

BEFORE THE IDAHO BOARD OF TAX APPEALS

SCOTT DEIBERT,)	
)	
Appellant,)	APPEAL NO. 17-A-1013
)	
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. RP033670000010A. The appeal concerns the 2017 tax year.

This matter came on for telephonic hearing September 14, 2017 in Sandpoint, Idaho before Hearing Officer Travis VanLith. Appellant Scott Deibert 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 \$665,931, and the value of the improvements is \$250,830, totaling \$916,761. Appellant contends the correct land value is \$393,772, and the improvements' value is \$254,410, totaling \$648,182.

The subject property is a 1.02 acre parcel with 152.75 front feet on the eastern

shore of Bottle Bay on Lake Pend Oreille. The property is improved with a 2,643 square foot two-story residence constructed in 2004. Other improvements include a small utility shed, a boat lift, and some boat dock improvements.

Appellant noted subject's land value nearly doubled for the current assessment year and questioned the justification for such an increase. Respondent explained subject's land grade was changed from "average" to "good" for 2017 to more accurately reflect the lot's physical characteristics. The lot was noted to enjoy relatively level topography with a slight slope down to the "pebbly" beach at the water's edge.

Appellant contested the change in land grade because nothing had been done to change the property since the prior year's assessment. Appellant acknowledged some of the beachfront was level and easily-accessible, however, explained a rocky outcropping consumed approximately 70 feet, or nearly one-half ($\frac{1}{2}$) the frontage. Appellant stated the rocky outcropping prevented access to the lake on that portion. In Appellant's view, subject's land grade should not have been changed and petitioned the "average" land grade be reinstated. Respondent noted the BOE had adjusted subject's assessment for the rocky outcropping by reducing the land grade for the rocky section, which the BOE determined was 45 front feet, to the "average" land grade. The grade of the remaining frontage remained unchanged and was valued accordingly.

Appellant provided assessment information concerning three (3) waterfront parcels located in subject's immediate neighborhood. Appellant highlighted the adjacent property which was noted to be impacted by the same rocky outcropping as subject. According to

Appellant, the BOE reduced the grade of the entire neighboring parcel to “average”, resulting in an appreciably lower land value than subject. Appellant further referenced two (2) more nearby parcels regarded to have similar or superior beachfronts compared to subject’s, which were also valued less. Photographs of the referenced waterfronts were offered into evidence.

Respondent explained beachfront characteristics represent only part of the consideration for determining the land grade of a particular parcel. Another key component is the topography of the remaining portion of a lot. In this regard, Respondent pointed out the properties referenced by Appellant were notably steeper than subject between the beachfronts and the residences. These parcels were ultimately assigned land grades of “average” and valued as such. Photographs depicting the steeper topography of the referenced lots were provided.

In support of subject’s land valuation, Respondent offered information concerning two (2) sales of “good” waterfront properties. Sale No. 1 was an improved residential parcel with 100 front feet on the lake. The property sold in May 2016 for \$780,000. Respondent removed the assessed value of the associated improvements from the sale price, leaving an indicated value for the underlying land of \$510,640. An upward adjustment of \$236,552 was applied to the residual land value figure, resulting in an adjusted land price of \$747,192, or \$4,892 per square foot. Sale No. 2 was also an improved parcel with 200 waterfront feet and sold for \$2,590,000. After removing the value

of the improvements, Respondent reported a residual land value of \$938,200¹. From this, Respondent subtracted \$185,648 to account for the difference in the amount of frontage between the sale property and subject, resulting in an adjusted price of \$752,552, or \$4,927 per square foot. Subject's raw land value was \$652,921, or \$4,274, which Respondent contended was well supported by the available sales information.

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 methods for determining market value include the sales

¹It appears there was an error in the residual land value calculation. The reported value of the improvements was \$1,114,110, which when subtracted from the sale price of \$2,590,000 yields a residual land value of \$1,462,890. Carrying this correction through to the end of the analysis indicated an adjusted land residual of \$1,277,242, or \$6,386 per front foot.

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.

Appellant's arguments were focused on subject's land grade, which Appellant contended should be reduced to "average" from "good". Appellant provided photographs of several nearby parcels considered to be similar or superior to subject in terms of beachfront, and noted they were assessed less than subject. While the Board understands Appellant's position, we are not convinced subject's land grade of "good" is erroneous. As explained by Respondent, in the modeling the land grade of a particular parcel is determined not only by the type of beachfront, but also by the overall topography of the lot. As evidenced by the photographs provided by Respondent, the properties highlighted by Appellant suffered from notably steeper topography than subject, even though the beachfront portions were relatively level. In the Board's view, the referenced parcels were not comparable to subject, and thus did not support the position subject's land grade should be reduced. Furthermore, a comparison of assessed values is not a recognized appraisal approach in measuring market value.

Respondent, by contrast, offered information concerning two (2) recent sales of improved residential properties with similar beachfront and topography as subject. In an attempt to focus on subject's land value, the values of the improvements associated with the sale properties were removed from the respective sale prices, leaving residual land value indications. Respondent further adjusted the sale prices to account for differences

in the amount of frontage between the sale properties and subject. Subject was valued less per front foot than the range indicated by the adjusted sale prices.

Pursuant to Idaho Code § 63-511, the burden is with Appellant to establish subject's assessed valuation is erroneous by a preponderance of the evidence. In this case, the Board did not find the requisite burden of proof satisfied. Appellant's primary contention was a rocky outcropping on a portion of subject's frontage should cause the land grade of the entire parcel to be reduced. Respondent found instead only the portion of frontage actually impacted by the rocks should be graded "average", with the remaining frontage graded "good". Based on the evidence presented by both parties, we find no error in Respondent's appraisal consideration and the ultimate determination of market value. Subject's frontage, in the Board's opinion, was fairly and reasonably considered, resulting in an appropriate valuation.

From the above, we do not find sufficient cause to disturb the decision of the Bonner County Board of Equalization, and therefore affirm such decision.

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 9th day of November, 2017.