

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

PAAB Docket No. 2019-091-00022R

Parcel No. 63-170-10-0120

Joseph Phillips,

Appellants,

vs.

Warren County Board of Review,

Appellee.

Introduction

This appeal came on for hearing before the Property Assessment Appeal Board (PAAB) on September 19, 2019. Joseph Phillips was self-represented. Chief Deputy County Assessor Tim Konrad represented the Warren County Board of Review.

Joseph Phillips owns a residential property located at 525 Crescent Lane, Norwalk, Iowa. The subject's 2019 assessment was \$322,800. (Ex. B).

Phillips petitioned the Board of Review claiming the property's assessment was not equitable under Iowa Code § 441.37(1)(a)(1) (2019). The Board of Review lowered the assessment to \$319,800, allocated as \$50,000 in land value and \$269,800 in dwelling value. (Ex. A & B).

Phillips then appealed to PAAB reasserting his claim that the assessment was not equitable and noting on his appeal that his "assessment is egregiously overvalued." All parties agreed the claim before PAAB was that the property is assessed for more than the value authorized by law. § 441.37(1)(a)(2).

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). 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, but the taxpayer has the burden of proof. §§ 441.21(3); 441.37A(3)(a). The burden may be shifted; but even if it is not, the taxpayer may still prevail based on a preponderance of the evidence. *Id.*; *Compiano v. Bd. of Review of Polk Cnty.*, 771 N.W.2d 392, 396 (Iowa 2009)(citation omitted).

Findings of Fact

Konrad testified for the Warren County Board of Review. He stated the Assessor's office desired to have accurate property record information. He indicated during the hearing that it appeared the subject's quality rating was greater than all of the neighboring properties. Both parties agreed and subsequent to the hearing the Assessor's Office re-inspected the subject property. A revised property record card for the subject was then admitted into the record. (Ex. G).

The subject is 0.217-acre site improved with a one-story home built in 2006 with 1836 square feet of gross living area,¹ a full unfinished walk-out basement, concrete patio, wood deck, and a three-car garage. The dwelling is listed as good-quality construction (3+05 grade) in normal condition. After Konrad's recent inspection and correction of listing errors, the recommended 2019 assessment for the subject is \$297,700. (Ex. G). Phillips did not agree with the new assessment. (Ex. F).

¹ Gross living area includes above-grade finished area. APPRAISAL INSTITUTE, THE DICTIONARY OF REAL ESTATE Appraisal 132 (4th ed. 2002).

The following table summarizes the 2019 assessment prior to and after the Board of Review corrected listing errors.

Parcel A Exhibit	GLA	Grade	Basement Finish (LF)	Assessed Value
A	1891	3+10	69	\$319,800
G	1836	3+05	12	\$297,700

Phillips testified he personally built the home in 2006. He has an unfinished basement unlike many of his neighbors. He asserts he should have a lower assessed value due to the lack of basement finish. The Board of Review believes the subject's lack of basement finish is offset by his larger living area.

Phillips submitted five nearby properties he believes support his claim his property is over assessed. (Exs. 2-4). The comparables are summarized in the following table.

Comparable	Year Built	Gross Living Area	Basement Finish	Assessed Value (AV)	AV/SF of Total Finished Area ²	AV/SF of Gross Living Area
Subject – 525 Crescent Ln	2006	1836	0	\$297,700 ³	\$162.15	\$162.15
1 – 2745 Windsor Dr	2011	1584	1200	\$302,900	\$108.80	\$191.22
2 – 2813 Windsor Dr	2008	1708	1000	\$308,200	\$113.81	\$180.44
3 – 524 Hawthorne Ct	2007	1835	850	\$300,100	\$107.78	\$163.54
4 – 526 Crescent Ln	2013	1582	840	\$282,500	\$116.64	\$178.57
5 – 521 Crescent Ln	2013	1720	1250	\$305,100	\$102.73	\$177.38

Comparables 1, 2, 4, and 5 are one-story homes like the subject. Comparable 3 is a two-story design and in Konrad's opinion does not compare to the subject. None of the comparables have recently sold.

Phillips' calculations of the assessed value per square foot for each of the properties included the basement finish. This analysis indicates a lower assessed value per square foot for the comparable properties compared to his home. However, we find this analysis misleading. Comparing the properties' gross living area, the subject property has the lowest assessed value per square foot.

The Board of Review submitted five 2018 sales and compared each to the subject property based on their assessed value per square foot, their sales price per

² Calculation includes basement finish

³ Board of Review's suggested 2019 modified assessed value based on recent correction of listing errors.

square foot, and their assessed value to sales price ratios. (Ex. D). The following table summarizes these sales.

Property	Year Built	Gross Living Area (GLA)	Bsmt Finish	Assessed Value (AV)	AV/SF of GLA	2018 Sale Price (SP)	AV/SP
Subject	2006	1836	0	\$297,700 ⁴	\$162.15	NA	NA
1 – 1824 Bristol St	2010	1485	0	\$235,700	\$158.72	\$236,900	0.99
2 – 2840 Berkshire Dr	2010	1372	900	\$240,500	\$175.29	\$274,900	0.87
3 – 2700 Lexington Dr	2001	1835	1400	\$330,100	\$179.89	\$354,500	0.93
4 – 2813 Windsor Dr	2008	1708	1000	\$308,200	\$180.44	\$299,000	1.03
5 – 330 Crescent Ln	2005	1576	1000	\$302,100	\$187.18	\$295,000	1.02

In Konrad’s opinion these properties are the best comparables available due to their location, age, design, and recent sale dates. Comparable 1 has an unfinished basement like the subject. Sales 2-5 have finished basements. As previously noted it is not proper methodology to include basement finish when analyzing a per square foot value. Because Sales 2-5 have basement finish, their assessed values per square foot of gross living area are higher than properties that do not have this amenity. Comparable 3 is nearly identical in size to the subject property. The remaining comparables are significantly smaller in gross living area which also results in an increased assessed value per square foot.

The assessed-value-to-sale-price ratio ranges between 0.87 and 1.03; with an average of 0.97 and a median of 0.99. A ratio below 1.00 indicates a trend of under assessment and a ratio over 1.00 indicates a property may be over assessed. Similar to Phillips’ analysis, the Board of Review did not adjust its comparables for differences between them and the subject property to arrive at an opinion of value for the subject as of January 1, 2019.

Analysis & Conclusions of Law

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

⁴ Board of Review’s suggested 2019 modified assessed value based on recent correction of listing errors.

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

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. *Soifer v. Floyd Cnty. Bd. of Review*, 759 N.W.2d 775, 780 (Iowa 2009) (citation omitted). 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. *Id.*

Phillips submitted five properties he believes demonstrate his property is over assessed, but none of them are recent sales. Comparing the properties' total assessments prior to the post-hearing inspection reduction, we can see why Phillips believed his assessment was excessive because his property was assessed for more than all others even though it had the least amount of finished area. But comparing assessments in the manner in which Phillips has done can be misleading and does not, by itself, demonstrate a property is over assessed.

Phillips' comparables had finished basements but less main floor living area. However, basement finish tends to be less valuable than main floor finished area. Therefore, a per-square-foot comparison between the subject and these comparables is misleading.

Phillips did not provide any comparable sales, an appraisal, or a Comparable Market Analysis (CMA), which is typical evidence to support a claim of over assessment.

The Board of Review made corrections to the subject's property record card resulting in a modification of its assessed value. PAAB finds the information contained on the corrected property record card to be the most accurate indication of the subject's actual value as of January 1, 2019. (Ex. G).

Order

PAAB HEREBY MODIFIES the Warren County Board of Review's action. Based on the foregoing, we order the subject property's January 1, 2019 assessed value be set as follow:

Land Value	Improvement Value	Total Assessed Value
\$50,000	\$247,700	\$297,700

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 (2019).



Dennis Loll, Board Member



Karen Oberman, Board Member



Elizabeth Goodman, Board Member

Copies to:

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