

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

PAAB Docket Nos. & Parcel Nos.

2022-082-10005R – 840317504

2022-082-10006R – 840317505

2022-082-10007R – 840317506

2022-082-10008R – 840317501

2022-082-10009R – 840317502

2022-082-10010R – 840317503

2022-082-10011R – 840317507

2022-082-10012R – 840317508

2022-082-10013R - 840317509

Youssi Custom Homes of Iowa, LLC,

Appellant,

vs.

Scott County Board of Review,

Appellee.

Introduction

These appeals came on for hearing before the Property Assessment Appeal Board (PAAB) on January 18, 2023.¹ Youssi Custom Homes of Iowa, LLC, (YCH) is represented by its managing partner, Chris Youssi. Scott County Assessor Tom McManus represented the Board of Review.

¹ There are nine dockets, the lots vary slightly in size and at the time of assessment each had a similar townhouse property under construction. The evidence, claims, and testimony are the same for all nine dockets.

YCH owns nine residential properties located in Bettendorf, Iowa. The January 1, 2022, assessed values for the nine subject parcels are summarized in the table below.² (Exs. A).

Docket No.	Parcel No.	Lot Area (Acres)	Assessed Land Value	Assessed Building Value	Total Assessed Value
10005R	840317504	0.133	\$51,870	\$19,200	\$71,070
10006R	840317505	0.111	\$43,520	\$19,200	\$62,720
10007R	840317506	0.132	\$51,140	\$19,200	\$70,340
10008R	840317501	0.133	\$52,590	\$85,600	\$138,190
10009R	840317502	0.111	\$43,520	\$84,720	\$128,240
10010R	840317503	0.133	\$51,500	\$84,720	\$136,220
10011R	840317507	0.133	\$52,230	\$19,200	\$71,430
10012R	840317508	0.110	\$43,060	\$19,200	\$62,260
10013R	840317509	0.177	\$62,000	\$19,200	\$81,200

YCH petitioned the Board of Review writing in the space reserved for an error claim stating that “Land only value \$30,000,” and also writing in the space reserved for a claim that the property was assessed for more than the value authorized by law. Iowa Code § 441.37(1)(a)(1)(b & d) (2022). (Exs. C). The Board of Review denied the petitions. (Exs. B).

YCH then appealed to PAAB reasserting its claim for each parcel.

At hearing, Chris Youssi stated his assistant had previously submitted evidence in support of YCH’s claims. PAAB received no such evidence. Scott County Assessor Tom McManus acknowledged the evidence had been provided with the petition to the Board of Review but had not been submitted to PAAB. The Board of Review further explained the evidence was reviewed by the local board and determined to be irrelevant. Despite this, the Board of Review objected to admission of the evidence based on timeliness. Because the Board of Review had previously seen Youssi’s evidence, PAAB overruled the objection and admitted it. (Ex. 1).

² We note by the time YCH filed its protests with the Board of Review in 2022, two of the properties – Parcel Nos. 840317501 and 840317503 – had been sold to other individuals. By the time of the PAAB hearing, Youssi testified all of the townhomes had been sold.

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 properties are one-story townhome-style residential homes that were under construction as of the 2022 assessment date. The improvements were, in general, minimally complete. The assessed improvement value for six parcels ranged from 24% to 31% of the total assessment. The remaining three parcels had assessed improvement values between 62% to 66% of the total assessment. The sites range in size between 0.111 and 0.177 acres. (Exs. A).

Chris Youssi testified YCH only challenges the assessed land value for each property. It asserts the correct land value for each should be \$30,000. YCH submitted a sworn contractor statement used for a construction loan draw for each appeal. (Ex. 1). Youssi explained the draw request supports a purchase price for each lot of \$30,000. He stated the documents show a lot price of \$90,000 which actually reflects three of the current individual parcels in one transaction.

The Board of Review was critical of the reported purchase price because the sale was between companies both of which Youssi owns. Despite this fact, Youssi asserts

each entity is expected to turn a profit. He testified the cost of developing three lots was \$65,000 and his company sold the three lots for \$90,000. Youssi described the profit from the sales as being typical of the market. Therefore, he asserts the price was fair and at market value, regardless of whether it was a non-arm's-length transaction. (Exs. 1).

McManus testified on behalf of the Board of Review. McManus asserts the sales were non-arm's-length transactions and the prices paid for the subject lots reflect multiple-parcel sales. He asserts the cost of developing a group of lots and the price paid for a group of lots does not necessarily reflect the value of a single residential site especially when, as here, the lots are of varying size. Essentially, non-uniform lots would not have the same assessed value. McManus also testified that the specific characteristics of each lot are taken into account when setting values in the jurisdiction, such as ditches, creeks, slope, etc.

Youssi was critical of the Board of Review for not submitting evidence to support the assessments. McManus testified the Board of Review does not bear the burden of proof in this appeal. Additionally, McManus explained his belief the appeal could have been avoided if Youssi would have contacted the Assessor's Office. He then extended an invitation for Youssi to consider contacting the Assessor's Office if he has future concerns with any assessments. McManus stated his office is willing to review sales and explain the assessment process with owners in a hope to educate and resolve differences.

The Board of Review submitted no evidence beyond the exhibits required by PAAB.

Analysis & Conclusions of Law

YCH appealed to PAAB asserting its properties were assessed for more than authorized by law. § 441.37(1)(a)(1)(b).

YCH's focus was on the assessed land value of the subject properties. Although YCH wishes to focus solely on the land's assessed value, Iowa Courts have concluded the "ultimate issue...[is] whether the total values affixed by the assessment roll were

excessive or inequitable.” *Deere Manufacturing Co. v. Zeiner*, 78 N.W.2d 527, 530 (Iowa 1965); *White v. Bd. of Review of Dallas County*, 244 N.W.2d 756 (Iowa 1976) (emphasis added). Thus, our ultimate focus is on whether the subject’s total assessment is excessive.

In an appeal alleging the property is assessed for more than the value authorized by law under Iowa Code 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 (Iowa 2009) (citation omitted).

In Iowa, property is to be valued at its actual value. § 441.21(1)(a). Actual value is the property’s fair and reasonable market value. § 441.21(1)(b). In determining market value, “[s]ales prices of the property or comparable property 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 market value.” *Id.* “In arriving at market value, 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 or other land to be operated as a unit.” *Id.*

YCH purchased the subject properties from another entity under Youssi’s control and ownership. A sale between related business entities would raise questions about whether the sale is normal under section 441.21(1). Youssi asserts a profit was made on the development of the lots and believes this shows the sales were at market value. Youssi is not a disinterested witness, however, and has not submitted other evidence corroborating the properties’ abnormal sale is equivalent to the market value of the properties. Additionally, we do not know the full extent of the transaction, such as whether the sale price reflects unimproved land or improved sites that would have a different value in the market. 2020 Iowa Real Property Appraisal Manual 2-4, available at <https://tax.iowa.gov/sites/default/files/2020-01/Land%20Valuation.pdf> (describing the difference between unimproved and improved sites).

In addition to the questionable reliability of the sales, the purchase price was for three lots. Nonetheless, YCH asserts the lots' values can be equally devised from the \$90,000 price. Although similar, the lots are not identical. They vary in overall size but, perhaps more importantly, they vary in their frontage. Based on our review of the property record cards, the lots are valued using a front foot method. Under that method, differences in frontage contributes to differences in lot valuations. Manual, p. 2-6 to 2-4 (describing the front foot method).

Ultimately, we agree with the Board of Review that on its own, a multi-parcel sale of townhome lots may not reflect the market value of each lot individually. Without more details, we cannot conclude the sale price of each lot reflects the January 1, 2022, market value.

Additionally, YCH submitted no evidence of the properties' "as improved" total fair market value as of January 1, 2022, which is ultimately the question before this board.

Viewing the record as a whole, we find YCH has failed to prove its parcels are assessed for more than the value authorized by law.

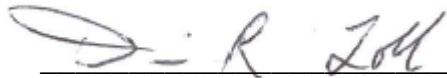
Order

PAAB HEREBY AFFIRMS the Scott 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.



Dennis Loll, Board Member



Karen Oberman, Board Member



Elizabeth Goodman, Board Member

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Scott County Board of Review by eFile