

BEFORE THE IDAHO BOARD OF TAX APPEALS

BRETT AND TRACI CRABTREE,)	
)	
Appellants,)	APPEAL NO. 17-A-1065
)	
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. RP054040000420A. The appeal concerns the 2017 tax year.

This matter came on for hearing September 27, 2017 in Sandpoint, Idaho before Hearing Officer Cindy Pollock. Brett Crabtree appeared at hearing for Appellants. Assessor Jerry Clemons represented Respondent.

Board Members David Kinghorn, Leland Heinrich and Kenneth Nuhn 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 \$602,955, the improvements' value is \$329,570, and other value is \$11,880, totaling \$944,405. Appellants contend the correct land value is \$416,000, the improvements' value is \$329,570, and other value is \$4,000, totaling \$749,570.

The subject property is a .60 acre parcel with 130 waterfront feet on the east side

of Priest Lake in the Huckleberry Bay community. The parcel is improved with a residence, and a shared dock.

Subject has been listed for sale off and on for several years. The original listing price was \$1,200,000, with the asking price lowered to \$1,050,000 in September 2016.

Appellants offered information concerning auction sales which occurred during 2016 and 2017. Many of the auctioned lakefront lots were owned by the State of Idaho and were leased to lessees who were permitted to build residential and other improvements on the lots. Appellants suggested because some of the auction properties had similar qualities as subject they should be used as comparables to support subject's land value.

Appellants provided information on thirty-eight (38) auction sales. Seven (7) of auction sales with lots considered to be most similar to subject's were detailed. These sale properties ranged in size from .82 to 2.53 acres and contained between 127 and 226 front feet on the lake. The sale prices were between \$376,000 and \$607,000. Appellants noted all seven (7) of the sale properties had more acreage, and more or an equal amount of frontage, yet sold for less than subject's assessed land value.

Appellants described subject's topography as steep and argued subject's shared dock and driveway components make it less valuable than properties with their own dock and driveway. Appellants also argued subject's homeowners association had rules and regulations which were a further detriment to value.

Respondent explained that in 2016 a matrix was developed for Priest Lake to account for different lot characteristics around the lake. The land study included all known

validated sales which took place from 2013 through 2015. The matrix accounted for two (2) characteristics which had the greatest effect on value; beach type and lot topography. All lots were analyzed based on these characteristics and given an overall site rating of “fair”, “average” or “good”. The study also identified four (4) separate market areas on the lake.

Using the matrix modeling, subject was given a waterfront grade of “average”. Respondent had three (3) sales of similarly graded waterfront parcels in the same neighborhood as the subject. From the sales information, Respondent observed the assessed land values were significantly below market price levels and therefore adjusted the neighborhood’s “average” base rate up by 35% for 2017.

Respondent also compared the three (3) sales directly to subject on a land-to-land basis. The sale lots had between 78 and 160 waterfront feet and full sale prices from \$543,750 to \$1,000,000. After extracting the assessed values of the associated improvements, and making appraisal adjustments for differences compared to subject, Respondent calculated land value indications between \$622,660 and \$722,600, or from \$4,789 to \$5,558 per front foot. Respondent contended subject’s lot was fairly assessed with an indicated average front foot value of \$4,538.

As for the auction sales, Respondent argued they were not considered valid as the seller was a government entity and the sale price only accounted for an appraised value of the land. Respondent also explained many waterfront parcels have access or power easements bisecting them, however the sales did not show a detrimental impact on market

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, 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. Residential property is commonly valued with reference to the sales comparison approach to value.

Appellants argued subject's lot assessment should be reduced for its topography, and for the shared dock and driveway. For market information, Appellants primarily presented price information from auction sales involving the State of Idaho's leased lakefront cottage sites. Overall, the Board favored Respondent's consideration of subject's

topography and the shared property components because it was supported by better market information and appraisal analysis. Appellants did not demonstrate error in Respondent's consideration of property characteristics, nor did Appellants provide a supported showing of how subject's site characteristics negatively affect value.

In a base way, Appellants contended subject's land value should be derived from a consideration of auction sales. Respondent found the auction sales invalid and argued they should not be used for market value purposes because the seller was the government. There were many other special circumstances associated with these sales. In the Board's judgment there were questions as to whether these auction sales fully satisfy the definition of market value for assessment purposes, and as a result, minimal weight was given to this sales information.

Subject has been listed for sale on the open market for a few years with an asking price between \$1,200,000 and most recent to the assessment and appraisal date \$1,050,000. While we do not expect a listing price in itself to be a true indication of market value, it can tend to establish or suggest an upper limit on value. It can also be an indication of market value, given a due consideration to the probable discount before sale. Here subject's total current assessment of \$944,405 was somewhat below the recent pricing reflected in the listing. While Appellants' requested value of \$749,570 was far below the recent asking prices. Subject's listing information was deemed supportive of subject's overall assessment and not supportive of Appellant's total requested value.

Respondent had studied subject's market area using valid sales which took place

between 2013 and 2015. A matrix was developed to account for beach type and lot topography. Respondent provided information from three (3) “average” rated waterfront sales to compare with subject. The sale properties were improved, but Respondent extracted the assessed values for the improvements to derive land residuals. Other adjustments were made for property differences when compared to subject to determine front foot value indications between \$4,789 and \$5,558. This consideration of recent lakefront sales information was well received by the Board. Subject’s land value was noted to fall below the market-derived price information.

In appeals to this Board, pursuant to Idaho Code § 63-51, the burden is with the Appellant to establish Respondent’s valuation is erroneous by a preponderance of the evidence. The burden of proof was not satisfied in this instance. Appellants provided a great deal of evidence, however, most of the sales information consisted of auction sales. Therefore it was not deemed as meaningful to the question of current market value. Respondent provided a consideration of multiple non-auction sales to support subject’s assessed land value. Looking at these sales, we found the majority indicated land price rates above subject’s per front foot assessed value. Subject is assessed at \$944,405, which appears reasonable and supported given the recent sales information. We do not find sufficient evidence to disturb the assessed value.

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 16th day of November, 2017.