



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

APPELLANT: Rockford Nephrology Partners Holdings  
DOCKET NO.: 13-00893.001-C-1  
PARCEL NO.: 12-21-330-006

The parties of record before the Property Tax Appeal Board are Rockford Nephrology Partners Holdings, the appellant, by attorney James E. Tuneberg of Guyer & Enichen, in Rockford, and the Winnebago 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 Winnebago County Board of Review is warranted. The correct assessed valuation of the property is:

**LAND:** \$55,065  
**IMPR.:** \$244,935  
**TOTAL:** \$300,000

Subject only to the State multiplier as applicable.

**Statement of Jurisdiction**

The appellant timely filed the appeal from a decision of the Winnebago 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 medical office building of masonry construction with 11,100 square feet of building area. The building was constructed in 2006. The property has a 66,435 square foot site and is located in Rockford, Rockford Township, Winnebago County.

The appellant contends overvaluation as the basis of the appeal. In support of this argument the appellant submitted a spreadsheet with information on six comparable sales, two of which were Real Estate Owned (REO) or foreclosure sales and two of which were short sales along with a brief. In the brief, the appellant contended that the examination rooms of the subject "can be modified to general office space at a modest cost (relative to the value of the building)." In the appellant's spreadsheet, the comparable parcels range in size from 19,468 to 85,421 square feet of land area and are improved with a two-story and five, one-story buildings that range in size from 3,913 to 23,322 square feet of building area. The buildings were built between 1987 and 2005 and were described as four general office and two medical/dental buildings. The appellant contended that "most of the subject building's area is general office space." These comparables sold between July 2012 and September 2013 for prices ranging from \$297,000 to \$1,625,000 or from \$43.22 to \$75.90 per square foot of building area, including land.

As part of the analysis, the appellant also calculated the building value only by "subtracting the Assessor's land value for the year of the sale from the sale price and then dividing by the building size." This analysis reflected sales prices ranging from \$32.07 to \$60.71 per square foot of building area, without land.

In the brief, the appellant also reported that sale #1 was located "some distance" from the subject and is older, but it was designed and used as a dental office. Sale #2 was a foreclosure and larger building which is given lessened weight. Sale #3 is a multi-tenant office building with some retail space; the building has two levels, the lower of which is an exposed, mostly finished basement. Sale #4 was a medical office which was purchased by a credit union and converted to general office space. Sales #5 and #6 are multi-tenant office buildings with sale #6 having some medical tenants.

Based on this evidence, the appellant requested a total assessment reflective of a market value of approximately \$900,000 or \$81.08 per square foot of building area, including land.

The board of review submitted its "Board of Review Notes on Appeal" disclosing the total assessment for the subject of \$350,000. The subject's assessment reflects a market value of

\$1,055,807 or \$95.12 per square foot of building area, land included, when using the 2013 three year average median level of assessment for Winnebago County of 33.15% as determined by the Illinois Department of Revenue.

In response to the appeal, the board of review submitted a document entitled "Assessors Notes" along with three property record cards marked as "T/A Sales Comps #1," "#2" and "#3," respectively. In the notes, the township assessor acknowledged that there have been few sales of medical properties within Rockford Township, except for appellant's sale #4. However, the assessor contends that comparable is dissimilar to the subject as it is "a very small one Doctor office with limited medical facilities." In contrast, the assessor contends that the subject is staffed by several doctors with "numerous exam rooms, a lab and at least one operating room for surgeries."

As to the general office comparables utilized by the appellant, the township assessor contends those properties do not compare well to the subject as exam rooms have at least a sink requiring more plumbing than a general office; there are also labs and operating rooms which "also require a lot more build-out than a general office." The assessor also asserted medical offices often have "exotic equipment with special build-out needs which general offices don't have."

In support of its contention of the correct assessment the board of review through the township assessor submitted information on three comparable sales of general offices "since there have been very limited sales of medical offices." Interpreting the respective property record cards, the Board finds the comparables have parcels ranging in size from 39,924 to 139,218 square feet of land area improved with one-story buildings of frame and masonry or concrete block and steel frame construction which were built between 1994 and 2003. The buildings range in size from 10,560 to 14,940 square feet of building area and sold between January 2011 and March 2012 for prices ranging from \$802,000 to \$1,175,000 or from \$75.95 to \$85.39 per square foot of building area, including land.

Based on the sales presented by both parties, the board of review requested confirmation of the subject's estimated market value as reflected by its assessment.

In written rebuttal, the appellant contends that without the land value, the board of review's comparables have building-only values ranging from \$61.43 to \$63.00 per square foot. The

appellant also noted that board of review sales #2 and #3 occurred in 2011 with sale #3 also having been a short sale purchased by an exempt organization. As to the issues of medical build-out, the appellant agrees that a medical office has a higher cost basis, but where market value is at issue the question is the sale price and the only way to avoid remodeling costs is for the buyer to have a nearly identical use for the property.

The appellant concludes that, "Given the fact that Assessor's comparable sales indicate a building value less than the Appellant's current request, the Appellant now requests a 2013 improvement value of \$62.50 per square foot or [total] \$231,250 assessed value." [Emphasis in original.]

### Conclusion of Law

As an initial matter, the Board finds the appellant in rebuttal may not modify the appellant's assessment claim in the manner proposed by the appellant herein. The appellant's new total assessment request of \$231,250 would make the assessment amount in dispute in excess of \$100,000 in assessed value and would mandate the notification of applicable taxing districts and the filing of a Certificate by the board of review indicating that taxing districts had been timely notified of this appeal and their ability to intervene in the matter, if so desired. (See 35 ILCS 200/16-180 & 86 Ill.Admin.Code §1910.40(f)) Therefore, the Board will not consider the appellant's new lower assessment request in this proceeding. Additionally, Section 1910.31(b)(1) of the rules of the Property Tax Appeal Board states in pertinent part:

The original filing of the petition, and not any subsequent amendment, shall determine whether:

- 1) review of the Property Tax Appeal Board's final decision is afforded in the circuit court or the Appellate Court as provided in Section 16-195 of the Code; and . . . (86 Ill.Adm.Code §1910.31(b)(1)).

The appellant's original appeal petition that was filed with the Property Tax Appeal Board was clear in requesting a reduced total assessment of \$300,000 or a \$50,000 assessment reduction. As the courts have previously held, "The amount of change sought is fixed at the instant a petition is filed with PTAB." County

of Coles v. Property Tax Appeal Board, 275 Ill.App.3d 945, 948 (4<sup>th</sup> Dist. 1995).

As to the merits of this appeal, 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 and a reduction in the subject's assessment is warranted.

The parties provided a total of nine comparable sales to support their respective positions before the Property Tax Appeal Board. The Board has given less weight to appellant's sale #3 as the appellant indicated this property was Real Estate Owned (REO) and the sale price appears to be an outlier at \$43.22 per square foot of building area, including land. The Board has also given reduced weight to board of review sales #2 and #3 which each occurred in 2011 which is not as proximate in time to the assessment date of January 1, 2013 as the best sales herein.

The Board also gave little weight to the appellant's analysis abstracting a land value from the sales price for each comparable based on the land assessment for the year of the sale. The Board finds there was no market data to support the calculations. The better approach would have been to provide comparable land sales to establish the market value of the land for each improved comparable at the time the property sold. This estimated land value could then be deducted from the total sales price to arrive at a building residual value for each comparable. The Board finds the analysis performed by deducting the value reflected by the land assessment in order to establish the portion of the total sales price attributable to the building for each comparable was not credible or supported on the record.

The Board finds the best evidence of market value to be appellant's comparable sales #1 and #2 along with #4 through #6 and board of review comparable sale #1. These most similar comparables sold between March 2012 and September 2013 for prices ranging from \$297,000 to \$1,625,000 or from \$61.22 to \$75.95 per square foot of building area, including land.

The subject's assessment reflects a market value of \$1,055,807 or \$95.12 per square foot of building area, including land, which is above the range established by the best comparable sales in this record and does not appear to be justified. The subject is, however, newer in date of construction than all of the comparable properties and thus, a higher value for the subject is appropriate.

Based on the evidence of record the Board finds a reduction in the subject's assessment commensurate with the appellant's original assessment request 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.

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Chairman

*K. L. Fan*

*Mario Alvino*

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Member

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Member

*JR*

*Jerry White*

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Member

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Acting Member

*Robert Steffen*

\_\_\_\_\_  
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

*A. Proctor*

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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.