

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

PAAB Docket No. 2017-096-00033R

Parcel No. 000111328300100 00

James Doyle,

Appellant,

vs.

Winneshiek County Board of Review,

Appellee.

Introduction

This appeal came on for hearing before the Property Assessment Appeal Board (PAAB) on January 18, 2018. James Doyle was self-represented. County Attorney Andrew Van Der Maaten represented the Board of Review.

James Doyle owns a residential property located at 2552 Pebble Beach Road, Decorah. Its January 1, 2017 assessment was set at \$306,490, allocated as \$49,680 in land value and \$256,810 in dwelling value. (Ex. A).

Doyle petitioned the Board of Review claiming 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 petition. Doyle then appealed to PAAB.

General Principles of Assessment Law

PAAB has jurisdiction of this matter under Iowa Code sections 421.1A and 441.37A (2017). 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 a one-story, partial timber-frame home built in 2002. It has 1936 square feet of gross living area, 1400 square feet of living-quarter-quality basement finish, an open porch, and a two-car attached garage. The site is 0.448 acres. (Ex. A).

Brian Solberg, Doyle's son-in-law, testified on his behalf. Solberg testified about the history of the assessment explaining the original proposed 2017 assessment was roughly \$313,000 but was lowered to the current value after Doyle pursued an informal

review from the Assessor's Office. Even though the informal review resulted in a lower assessment, Solberg notes the value is still \$38,690 more than the previous year.

In Solberg's opinion, the subject property's unique timber-frame interior would limit its appeal to buyers. Because of the distinctive interior, Solberg testified that each time the property is on the market, it takes longer to sell than other properties with a more conventional design. Doyle also testified that in his opinion, the interior finish was not appealing in the market, specifically to women.

Interior photos included in both appraisals do indicate existence of some timber-frame ceilings; however the majority of the home appears to have a conventional design with typical drywall and trim finish. (Ex. 1, Interior Subject Photo Addendum; Ex. E , Subject Photos Addendum).

Doyle submitted an appraisal completed by Alanda Meyer of Preferred Appraisal Services, Decorah, and a comparative market analysis (CMA), completed by an unknown author. (Ex. 1-2).

The CMA includes four sales from December 2014 to August 2015 that sold between \$273,000 and \$286,000. We note these sale dates are relatively old compared to the January 1, 2017, assessment date. The document has a conclusion of list price between \$275,000 and \$291,000, as of January 1, 2016. (Ex. 2).

Meyer developed the sales comparison and cost approaches to value, but relied solely on the sales comparison approach to arrive at her final opinion of value of \$285,000 as of January, 1, 2017. Meyer included five sales in her analysis. The comparables sold between June 2015 and January 2017, with prices ranging from \$260,000 to \$335,000. After adjusting the sales for differences between them and the subject property, Meyer's range of value is between \$272,700 and \$293,000.

Solberg asserts Meyer is well respected in the area. Relying on Meyer's conclusions, Solberg asserts the market value of the subject property is between \$285,000 and \$291,000, which he believes is consistent with and supported by the prior sale prices of the subject property. Doyle purchased the property in May 2009 for \$276,500; prior to that the subject sold in November 2004 for \$255,000. (Ex. A).

County Assessor James Alstad testified for the Board of Review. Alstad asserts market conditions, specifically in the subject's subdivision, are increasing. He supports this opinion with sales from 2016 and 2017 that show increases in the sales price per square foot of comparables. (Exs. G & H).

Alstad also explained concerns the Board of Review had with the Meyer appraisal. Specifically, there were concerns with Meyer's quality and condition ratings¹ of the subject property and comparable sales, and her subsequent adjustments for this element of comparison. Alstad notes Meyer identified the subject property as a Q3 rating but identified Sale 1 (2550 Pebble Beach Road) and Sale 3 (1682 Sawgrass Road) as having superior Q2 ratings. (Ex. 1, p. 2). Based on her quality ratings, Meyer adjusted each of the sales downward \$20,000. Alstad, however, believes both sales are similar in quality to the subject property. Looking at the photos in Meyer's appraisal, PAAB also questions the quality rating of Sale 2, which appears to have inferior exterior appeal compared to the subject, yet it is rated as having a similar quality.

Similarly, Meyer rates Sales 1, 2, and 3 as C2 condition compared to the subject's condition of C3. She makes a downward \$20,000 adjustment to each of the sales for this difference. Alstad notes Sale 2 is 13 years older than the subject property and he has no information to show the comparable has been updated. He further noted Sale 3's condition may be warranted because it is a newer property.

The only comments in Meyer's report regarding these adjustments are minimal and non-descriptive in nature. Meyer states "Quality of construction for comparable sales 1 and 3 were considered superior to the subject and negative adjustments were given. Overall condition for comparable sales 1 ... and 3 were considered superior to the subject and negative adjustments were given." (Ex. E. p. 3 of Supplemental Addendum).

Alstad also questioned the lack of a market conditions adjustment to Meyer's Sale 4, which transferred in June 2015, and the lack of location adjustment because it is located in a less desirable neighborhood lacking immediate access to a bike path and

¹ The description of each quality and condition rating is also identified with Meyer's appraisal. (Ex. 1, Uniform Appraisal Dataset [UAD] Definitions Addendum).

near a golf course like the subject property. In his opinion, the subject's neighborhood has higher sale prices due to these amenities.

The Board of Review submitted an appraisal completed by Emily Koch of Cedar Valley Appraisals, Decorah. (Ex. E). Koch testified for the Board of Review regarding her appraisal analysis and conclusions. She developed only the sales comparison approach. She explained when selecting comparable sales her criteria included searching for properties with similar location, style, age, condition, and other factors. Her typical appraisal practice is to "bracket" the quality and condition of the subject property during her search. Koch included five sales in her analysis. The comparables sold between March 2016 and August 2016, with prices ranging from \$254,000 to \$335,000. After adjusting the sales for differences between them and the subject property, she concluded a rounded range of value from \$275,500 to \$324,000. Her final opinion of the fair market value was \$309,500, as of January 1, 2017.

Like Meyer, Koch relied on the Pebble Beach and Sawgrass Road sales. However, Koch identified both of these properties as having Q3 quality ratings and C3 condition ratings similar to the subject property. As a result, Koch's adjusted range of value (rounded) for these two sales is between \$275,500 and \$319,500, compared to Meyer's adjusted range of value (rounded) being between \$286,000 and \$293,000. Koch explained that she reviewed interior photos available through the multiple listing services of the comparable sales she relied on to determine the quality and condition ratings of each before comparing them to the subject property.

Koch testified regarding the Fannie Mae required definition (description) of a Q3 like the subject property and compared it to a Q2 and Q4 quality rating; as well as the description of the condition ratings. She stated she does not see very many properties that would qualify for a Q2 rating due to the higher quality of construction it refers too.

Solberg questioned why two appraisers would have significant differences in quality and condition ratings on the same properties. Koch explained she was unable to speak for Meyer; however she reiterated the process she relied on to come to her opinions.

Analysis & Conclusions of Law

Doyle asserts his 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).

Doyle submitted an unsigned CMA concluding a list price between \$275,000 and \$291,000, as of January 1, 2016. The sales occurred in 2014 and 2015. Because the document is not authored, the sales are dated, and the conclusions identify a suggested list price rather than the actual fair market value of the subject property, we do not find it reliable in establishing the market value of the subject property as of January 1, 2017.

The record also includes two competent appraisals with disparate conclusions. Both appraisers relied on two common sales located on Pebble Beach and Sawgrass Road, which appear to be located in the subject's immediate development. Koch testified about her appraisal analysis and conclusions; Meyer did not. Moreover, Meyer did not include any written explanation of her decision to identify the previously referenced sales as superior to the subject property in both quality and condition. As a result, PAAB lacks information to understand the rationale for Meyer's adjustments for these elements of comparison.

PAAB finds Koch was knowledgeable of the market and typical appraisal practices, and provided testimony supporting how she arrived at her opinions of quality/condition ratings, as well as her conclusions. Based on Koch's testimony, we find her appraisal to be the most persuasive evidence in the record of the subject's fair market value as of January 1, 2017.

Viewing the record as a whole, we find Doyle failed to support his claim.

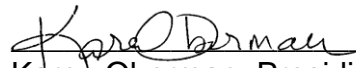
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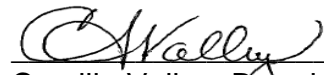
PAAB HEREBY AFFIRMS the Winneshiek County Board of Review's action.

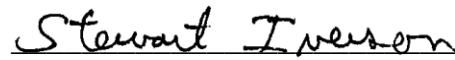
This Order shall be considered final agency action for the purposes of Iowa Code Chapter 17A (2017).

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


Camille Valley, Board Member


Stewart Iverson, Board Chair

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