

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

PAAB Docket No. 2017-101-00387R

Parcel No. 19122-26015-00000

**Lyle Walstrom,**

Appellant,

vs.

**City of Cedar Rapids Board of Review,**

Appellee.

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**Introduction**

The appeal came on for hearing before the Property Assessment Appeal Board (PAAB) on February 20, 2018. Lyle Walstrom was self-represented. Jeff Augustine, an appraiser with the City of Cedar Rapids Assessor's Office, represented the Board of Review.

Lyle and Michele Walstrom own a residential property located at 4723 Hay Field Court SW, Cedar Rapids, Iowa. The property's January 1, 2017 assessment was set at \$435,300, allocated as \$71,800 in land value and \$363,500 to improvement value. (Certification).

Walstrom petitioned the Board of Review claiming the assessment was not equitable as compared to the assessments of other like property under Iowa Code section 441.37(1)(a)(1)(a). The Board of Review modified the assessment by reducing the improvement value to \$338,200 resulting in a new total value of \$410,000. (Ex. A; Certification, Board of Review Decision). Walstrom reasserts his claim 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 is a one -story home built in 2009. It has 2215 square feet of gross living area, a walk-out basement with 1232 square feet of living-quarter-quality finish, a deck, two patios, and a three-car attached garage. The site is 0.413 acres. The Walstroms purchased the property in 2009 for \$410,061. (Ex. N).

Walstrom believes his assessment should be \$345,796. (PAAB Appeal). He testified there were thirty comparable homes in his neighborhood with an average sale price of \$345,681. (Ex. 1 & 2). The sales date back to 2009. Of the thirty sales, he identified two properties located at 4821 Hay Field Court and 4908 Harvest Court as the most comparable to his property. (Ex. 1). He testified that 4821 Hay Field Court had a sale price of \$123.77 per square foot; however the information he submitted to the Board of Review indicates it sold for \$157.11 per square foot. (Ex. 2).

Augustine does not believe 4821 Hay Field Court is a comparable property because it is a two-story home compared to the subject's one-story design. Further, he noted that 4908 Harvest Court sold for \$191.18 per square foot, which is above the subject's assessed value of \$185.10 per square foot.

Augustine testified about Walstrom's spreadsheet, noting Walstrom relied solely on the average sale price of the properties regardless of the year sold, size, or quality. (Ex. L). For this reason, Augustine does not find the average sale price a reliable indicator of the subject's market value as of January 1, 2017. We agree.

Augustine also testified that the unadjusted median sale price is \$393,000 when only the sales of similar quality properties are considered; those with over 2000 square feet and sale dates between 2015 and 2016. Specifically, Augustine referred to properties listed at 4920, 4812, and 4908 Hay Field Court SW on Walstrom's spreadsheet. (Ex. 2). He stated these properties are one-story homes like the subject. In his opinion, they are very comparable to the subject property.

Comparable	Gross Living Area (SF)	Sale Price (SP)	Sale Date	SP/SF	Assessed Value (AV)	AV/SP Ratio
1 - 4920 Hay Field Ct SW	2615	\$425,000	Mar-15	\$162.52		
2 - 4812 Hay Field Ct SW	2387	\$400,000	Dec-16	\$167.57	\$464,400	1.16
3 - 4908 Harvest Ct SW	2019	\$386,000	Sep-16	\$191.18	\$375,300	0.97

Walstrom testified that Comparable 1 and 2 are both larger homes than his. He did however acknowledge many of the homes were built by the same contractors and the finishes are very comparable.

Walstrom continued to assert that his assessed value of \$185.10 per square foot is higher than most of the homes on his submitted spreadsheet. (Ex. 2). PAAB notes Augustine's identification of the sales that are the most recent and the most comparable to Walstrom's property, as delineated in the table above, have sale prices ranging from \$162.52 to \$191.18 per square foot which bracket the subject property's assessed value. Moreover, it not unusual for larger properties, such as Comparables 1 and 2, to have a lower price per square foot based on the concept of decreasing returns.

APPRAISAL INSTITUTE, THE APPRAISAL OF REAL ESTATE 31-32 (14th ed. 2013).

Typically, an equity ratio analysis is completed by comparing prior year sales (2016) to the current assessment (2017). Because Comparable 1 sold in 2015, it cannot be considered in the ratio analysis. However, there are three more 2016 sales on Walstrom's spreadsheet that can be added to Comparable 2 and 3 above for developing assessment to sales price ratios. The three additional sales are summarized in the table below. (Ex. 2).

Address	Gross Living Area (SF)	Sale Price	Sale Date	2017 Assessed Value	Ratio
4821 Hay Field Ct SW	2266	\$356,000	Aug-16	\$344,100	0.97
4915 Hay Field Ct SW	1702	\$349,500	Sep-16	\$340,300	0.97
4806 Hay Field Ct SW	1694	\$333,000	Feb-16	\$342,200	1.03

Here, the assessed value to sales price ratios of the five sales range from 0.97 to 1.16, with a median of 0.97. An equity ratio greater than 1.00 indicates a property is assessed for more than its market value. A ratio less than 1.00 indicates a property is assessed for less than its market value.

The Board of Review selected five comparable properties in the subject's development and compared their assessments with the subject. (Ex. D). The comparables' assessments range from \$389,400 to \$464,400; or from \$177.23 to \$194.55 per-square-feet, with a median assessment per square feet of \$184.85. The Board of Review notes the subject's assessment is within the range and slightly higher than the median at \$185.10 per square feet.

The Board of Review also submitted five comparable sales adjusted for differences to arrive at a range of value for the subject property between \$373,000 and \$420,100. (Ex. I). The Board of Review asserts Sale 2 in its analysis is the most comparable to the subject, with an adjusted value of \$420,100. (Ex. L).

### **Analysis & Conclusions of Law**

Walstrom asserts his property is inequitably assessed.

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). Walstrom offered no evidence of the Assessor applying an assessment 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 six criteria include evidence showing:

(1) that there are several other properties within a reasonable area similar and comparable . . . (2) the amount of the assessments on those properties, (3) the actual value of the comparable properties, (4) the actual value of the [subject] property, (5) the assessment complained of, and (6) that by a comparison [the] property is assessed at a higher proportion of its actual value than the ratio existing between the assessed and the actual valuations of the similar and comparable properties, thus creating a discrimination.

*Id.* at 711.

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 proportion of this actual value. *Id.*

The record included five 2016 sales and their assessed values. The ratios range from 0.97 to 1.16, with a median of 1.02.

Walstrom did not provide any reliable evidence of the subject's fair market value, which is also required in order to conduct the *Maxwell* ratio comparison. We find his methodology of averaging sales prices, without consideration for the date of sale or

differences in amenities, does not result in a reliable indication of the property's value. Typically, a subject property's fair market value is demonstrated with a competent appraisal that considers at minimum the sales comparison approach to value.

Viewing the record as a whole, we find Walstrom failed to support his claims.


### **Order**

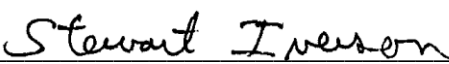
PAAB HEREBY AFFIRMS the City of Cedar Rapids Board of Review's action.


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.

  
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Camille Valley, Presiding Officer

  
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Stewart Iverson, Board Chair

  
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Karen Oberman, Board Member

Copies to:

Lyle Walstrom by eFile

City of Cedar Rapids Board of Review by eFile