

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

PAAB Docket No. 2015-030-00476R

Parcel No. 06-01-326-020

John & Shannon Sandy,

Appellants,

v.

Dickinson County Board of Review,

Appellee.

Introduction

This appeal came on for a telephone hearing before the Property Assessment Appeal Board (PAAB) on April 18, 2016. Appellant John Sandy was self-represented. Assistant County Attorney Lonnie Saunders is legal representative for the Dickinson County Board of Review. The Board of Review did not participate in the hearing.

John and Shannon Sandy are the owners of a residential property located at 15691 213th Avenue (n/k/a Lake Shore Drive), Spirit Lake. The dwelling was constructed in 1960 and is a one-story, frame dwelling with 2210 total square feet of living area, a partial basement with 525 square-feet of living quarters finish, two concrete patios, a deck, and an attached 564 square-foot attached garage. The dwelling is listed in above-normal condition and with high quality construction grade (Grade 2-10). The property is also improved by an 1120 square-foot detached garage built in 2013. It is situated on a 0.625-acre site with 116.77 effective front foot of shoreline on West Lake Okoboji. Its January 1, 2015, assessment was \$1,448,100, allocated as \$1,220,200 in land value and \$227,900 to dwelling value.

The Sandys' protest to the Board of Review claimed the property was assessed for more than authorized by law under Iowa Code section 441.37(1)(a)(1)(b). The

Board of Review denied the protest. The Sandys appealed to PAAB and then claimed the correct value should be \$1,054,400.

Findings of Fact

The Sandys purchased the subject property for \$950,000 in 2012. At the time, the assessment was significantly more than the purchase price. On that ground, they filed a Board of Review protest resulting in a reduced assessment in 2013. The detached garage was constructed in 2013 and has a cost new of roughly \$19,000 on the property record card. In 2015, the assessed value of the land increased 48% from the 2013 assessment. The Sandys claim the increase is not supported by sales. They do not dispute the dwelling value.

John Sandy testified their property is located on the northeast corner of West Lake. In his opinion, this area north of Pike's Point State Park is far less desirable than the southern locations because of water depth and distance from activities and local attractions.

Sandy believes the Assessor's land valuation method lumped all the lake sales together without considering their locations and site sizes. He believes it is unreasonable to price lake lots with greater than the standard front feet of shoreline at the same unit price as smaller lots with less front feet of shoreline. Based on the theory of economies of scale, Sandy does not believe the same unit price per-effective-front-foot should be applied to larger than standard shorelines. For example, he believes that there is no equivalent economic benefit on a per-foot basis to effective frontage greater than 50 to 60 front foot of shoreline. We recognize that the price per-square-foot of a property, all else being equal, will decrease as a property's size increases. See APPRAISAL INSTITUTE, THE APPRAISAL OF REAL ESTATE pp. 40 (13th ed. 2008) (discussing the law of decreasing returns). The Sandys did not present any analysis of sales to support their assertion. Acknowledging the theoretical basis of the Sandys' concern about their land valuation does not prove that the current land assessment is incorrect.

To support their claim of over-assessment, the Sandys identified the sale of a neighboring property located at 15711 Lakeshore Drive, which sold in May 2014 for

\$1,275,000. The 2015 assessment of 15711 Lakeshore Drive (Benson) is \$1,426,600, allocated as \$1,201,500 in land value and \$225,100 in improvement/dwelling value. Sandy believes this property is comparable to his in age, shoreline, condition, and location. Based on this sale and assuming the improvement/dwelling value of 15711 Lakeshore Drive is correct, the Sandys believe their land valuation should be reduced to \$1,050,000. (March 2016 Letter from John L. Sandy to PAAB).

While there are some similarities between the 15711 Lakeshore Drive property and the subject (Ex. D), there are differences as well. We note the identified property has 1538 square feet of living area as compared to the Sandys' 2210 square feet of living area. The detached garage on that property is 768 square feet as compared to the Sandys' 1120 square foot detached garage. The Sandys' garage was built in 2013; whereas, the other detached garage was built in 1992 and has greater physical depreciation. This property has 114.97 effective front feet of shoreline, while the Sandys' property has 116.77 effective front feet of shoreline. In total, we find the Sandys' overall property is superior to 15711 Lakeshore Drive.

15711 Lakeshore Drive has an assessment-to-sales ratio of 112%. This indicates its assessment is roughly 12% higher than its market value. The Sandys claim this indicates area properties, including the subject property, are over-assessed. While the ratio for this property indicates it may be over-assessed, that does not extend to prove the subject property was also over-assessed.

The Assessor reported the land assessments for these properties were set by uniformly applying a unit value of \$11,000 or \$12,000 per-effective-front-foot of lakeshore. In support of this, the Board of Review submitted a list of 2014 sales of property on West Lake Okoboji. (Ex. B).

Parcel	Residual Land Value	Lakeshore Frontage	Land Value per Front Foot of Lakeshore
07-19-204-001	\$1,405,300	50.12	\$28,039
07-19-428-003	\$874,200	40	\$21,855
06-11-176-007	\$952,100	60	\$15,868
06-11-176-001,-002	\$1,358,000	100	\$13,580
06-01-326-007	\$1,066,000	75	\$14,213
06-12-251-002,001	\$1,801,800	150	\$12,012
07-18-351-011	\$805,500	69.58	\$11,577
06-13-102-014	\$1,165,400	92	\$12,667
07-31-151-012	\$1,006,900	90	\$11,188
06-25-155-039	\$480,200	50.32	\$9,543
06-25-155-036	\$453,200	50	\$9,064
06-13-226-020	\$658,000	50	\$13,160
06-13-226-021	\$1,049,900	99.91	\$10,508
06-13-302-019	\$556,600	50	\$11,132
06-13-102-014	\$890,400	92	\$9,678
07-18-351-030	\$392,600	50	\$7,852
06-13-302-020,-030	\$723,300	78	\$9,273

The sales data shows that properties with more than 75 feet of lakeshore frontage sold from roughly \$9,270 to \$14,210 per front foot. Properties with between 90 and 100 feet of lakeshore frontage sold from \$9,678 to \$13,580 per-front-foot. The subject has 99.68 feet of lakeshore frontage and has an assessment of \$12,241 per front foot. This is within the range of sales of properties with similar lakeshore frontage.

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).

The Sandys claim their property, in particular the land, is overassessed. 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).

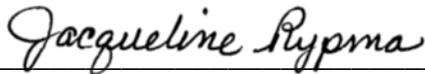
We find the Sandys have not shown their property is over-assessed. In support of their claim, the Sandys offered one sale of a neighboring property which we found was inferior to the subject. No adjustments were made to this sale and the Sandys did not submit any other evidence of the subject property's fair market value, such as an appraisal or comprehensive market analysis.

The Sandys assert that lots with more lake frontage sell for less on a per-front-foot basis. However, they did not provide evidence to support their assertion. The sales data provided by the Board of Review indicates the subject's land assessment is within the range of 2014 sales of lots with similar lakeshore frontage on West Lake Okoboji on a per-front-foot basis.

Order

IT IS THEREFORE ORDERED that the Dickinson County Board of Review's actions is affirmed.

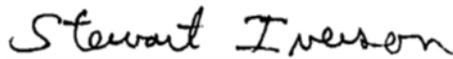
This Order shall be considered final agency action for the purposes of Iowa Code Chapter 17A (2015). Any application for reconsideration or rehearing shall be filed with PAAB within 20 days of the date of this Order and comply with the requirements of PAAB administrative rules. Such application will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



Jacqueline Rypma, Presiding Officer



Karen Oberman, Board Member



Stewart Iverson, Board Chair

Copies to:

John & Shannon Sandy

Lonnie Saunders