



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

APPELLANT: David Underwood (Country Health)
DOCKET NO.: 13-00043.001-C-3
PARCEL NO.: 11-04-36-300-003

The parties of record before the Property Tax Appeal Board are David Underwood (Country Health), the appellant, by attorney Rebecca E. P. Wade of Meyer Capel, P.C., in Champaign; and the Champaign County Board of Review.

Based on the facts and exhibits presented in this matter, the Property Tax Appeal Board hereby finds **A Reduction** in the assessment of the property as established by the **Champaign** County Board of Review is warranted. The correct assessed valuation of the property is:

LAND: \$ 102,800
IMPR.: \$2,321,959
TOTAL: \$2,424,759

Subject only to the State multiplier as applicable.

Statement of Jurisdiction

The appellant timely filed the appeal from a decision of the Champaign County Board of Review pursuant to section 16-160 of the Property Tax Code (35 ILCS 200/16-160) challenging the assessment for the 2013 tax year. The Property Tax Appeal Board finds that it has jurisdiction over the parties and the subject matter of the appeal.

Findings of Fact

The subject property consists of a one-story concrete block and brick building that contains 58,148 square feet of building area. The building was constructed in 1968 with additions in 1985, 1998 and 2012. The building is operated as 89 bed skilled care nursing facility. The subject property is also improved with an attached two-story brick apartment building that has 12,138 square feet of building area. The building was constructed in 1985 with 15 apartment units. The apartment building is operated as independent living facility. There is a 4,416 square foot garage with a 16 vehicle capacity that was built in 2003 associated with the independent living facility. The subject property has a 421,594 square foot or 9.68 acre site. Site improvements include 65,000 square feet of concrete parking and driveway. The subject property is located in Gifford, Harwood Township, Champaign County, Illinois.

The appellant submitted evidence before the Property Tax Appeal Board claiming overvaluation as the basis of the appeal. In support of this argument, the appellant submitted two appraisals of the subject property. Appraisal #1 valued the 89 bed skilled care nursing facility. Appraisal #2 valued the 15 unit apartment building used as an independent living facility. The appraisals were prepared by Paul K. Knight, a state licensed Certified General Real Estate Appraiser.

With respect to the subject property, page 63 of appraisal #1 disclosed that in 2012 a 23,750 square foot addition was constructed, which included a new dining room, new common areas, and a new physical therapy area. The appraiser estimated the skilled nursing home facility had a weighted age of 16 years. All other areas of the older facility were updated. Other improvements include landscaping, exterior courtyards and a new roof. The renovation/addition reportedly costs \$8,900,000.

Appraisal #1 valued the 89 bed skilled care nursing facility. The appraiser developed the three traditional approaches to value in arriving at the final opinion of value. Under the cost approach to value, the appraiser concluded a market value of \$6,130,000. Under the sales comparison approach to value, the appraiser concluded a market value of \$5,700,000. Under the income approach to value, the appraiser concluded a market value of \$6,040,000. Under reconciliation, the appraiser placed most emphasis on the sales comparison and income approaches to value in arriving at a final estimate of value of \$5,975,000 as of January 1, 2013.

Appraisal #2 was for the apartment building operated as an independent living facility, including the 4,416 square foot garage. The appraiser developed the three traditional approaches to value in arriving at the final opinion of value. Under the cost approach to value, the appraiser concluded a market value of \$1,430,000. Under the sales comparison approach to value, the appraiser concluded a market value of \$1,400,000. Under the income approach to value, the appraiser concluded a market value of \$1,190,000. Under reconciliation, the appraiser placed most emphasis on the sales comparison and income approaches to value in arriving at a final estimate of value of \$1,300,000 as of January 1, 2013.

Combined, both appraisals reflect an estimated market value for the subject property of \$7,275,000 as of January 1, 2013. Based on this evidence, the appellant requested a reduction in the subject's assessment to reflect the combined appraised values.

The board of review submitted its "Board of Review Notes on Appeal" wherein the subject property's final assessment of \$3,549,540 was disclosed. The subject's assessment reflects an estimated market value of \$10,662,481 when applying Champaign County's 2013 three-year average median level of assessment of 33.29%. 86 Ill.Admin.Code §1910.50(c)(1).

In response to the appeal, the board of review argued the appraisal(s) have errors and lack sufficient support to justify a 32% reduction in the subject's assessed value. First the board of review alleged the appellant's appraiser utilized an incorrect building size for the skilled care nursing facility, according to its property record card that is maintained by the assessing officials.

With respect to the cost approach, the board of review argued the appraiser used the same base cost for the nursing home portion and apartment section of the building. Based on Marshall and Swift Cost Manual, the cost new for the nursing home area should be \$178.00 per square foot of

building area and approximately \$140.00 per square foot of building area for the apartment area. The board of review argued the depreciation amounts used by the appraiser were too high considering 34% of the nursing home was built new in 2012. The board of review argued the appraiser should have used two different rates of depreciation under the cost approach.

With respect to the income approach to value, the board of review argued that little support was provided regarding income and expenses and without this data, it is difficult to support the projections shown in the report. The board of review argued, no national or local data was provided to support the reconstructed operating statement.

With regard to the sales comparison approach to value, the board of review argued the comparables are older in age than the subject, and considering the subject's effective age, the 10% age adjustment applied to comparables #1, #2 and #4 were too little. The board of review argued the appraiser made no adjustment to the comparables for their smaller unit sizes. Finally, the board of review questioned the total gross adjustments applied to the comparables and the comparable sales did not bracket the subject.

In support of the subject's assessment, the board of review submitted a reconstructed cost approach to value prepared by the township assessor. The assessor concluded the subject property had an estimated market value under the cost approach of \$9,650,000, which is less than the subject's estimated market value of \$10,504,926 as reflected by its assessment. Based on this evidence, the board of review requested confirmation of the subject's assessment.

Under rebuttal, a report prepared by the appellant's appraiser was submitted to address the issues pertaining to issues raised by the board of review. The appraiser indicated the subject's building size was determined by the use of blueprints, architectural plans and a prior appraisal of the property, which is more reliable than public records. With respect to the cost approach to value, the appraiser provided further rationale regarding the subjects' quality of construction and the amount of depreciation from all causes. The appraiser noted the cost approach to value is not the preferred method of the valuation of elder care facilities. The appraiser places little weight on the cost approach to value. The appraiser also concluded the subject's location in Gifford provides for a significant potential of external obsolescence. The appraiser also explained the \$8,900,000 cost of the 2012 project is a fact and not a value opinion as cost does not equal value. The reported costs included the cost of modifying the existing structure as well as the inefficiency of remodeling the structure while occupied.

With regard to the income approach, the appraiser indicated the subject's income and expense data is confidential, but summaries of the documents appear throughout the report. The appraiser further indicated the income approach to value is the preferred means to value properties similar to the subject.

With respect to the sales comparison approach to value, the appraiser pointed out comparable sales #1 and #3 provide a 15.9% differential in value, with the primary factors being age and site size. Therefore the 10% adjustment applied to the comparables for age difference is supported by the market. With respect to unit size, the appraiser indicated the higher ratio of total area to bed makes a property less efficient, which would decrease its value. With respect to the gross adjustment amounts applied to the comparables, the appraiser indicated there are limited sales

data for these types of properties, which results in gross adjustment factors within the report. The appraiser noted the sales comparison approach loses reliability when inadequate sales data exists, may not provide bracketed sales and is not uncommon when appraising special use properties, which provides confirmation as to the significance of the income approach.

Conclusion of Law

The appellant contends the market value of the subject property is not accurately reflected in its assessed valuation. 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 appellant met this burden of proof.

The Board finds the best evidence of market value contained in this record are the appraisal(s) of the subject property submitted by the appellant. The appraisal reports provide a combined market value estimate for the subject property of \$7,275,000 as of January 1, 2013. The appraiser developed the three traditionally accepted approaches to value in arriving at the final opinion of value, with most emphasis being placed in the sales comparison and income approaches to value. The subject's assessment reflects an estimated market value of \$10,662,481, which is considerably more than the appraisal(s) submitted by the appellant. Therefore, a reduction in the subject's assessment is justified.

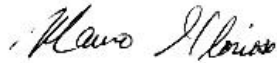
The Board gave little weight to the evidence submitted by the board of review. The main thrust of the response presented by the board of review were perceived deficiencies in the appraisal(s) submitted by the appellant. Notwithstanding that the appraiser provided a competent response to each issue raised by the board of review under rebuttal, merely attempting to refute the valuation evidence submitted by an opposing party does not nullify or shift the burden of proof or demonstrate the subject's assessment is correct. The Property Tax Appeal Board is not to afford *prima facie* weight to the findings and conclusions of fact made by the board of review (Mead v. Board of Review of McHenry County, 143 Ill. App. 3d 1088 (2nd Dist. 1986); Western Illinois Power Cooperative, Inc. v. Property Tax Appeal Board, 29 Ill. App. 3d 16 (4th Dist. 1975)). The decision of the Property Tax Appeal Board must be based upon equity and the weight of evidence. (35 ILCS 16-185; Commonwealth Edison Co. v. Property Tax Appeal Board, 102 Ill. 2d 443 (1984); Mead, 143 Ill. App. 3d 1088.) A taxpayer seeking review at the Property Tax Appeal Board from a decision of the board of review **does not have the burden of overcoming any presumption that the assessed valuation was correct.** (People ex rel. Thompson v. Property Tax Appeal Board, 22 Ill. App. 3d 316 (2nd Dist. 1974); Mead, 143 Ill. App. 3d 1088.)

The board of review also submitted a reconstructed cost approach to value in support of its assessment of the subject property. This single approach to value conveyed an estimated market value of \$9,650,000. As a general proposition, the Board finds the depreciated cost approach to value is the least reliable indicator of market value of the three traditional approaches to value. In Chrysler Corporation v. Property Tax Appeal Board, 69 Ill.App.3d 207 (1979), the court held that significant relevance should not be placed on the cost approach or income approach especially when there is market data available. In Willow Hill Grain, Inc. v. Property Tax Appeal Board, 187 Ill.App.3d 9 (1989), the court held that of the three primary methods of

evaluating property for the purpose of real estate taxes, the preferred method is the sales comparison approach. Nevertheless, the Board finds the cost approach submitted by the board of review further demonstrates the subject's assessed valuation is excessive. The subject's assessment reflects an estimated market value of \$10,662,481, which is more than the cost approach to value submitted by the board of review of \$9,650,000.

Based on the preponderance of the most credible market value evidence contained in this record, the Board finds the appellant has demonstrated that the subject's estimated market value as reflected by its assessment excessive. Therefore, the Board finds 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

Member

DISSENTING: _____

CERTIFICATION

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: May 20, 2016



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.