

BEFORE THE IDAHO BOARD OF TAX APPEALS

GUMAER FAMILY TRUST,)	
)	
Appellant,)	APPEAL NOS. 17-A-1057
)	
v.)	FINAL DECISION
)	AND ORDER
BONNER COUNTY,)	
)	
Respondent.)	
_____)	

VACANT LAND 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. RP00421000004AA. The appeal concerns the 2017 tax year.

This matter came on for hearing September 28, 2017 in Sandpoint, Idaho before Hearing Officer Cindy Pollock. Richard Gumaer appeared at hearing for Appellant. Assessor Jerry Clemons represented Respondent.

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

The issue on appeal is the market value of an unimproved residential parcel.

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

FINDINGS OF FACT

The assessed land value is \$567,955. Appellant contends the correct land value is \$430,000.

The subject property is a vacant .26 acre parcel containing 120 feet of water frontage on the southeastern shore of Priest Lake near Coolin, Idaho.

Appellant questioned Respondent’s methodology in assessing the subject property. It

was Appellant's contention the methodology did not satisfactorily consider all the sales in subject's general area.

Appellant went on to explain subject contains an access road for the neighboring property, which traverses from subject's southeast section to the northeast section. Because of the angle of the road, part of the subject to the east of the road was described as unusable. Further, the southern part of the lot was described as extremely steep and needing substantial expenses to develop it.

Appellant provided information on one (1) sale which took place in 2016 and had about 96 waterfront feet. This vacant land parcel sold for \$432,000. Respondent argued the sale property was not similar where the lot characteristics were quite different, and therefore Respondent did not use this sale in its analysis.

Appellant also offered into evidence an independent fee appraisal with an effective valuation date of September 25, 2014. The appraisal considered information from three (3) vacant land sales. Two (2) sales took place in 2013 and one (1) in 2014. The appraisal concluded a total value of \$430,000 for subject. Appellant submitted a letter from the original appraiser dated June 26, 2017. In the letter, the Appraiser noted after reviewing vacant land sales and listings from January 2014 through December 2016, the September 2014 value opinion of \$430,000 remained the same.

Respondent explained a study of sales around Priest Lake was undertaken in 2016, which resulted in the development of a land matrix used to set land values around the lake. The study examined more than thirty (30) sales of lakefront parcels from 2013 through 2015. The sales data and associated analysis helped Respondent identify four (4) distinct market areas around

the lake. The matrix took into account lot topography, and type of beachfront, to determine land grades for each lakefront lot. Land grades of “good”, “average”, and “fair” were used for parcels on the main lake. Lots located on the canal and the outlet were assigned land grades of “low”. Using the waterfront matrix, subject was given a waterfront grade of “average”.

In support of subject’s land value, Respondent offered information concerning four (4) lakefront sales from 2016 located near subject. The first three (3) sales involved “good” rated lots. The sales contained between 95 and 151 waterfront feet. After removing the value attributable to the improvements, indicated residual land values were between \$432,000 and \$1,242,530, or between \$4,547 and \$8,284 per front foot. The remaining sale, also improved, had an “average” graded lot with 57.5 front feet on the lake and sold for \$477,000. After removing improvement values, Respondent calculated a land value residual of \$336,560, or \$5,853 per front foot. Subject’s “average” rated lot was assessed at \$4,625 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. Residential property like the subject is commonly valued with reference to the sales comparison approach.

Appellant challenged Respondent's choice of comparables sales, as well as its appraisal methods. However Appellant failed to convince the Board of error in Respondent's sales comparison approach. Respondent's approach in some respects considered all the recent sales on the lake, before focusing on a subset of the property sales most similar to subject. Appellant requested the Board consider one (1) vacant land sale to compare with subject. For this latter sale we found both parties agreed the property did not contain the same basic characteristics as subject. Further, the one (1) sale was not found, in itself, to reflect the market in this instance. Therefore relatively minor weight was afforded to the single sale information.

Appellant also provided an appraisal of subject prepared in 2014 together with a more recent letter from the original appraiser. Due to a lack of details and supporting documentation, the "letter update" was not particularly helpful and did not weigh heavily in this opinion. The 2014 appraisal was rather dated, given the current value question here centers on January 1, 2017.

Respondent's consideration of recent sales information was better received by the Board. The analysis considered values around the lake, as well as a focused look at subject's current land value. For subject specifically, Respondent provided a detailed consideration of four (4) 2016 sales. Three (3) of the sales were graded "good" waterfront, and the remaining sale was rated "average". After removing the value of all the site improvements from the sale prices, the

indicated waterfront price rates ranged from \$4,547 to \$8,284. Subject's assessed land value, minus its site improvements, was \$554,955, or \$4,625 per front foot. The Board found subject's current land assessment sits well in comparison to the market value indications put forward by Respondent.

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 in some instances incomplete and in others instances somewhat dated. By comparison, Respondent's sales information was generally more timely and extensive, and found to better reflect subject's current market value on January 1, 2017. Subject's lot characteristics were taken into consideration by Respondent and the Board did not find the land over-assessed. 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 22nd day of November, 2017.