

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

PAAB Docket No. 2015-106-00598R

Parcel No. 07-11-355-002-000

Glenn and Marie Borchardt,  
Appellants,

v.

Mason City Board of Review,  
Appellee.

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**Introduction**

This appeal came on for written consideration before the Property Assessment Appeal Board (PAAB) on December 10, 2015. Glenn and Marie Borchardt were self-represented. Attorney Tomas Meyer is counsel for the Mason City Board of Review.

The Borchardts are the owners of a residential property located 1171 Crestmore Way, Mason City. The subject property is a one-story home with 1160 square feet of living area built in 1962. It also has 870 square-feet of average basement finish, a patio, detached utility shed, and an attached one-car garage. The site is 0.162 acres.

The property's January 1, 2015, assessment was \$129,110, allocated as \$13,840 in land value and \$115,270 to dwelling value. The Borchardts protested to the Board of Review claiming the assessment is not equitable as compared with assessments of other like property, that the property is assessed for more than authorized by law, and that there is an error in the assessment under Iowa Code sections 441.37(1)(a)(1)(a), (b), and (d).

The Board of Review denied the petition. The Borchardts appealed to this Board renewing only their claim of inequity. They assert the correct assessed value is \$122,410.

## Findings of Fact

We note the certified record includes market comparables. However, because there is not a claim of over-assessment before PAAB we do not find it necessary to recite or analyze this information.

The Borchardts submitted the addresses and assessed values of five properties to the Board of Review that they believe show their property's assessment is inequitable. They supplemented this list with four additional addresses and assessed values on their petition to this Board. The Board of Review submitted comments from the Assessor's Office, which explain that two of the addresses (1230 and 1247 Crestmore Way, Mason City) submitted by the Borchardts were not valid addresses. The Board of Review also provided a summary of Borchardt's comparable properties summarized in the following chart. (Ex. A)

	2015 Assessment	Grade	Gross Living Area (GLA)	Basement Finish	AV/SF
Subject	\$129,110	3-10	1160	870 Avg	\$111.30
1158 Crestmore Way	\$94,890	4+10	912	456 Low	\$104.05
1159 Crestmore Way	\$112,830	4+10	1213	None	\$93.02
1155 Crestmore Way	\$112,790	3-05	1247	None	\$90.45
1147 Crestmore Way	\$103,100	3-10	1000	446 Low	\$103.10
1154 Crestmore Way	\$100,980	4-05	1040	520 Low	\$97.10
630 S Louisiana Ave	\$111,520	3-10	1189	594 Avg	\$93.79
821 S Tennessee Ave	\$123,410	3-05	1147	458 Low	\$107.59

All of the properties are one-story homes built between 1954 and 1965. They are all frame construction with the exception of 1159 Crestmore Way, which is a brick home; and all have a one-car attached garage except 1155 Crestmore Way, which has a two-car attached garage. We note the subject has the highest assessed value per-square-foot, however it is also has a higher grade than many of the properties and has the highest amount of average-quality basement finish compared to the properties they submitted for comparison. These factors would affect the assessed value and could explain why their property sets the upper end of this range.

Ultimately, in the Borchardts' opinion, their assessment is not equitable because their property's assessment increased in 2015 while their comparable properties' assessments decreased.

Lastly, there is no information in the record indicating that any of these properties has recently sold and the Borchardts did not submit an opinion of market value for the properties; therefore, an assessment/sale ratio analysis cannot be developed.

The Board of Review relied on five properties in its decision to deny the protest. (Ex. B). The following chart summarizes these properties.

	2015 Assessment	Grade	Gross Living Area (GLA)	Basement Finish	AV/SF
Subject	\$129,110	3-10	1160	870 Avg	\$111.30
1033 Manor Way	\$126,840	4+10	1162	587 Avg	\$109.16
1139 Crestmore Way	\$128,540	3-10	1108	720 Avg	\$116.01
810 S Louisiana Ave	\$122,370	3-10	1000	903 Avg	\$122.37
906 S Tennessee Pl	\$115,320	3-10	1144	858 Avg	\$100.80
1112 Manor Dr	\$110,920	3-10	1128	564 Avg	\$98.33

All of the properties are one-story, frame homes built between 1955 and 1962, and all have a one-car attached garage. Additionally, all but one of the properties has the same grade as the subject, as well as a similar amount and quality of basement finish. The assessed value per-square-foot ranges from \$98.33 to \$122.37, with a median of \$109.16 and an average of \$109.33.

The Board of Review submitted a summary of the Mason City Residential Re-appraisal for 2015. (Ex. C). In a reassessment year, all properties in a classification are revalued. As part of the reassessment, every residential property record was converted to a new software system; cost tables were adjusted to 100% manual level of the 2008 Iowa Real Property Appraisal Manual; new photographs were taken; lot sizes were verified; imagery was used to discover omitted real estate; and sales ratio studies were conducted in every map area. (Ex. C).

The Board notes that because of the reassessments, some assessments increased while others decreased. There was not a citywide flat percentage increase or

decrease but rather, each assessment was dependent on the local and neighborhood real estate market and individual property characteristics.

### **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).

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.

The Borchardts did not assert that the Assessor failed to uniformly apply an assessing method to similarly situated or comparable properties. Instead, they offered seven properties they considered comparable to theirs for an equity analysis. The record indicates the properties had some dissimilarity that would affect their assessed values, such as grade and the amount/quality of basement finish. Further, there is no information in the record indicating any of these properties has recently sold; and the Borchardts did not submit evidence of the subject’s or comparable properties’ market values to complete an assessment/sales ratio analysis.

The Borchardts assert their assessment is not equitable because their comparable properties’ assessments decreased in 2015 while the subject’s assessment increased. First, comparing changes in assessments is not sufficient to show inequity. Second, the Assessor’s Office explained that a reassessment of residential properties occurred for the 2015 assessment, which likely contributed to the change in value.

For the foregoing reasons, the Board finds that the Borchardts failed to show their property is inequitably assessed.

## Order

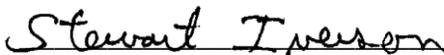
IT IS THEREFORE ORDERED that the Mason City Board of Review's action is affirmed.

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.

Dated this 7th day of January, 2016.

  
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Karen Oberman, Presiding Officer

  
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Jacqueline Rypma, Board Member

  
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Stewart Iverson, Board Chair

Copies to:

Glenn and Marie Borchardt

Tomas Meyer