

BEFORE THE IDAHO BOARD OF TAX APPEALS

TODD SUDICK,)	
)	
Appellant,)	APPEAL NO. 18-A-1048
)	
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 an appeal of the valuation for taxing purposes of property described by Parcel No. RP0050800016B0A. The appeal concerns the 2018 tax year.

This matter came on for hearing October 11, 2018 in Sandpoint, Idaho before Board Member Kenneth Nuhn. Appellant Todd Sudick was self-represented. 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 \$362,270, and the value of the improvements is \$313,848, totaling \$676,118. Appellant contends the correct land value is \$230,500, and the improvements' value is \$272,910, totaling \$503,410.

The subject property is a 4.7 acre rural residential parcel with 253.93 waterfront feet along the south banks of the Pend Oreille River, near the City of Priest River, Idaho. The

lot is bisected by Riverside Road, with the larger back portion being steep and unbuildable. The smaller waterfront portion of the parcel is improved with a multi-level residence constructed in 1990. Of the residence's 4,616 total square feet, 3,884 square feet are finished living area. Access to the residence from the roadway is via a 900 foot long driveway with a 14% slope and two (2) switchback turns. The property is further improved with a shop outbuilding and dock improvements.

Appellant characterized subject's area along the river as diverse and unique. Some homesites enjoy community sewer improvements while others maintain a private septic system. It was also noted some homesites are situated along a county-maintained road, whereas others like subject must install and maintain long steep driveways. Appellant questioned whether these attributes were adequately considered in Respondent's valuation of subject.

Appellant referenced a riverfront sale which occurred in August 2017. Situated roughly .7 miles to the east of subject, the land characteristics of the referenced sale were regarded as generally similar to subject. It was noted the sale included two (2) lots, one (1) with a shallow slope and the other with a rather steep slope. Appellant asserted both lots were approved for septic systems and were otherwise buildable. Appellant reported the parcels sale reflected a price rate of \$273 per front foot. In Appellant's view, this sale should have featured prominently in Respondent's analysis.

Respondent explained values in subject's specific neighborhood, which spans roughly six (6) miles along the river, were trended upward for the current assessment year.

Improvement values increased 15% and land values also increased 15%. The trend factors were determined as a result of recent sales activity in the area.

In support of subject's assessed value, Respondent addressed the land and improvement categories, and provided sales information related to each. Regarding the residence, information was offered on three (3) recent improved residential sales. The sale residences were similar to subject in terms of construction quality and condition, though none of the residences were as large as subject's. And all the sale residences were somewhat newer. Respondent removed assessed values for land and other improvements from the respective prices, which ranged from \$299,000 to \$672,000. Sale prices were further adjusted to account for differences in condition, age, square footage, and garage size between the sale properties and subject. The analysis yielded an indicated value for the subject residence between about \$260,000 and \$359,000. The assessed value of subject's residence is \$288,409.

Turning to subject's assessed land value, Respondent likewise offered information on three (3) riverfront sales. The sale properties were located between roughly .7 and 1.9 miles from subject. All were improved properties. River frontage for the sale lots ranged from 100.48 to 130 front feet. The sale prices ranged from \$395,000 to \$495,000. After removing the assessed values of the associated improvements, Respondent calculated residual land values ranging from \$355,400 to \$438,276, or from about \$1,399 to \$1,725 per front foot. Subject's 253.93 front feet were assessed at \$349,270, indicating a value rate of about \$1,375 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, 2018 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 comparison approach, the income approach, and the cost approach. *Merris v. Ada Cnty.*, 100 Idaho 59, 63, 593 P.2d 394, 398 (1979). The sales comparison approach, which considers recent sales of nearby similar type property, is commonly used to estimate the market value of residential property.

Neither party offered a traditional sales comparison approach, i.e. a direct sales comparison approach. However, both did offer some sales information for the Board's consideration. Appellant focused on one (1) riverfront sale involving a property located less

than one (1) mile from subject. The sale included two (2) lots, with a combined 547.5 front feet on the river. Appellant described the parcels as generally similar to subject in terms of topography and overall characteristics. Appellant reported a price rate of \$273 per front foot. Respondent pointed out the steeper sale lot was not comparable to subject because needed driveway installation and leveling work had not been completed.

Respondent's sales information was segregated into two (2) groups, one (1) for supporting land value, and the other for determining improvements value. For both groups the extraction method was used to arrive at value conclusions for subject's land and improvements categories. For subject's land value, Respondent removed the assessed value of the improvements from the respective sale prices, which resulted in residual land value indications. The prices were further adjusted to account for differences in physical characteristics between the sale properties and subject. A similar methodology was employed to estimate the value of subject's residence, except instead of removing improvement values from the sales, Respondent extracted values attributable to land and other improvements.

The parties' efforts to provide meaningful data for the Board's consideration was appreciated, however there were concerns with the respective analyses. Appellant advocated adjusting subject's assessment based on a single sale which indicated \$273 per front foot. The Board was unsure how this price rate correlated with Appellant's requested land value of \$1,249 per front foot. There were also questions regarding the comparability of the sale, which included two (2) lots and nearly 550 front feet on the river. Other details

on the sale properties physical characteristics were absent in the record. In all, the Board was hesitant to rely heavily on this particular sale.

The Board likewise had some concern with Respondent's analysis. While we understand the extraction method in terms of a valuation model, it was not deemed to be as reliable as a traditional direct sales comparison approach which compares overall similar properties with one another. One weakness with the methodology used by Respondent is the common need for large adjustments in order to make comparisons. Such was the case here, where gross adjustments to the sale prices were between 10% and 50%. This suggests high levels of dissimilarity with subject, which naturally is somewhat concerning to the Board. Despite the concern, the Board found Respondent's valuation analysis superior to that offered by Appellant. Respondent made adjustments to the sales to account for differences compared to subject. Whereas Appellant did not make a similar attempt. And while some of the adjustments appeared large, the record did not demonstrate they were erroneous.

Appellant bears the burden of proving error in subject's valuation 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. Subject's valuation was found to be reasonably supported by timely competent market value evidence. As such, we did not find sufficient support to disturb subject's 2018 assessed value.

Given 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 7th day of December, 2018.