

Appellants questioned why subject's assessed value increased nearly \$100,000 for 2019, and contended support for the increase was lacking in the market. Appellants obtained a list of recent neighborhood sales from Respondent, and focused on five (5) for comparison with subject. Property details concerning the referenced sales were scant, though some differences compared to subject were mentioned. Specifically, the sizes of subject's residence and lot were noted to be less than the first two (2) referenced sales. Regarding the third referenced sale, Appellants noted the property was located closer to a paved road, schools, and the town of Spirit Lake. The remaining two (2) sales were noted to be newer construction. In all, Appellants regarded the sale properties as superior to subject. They calculated an average assessed value of \$391,781 for the five (5) sales, and pointed out subject was assessed appreciably higher at \$429,326.

Appellants offered additional information in the form of an opinion from a local realtor and a listing from the neighborhood. Appellants testified a local realtor suggested a value range for subject from \$349,000 to \$369,000. As for the listing, they reported the property was on the market during 2018 with an asking price in excess of \$400,000 and sold sometime in 2019 for less than \$400,000. No details concerning the listed property's characteristics were provided.

Respondent explained subject's neighborhood was trended for 2019 as a result of a sales study. Land values were adjusted in an effort to more equitably assess land in the area. This resulted in an increase in subject's land value for 2019. In addition, Respondent increased the values of all structures in the neighborhood by 32%.

For specific evidence in support of subject's valuation, Respondent offered an analysis

of three (3) recent sales from subject's neighborhood. The sales screening focused on acreage sales with residences that were similar to subject in age, construction quality, and condition. Each sale property included outbuildings in addition to a main residence. Sale No. 1, located adjacent to subject, concerned a 9.2 acre parcel improved with a 2,424 square foot residence constructed in 2013. This property sold for \$480,000 in December 2018. Sale No. 2 was an 11.57 acre parcel improved with a 2,040 square foot residence built in 2015. This property, located less than one (1) mile from subject, sold in July 2018 for \$398,800. Lastly, Sale No. 3, with a sale price of \$370,000, involved a 1,606 square foot residence constructed in 1990 attached to a 42.3 acre rural tract.

In its analysis, Respondent compared each above sale property directly to subject and made appraisal adjustments to account for differences in characteristics between subject and the sale properties. Some of the adjustments were for differences in acreage, residence size, and garage square footage. Sale No. 3 was further adjusted for inferior construction quality and condition of the residence. After adjustments, the sales indicated a range of value for subject from \$427,461 to \$501,571.

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. The sales comparison approach, the cost approach, and the income approach are the three (3) primary methods for estimating the market value of real property. *Merris v. Ada Cnty.*, 100 Idaho 59, 63, 593 P.2d 394, 398 (1979). The sales comparison approach is often used to value residential property. This approach seeks to compare the subject property to recent nearby arm's-length sales of similar type property, with adjustments made or considered for differences in key property characteristics.

Appellants advanced several arguments in support of reducing subject's assessed value. The first centered on a comparison of subject's assessed value to the assessed values of five (5) sales from 2018. Physical details concerning the sale properties were limited, though Appellants contended subject was inferior to each. They calculated an average assessed value of roughly \$390,000 for the five (5) sales, which was noted to be approximately \$40,000 lower than subject's assessed value. While the Board understands Appellants' concerns, we are not persuaded an adjustment to subject's assessment is warranted based on this evidence. To begin, a comparison of assessed values is not an accepted appraisal approach. Secondly, the lack of details about the sale properties prevented any meaningful comparisons with subject. There are numerous factors which can impact value so it is imperative to know a property's characteristics and the associated value contributions. In short, there was insufficient support

to reduce subject's value based on the provided assessment data.

Appellants' other two (2) sources of support for a reduction in subject's value were references to a value opinion of a local realtor and a listing from subject's neighborhood. The realtor suggested a range of value from \$349,000 to \$369,000 and the listing concerned a nearby property with a 2018 asking price in excess of \$400,000 which sold sometime during 2019. Similar to the discussion above, the Board was hesitant to rely too much on this latter data offered by Appellant. The record was absent with regard to how the realtor concluded a range of value for subject, and there were zero details about the property that was the subject of the listing, including an accurate asking price history or sale price. Again, the evidence was deemed insufficient to support a reduction.

Respondent's value evidence was better received by the Board. Respondent developed a value opinion using the sales comparison approach. Three (3) recent sales from the neighborhood were compared directly to subject, and appraisal adjustments were made for noted differences, such as finished square footage, lot size, and outbuildings. The analysis pointed to a range of value from roughly \$425,000 to \$500,000. With an assessed market value of \$429,326, subject's assessment appears reasonable.

Pursuant to Idaho Code § 63-511, the burden is with Appellants to prove error in subject's valuation by a preponderance of the evidence. Given the record in this case, we did not find the burden of proof satisfied. There were too many missing details in the data provided by Appellants to be able to draw any meaningful conclusions about subject's valuation. Respondent's data set was more complete and the analysis was found to be reasonable and consistent with accepted appraisal practice.

Based on 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 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.