

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

PAAB Docket No. 2018-101-10035R

Parcel No. 14291-54012-00000

Landsalot Properties LLC,

Appellant,

vs.

Cedar Rapids Board of Review,

Appellee.

Introduction

This appeal came on for hearing before the Property Assessment Appeal Board (PAAB) on March 4, 2019. Mark and Lynn Schliemann represented Landsalot Properties LLC. City of Cedar Rapids Appraiser Nick Mehmen represented the Cedar Rapids Board of Review.

Landsalot Properties LLC, owns a residential property located at 1016 A Avenue NW, Cedar Rapids. The property's January 1, 2018 assessment was set at \$63,200, allocated as \$12,300 in land value and \$50,900 in dwelling value. (Ex. A).

Landsalot petitioned the Board of Review contending the assessment was not equitable compared to the assessments of other like property and there was an error in assessment. Iowa Code § 441.37(1)(a)(1 & 4) (2018). The Board of Review denied the petition.

Landsalot reasserted its claims to PAAB, and also claimed the property is assessed for more than authorized by law. § 441.37(1)(a)(1, 2 & 4).

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 701-126.2(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 two-story home built in 1895. It has 1248 square feet of gross living area, an unfinished basement, an open porch, and a wood deck. There is no garage. It is listed in normal condition with an average quality construction (4-05 grade). The property is receiving a 5% functional obsolescence adjustment and 55% physical depreciation. The site is 0.092 acres. (Ex. A).

Landsalot claims there is an error in the assessment as the subject has three bedrooms and not four. (Ex. C). The subject's property record card lists three bedrooms. (Ex. A, p. 2). Additionally, we note assessments are based on gross living area not room count. It appears any listing error that may have previously existed has been corrected. We, therefore, will not address any error claim in this Order.

Landsalot contends the subject's assessed value should be lowered to the 2017 level of \$60,900. To support this claim, Landsalot listed five properties on its Board of Review petition. Lynn Schliemann testified the Board of Review was critical of these

properties because they were located in a different map factor area. She stated they were unsure what that meant, but noted the comparables are located close to the subject. In addition to being proximate to the subject, she stated some of these properties have additional bedrooms and some have garages. Despite some additional features, she testified these properties are mostly similar in condition to the subject. The Board of Review provided property record cards for each of these properties. (Exs. C1 & C2). We note they are all of similar age. The five properties are summarized in the table below.

| Comparable | Address | Condition | Grade | GLA | AV | AV/GLA |
|------------|---------------|-----------|-------|------|-----------|---------|
| Subject | 1016 A Ave NW | NML | 4-05 | 1248 | \$63,200 | \$50.64 |
| 1 | 606 A Ave NW | A NML | 5+10 | 1408 | \$63,100* | \$44.82 |
| 2 | 420 A Ave NW | A NML | 5+10 | 1598 | \$54,300 | \$33.98 |
| 3 | 603 A Ave NW | A NML | 5+10 | 1387 | \$57,700 | \$41.60 |
| 4 | 428 A Ave NW | V Good | 5+10 | 1339 | \$57,800 | \$43.17 |
| 5 | 418 A Ave NW | A NML | 4-00 | 1384 | \$59,400 | \$42.92 |

*Corrected for misstated assessed value on petition.

Comparable 5 is the only recent sale, but it was converted from a single-family home into a two-family dwelling, therefore it is not comparable to the subject. Based on the property record cards, we note a majority of the comparables are listed with a lower quality of construction (grade rating) than the subject, which would impact their dwelling value. For example, Comparable 1 is a 5+10 Grade and has a corresponding grade multiplier of 1.10, whereas the subject property has a 4-05 Grade and 1.190 grade multiplier. (Exs. A & C).

The Board of Review pointed out that the subject is located in map area NW 311 and Landsalot's comparables are in NW 318, with "map factors" of 0.86 and 0.71, respectively. These map factor differences would result in lower assessed values for the comparables. Mehman testified that the lower map factor is the result of lower residential sale prices in the area because NW 318 is located close to I-380, near railroad tracks, and there are commercial buildings located within the neighborhood.

The Board of Review offered three comparables, which are summarized on the following table. (Ex. C2).

| Property | Address | Condition | GLA | 2018 AV | AV/GLA |
|----------|-----------------|-----------|------|----------|---------|
| Subject | 1016 A Ave NW | NML | 1248 | \$63,200 | \$50.64 |
| A | 618 10th Ave SW | NML | 1248 | \$66,100 | \$52.96 |
| B | 825 E Ave NW | NML | 1254 | \$74,600 | \$59.49 |
| C | 911 A Ave NW | BL NML | 1248 | \$58,600 | \$46.96 |

The Board of Review contends these comparables demonstrate equity because the subject has a similar assessed value per square foot of gross living area. However, we note Comparable A is located in a different neighborhood, Comparable B is a two-family conversion, and Comparable C is inferior in condition. (Ex. F). There is no information in the record indicating any of these properties have recently sold.

The Board of Review also submitted three 2016 sales, which are summarized in the following table. (Ex. C).

| Property | Address | Sale Price (SP) | GLA | AV | Adjusted SP |
|----------|-----------------|-----------------|------|----------|-------------|
| Subject | 1016 A Ave NW | NA | 1248 | \$63,200 | NA |
| D | 316 11th St NW | \$79,500 | 1248 | \$74,900 | \$67,759 |
| E | 822 10th Ave SW | \$67,000 | 1248 | \$71,700 | \$58,526 |
| F | 716 Ellis Blvd. | \$75,000 | 1052 | \$71,500 | \$66,067 |

These properties are similar in age, size, and location. The Board of Review adjusted each sale for differences between them and the subject property.

Analysis & Conclusions of Law

Landslot contends the subject property is inequitably assessed and assessed for more than authorized by law. § 441.37(1)(a)(1 & 2).

To prove inequity, a taxpayer may show 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). Landslot 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*, 133

N.W.2d 709 (Iowa 1965). The *Maxwell* test provides that inequity exists when, after considering the actual values (2017 sales) and assessed values (2018 assessments) of comparable properties, the subject property is assessed at a higher portion of its actual value.

Although Landsalot submitted comparables, none sold during 2017. Nor did any of the Board of Review's sales occur during this year. Therefore, the *Maxwell* equity analysis cannot be completed.

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 the subject property or comparable properties in normal transactions are to be considered in arriving at market value. §441.21(1)(b).

First, it is not sufficient to simply compare other properties' assessments to succeed in an over assessment claim.

Here we find the subject property did not recently sell, nor did Landsalot offer any sales adjusted for differences between each comparable and the subject. Typically, market value is demonstrated with a competent appraisal or a comparative market analysis, considering at minimum the sales comparison approach to value.

Viewing the record as a whole, we find Landsalot failed to show its property is inequitably assessed or assessed for more than authorized by law.

Order

PAAB HEREBY AFFIRMS the Cedar Rapids 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 section 441.37B and Chapter 17A.19 (2018).



Dennis Loll, Board Member



Camille Valley, Board Member



Karen Oberman, Board Member

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City of Cedar Rapids Board of Review by eFile