

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

PAAB Docket No. 2018-050-00089R

Parcel No. 16.02.226.005

Eric Johnson,

Appellant,

vs.

Jasper County Board of Review,

Appellee.

Introduction

The appeal came on for hearing before the Property Assessment Appeal Board (PAAB) on November 20, 2018. Eric Johnson was self-represented. Assistant Jasper County Attorney Jonathan Noble represented the Board of Review.

Johnson owns a residential property located at 203 W 6th Street, Prairie City. The property's January 1, 2018 assessment was \$76,090, allocated as \$10,840 in land value and \$65,250 in dwelling value. (Ex. A).

Johnson petitioned the Board of Review contending the subject property was not equitably assessed and that there was an error in the assessment. Iowa Code § 441.37(1)(a)(1 & 4) (2018). The Board of Review denied the petition.

Johnson then appealed to PAAB reasserting his claims.

General Principles of Assessment Law

PAAB has jurisdiction of this matter under Iowa Code sections 421.1A and 441.37A (2018). 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 may consider any grounds under Iowa Code section 441.37(1) properly raised by the appellant following the provisions of section 441.37A(1)(b) and

Iowa Admin. Code Rule 701-71.126.2(2-4). PAAB 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(3)(a). 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. *Id.*; 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).

Findings of Fact

The subject property is a one-story home built in 1953 with 936 square feet of gross living area, no basement, and a one-car detached garage. The site is 0.171 acres. (Ex. A).

Johnson purchased the property in a normal arms-length transaction in January 2018 for \$83,500. Prior to Johnson acquiring the subject property it sold in December 2016 for \$74,500. Johnson testified that when he purchased the property, it had been listed as being in normal condition. After the 2018 re-assessment its condition was changed to “observed.”

The subject property’s assessment increased \$23,230 from its 2017 assessment to its 2018 assessment. (Appeal). Johnson believes the 2017 assessment of \$52,860 may have been too low, but in his opinion the 2018 assessment is too high. He believes the correct total assessment should be in the low- to mid-\$60,000 range.

The following table summarizes eight properties Johnson considered comparable to his. (Exs. 3-11).

Comparable	Style	GLA	Year Built	Grade	2017 AV	2018 AV
Subject	1 Sty	936	1953	5+10	\$52,860	\$76,090
1 - 300 N Monroe St	1 Sty	940	1960	4-10	\$79,640	\$79,640
2 - 4 Southhampton	1 Sty	864	1952		\$57,550	\$57,550
3 - 103 W South St	1 Sty/Fin Attic	905	1944		\$64,540	\$64,540
4 - 105 W North St	1 Sty	816	1958		\$40,710	\$67,270
5 - 511 W 14th St N	1 Sty	934	1950		\$65,150	\$65,150
6 - 530 S Kelly St	1 Sty	864	1952		\$62,560	\$62,560
7 - 2207 S 7th Ave E	1 Sty	936	1955		\$59,410	\$59,410
8 - 204 S 11th Ave W	1 Sty	940	1953	5+00	\$51,680	

Comparables 1, 3, and 4 are located in Prairie City like the subject property. The remaining properties are located in Newton or Colfax and therefore we do not find them to be similarly situated to the subject property.

Johnson testified 300 N Monroe Street has a higher grade and better condition compared to his property, yet its assessment remained unchanged from the prior year and is only slightly higher than his, even though it is superior in quality and condition.

Johnson asserts properties that have not sold did not see increases in their assessments. This observation is consistent with the comparable data Johnson provided. Comparable 4, located at 105 W North Street in Prairie City, is the only recent sale. It sold in August 2017 for \$87,500 in a normal, arms-length transaction and its 2018 assessment was increased over its 2017 assessment. (Ex. 7). The assessed value to sales price ratio of this property is 0.77; indicating it is assessed for less than its market value.

When questioned by the Board of Review regarding his error claim, Johnson explained he believed the assessed value was too high.

Peter Scarnati is a Field Appraiser with the Jasper County's Assessors Office and testified for the Board of Review. Scarnati explained the subject property's 2018 assessment was based on its December 2016 sale. He testified assessments may change when additions or other changes to a property occur; or when there is a sale of the property. Scarnati testified that Jasper County relies on the IOWA REAL PROPERTY APPRAISAL MANUAL to value properties.

The Board of Review submitted property record cards and a written description of four properties it believes demonstrate the subject is equitably assessed. (Exs. D-H). All of the properties are located in Prairie City like the subject. 105 W North Street was a comparable property also offered by Johnson. (Exs. E & 7). Two of the Board of Review's comparables sold in September 2018 for significantly more than their 2017 assessments. The property located at 202 W Jefferson Street sold for \$105,000, while its 2018 assessment was set at \$72,960. (Ex. G). The property at 600 W South Street sold for \$95,000, with a 2018 assessment of \$52,640. (Ex. H).

Analysis & Conclusions of Law

Johnson contends the subject property is inequitably assessed and that there is an error in the assessment. Iowa Code § 441.37(1 & 4).

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). Johnson offered no evidence of the Assessor applying an assessment method in a non-uniform manner.

Alternatively, a taxpayer may show inequity by demonstrating property is assessed higher proportionately than other like property using criteria set forth in *Maxwell v. Shivers*, 133 N.W.2d 709 (Iowa 1965). The *Maxwell* test provides that inequity exists when, after considering the actual and assessed values of comparable properties, the subject property is assessed at a higher portion of its actual value. *Id.* This analysis typically involves the comparison of prior year sales (2017) with current year assessments (2018). Ratios less than 1.00 indicate a property is assessed for less than its market value, while ratios in excess of 1.00 indicate a property is over assessed.

Although the record contains three sales in Prairie City, only one occurred in 2017. The sale of 105 W North 1st Street indicates a ratio of 0.77. Conversely, using Johnson's January 2018 sale price, the subject property has a ratio of 0.91. The other two sales occurred in 2018, but we find they occurred too late in the year to be used in a

Maxwell equity analysis for the 2018 assessment. Thus, we conclude there is only one comparable sale that can be used in the *Maxwell* analysis. However, more than one comparable is required to establish inequity. *Id.* at 712; *Crary v. Bd. of Review of Boone*, 286 N.W. 428 (Iowa 1939).

We note that it appears from the limited information in the record that some properties in Prairie City may be significantly under assessed until the time that they sell. 105 W North Street was assessed for \$40,710 when it sold in August 2017 for \$87,500; an assessment to sales ratio at the time of sale of 0.46. That property's assessment was then increased in 2018. But its 2018 assessment/sales ratio is still only 0.77. The 2018 sales of 202 W Jefferson Street and 600 W South Street indicate assessment to sales ratio at the time of sale of 0.69 and 0.55 respectively. In our experience, it is unusual for there to be such significant discrepancies between assessments and sale prices.

Scarnati indicated properties are revalued when they sell, or when other improvements are made to them. He did not indicate any method to assure reassessment is occurring in a uniform manner to properties that do not sell, which may exacerbate the existing assessment/sales ratios for these properties and cause inequities.

We find there are an insufficient number of comparable property sales located in Prairie City to establish inequity in Johnson's assessment under the *Maxwell* test. Nonetheless, and acknowledging the narrow scope of inquiry in this matter, the facts presented here raise important questions regarding the methodology of assessing properties in Prairie City that warrant further evaluation by the Assessor's Office.

Johnson's error claim essentially asserts the property is too high. Here, the subject property sold in normal, arm's length transactions in December 2016 and January 2018. The property's assessment lies between those two sale prices, indicating it is consistent with market value. Based on those facts, we find no error.

Order

PAAB HEREBY AFFIRMS the Jasper 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.

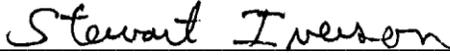
Any judicial action challenging this Order shall be filed in the district court where the property is located within 30 days of the date of this Order and comply with the requirements of Iowa Code section 441.37B and Chapter 17A (2018).



Karen Oberman, Presiding Officer



Camille Valley, Board Member



Stewart Iverson, Board Chair

Copies to:

Eric Johnson by eFile

Jonathan Noble for Jasper County Board of Review by eFile