

PROPERTY ASSESSMENT APPEAL BOARD
FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER

PAAB Docket No. 2022-050-00195C

Parcel No. 08.26.176.014

William Lloyd Hanson,

Appellant,

vs.

Jasper County Board of Review,

Appellee.

Introduction

The appeal came on for written consideration before the Property Assessment Appeal Board (PAAB) on November 18, 2022. William Lloyd Hanson is self-represented and asked that the appeal proceed without a hearing. Jasper County Attorney Scott Nicholson represents the Board of Review.

Hanson Directory Service Inc. owns a commercial property located at 1501 North 15th Avenue East, Newton. Its January 1, 2022, assessment was set at \$997,120, allocated as \$92,850 in land value and \$904,270 in improvement value. (Ex. C).

Hanson petitioned the Board of Review marking the spot on the form reserved for an inequity claim by stating "See Charts Attached." (Ex. A). The charts compared recent sales prices per square foot to their assessments per square foot for large metal buildings in Jasper County. (Ex. A). The Board of Review interpreted this as an inequity claim under Iowa Code section 441.37(1)(a)(1)(a) and denied the petition. (Ex. B).

Hanson then appealed to PAAB checking the box for an equity claim but writing "the asking sale price is less than the assessed value." Based on his plain statement we find Hanson also claims that his property is assessed for more than the value authorized by law. § 441.37(1)(a)(1)(b).

General Principles of Assessment Law

PAAB has jurisdiction of this matter under Iowa Code sections 421.1A and 441.37A. PAAB is an agency and the provisions of the Administrative Procedure Act apply. § 17A.2(1). This appeal is a contested case. § 441.37A(1)(b). PAAB may consider any grounds under Iowa Code section 441.37(1)(a) properly raised by the appellant following the provisions of section 441.37A(1)(b) and Iowa Admin. Code R. 701-115.2(2-4). New or additional evidence may be introduced. *Id.* PAAB considers the record as a whole and all of the evidence regardless of who introduced it. § 441.37A(3)(a); *see also Hy-Vee, Inc. v. Employment Appeal Bd.*, 710 N.W.2d 1, 3 (Iowa 2005). There is no presumption the assessed value is correct, but the taxpayer has the burden of proof. §§ 441.21(3); 441.37A(3)(a). The burden may be shifted; but even if it is not, the taxpayer may still prevail based on a preponderance of the evidence. *Id.*; *Compiano v. Bd. of Review of Polk Cnty.*, 771 N.W.2d 392, 396 (Iowa 2009) (citation omitted).

Findings of Fact

The subject property is a 2.57-acre site improved with a one-story metal office building constructed in 2006. It has 22,500 square feet of gross building area. The majority of the building is finished office space with wall partitions, drywalled walls and ceilings, and floor coverings. Only 2496 square feet is unfinished. The site is also improved with an 864-square-foot metal garage and 47,650 square feet of concrete parking. The improvements are listed in normal condition with a 4+00 grade (average quality). There is a 20% functional obsolescence, 20% external obsolescence, and 24% physical depreciation applied to the assessment. (Ex. C).

The subject property was listed for sale in October 2020, with an asking price of \$1,190,000. (Ex. C, p. 8). The Board of Review submitted a listing of the subject property. (Ex. D). The listing has a print time stamp of October 17, 2022, which the Assessor notes is the “most current listing available” with an asking price of \$990,000 (Ex. E). It is unknown when the reduction in the list price occurred, or what the list price was as of January 1, 2022. The property is also listed for lease availability. (Exs. D & E).

Hanson referenced seven properties in his petition. In order to fully consider his claims, we took judicial notice of the property record cards for the properties listed in Table 1 and Table 2, and have entered them into the record as Exhibits 1-7.

Table 1 lists and summarizes four properties Hanson identified on page 1 of the attachment to his petition. (Exs. 1-4). Comparable 1, 2, and 3 are located in Newton, Comparable 4 is located in Colfax. The Board of Review addressed sales in its analysis of the appeal. (Ex. E).

Table 1

Address	Year Built	Gross Building Area (SF)	Percent Finished	Sale Date	Sale Price	2022 Assessed Value	AV/SF	SP/SF	AV/SP Ratio
Subject	2006	22,500	89%			\$997,120	\$44.32		
1 - 1618 N 15th Ave E	2001	10,000	15%	Jun-21	\$450,000	\$332,150	\$33.22	\$45.00	0.74
2 - 1503 N 13th Ave E	1998	22,200	18%	Oct-21	\$868,000	\$538,170	\$24.24	\$39.10	0.62
3 - 910 N 19th Ave E	1962/ 1989	27,128	10%	Nov-21	\$565,000	\$376,540	\$13.88	\$20.83	0.67
4 - 1407 N Walnut St	2001	8,378	46%	Dec-21	\$825,000	\$460,180	\$54.93	\$98.47	0.56

The subject property is an office building with roughly 20,000 square feet of finish. (Exs. C & D). Comparatively, the sales Hanson selected have limited or no finish. They are priced as Metal Warehouses (Exs. 1 & 3) or Metal Light Industrial (Exs. 2 & 4) as compared to the subject property's Metal Office pricing. Without excessive elaboration, differences in finish also correlate to differences in the quantity and quality of other building components, such as HVAC.

Comparable 1 is a metal warehouse and half the size of the subject property. It has 1488 square feet of finished office space. (Ex. 1).

Comparable 2 has the most similar gross building area as the subject property, but is an unfinished metal shop with only 4040 square feet of finished office space. (Ex. 2).

Comparable 3 is a two-story warehouse built in 1962 with additions in 1989. It has 2800 square feet of office space. (Ex. 3).

Comparable 4 is a convenience store/truck stop. It is less than half the size of the subject property. (Ex. 4).

The sales are unadjusted for differences in gross building area, age, and the amount and quality of office finish. Because of the significant differences in these elements of comparison, we do not find the unadjusted sale price per square foot to offer meaningful support in determining the subject's January 1, 2022 market value.

We also note the 2022 assessments of Comparables 1-4 are all less than their 2021 sales prices. The assessed value to sales price ratios of the properties range from 0.56 to 0.74. This suggests metal warehouses or metal shops in Jasper County are underassessed.

Hanson also analyzed Sale 2 and three additional properties, all located in Newton, as having lower assessed values on a per-square-foot basis compared to the subject. Table 2 lists and summarizes four properties Hanson identified on page 3 of the attachment to his petition. (Exs. 2, 5, 6, & 7).

Table 2

Address	Year Built	Gross Building Area (SF)	2022 Assessed Value	AV/SF
Subject	2006	22,500	\$997,120	\$44.32
2 - 1503 N 13th Ave E	1998	22,200	\$538,170	\$24.24
5 - 1415 E 19th St N	1989/1993/1994/2000	37,400	\$662,100	\$17.70
6 - 1615 N 13th Ave E	1997	20,000	\$381,080	\$19.05
7 - 1710 N 13th Ave E	1995	20,000	\$664,590	\$33.23

Hanson points out that each of the comparables listed in Table 2 have a lower assessed value per square foot than the subject property. We note that all of the properties are older than the subject by almost ten years.

As previously noted, Comparable 2 has similar gross building area as the subject property, but is an unfinished metal shop with only 610 square feet of finished office space. (Ex. 2).

Comparable 5 is light manufacturing facility with only 5,000 square feet of office space. (Ex. 5).

Comparable 6 is a warehouse with 350 square feet of average office finish. (Ex. 6).

Comparable 7 is a light manufacturing facility with roughly 2500 square feet of office finish. (Ex. 7).

The Board of Review did not submit any analysis of comparables 5, 6, or 7.

Analysis & Conclusions of Law

Hanson appealed to PAAB asserting his property's assessment is not equitable as compared with the assessments of other like property in the taxing district; and that it is assessed for more than the value authorized by law. 441.37(1)(a)(1)(a & b). Hanson bears the burden of proof. § 441.21(3).

Under section 441.37(1)(a)(1)(a), a taxpayer may claim that their "assessment is not equitable as compared with assessments of other like property in the taxing district." To prove inequity, a taxpayer may show an assessor did not apply an assessing method uniformly to similarly situated or comparable properties. *Eagle Food Centers v. Bd. of Review of the City of Davenport*, 497 N.W.2d 860, 865 (Iowa 1993).

Alternatively, a taxpayer may demonstrate inequity by showing the property is assessed higher proportionately than other like properties using criteria set forth in *Maxwell v. Shivers*, 133 N.W.2d 709, 711 (Iowa 1965). The *Maxwell* test provides inequity exists when, after considering the actual (2021) and assessed (2022) values of similar properties, the subject property is assessed at a higher proportion of its actual value. *Id.* This is commonly done through an assessment/sales ratio analysis comparing prior year sales (2021) and current year assessments (2022) of the subject property and comparable properties.

Hanson submitted four 2021 sales, which suggest metal warehouse or metal shops are underassessed in Jasper County. However, we find these properties are not sufficiently similar to the subject property, which is a metal office building with over 20,000 square feet of interior finish. Moreover, showing of inequity requires an opinion of the subject's market value, therefore we turn to Hanson's overassessment claim.

In an appeal alleging the property is assessed for more than the value authorized by law under section 441.37(1)(a)(1)(b), the taxpayer must show: 1) the assessment is excessive and 2) the subject property's correct value. *Soifer v. Floyd Cnty. Bd. of*

Review, 759 N.W.2d 775,780 (citation omitted). “‘Market value’ is defined as the fair and reasonable exchange in the year in which the property is listed and valued between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and each being familiar with all the facts relating to the particular property.” *Id.* The sales comparison method is the preferred method for valuing property under Iowa law. *Compiano*, 771 N.W.2d at 398; *Soifer*, 759 N.W.2d at 779; *Heritage Cablevision v. Bd. of Review of Mason City*, 457 N.W.2d 594,597 (Iowa 1990). “Sale prices of the property or comparable properties in normal transactions reflecting market value, and the probable availability or unavailability of persons interested in purchasing the property, shall be taken into consideration in arriving at its market value.” § 441.21(1)(b). Sale prices of property in abnormal transactions not reflecting market value shall not be taken into account, or shall be adjusted to eliminate the effect of factors which distort market value, including but not limited to sales to immediate family of the seller, foreclosure or other forced sales, contract sales, discounted purchase transactions or purchase of adjoining land. *Id.*

Hanson submitted four comparables, identified in Table 2, that he believes demonstrate his property is assessed higher on a per-square-foot basis. As previously noted, these properties are all largely unfinished warehouse or manufacturing facilities and we do not find them to be sufficiently similar to the subject property. Moreover, simply comparing assessed values, or assessed values per-square-foot, is not sufficient evidence to support a market value claim.

Hanson also submitted four 2021 sales identified in Table 1, but like the others, these properties are not sufficiently similar to the subject property. Furthermore, Hanson did not adjust the sales for the significant differences in finished area, size, or other factors to arrive at an opinion of market value for the subject property, as of January 1, 2022 that complies with Iowa Code section 441.21. Typically, this evidence is a competent appraisal or comparative market analysis or, at a minimum, recent sales of comparable properties adjusted for differences between them and the subject property.

Finally, Hanson noted the subject property was currently listed for sale and apparently still had not sold at the time of hearing. The property was originally listed in

October 2020 for \$1,109,000, but that price was reduced at some point to the current asking price of \$990,000 as of October 2022. The October 2022 listing price is very close to the January 1, 2022 assessment. Further, the sale price of Comparable 2, which is similar in size to the subject property but has much less interior finish, suggests the subject property would sell for more. These facts considered together support a conclusion that the current assessment is a reasonable reflection of the subject property's value as of the assessment date.

If the property has sold or the listing price continues to decrease, the parties may want to consider this information in setting the 2023 assessment.

Viewing the record as a whole, we find Hanson has failed to prove his claims.

Order

PAAB HEREBY AFFIRMS the Jasper County Board of Review's action.

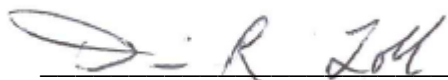
This Order shall be considered final agency action for the purposes of Iowa Code Chapter 17A (2022).

Any application for reconsideration or rehearing shall be filed with PAAB within 20 days of the date of this Order and comply with the requirements of PAAB administrative rules. Such application will stay the period for filing a judicial review action.

Any judicial action challenging this Order shall be filed in the district court where the property is located within 30 days of the date of this Order and comply with the requirements of Iowa Code section 441.37B and Chapter 17A.



Karen Oberman, Board Member



Dennis Loll, Board Member



Elizabeth Goodman, Board Member

Copies to:

William Lloyd Hanson by eFile

Jasper County Board of Review by eFile