

STATE OF IOWA  
PROPERTY ASSESSMENT APPEAL BOARD

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**Andrew Pearson,**  
Appellant,

v.

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

**ORDER**

**Docket No. 13-77-0787**  
**Parcel No. 181/00219-449-253**

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On July 7, 2014, 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. Appellant Andrew Pearson was self-represented. Assistant County Attorney David Hibbard represented the Polk County Board of Review. The Appeal Board now, having examined the entire record, heard the testimony, and being fully advised, finds:

***Findings of Fact***

Andrew Pearson is the owner of residentially classified property located at 710 NE Pinnacle Court, Ankeny, Iowa. Pearson's property is a one-story home built in 2004 with 2397 square feet of above grade finish. The property also has 2100 square feet of living-quarter finish in the basement; a three-car attached garage; and a deck and patio. The site is 0.383 acres.

The January 1, 2013, assessed value was \$548,100, allocated as \$86,200 in land value and \$461,900 in dwelling value. Pearson protested to the Board of Review and claimed the assessment was not equitable compared to other like properties and the property was assessed for more than the value authorized by law under Iowa Code sections 441.37(1)(a)(1) and (2). The Board of Review denied the petition.

Pearson then appealed to this Board re-asserting only his claim of inequity; and this Board will only address that claim.

Pearson asserts the assessment of his land is not equitable with other similarly situated properties and that the assessor did not apply the assessment method uniformly. He does not contest the assessed value of his improvements. Pearson submitted a printout of the cost report for his property from the Polk County Assessor’s website. (Exhibit 1). He questions four figures on the cost sheet identified as residential land (\$79,298), land correction factor (1.5), market adjusted land factor (0.725), and the conclusion of value (\$86,237). The following chart is a replication of the relevant portion of the cost sheet.

Residential Land	Square Feet = 16,696, Nbhd = AK01, Pocket = A1				\$79,298
Land Correction	Correction = 50, Amenities Correction	\$79,298	*	1.5	\$118,947
Market Adjusted Land	Nbhd = AK01, Pocket A1, GeoBlock = 802412253	\$118,947	*	0.725	\$86,237

Pearson explained he did not understand how the Assessor’s Office arrived at the base land value of \$79,298, as well as the land correction and adjusted land factors. In an effort to understand how the numbers were derived, he examined a sample of the cost report provided by the Assessor’s office on its website. (Exhibit 2). According to the sample cost report, the land value of \$79,298 is from “the land table based on the neighborhood pocket.” (Exhibit 2). The land correction factor of 1.5 is an “adjustment to land value for physical attributes.” (Exhibit 2). Lastly, the market adjusted land factor of 0.725 is an “adjustment to the land for location” and results in the final land value. (Exhibit 2).

Polk County Deputy Assessor Amy Rasmussen testified for the Board of Review. Rasmussen explained the Assessor’s Office looks at the location of properties, as well as other factors that may influence value such as golf course views and topography. The subject is located in Neighborhood AK01 (Ankeny 1); Pocket A1; and GeoBlock 802412253. (Exhibit 1).

Rasmussen stated that all parcels in the county are separated into individual pockets, which are then further identified to a specific GeoBlock. All the properties located in the same neighborhood, pocket, and GeoBlock will have the same factor. In the subject's case, that factor is 0.725.

She also explained the Land Correction factor. She stated a table is created when land values are established in an area based on factors such as the size of the sites and the sale prices in the neighborhood. The table is then used to assess the typical lot in that neighborhood. Sites that are not typical will receive a "correction" adjustment that accounts for factors the typical lot may not have, such as enhancing views. She recalled the lots on the west side of the Briarwood golf course, where the subject property is located, have a different land correction factor than the lots on the east side of Briarwood. In Rasmussen's opinion, this process results in a consistent and uniform method of assessment.

Pearson also submitted two maps and a table of eight properties he considers comparable to his property. (Exhibit 4). Pearson stated all the information came from the Assessor's Office. Pearson explained he chose the properties because they were all located in Ankeny within approximately a mile of his property, back to golf courses, and front to residential properties. The golf courses the properties are located on include Briarwood, a private club with membership opportunities; Otter Creek, a public course; and a privately-held course with no known membership opportunities owned by Dennis Albaugh. The following table is a summary of the information.

Assessment Topic	Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6	Comp 7	Comp 8
Initial Assessed Value	\$79,298	\$94,016	\$120,357	\$108,198	\$94,796	\$73,006	\$73,837	\$74,864	\$113,268
Amenities Correction Factor	1.5	1.5	1.1 & 1.4	1	1	1.1	1.1	1.1	1
Location Correction Factor	0.725	0.725	0.725	0.777	0.777	0.765	0.751	0.751	1
Final Assessed Value	\$86,237	\$102,242	\$134,379	\$84,070	\$73,656	\$61,435	\$60,997	\$61,845	\$113,268
Acres	0.383	0.627	1.161	0.556	0.326	0.31	0.293	0.31	0.643
\$/Acre	\$225,161	\$163,066	\$115,744	\$151,205	\$225,940	\$198,176	\$208,180	\$199,500	\$176,156

Pearson asserts the initial assessed values are inequitable, and he does not know where they come from. He notes the amenities correction factor ranges from 1 to 1.5 for the properties. Because he believes all of the properties are comparable, he does not understand why there is a 50% differential in the range. Likewise, he believes there is too much disparity between the location correction factors. He further contends the Assessor’s Office has not been transparent. Pearson, however, has never contacted the Assessor’s Office seeking information about how the numbers were determined.

We do not find all of the properties Pearson submitted are reasonably similar to his property. Comparable properties 1, 2, 3, and 8 are all situated on lots larger than 0.50 acres compared to his 0.383 acre site. Rasmussen explained the concept of diminishing marginal utility, also known as the law of decreasing returns. This concept is the premise that there is a point of decreasing return and additional units beyond a certain point will not yield a return commensurate with the additional investment. (THE DICTIONARY OF REAL ESTATE, 5th ed. p. 110). This explains why Pearson’s properties, 1, 2, 3, and 8 have lower values on a per-unit basis.

The remaining properties (4, 5, 6, and 7) have a range of assessed values per-acre between \$198,176 and \$225,940. His site, based on this unit of comparison, is within the upper-end of this range and indicates his property's assessment is similar to others that he believes are comparable. We also note, however, that this is not the proper method of demonstrating equity.

Pearson also asserts a portion of his site has an easement, which reduces the full use of his land. (Exhibit 3). He believes that the reduced usable size of his land due to the easement would drive his price-per-acre value even higher, thus resulting in even greater inequity between the properties. The easement he references is a "golf course easement." (Exhibit 3). Because Pearson asserts he selected properties located on a golf course, it would be reasonable to assume that they would have similar easements. Moreover, Pearson provided no evidence to show this type of easement has any actual impact on value.

### ***Conclusion of 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.* 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).

To prove inequity, a taxpayer may show that 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 show the property is assessed higher proportionately than other like property using criteria set forth in *Maxwell v. Shivers*, 257 Iowa 575, 133 N.W.2d 709 (Iowa 1965). The six criteria include evidence showing

"(1) that there are several other properties within a reasonable area similar and comparable . . . (2) the amount of the assessments on those properties, (3) the actual value of the comparable properties, (4) the actual value of the [subject] property, (5) the assessment complained of, and (6) that by a comparison [the] property is assessed at a higher proportion of its actual value than the ratio existing between the assessed and the actual valuations of the similar and comparable properties, thus creating a discrimination."

*Id.* at 711. The *Maxwell* test provides that inequity exists when, after considering the actual and assessed values of comparable properties, the subject property is assessed at a higher proportion of this actual value. *Id.* The *Maxwell* test may have limited applicability now that current Iowa

law requires assessments to be at one hundred percent of market value. § 441.21(1).

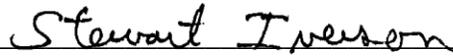
Nevertheless, in some rare instances, the test may be satisfied.

Pearson offered eight properties he considered comparable to his for an equity analysis. Four of the properties are larger than his and not sufficiently similar. The remaining properties are more similar in size; however, it is unclear if they are comparable in location and appeal. Pearson does not believe the Assessor uniformly applied an assessing method to similarly situated or comparable properties but the evidence does not support his assertion. Rasmussen testified all of the properties in Ankeny were assessed using the same method, but that the results could vary based on the location of the properties and factors that would have an impact on the individual assessments.

THE APPEAL BOARD ORDERS the 2013 assessment of Andrew Pearson's property located at 710 NE Pinnacle Court, Ankeny, Iowa, as set by the Polk County Board of Review is affirmed.

Dated this 18th day of July 2014.

  
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Karen Oberman, Presiding Officer

  
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Stewart Iverson, Board Chair

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