

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

PAAB Docket No. 2017-077-00554R

Parcel No. 090/01574-001-000

Nicholas Honkamp,

Appellant,

vs.

Polk County Board of Review,

Appellee.

Introduction

This appeal came on for hearing before the Property Assessment Appeal Board (PAAB) on July 20, 2018. Nicholas Honkamp was self-represented. Assistant Polk County Attorney Christina Gonzalez represented the Board of Review.

Nicholas and Susan Honkamp own a residential property located at 681 50th Street, Des Moines, Iowa. The subject property's January 1, 2017 assessment was set at \$503,100, allocated as \$53,700 in land value and \$449,400 in building value. (Ex. A).

The Honkamps petitioned the Board of Review claiming the assessment was not equitable as compared to the assessments of other like property and it was assessed for more than allowed by law under Iowa Code sections 441.37(1)(a)(1)(a & b). The Board of Review denied the claims. Nicholas Honkamp reasserted their claims 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 0.245-acre site improved with a brick two-story home built in 1936. The home has 2646 square feet of gross living area (GLA), 450 square feet of living-quarter-quality basement finish, and a brick two-car attached garage. It is listed as superior-quality construction (1-10 grade) and in excellent condition. (Ex. A).

Honkamp offered seven comparables in support of his claims. (Ex. 3). He noted all are located within a two-block radius of the subject property, and he believes all sold within the past three years. The following table summarizes the information provided by Honkamp, with bold text for corrections made to reconcile with the property record cards. (Exs. 3, B-D).

Address	GLA	Acres	Assessed Land Value	Assessed Building Value	Total Assessed Value	Year Sold	Sale Price
681 50th St	2646	0.245	\$53,700	\$449,400	\$503,100	NA	NA
4916 Harwood	4050	0.545	\$70,000	\$570,900	\$640,900	2014	\$655,000
5007 Woodland	3625	0.548	\$70,200	\$448,000	\$518,200	2016	\$470,000
5200 Harwood	3370	0.805	\$84,200	\$469,700	\$553,900	2013	\$465,000
686 49th St	2431	0.327	\$58,100	\$320,500	\$378,600	2016	\$365,000
670 49th St	2396	0.331	\$58,400	\$372,500	\$430,900	2016	\$446,000
670 50th St	2768	0.332	\$58,400	\$293,700	\$352,100	2017	\$377,000
5108 Harwood	3244	0.281	\$55,600	\$383,100	\$438,700	2017	\$407,000

686 49th Street is a one-story brick home with no basement finish and we do not find it comparable to the subject for these reasons. (Ex. D). 4916 Harwood and 5200 Harwood are brick two-story homes like the subject property. (Exs. B, C). Aside from Exhibit 3, there is no other information in the record about the remaining comparable properties.

Honkamp argued the average assessed dwelling value of his comparables is \$134 per square foot of GLA, compared to his assessment, which is \$170 per square foot of GLA. (Ex. 3). Honkamp acknowledged the assessed dwelling value per square foot for some of his comparables is near the assessed dwelling value per square foot of his home, but still believes his assessment should be similar to his calculated average value.

He further argued the average value is a reasonable figure given information he found on zillow.com and realtor.com, which lists \$138 per square foot and \$146 per square foot respectively. (Exs. 1 & 2). The exhibits lack any explanation of what data was relied on to arrive at the conclusions or whether the value represents sale or list price.

Honkamp compared the assessed land value of the subject property and the comparable properties on a per-acre basis. He concluded an average assessed land value of \$155,574, which he believes should be applied to his site. The subject site is smaller than the comparable properties and it has the lowest assessed land value.

Land and improvements are commonly valued in a manner than recognizes the diminishing utility and value of increasing units of measurement. APPRAISAL INSTITUTE, THE APPRAISAL OF REAL ESTATE 366, 585 (14th ed. 2013); INT'L ASSOC. OF ASSESSING OFFICERS, PROPERTY ASSESSMENT VALUATION 249 (3d. ed. 2010). Therefore, all else being equal, larger sites will have a lower assessed value per unit of measurement than a smaller site. Honkamp's comparable properties demonstrate this concept. This concept also applies to the improvements, where the per-square-foot value of dwellings may decline as size increases.

Honkamp testified he did not adjust the comparables for differences between them and the subject property. Market adjustments are typically made for elements of comparison such as: quality, condition, size, and amenities.

The Board of Review offered the subject property record card and rebuttal evidence but provided no testimony at hearing.

Analysis & Conclusions of Law

Honkamp believes his property is inequitably assessed and over assessed, because the subject's land is assessed at a higher rate than his comparable sites, and the assessed value of his improvements are higher on a per square foot basis than his neighbors' dwellings.

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). While Honkamp argued the assessed value of his property should reflect the average assessed value of seven neighborhood properties, we find this is not a recognized approach to determining value. Further, Honkamp offered no evidence of the Assessor applying an assessing method in a non-uniform manner.

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 *Maxwell* test provides 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 actual value of the subject property must also be demonstrated in order to complete the *Maxwell* equity analysis, as a ratio must be developed for the subject as well. Therefore, we turn to Honkamp's over assessment claim which also requires the same showing.

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 bears the burden of showing: 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, 276-77 (Iowa 1995). Market value essentially is defined as the value established in an arm's-length sale of the property. § 441.21(1). Sale prices of the property or comparable properties in normal transactions are to be considered in arriving at market value. *Id.*

Comparing assessments or the average assessed value of nearby properties is insufficient for demonstrating a subject property's market value. While Honkamp did offer five recent sales, he did not adjust the sale prices to account for differences between each of them and the subject property. Typically a competent appraisal or comparative market analysis is offered to demonstrate the subject property's actual value, considering, at minimum, the sales comparison approach to value. Honkamp offered neither.

While Exhibit 3 provides general characteristics of properties Honkamp believed were comparable, it does not provide a sufficient basis for PAAB to evaluate their comparability with the subject property. There is no information regarding the properties' age, style, condition, or other amenities, which can typically be found on their property record cards or multiple listing sheets. While the Board of Review submitted property record cards for three of the properties, we found only two (4916 Harwood and 5200 Harwood) were reasonably similar to the subject. However, neither of these properties recently sold.

Viewing the record as a whole, we find Honkamp failed to demonstrate his property is inequitably assessed or over assessed.

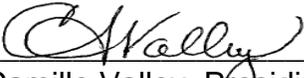
Order

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

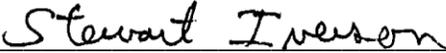
This Order shall be considered final agency action for the purposes of Iowa Code Chapter 17A (2017).

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.



Camille Valley, Presiding Officer



Stewart Iverson, Board Chair



Karen Oberman, Board Member

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