

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

PAAB Docket No. 2018-082-00041R

Parcel No. 842255106

Richard Murphy,

Appellant,

vs.

Scott County Board of Review,

Appellee.

Introduction

This appeal came on for hearing before the Property Assessment Appeal Board (PAAB) on November 19, 2018. Richard Murphy was self-represented. Assistant County Attorney Robert Cusack represented the Scott County Board of Review.

Murphy owns a residential property located at 3892 Deertrail Road, Bettendorf, Iowa. The subject property's January 1, 2018 assessment was set at \$329,130, allocated as \$48,960 in land value and \$280,170 in dwelling value. (Ex. A).

Murphy petitioned the Board of Review claiming the assessment was not equitable as compared to the assessments of other like property 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. Murphy 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 0.254-acre site with a two-story home built in 1991. The home has 2714 square feet of gross living area (GLA), 750 square feet of rec-room quality basement finish, a deck, and a two-car attached garage. It is listed as good-quality construction (3+10 grade) and in above normal condition. (Ex. A).

Murphy asserted there is an error in his assessment because he did not make any improvements to his property. He cited the 2008 IOWA REAL PROPERTY APPRAISAL MANUAL, which provides for uniform valuation of improvements, arguing he only made necessary repairs to his property but did not improve it. He testified that his home sustained significant hail damage that required replacing both the roof and the siding in 2017. He noted these were common repairs made in his neighborhood following the storm. Murphy testified that the subject property's roof and siding were approximately 16 years old at the time they were damaged by hail; the siding was original. We also note permits were taken out in 2017 for a furnace/AC and plumbing.

Murphy noted the subject property was inspected in the summer of 2016. (Ex. 1). Its assessed value was subsequently increased from \$275,000 to \$309,300 for 2017. He argued the subject property's 2018 assessed value "should return to at least the 2017 assessment of \$309,300." Murphy contends when his house is compared to

similar houses in his community, it is clear his dwelling assessment is too high. He believes the subject property's correct value is \$306,144.

Murphy argued recent sale prices confirm houses in his area are not selling anywhere near his assessed value. He offered five recent neighborhood sales in support of his inequity claim. (Exs. 3-10). All are of similar style and age, and they have reasonably similar GLA as the subject property. Murphy compared the assessed dwelling value per square foot of each sale, which ranged from \$90.92 to \$93.35 per square foot, as compared to the subject's assessed dwelling value of \$103.23 per square foot. He also considered the sales' 2017 and 2018 assessed dwelling values per square foot, arguing his dwelling's assessed value increased by \$7.31 per square foot of GLA while the others remained unchanged.

The following table summarizes the information provided for the five sales, plus it delineates the total assessed value per square foot of GLA, and the assessed value to sales price ratios for the two sales that occurred in the year leading up or near the January 1, 2018 assessment date. (Exs. 3-10).

Sale	Address	GLA	Assessed Value	AV / SF	Sale Date	Sale Price	AV/SP Ratio
Subject	3892 Deertrail Rd	2714	\$329,130	\$121.27	NA	NA	NA
1	4928 Greystone Dr	2794	\$304,010	\$108.81	Mar-18	\$296,500	1.03
2	3656 Deer Ridge Ct	2690	\$304,000	\$113.01	Oct-16	\$300,000	NA
3	1510 White Tail Dr	2916	\$315,380	\$108.16	Aug-16	\$316,000	NA
4	2068 St David Dr	2778	\$321,060	\$115.57	Feb-17	\$322,000	1.00
5	3919 Deertrail Rd	2899	\$318,000	\$109.69	Aug-18	\$318,000	NA

Murphy testified that Sale 3 sold in August 2016 for \$316,000. A month later its roof and siding were replaced. It sold again in May 2018 for \$318,000. Murphy argued this demonstrates replacement of a roof and siding had almost no impact on its sale price. We find this argument more relevant to a claim of over assessment under section 441.37(1)(a)(2), which is not before PAAB.

We note Sales 4 and 5 have no basement finish, Sale 2 has minimal basement finish, and Sale 1 has some basement finish but of a higher quality than the subject property's finish. Only Sale 3 has a similar amount of rec-room quality basement finish as the subject property, 920 square feet and 750 square feet respectively. Its assessed

value per square foot is the most similar to the subject property. However, we cannot determine if the condition or grade of this property, both of which would impact its assessment, are the same as the subject property. (Ex. 6).

Flynn Kelly, an appraiser with the Scott County Assessor's Office testified on behalf of the Board of Review. He explained that the assessed value of the subject property was increased due to the replacement of its siding and the roof. He noted there is a local assessing procedure in the Scott County Assessor's Office that calls for bumping up the condition of a property one level if two of the three major components of a home's exterior (roof, windows & siding) are replaced. Kelly testified that if an interior inspection is permitted it may reveal the increase in value is unwarranted. He noted Murphy denied permission for an interior inspection. He did acknowledge that an interior inspection was conducted of the subject property in June 2016 as part of a door-to-door revaluation of residential properties in Scott County for the 2017 assessment. Kelly noted the inspection occurred prior to the installation of the new roof and siding, and the subject property was in normal condition at that time.

Kelly testified that the subject property's original 26-year-old aluminum siding was replaced with brand new vinyl siding, and the 17-year-old roof was replaced with a brand new roof. Therefore, they increased the subject property's condition from normal to above normal, which lessened the depreciation rate from 24% to 17%. This resulted in increasing the subject property's assessment from \$309,300 to \$329,130.

The Board of Review also discussed differences between Murphy's sales and the subject property as well as his lack of considering adjustments to their sale prices for these differences. While this discussion is valuable for a claim of over assessment, Murphy's claim is one of inequity.

Analysis & Conclusions of Law

Murphy contends the subject property is inequitably assessed and that there is an error in the assessment as provided under Iowa Code section 441.37(1)(a)(1&4).

Murphy argued there is an error in his assessment because his new roof and siding were repairs not improvements, citing the MANUAL. We note the MANUAL'S reference to "improvements" means "buildings or other relatively permanent structures

located on, or attached to, land.” APPRAISAL INSTITUTE, THE DICTIONARY OF REAL ESTATE APPRAISAL, 98 (5th ed. 2010). Thus, the MANUAL contemplates uniformly valuing the structures located on land, i.e. a dwelling. Further, the replacement of the roof and the original siding may improve the property’s condition and would likely add value for potential buyers. Therefore, we cannot conclude an error exists in the subject property’s assessment in this regard.

Murphy believes his assessed dwelling value is inequitably assessed, and presented arguments in support of that position. Iowa Courts have concluded the “ultimate issue . . . [is] whether the total values affixed by the assessment roll were excessive or inequitable.” *Deere Manufacturing Co. v. Zeiner*, 78 N.W.2d 527, 530 (Iowa 1956); *White v. Bd. of Review of Dallas County*, 244 N.W.2d 765 (Iowa 1976). Accordingly, while giving due consideration to Murphy’s arguments, our end focus is on the subject property’s total value when evaluating his claim.

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). Here, we find Murphy 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 and assessed (2018) values of similar properties, the subject property is assessed at a higher proportion of its actual value. *Id.*

First, it is insufficient to simply compare the subject property’s assessed value to the assessments of other properties or to compare the rate of change in assessments among properties.

Murphy offered five recent neighborhood sales of similar properties in support of his inequity claim. Only Sales 1 and 4 occurred during the year leading up to or near the January 1, 2018 assessment date. Their assessment/sale price ratios were 1.03 and 1.00. A ratio less than 1.00 indicates a property is under assessed. A ratio greater than

1.00 indicates a property is over assessed. Here, it indicates the assessments were at or very near market value.

However, the *Maxwell* equity analysis cannot be completed as an assessment to sale price ratio cannot be developed for the subject property. The subject property did not recently sell, nor did Murphy offer evidence of its market value. This is typically demonstrated with a competent appraisal or comparative market analysis, considering at minimum the sales comparison approach. A ratio for the subject property is required in order to determine if it is assessed at a higher proportion of its actual value than the sale properties.

Viewing the record as a whole, we find Murphy failed to demonstrate his property is inequitably assessed or that there is an error in the assessment.

The crux of this dispute revolves around the Assessor's determination to change the condition rating of Murphy's property, thereby increasing the assessment. Kelly testified the property's condition rating was changed in 2018 because Murphy replaced the subject's roof and siding. The Assessor's Office seems to assume the interior improvements are consistent with the exterior improvements. We recognize replacing a roof and siding may tend to enhance a property's value by extending the useful life of those elements. Yet, we question the reasonableness of assuming the replacement of roof and siding warrants changing the condition rating of the entire property. This is especially true when an area suffers hail damage causing property owners to undertake exterior repair or replacement of damaged materials.

Nonetheless, Murphy bears the burden of proof and has not provided sufficient evidence to demonstrate inequity in the assessment. Murphy may want to contact the Assessor's Office to schedule an interior inspection as soon as possible so it can be verified whether the subject property is properly listed and assessed for 2019. Additionally, because Murphy offered some recent sales that appear to be reasonably similar to his property, it may be prudent for the Assessor's Office to review the sales prior to setting the 2019 assessment.

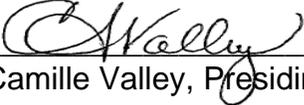
Order

PAAB HEREBY AFFIRMS the Scott 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).



Camille Valley, Presiding Officer



Karen Oberman, Board Member

Copies to:

Richard Murphy by eFile

Scott County Board of Review by eFile