

feet of living area and 1,125 square feet in the lower level garage. In its current state, the residence is essentially a shell with no interior finish. The residence was assessed as 50% complete. Appellant additionally reported subject has no sanitary facilities, limited and difficult access, and water must be hauled to the site, all of which were argued to diminish subject's market value.

Appellant agreed with the assessed value of subject's forestland, however, challenged the values of the residence, the one-acre homesite, and the onsite improvements. In support of reducing the homesite value, Appellant offered information concerning two (2) vacant lot sales. The first was a ten (10) acre parcel located in the Athol area. The property reportedly sold in October 2018 for \$65,780. The other sale property, located in the Sagle area, was a 6.53 acre lot which sold in October 2018 for \$48,500. Based on this sales data, Appellant calculated a per-acre price rate of \$6,913.

Appellant next contested the assessed value of the onsite improvements. Respondent explained its policy is to assign a flat \$13,000 value to all parcels in the county improved with a residence. Onsite improvements were noted to include not only utilities, but also work done to level the building site, installing developed access, and other improvements necessary to support a residence. Appellant contended \$13,000 for subject's onsite improvements was excessive because the property does not have sanitary services or water. Appellant cited a decision issued by this Board concerning subject's 2017 assessment in which the Board ordered a value of \$7,475 for the onsite improvements. It was argued the onsite improvements should continue to be valued at \$7,475.

Lastly, Appellant offered three (3) sales in support of reducing the value of subject's

residence. Provided were printouts from the Zillow website showing sale prices of \$36,851, \$137,173 and \$130,458. The printouts included residence size, and bedroom and bathroom counts, but no other information. Appellant calculated an average price of \$101,494 to which a 50% reduction was applied to account for subject's unfinished status, resulting in a value of \$50,747 for subject's residence.

Respondent contested the comparability of Appellant's sale properties, as well as some of the sales data itself. Sale No. 1 was a 1,809 square foot manufactured home from 1976. This sale was not reported to Respondent, however, Respondent opined the reported sale price of \$36,851 was not for the entire property, but just the manufactured home. It was also stated manufactured homes are not considered comparable to stick-built homes. Regarding Sale No. 2, Respondent claimed the property sold for \$265,000, not \$137,173 as reflected in Appellant's materials. Likewise, the price of Sale No. 3 was reportedly \$195,000, not \$130,458.

In the final reconciliation Appellant summed his values for the individual components and calculated a total value of \$66,161, of which \$1,026 was attributable to the forestland. Recognizing that larger acreage parcels generally sell less per acre than smaller parcels and there is some "leeway" in the value of a residence, Appellant increased the value conclusion to \$88,000 and petitioned this Board to adopt such value.

In terms of support for subject's current assessment, Respondent offered two (2) distinct analyses. The first focused on 2018 improved sales from subject's neighborhood. Three (3) sales located within 1.3 miles were identified. The sale properties varied notably in parcel size, ranging from .16 to 16.95 acres, and in living area, from 816 to 1,728 square feet. Also, it was noted the construction grades of the sale residences were inferior to subject's grade of

“average”. Sale prices ranged from \$95,000 to \$335,000. Respondent compared each sale property to subject and made adjustments to the respective sale prices for differences compared to subject, such as lot size, construction quality, condition, residence size, age, and other property characteristics. Assessed land values were removed in an effort to isolate the values attributable to the sale residences. Respondent additionally applied a 50% downward adjustment to reflect subject’s unfinished status. The analysis suggested a range of value for subject’s residence from \$79,432 to \$288,753.

In an alternative analysis, Respondent selected sales with residences which shared subject’s same construction quality and condition ratings. None of these properties were located in subject’s neighborhood. To account for locational difference, Respondent removed assessed land values from the respective sale prices. Similar to the analysis above, Respondent then applied various appraisal adjustments to account for differences in characteristics between subject and the sale properties. The result was an indication of value from \$93,638 to \$162,307 for subject’s residence.

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 in fee simple interest, or as applicable exempt status. This Board, giving full opportunity for all arguments and having considered all the testimony and documentary evidence, hereby enters the following.

Idaho Code § 63-205 requires taxable property be assessed at market value annually on January 1; January 1, 2019 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) primary methods for determining market value; 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 analyzes recent arm’s-length sales of nearby similar property, is often used to value residential property.

Both parties offered sales information for the Board’s review, which efforts were appreciated. That being said, there were serious concerns with some of the data provided and whether it supported reducing subject’s assessed value. Of primary concern was the veracity of the data reflected on the printouts submitted by Appellant. Four (4) of the reported sale prices were erroneous according to data obtained by Respondent, and the remaining sale actually supported subject’s land value. There were also issues of comparability between most of the sale properties and subject. First, Appellant relied on multi-acre lot sales to estimate the value of subject’s one-acre homesite. As Appellant acknowledged, parcels with more acreage typically sell less per acre than smaller parcels. Appellant’s sale lots were notably larger than subject’s homesite and it was not clear how Appellant’s value conclusion factored in the size differences. The comparability of the improved sales was also questionable, with the sale residences all being much older than subject and inferior in construction quality. Indeed, one (1) of the sales involved a manufactured home built in 1976. In short, the Board was unable to correlate Appellant’s sales data to the requested value of \$88,000.

Respondent's sales data and analysis were better received by the Board. As location is a prime factor in the value of property, the Board appreciated the effort to measure sales from subject's neighborhood. Admittedly, there were differences between the sale residences and subject's residence, but Respondent made appraisal adjustments in this regard. The adjustments made were typical of a traditional sales comparison approach and the analysis overall was received favorably by the Board. The sales analysis indicated a wide range of value for subject's residence from \$79,432 to \$288,753. Subject's total assessment is roughly \$115,000, which is deemed to be well supported by the various indicators of value.

In appeals to this Board, Appellant bears the burden of proving error in subject's valuation by a preponderance of the evidence. Idaho Code § 63-511. The Board did not find the burden of proof satisfied in this case. As discussed, there were too many questions concerning not only the comparability of Appellant's sales, but also the veracity of the reported data itself. We also did not find support for reducing the assessed value of subject's onsite improvements. In this instance, Respondent's appraisal analysis was judged to represent the better indicator of market value for subject's homesite and residential improvements. Therefore, 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 decision of the Bonner County Board of Equalization concerning the subject parcel be, and the same hereby is, AFFIRMED.

DATED this 30th day of December, 2019.

IDAHO BOARD OF TAX APPEALS