastern property line extends to the river.

In support of subject’s assessed value, Respondent offered sales information concerning three (3) improved properties and three (3) vacant lots from subject’s area which occurred in 2014 and 2015. The improved sales ranged in parcel size from 3.73 to 5 acres. The sale residences were notably superior to subject in terms of size, class, and age. Sale prices ranged from \$3,750,000 to \$5,150,000. After making adjustments, primarily due to the superior improvements associated with the sale properties, Respondent determined adjusted sale prices between \$3,137,103 and \$3,197,933. Subject’s total assessed value is \$3,115,934.

Of the vacant land sales, two (2) of the parcels had water features, while the remaining sale property completely lacked any water access or water view. Sale No. 1 was a 7.63 acre parcel located south of subject. The parcel did not have river access, however, enjoyed two (2) ponds situated on the property. The lot sold in November 2015 for \$3,700,000. Sale No. 2

occurred in 2014 for \$3,500,000. The 3.88 acre parcel was noted to have both access to, and views of, the river. The final land sale involved a 3.88 acre lot with no water view or access, which sold in July 2014 for \$2,800,000.

Respondent further explained, with the exception of Lots 5 through 8, all parcels in subject's subdivision are valued similarly, as riverfront properties. Respondent maintained water proximity, water view, and water access, were critical factors in determining value in subject's area. And because subject has these factors, Respondent contended it should be compared to properties with similar amenities for purposes of determining market value. However, due to the uncertainty surrounding the piece of land on subject's east, Respondent applied a downward adjustment of 10% to the base land value.

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. The three (3) primary approaches to value include 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 typically valued using the sales comparison approach.

The parties both developed value positions using the sales comparison approach though arrived at vastly different conclusions. The key difference in the parties' analyses was the type of sale properties to which subject was compared. Appellant's fee appraisal considered subject a non-riverfront property so compared subject to other non-riverfront parcels. By contrast, Respondent compared subject to riverfront properties because subject is situated near the river, with an unobstructed view of the water. The divergence between the parties is the result of a small piece of land between subject and the river. Appellant maintained the cloud over the .61 acres meant subject had no legal access to the river and therefore should not be compared to riverfront properties. Respondent explained the land in question does not exist as a separate legal parcel. It was suggested the river's path had moved over the years which has resulted in subject's acreage increasing. Respondent further argued the original plat map, which shows subject's eastern boundary extending to the river, is the only recorded legal description and is thus controlling.

While there is some legal support for Respondent's accretion argument, the record on the issue is too thin in this instance to reach a definitive conclusion. However, whether subject is "true riverfront" is less important in this particular case because Respondent made a downward adjustment due to the questions surrounding the .61 acres. Subject was shown to have close proximity to the river, a view of the river, and currently does have direct physical access to the river. To compare subject to other properties which share similar water-related amenities is proper appraisal practice in the Board's view. The Board was also concerned with the large

adjustments made to the sales in Appellant's fee appraisal, which ranged from 25% to 75%. Respondent also made some notable, though less drastic, adjustments to the improved sales included in its analysis. The adjustments, however, were to account for the superior improvements associated with the respective sales, not different land characteristics. Also, the vacant land sales, which ranged in price from \$2,800,000 to \$3,700,000, further support subject's assessed value.

The Board was also unpersuaded by the assessment information offered by Appellant comparing subject's assessed value to the assessed values of several non-riverfront parcels in the subdivision. Such an approach is not a recognized appraisal method. Further, the highlighted properties differed from subject in other key respects, such as building site location and view of the river. Appellant's analysis did not account for these and other key differences.

Pursuant to Idaho Code § 63-511, the burden is with the Appellant to establish error in subject's assessed value by a preponderance of the evidence. We did not find the burden of proof met in this instance. The Board found Respondent's analysis better supported and more indicative of subject's market value. The sale properties Respondent relied on were similar to subject in many key respects, and the respective sale prices offered reasonable support for subject's assessed value.

Based on the above the decision of the Blaine County Board of Equalization is affirmed.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Blaine County Board of Equalization concerning the subject parcel be, and the same hereby is, AFFIRMED.

DATED this 16th day of February, 2017.