

BEFORE THE IDAHO BOARD OF TAX APPEALS

KUHNERT TRUST,)	
)	
Appellant,)	APPEAL NO. 17-A-1042
)	
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. RP57N01W084770A. The appeal concerns the 2017 tax year.

This matter came on for hearing September 15, 2017 in Sandpoint, Idaho before Hearing Officer Travis VanLith. Daniel Kuhnert appeared at hearing for Appellant. Assessor Jerry Clemons represented Respondent.

Board Members David Kinghorn and Leland Heinrich join in issuing this decision.

The issue on appeal concerns the market value of a vacant residential parcel.

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

FINDINGS OF FACT

The assessed land value is \$332,500. Appellant contends the correct land value is \$275,000.

The subject property is a .33 acre waterfront lot with 100 front feet on the north side of Lake Pend Oreille. Electricity runs to the property line and the lot also has access to community water and a community drain field. Subject is vacant, however, a driveway has been graded on the lot.

Appellant detailed some of the negative aspects of subject. Most notably, an access easement crosses the lot, which consumes nearly 2/3 of the parcel. The easement provides access to the adjacent lot also owned by Appellant. It was further noted, due to the easement and overall steepness of the lot, there is roughly only a 1,500 square foot building footprint available, which limits potential development options. Respondent pointed out the building site is near the bottom of the lot providing good access to the lake.

In support of reducing subject's value, Appellant offered information concerning eleven (11) sales, including subject's purchase in 2012 for \$230,000. Four (4) of the sales were from 2015. These sale properties were between .47 and .93 acres in size with frontages ranging from 100 to 200 front feet. Respondent explained three (3) of these sale properties were located on the south side of the lake, in a different market area. Respondent highlighted the one (1) sale lot situated on the same north side as subject sold for \$595,000, or nearly \$5,410 per front foot. Which was higher than subject's assessed value of \$332,500, or \$3,325 per front foot.

Appellant's remaining six (6) lot sales transpired during 2016. Though all waterfront lots, most were not located on Lake Pend Oreille, but rather the river; and one (1) was located on an island. Sale prices ranged from \$193,950 to \$523,000. Respondent pointed out these sale properties were located as much as twenty (20) miles from subject.

Respondent acknowledged subject is a steep lot and is encumbered by an access easement. To account for these factors, Respondent assigned subject a waterfront grade of "average", which is the lowest rating available on the main lake. Respondent additionally applied a downward 5% adjustment for the access easement. In Respondent's view, these adjustments adequately considered subject's particular detriments.

For value evidence, Respondent provided information concerning three (3) waterfront sales from 2016. The sale properties were all located within two (2) miles of subject on the north side of the lake. Though comparable in location, the sale lots enjoyed superior waterfront ratings of “good”. Frontages ranged from 96.2 to 100 front feet and the sale prices from \$499,000 to \$940,000. After removing the values of the associated improvements, and adjusting for subject’s inferior waterfront grade, the adjusted sale prices ranged from \$350,048 to \$506,076, or from \$3,500 to \$5,261 per front 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. There are three (3) 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). The sales comparison approach is often used to value residential property, and both parties offered information in this regard.

While the Board appreciated the sales information provided by Appellant, there were some notable concerns regarding the comparability of the sale properties. The most obvious concern was location. Of all the sales provided, only (1) was located on the north side of the lake in close proximity to subject. The other sale properties were either located on the south side of the lake, or on the river. And some were located as far as twenty (20) miles away. Appellant's analysis did not adjust for this key location difference. Also of concern, was several of the sales were from 2015. Though such older sales information could be relevant, Appellant did not make an adjustment for date of sale to bring the sale prices current, nor was it apparent in the record what a proper time adjustment would be. In all, there were too many questions of comparability for the Board to place much weight on Appellant's sales information.

Respondent's sales data and accompanying analysis was better received by the Board. The sale properties were located within a couple miles of subject and on the same body of water. Where the sale properties were improved, Respondent extracted the values of the associated improvements to arrive at residual land values. Respondent also adjusted for the superior waterfront grades of the sale properties. With adjusted sale prices ranging from \$3,500 to \$5,261 per front foot, subject's assessed value of \$3,325 per front foot appears reasonable and well-supported.

Pursuant to Idaho Code § 63-511, Appellant bears the burden of proving error in subject's valuation by a preponderance of the evidence. We did not find the burden of proof satisfied in this instance. Respondent's sales information was generally more timely and was better focused on subject geographically. Respondent also specially considered subject's steepness and the impact caused by the access easement by assigning the lowest waterfront grade to the lot and

applying an additional 5% downward adjustment. In all, we do not find error in the value determined by Respondent.

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 decision of the Bonner County Board of Equalization concerning the subject parcel be, and the same hereby is, AFFIRMED.

DATED this 23rd day of October, 2017.