

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

PAAB Docket No. 2018-025-00123R

Parcel No. 11-32-403-009

John Parker

Appellant,

vs.

Dallas County Board of Review,

Appellee.

Introduction

The appeal came on for hearing before the Property Assessment Appeal Board (PAAB) on January 10, 2019. John Parker was self-represented. Dallas County Deputy Assessor Brian Arnold represented the Board of Review.

John and Rebecca Parker own a residential property located at 1405 Evans View Drive, Adel, Iowa. The property's January 1, 2018 assessment was set at \$355,270, allocated as \$70,000 in land value and \$285,270 in dwelling value. (Ex. A). The subject property received an urban revitalization adjustment, resulting in an exempt land value of \$69,320 and an exempt dwelling value of \$285,270.

Parker petitioned the Board of Review contending the subject property's assessment is not equitable as compared with assessments of other like property. Iowa Code § 441.37(1)(a)(1) (2018). The Board of Review denied the petition. Parker then re-asserted his inequity claim to PAAB along with a claim that the subject property is assessed for more than the value authorized by law. § 441.37(1)(a)(1 & 2).

General Principles of Assessment Law

PAAB has jurisdiction of this matter under Iowa Code sections 421.1A and 441.37A. 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 0.24-acre site with a one-story home built in 2017. It has 1663 square feet of gross living area (GLA), 755 square feet of living-quarter quality basement finish, a deck, open porch, and a three-car attached garage. The home is listed as high-quality construction (2+05 grade) and in normal condition. (Ex. A).

Parker purchased the subject property in October 2017 for \$365,686.

Parker offered six sales of comparable properties in support of his claims. (Ex. 2). He testified that these homes are all of similar style and age. He noted the four Timberview Drive properties are all located within the same new development as the subject property. The following table summarizes these sales.

Sale	Address	GLA	Bsmt Finish	Assessed Value	AV/SF GLA	Sale Date	Sale Price	SP/SF GLA	AV/SP Ratio
SP	1405 Evans View Dr	1663	755	\$355,270	\$214	Oct-17	\$365,686	\$220	0.97
1	732 Timberview Dr	1509	830	\$264,610	\$175	Mar-18	\$321,000	\$213	
2	723 N 15th St	1736	1335	\$393,420	\$227	Jun-18	\$475,000	\$274	
3	808 Shelby Dr ¹	1620	885	\$327,370	\$202	Jan-17	\$344,050	\$212	0.95
4	720 Timberview Dr	1619	1200	\$338,010	\$209	Aug-17	\$347,332	\$215	0.97
5	716 Timberview Dr	1509	800	\$299,090	\$198	Jul-17	\$303,118	\$201	0.99
6	807 Timberview Dr	1804	1065	\$358,310	\$199	Sep-17	\$359,900	\$200	1.00

We note the subject property and four of Parker's comparables were normal sales during 2017. Their assessed values range from \$299,090 to \$358,310, with assessment/sale price ratios ranging from 0.95 to 1.00, with a mean and median of 0.98.

Parker believes his property assessment should be set at \$330,025². He described two methods he used to arrive at this opinion of value. Under his first method, he determined the average assessed value per square foot of GLA for his property and his six comparables to be \$203. He then applied this average to the subject property's GLA, arriving at a modified assessed value of \$337,589 for the subject property. (Ex. 1).

Next, Parker argued his purchase price did not reflect the subject property's fair market value due to what he believes are unrecoverable costs; \$1000 in City costs and \$9581 in "over dig expenses to remediate bad soils." He further argued the land was purchased in 2017 for \$63,500 yet it is currently assessed \$6500³ higher. After deducting these three amounts from his sale price he arrived at an adjusted sale price of \$348,605⁴. He then applied 92.5% average assessed value as a percent of the sale price, based on all properties listed in the table above, to his adjusted sale price thereby

¹ Parker relied on the property's 2018 sale price of \$364,900, which occurred after the assessment date at issue, instead of using the more relevant 2017 sale price that is listed herein.

² Parker's value was stated as \$330,339, but after correcting for calculation errors, the value is \$330,025.

³ Parker noted the difference is \$5840 but the assessed land value of \$70,000 less \$63,500 purchase price of site equals \$6500.

⁴ Parker testified \$349,285 to be the correct value but his \$365,686 sale price less \$1000 in city costs, \$9581 for soil remediation, and his contended \$6500 over assessment of land value instead equals \$348,605.

arriving at a modified assessed value of \$322,460⁵ under his second method. We note these methods are not recognized appraisal approaches to value.

Averaging the values under each method, Parker contends \$330,025 is the subject property's correct January 1, 2018 assessed value.

Brian Arnold testified that Sale 1 was a new build and its cost was discounted 24% because the home was not yet complete as of the January 1, 2018 assessment. (Ex. D). He noted an interior inspection on December 29 indicated some flooring, and the plumbing and electrical was not finished. Therefore, January 1, 2018 was a partial assessment and the property owner will receive a full assessment January 1, 2019. For this reason, it is not appropriate to use this sale in an equity analysis.

Arnold noted the transaction for Sale 2 required the purchase of additional land as the property line ran through the middle of the home. Therefore, he explained, its January 1, 2018 assessed value does not reflect the same sized site as was purchased in June 2018. (Exs. F & G). Therefore, this sale should not be used for an equity analysis. Moreover, we note this property has nearly double the garage area as the subject property and its sales price is more than \$100,000 higher than the subject's. This suggests there are differences between the properties that would require adjustment to provide a reliable indication of the subject property's market value.

Arnold criticized Parker for using Sale 3's October 2018 sale price of \$364,900 instead of its January 2017 sale price of \$344,050. (Ex. E). He noted he has not been able to verify why it sold for about \$21,000 more within a ten month period, but suspected basement finish might have been added. Arnold pointed out that only the 2017 sale price was available when they were setting the January 1, 2018 assessment. He further noted it would be inappropriate to use 2018 sale prices in calculating the assessment/sale price ratio. We agree and will not consider the 2018 sale when completing an equity analysis, as it occurred well after the assessment date.

⁵ This figure corrects Parker's \$323,089 as noted above.

Analysis & Conclusions of Law

Parker contends the subject property is inequitably assessed and over assessed.

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). Parker 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 similar properties using criteria set forth in *Maxwell v. Shivers*, 133 N.W.2d 709 (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 portion of its actual value. *Id.*

Parker offered four 2017 sales of similar properties, with sale prices ranging from \$303,118 to \$359,900. Their assessments range from \$299,090 to \$358,310, and their assessed value to sale price ratios range from 0.95 to 1.00. A ratio of less than 1.00 indicates a property is under assessed. A ratio greater than 1.00 indicates it is over assessed. Here, the comparable properties' mean and median assessment/sale price ratio is 0.98, suggesting that on average similar properties are assessed for less than their market value.

The subject property sold in 2017 for \$365,686 and its January 1, 2018 assessed value was set at \$355,270. Comparing its assessment/sale price ratio of 0.97 to the median assessment/sale price ratio of 0.98 for the similar properties indicates the subject property is not inequitably assessed compared with similar properties under the *Maxwell* test.

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). "A party cannot move to other-factors valuation unless a showing is made that the market value

of the property cannot be readily established through market transactions.” *Wellmark, Inc. v. Polk Cnty. Bd. of Review*, 875 N.W.2d 667, 682 (Iowa 2016). Where PAAB is convinced comparable sales do not exist or cannot *readily* determine market value, then other factors may be used. § 441.21(1)(b); *Compiano*, 771 N.W.2d at 398 (citing *Soifer*, 759 N.W.2d at 782); *Carlton Co. v. Bd. of Review of City of Clinton*, 572 N.W.2d 146, 150 (Iowa 1997); § 441.21(2). If sales cannot readily establish market value, “then the assessor may determine the value of the property using the other uniform and recognized appraisal methods,” such as income and/or cost. § 441.21(2).

Parker advanced two self-styled approaches to value, neither of which is recognized appraisal methodology: one modified his existing assessed value, and the other modified his purchase price. His reconciled value of \$330,025 was determined by averaging the indicated value from each approach. We note that arriving at an indication of market value by averaging the per-square-foot assessed values of comparable properties does not follow the statutory scheme and is not a recognized approach to value. § 441.21(1)(b). Further, determining actual value based on comparable sales typically calls for considering adjustments to sale prices based on differences between each comparable property and the subject property. Parker failed to identify and consider these differences.

Parker purchased the subject property in October 2017 for \$365,686. There is no indication in the record the sale was anything but a normal arm’s length transaction between a willing buyer and a willing seller. We are required by Iowa Code section 441.21(1) to consider the sales prices in determining the subject property’s market value and, here, we consider it the best evidence of the value in the record and it indicates the property is not assessed for more than authorized by law.

We find Parker’s suggestion that the sales prices should be reduced by “unrecoverable expenses” to arrive at the assessed value is without merit. The value of those expenses is reflected in the sales price Parker paid for the property. Further, it was apparently necessary to incur those expenses in order to build the dwelling and have functioning improvements.

He also further reduced his purchase price by applying the average assessment as a percentage of the sale price from all sales in the record. Again, this is not supported by any recognized appraisal methodology. Moreover, the subject property is assessed below its sales price at a ratio consistent with other properties that sold in 2017.

For these reasons stated above, we give Parker's self-styled approaches and value conclusions no consideration.

Viewing the record as a whole, we find Parker failed to demonstrate the subject property is inequitably assessed or over assessed.

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 section 441.37B and Chapter 17A (2018).



Camille Valley, Presiding Officer



Karen Oberman, Board Member

Copies to:

John Parker by eFile

Dallas County Board of Review by eFile