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

PAAB Docket No. 2016-057-00074R

Parcel No. 22-34-327-001

Peter J. and Mary N. Iversen Revocable Trust,

Appellants,

vs.

Linn County Board of Review,

Appellee.

Introduction

This appeal came on for hearing before the Property Assessment Appeal Board (PAAB) on October 18, 2016. Mary (Molly) Iversen represented the Trust. Linn County Chief Deputy Assessor Tami McFarland represented the Board of Review.

The Trust owns a residential property locally known as 515 Chestnut Drive, Robins, Iowa. Built in 2007, the two-story frame home is situated on a 0.562 acre lot. (Ex. A).

The property's January 1, 2016 assessed value was set at $526,600, allocated as $80,800 in land value and $445,800 in dwelling value. (Ex. A). On its protest to the Linn County Board of Review, the Trust claimed its property was inequitably assessed and assessed for more than authorized by law under Iowa Code sections 441.37(1)(a)(1)(a-b). The Board of Review denied the petition. The Trust then appealed to PAAB, reasserting its claim of overassessment and stating $480,800 is the correct value for the subject property.

General Principles of Assessment Law

PAAB has jurisdiction of this matter under Iowa Code sections 421.1A and 441.37A (2016). 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 abnormal transactions not reflecting market value shall not be taken into account, or shall be adjusted to eliminate the factors that distort market value, including but not limited to foreclosure or other forced sales. *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).

Findings of Fact

The subject property is located in Robins, a bedroom community to Cedar Rapids. The property contains 24,500 square feet of land (0.562 acres), a two-story frame dwelling with a 792 square foot attached garage. (Ex. B). The five-bedroom home has 3,330 total square feet of above ground living area, of which 429 square feet are frame-quarters over the garage. There is also 1,605 square feet of basement finish, 804 square feet of deck, and 288 square feet of patio.

The Trust argues the subject property's January 1, 2016 assessed value is higher than its market value and that $480,000 is its correct assessed value. Molly Iversen, a real estate agent, testified on behalf of the Trust. She asserts many homes have sold in the vicinity at what she believes to be the value of the subject property. She stated sales trends in the area demonstrate homes are selling at less than their assessed value. A Comparative Market Analysis (CMA) summary of five residential property sales was offered into evidence. (Ex. 1). The table below reflects the main information provided in the CMA summary.

Sales Comps	Address	Above Ground Living Area	List Price	Sales Price	Sales Price as Percent of List Price
Subject	515 Chestnut Dr, Robins	3330	N/A	N/A	N/A
1	1710 Winslow Ct, Marion	4760	$ 450,000	$415,000	92.22%
2	1701 Emerald Ct, Robins	3340	$ 479,000	$450,000	93.95%
3	4221 Oak Leaf Ct, Cedar Rapids	3094	$ 489,900	$475,000	96.96%
4	4320 Oak Leaf Ct, Cedar Rapids	3200	$ 539,000	$479,000	88.87%
5	2800 Old Orchard Ct, Cedar Rapids	3241	$ 499,000	$492,000	98.60%

The information in the CMA summary is extremely limited. For example, it only provides above ground square footage but no information regarding basement area or finish. It also neither lists the age of the properties or information detailing whether any adjustments would be required for points of difference. For these reasons, we cannot begin to determine whether these properties are reasonably comparable to the subject property.

Tami McFarland, Chief Deputy Assessor, testified that the properties presented in Iversen's CMA are not comparable to the subject property. She noted that Comparable 2 and Comparable 5 were both submitted to the Board of Review for consideration. She acknowledged these properties are both located in close proximity to the subject, but pointed out each had many different features making it hard to compare with the subject. The Old Orchard property is a one-story home and therefore not comparable with the subject's two-story structure. And, the Emerald Court property is in a different map area. Market sales trends are a driving factor in map areas, with

the Emerald Court property having a 0.95% factor while it is at 100% in the subject's map area. (Ex. D).

McFarland testified that the Board of Review would never look at the three Cedar Rapids properties as comparables because they are located in a different jurisdiction. She contends Linn County does not have detailed information on the Cedar Rapids properties and the two jurisdictions make different adjustments for variations in the properties. While she did acknowledge she knew jurisdictional boundaries may be crossed in an over assessment claim, nonetheless she stated they would not put much weight on such properties regardless of close proximity to the subject.

Iversen asserts real estate agents look to northeast Cedar Rapids, Marion and Robins for market comparisons for properties similarly situated as the subject. She argued that a property's value has to do with what the market will bear for the home, the amenities, square feet of living space, as well as other factors. She asserts the market is not as high as the assessed values of properties in the area.

McFarland testified there were five market comparables located within close proximity with similar floor plans and similar total above ground living area. The following table details these comparables.

Comparable Sales	Address	Sales Price	Total Above Ground Living Area	Bsmt Finish	Year Built	Site Acres	Grade	Date of Sale
Subject	515 Chestnut Dr	None	3300	1605	2007	0.56	2+5	None
1	560 Evergreen Ln	$ 695,000	3139	1725	2006	0.56	1+0	9/18/15
2	670 Woodland Dr	$ 288,750	2314	1230	1999	0.62	3-5	8/28/15
3	420 Broughham Rd	$ 340,000	2693	1175	2000	0.39	2-5	8/25/15
4	115 Jennifer Dr	$ 299,000	2824	1015	1998	0.32	3+0	5/15/15
5	1850 Mackenzie Dr	$ 346,000	2575	805	1999	1.29	2-5	N/A

All of the properties are two-story homes with attached garages and are located on one-third to one-half acre lots; the exception being the MacKenzie Drive property with its 1.29-acre site. (Ex. D). All of these homes were built within nine years of the subject and all have three full baths and one half-bath like the subject, with the

exception of the Evergreen Lane property which has four full baths. Further, this comparable has two fireplaces like the subject, while the others only have one, but it also has a walkout basement which the subject does not.

MacFarland was questioned as to why the Board of Review would consider Comparables 2 through 5 when their sales prices are significantly lower than the subject's assessment. She asserted these properties were the only recent two-story sales in Robins. Further, she argued the only real comparable to the subject is the Evergreen Lane property.

Conclusions of Law

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). The Iowa Courts have concluded the "ultimate issue . . . [is] whether the total values affixed by the assessment roll were excessive . . . ." *Deere Manufacturing Co. v. Zeiner*, 78 N.W.2d 527, 530 (Iowa 1956) (emphasis added).

When considering an over assessment claim, we decline to accept the Linn County Board of Review's argument that it is inappropriate to consider comparable sales outside its jurisdiction. While in an inequity case the Board of Review's assertion would be correct, a claim that an assessment is more than the value authorized by law permits consideration of arms-length sales of comparable properties regardless of jurisdiction.

On the question of the subject property's correct fair market value, we give no weight to Iversen's CMA. Its conclusions are unexplained. It is incomplete as it did not provide sufficient details regarding the differences between the comparable properties and the subject, and it is unknown whether adjustments were made for any differences that may exist as compared with the subject property.

For the reasons stated above, we find the record is insufficient to conclude the assessment is excessive, given the lack of information in the CMA summary and the

record being void of an appraisal or any other sales information from which to determine the subject's January 1, 2016 market value.

Order

IT IS THEREFORE ORDERED that the Linn 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 13th day of December, 2016.

Camille Valley, Presiding Officer

Karen Oberman, Board Member

Stewart Iverson, Board Chair

Copies to:

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