



**FINAL ADMINISTRATIVE DECISION
ILLINOIS PROPERTY TAX APPEAL BOARD**

APPELLANT: Raymond Gamber
DOCKET NO.: 12-01785.001-C-2
PARCEL NO.: 07-34-201-003

The parties of record before the Property Tax Appeal Board are Raymond Gamber, the appellant, by attorney James D. Blake, of Blake Law Office in Galesburg; and the Knox County Board of Review.

Based on the facts and exhibits presented, the Property Tax Appeal Board hereby finds a reduction in the assessment of the property as established by the Knox County Board of Review is warranted. The correct assessed valuation of the property is:

LAND: \$50,000
IMPR.: \$118,165
TOTAL: \$168,165

Subject only to the State multiplier as applicable.

ANALYSIS

The subject property consists of a 59.81 tract of improved land utilized as a rural campground with 86 campsites which are improved with various permanent structures, numerous wood decks, concrete pads, sheds and an in-ground pool. The subject also has an office, a shop building, pool house, boat launch and a club house. The subject is located in Knox County.

The appellant appeared before the Property Tax Appeal Board claiming overvaluation as the basis of the appeal. In support of this argument, the appellant submitted an appraisal of the subject property with an effective date of January 1, 2011. The appraiser used the cost, sales comparison and income approaches to value in estimating a value for the subject of \$300,000.

Raymond Henry Gamber, the owner, was called as the first witness. Gamber testified there was a significant increase in the subject's assessed value in 2011 to \$226,150. Gamber stated the subject is used as a recreational area with a swimming pool, shower house, clubhouse, playground, shooting range and golf cart trails. Gamber testified people lease campsites by the year. He does not allow people to construct structures on the campsites, even though, a lot of people built "Texas Sheds" without his knowledge. He did allow people to build a deck and/or roof over the deck,

along with prebuilt 8 foot by 8 foot or 8 foot by 10 foot metal sheds for the golf carts. Gamber testified that for the most part, the decks are not permanently attached to any housings.

During cross-examination, Gamber testified that he put a stop to the building of the "Texas Sheds" which consisted of three or four pieces of plywood with corrugated steel on top. The sheds are put on the front of the campers and caulked to it. Some of the "Texas Sheds" have windows, insulation, an extension cord for power and a garden hose. In addition, if the sheds were too big, he would charge an extra \$25.

Roger W. Hagerty, a State of Illinois and State of Missouri certified licensed appraiser, was called as the next witness. Hagerty has been licensed for 22 years. Hagerty was hired to prepare an ad valorem appraisal for the subject property. Hagerty personally viewed the subject and described the subject as a campground. The appraisal depicts the frame residence/office contains 1,200 square feet of building area and was created by sliding a camper alongside the office and adding additions on each end. A small basement is under the west bedroom addition. The subject pool house is a 520 square foot concrete block building which houses the in-ground pool equipment along with two restrooms. The subject features a 777 square foot frame club house and a 792 square foot maintenance shed with a lean-to attached. The appraisal further depicts the subject has 1,220 square foot pole building used as a shop. He testified that the subject's highest and best use would be recreational use, campgrounds. The appraisal, page 8, depicts the subject's highest and best use as vacant would be a wide range of possible uses, including residential large scale development as a residential site. As improved, the appraisal depicts the subject's current use as a campground or recreational facility meets the highest and best use as a recreational site.

Hagerty utilized all three traditional approaches to value in estimating the subject's value. Hagerty felt the sales comparison approach to value was the best method for valuing the subject because the cost approach has a grey area when calculating depreciation. Hagerty testified that the income approach to value is somewhat important here because the number of sites dictates how much income the subject makes.

When Hagerty prepared his cost analysis, he used the Marshall & Swift cost estimator guide along with market data. Hagerty testified that Marshall & Swift has a camper's guide from which you can get the cost of water lines, electrical lines and sewer lines and then based on the number of sites, calculate costs. Marshall & Swift also provides an effective age for a campground. Hagerty found some of the subject's infrastructure dated back to 1959, beyond the useful life of a campground, which has a maximum useful life of 35 years. Page 9 of the appraisal depicts the residence, pool house, pool, club house, maintenance shed, a lean-to, the boat launch, a shop and carport were depreciated using the straight line depreciation method. Unit values ranged from \$1.00 to \$70.00 per square foot for seven of the structures. The boat launch, carport and decks/sheds did not depict a size from which a unit value could be calculated. The appraisal, page 4, depicts the individual sheds or decks were not valued, but rather an additional \$1,000 of value per structure for the 109 structures at the 86 sites was used. The percentage of depreciation ranged from 25% to 80% or from \$250 to \$40,000. After applying depreciation, the appraiser's calculations indicated a total estimated value of the improvements of \$229,599. Hagerty utilized three land sales located in Knox County which ranged in size from 44 acres to 61.22 acres and sold from March to December 2010 for prices ranging from \$132,725 to \$155,365 or from \$2,490 to \$3,531 per acre. Based on these sales, Hagerty estimated the subject's land value to be \$2,500

per acre or \$147,500. The campsite water and electric, depreciated 50%, was estimated to be \$600 per site or \$51,600. Based on these estimates, Hagerty estimated the subject's value using the cost approach to value to be \$428,699.

In developing his income approach to value for the subject, Hagerty used to owner's actual income and expenses for 2010. Gross income was reported to be \$121,811. Expenses for advertising, laundry/cleaning, telephone, contract labor, insurance, legal and various other expenses totaling \$108,218, real estate taxes of \$1,189 and replacement allowances were deducted to arrive at a net operating income of \$8,750. Utilizing a sampling from area commercial businesses, Hagerty extracted market capitalization rates that ranged from 8% to 11%, from which he then applied a 10% overall capitalization rate to the net operating income to arrive at an estimated value for the subject of \$88,000.

Hagerty next developed his sales comparison approach utilizing five sales, two of which were campgrounds. Comparable #1 was an 84 acre tract of hunting ground in Viola, Illinois which sold in March 2008 for \$250,000 or \$2,976.19 per acre. Comparable #2, also a hunting parcel, sold in December 2009 for \$207,625 or \$2,750 per acre. This unimproved property was located in New Salem, Illinois. Comparable #3 contained 25.81 acres of land area, a partially finished building and sold in June 2010 for \$90,000 or \$3,487 per acre. Comparable # 4, a 61-site campground located in Knoxville on a 30 acre tract of land sold in September 1988 for \$225,000 or \$3,688 per camp site. Comparable #5 was a 118.65 acre tract with 221 camp sites, several buildings, a sales building, store building, 14 cabins, a heated pool and various amenities sold in August 2009 for \$1,000,000 or \$4,525 per camp site. Based on the above data, Hagerty estimated the subject's value under the sales comparison approach to value to be \$317,168 or \$3,688 per camp site. During his testimony Hagerty changed his estimated opinion of value for the subject to be \$337,230 or \$3,921 per camp site based on the addition of two buildings which were omitted in his original appraisal.

In cross-examination, Hagerty verified he placed a value of \$1,000 on each of the 109 structures consisting of sheds, decks and patios. Each of these structures were valued as real estate. Hagerty found no personal property on the subject's site, as he did not value any of the campers or mobile homes. Hagerty testified that he gave primary consideration to the sales comparison approach which indicated a value of \$337,230. Hagerty further testified that the income approach indicated an estimated value of \$88,000 which would lead a person to appraise on the lower end of a range. Hagerty testified further that the range was between \$3,688 and \$4,525 per site, taken from two improved comparables (#4 and #5). Hagerty testified that he made adjustments to the sales, however the various adjustments for date of sale, location, number of sites and various other amenities and/or differences were made in his mind and not written in his appraisal report. Hagerty admitted that he did not include market rents in his report to backup and/or determine the subject's value using the income approach. Hagerty further admitted that when utilizing the market extraction method to determine capitalization rates, the comparables should be highly similar to the subject to be of any value. Hagerty admitted his extracted comparables were probably not similar to the subject. He testified that he just used 10% for a number of years. Hagerty agreed that his income approach to value did not support his other two estimates of value. Hagerty agreed that because the income approach to value was so far removed from his estimated values by the other approaches, it should have raised a red flag that he should have looked at market rents, capitalization market rate surveys and the band of investment, however, he did not.

Based on this evidence, the appellant requested a reduction in the subject's assessment to reflect the appraised value.

The board of review submitted its "Board of Review Notes on Appeal" wherein its final assessments of the subject totaling \$226,510 was disclosed. The subject's assessment reflects a 2012 market value of \$680,210 or \$7,909.42 per campsite, including land, using the 2012 three-year median level of assessments for Knox County of 33.30%.

The Knox County North Multi-Township District Assessor, Amy Dzekunskas, a Certified Illinois Assessing Official (CIAO), was called as a witness. Dzekunskas testified that she received new aerials in 2010 and discovered a lot of the improvements on the subject property were not being assessed. She and an assistant then visited the subject property to take pictures and measurements. She then depreciated the structures and calculated values for each structure.

During cross-examination, Dzekunskas testified she also assessed the concrete pads that did not contain a porch or deck, and did so for each of her other nine townships. Dzekunskas utilized the Illinois Department of Revenue Cost Schedule to calculate depreciation for each structure.

Scott Terpening, a Certified General Real Estate Appraiser, was called as a witness. He is certified in Illinois and Iowa. He has been certified since 2008 and has been involved in appraising commercial properties since 2003. Terpening applied a grade A, B or C to each shed, deck or porch and depreciated them. Terpening toured the subject property two times. For the water lines and electrical hookups an 85% depreciation value was used for a total value of \$78,700 for all 86 campsites. Terpening spoke with the owner of Shady Lakes Campground and looked at market surveys. The owner of Shady lakes indicated it cost \$3,000 for electrical and water to be run to her sites.

In developing the cost approach to value, Terpening utilized \$2,500 per acre which indicated a land value for the subject of \$150,000 based on examination of five vacant land sales. The land sales occurred from February 2009 to October 2010 and sold for prices ranging from \$2,278 to \$3,500 per acre. Terpening then utilized the Marshall & Swift Cost Estimating Service to calculate the cost new of the various improvements such as the Office, Cleary Building, Pool House Pool, Club House, Maintenance Building, porches, sheds and decks. After grading the porches and decks, Terpening estimated the subject's reconstruction cost new of the improvements to be \$596,100. After applying the age/life method of depreciation, Terpening estimated the depreciated value of the improvements to be \$275,600, Depreciated infrastructure to be \$78,700 and land value to be \$150,000, which indicated a value for the subject by the cost approach of \$504,300.

Terpening next developed a sales comparison approach utilizing two campground sales and one listing which occurred from March 2003 to January 2011. The comparables were located in Cambridge, New Windsor and Amboy, Illinois and ranged in size from 40 acres to 69.28 acres or from approximately 100 to 200 camp sites. The comparables sold or were listed for prices ranging from \$385,000 to \$840,000 or for \$7,703 to \$12,125 per acre or from \$3,448 to \$4,200 per campsite. Adjusting the comparables for financing, condition of sale, expenditures after the sale, date of sale, location and utilities indicated sale values per acre ranging from \$8,400 to \$8,639 and site values ranging from \$5,842 to \$6,008 or total adjusted sales values ranging from \$502,400 to

\$516,700. Terpening gave comparable #1 the most weight in his analysis. An estimated site value of \$5,900 and a per-acre estimated value of \$8,500 was used to estimate the subject's value utilizing the sales comparison approach of \$508,000.

Utilizing the cost approach and sales comparison approach to value, Terpening estimated the subject's market value of \$505,000 as of January 1, 2011. In reconciliation, Terpening gave primary credence to the sales comparison approach to value. Terpening did not develop the income approach to value because he realized income data was not available to support a true valuation. He attempted to get market rents, expenses and vacancy rates, but, other owners would not divulge that information. Terpening testified that market surveys for the subject's immediate local area were unavailable.

During cross-examination, Terpening agreed the site value for sale #2, after adjustments should be \$3,150 per campsite.

Based on this evidence, the board of review requested confirmation of the subject's assessment.

After hearing the testimony and having considered the evidence, the Board finds that it has jurisdiction over the parties and the subject matter of this appeal. The appellant contends overvaluation as the basis of the appeal. When market value is the basis of the appeal the value of the property must be proved by a preponderance of the evidence. National City Bank of Michigan/Illinois v. Illinois Property Tax Appeal Board, 331 Ill.App.3d 1038 (3rd Dist. 2002). The Board further finds the best evidence of the subject's market value in the record is found in the appraisal prepared by Terpening which estimated the subject's value to be \$505,000.

The Board first considered the appellant's appraisal submitted with a valuation date of January 1, 2011. The appraiser, Roger Hagerty, estimated the subject's market value of \$337,230 or \$3,921 per camp site using the three traditional approaches to value. The Board finds the estimated value is not adequately supported by the evidence contained in this record.

The Board gave little weight to the appellant's cost approach analysis because it lacks sufficiently detailed supporting data to justify the percentages used to calculate depreciation or the stated conclusion of value. Hagerty applied a flat \$1,000 per each individual shed/porch/deck without individual examination of each structure.

Further, the Board gave no weight in its analysis to the estimate of value based on Hagerty's income approach to value. Hagerty admitted he should have used market rents and expenses instead of the subject's actual income. In addition, he applied a 10% overall capitalization rate, only because that is what he always used, completely ignoring market surveys or other data. Hagerty also admitted his market extraction required similar properties, which he did not have. Based on his testimony and the fact that the estimated value under his income approach is so far removed from the other two approaches to value, the Board finds no weight is given the estimated value of \$88,000. Further, the Board finds this flawed analysis discredits Hagerty's entire appraisal report.

The Board also gave little weight to the comparable sales used in Hagerty's appraisal report, as only two were improved properties like the subject. Comparable #4, a 61-site campground located

in Knoxville on a 30 acre tract of land sold in September 1988 for \$225,000 or \$3,688 per camp site. The Board finds this sale provides little guidance for a valuation date of January 1, 2012. In addition, comparable #5 was a 118.65 acre tract with 221 camp sites, several buildings, a sales building, store building, 14 cabins, a heated pool and various amenities that sold in August 2009 for \$1,000,000 or \$4,525 per camp site. However, during his testimony Hagerty changed his estimated opinion of value for the subject to be \$337,230 or \$3,921 per camp site based on the addition of two buildings which were omitted in his original appraisal. Hagerty testified that he made adjustments to the sales, however the various adjustments for date of sale, location, number of sites and various other amenities and/or differences were made in his mind and not written and/or documented in his appraisal report. Based on the testimony and data in his report, the Board finds Hagerty's appraisal report is not credible, nor is it a reliable indicator of the subject's market value as of January 1, 2012.

The board finds the best evidence of the subject's market value as of January 1, 2012 is found in the appraisal report prepared by Terpening. The Board finds Terpening inspected the subject on two different occasions and documented, measured and/or graded each structure on the subject property. The Board finds Terpening supported both the cost approach to value and the sales comparison approach to value in his appraisal report. The Board finds Terpening's testimony was credible and logical adjustments were made to determine the subject's fair cash value. The comparables Terpening used sold or were listed for prices ranging from \$385,000 to \$840,000 or for \$7,703 to \$12,125 per acre or from \$3,448 to \$4,200 per campsite. After various adjustments, the sales and/or listing indicated values per acre ranging from \$8,400 to \$8,639, site values ranging from \$5,842 to \$6,008 or total adjusted sales values ranging from \$502,400 to \$516,700. Terpening gave comparable #1 the most weight in his analysis. Terpening estimated the subject's site value of \$5,900 and a per-acre estimated value of \$8,500 was used to estimate the subject's value utilizing the sales comparison approach of \$508,000. The Board finds Terpening's cost approach to value (\$504,000, \$8,425 per acre, \$5,860 per site) was well documented and supported his sales comparison approach to value. Further, Terpening sufficiently explained why he was unable to develop an income approach to value.

The subject's assessment reflects a market value of \$680,210 or \$7,909.42 per campsite, including land, which is above Terpening's estimated value of \$505,000 or \$5,872.09 per site. Based on the above analysis, the Board finds the subject's assessment is excessive and a reduction commensurate with Terpening's estimate of value is appropriate. Since the subject's 2012 market value has been determined, the 2012 three-year median level of assessments for Knox County of 33.30% shall apply

This is a final administrative decision of the Property Tax Appeal Board which is subject to review in the Circuit Court or Appellate Court under the provisions of the Administrative Review Law (735 ILCS 5/3-101 et seq.) and section 16-195 of the Property Tax Code.

Mark Morris

Chairman

[Signature]

Member

Member

[Signature]

Member

Member

DISSENTING: _____

C E R T I F I C A T I O N

As Clerk of the Illinois Property Tax Appeal Board and the keeper of the Records thereof, I do hereby certify that the foregoing is a true, full and complete Final Administrative Decision of the Illinois Property Tax Appeal Board issued this date in the above entitled appeal, now of record in this said office.

Date: June 24, 2016

[Signature]

Clerk of the Property Tax Appeal Board

IMPORTANT NOTICE

Section 16-185 of the Property Tax Code provides in part:

"If the Property Tax Appeal Board renders a decision lowering the assessment of a particular parcel after the deadline for filing complaints with the Board of Review or after adjournment of the session of the Board of Review at which assessments for the

subsequent year are being considered, the taxpayer may, within 30 days after the date of written notice of the Property Tax Appeal Board's decision, appeal the assessment for the subsequent year directly to the Property Tax Appeal Board."

In order to comply with the above provision, YOU MUST FILE A PETITION AND EVIDENCE WITH THE PROPERTY TAX APPEAL BOARD WITHIN 30 DAYS OF THE DATE OF THE ENCLOSED DECISION IN ORDER TO APPEAL THE ASSESSMENT OF THE PROPERTY FOR THE SUBSEQUENT YEAR.

Based upon the issuance of a lowered assessment by the Property Tax Appeal Board, the refund of paid property taxes is the responsibility of your County Treasurer. Please contact that office with any questions you may have regarding the refund of paid property taxes.