

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

PAAB Docket No. 2015-007-00019R

Parcel No. 8913-10-154-041

Jessica Koenig,
Appellant,

v.

Black Hawk County Board of Review,
Appellee.

Introduction

This appeal came on for written consideration before the Property Assessment Appeal Board (PAAB) on October 26, 2015. Jessica Koenig was self-represented. Assistant County Attorney David Mason is counsel for the Black Hawk County Board of Review.

Koenig is the owner of a residential property located at 3918 Fieldstone Boulevard, Cedar Falls, Iowa. The subject is a one-story residence built in 2002. It has 2382 square feet of living area, a full basement with 1300 square feet of living-quarter finish, two open porches, a deck, and a three-car attached garage. The site is 0.732 acres.

The property's January 1, 2015, assessment was \$448,070, allocated as \$90,880 in land value and \$357,190 to improvement value. On her protest to the Board of Review, Koenig wrote in the area of the form reserved for a claim of change in value under Iowa Code section 441.37(1)(a)(2). However, the claim essentially asserts the property is assessed for more than the value authorized by law under section 441.37(1)(a)(1)(b). *Dedham Coop. Assoc. v. Carroll County Bd. of Review*, 723 N.W.2d 449, 2006 WL 1750300 (Iowa Ct. App.). The Board of Review denied the petition.

Koenig then appealed to PAAB. She believes the subject property's assessment should be \$380,000.

Findings of Fact

Koenig states the subject property was purchased in March 2015 for \$380,000, and provided the purchase agreement in support of her claim. Her appeal indicates that the "home was listed on the market for a long period of time and was unable to be sold at a higher price" and the house requires upgrading to sell at a similar price to other homes nearby. She believes the purchase price establishes the true value of the property.

The Board of Review submitted a letter by Assessor TJ Koenigsfeld. Koenigsfeld acknowledged the subject property's 2015 sale was considered a normal transaction; and reports that as such, it will be taken into consideration on the next residential revaluation scheduled for the 2017 assessment year.

Koenigsfeld explains the subject property is located in a newer subdivision. The Assessor's Office revalued residential properties in 2015. During the revaluation, normal arm's length sales from January 1, 2013 to December 31, 2014, from the subject's subdivision, were analyzed as part of an assessment/sales ratio study. (Ex. A). Twenty sales were included for consideration ranging in price from \$355,000 to \$710,000, with a median sale price of roughly \$474,000. Of the twenty sales, only three sold for less than \$400,000. The assessments for these properties ranged from roughly \$342,000 to \$630,000, with a median assessment of roughly \$420,500. The median assessment/sales ratio is 93.46. Koenigsfeld notes this study shows the ratio prior to the 2015 revaluation. After the revaluation, the new median ratio is 97.5%.

In total, this information indicates the majority of properties in the subdivision are underassessed. Of the twenty properties, only four were assessed for more than their sales price. Of these, the largest variance occurred on 4315 Wynnewood Dr. That property sold for \$375,000 in November 2014 and had an assessment at the time of \$411,940, an assessment/sales ratio of 109.85%. The subject's current assessment/sales ratio is 117.91%.

We note that the subdivision sales include the sale of 3928 Fieldstone, located on the same street as the subject. That property sold for \$457,500 in May 2014 and would seem to support the subject's assessment.

Conclusions of Law

PAAB has jurisdiction of this matter under Iowa Code sections 421.1A and 441.37A (2015). PAAB is an agency and the provisions of the Administrative Procedure Act apply to it. Iowa Code § 17A.2(1). This appeal is a contested case. § 441.37A(1)(b). PAAB considers only those grounds presented to or considered by the Board of Review, but determines anew all questions arising before the Board of Review related to the liability of the property to assessment or the assessed amount. §§ 441.37A(1)(a-b). New or additional evidence may be introduced, and 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 that 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).

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. *Boekeloo v. Bd. of Review of the City of Clinton*, 529 N.W.2d 275, 277 (Iowa 1995). Koenig submitted the March 2015 purchase agreement in support of her claim the subject

property is over-assessed. While the purchase price of the property in a normal transaction is a matter to be considered in arriving at market value, it does not necessarily and conclusively establish market value. *Riley v. Iowa City Bd. of Review*, 549 N.W.2d 289 (Iowa 1996).

Here, the subject's assessment/sales ratio shows a much larger variance (17%) than any other property in the subject's subdivision whose assessment exceeded the sales price. When such a significant variance exists between the assessment and the sales price, we more closely examine the assessment and sales price to determine whether they reliably reflect market value.

Koenig did not provide any other evidence to substantiate her purchase price was consistent with the sales of comparable properties, such as an appraisal or market analysis. In contrast, the Board of Review submitted information indicating that properties in the subject's subdivision are generally assessed for less than their sales prices. The data show 2013 and 2014 sales in the subdivision ranged from \$355,000 to \$710,000 with the median sale price of roughly \$474,000. Notably, a property located on the same street as the subject sold for \$457,500 in May 2014, which is consistent with the subject's assessment.

This information leads us to question whether the subject's sale price fully represents its market value. Koenig's appeal indicates the property was listed "for a long period of time," which may have caused the property to become market worn and artificially reduced its ultimate sales price. Although Koenig also indicated the property's lack of updates distinguishes it from other properties; no evidence was submitted identifying any of the property's deficiencies or how those deficiencies may have impacted the sales price.

Based on the foregoing, we find that Koenig has not met her burden of establishing the property's correct value by a preponderance of the evidence. Because of the significant variance between the sale price and assessment and the allegations that the property needs updating; we suggest Koenig arrange for a property inspection and that the Assessor consider re-examining the property's assessment for the 2016 assessment.

Order

IT IS THEREFORE ORDERED that the Black Hawk County Board of Review's action is affirmed.

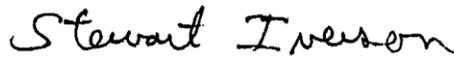
This Order shall be considered final agency action for the purposes of Iowa Code Chapter 17A (2015). Any application for reconsideration or rehearing shall be filed with PAAB within 20 days of the date of this Order and comply with the requirements of PAAB administrative rules. Such application will 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 20 days of the date of this Order and comply with the requirements of Iowa Code sections 441.38; 441.38B, 441.39; and Chapter 17A.



Karen Oberman, Presiding Officer



Jacqueline Rypma, Board Member



Stewart Iverson, Board Chair

Copies to:

Jessica Koenig

TJ Koenigsfeld