

BEFORE THE IDAHO BOARD OF TAX APPEALS

GUMAER FAMILY TRUST,	)	
	)	
Appellant,	)	APPEAL NO. 17-A-1058
	)	
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. RP00306000015AA. The appeal concerns the 2017 tax year.

This matter came on for hearing September 27, 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 concerns the market value of an improved residential parcel.**

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

FINDINGS OF FACT

The assessed land value is \$473,425, and the improvements' value is \$18,900, totaling \$492,325. Appellant contends the correct land value is \$394,730, with no change to the improvements' value of \$18,900, for a total requested value of \$413,630.

The subject property is an improved .37 acre parcel with 75 waterfront feet on the west side of Priest Lake in the Outlet Bay Area.

Appellant noted subject's assessed land value increased 19% over the prior year and

questioned the justification for this increase. Appellant offered into evidence an independent fee appraisal of subject's market value prepared back in 2014. It was contended, that the value conclusion reached at the time was still an accurate figure for the current assessed value. A letter was presented into evidence wherein the original fee appraiser suggested the value conclusion of \$425,000, reached in 2014, was still a valid value conclusion in the current market.

Appellant also offered information on a vacant lakefront property which sold in 2016. The sale property contained 96 waterfront feet and sold for \$432,000. Appellant described this sale property as a "beautiful, flat lot with a sandy beach running the width of the lot." Further, it was said every square inch of the sale lot was usable and had no low area like subject.

Respondent explained a study of sales around Priest Lake was undertaken in 2016. The study resulted in the development of a land matrix which was 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 guided Respondent to identify four (4) distinct market areas around the lake. The matrix took into account lot topography and beachfront types 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 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 two (2) lakefront sales which occurred in mid-2016. The first sale involved a "good" lot. The sale property contained 50 waterfront feet. After removing the value attributable to improvements, the indicated residual land value was \$536,770, or \$10,735 per front foot. The second sale had

an “average” graded lot with 70 front feet. This improved property sold for \$565,000. After removing improvement values, Respondent calculated a land value residual of \$477,280, or \$6,818 per front foot. On a similar basis, subject’s lot, as vacant and unimproved, was valued at \$6,139 per front foot. In conjunction with this, subject’s site improvements were assigned a value of \$13,000.

### 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.

Appellant argued subject’s assigned land value was incorrect. Ultimately, Appellant’s main contention was with Respondent’s valuation methods. It was suggested there were many errors and faults in Respondent’s appraisal methods.

In support of Appellant's value position, an older fee appraisal of subject was offered into evidence. The appraisal was dated October 1, 2014. A letter from the appraiser was also presented. The letter was dated June 26, 2017 and indicated subject's current value had not changed since the 2014 determination. No additional sales data or analysis was included with the letter. The Board was unable to find the letter information or the older fee appraisal notably helpful to the question of current market value. Considerable market activity is noted to have occurred since 2014.

Appellant also requested the Board consider price information from one (1) vacant land sale in 2016. This data was timely and involved lakefront property. Evidence of subject's land value was represented in the sales information. However the one (1) sale was not found, in itself, to reflect the full market in this instance. Therefore relatively modest weight was afforded to the single sale information.

Respondent studied a couple years' worth of sales around Priest Lake in 2016. This study ultimately 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. We found the analysis relatively thorough and well supported on appeal.

For subject's land value specifically, Respondent offered information concerning two (2) recent sales of improved residential properties with similar beachfront and topography. On a land basis, the sales were compared with subject's land. Specifically, values for the improvements were removed from the respective sale prices, leaving residual land value indications. The Board found subject's land was assessed for less per front foot than the value range indicated by these comparable sales. On the whole, the Board did not find good evidence

in record pointing to a lower per front foot valuation for the subject land.

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. The primary contention was with Respondent's methodology used to determine land values. However Appellant failed to convince the Board of error in Respondent's sales comparison approach. On the issue of subject's land value, Appellant failed to provide enough market evidence to convince the Board of over-valuation. Based on the evidence presented by both parties, we find no error in neither Respondent's appraisal consideration, nor its ultimate determination of market value. In the Board's judgment, subject's land value was fairly considered by Respondent resulting in supported market valuation.

Not finding sufficient cause or evidence to disturb the value decision of the Bonner County Board of Equalization, the Board will 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 22<sup>nd</sup> day of November 2017.