



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

APPELLANT: Douglas & Suzanne Dubois, Trustees
DOCKET NO.: 13-01401.001-C-1
PARCEL NO.: 12-26-102-001

The parties of record before the Property Tax Appeal Board are Douglas & Suzanne Dubois, Trustees, the appellants, 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 no change 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: \$111,483
IMPR.: \$302,123
TOTAL: \$413,606

Subject only to the State multiplier as applicable.

Statement of Jurisdiction

The appellants 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 multi-tenant retail building (strip mall) of brick construction with 22,870 square feet of building area which was constructed in 1994. The property has a 79,860 square foot site resulting in a land-to-

building ratio of 3.49:1. The subject is located in Rockford Township, Winnebago County.

The appellants contend overvaluation as the basis of the appeal. In support of this argument the appellants submitted a brief outlining the argument along with a spreadsheet of six comparable sales, three of which were identified as "retail store" and three of which were identified as "retail multi-tenant." For purposes of the analysis, the appellants' brief utilized a unit of comparison of the "implied price of the building improvements" which was derived by subtracting the land value for the year of the sale according to the land assessment. The comparable parcels range in size from 20,207 to 93,378 square feet of land area improved with one-story buildings that were built between 1972 and 2008. The buildings range in size from 4,472 to 14,556 square feet of building area. These properties have land-to-building ratios ranging from 3.09:1 to 12.45:1. Four of the comparables were reported as REO sales. The properties sold between June 2011 and July 2013 for prices ranging from \$201,000 to \$960,000 or from \$20.88 to \$86.53 per square foot of building area, including land. For the alternative analysis of price per building square foot, without land, the appellant reported a price range from \$10.29 to \$65.72 per square foot of building area.

Also submitted was a spreadsheet marked as "Exhibit B" consisting of eight sales which the appellant characterized as "potential comparable sales," few of which can realistically be used due to differences in age and size.

As to the subject, the appellants also contended that 30% of the space is unfinished "warehouse retail" space for a carpet store which is unlike any of the comparable sales.

Based on the foregoing evidence and argument, the appellants requested a total assessment of \$340,167 which would reflect a market value of approximately \$1,020,501 or \$44.62 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 \$413,606. The subject's assessment reflects a market value of \$1,247,680 or \$54.56 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 support of its contention of the correct assessment the board of review through the township assessor submitted a three-page memorandum, a spreadsheet with four comparable sales, a "pro forma operating statement" and a series of comments/questions concerning the appellants' evidence. Also submitted was a spreadsheet of four equity comparables which are not responsive to the appellants' overvaluation appeal and will not be further addressed in this decision. The township assessor's memorandum noted that primary emphasis was given to the sales comparison approach.

The spreadsheet of four sales prepared by the township assessor presented sale #1 which was the same property as appellants' sale #6. These four comparable parcels are improved with buildings ranging in size from 7,500 to 88,835 square feet of building area which were built between 1970 and 2008. The comparables have reported land-to-building ratios ranging from 3.43:1 to 12.49:1. One of the comparables has a basement and two of the sales were REO (Real Estate Owned). The properties sold between February 2010 and May 2012 for prices ranging from \$565,000 to \$2,549,643 or from \$27.02 to \$90.63 per square foot of building area, including land. The township assessor also made assertions in the memorandum about the subject's superiority/inferiority to the four comparable sales based on considerations of land-to-building ratio, age, location and/or building size. Based upon the comparable sales evidence, the township assessor contended the subject's overall value was estimated to be \$1,370,000.

In the "pro forma operating statement" the township assessor utilized a gross rental rate of \$11.50, a stabilized vacancy factor of 11% and operating expenses equivalent to \$2.21 per square foot of building area (inclusive of management fees, but exclusive of real estate taxes). This calculation resulted in a net operating income of \$183,492 which the township assessor capitalized at a loaded capitalization rate of 13.30% resulting in an estimated market value of \$1,380,000 under the income approach.

The board of review questioned appellants' sale #1 is occupied by a furniture and mattress store which would have an abundance of unfinished space utilized for storage of product and this was also an REO sale. Sale #2 presented by the appellants is a carpet store with unfinished space for storage of carpeting and this was also an REO sale. Appellant's sale #3 has a location off of main thoroughfares and differs from the subject's frontage on Perryville Road near State Street and as an outlet

to Wal-Mart; the property also contained a carpet store with 50% unfinished space. The assessor also questioned the occupancy of appellants' comparable sale #6 at the time of sale which was also an REO sale.

Based on the foregoing evidence and argument, the board of review requested confirmation of the subject's assessment.

In written rebuttal, the appellants contended that the assessor's income approach to value had no factual market data within the submission to support the stated analysis and should be given no weight.

The appellants also presented an analysis of the board of review's sales #1 through #3 that "removes" the land value in a similar analysis to that originally presented by the appellants. Without the land value, these three board of review comparables have building only sale prices ranging from \$10.44 to \$21.14 per square foot of building area according to the appellants. As to board of review sale #4, the appellants contend this was "the sale of a business" with a local grocer in 1998 selling the store(s) to Kroger and in 2011 Kroger then sold the store(s) to Schnuck Markets with the price including both hard and soft assets.

As to the board of review sales #1 through #3, the appellants contend that sale #1 is a 50% unfinished building at the time of sale; sale #2 included three parcels, each with a retail building; and sale #3 included a second parcel which is a retention pond. The appellant also contends that sale #3 which occurred in 2010 is too old for consideration as of the lien date of January 1, 2013.

Conclusion of Law

The appellants contend 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 appellants did not meet this burden of proof and a reduction in the subject's assessment is not warranted.

The Board also gave little weight to the appellants' 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.

Similarly, the Property Tax Appeal Board gave little weight to the estimate of value under the income approach prepared by the board of review/township assessor. The Board finds that there was insufficient analysis in the memorandum as to how the estimate was developed. In addition, the Board finds that Illinois courts have stated that where there is credible evidence of comparable sales these sales are to be given significant weight as evidence of market 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. Since there are credible market sales contained in the record, the Board has placed most weight on this evidence.

The parties submitted a total of ten comparable sales to support their respective positions before the Property Tax Appeal Board. The Board has given reduced weight to appellants' comparables #1, #2, #3 and #6 along with the board of review comparables #1, #2 and #3 as each of these buildings differ dramatically in size from the subject structure and/or also differ in age from the subject.

The Board finds the best evidence of market value to be appellants' comparable sales #4 and #5 along with board of review comparable sale #4. These most similar comparables sold between September 2011 and December 2012 for prices ranging from \$600,500 to \$2,549,643 or from \$45.49 to \$86.53 per square foot

of building area, including land. The subject's assessment reflects a market value of \$1,247,680 or \$54.56 per square foot of building area, including land, which is well-supported by the best comparable sales in this record when giving due consideration to differences in land size, building size and/or age. Based on this evidence the Board finds a reduction in the subject's assessment is not justified.

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

K. L. Fan

Klaus Albrecht

Member

Member

JR

Jerry White

Member

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

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.