

BEFORE THE IDAHO BOARD OF TAX APPEALS

GORDON HUDSON,	)	
	)	
Appellant,	)	APPEAL NO. 17-A-1063
	)	
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. RP00394001012AA. The appeal concerns the 2017 tax year.

This matter came on for hearing September 26, 2017 in Sandpoint, Idaho before Hearing Officer Cindy Pollock. Appellant Gordon Hudson was self-represented. Chief Deputy Assessor Al Ribeiro represented Respondent.

Board Members David Kinghorn and Leland Heinrich join in issuing 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 \$550,850, and the combined value of the improvements is \$63,100, totaling \$613,950. Appellant contends the correct total value is \$500,000.

The subject property is a .452 acre parcel with 75 front feet on the west side of Priest Lake. Subject is a relatively level lot with a sandy beachfront. The parcel is improved with a 1,536 square foot manufactured home built in 1979. Other improvements

include a detached garage-type outbuilding and some boat dock improvements.

Appellant questioned why subject's assessed value increased roughly 29% for the current assessment year. In Appellant's view, values and sales around the lake have been flat over the past year. Appellant was also concerned about the roughly \$8,500 increase to the value of the manufactured home. Appellant explained manufactured homes typically depreciate in value, not appreciate. Appellant stated a couple local manufactured home dealers estimated the value of subject's manufactured home in the \$10,000 to \$15,000 range. Respondent agreed manufactured homes generally do not appreciate in value, however noted due to recent high demand for homes around the lake, the sales data indicated an increase in value for 2017.

Appellant acknowledged subject is a desirable property and enjoys level topography, as well as a flat sandy beachfront, however, noted there were a couple negative aspects associated with the parcel. The first was an access easement which runs along the back portion of the lot. Appellant estimated the roadway consumes about a twenty-five (25) foot wide portion running the full width of the lot. Respondent acknowledged subject is encumbered by the access easement, however, contended the sales data indicated easements running along the back edge of lots around the lake did not negatively affect values. Easements running through the middle of lots, however, were noted to decrease values. Because the easement across subject was located along the rear of the lot, Respondent made no value adjustment.

Appellant also pointed out subject's lot depth is somewhat smaller than a typical lot

on the lake. According to Appellant, the typical lot depth is nearly 300 feet, whereas subject's depth is only 200 feet, which is further reduced by the roadway easement at the rear edge of the property. Appellant further reported subject is situated next to a public marina which produces traffic congestion and noise, both of which were argued to diminish value.

Appellant referenced two (2) lots which sold at an auction sponsored by the State of Idaho a couple years ago. The lots were described as level with sandy beachfronts, similar to subject. Appellant reported the lots each sold for \$650,000. Appellant highlighted the fact the sale lots had more front feet on the lake than subject and more depth, yet sold for only \$100,000 more than the assessed value of subject's land.

Appellant also recounted recent conversations with a pair of local realtors, both of whom opined subject's current assessed value was too high. One (1) of the realtors estimated subject's value at \$500,000, and the other believed the value was between \$550,000 and \$600,000.

Respondent explained a study of sales around Priest Lake was undertaken in 2016, resulting in a land matrix which was used to set land values around the lake. The study examined more than thirty (30) sales of lakefront parcels between 2013 and 2015. The sales data and associated analysis helped Respondent identify four (4) distinct market areas around the lake. The matrix, which took into account lot topography and type of beachfront, was used to determine land grades for each lakefront lot. Land grades of "good", "average", and "fair" were used for parcels on the main lake, and lots located on

the canal and the outlet were assigned land grades of “low”. Due to its level topography and sandy beachfront, subject’s land was graded “good”.

In support of subject’s land value, Respondent offered information concerning two (2) lakefront sales from 2016 located near subject. The first sale involved a “good” lot with 50 waterfront feet. The improved property sold for \$665,000, which after removing the value attributable to the improvements, indicated a residual land value of \$536,770, or \$10,735 per front foot. The other sale, also improved, had an “average” graded lot with 70 front feet on the lake and sold for \$565,000. After removing improvement values, Respondent calculated a land value residual of \$477,280, or \$6,818 per front foot. Subject’s “good” rated lot was valued at \$537,850, or \$7,171 per front foot.

Turning to the value of subject’s manufactured home, Respondent provided information related to six (6) recent sales of manufactured home properties. These manufactured homes were generally similar to subject in terms of age, size, grade, and condition. The full sale prices ranged from \$130,000 to \$220,000. After removing land values, Respondent reported the residual price rates or values for the manufactured homes ranged from \$31 to \$54 per square foot. Subject’s manufactured home was assessed for \$34,220, indicating an average rate of \$22 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, 2017 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 for determining market 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). The sales comparison approach is commonly used to value residential property by analyzing recent sales of similar property.

Appellant made reference to two (2) lakefront sales which occurred within the last couple years. While the Board appreciated the referenced sale information, it was incomplete. It was not clear when the properties sold, and information on the physical characteristics of the sale properties was lacking. With so few details, the Board was unable to make any meaningful comparisons between subject and the sale properties. Accordingly, minimal weight was afforded this sales information.

Likewise, due to a lack of details and supporting documentation, the Board did not heavily weigh the value opinions of the local realtors Appellant spoke with, nor the value

opinions of the manufactured home dealers.

Respondent's sales information and analysis was better received by the Board. Respondent's sales were located in subject's neighborhood and occurred in mid-2016. One (1) of the sales concerned a lot with a land grade of "good" which shared many key physical characteristics with subject. After removing the value of the improvements from the sale price of \$665,000, the indicated value of the land was \$536,770, or an indicated price rate of \$10,735 per front foot. The other sale lot had an inferior land grade of "average" with an indicated land value was \$477,280, or \$6,818 per front foot. Subject's assessed land value is \$537,850, or \$7,171 per front foot, which rate sits between the two (2) sale price rates.

In similar fashion, the six (6) sales offered by Respondent in support of subject's manufactured home value were regarded favorably by the Board. Though the sale properties were not necessarily located in subject's area, the manufactured homes themselves compared well in many key respects with subject's home. With indicated market price rates between \$31 and \$54 per square foot, the Board did not find the value of subject's manufactured home at \$22 per front foot to be excessive or otherwise unreasonable.

In appeals to this Board, the burden is with Appellant to demonstrate error in subject's assessed value by a preponderance of the evidence. Idaho Code § 63-511. Given the record in this case, we did not find the burden of proof satisfied. Appellant's value information was incomplete and somewhat dated. Respondent's data, on the other

hand, was more timely and better detailed, thereby allowing the Board to more easily compare the sale properties to subject. In all, the Board did not find sufficient cause to disturb subject's assessed 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 value decision of the Bonner County Board of Equalization concerning the subject parcel be, and the same hereby is, AFFIRMED.

DATED this 1<sup>st</sup> day of November, 2017.