

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

PAAB Docket No. 2018-101-10052R

Parcel No. 14164-26020-00000

Pool Seal LLC,
Appellant,
vs.
City of Cedar Rapids Board of Review,
Appellee.

Introduction

This appeal came on for hearing before the Property Assessment Appeal Board (PAAB) on February 7, 2018. Patricia Smith represented her company Pool Seal LLC. Al Ehler, a residential appraiser with the City of Cedar Rapids Assessor's Office, represented the Board of Review.

Pool Seal LLC owns a residential property located at 1001 Center Point Road NE, Cedar Rapids, Iowa. The property's January 1, 2018 assessed value was set at \$53,400, allocated as \$9800 in land value and \$43,600 in dwelling value. (Ex. A).

Pool Seal petitioned the Board of Review claiming the subject property's assessment was not equitable as compared to other like property and it was assessed for more than the value authorized by law. Iowa Code § 441.37(1)(a)(1 & 2) (2018). The Board of Review denied the petition. Pool Seal reasserted its over assessment claim and also raised a claim of error to PAAB. §441.37(1)(a)(2 & 4).

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 701-126.2(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 0.064-acre site with a one-story home. Built in 1924, the dwelling has 785 square feet of gross living area, a patio, a porch, but no garage. The home is listed with average quality construction (4-10) and in below-normal condition. (Ex. A).

Smith noted the subject property is a corner lot, the house is very small, and there is no garage. She stated the same tenants have occupied the subject property since she purchased it in March 2003 for \$32,400, noting she provides affordable housing with the rent set at \$500 per month. Smith testified that only minimal maintenance has occurred, contending the tenants never requested any improvements be made. The Board of Review noted the subject property was inspected in August 2017, which found original windows and a dated kitchen. Smith questioned how the property's assessed value can keep increasing arguing it should instead be depreciating. We note 53% physical depreciation was applied in arriving at the subject property's 2018 assessed dwelling value. (Ex. A, p. 3).

Among other properties she previously provided to the Board of Review, Smith specifically referenced two small, older rental homes as comparables.

215 17th Street NE sold in August 2018 for \$38,000. Ehler pointed out that this sale occurred after the January 1, 2018 assessment was set, but noted it will be included in the market study for setting 2019 assessed values.

1001 ½ Center Point Road NE, is a one-bedroom home located right behind the subject property. It has a garage, unlike the subject property, yet it is assessed at for \$14,300 less than hers. She believes the subject property should be assessed the same. She stated the Assessor may be confusing this property with her property, noting it has been a problem in the past. Ehler testified that they are not confusing the two properties.

Smith also referenced 1137 H Avenue NE, noting it sold for \$49,000 in 2015. (Ex. C, BOR Record filed Nov. 8, 2018). It has a similar amount of gross living area, but it is unlike the subject property as it has a garage and it is a two-story home. (Ex. C, BOR Record filed Nov. 8, 2018, p. 5) Its 2018 assessed value is \$6400 higher than the subject property’s assessment.

Smith noted there is an error in the assessment because the subject property only has one-bedroom not two as noted on its property record card. Ehler testified that the number of bedrooms doesn’t matter. Smith adamantly disagreed, stating the number of bedrooms does matter to a prospective buyer or tenant.

The Board of Review offered five 2017 normal sales located in the NE quadrant and within the same assessment neighborhood to illustrate the market value of the subject property. (Exs. K & L, filed Nov. 8, 2018). The following table summarizes the information.

Sale	Address	Year Built	Land SF	GLA	Condition	Sale Price	Adjusted Sale Price
SP	1001 Center Point Rd	1924	2,800	785	Below-normal	NA	NA
1	1142 J Ave	1890	3,291	759	Normal	\$ 49,500	\$ 45,493
2	1030 12th St	1923	5,600	704	Normal	\$ 81,250	\$ 66,622
3	1016 Maplewood Dr	1921	4,800	704	Normal	\$ 77,000	\$ 59,291
4	1006 17th St	1921	5,600	625	Below-normal	\$ 62,500	\$ 54,177
5	876 12 St	1925	5,600	704	Above-normal	\$ 84,500	\$ 61,440

The five sales are similar to the subject property in style, amount of gross living area, and grade/quality of construction, but vary in condition and lot size along with Sale

1 having a significantly older home. Adjusted sale prices range from \$45,493 to \$66,622, bracketing the subject property's \$53,400 assessment. We note the adjustments to the sales were made using the IOWA REAL PROPERTY APPRAISAL MANUAL rather than adjustments derived from sales, as in a typical appraisal.

Analysis & Conclusions of Law

Pool Seal asserts there is an error in its assessment and its property is over assessed.

Smith asserts the subject property is a one-bedroom home not a two-bedroom home as stated on its property record card. Ehler noted the number of bedrooms doesn't matter. Smith adamantly disagreed. While we agree with Smith that bedroom counts are important to prospective buyers and tenants, we note assessments are based on a property's gross living area (square footage) using the 2008 IOWA REAL PROPERTY APPRAISAL MANUAL, published by the Iowa Department of Revenue. Room counts are not considered in setting a property's assessed value using the MANUAL. Here, we do not find an error in the subject property's assessed value; however, the Assessor's Office may choose to correct the bedroom count listing if it can confirm there is only one bedroom in the property.

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).

Smith discussed three properties she felt were comparable with the subject property. Two were sales. The 1137 H Avenue NE property sold about three years ago for \$49,000, which we find is too old to be used to prove a January 1, 2018 value. The 215 17th Street NE property sold for \$38,000 eight months after the assessment date at issue. (Ex. 1). As Ehler pointed out, this 2018 sale will be used for setting 2019 assessed values but not the 2018 value. With Smith's third property she compared its assessed value with that of the subject property. However, it is not sufficient to simply compare other properties assessments with the subject property's assessed value to succeed in an over assessment claim.

Proving a residential property's value is typically demonstrated with a competent appraisal or a comparative market analysis that considers adjustments to recent sale prices to account for differences between the subject property and the comparable properties. Here, Pool Seal did not offer such evidence in support of the subject property's January 1, 2018 value.

Viewing the record as a whole, we find Pool Seal failed to prove its claims.

Order

PAAB HEREBY AFFIRMS the City of Cedar Rapids Board of Review action.

This Order shall be considered final agency action for the purposes of Iowa Code Chapter 17A (2018).

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 441.38B and Chapter 17A.



Camille Valley, Presiding Officer



Karen Oberman, Board Member

Copies to:

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City of Cedar Rapids Assessor by eFile