

STATE OF IOWA  
PROPERTY ASSESSMENT APPEAL BOARD

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**Richard Hrvol,**  
Appellant,

v.

**City of Cedar Rapids Board of Review,**  
Appellee.

**ORDER**

**Docket No. 14-101-0355**  
**Parcel No. 14221-61001-00000**

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On December 23, 2014, the above-captioned appeal came on for written consideration before the Property Assessment Appeal Board. The appeal was conducted under Iowa Code section 441.37A(2) and Iowa Administrative Code rules 701-71.21(1) et al. Richard Hrvol was self-represented and requested the appeal proceed without a hearing. City of Cedar Rapids Attorney Jim Flitz is counsel for the Board of Review. The Appeal Board having reviewed the record and being fully advised finds:

***Findings of Fact***

Richard Hrvol is the owner of a commercially classified property located at 367 18th Street SE, Cedar Rapids, Iowa. It is a two-story conversion built in 1901 with ten units. It has 3414 square feet of living area; a full, unfinished basement; and 835 square feet of attic finish. It also has two open porches. The site is 0.105 acres.

Hrvol protested to the Board of Review regarding the property's 2014 assessment of \$97,574, allocated as \$18,760 in land value and \$78,814 in improvement value; this was a change in value since the previous assessment making all grounds available for protest under Iowa Code section 441.37(1)(a)(1). He claimed the property was assessed for more than the value authorized by law under section 441.37(1)(a)(1)(b). The Board of Review reduced the assessment to \$61,022, allocated as \$18,760 in land value and \$42,262 in improvement value. Based on the protest record, it appears

the reduction occurred because of an inspection by the Assessor's Office. The Assessor's Office inspection reported the subject property had ten units in below normal condition with little or no updates; and the exterior has a newer roof and vinyl siding. (Exhibit A). A more detailed written description of the property, which was submitted by the Board of Review, explains that the subject property has four sleeping rooms with a shared bathroom; two efficiency units with a shared bathroom; three one-bedroom units and a one two-bedroom unit. Based on the inspection, the Assessor's Office recommended changing the property's grade 3-10; correcting the room and unit count; correcting the number of plumbing fixtures; and adjusting the obsolescence applied to the property. Additionally, the assessment also reflects obsolescence adjustments for shared utilities, layout, and limited onsite parking. (Exhibit B).

Hrvol then appealed to this Board reasserting his claim. He now contends the correct assessed value is \$42,000.

Hrvol asserts the property is in a high-crime area and suffers high vacancy due to its location; he provided some newspaper articles to support this opinion. He noted the building has a mix of sleeping rooms and efficiencies, which would be impossible to convert to more rentable units due to the City building codes. He also stated is in below average condition with inadequate electrical service, has an outdated heating and cooling system, deteriorating plumbing, and siding that is in disrepair. He also said it has no off-street parking and very limited street parking. We note the Assessor's Office considered the foregoing issues after it inspected the property on May 9, 2014, which resulted in the lowering of the assessment. The Board of Review also indicated in its data conclusions (Exhibit D) that the subject and comparable properties within the market area received a 27% locational adjustment because of the high crime rate contributing to a higher vacancy rate.

Further, Hrvol asserts there are only nine units in the property rather than ten as listed by the Assessor's Office but the record indicates Hrvol was present with the Assessor's Office during the

May 2014 inspection, at which time, it was noted there were ten units. He also states the vacancy rate is about 80% because of the market resistance to sharing a common bath, no cooking privileges in the sleeping rooms, and a lack of available parking. Hvrol did not provide a sketch of the property to confirm the unit count or an income statement that would identify the rentable units. The only evidence in the record regarding the unit count is the inspection by the Assessor's Office.

Hvrol submitted Schedule E income/expense forms from 2009 to 2013, apparently to demonstrate the subject property operates at a loss. However, he did not develop an income approach to value.

He also submitted three properties he considered comparable to the subject.

Address	Assessed Value	Date of Sale	Sale Price	# of Units	Price/Unit
1507 2nd Ave SE	\$99,229	Apr-14	\$57,000	6	\$9,500
1515 2nd Ave SE	\$48,150	Feb-14	\$21,000	2	\$10,500
1515 Washington Ave SE	\$73,471	Jun-14	\$41,000	4	\$10,250

The record indicates few comparable properties have recently sold; therefore, it would be reasonable to consider these sales despite the fact that the sales occurred after the assessment date. However, there is no other information about these properties, such as their size, condition, or other features such as availability of parking or if the tenants are responsible for utilities. As such, we are unable to determine if the properties are comparable. Moreover, the sales were unadjusted for differences.

The Board of Review submitted four properties it considered comparable to the subject property, including a photograph, the property record card, and a narrative description of each property. (Exhibit C). After adjustments for differences, these properties indicate a value range of \$52,679 to \$144,033; or \$3512 to \$28,807 per unit. (Exhibit E). We note three of the sales occurred in 2011 and were not adjusted for the date of sale. Furthermore, we find the adjusted value range to be rather broad. However, the sales with the most similar unit count to the subject property (Comparables

1 and 4), both have adjusted values of approximately \$96,000, which supports the subject's assessment.

The Board of Review also submitted an income approach based on the median rents of advertised units. (Exhibit E). We note the 2014 assessment is nearly 30% less than the income analysis conclusion.

### ***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 reflecting market value are to be considered in arriving at market value. § 441.21(1)(b). Conversely, sales of property in abnormal transactions not reflecting market value shall not be taken into account. *Id.*

Whether other property is sufficiently similar and its sale sufficiently normal to be considered on the question of value is left to the sound discretion of the trial court.

*Soifer v. Floyd Cnty. Bd. of Review*, 759 N.W.2d 775, 783 (Iowa 2009) (citing *Bartlett & Co. Grain*, 253 N.W.2d 86, 94 (Iowa 1977)). Similar does not mean identical, however, and property can still be considered similar even though each possesses points of difference. *Id.* (citing *Redfield v. Iowa State Highway Comm'n*, 99 N.W.2d 413, 418 (1959)). Adjustments should be made to account for differences between the comparable property and the subject property to the extent the differences would impact the subject property's market value. *Soifer*, 759 N.W.2d at 783.

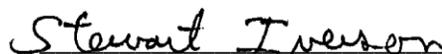
In an appeal alleging the property is assessed for more than the value authorized by law under section 441.37(1)(a)(1)(b), the taxpayer must show: 1) the assessment is excessive and 2) the subject property's correct value. *Boekeloo v. Bd. of Review of the City of Clinton*, 529 N.W.2d 275, 277 (Iowa 1995). Hvrol asserts the correct fair market value of the subject property is \$42,000 and submits three sales to support his opinion; however, Hvrol provided very limited information regarding these sales and we cannot determine if they are comparable properties to the subject. Furthermore, these sales were unadjusted for differences as compared to the subject property. Hvrol did not submit any other indication of the property's fair market value such as an appraisal, a detailed market analysis, or an income analysis.

THE APPEAL BOARD ORDERS the 2014 assessment of Richard Hvrol's property located at 367 18th Street SE, Cedar Rapids, Iowa, set by the City of Cedar Rapids Board of Review, is affirmed.

Dated this 2nd day of February, 2015.



Karen Oberman, Presiding Officer



Stewart Iverson, Board Chair

Copies to:

Richard Hrvol  
1735 Washington Avenue SE #9  
Cedar Rapids, Iowa 52403  
APPELLANT

Jim Flitz  
Cedar Rapids City Attorney  
101 1st Street SE  
Cedar Rapids, Iowa 52401  
ATTORNEY FOR APPELLEE