

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

PAAB Docket No. 2015-007-00012C

Parcel No. 8913-32-476-011

Denso International America, Inc.,

Appellant,

vs.

Black Hawk County Board of Review,

Appellee.

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**Introduction**

This appeal came on for hearing before the Property Assessment Appeal Board (PAAB) on May 16, 2016. Denso International America, Inc. (Denso) was represented by Michael Byrnes of Paradigm Tax Group, Chicago, Illinois. Attorney David Mason was counsel for the Black Hawk County Board of Review.

Denso is the owner of a commercial, metal warehouse property located at 2010 W Ridgeway Avenue, Waterloo. The warehouse was built in 2004 and is one-story with 36,989 square feet of gross building area, including 5601 square-feet of office finish. The building includes eight loading docks and ten overhead doors. The warehouse portion is listed in normal condition with average-quality construction. The site is 6.51-acres and also contains 48,600 square feet of paving.

The property's January 1, 2015, assessment was \$1,363,110, allocated as \$229,910 in land value and \$1,133,200 in improvement value. Denso's protest to the Board of Review claimed that the property was assessed for more than the value authorized by law under Iowa Code section 441.37(1)(a)(1)(b). The Board of Review denied the protest.

Denso then appealed to PAAB. It asserts the property's correct value is \$1,000,000.

## Findings of Fact

In its appeal to PAAB, Denso identified six warehouse sales it deemed comparable to the subject property. The properties are all Class-C properties located in Waterloo summarized in the chart below. Michael Byrnes testified regarding how he selected these sales, and how he estimated adjustments for them based on their age and location.

	Address	GBA	Year Blt	Acres	Sale Date	Adjustment	Adj SP PSF	
	Subject	36,989	2004	6.51				
1	326 W 17th	13,050	1969	0.52	Apr-14	35%	\$ 21.21	
2	540 Ansborough	22,000	1943	1.01	May-12	61%	\$ 26.35	
3	1624 Blackhawk	25,352	1960	0.96	Jul-14	44%	\$ 28.68	
4	35 Flecher	14,600	1968	0.91	Aug-12	36%	\$ 32.60	
5	1051 Southtown Dr	35,000	1976	2.00	Mar-12	28%	\$ 31.01	
6	3211 Titan	15,000	2008	1.50	Jul-14	-4%	\$54.49	
	Average							\$ 32.39
	Median							\$ 29.85

Based on the average of the median and average adjusted prices per-square-foot (\$31.12), Denso determined the indicated value of the subject property should be \$1,151,041. Byrnes testified that he did not inspect any of the comparable properties and did not commission any appraisals. He said his adjustments were based on surveying the market, without a set formula or method. In his opinion, this did not compromise his value conclusions. Byrnes conceded that all of the warehouses comparables are older than the subject property, that the Titan property was industrial, not a commercial warehouse, and indicated that site size was given little weight in his adjustments.

The Board of Review submitted a letter authored by Black Hawk County Assessor TJ Koenigsfeld. Koenigsfeld's letter states that he reviewed these sales. Regarding Sale 1, Koenigsfeld noted Denso incorrectly listed the address of the property; moreover, he identified that the property is an older metal warehouse on a small site, in inferior condition, in a poor location, and vacant at the time of sale.

(Assessor Letter to PAAB April 18, 2016). Koenigsfeld reported Sale #2 was also an older warehouse and a dated sale. Koenigsfeld commented that Sales #3 and #6 are not considered normal sales having sold to a governmental body and church, respectively. He reports Sales #4 is a dated sale of an office type building with some low-eave warehouse space, but dissimilar to the subject. According to Koenigsfeld, Sale #5 is dated and, unlike the subject, represents only a portion of a large divided warehouse. Koenigsfeld's commentary indicates the sales Denso has selected are not comparable to the subject property.

Denso also surveyed three warehouses for rent and determined a rate of \$3 per-square-foot should be used in calculating an income approach value for the subject property. Based on this assumption, the gross potential annual income would be \$110,967. After adjusting for vacancy/loss of 10% and replacement reserves of 35%, then applying an 8% capitalization rate, Denso estimated the fair market value of the subject property to be \$811,400.

Koenigsfeld reported only one of the rental properties is located in Waterloo. It was vacant and located in a blighted area by residential housing. He also noted the other comparable rent structure is a small portion of a warehouse located in Cedar Falls.

### **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.* Conversely, sale prices of property in abnormal transactions not reflecting market value shall not be taken into account or must be adjusted to eliminate the effect of factors, which distort market value. *Id.*

Denso asserts the subject property is over-assessed. 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).

Denso provided a summary of six sales in support of its over assessment claim. However, Byrnes' testimony indicated the sales were adjusted without any particular method. Moreover, information offered by the Board of Review indicated the sales lacked comparability, were dated, or were not normal arms'-length transactions. In Denso's income approach to value, it identified only one vacant warehouse actually located in Waterloo, which was in an inferior area. Considering the record as a whole, we find the evidence fails to show Denso's property is over-assessed.

## **Order**

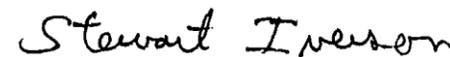
IT IS THEREFORE ORDERED that the Black Hawk County Board of Review's action is affirmed.

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.

Dated this 8th day of June, 2016.

  
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Jacqueline Rypma, Presiding Officer

  
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Stewart Iverson, Board Chair

  
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Karen Oberman, Board Member

Copies to:

Michael Byrnes

David Mason