

STATE OF IOWA  
PROPERTY ASSESSMENT APPEAL BOARD

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**Scott Stevens,**  
Petitioner-Appellant,

v.

**Polk County Board of Review,**  
Respondent-Appellee.

**ORDER**

**Docket No. 12-77-0045 & 13-77-0746**  
**Parcel No. 090/05109-000-000**

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On October 10, 2013, the above-captioned appeal came on for hearing before the Iowa Property Assessment Appeal Board. The appeal was conducted under Iowa Code section 441.37A(2)(a-b) (2013) and Iowa Administrative Code rules 701-71.21(1) et al. The Petitioner-Appellant Scott Stevens was self-represented and requested the Appeal Board consolidate his 2012 and 2013 appeals. Assistant County Attorney David Hibbard represented the Board of Review. The Appeal Board now having examined the entire record, heard the testimony, and being fully advised, finds:

***Findings of Fact***

Scott Stevens is the owner of property located at 654 32nd Street, Des Moines, Iowa. The real estate was classified residential on the January 1, 2012, assessment. It was valued at \$137,100, representing \$27,600 in land value and \$109,500 in improvement value. This was a change in value from the January 1, 2011, assessment.

Stevens protested the 2012 assessment to the Polk County Board of Review on the ground that the property is assessed for more than authorized by law under Iowa Code section 441.37(1)(a)(2), asserting the correct fair market value is \$86,600. Stevens also listed the subject property's address and parcel number in the area of the form reserved for an equity claim. He did not list any other equity comparables. Because of this, and because there is no additional evidence or testimony regarding a

claim of equity, we will only consider his claim of over-assessment. The Board of Review granted the protest, in part, reducing the 2012 assessment to \$125,400, representing \$27,600 in land value and \$97,800 in improvement value. Stevens then appealed to this Board reasserting his claims, and now states the correct total value is \$90,000.

Prior to a PAAB hearing on his 2012 appeal, Stevens filed a 2013 petition with the Polk County Board of Review, re-asserting his 2012 claim of over-assessment. The January 1, 2013, assessed value is \$125,900, allocated as \$27,600 in land value and \$98,300 in improvement value. The 2013 protest was denied by the Board of Review. At Stevens' request and in the interest of judicial economy, PAAB consolidated Stevens' 2012 and 2013 appeals and a hearing on both appeals was held on October 10th.

According to the property record card, Stevens' property is a two-story, frame home, with a finished attic built in 1917. It has 2163 square feet of above grade living area; a full, unfinished basement; a small covered stoop; and a 676 square-foot detached garage built in 1942. The property record card lists the improvements and the garage in below normal condition. The subject site is 0.182-acres.

Stevens testified he purchased the property in 2001 for \$94,500. Since then he has made improvements to the property such as installing new windows, a new roof, a new furnace, and new insulation. He also remodeled the master bathroom to bring it up to code. He estimates the total cost for these improvements was roughly \$25,000. His 2010 Tax Abatement application (Exhibit B) indicates \$23,500 in improvements completed in November 2010. He also testified he provided the labor on some of the improvements. He does not believe these improvements would increase the value of the property. We also note these particular improvements may not have a dollar-for-dollar return because many of them are maintenance updates.

Stevens also provided several photographs (Exhibit 2) of surrounding properties he believes drive down the value of his property because of their disrepair. He explained there is crime in the area, which he also asserts devalues his property. Other than his observations, he did not provide any evidence of the actual impact on value from these factors. Polk County Deputy Residential Appraiser Paul Humble, testifying on behalf of the Board of Review, noted the Assessor's office considered arm's length sales located in the subject's immediate two to three block area. (Exhibit C). Because of this, Humble believes those things identified by Stevens are inherent within the subject's market. Therefore, he contends the sales prices reflect the decisions of informed buyers and sellers of area properties, which would reflect market conditions.

In an effort to show his property is over-assessed, Stevens provided three properties he considers comparable for a market value analysis. The properties are located at 664 32nd Street, 3223 Crescent Drive, and 1007 29th Street. According to Stevens, the property located at 664 32nd Street is just a few houses north of the subject and has an identical layout as the subject. However, the 32nd Street property has an enclosed porch, deck, and maintenance free siding, which the subject property does not have. Stevens notes 664 32nd Street sold in December 2010 for \$90,000, and Stevens adds the 2012 and 2013 assessments are \$111,600, which are both less than his property's assessment. However, we note this property also has only 1672 square feet of gross living area (GLA) compared to the subject's GLA of 2163 square feet and, unlike the subject, it does not have a garage. There were no adjustments made for the differences between this property and the subject. Further, we do not find the sale price of \$90,000 to be reflective of market value, as it was a bank-owned property at the time of sale. 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. Iowa Code § 441.21(1)(b).

The property located at 3223 Crescent Drive sold in February 2012 for \$116,000. Its 2012 assessment was \$106,300; and its 2013 assessment was \$109,700. Both are lower than the subject's 2012 and 2013 assessments, but like Stevens' previous comparable, this property is smaller in GLA than the subject property and also lacks a garage. Stevens pointed out this comparable property's site is three times the size of his site. For this reason, he believes it should not be assessed for less than his property. However, Stevens did not make any adjustments for these differences or any other differences that may exist, which is required to establish the market value.

Lastly, Stevens considered a property located at 1007 29th Street. This property last sold in August of 2009 for \$70,000. In this case, a 2009 sale is of minimal relevance to a 2012 or 2013 market value opinion. Further, like his other comparable properties, Stevens did not adjust the sale to reflect differences between this property and the subject property. This home is more similar in size to the subject and it has a garage like the subject. Its 2012 assessment is \$98,300; and its 2013 assessment is \$98,600. Like Stevens, we question the rather significant difference in assessed values between this property and the subject; however, we do not find Stevens has an equity claim before this Board. Even if he had asserted a claim of inequity, proof would require more than one comparable for analysis. Ultimately, Stevens did not provide sufficient evidence to demonstrate the correct fair market value of the subject property as of January 1, 2012, or January 1, 2013.

Paul Humble explained the subject property's assessment history. He noted the property's 2011 assessment following the Board of Review protest was \$86,600, representing \$59,000 in improvement value. Subsequent to this reduction, the Assessor's Office recommended Stevens fill out a tax abatement form for the updates he completed on the subject property, which would then be considered for the 2012 assessment. Because he filled out the form, the Assessor's office revalued the subject property in 2012.

The initial 2012 assessment increased to \$137,100, of which \$109,500 was attributed to the improvements. The Board of Review again reduced the assessment after Stevens protested to \$125,400, representing \$97,800 in improvement value. Even with the reduction, this was nearly a 40% increase over the 2011 improvement value. This increase completely negated any applicable abatement for which Stevens had been encouraged to apply. Further, the increase is greater than one-and-a-half times the actual reported cost of the improvements. Humble was unable to rationalize the significant increase between 2011 and 2012. He did state it was a high increase, but that it was the appraiser's judgment. We find it highly unusual that the improvements identified on the form (Exhibit B) would add that much value to the property.

For the 2013 assessment, Humble explained that all residential properties saw a change in assessed values as part of a normal revaluation process. The subject's overall increase was a nominal \$500 increase in the total value.

The Board of Review submitted a comparable sales analysis. (Exhibit D). Humble explained how this document was created. First, the appraiser provides specific criteria such as style, size, or age, and a pre-defined map location, to a computer program to generate a list of comparable sales. Next, a computer generated regression analysis is performed on sales. The regression analysis determines a "value" for each pre-selected element of comparison and applies the value on a unit basis; for example, each element in Exhibit D was adjusted on a per-square-foot basis. It is unclear if this regression analysis provides value results from all sales or only value results from sales of comparable properties. Finally, the program generates a report presenting the selected comparable sales in a grid. The program applies the results from the regression analysis by making adjustments for differences between comparable properties and the subject property.

While we recognize the routine use of regression models in mass appraisal, this Board is concerned with a single property value and not a universe of values. Humble asserts the adjustments

are market-based because the results of the regression analysis are “from sales.” However, what appears to be lacking in this scenario is any human analysis of the comparable properties or the adjustments and whether they are reasonable or relevant.

The actual comparability of the selected sales appears questionable in this case. The five sales in the analysis have gross adjustments ranging from 28.76% to 73.99% resulting in net adjustments to the comparables of roughly \$4300 to \$46,500. (Exhibit D). Humble testified, “The smaller it is [net or gross adjustments] the better comparable it is.” We agree. However, in this case, three of the properties required more than 48% in gross adjustments. This would seem to indicate the properties are not reasonably similar to the subject. Furthermore, Sales #2, #3, and #5 required roughly \$39,500 to \$46,000 in condition adjustments. This single-line adjustment is roughly 21% to 31.5%. Yet, these sales remain in this analysis despite this one adjustment and there is no additional explanation. Sale #5 also required an upward \$27,492 size adjustment. The total gross adjustment for only two elements of comparison is roughly \$73,500, approximately 50% of the \$146,000 sales price. Again, there is no explanation for why this sale remains in the analysis and is reasonably comparable despite the large adjustments.

We also question whether some of the individual adjustments are reasonable. For example, Sale #1 has a \$3443 adjustment for 41 square feet of brick exterior that the subject does not have. Humble conceded it was unlikely the market would react to this relatively inconsequential difference. Similarly, the program made age adjustments, ranging from roughly \$1200 to \$5000, even though Humble does not believe the market would recognize a value difference between the properties for this factor. Including these non-market oriented adjustments may not impact the conclusions individually, but they may do so collectively.

Humble testified the report is entirely computer generated and the Assessor’s Office reviews the model but takes the results at face value. He acknowledges adjustments may not be reflective of

actual market actions for some individual elements. Humble explained that he does not have a “manual override” to strike something from the report. Ultimately, there is no human judgment infused into the computer generated results, which we find creates flaws and values elements which the market would not consider significant. Further, even a narrative explanation of the results, reconciling any apparent issues, would be more meaningful than the data as it is presented. For these reasons, we find Exhibit D’s reliability is limited in this case.

### *Conclusion of Law*

The Appeal Board applied the following law.

The Appeal Board has jurisdiction of this matter under Iowa Code sections 421.1A and 441.37A. This Board is an agency and the provisions of the Administrative Procedure Act apply. Iowa Code § 17A.2(1). This appeal is a contested case. § 441.37A(1)(b). The Appeal Board determines anew all questions arising before the Board of Review, but considers only those grounds presented to or considered by the Board of Review. §§ 441.37A(3)(a); 441.37A(1)(b). New or additional evidence may be introduced. *Id.* The Appeal Board 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. § 441.37A(3)(a). However, the taxpayer has the burden of proof. § 441.21(3). This burden may be shifted; but even if it is not, the taxpayer may still prevail based on a preponderance of the evidence. *Id.*; *Richards v. Hardin County Bd. of Review*, 393 N.W.2d 148, 151 (Iowa 1986).

In Iowa, property is to be valued at its actual value. Iowa Code § 441.21(1)(a). Actual value is the property’s fair and reasonable market value. § 441.21(1)(b). Market value essentially is defined as the value established in an arm’s-length sale of the property. *Id.* Sale prices of the property or comparable properties in normal transactions are to be considered in arriving at market value. *Id.* Sale prices of properties 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. *Id.* If sales are not available to determine market value then “other factors,” such as income and/or cost, may be considered. § 441.21(2). The property’s assessed value shall be one hundred percent of its actual value. § 441.21(1)(a).

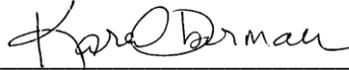
In a non-reassessment or “interim” year, when the value of the property has not changed, a taxpayer may challenge its assessment on the basis that there has been a downward trend in value. *Eagle Food Ctrs., Inc.*, 497 N.W.2d at 862. However, where the assessor has reassessed the property, all grounds for protest typically available in a reassessment year may be protested. *Id.* In this case, the assessor revalued Stevens’ property in 2012 and therefore all grounds are available.

In an appeal alleging the property is assessed for more than the value authorized by law under Iowa Code section 441.37(1)(a)(2), the taxpayer must show: 1) the assessment is excessive and 2) the subject property’s correct value. *Boekeloo v. Bd. of Review of the City of Clinton*, 529 N.W.2d 275, 277 (Iowa 1995).

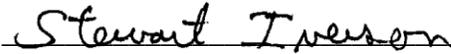
Here, Stevens claims the property is over-assessed as of January 1, 2012, and January 1, 2013. In support of these claims, Stevens offered three comparable properties. However, he did not make adjustments to the properties for differences between them and the subject property in order to arrive a market value. Further, one of the properties was a bank sale which would not be considered a normal sale and, without adjustment for this distorting factor, cannot be taken into account in determining the subject property’s fair market value. Another sale was from 2009, which we found is only minimally relevant to a determination of the subject property’s 2012 and 2013 market value. Ultimately, Stevens failed to provide sufficient evidence of the January 1, 2012 or January 1, 2013, fair market value of the subject property.

THE APPEAL BOARD ORDERS the January 1, 2012, and January 1, 2013, assessment of Scott Stevens' property located at 654 32nd Street, Des Moines, Iowa, as set by the Polk County Board of Review is affirmed.

Dated this 5th day of November 2013.



Karen Oberman, Presiding Officer



Stewart Iverson, Board Chair



Jacqueline Rypma, Board Member

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Certificate of Service	
The undersigned certifies that the foregoing instrument was served upon all parties to the above cause & to each of the attorney(s) of record herein at their respective addresses disclosed on the pleadings on <u>November 5, 2013</u> .	
By:	<input checked="" type="checkbox"/> U.S. Mail <input type="checkbox"/> FAX
	<input type="checkbox"/> Hand Delivered <input type="checkbox"/> Overnight Courier
	<input type="checkbox"/> Certified Mail <input type="checkbox"/> Other
Signature	