

BEFORE THE IDAHO BOARD OF TAX APPEALS

KENNETH AND LAURA MCELROY,)	
)	
Appellants,)	APPEAL NO. 18-A-1218
)	
v.)	FINAL DECISION
)	AND ORDER
KOOTENAI COUNTY,)	
)	
Respondent.)	
_____)	

RESIDENTIAL PROPERTY APPEAL

This appeal is taken from a decision of the Kootenai County Board of Equalization denying an appeal of the valuation for taxing purposes on property described by Parcel No. C5445029008A. The appeal concerns the 2018 tax year.

This matter came on for hearing October 25, 2018 in Coeur d'Alene, Idaho before Hearing Officer Cindy Pollock. Attorney Jillian Caires represented Appellants at hearing. Assessor Mike McDowell 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 Kootenai County Board of Equalization is affirmed.

FINDINGS OF FACT

The assessed land value is \$1,260,000, the improvements' value is \$732,580, totaling \$1,992,580. Appellants request the main improvements' value be reduced to \$464,310, with no change to the land value of \$1,260,000 and the other improvements' value of \$37,060, for a total value of \$1,761,370.

The subject property is an improved waterfront parcel on Lake Coeur d'Alene. The property is located in the Lake Shore subdivision in Coeur d'Alene, Idaho. The area is also known

as Sander's Beach. The parcel is .34 acres in size with 105 feet of water frontage. The main improvement is a 7,370 square foot Tudor style residence which includes five (5) bedrooms and five (5) bathrooms. The residence was originally built in 1908, however, it was recently restored. The property includes a private beach area and enjoys panoramic unobstructed views of Lake Coeur d'Alene. The property is further improved with a detached three (3) car garage and two (2) gazebos.

At hearing, Appellants explained only the assessed value of the residence was being challenged. The residence has an assessed value of \$695,520, which Appellants requested be lowered to \$464,310. Appellants provided assessed values for some neighboring properties, as well as for some properties located on the other side of the lake. It was argued subject's assessed value for its residence was valued too high by comparison. These assessment comparison properties each had varying sizes and styles of improvements.

Appellants provided property assessment information sheets for five (5) total properties. The residences varied in square footage size from 3,350 to 8,508 square feet, and in quality rating from average+ to excellent. The other properties were constructed between 1925 and 1996. Appellants argued some of the compared residences were much newer, yet unfairly had lower assessed values than subject which was built in 1908. The assessed values for the residences indicated average assessment rates which ranged between \$57 and \$122 per square foot. On the same basis the subject residence had an average assessed value rate of \$94.37 per square foot.

Respondent provided an abundance of evidence, much of which was presented and reviewed in detail. Respondent described subject as being located in one of the most prestigious

areas in the county, as well as being a rare Tudor style property in immaculate condition. Respondent reported Appellants purchased subject in 2015 for \$1,600,000, at which time the assessed value was at 72% of the sales price. Respondent noted generally its assessed values were low compared to sale prices at that time.

In support of Respondent's 2018 valuation, information was offered on eighteen (18) improved sales. Four (4) of the lakefront sales were highlighted to show the ratios between the sale price and the property's associated assessed value. Improved Sale No. 1 contained 90.7 waterfront feet and was improved with a 6,663 square foot residence. The property sold in October 2017 for \$2,375,000. Improved Sale No. 2 had 75 waterfront feet. The residence was 5,406 square feet in size. The property sold in September 2017 for \$1,800,000. Sale No. 3 transpired in February of 2017 and sold for \$1,450,000. This residence's living area totaled 3,860 square feet and the site had 50 waterfront feet. Improved Sale No. 4 contained 50.5 waterfront feet and the residence had 3,355 square feet. This property sold in October 2017 for \$1,300,000. After applying time adjustments to reflect the January 1 assessment date, the average sale price to assessed value ratio was 92.01%.

In similar fashion, Respondent highlighted four (4) improved sales to directly compare with subject in a sales comparison approach to value. Sale No. 1 was improved with a 6,663 square foot residence. This property was located 4.46 miles from subject and enjoyed the same general water amenities as subject. The property sold in October 2017 for \$2,375,000. Improved Sale No. 2 contained a 3,128 square foot residence and sold in May 2017 for \$1,050,000. Sale No. 3 transpired in September of 2017 for \$1,800,000. The residence had 5,406 square feet and was located 4.43 miles distant from subject. And Sale No. 4 was improved with a 6,384 square

foot residence. This property was located 2.21 miles from subject and sold in March 2017 for \$1,900,000.

Respondent directly compared the above four (4) sales with subject. Appraisal adjustments were made for differences between the properties. The adjustments included factors such as date of sale, location, construction grade, age, condition, living area square footage, garage size, and other physical differences. The adjusted sale prices ranged from \$2,027,542 to \$2,489,941. Using the sales comparison approach, a subject market value of \$2,400,000 was concluded.

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 the testimony and documentary evidence submitted by the parties, 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. There are three (3) approaches to value, the sales comparison approach, the cost approach, and the income approach. The sales comparison approach is typically used to estimate the market value of residential property.

Respondent offered extensive information and analysis directly related to the sales comparison approach. The associated analysis included a consideration of multiple lakefront sales adjusted for differences compared to subject. Respondent adjusted the comparable sale prices and determined value indications for subject ranging from \$2,027,542 to \$2,489,941. The county appraiser's final value conclusion for subject using this approach was \$2,400,000. We found Respondent's appraisal information and consideration thorough and persuasive on the question of current market value.

Appellants provided a comparison of assessed values for the Board's consideration. Though some of the compared properties were located near subject, others were located across the lake in different neighborhoods. More importantly, a comparison of assessed values is not recognized appraisal approach to market value. Market value is measured through a consideration of multiple recent sales of similar property and in some instances through a consideration of other relevant market data.

Appellants requested the assessed value of residence be reduced to \$464,310. There is insufficient evidence in the record to support this value. Idaho Code § 63-511 places the burden on Appellants to establish subject's valuation is erroneous by a preponderance of the evidence. The Board did not find the burden of proof satisfied. Appellants did not provide market information to support the requested reduction in subject's 2018 value. Whereas Respondent provided multiple recent sales of comparable waterfront properties and applied recognized appraisal methodology to derive a value conclusion. Respondent's overall analysis was found to be superior to that offered by Appellants and was not found to demonstrate an over-assessment of the subject.

For the reasons expressed, the decision of the Kootenai County Board of Equalization is affirmed.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Kootenai County Board of Equalization concerning the subject parcel be, and the same hereby is, AFFIRMED.

DATED this 18th day of January, 2019.