

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

PAAB Docket No. 2020-107-00025C

Parcel No. 894736352021

Handy LC,

Appellant,

vs.

Sioux City Board of Review,

Appellee.

Introduction

This appeal came on for hearing before the Property Assessment Appeal Board (PAAB) on January 26, 2021. Larry Book represented Handy LC. Attorney Coyreen Weidner represented the Sioux City Board of Review.

Handy LC (Handy) owns a vacant commercial site near 4315 Gordon Drive, Sioux City, Iowa. The property has a January 1, 2020, assessed value of \$180,100. (Ex. A, B).

Handy petitioned the Board of Review claiming the assessed value is for more than the value authorized by law under Iowa Code § 441.37(1)(a)(1)(b) (2020). (Ex. C). The Board of Review modified the assessed value to \$116,600. (Ex. B).

Handy then appealed to PAAB reasserting the claim.

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)(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).

Findings of Fact

The subject property is a vacant 1.186-acre irregularly-shaped site situated between Gordon Drive and Stone Avenue. (Ex. A).

Larry Book testified on behalf of Handy. He explained the subject was purchased in September 2019, for \$89,648. Book asserts Handy paid more than market value for the property because Handy owns adjoining property. He testified the property was listed with a real estate broker but could not remember the specifics of the listing. He believed the property was listed for approximately four months prior to Handy's offer to buy and had an asking price of near double the final sale price. The Board of Review agreed the sale could not be relied on to indicate market value because it was purchased by an adjoining property owner and the seller was under duress to sell. Unlike Handy, however, it asserts the price was for less than the property's market value.

Book asserts the property can be valued by dividing the property into "usable" and "not-usable" parts. He identified the front portion of the site as the usable portion being acceptable for buildings and other improvements. Because of the presence of easements and vacated sewer lines, he asserts, the rear portion of the site has limited use and value. He identifies the rear portion of the site as not-usable and being good only for parking. PAAB notes parking would be a permitted use and necessary to support improvements constructed on the front portion of the site. Additionally, we note 4301 Gordon Drive has a similar private water easement located under its parking lot. He suggests usable areas be valued at \$2.19 per square foot and non-usable land be

valued at \$1.00 per square foot. Book testified the usable land value was supported by his cost in acquiring the land. He gave no support for the value of the non-usable area, but explained this is what it is worth. Based on these calculations, he asserts the property's correct value is \$71,112.80. (Ex. 2).

Sioux City Assessor, John Lawson, testified for the Board of Review. He was critical of Book's analysis and conclusions. Lawson explained the \$2.19 per square foot recent 2.3-acre land sale of near-by property by Handy to Dollar General was for the total site area and included the portion of the site that would be used for building and parking. (Ex. D). In addition, he explained the Dollar General site sloped to the rear which required fill dirt and extensive grading. He believed the Board of Review relied on this sale in lowering subject's assessed value, which resulted in a per-square-foot value of \$2.26. We note the Dollar General sale was approximately double in size compared to the subject. All things being similar, a smaller property such as the subject would have a higher unit price. APPRAISAL INSTITUTE, THE APPRAISAL OF REAL ESTATE 26 (15th ed. 2020) (discussing the law of diminishing returns).

The Board of Review explained the subject is currently listed for sale and believed the listing supported the assessed value. Book acknowledged the subject site, along with additional adjoining land, is currently offered for sale. He said the asking price is at or near \$3.00 per square foot for the entire site. (Ex. J).

Analysis & Conclusions of Law

Handy contends its property is assessed for more than the value authorized by law. Iowa Code section 441.37(1)(a)(1)(b). Handy bears the burden of proof. § 441.21(3).

In an appeal alleging the property is assessed for more than the value authorized by law under Iowa Code section 441.37(1)(a)(1)(b), 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).

In Iowa, property is to be valued at its actual value. Iowa Code § 441.21(1)(a). Actual value is the property's fair and reasonable market value. § 441.21(1)(b). Market value essentially is defined as the "fair and reasonable exchange in the year in which

the property is listed and valued between a willing buyer and willing sellers, neither being under any compulsion to buy or sell” *Id.* “In arriving at market value, sales prices of property in abnormal transactions not reflecting market value shall not be taken into account, or shall be adjusted to eliminate the effect of factors which distort market value, including . . . purchase of adjoining land or other land to be operated as a unit.” *Id.*

The subject has recently sold, but both Handy and the Board of Review agree it was not reflective of market value. The seller was under duress to sell and the buyer was an adjoining property owner. As a result, we find the transaction was an abnormal sale under section 441.21(1)(b), and no adjustments have been made to the sale to eliminate any distorting factors. For these reasons, we do not find the sale price alone conclusively establishes its market value as of January 1, 2020. *Riley v. Iowa City Bd. of Review*, 549 N.W.2d 289, 290 (Iowa 1996).

Handy offered its belief the subject’s correct market value is the sum total of its “usable” and “non-usable” parts. Handy asserts the subject’s usable area should be valued at \$2.19 per square foot and its non-usable area at \$1.00 per square foot. While the usable area value is supported by a near-by land sale to Dollar General, we note the unit price of the Dollar General sale was based on the entire site and not just the usable portion of the site. Therefore, we find Handy has not applied this market data in a like manner to the subject.¹ Additionally, the suggested value of \$1.00 per square foot for non-usable area was unsupported by any market data. Therefore, PAAB does not rely on its analysis or conclusions.

Viewing the record as a whole, we are not persuaded that Handy has demonstrated the subject’s assessment is excessive or its correct value. We find Handy failed to establish the subject property is assessed for more than the value authorized by law.

Order

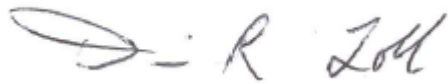
PAAB HEREBY AFFIRMS the Sioux City Board of Review’s action.

¹ Size differences aside, the subject’s assessed value per-square-foot is supported by the Dollar General sale.

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

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Sioux City Board of Review by eFile