

BEFORE THE IDAHO BOARD OF TAX APPEALS

RANDY SIMON,)	
)	
Appellant,)	APPEAL NO. 17-A-1037
)	
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. RP0030300102A0A. The appeal concerns the 2017 tax year.

This matter came on for telephonic hearing January 4, 2018, before Hearing Officer Cindy Pollock. Appellant Randy Simon was self-represented. Chief Deputy Assessor Al Ribeiro 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 a vacant residential lot.

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

FINDINGS OF FACT

The assessed land value is \$70,000. Appellant contends the correct land value is \$30,000.

The subject property is a 0.11 acre unimproved residential lot situated in the Garfield Bay area of Sagle, Idaho. Subject is a secondary waterfront lot on Lake Pend Oreille, quite close to the lake and waterfront.

Subject's assessed value increased from \$25,000 in 2016 to \$70,000 for 2017, which Appellant contended was unsupported by the market. Appellant provided a couple lists of recent vacant lot sales. The first list included twelve (12) lot sales from the east Sagle area which occurred during 2016. The sale lots ranged in size from .33 to 1.57 acres. Sale prices ranged from \$20,000 to \$65,000, with a median sale price of \$42,500. Appellant focused on the .33 acre lot sale located roughly one (1) mile from subject. It was noted the property was approximately three (3) times larger than subject yet sold for \$62,500. The multiple listing information noted the property was nearby a public launching area. Respondent challenged the comparability of the sale lots because, with the exception of the .33 acre lot sale highlighted by Appellant, none were located in subject's immediate neighborhood.

Appellant's next list of sales expanded the geographic scope to include all lot sales in Sagle and Sandpoint sized one (1) acre or less. The sales occurred during 2016, and sale prices ranged from \$24,900 to \$78,500. The median price was \$46,000. Respondent again noted most of these sales were located outside the area and argued they should not be compared to subject.

Lastly, Appellant provided a list of 2017 lot sales from the east Sagle area. The sale lots were .33, .95, and .90 acres in size and respective sale prices were \$45,000, 49,000, and \$50,000. The median sale price was \$49,000. Respondent pointed out these sales occurred after the January 1, 2017 assessment date and argued they therefore could not be used to appraise subject's 2017 market value.

Respondent offered four (4) sales for comparison with subject. Three (3) of the sales were improved and one (1) was the same .33 acre vacant lot sale emphasized by Appellant above. The improved sales ranged in lot size from .099 to .172 acres, and sale prices ranged from \$146,153 to \$335,000. Though details concerning the sale properties' improvements were not provided, Respondent removed the assessed values of the associated improvements from the respective sale prices and calculated residual land price indications ranging from \$80,513 to \$131,340. For the .33 acre vacant lot, Respondent removed \$13,000 from the sale price for the presence of onsite improvements and then added a \$30,000 adjustment for the difference in land grade, resulting in an adjusted price of \$79,500. Appellant argued Respondent's land value extraction method was flawed because it generally over-values land by under-valuing the improvements.

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 sales comparison approach, the cost approach, and the income approach comprise the three (3) methods for determining market value. *Merris v. Ada Cnty.*, 100 Idaho 59, 63, 593 P.2d 394, 398 (1979). Residential land is typically valued using the sales comparison approach, which considers recent sales of similar type property.

Both parties offered sales information for the Board's consideration. Appellant's sales were focused on vacant residential lots, whereas Respondent's sales consisted mostly of improved residential properties. In this regard, the Board tended to prefer Appellant's sales information. While we understand Respondent's extraction methodology, it is potentially flawed because the approach fails to recognize improved properties can sell differently than vacant lots. Further, it was not clear how subject's \$70,000 assessed value correlated with the residual land prices which ranged from roughly \$80,000 and \$130,000.

The extraction method can be a useful tool in the absence of vacant land sales, however, such is not the case here. Appellant provided twenty-three (23) vacant lot sales from 2016. Admittedly and significantly, most of the sales were not located in subject's immediate area and did not overlook the lake, however, both parties did highlight one (1) vacant sale from subject's general neighborhood. At .33 acres, this sale lot was approximately three (3) times larger than subject. Of some concern to the Board was Respondent's upward land grade adjustment of \$30,000, which adjustment appeared

rather suddenly. The support for this key adjustment was not provided, nor was it clear why a size adjustment was not made. Though the Board is typically hesitant to rely too heavily on a single sale, this .33 acre lot sale located approximately one (1) mile from subject in the same Garfield Bay neighborhood, represents the most comparable sale property offered by either party in terms of location and property type. The lot sold for \$62,500, which after removing \$13,000 for the onsite improvements, yields a price indication of \$49,500 for the land. This price point also fits well within the broader sale price range indicated by the full list of vacant lot sales compiled by Appellant.

Appellant is charged with proving error in subject's valuation by a preponderance of the evidence. Idaho Code § 63-511. We find the burden of proof satisfied in this instance. Respondent's value conclusion was supported mostly through improved property sales, which required adjustments between roughly 45% and 70% for purposes of comparison with subject. Such large adjustments raise questions concerning the reliability of the resulting value conclusion for subject. Appellant's market data was focused on recent sales of vacant property like subject, which information was better received by the Board. With heavy emphasis on the vacant lot sale in subject's general area, the Board found good cause to reduce subject's value.

Based on the above, the decision of the Bonner County Board of Equalization is modified to reflect a reduction in subject's land value to \$50,000.

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, MODIFIED to reflect a decrease in value to \$50,000.

IT IS FURTHER ORDERED, pursuant to Idaho Code § 63-1305, any taxes which have been paid in excess of those determined to have been due be refunded or applied against other *ad valorem* taxes due from Appellant.

Idaho Code § 63-3813 provides under certain circumstances that the above ordered value for the current tax year shall not be increased in the subsequent assessment year.

DATED this 22nd day of February, 2018.