FINAL ADMINISTRATIVE DECISION
ILLINOIS PROPERTY TAX APPEAL BOARD

APPELLANT: Peterson Health Care II, Inc.
DOCKET NO.: 12-04340.001-C-3
PARCEL NO.: 08-08-11-403-003

The parties of record before the Property Tax Appeal Board are Peterson Health Care II, Inc., the appellant, by attorney Jason M. Crowder, of The Petersen Companies in Peoria and attorney William A. McNutt of Moore, Susler, McNutt & Wrigley, LLC, in Decatur; and the Moultrie County Board of Review by Special Assistant State's Attorney Christopher E. Sherer of Giffin, Winning, Cohen & Bodewes, P.C., in Springfield.

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 **Moultrie** County Board of Review is warranted. The correct assessed valuation of the property is:

LAND:	$35,000
IMPR.:	$1,140,370
TOTAL:	$1,175,370

Subject only to the State multiplier as applicable.

Statement of Jurisdiction

The appellant timely filed the appeal from a decision of the Moultrie County Board of Review pursuant to section 16-160 of the Property Tax Code (35 ILCS 200/16-160) challenging the assessment for the 2012 tax year. The Property Tax Appeal Board finds that it has jurisdiction over the parties and the subject matter of the appeal.

Applicable Statutory Provision & Regulation

There is no dispute on this record between the parties that the subject property is to be assessed in accordance with Section

10-390 of the Property Tax Code (hereinafter "Code") concerning "Valuation of Supportive Living Facilities." (35 ILCS 200/10-390) The provision states:

> (a) Notwithstanding Section 1-55, to determine the fair cash value of any supportive living facility established under Section 5-5.01a of the Illinois Public Aid Code, in assessing the facility, a local assessment officer must use the income capitalization approach.
>
> (b) When assessing supportive living facilities, the local assessment officer may not consider:
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>> (1) payments from Medicaid for services provided to residents of supportive living facilities when such payments constitute income that is attributable to services and not attributable to the real estate; or
>>
>> (2) payments by a resident of a supportive living facility for services that would be paid by Medicaid if the resident were Medicaid-eligible, when such payments constitute income that is attributable to services and not attributable to real estate.
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> (Source: P.A. 94-1086, eff. 1-19-07.)

The Public Aid Code (305 ILCS 5/5-5.01a) mandates the Department, now known as the Department of Healthcare and Family Services [HFS], to establish and provide oversight for a program of supportive living facilities which seek to promote independence, dignity, respect and well-being for residents in the most cost effective manner. The facilities are regulated in creation and operation, including, but not limited to, 89 Ill.Admin.Code §146.200 through 146.300 and §146.600 through 146.710. As defined by rule (89 Ill.Admin.Code §146,200(b)), a supportive living facility is:

> . . . a residential setting in Illinois that provides or coordinates flexible personal care services, 24 hour supervision and assistance (scheduled and unscheduled), activities, and health related services with a service program and physical environment designed to minimize the need for residents to move

> within or from the setting to accommodate changing needs and preferences; has an organizational mission, service programs and a physical environment designed to maximize residents' dignity, autonomy, privacy and independence; and encourages family and community involvement.

The "Illinois Supportive Living Program" is described, in part, as an alternative to nursing home care for low-income older persons and persons with disabilities under Medicaid. Residents can be both Medicaid and non-Medicaid eligible persons. On its website, HFS states, in pertinent part, that it:

> . . . has obtained a 'waiver' to allow payment for services that are not routinely covered by Medicaid. These include personal care, homemaking, laundry, medication supervision, social activities, recreation and 24-hour staff to meet residents' scheduled and unscheduled needs. (www.slfillinois.com)

The agency further reports that the resident is responsible for paying the cost of room and board at the facility.

Each facility designates one of two service populations: (1) persons with a disability age 22 to 64 years old or (2) persons 65 years or older who meet requirements set forth in Section 146.220 (89 Ill.Admin.Code §146.220). (89 Ill.Admin.Code §146.200(a))[1]

The sole issue before the Property Tax Appeal Board is how to apply Section 10-390, a statutory provision, to an income capitalization approach to value. Both parties to the proceeding presented appraisal reports relying solely upon the income approach to value, but with each appraiser differing in their respective treatment of expenses which were related to services.

Findings of Fact

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[1] See also 89 Ill.Admin.Code §146.205, definition of a "Medicaid Resident":

> a person with a disability (as determined by the Social Security Administration) age 22 years and over or a person who is age 65 years and over, who has been determined eligible for Medicaid payment for SLF [supportive living facility] services. Eligibility for a person residing in an SLF shall be determined in accordance with 89 Ill.Admin.Code 120.10 and 120.61 (excluding subsection (f) of Section 120.61). . . .

Pursuant to Property Tax Appeal Board rule §1910.78 (86 Ill.Admin.Code §1910.78) due to the common issues of law and fact, Docket No. 10-01578.001-C-3 was consolidated with Docket Nos. 12-04340.001-C-3 and 13-04297.001-C-3 for purposes of a single oral hearing. The Property Tax Appeal Board shall issue separate decisions for each docket number.

The subject property consists of a two-story frame and masonry 50-unit supportive living facility that was built in 2008 on a concrete slab foundation. The facility contains approximately 42,131 square feet of total building area.[2] The net rentable area is 19,648 square feet consisting of 26 studio units of 308 square feet and 24 one-bedroom units of 485 square feet. Features include an elevator and the building is sprinkled. Common areas of the facility include a central kitchen, dining room, activity room, library and administration offices. The property has a 2.98-acre site and is commonly known as Courtyard Estates of Sullivan located in Sullivan Township, Moultrie County.

The appellant appeared by its attorneys before the Property Tax Appeal Board contending overvaluation as the basis of the appeal. In support of this argument, the appellant submitted a 42-page appraisal with addenda pages with an opinion of the subject's assessment as of January 1, 2012 prepared by Donna J. Howard, an Illinois Certified General Real Estate Appraiser. The appraisal indicates that it is subject to the statutory criteria for a supportive living facility. Howard was called as a witness for the appellant. In her testimony, she specified that the conclusion of the appraisal was "not market value because it's the fair cash value based on this statute, so it's not technically market value, but it's the value that you come up with by following this statute." (TR. 14)[3]

[2] The appellant's appraiser reported a building size of 42,131 square feet whereas the board of review's appraiser reported a building size of 41,736 square feet. Neither appraiser included a schematic drawing of the entire facility, but rather included only schematics of the two types of living units. The board of review did not submit a copy of the subject's property record card as is required by the rules of the Property Tax Appeal Board. (86 Ill.Admin.Code §1910.40(a)) The Property Tax Appeal Board finds the slight size discrepancy of 395 square feet does not prevent a ruling on the correct assessment of the subject property in this matter particularly in light of the statutory requirements that apply to the assessment of the subject.

[3] References to the transcript of the proceedings will be denoted by "TR." followed by page number citation(s).

Howard is a self-employed appraiser and operates the firm DJ Howard & Associates, Inc. in Highland. Her biography is attached to the appraisal report. Howard's education includes a Masters degree from Webster University in Real Estate Management and Gerontology which she testified essentially involved nursing home management. (TR. 7) Howard has been an appraiser for 21 years.

In order to appraise the subject property, Howard visited the property and inspected both the interior and exterior. As set forth in the appraisal, the property was inspected on December 4, 2012. Howard also gathered market data concerning supportive living and researched rentals of elderly apartments in and around Sullivan. (TR. 8) Howard utilized the income approach to value which means consideration of revenues and expenses to then capitalize the net income. She considered the revenues and extracted the service portion in accordance with her reading of Section 10-390 of the Code (35 ILCS 200/10-390) and then considered the historical operating expenses as well as expense data for comparable properties to estimate operating expenses which were then deducted from the non-service revenue to arrive at a net operating income. (TR. 9-10)

Howard testified that the income capitalization approach to value formula consists of the gross potential revenue, what the property could receive if fully occupied, less market vacancy, which results in an effective gross income. Next, expenses are deducted which results in a net operating income figure which is divided by the capitalization rate which should be derived from market sales of other similar properties or published survey data which then results in a value conclusion. (TR. 10) This formula is modified by the Code according to Howard in that, "The law asks that no payments from services be included in the income capitalization approach." (TR. 11)

The appraiser found that as a supportive living facility, in addition to the apartment unit itself, the monthly rental rate includes utilities, three meals per day, housekeeping and laundry services, as well as activities and scheduled transportation. (Appraisal, p. 20 & 26) In summary and in light of the applicable Code provision, Howard deducted the amount which she attributed to services which she based upon the facility's double occupancy charge. (TR. 11-12)

Howard began the income analysis with consideration of a competitive market analysis by comparing the subject's rental rates with other facilities in the area in order to determine the market rental rate for the real estate only. In this regard, the appraisal report acknowledged that the subject is a unique property for the area in design, construction quality and amenities offered. (Appraisal, p. 1) However, Howard collected market data from Moultrie, Shelby and Douglas Counties on apartments, senior citizen apartments, retirement apartments and independent living apartments. She found apartments that included utilities, three daily meals and housekeeping with rental rates from $900 to $2,080 per month for studio and one-bedroom units. (Appraisal, p. 27) Senior citizen housing with no services included in the rental rate had a rent of $700 per month; the facility was considerably older and of lower quality construction when compared to the subject.

Next, Howard examined the additional fee charged for a second resident in an apartment of the subject facility. She opined that this fee "covers the cost of meals and services for the second person in the unit" which charge at the subject facility is $650 per month. The appraiser concluded this fee represents the amount of the total rental rate that is attributable to services over and above the rental of the studio or one-bedroom suite itself. She further supported this opinion by considering the price of guest meals of $5 per meal and attributed the same figure to a second resident in a suite for a monthly cost estimate of $456 and similarly used $10 per day for housekeeping, personal care and laundry per person for a monthly cost estimate of $304, thereby finding that the $650 per month double occupancy charge was well supported as the portion of the rental rate attributed to services rather than to the rental of the suite itself. (Appraisal, p. 28)

Howard testified that by deducting this amount from the total rent, she opined that she had no payments for service within the income capitalization approach. (TR. 11-12) In the appraisal, Howard reported the current asking rental rates for studios of $2,025 per month and one-bedroom suites of $2,450 per month resulting in an annual gross potential rental income of $1,337,400 less the service portion of revenue of $650 per month per unit on an annual basis of $390,000. This resulted in a gross potential income, excluding services, of $947,400.

For the subject's occupancy, Howard reported as of the date of the inspection the subject was 71% occupied and as of the date of value of January 1, 2012 the subject was 82% occupied. (Appraisal, p. 28) The appraiser sought to establish a stabilized occupancy and reported area seven area supportive living facilities had occupancies ranging from 95% to 100% with an overall occupancy rate of 98.1%. (Appraisal, p. 28) Having considered the foregoing data, Howard opined a stabilized occupancy for the subject of 85% resulting in a deduction for vacancy of 15% of gross potential income or $142,110 resulting in an effective gross income of $805,290.

Next, Howard deducted all expenses except real estate taxes. (TR. 13; Appraisal, p. 29-32) The appraisal report summarized the historical operating statements for the subject property for 2009, 2010 and 2011. (Appraisal, p. 29) In addition, Howard compared operating expenses of other similar facilities in order to more accurately estimate market derived operating expenses. To do this, Howard analyzed 2011 operating expense histories of facilities in surrounding counties to the subject as collected from the State of Illinois' Medicaid Cost Reports. She then calculated both the mean and median expense per day for each category of expenses and also the mean and median expense per occupied day for each category of expenses. (Appraisal, p. 30)

The expenses for dietary were stabilized at $10.65 per occupied day. The laundry/housekeeping/maintenance expense was stabilized at $2.85 per occupied day based upon the survey data. After considering the comparable data, the appraiser estimated a stabilized utilities expense of $4.50 per total day. While Howard found the health and personal care expenses varied widely among the comparable facilities and the subject has ranged from $10.97 to $14.12 per occupied day for the prior three years, she stabilized the figure at $9.50 per occupied day in light of the median expense per occupied day of competing properties. Given survey data and the subject's reported activities expense range of $0.06 to $0.10 per occupied day, Howard stabilized the subject's activities expense at $0.08 per occupied day. The administrative expenses were described in the appraisal as a mixture of fixed and variable expenses; the appraiser considered survey properties without large rental expenses and stabilized this expense at $12.50 per total day. Given the mean and median employee benefits expense, Howard stabilized this figure at $4.30 per day. The insurance expense mean and median expense was $0.97 and $0.96 per day; the subject's most recent insurance expense was $0.40 per day which was used in the appraiser's analysis. The subject's rental expenses have ranged from $0.24 to $0.37 per total day and the appraiser used $0.35 per total day. Howard utilized an expense of $250.00 per unit or $12,500 per year for reserves for replacement of short-lived building items and major structural components or mechanical equipment.

As set forth in the appraisal, these expenses totaled $751,497[4]; after deducting the expenses, the appraiser estimated a net operating income for the subject of $53,793.[5] (Appraisal, p. 32)

The next step under the income approach analysis was arriving at an appropriate capitalization rate derived from current criteria of investors and lenders in the marketplace. One method considers data from Realtyrates.com Investor Survey for the 1st Quarter 2012 which indicated overall capitalization rates for Healthcare & Senior Housing - Assisted Living Facilities ranged from 4.58% to 12.6% with an average overall rate of 8.23%. A second method is surveying current market conditions and the requirements of investors and lenders. The appraiser consulted with local banks familiar with facilities such as the subject and typical mortgage terms were found to be a 75% loan/value ratio and a 6.5% interest rate with a 20 year amortization. In light of this data, the appraiser determined a 12.5% equity dividend requirement was reasonable. Another method is the band of investment technique depicted on page 33 of the appraisal with an indicated capitalization rate of 9.84% or about a 9.75% required ratio of net operating income to property value. As a final method, Howard utilized a debt coverage ratio analysis resulting in an 8.0% overall capitalization rate. Considering these various methods, Howard estimated a capitalization rate for the subject of 8.25% to which she added the estimated effective tax rate to arrive at an overall capitalization rate of 11.258%. Howard then capitalized the subject's net operating income of $53,793 at the overall capitalization rate resulting in an indicated value under the income approach of $475,000, rounded.[6]

Next, in the appraisal report Howard acknowledged the value conclusion of $475,000 includes the real estate and the "furniture, fixtures and equipment" (FF&E), because as a supportive living center for the elderly, the facility includes FF&E necessary for the operation. For assessment purposes, the value of the real estate only is to be determined and therefore, the appraiser must make an allocation between the real estate and the FF&E.

[4] Howard made an error in the daily administrative expense having utilized $12 per day instead of the stabilized figure of $12.50 per day as reported on page 31. The total expenses would have increased by $9,125 with use of the higher daily figure.

[5] With the correct administrative expense outlined in Footnote 4, the net operating income mathematically would have been $44,668.

[6] Applying the mathematical corrections of Footnotes 4 and 5 would result in a final estimate of value of $396,767.

Howard reported that the subject was recently completed in 2008 and the owners reported the original cost of FF&E was $336,812. According to Marshall & Swift's Valuation Guide the life expectancy of the FF&E is estimated to be 10 to 15 years which would result in approximately 4 years or between 26% and 40% depreciation. "It is our opinion that a 40 percent reduction for FF&E is reasonable." (Appraisal, p. 35) Applying the 40% reduction for FF&E resulted in an estimated market value of FF&E of $200,000, rounded. Thus, Howard reduced the total estimated value for the subject of $475,000 by $200,000 for an allocation to the real estate of $275,000 as of January 1, 2012 subject to the statutory criteria for a supportive living facility.[7]

Based on the foregoing evidence and testimony, the appellant implied the subject should have a total assessment of $92,000, rounded, by applying the statutory level of assessment of 33.33% to the appraiser's conclusion.[8]

On cross-examination, the witness acknowledged that the Statement of Basic Assumptions and Limiting Conditions of the appraisal report were typically used in an appraisal report. (TR. 23) The definition of market value in the report was derived from the Appraisal Institute which was not specifically cited in the appraisal report which was an oversight. (TR. 23) Upon questioning, the witness asserted that definitions were not required by USPAP for marketing periods or exposure times. (TR. 23-24) Howard did not inspect every unit being appraised; she testified that the assumption that observed units were representative of the remaining units was not a hypothetical or extraordinary assumption. (TR. 24-25) As part of the neighborhood analysis of Sullivan, Howard did not indicate any nearby nonresidential uses in the analysis. (TR. 25; Appraisal, p. 11)

For market area data, the witness testified ideally the appraiser would seek to find apartments that are exactly like the subject which offer no services in order to use those rents as an estimate of market rental rates without services; there was no such information of similar quality, age and the like. (TR. 26-27) Howard testified that the market area data on rental rates reflects information that she was able to verify. With regard to rental rates, she was looking for market rent and some of the area facilities were Medicaid which would not have

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[7] Using the corrected final value estimate and deducting the depreciated value of FF&E would result in a final value conclusion of $196,767.

[8] In Section 2d of the Commercial Appeal petition, the appellant actually requested a total assessment for the subject property of $103,000.

necessarily been market. Given that comparable area facilities were older which would have resulted in a much lower rent and less relevant, Howard instead chose to exclude the service portion of the subject's rental rate for the income analysis. (TR. 20-21) Howard also testified that the subject's rent was felt to be the most appropriate as the "subject was at market because it is the market" even though there are multiple supportive living facilities within a 40-mile radius of the subject. (TR. 27)

As to the subject's vacancy and collection loss of 15%, Howard testified that the subject's occupancy rate of 83%, after being open 5 years, was still below comparable area properties which were displayed on page 29 of the appraisal report with occupancies ranging from 95.7% to 100%. (TR. 28) Upon further inquiry, the witness opined that the subject's lower occupancy is a function of "not enough demand" given that the facility is newer and she is sure that the operators are trying to lease it. (TR. 29)

With regard to the exclusion of "inflated real estate tax projections" in the appraisal, Howard testified that the report was written after her analysis of the data had been made and that it was typical in a property tax appeal to exclude real estate taxes from the expense analysis in the income approach. (TR. 21-22; Appraisal, p. 31) The witness disagreed that her reliance upon the financial data she utilized was either an extraordinary assumption or a hypothetical condition. (TR. 24) Furthermore, with regard to the deduction of expenses that were associated with the income attributable to the ongoing operations, including the services to residents, Howard testified that she "followed the statute of the law that said exclude payments. That's all it said." She did not include the services revenue, but did include the expenses "per the law." Howard acknowledged that by taking the service-related expenses against income that did not include revenue from services, her net operating income figure was reduced or lowered. The witness also indicated that throughout the report where the value was presented the extraordinary assumption/hypothetical condition concerning the value of the subject property was reiterated as being based upon "the assumptions imposed by the State of Illinois regarding the valuation of supportive living facilities." (TR. 24) Howard further testified that this technique should be widely used by other appraisers valuing assisted living facilities in Illinois if they are following the law, but she was not aware of other appraisers appraising supportive living facilities. (TR. 29-31)

Furthermore, upon inquiry, the witness opined that expenses related to services have an impact upon real estate value. Howard testified that she has appraised other supportive living facilities besides the subject and believes there were three in southern Illinois, but without checking records could not further specify which county(s). (TR. 31-32)

In response to questions by the Administrative Law Judge, Howard acknowledged that the deduction for "vacancy and collection loss" from gross potential revenue is done to account for vacancy when the appraised property is not 100% occupied. (TR. 35) Despite having already deducted for vacancy and assuming less than 100% occupancy, for the itemized expenses, Howard further made distinctions for some of the categories on a "per occupied day" basis and on a "per day" basis because some of the expenses are variable and some are fixed. (TR. 35-37) The reserves for replacements expense was based upon the amount of equipment that will be short-lived such as common area furniture and kitchen equipment. (TR. 39)

Howard reiterated her opinion that despite having deducted the income for services of $650 per unit she believes it was also appropriate to deduct the service related expenses "because the law only says to exclude the payments. It doesn't say to exclude the expenses associated with it." When asked by the Administrative Law Judge if from an appraisal perspective such deductions were not in essence "double deducting," Howard stated, "As an appraiser, I had to follow the law, I felt like -- you know, it's not for me to question the law." She further opined that if the intent was to take out both payments and expenses, it would have said so. (TR. 40-42)

On re-direct examination, Howard testified that she applied a literal interpretation to the statutory provision concerning the assessment of supportive living facilities. (TR. 42-43)

The board of review submitted its "Board of Review Notes on Appeal" disclosing the total assessment for the subject of $1,200,000. The subject's assessment reflects a market value of $3,622,095, land included, when using the 2012 three year average median level of assessment for Moultrie County of 33.13% as determined by the Illinois Department of Revenue.

In support of its contention of the correct assessment, the board of review submitted a 58-page appraisal report prepared by Joseph M. Webster, an Illinois Certified General Real Estate

Appraiser who, as of the preparation of this appraisal report, also has the Member of the Appraisal Institute (MAI) designation. Webster was called as a witness and acknowledged that he had never testified before the Property Tax Appeal Board previously. (TR. 45-46) The report was dated January 8, 2014 and was a retrospective value conclusion. For this assignment, he utilized the income approach to value the subject property in accordance with his reading of Section 10-390 of the Code in estimating the property had a market value of the fee simple estate of $3,740,000 as of January 1, 2012.

Webster is employed by James H. Webster & Associates, Ltd. in Urbana. The firm is operated by the witness' father who is also the President of the firm. Webster has a Bachelor's degree in Finance and a Master's degree in Business Administration along with about fourteen classes from the Appraisal Institute and one class from IRWA.[9] The witness was a licensed trainee as of 2006 and obtained his appraisal license in 2009. (TR. 44-45) Within the appraisal report, Webster asserted his experience includes the appraisal of numerous senior living facilities in Central Illinois along with developmentally disabled facilities and low-income housing facilities. (Appraisal, p. 12)

He testified that he was hired by the county assessment office "basically in defense of the current assessment or to determine the appropriate assessment as a result of the appeal." Upon further questioning, the witness did not mean he was advocating a position in the report. Furthermore he was not given special instructions by his client. His compensation for the appraisal report was not related to his final value conclusion. (TR. 46-47; see also Appraisal, p. 13 "Certification" Items #5 & #6)

The appraiser inspected the exterior and interior of the subject property on March 27, 2013 by walking around and looking at both common areas and some of the units; as part of the inspection, he was not permitted to take photographs by the owner. (Appraisal, p. 2, 6; TR. 48)

The witness characterized the purpose of his appraisal to determine the appropriate assessment. (TR. 49) The appraisal report sets forth that the property rights being valued were the fee simple estate, but there were three extraordinary assumptions used in the analysis that lead to an opinion of value: (1) given the date of inspection, it was assumed that there were no significant changes between the effective date of

[9] IRWA was not defined at hearing and was not stated in the educational qualifications of the appraiser attached to this appraisal report.

the appraisal and the date of inspection; (2) a random sampling of the interior units was made and assumed to be representative of the remaining units concerning condition, layout and finish; and (3) "there was some items relied on from an appraisal report by Donna J. Howard, which had an effective date of January 1, 2012 and a report date of March 14, 2013. It is being assumed that these items are accurate." (Appraisal, p. 8)

Due to the scope of the appraisal assignment, the income capitalization approach to value was the sole method necessary for valuing the subject property. However, based upon the client's request for an opinion of market value of the land to determine an appropriate allocation between land and building assessments, the appraiser also performed additional valuation work within the report to develop an estimated land value for the subject parcel. (Appraisal, p. 10; TR. 49)[10]

Webster began the income analysis with consideration of competing properties where he determined that there were no comparable unit types in Sullivan, "with the potential exception of some of the apartment and duplex units in Mason Point." (Appraisal, p. 29) Additionally, there was a senior living facility in Arthur, but the rent information could not be confirmed and the appraiser noted this property was older and less functional than the subject. Webster also acknowledged area apartments which were income restricted, duplexes that differed from the subject in design and other apartments that were older than the subject. (Id.)

Given the foregoing data, the appraiser reported area comparables with monthly rents ranging from $900 to $3,575 for studio/suites/two-bedroom units with varying levels of services included for the tenants. Rents for a second resident were reported to range from $310 to $1,000 per month and one comparable had an entry fee of $500. (Appraisal, p. 29-30) In light of the data, Webster opined that a market rent of $2,000 to $2,150 per month for studio units and from $2,400 to $2,600 per month for one-bedroom units was reasonable. He further opined that an additional tenant charge of $500 per month was also reasonable. (Appraisal, p. 30)

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[10] Due to the issues raised in this appeal which did not specifically challenge the subject's land assessment, the Property Tax Appeal Board will not discuss the portions of the Webster appraisal report, data on pages 41 through 48, concerning vacant land sales and a land value conclusion for the subject parcel which he performed solely at the request of the assessing officials.

Next, Webster stated that the Howard appraisal report with a date of March 14, 2013 reported the subject's asking rents of $2,025 per month for a studio and $2,450 per month for a one-bedroom unit. Webster found these rents to be "in line" with the majority of the market area comparables outlined previously, therefore he chose to use the subject's rents in his analysis. Webster also reported the second person charge at the subject facility was $600 per month and determined that to be slightly higher than suggested by the comparable properties, but was generally consistent and a reasonable deduction "to reflect the additional rental income based on dining and services, as opposed to real property." (Appraisal, p. 31)[11]

The appraiser then analyzed the income and expenses beginning with a potential gross annual operating income of $1,337,400 less $600 per month per unit attributable to additional services such as dietary, wellness and laundry/housekeeping for an estimate of potential gross income of the real property of $977,400. (Appraisal, p. 32 & 35)[12]

Next, Webster estimated vacancy and collection losses at 16% of the gross operating income or $156,384 resulting in an effective gross income of $821,016.[13] The appraiser also explained that the occupancy rate reported by in-house counsel of the appellant was 80% as of March 1, 2013. The appraiser opined that five years of operation was sufficient time to reach stabilized occupancy. As such, he concluded that there was evidence to support lower than typical occupancy rates at the subject property to be reflected in the stabilized vacancy and collection loss calculation. (Appraisal, p. 33) Five examples of vacancy rates for supportive living facilities ranging from 0% to 11.41% were reported by the appraiser; occupancy rates from five additional supportive living facilities in Central Illinois were reported to range from 94.38% to 100%. (Id.) Webster opined in his report that the subject's "lower than typical occupancy rate is believed to be the excessive percentage of studio units." (Id.)

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[11] As reported by Howard, by the valuation date at issue, the additional charge for a second resident in a room had increased to $650 per month instead of the $600 charge that Webster reported.

[12] See Footnote 10, if the actual services charge of $650 per month for an additional tenant were calculated, the resulting potential gross income would be $947,400.

[13] Utilizing the additional person charges set forth in Footnote 10, the resulting effective gross income would be $795,816 with a 16% vacancy and collection loss.

Webster then began an examination of expenses and recognized that a property like the subject typically has services related to health/personal care, dietary and activities. Given the scope of the instant assignment, however, "a deduction was made from the rents to reflect the additional income generated, as a result of these services. Given that the valuation is based solely on real property, it is also necessary for these items to be omitted as expenses." (Appraisal, p. 33) As a result, Webster limited his consideration of expenses and specifically excluded expenses for dietary, health/personal care and activities.

At hearing, when asked why he excluded expenses related to services, Webster initially referenced what he termed as "legislation." Upon further inquiry, the document he was reading from was page 70 of the 77th Legislative Day, February 22, 2006, State of Illinois 94th General Assembly Regular Session Senate Transcript. This document was not part of the appraisal report and had not been submitted by the board of review as part of its evidence in this matter. Counsel for the appellant objected to the document and it was determined that the witness was given the document the day before the hearing by the Moultrie County Chief County Assessment Officer. (TR. 51-53) After additional legal arguments about the legislative transcript and that it was a new document, the witness was instructed by the Administrative Law Judge to explain his reason, at the time he prepared his appraisal report, for excluding certain expenses. Webster stated:

> Well, my theory was that, you know, property of this type, supportive living facilities typically have -- not always, but sometimes have lower expense ratios, and that would allow for some potential for going concern or business value and, you know, the assessment does not consider business value obviously. So if there's profit from services, that should be sliced out.

(TR. 53-54) In addition, Webster did not include real estate taxes, but instead added a load factor to the capitalization rate to account for this expense.

In testimony, Webster also opined that with the removal of income for services, but also with a deduction for services expenses, could result in an extremely high expense ratio in the income approach and "could result in a negative net income." (TR. 54-55) It was the appraiser's opinion that logic dictated the exclusion of service expenses given the removal of service income from the revenue calculation pursuant to the statutory provision at issue. (TR. 55-56)

As part of the expense data, on page 32 of the appraisal report, Webster set forth an historical operating income statement for the subject for years 2009, 2010 and 2011 as published on the Illinois Healthcare and Family Services website. (Appraisal, p. 31-32) In addition, Webster provided a reconstructed income and expense analysis of two "comparable properties" for which he provided no data as to the size, specific age, location and/or other characteristics. (Appraisal p. 36) The reported rent and expense data were set forth on a per-unit basis with "income attributable to service" having been deducted, but no explanation as to what was deducted or the methodology utilized. As depicted on page 36, rents were reported to be $3,608 and $14,861 per unit, respectively. The appraiser stated that wages for Comparable Property 1 were reflected in each expense category whereas wages were a separate expense for Comparable Property 2. As part of the narrative, Webster stated the wage expense for Comparable Property 1 reflected 43.45% of income. (Appraisal, p. 37)

The itemized per unit expenses for these comparable properties were set forth as follows: utility expenses of $1,005 and $1,355; insurance expense of $89 and $522; a miscellaneous expense of $2 and $118; taxes of $21 and $408; maintenance of $1,266 and $161; marketing of $299 and $7; office/administrative expense of $340 and $21; and wages of $0 (as explained above) and $3,956, respectively. Webster reported total per unit expenses of $3,022 and $6,549 which then reflect expense ratios of 83.77% and 44.07%, respectively. After deducting these expenses from the stated monthly unit incomes of these comparables, these properties have net operating income figures per unit of $586 and $8,312, respectively. (Appraisal, p. 36)

For the subject's appraisal project based on comparable expense data and the reported expenses of the subject, Webster estimated housekeeping, laundry and maintenance expense to be $1,300 per unit. As part of the narrative, the appraiser acknowledged this expense may partially encompass housekeeping and laundry for the individual units. (Appraisal, p. 34) Heat/utilities were stabilized at $1,300 per unit. The "general services miscellaneous" expense was estimated to be $125 per unit. Insurance expense of $325 per unit was estimated for the subject and marketing was estimated at $250 per unit. The administrative/clerical expense was stabilized at $2,000 per unit. To account for the deduction of both service income and service expenses, Webster reduced the employee benefits and payroll taxes for wages associated with dietary, health care/personal care and activities along with social services which were outlined on page 35 of the appraisal report. Based on the comparables, Webster opined a wage expense of $7,500 per unit was reasonable of which 65% would be devoted to dietary, health care/personal care and activities/social services. Therefore, Webster estimated the remaining $2,625 per unit was attributed to wages for the remaining categories along with $473 per unit for employee benefits and payroll taxes. (Appraisal, p. 35) The expense category of equipment rental was projected to be $75 per unit and Webster determined that a 5% management fee would be reasonable for a property like the subject.

Having determined unit expenses, Webster then reconstructed an income statement with the applicable expenses for housekeeping, laundry and maintenance of $65,000; heat/utilities of $65,000; general services miscellaneous of $7,500; marketing of $12,500; the category of administrative/clerical totaled $100,000; employee benefits/payroll taxes came to $23,650; the insurance expense was $16,250 per year; equipment rental was estimated to be $3,750; the 5% management expense was estimated to $41,051.[14] In this analysis, Webster had no maintenance and repairs expense. (Appraisal, p. 34-35, 38)

Webster next detailed his analysis of the reserves for replacement expense for long-lived items such as the furnace and roof based on a sinking fund factor at a rate of 5% resulting in an expense of $10,528. Besides the roof and furnace, the analysis also included the parking lot and "miscellaneous" which was noted to include siding, windows, concrete sidewalks, etc. with each item category having a useful life of 20 years. Additionally, he performed a similar analysis for reserves for replacement related to the FF&E at a sinking fund factor rate of 5% given an "anticipated cost new" of the FF&E of approximately $200,000 with a 10-year useful life for an expense of $15,901 related to the FF&E. (Appraisal, p. 36 & 38)

On page 27 of the appraisal report, Webster considered Howard's reported FF&E cost new of $336,812. Webster determined that kitchen equipment should not be included within FF&E "given that the real property value does not include dietary services"; he attributed 40% of the total FF&E costs towards the kitchen

[14] Given the error in the calculation of the service fee for an additional resident, a 5% management fee of the corrected effective gross income would actually be $39,791.

equipment resulting in a remaining FF&E value of $202,087 or $200,000, rounded. Furthermore, with a 10-year useful life and a four-year-old facility, as of the date of the valuation the FF&E had an implied value of $120,000 according to Webster.

Then deducting the total operating expenses enumerated by Webster of $361,130 results in a net operating income for the subject of $459,886.[15]

The next step under the income approach analysis was arriving at an appropriate capitalization rate. Webster set forth a mortgage rate analysis and a band of investment technique in the appraisal report. The appraiser also discussed investor survey data in the narrative of the report on page 39. Based on the data, he found the overall rate to be 8.94% and Webster opined a loaded capitalization rate of 11.92% based on the real estate tax load. When the loaded rate was applied to the net operating income of $459,886 for the subject, the result was a value of $3,860,000, rounded.[16]

The appraiser next stated that the value attributable to the FF&E of $120,000 must be deducted resulting in a final opinion of the market value of the subject property as of January 1, 2012 by the income capitalization approach of $3,740,000, rounded.[17]

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

On cross-examination, Webster acknowledged that the income capitalization approach to value is a common valuation methodology utilized for various properties other than just supportive living facilities. He further acknowledged that regardless of the property, applying the income approach could result in a negative value. Webster further testified that if in the course of performing an appraisal assignment a negative value were reached under this approach and there were no errors in the calculations, he would review the highest and best use

[15] With the corrections to equipment rental and miscellaneous expenses on an annual basis, the actual total expenses were $358,620 which, when deducted from the corrected effective gross income figure of $795,816, results in a net operating income conclusion of $437,196.
[16] Applying the overall capitalization rate of 11.92% to a corrected net operating income figure of $437,196, results in a value conclusion of $3,667,752.
[17] Deducting the value of FF&E from the corrected net operating income calculation reflects a final value of $3,547,752.

analysis perhaps reconsidering a current use determination and finding an alternative use was appropriate. (TR. 57-59)

When asked how he determined to exclude certain expenses in his income approach analysis, Webster admitted that he "did speculate on the rationale for valuing supportive living facilities, and I felt that, you know, if you look at the cost, the depreciated cost to real estate of a property like this, you know, to -- if I were to include dietary, healthcare, and activities as expenses that make a second person charge deduction, that would result in a net income that -- you know, I don't think that would symbolize the real estate value. I mean, I think -- yeah." (TR. 62) In summary, Webster acknowledged that he made his own interpretation of the statute and further acknowledged that the statutory provision did not require the exclusion of those particular expenses. (TR. 63)

In answer to questions by the Administrative Law Judge concerning what expenses would be applied in the income capitalization approach, Webster testified that the Illinois Department of Healthcare and Family Services [HFS] maintains a website that groups all the expenses which he utilized. His further investigation involved looking at expense comparables. (TR. 64-65)

In addition, Webster testified that he adjusted the FF&E for kitchen equipment because he did not include "dietary revenue, so -- you know, dietary expenses . . . [s]o a prudent manager of real estate would spend money on frying machines or dishwashing machines or ovens." (TR. 66) As to the other expenses in his appraisal report that were not related to services, Webster stated that he "analyzed what the market suggested; is there anything that's out of line." He analyzed whether any expenses were really high or really low compared to the average or the standards by the market and from there he determined what appropriate expenses would be. (TR. 66-67)

Written Closing Arguments

The appellant's closing argument asserted its appraiser followed the terms of the statutory provision in arriving at an estimated market value of the subject property by utilizing the income approach to value and applying Section 10-390 to that value approach. Appellant's appraiser removed income related to services as required by the statute, but the statute does not call for removing expenses related to those services. With citation to case law, appellant argued the statute should be given its plain and ordinary meaning.

The appellant further argued that the legislative intent was to encourage private development of supportive living facilities "by providing them with a significant, and clearly stated real estate tax incentive." Appellant further contended that the board of review's appraiser in the income approach to value removed certain expenses in the analysis which were not called for by the statutory provision.

For its reply brief, counsel for the board of review at page 3 argued that:

> . . . the value of the real estate under an income capitalization approach would be artificially deflated if the expenses associated with the 'income that is attributable to services and not attributable to real estate' are not likewise extracted from the analysis. While not compelled by the explicit directions contained within section 10-390, common sense nonetheless dictates that such expenses not be considered when endeavoring to determine the fair cash value of a supportive living facility.

The board of review further argued in its brief that construing the applicable statute requires giving effect to the intent of the legislature and should avoid absurd results. The appellant's interpretation of the provision leads to an absurd result with an artificially deflated assessment. Furthermore, as to the appellant's argument that the legislature intended to encourage such private development of supportive living facilities with this reduced assessment, the board of review noted there were no citations to either statutory language or legislative history to support the claim.

Citing statutory provisions related to the valuation of low-income housing projects, the board of review contends that the legislature knows how to explicitly set forth a valuation method when so desired. (See 35 ILCS 200/10-235, et seq.) According to the board of review and in the absence of legislative intent, logic dictates that if payments for services are excluded from the equation, certain expenses incurred in providing those services should also be removed from consideration.

In reply, counsel for the appellant contends the valuation approach including the removal of expenses was clear error by the board of review's appraiser which is not supported by the statutory language. With citations to cases, appellant argued that clear statutory language must be given its effect without resort to other aids of construction; exceptions, conditions or limitations should not be read into the statute that were not expressed by the legislature.

Counsel for the appellant further argues that there is no absurd result as asserted by the board of review; instead, the statutory provision removes specific payments and is not ambiguous. Any property with no income or insufficient income could produce a negative value conclusion under the income capitalization approach. Since the removal of payments for services in Section 10-390 naturally reduces the income in the formula, the appellant argues the resulting reduced value with deduction of all expenses is not an absurd result or unexpressed omission in the statutory provision.

Finally, the appellant cites to Section 10-235, et seq., regarding low-income housing projects which considers "actual or probably net operating income attributable to the property" as additional support for its interpretation of the instant statutory provision. In contrast, Section 10-390 only calls for exclusion of service payments and is silent on any other aspects, including the treatment of expenses. Appellant at page 4 argued that "had the legislature intended the assessor remove the expenses that it deemed to be related to the payments removed, then the statute would have so provided."

Conclusion of Law

The appellant contends the market value of the subject property is not accurately reflected in its assessed valuation as mandated by Section 10-390 of the Code (35 ILCS 200/10-390). When market value is the basis of the appeal the value of the property must be proved by a preponderance of the evidence. 86 Ill.Admin.Code §1910.63(e). Proof of market value may consist of an appraisal of the subject property, a recent sale, comparable sales or construction costs. 86 Ill.Admin.Code §1910.65(c). The Board finds the preponderance of the evidence meets this burden of proof and a reduction in the subject's assessment is warranted.

The question before the Property Tax Appeal Board is purely an issue of statutory interpretation concerning Section 10-390 of the Code directing the valuation of supportive living facilities which is then intertwined with valuation practices, theories and methodologies.

This assessment appeal concerns a supportive living facility set forth in Section 10-390 of the Code which is one of the enumerated "special properties" set forth in Article 10 of the Code specifying the valuation to be utilized. Section 10-390 commences with the phrase "[n]otwithstanding Section 1-55" in order to determine the fair cash value of a supportive living facility, a local assessment officer must use the income capitalization approach.[18]

Both parties' appraisers, Howard and Webster, agree on the basic principles and methodologies applicable and employed in an income approach to value. Both parties agree that the income approach technique requires the appraiser to derive a value indication for an income-producing property by converting its anticipated benefits (such as cash flow or future rights to income) into property value. One method is to convert one year's income expectancy (potential gross operating income less operating expenses) by applying a market-derived capitalization rate. (Howard appraisal, p. 1; Webster appraisal, p. 28)

In fact, both appraisers had the identical starting point of total potential gross income of $1,337,400 using the subject's actual rents for units in 2012. There was a slight divergence between the appraisers in the deduction for services where Howard for the appellant utilized a monthly charge for a second resident in a unit of $650 and Webster used a fee for a second resident in a unit of $600. Both appraisers made the deduction to account for income attributable to services in accordance with Section 10-390 of the Code. In light of the varying figures, however, the Property Tax Appeal Board finds more support with Howard's additional fee of $650 per month. Since multiple tax years have been consolidated, the Board takes judicial notice that the subject's rental rates increased in 2012 over the data presented by the parties for tax year 2010. In this regard, the Board further finds it would be illogical for the additional charge for a second resident in a unit to remain unchanged for 2012 in light of the increase in base rental rates. Therefore, the Board finds that Howard presented

[18] Section 1-55 of the Code defines 33 1/3% for purposes of the Code as "one-third of the fair cash value of property, as determined by the Department's [of Revenue] sales ratio studies for the 3 most recent years preceding the assessment year, adjusted to take into account any changes in assessment levels implemented since the data for the studies were collected." (35 ILCS 200/1-55)

the most credible second resident charge of $650 per month. In light of this modification to Webster's service deduction to $390,000, the resulting income figure for both appraisers would have been $947,400 for 2012.[19]

The next step in the income approach is to deduct vacancy and collection losses which are estimated by appraisers. Howard estimated 15% of PGI and Webster estimated 16% of PGI. This differing estimate resulted in differing effective gross income (EGI) figures. Howard arrived at an EGI of $805,290 and the Board finds that 16% of $947,400 would result in a vacancy and collection loss by Webster of $151,584 resulting in an EGI of $795,816.

The primary point where these two appraisers diverged in their respective applications of the income approach to value was in the consideration of applicable expenses to be applied to the EGI. In summary, Howard in her application of expenses took a literal approach by finding that Section 10-390 did not limit the expenses to be applied and/or considered whereas Webster took a more pragmatic approach determining that he should not include service related expenses when he removed service related income from the PGI and the resulting EGI calculation(s).

For this conflict between the expert witnesses in this proceeding, the Board finds it is necessary to consider the standards of appraisal theory along with analyzing case law to seek guidance as to which appraiser properly applied the stated provisions of Section 10-390 to the income approach analysis which the provision mandates be utilized.

Neither of the appraisers specifically articulated an effort to isolate or segregate the "business value" of the subject facility in the utilization of the income approach to value. The underlying principle in the valuation of real property for assessment purposes is to value only those items assessable in accordance with the Code. Section 1-130 the Code defines taxable real property as "[t]he land itself, with all things contained therein, and also all buildings, structures and improvements, and other permanent fixtures thereon, * * * and all rights and privileges belonging or pertaining thereto, except where otherwise specified by this Code." (35 ILCS 200/1-130).

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[19] Because of the reduced services monthly fee of $600, Webster opined a resulting income figure of $977,400.

The income method is based on the property's income-producing potential and divides the property's net income by a capitalization rate, which is a return on and of capital, as determined by market data. Department of Transportation v. Drury Displays, Inc., 327 Ill.App.3d 881, 885, 261 Ill.Dec. 875, 764 N.E.2d 166 (2002). A supportive living facility, much like a hotel or a nursing home by its very nature consists of an income generating business that is comprised of land, building(s) and "services" whether that consists of hospitality/housekeeping for a hotel or dietary and nursing for a nursing home.

In his appraisal reporting methodology, Webster theoretically was excluding the "business value" associated with the subject supportive living facility by excluding both the service income and the expenses related to services. "The income capitalization approach to value consists of methods, techniques, and mathematical procedures that an appraiser uses to analyze a property's capacity to generate benefits (i.e., usually the monetary benefits of income and reversion) and convert these benefits into an indication of present value." The Appraisal of Real Estate, 13th Edition, by the Appraisal Institute, p. 445. In theory, Webster's approach to valuing the subject property would result in a final value of the subject property's real estate only.

"In interpreting a statute, the primary rule, to which all other rules are subordinate, is to ascertain and give effect to the true intent and meaning of the legislature. [citations omitted] Legislative intent is best evidenced by the language used by the legislature, and where an enactment is clear and unambiguous a court is not at liberty to depart from the plain language and meaning of the statute by reading into it exceptions, limitations or conditions that the legislature did not express. [citations omitted]" Kraft, Inc. v. Edgar, 138 Ill. 2d 178, 189 (1990).

The Board has researched the legislative history of Section 10-390 and found only one substantive discussion of Senate Bill 2185 which became P.A. 94-1086, effective January 19, 2007:

> According to Section 42 Housing Groups, the legislation changes the definition of property to indicate the -- to assessment officers that certain portions of fees paid by residents of supportive living facilities should not be included in the calculation of the building's assessment because the

> facility cannot include those fees as income. A portion of the monies paid by residents of supportive living facilities does not go towards the actual net operating income attributable to the property. So, this just clarifies that that should not be considered.

Speech of Senator Cullerton from Senate Transcript of the 94th General Assembly, Regular Session, 77th Legislative Day, February 22, 2006. (This Senate transcript was also raised at hearing by Webster as he had been given the transcript page a day prior to the hearing).

The Board finds the General Assembly in Section 10-390 did not include language limiting the appropriate and/or applicable expenses of a supportive living facility as part of the calculation under an income approach to value. As depicted in the statutory provisions previously cited in this decision, the Board finds that the General Assembly could have certainly excluded certain types of expenses from what may be considered in the income approach (see 35 ILCS 200/10-220(a)), but there is no language in the provision specifically directing which expenses are to be considered. While the Property Tax Appeal Board further finds that had the General Assembly wanted to include a limitation on appropriate expenses for consideration and application in Section 10-390, it could have done so. There is also, however, a principle that a statute should not be construed "in a manner that would lead to consequences that are absurd, inconvenient, or unjust." Paciga v. Property Tax Appeal Board, 322 Ill.App.3d 157, 161 (2nd Dist. 2001) citing to McMahan v. Industrial Comm'n, 183 Ill.2d 499 (1998). In this regard, the Property Tax Appeal Board further finds that accepting Howard's approach and value conclusion would create an absurd result where a 50-unit supportive living facility would be assessed as if it had a value of approximately $275,000 or approximately $5,500 per unit, including land.

Having fully considered the record and the parties' evidence, the Property Tax Appeal Board finds that Webster's application and interpretation of the applicable statutory provision concerning supportive living facilities is in accord with valuation principles regarding real property and arriving at a value conclusion of the real estate, not the "business enterprise value." As a logical matter of appraisal theory for an income approach to value, the Board finds that given the exclusion of income related to services it is similarly logical for the appraiser to likewise exclude expenses related to those services; to do otherwise results in an excessively low value conclusion which was set forth in Howard's appraisal report which is likewise an absurd result. In summary, the Board finds that Webster presented the better and more logical income approach to value given the statutory provision that is at issue.

As set forth in footnotes in this decision, the Board further finds that Webster made a calculation error in his annual miscellaneous expense which should have been $6,250 rather than $7,500 as reported on page 38 of his appraisal report. Likewise, since the Board has determined that Webster's EGI should have been $795,816, the calculation Webster made for his 5% management fee was also erroneous; given the revised EGI, the management fee should have been $39,791 rather than $41,051. After deducting the modified expenses, the Board finds Webster's net operating income should have been $437,196 rather than his reported NOI figure of $459,886. Applying the capitalization rate of 11.92% estimated by Webster to the revised NOI results in a conclusion of $3,667,752.

Both appraisers also applied a deduction for the depreciated value of furniture, fixtures and equipment (FF&E). While the appraisers varied somewhat on their respective deductions, the Board finds that the calculation presented by the board of review's appraiser Webster was logical and consistent with his opinion that items related to "services" such as kitchen equipment should not be included in FF&E resulting in a total FF&E deduction of $120,000 applied to Webster's revised capitalized income figure of $3,667,752. In closing, the Board finds the best valuation evidence in the record to be the board of review's appraisal with a revised estimated market value of $3,547,752 as of January 1, 2012 after deducting FF&E.

Since the total assessment for the subject is $1,200,000 which reflects a market value of $3,622,095, land included, when using the 2012 three year average median level of assessment for Moultrie County of 33.13% as determined by the Illinois Department of Revenue, the Property Tax Appeal Board finds that the subject property is overvalued when applying Section 10-390 of the Code and a revised final value opinion based on Webster's analysis of $3,547,752. Therefore, the Board finds that a reduction in the subject's assessment is warranted.

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.

Chairman

Member

Member

Member

Acting Member

Acting 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: November 20, 2015

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.