

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

PAAB Docket No. 2018-025-00019R

Parcel No. 11-02-109-006

**Gregory Cagle,**

Appellant,

vs.

**Dallas County Board of Review,**

Appellee.

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**Introduction**

This appeal came on for hearing before the Property Assessment Appeal Board (PAAB) on December 21, 2018. Gregory Cagle was self-represented. Deputy County Assessor Brian Arnold represented the Dallas County Board of Review.

Gregory and Shirlee Cagle own a residential property located at 1707 Ash Street, Dallas Center, Iowa. The subject property's January 1, 2018 assessment was set at \$103,010, allocated as \$26,400 in land value and \$76,610 in dwelling value. (Ex. A).

Cagle petitioned the Board of Review claiming the property assessment was not equitable as compared to the assessments of other like property and that it was assessed for more than authorized by law. Iowa Code § 441.37(1)(a)(1 & 2) (2018). The Board of Review denied the petition. Cagle then reasserted his claims to PAAB.

**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)(a) 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(1)(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. § 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).

### **Findings of Fact**

The subject property is a 0.20-acre site with a one-story home built in 1900. The home has 1664 square feet of gross living area (GLA), no basement, an open porch, and a two-car detached garage. It is listed as below-average quality construction (5+00 grade) and in very good condition. (Ex. A). The subject property's assessed value increased \$25,960 or 33.69% over its 2017 assessment.

Cagle offered an appraisal by Jeremy Anania, opining an April 2013 value for the subject property of \$72,000, and an appraisal by Jared Gregory, opining a May 2015 value for the subject property of \$73,000. (Exs. 5 & 6). Anania relied on 2012 and 2013 sales and Gregory relied on 2014 and 2015 sales. The Assessor's Office also identified other issues with the appraisals, including the use of non-arm's length sales, which caused it to find the appraisals unreliable. (Ex. 9). Given these concerns and the evidence of more recent sales in the record, we give them no further consideration.

Cagle submitted a fully executed assessment settlement agreement entered into between himself and the Assessor under Iowa Code section 441.30, which set the January 1, 2016 subject property assessment at \$79,000. (Ex. 7). We do not find a 2016 assessed value settlement reliable for establishing a January 1, 2018 value.

Cagle also offered a list of 2016-2018 Dallas Center sales in support of his claims, asserting the median assessment/sales price ratio for properties selling for less than \$100,000 is 1.22, while the median ratio for properties selling for over \$100,000 is 0.98. (Ex. 8). Cagle’s evidence identifies eight properties that sold for less than \$100,000, but only one of those sales occurred in 2017.

We are not inclined to give any consideration to the 2016 sales Cagle identified. First, there is limited information in the record about these properties and therefore it is difficult to determine whether they are comparable to the subject. Further, the sales were not adjusted for differences to provide an indication of the subject property’s market value. Second, the Board of Review’s evidence indicates a propensity for purchasers to make post-sale improvements and remodeling to properties which sold under \$100,000. Exhibit F shows that five out of nine properties that sold for less than \$100,000 in 2016 were remodeled or improved after purchase. Thus, the 2018 assessment of those properties would likely reflect the as-improved condition and make the sales price an unreliable indication of their value as of January 1, 2018.

Cagle’s evidence does include six 2017 sales with sale prices less than \$125,000. The following table summarizes these sales. (Exs. A, 7 & 8).

Sale	Address	Assessed Value	Sale Price	AV/SP Ratio
Subject	1707 Ash St	\$103,010	NA	NA
1	303 13th St	\$106,710	\$ 85,000	1.26
2	306 11 St	\$109,370	\$115,000	0.95
3	804 13th St	\$112,530	\$119,000	0.95
4	706 14th St	\$126,500	\$123,000	1.03
5	607 13th St	\$119,390	\$124,900	0.96
6	706 9th St	\$122,800	\$125,000	0.98

Only Sale 1 sold for less than \$100,000. It is of similar age, GLA, and it has no basement like the subject. (Ex. G, p. 6). Yet it is a one-and-a-half-story home, as compared with the subject’s one-story home. It has better quality construction (4+00) than the subject and is listed in normal condition.

The assessed values for the sales range from \$106,710 to \$122,800, with the subject property’s assessment falling below the range at \$103,010. Their assessment/sale price ratios ranged from 0.95 to 1.26, with a median of 0.97. A ratio

greater than 1.00 indicates a property is over assessed. A ratio less than 1.00 indicates it is under assessed. Here, the properties are, on average, under assessed.

Deputy Assessor Brian Arnold stated he followed up on Cagle's assertion that the Assessor's Office appears to systematically over assess properties that sell for less than \$100,000 in Dallas Center. He discovered the homes needed a lot of work and they were remodeled after their initial sale. (Ex. F). He referenced 1605 Vine Street as an example. It sold for \$50,000 in August 2016 and then was assessed for \$55,380. It sold again in May 2018 for \$67,000. It was subsequently fixed up and then resold in November 2018 for \$150,000.

Arnold noted their inspectors will observe major improvements being made to homes after their sale, which will ultimately cause an increase in their assessed values. He referenced the property record card photo of 1406 Cherry Street and a photo on the following page of the exhibit, which provides before and after images of that home. (Ex. G, pp. 7-8). It had sold for \$67,500 and its assessed value increased to \$110,290 after its remodel.

Arnold discussed four one-story home sales he thought were most comparable to the subject property. (Ex. D). The properties sold in 2016 and 2017 in a range from \$50,000 to \$145,000. The properties are currently assessed between \$93,400 and \$145,460. Only one of Arnold's four comparables sold in 2017. He noted he included 606 13th Street, which is the only one without a basement like the subject property. It had sold for \$50,000 and its assessed value increased to \$93,400 after it was remodeled.

1102 Walnut Street sold for \$140,000. It has a full basement, unlike the subject, about 700 square feet less GLA, and an 1108-square-foot attached garage. It also has good quality construction, is in excellent condition, and is 37-years newer than the subject. (Ex. E). Its assessment/sales price ratio is 0.98, indicating it is assessed near market value. (Ex. D).

Arnold testified that Dallas Center has a very stable housing market. He noted there are a lot of people investing in homes they can remodel, to either live in or sell for a profit. He contends this is the reason why many assessments seem so much higher in

the less \$100,000 price range. He further noted the market indicates there are no longer move-in ready homes available for under \$100,000.

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

Cagle contends the subject property is inequitably assessed and over assessed as provided under Iowa Code section 441.37(1)(a)(1 & 2).

Although there is no presumption the assessed value is correct, Cagle bears the burden of proving his claims by a preponderance of the evidence. §§ 441.21(3), 441.37A(3)(a); *Compiano v. Bd. of Review of Polk County*, 771 N.W.2d 392, 396-97 (Iowa 2009) (citations omitted).

Cagle raised a question of whether Dallas Center properties of different values are assessed at different levels. He contends that higher value properties are assessed proportionately lower than lower value properties. In Iowa, residential properties are to be assessed at 100% of their actual value. § 441.21(1).

The evidence here does not convince us that Cagle's property or other properties that sold below \$100,000 are inequitably assessed. The evidence and testimony shows Dallas Center properties in this price range were routinely remodeled or improved after the sale. In these cases, the assessments would likely reflect the post-remodeled condition of the properties and not the condition at the time of sale. Conversely, the sales prices do not reflect the condition at the time of the assessment. Ultimately, Cagle's assessment to sales price ratio analysis does not account for the change in the properties' condition.

To prove inequity, a taxpayer may also 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). Here, we find Cagle failed to demonstrate the Assessor applied an assessing method in a non-uniform manner.

Alternatively, a taxpayer may show the property is assessed higher proportionately than other like properties using criteria set forth in *Maxwell v. Shivers*, 257 Iowa 575, 133 N.W.2d 709, 711 (Iowa 1965). The *Maxwell* test provides inequity

exists when, after considering the actual (2017) and assessed (2018) values of similar properties, the subject property is assessed at a higher proportion of its actual value. *Id.*

Because the *Maxwell* test requires a showing of the subject property's actual market value and Cagle's over assessment claim requires the same showing, we forgo further equity analysis and turn to his over assessment claim.

In an appeal alleging the property is assessed for more than the value authorized by law under Iowa Code section 441.37(1)(a)(2), 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). Sale prices of property or comparable properties in normal transactions are to be considered in arriving at market value. § 441.21(1)(b). Sale prices of property in abnormal transactions not reflecting market value shall not be taken into account or shall be adjusted to account for market distortion.

Cagle offered the Anania appraisal, opining an April 2013 value for the subject property of \$72,000, and the Gregory appraisal, opining a May 2015 value for the subject property of \$73,000. However, both appraisals are too old to be considered reliable when establishing a January 1, 2018 value. Therefore, we give them no further consideration.

There are also 2017 Dallas Center home sales in the record. However, Cagle failed to adjust their sale prices to account for difference between these properties and the subject property in order to arrive at a January 1, 2018 opinion of value. Because we find Cagle did not offer reliable evidence of the subject property's actual fair market value as of the assessment date, we conclude he has failed to demonstrate his property is inequitably assessed or over assessed.

Because the evidence indicates properties in Cagle's assessment range are being remodeled and resold, he may want to consider contacting the Assessor's Office to schedule an inspection of his property to ensure it is properly listed for valuation.

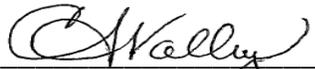
## **Order**

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

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

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 sections 441.37B and Chapter 17A.19 (2018).



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Camille Valley, Presiding Officer



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Karen Oberman, Board Member

Copies to:

Gregory Cagle by eFile

Dallas County Board of Review by eFile