FINAL ADMINISTRATIVE DECISION
ILLINOIS PROPERTY TAX APPEAL BOARD

APPELLANT: Prairie Winds of Urbana, LP
DOCKET NO.: 15-00068.001-C-3
PARCEL NO.: 93-21-21-276-001

The parties of record before the Property Tax Appeal Board are Prairie Winds of Urbana, LP, the appellant, by attorney Thom Moss, of Bickes, Wilson & Moss, in Decatur, 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:	$115,930
IMPR.:	$796,930
TOTAL:	$912,860

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 2015 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 has been properly certified and is to be assessed in accordance with Section 10-390 of the Property Tax Code (hereinafter "Code") which is entitled "Valuation of Supportive Living Facilities." (35 ILCS 200/10-390; TR. 45[1]) 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

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

> 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:
>
> > (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.
>
> (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 (hereinafter "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.

The primary 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 with substantially differing income estimates, differing methods of determining deductible expenses and somewhat varying capitalization rates applied to the resulting net operating income figures which resulted in dramatically differing value conclusions.

To summarize the valuation issue that is before the Property Tax Appeal Board, the subject property has a current estimated market value as of the assessment date based upon its

assessment of $3,851,884. The Property Tax Appeal Board recognizes that there is no presumption of correctness accorded to an original assessment or that of a board of review (Western Illinois Power Cooperative, Inc. v. Property Tax Appeal Board, 29 Ill. App. 3d 16, 22 (4th Dist. 1975)). The evidence of record includes an appraisal presented by the appellant with a value conclusion of $2,752,074 as of January 1, 2015, whereas the board of review presented an appraisal with a value conclusion of $7,640,000 as of January 1, 2015. For this appeal the appellant seeks a reduction in the assessment and the board of review requested confirmation of the 2015 tax year assessment.

Findings of Fact

The subject property consists of a two-story brick with vinyl siding exterior constructed 94-unit supportive living facility that was built in 2007 on a concrete slab foundation. The facility contains approximately 73,944 square feet of total building area[2] consisting of 14 studio units of 425 square feet and 80 one-bedroom units ranging in size from 478 to 523 square feet. Each unit has a kitchenette which is furnished with a microwave and a refrigerator, a bathroom and living/sleeping area. Features of the building 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 4.866-acre site located in Urbana, Cunningham Township, Champaign County.[3]

The appellant appeared by its attorney before the Property Tax Appeal Board contending overvaluation as the basis of the appeal. In support of this argument, the appellant submitted a 45-page appraisal prepared by Keith Honegger, an Illinois Certified General Real Estate Appraiser, with an opinion for ad valorem taxation purposes using an income approach to value as mandated by the Code with a value opinion of $2,752,074 as of January 1, 2015.

The first witness called at hearing by the appellant was Rod Burkett, President and CEO of Gardant Management Solutions located in Bradley, Illinois. His firm manages about 45 supportive living facilities along with several licensed assisted living facilities located across the State of Illinois. Burkett cofounded Gardant in 1999 which began with two properties and now has grown to 51 properties over the past 18 years. His responsibilities to the management firm involve overall operations. (TR. 10-11)

As to the subject facility, Prairie Winds of Urbana, LP, Burkett testified that his firm was involved with the owner/developer from the conceptual drawings through construction and then on to its operations. Having been involved in management operations of properties in other

[2] The subject's property record card includes a schematic drawing with a notation of a two-story addition of 930 square feet or 1,860 square feet total and a date of "2015." The board of review appraisal report indicated the addition was built in "late 2014." (BOR Appraisal, p. 32)

[3] There were descriptive disputes in the record between the parties. The appellant's appraiser described the building as containing 68,636 square feet based upon original architectural drawings. Likewise, the appellant's appraiser relied upon those same drawings to determine the land area of the subject property. The appraisal submitted by the board of review reported a total building area of 70,787 square feet. In contrast, the property record card filed by the board of review reflected a building size of 73,944 square feet. The Property Tax Appeal Board finds the board of review's property record card provides the best evidence of building size and land area, although due to the statutory mandate for assessment purposes, these size discrepancies are not critical to the determination of the correct assessment of the subject property.

states, Burkett noted that Illinois is the only state which has created two licensure tracks. One track is for properties that participate in Medicaid which are within the Illinois Supportive Living Facility (hereinafter "SLF") program licensed by the Illinois Department of Healthcare and Family Services [HFS]. The other track is for assisted living facilities that cannot participate in the Medicaid program and is licensed by the Illinois Department of Public Health. (TR. 11-12)

In accordance with the SLF program, Burkett said there is a set rate for room and board and also a set rate for services that the SLF agrees to accept. By regulation Medicaid cannot pay for room and board, but the State of Illinois establishes the room and board amounts for an SLF; Medicaid pays for the resident's service package involving SNAP[4] and services. Burkett estimated that 90% to 95% of Medicaid recipient residents also qualify based upon income for food stamp benefits; the resident turns over their food stamp allotment to the facility because the SLF is required to provide three meals per day plus snacks. This results in an additional revenue source for the SLF. (TR. 12-14)

SLF's are regulated within the Illinois Administrative Code, 89 Ill.Admin.Code §146.200 et seq., which includes a provision for what may be charged for room and board (marked Appellant's "PW" Hearing Exhibit 1). The witness was directed to Section 146.215(d) which provides:

> The SLF shall accept the SSI [Supplemental Security Income] rate (less the personal allowance) for room and board for Medicaid residents. If the SLF charges a private pay rate higher than the Medicaid rate, the SLF shall reserve not less than 25 percent of its apartments for Medicaid-eligible residents. Those facilities that set a commensurate rate for both private pay and Medicaid-eligible residents are not required to reserve apartments for Medicaid-eligible residents but must accept Medicaid-eligible residents on a first come, first served basis.

In light of the foregoing provision, Burkett testified that the personal allowance for Illinois has been $90 of the SSI or retirement income for personal use. Burkett testified in 2014 the room and board rate set by the State of Illinois via the regulation was $631, because the SSI rate was $721 at that time [$721 - $90 = $631]. (TR. 14-16)

Burkett also testified that HFS publishes a rent schedule that the SLF is required to charge (see Appellant "PW" Hearing Exhibit 2; see also Appellant's Rebuttal filing, Appendix C). The exhibit reflects rates effective as of July 1, 2014[5]; the exhibit displays seven 'regions' consisting of specific counties within each region; Champaign County is within the Central region and provides as follows:

[4] Supplemental Nutrition Assistance Program or food stamps.

[5] The top portion of Appellant Hearing Exhibit 2 states:

> The purpose of this chart is to give estimated monthly revenue for operational supportive living facilities for providing housing and services to Medicaid-eligible residents. The revenue includes funds paid by a resident for room and board, the Supplemental Nutrition Assistance Program (SNAP) allocation from a resident, and funds paid by the Department of Healthcare and Family Services for services rendered to a Medicaid-eligible resident.

Daily Medicaid Rate	Occupancy	Room and Board	SNAP	Medicaid	Totals
$71.19	Single	$631	$106	$2,164	$2,901
	Double – unrelated	$451	$113	$2,164	$2,728
	Double – married	$451	$81	$2,164	$2,696

(TR. 16-18; Appellant Hearing Exhibit 2)

Burkett testified that the "Medicaid" portion from the foregoing chart refers to the payment for hands-on services that Medicaid pays. While the subject facility also has private-pay residents, the facility charges the same room and board, but with a separate/different charge for services. For example, current private pay rates as of the hearing date (which may be slightly higher than as of January 1, 2015) for a studio unit was $4,050 and a single-occupancy one-bedroom unit was $4,300; from the stated rate, the sum of $631 would be deducted for room and board with the remaining amount being attributable to services. The witness noted that from a marketing and pricing strategy perspective to maintain simplicity, the facility sets forth an all-inclusive rate to avoid prospective residents/family members feeling they are being up-charged and "nickeled and dimed." (TR. 18-20)

Turning to financial statement data apartment rental revenue annually was $721,028 as of December 31, 2014 (Appellant Hearing Exhibit 3; see also Appellant's appraisal, p. 23-31). Further down on the financial statement, two entries are divided between "services revenue" derived from (a) private pay residents ($1,305,849) and (b) derived from Medicaid-recipients ($1,498,500). These financial statements presented in the Honegger appraisal report are audited, typically by a CPA firm, with no reported findings about the division of room and board versus services according to Burkett. (TR. 20-23)

In testimony, Burkett next addressed the process related to prospective resident inquiries. Initially the facility seeks to determine if the prospective resident is already a Medicaid recipient; if not currently qualified, the individual would be treated as a private pay resident and be given an all-inclusive rate quote including comprehensive service package along with room and board resulting in a full comprehensive fee quote. Once a prospective resident seeks to execute a lease, Burkett testified that there is a face sheet which identifies the $631 room and board charge and a second line covers the service package. (TR. 22-24; Appellant's Hearing Exhibit 8)

The witness was provided with a copy of Appellant's Hearing Exhibit 8, a blank Resident Lease Agreement with a 'face sheet'[6] for the subject facility establishing both resident and facility responsibilities including applicable fees for the term of the agreement, along with typical termination terms. Written leases are also mandated by HFS regulation and the SLF program. (TR. 24-26)

Upon cross-examination, Burkett stated the subject facility has around 100 units, although it began with 90-some units; Burkett noted with the number of facilities in their portfolio, he would

[6] The witness also clarified that Gardant Management was formerly known as BMA Management, which was referenced on the face sheet.

need to check on his firm's master list for clarity. The additional units at the subject facility were put in place in the last four or five years due to conversion of both a common bathing area and some other common areas of the facility into apartment units. (TR. 26-27)

The witness confirmed that the room and board charge per unit is the same for both studio and one-bedroom Medicaid recipients. While the facility's percentage of private-pay residents varies from month-to-month, generally the facility has a 45% to 50% mix of private pay residents. For private-pay residents, there is a variance in the base rental rate between a studio and a one-bedroom unit; as of the date of the hearing in late 2017, the variance in these rate charges was $250. (TR. 27-30)

The Administrative Law Judge (ALJ) asked the witness to define what is included in the "room and board" charge to which Burkett testified it encompassed the apartment itself, three meals per day plus snacks and there is no additional charge for utilities although there are extra charges for cable, WIFI service and telephone. The facility is required to do laundry for a resident on at least a weekly basis by regulation or more often if necessary; laundry is included in the service package and residents may do their own laundry if they wish. Housekeeping is also part of the service package and is done at least weekly, more often if necessary. (TR. 28-29)

The ALJ inquired if a resident may only have room and board, but Burkett testified that everyone is required to be assessed and have an individualized plan of care/plan of service created for them. The plan may be very simple or very elaborate including assistance with bathing, medication administration, ambulation and so forth; as residents age in place, the service package may grow with their needs. (TR. 29)

On redirect, Burkett testified that HFS does not set forth private-pay rates for one-bedroom units; "theirs [HFS] is an average [$]631 regardless of the square footage." (TR. 30-31)

Next, Keith Honegger, an Illinois Certified General Real Estate Appraiser, was called as a witness for the appellant. Honegger testified that he began work in the appraisal field in 1987 and most of his 25 years of experience have consisted of work on low-income apartment appraisals. The witness acknowledged that the subject property, while "similar," is not a Section 42 low-income property; Honegger described the subject as a "supportive living, low income" facility. For "tax management," Honegger prepares appraisals for all Gardant Management's SLF properties. (TR. 33-35)

Honegger described his appraisal experience with low-income properties which began in the 1990's when he had discussions with a management company with many Section 515 (rent restricted) properties, similar to SLF and Section 42 properties. Honegger worked with the participants on these various property types getting laws passed. According to Honegger, "It became apparent that there was a problem with managing these 515 properties back in the '90s because they weren't able to cash flow themselves because they had restricted rents . . . ." The assessing officials were valuing the apartment buildings based upon their cost which resulted in taxes and operating expenses that were much higher than the income generated given the mandated restricted rents of about $300 per month. In the late 1990's, the Rural Rental Housing Association, an association of owner/operators of Section 515 properties engaged a lobbying firm to pursue legislation to provide property tax relief. As cited in his appraisal report,

Honegger believes the first regulation took effect in 2000 for Section 515 properties. Similarly, the owner/operators of Section 42 properties pursued passage of legislation requiring assessors to value these properties based upon actual contract income capitalized at normal market rates. In the subsequent years, the low-income housing market greatly changed. Around 2002, the supportive living program was developed to deal with the future growing elderly population. The initial SLF buildings that Honegger is aware of all had a Section 42 housing component associated with the complex and for assessment purposes came within the existing Section 42 provisions of the Code. (TR. 35-38, 41; Appraisal, p. 18-20)

Honegger also asserted that some assessors recognized that SLFs were a service-oriented business and contended that service income should be added when calculating the income approach to value; this approach dramatically raised the building value and resulted in exorbitantly high property taxes as compared to the property's cash flow. Therefore, according to Honegger, another group hired lobbyists to pursue new legislation in response to the assessors who were adding value for services. Therefore, the resulting law was rather simplistic to prohibit the addition of service income as part of the valuation. Honegger opined that the intent of all these low-income housing tax laws was to value the property based upon its actual income because the property was designed to meet the needs of low-income people; in order to do this, the rents were restricted and the owner received either tax credits or low interest loans for development/financing of construction costs. In this regard, Honegger was of the opinion that, although it is not a Section 42 property, the SLFs operate in a similar manner with a law mandating use of the income approach and providing that service income should not be used in the calculation. Although the law is not very specific, the witness contends the intent of the law was "to keep going with what the Section 42 SLFs already had." (TR. 38-40)

As part of Appendix D, p. 37, of the appellant's appraisal report, Honegger included a copy of the HFS Supportive Living Program Certification issued to the subject property on September 19, 2007 identifying the subject as having 92 units and a maximum of 171 residents. Also part of Appendix D, p. 38, is a copy of the two-page HFS Long Term Care Provider Agreement Supportive Living Facility (Provider Type 28) that is marked as a 'new enrollment' dated April 25, 2007 for the subject facility; on page two of the form agreement, the facility administrator signed and dated the document May 2, 2007 after which HFS approved the agreement on June 1, 2007.

Honegger was retained by the appellant to prepare an estimate of the fair cash value of the subject facility for ad valorem purposes in light of the applicable statutory provision(s) for supportive living facilities. The witness characterized the applicable statutory mandate for valuation of supportive living facilities for property assessment purposes as providing for use of the income approach. Honegger has further interpreted the mandate to be one based upon contract rents which are published by HFS since the rents are restricted. He based this opinion upon the provisions of other low-income housing property statutes. (TR. 41-44; Appellant's Appraisal and marked as Appellant's Hearing Exhibit 5)

Due to the statutory mandate, the sole approach to value used in the Honegger appraisal report was the income approach to value. It was also Honegger's understanding that the charge for room and board is established by HFS with breakdowns for categories of 'room and board,'

'SNAP' and services. Honegger further understood that the subject facility utilizes those same categories in its financial statements. (TR. 45-47)

Honegger began the income approach analysis utilizing the 2014 financial statement[7] assuming 92 units rented for an average of approximately $653 per unit, including food, resulted in gross rent including food of $721,028. At the time the appraisal was prepared, the income figures for 2015 were not available. For his appraisal report, Honegger used the 2014 income data. He acknowledged that assuming 92 units,[8] the average rent was approximately $653 per unit, per month, but if there were 94 units the income would be approximately $639 per unit, per month. It was Honegger's opinion that the total income rather than the per unit income was the important figure. Honegger also testified he did not apply any vacancy rate since he was using the previous year's income figure. (Appellant Exhibit 5, p. 12-13 & Appendix B; TR. 47-49)

Next, Honegger calculated the Food Program Income which consists of the SNAP income or food stamp income. The prior three years of 2012, 2013 and 2014 statments reflected this income varied from $73,825 to $80,638. For his calculation, Honegger utilized a three-year average of $78,205 for the additional income to the owner from food stamps in his income approach to value. The appraiser also added a three-year average of Other Income of $74,756 in the same manner to the income analysis; Other Income was derived from sources such as a hair salon store, but the appraiser was not sure what all the sources would be for Other Income. The income analysis also had a deduction for Raw Food Expense for which Honegger utilized the 2014 reported expense which was the highest of the three years of data as shown in Appendix B, p. 25 of the 2014 Income Statement with a Food expense of $159,075. Honegger testified this expense reflected 'raw food' coming off the truck and did not include service/preparation expenses; he got this interpretation of this line item from David Mitchell, Vice President of Gardant Management. (TR. 49-51; Appellant Exhibit 5, p. 13)

After making the foregoing additions and deductions, Honegger arrived at an Effective Gross Rental Income (apartment only – food not included) of $714,914. Next, Honegger sought to estimate the facility's operating expenses which are analyzed in detail on pages 14 through 16 of the appraisal report and then summarized as a total on page 13. (TR. 51-51; Appellant Exhibit 5, p. 13)

Honegger testified and set forth in the appraisal that an SLF has both services expenses (food services and Medicaid services provided to the tenants) and rental expenses (associated with the rental property), but the SLF's bookkeeping practices commingle these expenses. Therefore, although he discussed how to separate the expenses with Gardant personnel, Honegger determined it would be difficult to separate and would involve making certain assumptions about the division of labor between services expenses and rental expenses. The appraisal outlined two available methods to estimate expenses: (1) examining historical income and expenses of low-income Section 42 properties (which do not provide services to tenants/residents) in order to determine an appropriate expense ratio for only the rental portion of the SLF property and (2) examining the total expense percentage of comparable SLF properties to determine an

[7] The appraisal report displays the subject's actual income for gross rent, including food, for years 2012, 2013 and 2014 on page 13 as drawn from the facility's financial statements shown in Appendix B.
[8] Honegger testified the number of units was taken from the SLF certification that was issued in 2007. (TR. 69-70)

appropriate percentage of expenses to allocate to both the service portion and rental portion of the subject property, since all SLFs operate similarly under the same rent structure and guidelines set by HFS. Therefore, in the appraisal an expense ratio was calculated by Honegger using the total operating income divided by the total operating expenses minus property taxes. (TR. 52-53, 56; Appellant Exhibit 5, p. 14-15)

As depicted on page 15, from an analysis of data on 18 Section 42 properties for which Honegger had audited financial statements, he had three properties consisting of the highest rents exceeding $450 per unit, and placed most weight upon those three properties as depicted on a chart on page 15 of the appraisal report. The three properties reflected an expense ratio of 65% on average whereas all 18 properties had a three-year average expense ratio of 72%. From this data, Honegger concluded that a 65% expense ratio may be appropriate for the rental expense portion of an SLF. Next, as depicted on page 14, from an analysis of 2014 average data of 16 SLF properties managed by Gardant, Honegger determined the average monthly rent was $602 per unit, including food,[9] and the expense ratios ranged from 45.5% to 82.6%. After removing the two highest expense ratios and the two lowest expense ratios, Honegger determined the average 2014 expense ratio for the remaining 12 SLF properties was 65.1%. Therefore, from Honegger's analysis, both the Section 42 properties and the SLF properties, reflected 65% expense ratios for the total operation and left him to conclude that both the rental and the service sides of the SLFs are very similar in their percent ratio. (TR. 53-55; Appellant Exhibit 5, p. 14-15)

For a further expense ratio analysis, Honegger reviewed the historical expense ratio of the subject SLF. He determined the subject SLF, in 2012 had an expense ratio of 57%; in 2013 it was 58%; and in 2014 it was 53%. Noting that the subject's expense ratio was "quite a bit" lower than the expense ratios from the comparable data, Honegger determined that using an average of the subject's three-year expense ratio would be appropriate which was calculated to be 56%. Therefore, at page 13 of the appraisal report, Honegger calculated an expense ratio of 56% or $400,352 for the operating expenses of General Maintenance, Utilities and Garbage, Management Fee, Legal and Accounting, Advertising, Office Expenses, Insurance and Deposit to Reserve. Deducting the expense ratio of 56% from the effective gross rental income resulted in a net income calculation of $314,562 by Honegger. (TR. 55-56; Appellant Exhibit 5, p. 16)

The next step in the income approach to value is to apply an appropriate market capitalization rate to the net operating income that was estimated by Honegger. Under the Investor Survey method depicted on pages 33-34 of the appraisal, Honegger examined the RealtyRates.com Investor Survey – 1st Quarter 2015 – Apartments – All Types and found the average overall capitalization rates were based on a 73% loan-to-value ratio and 11.64% equity dividend rate. He further reported that the Investor Survey, 1st Quarter of 2014 for apartment sales had an average overall rate of 8.10% and the average surveyed overall rate was 8.64%; Honegger noted that both rate determinations were based upon property net operating incomes that included

[9] The average rent ranged from $511 to $654 per month; the properties were located in the counties of Coles, Jackson, Kane, Lake, Macon, McDonough, McHenry, Stephens [*sic*], Tazewell, Vermilion, Whiteside, Will and Winnebago. As depicted on Appellant's Hearing Exhibit #2, these counties reflect the HFS regions of: Chicago (which includes Kane, Lake and McHenry); South Suburb (which includes Will); Northwest (which includes Stephenson, Whiteside and Winnebago), Central (which includes Coles, Macon, McDonough, Tazewell and Vermilion) and South (which includes Jackson).

property taxes as an expense item. The subject appraisal report assumed an average tax rate of 10% on assessed value which resulted in a 3.33% effective tax rate that must be added to the overall capitalization rate. With the addition of the effective tax rate, the survey method concluded overall capitalization rates of 11.43% and 11.97%. (TR. 56-57; Appellant Exhibit 5, p. 33-34)

The band of investment method taken from the 1st quarter 2015 investor survey for apartments depicted a 26-year fixed commercial apartment loan at 4.87% with a 73% loan-to-value ratio. The data also reflected an average buyer's return on equity of 11.64%. From this data, Honegger calculated a total discount rate of 8.099% and with the addition of the effective tax rate, concluded an overall capitalization rate of 11.432%. (Appellant Exhibit 5, p. 34)

In reconciling the conclusions, Honegger concluded an appropriate capitalization rate of 11.43% which resulted in an estimated January 1, 2015 market value of $2,752,074 or an assessment of approximately $917,358. (TR. 57; Appellant Exhibit 5, p. 35)

On cross-examination, Honegger was asked if the subject SLF must dedicate a minimum number of rooms to Medicaid. Based on Burkett's testimony, Honegger responded that at least 25% are to be Medicaid, but he was not clear on the issue. (TR. 58-59)

As to the reported average rent in Honegger's income approach to value, the witness acknowledged that his calculation was based upon 92 units as set forth in the facility license; he was not informed that the facility had 94 units due to a remodel/conversion of existing space. The 92 unit calculation results in a rent of $653 and the 94 unit calculation results in a rent of $631. Honegger opined that one or two units may also have double occupancy with rents that are a little higher also. He further reiterated that the income figure was drawn from the 2014 actual income. Honegger stated, "it really doesn't matter what the average is in some respects because what we are looking at is a total income, total reported rent income." The witness understood that private pay and Medicare pay the same rent. Honegger further testified that the minimum SSI payment is $721 less the $90 results in $631 which is the rental figure he used in the income approach; he further noted that if the individual receives greater than the minimum SSI, such as $800 then the resident receives $90 and the remainder of $710, the amount above the rent figure of $631 "goes to pay the services and reduces the amount that Medicaid has to pay." (TR. 58-61)

When asked about changes in the facility's gross rent from 2012 to 2014, Honegger attributed the change as probably due to changes in the rent schedule which occur when there are changes in SSI and/or if there were additional double occupancy units, although Honegger's understanding was that there was "very little double occupancy in these SLF properties." Honegger utilized rental data "on the audit and what is on the rental sheet"; he did not use the private pay studio or one-bedroom rental rate of $880. (TR. 61-62)

All of the expense comparables which Honegger analyzed were properties that were managed by Gardant. As to location, it was Honegger's opinion that location did not have a lot of effect on a property's expense ratios; a function of their expense ratios might be how much they can charge in rent. Therefore, Honegger sought selection of properties that had similar rent to the SLF

property. In his conclusion for the appraisal report, Honegger elected to apply an average of the subject's prior three-year expense ratio. (TR. 62-64; Appellant Exhibit 5, p. 14)

In questions posed by the ALJ, Honegger agreed that the statutory provision for the assessment of SLFs does not provide for a vacancy rate. Honegger also agreed that Section 10-390 of the Code was "vague" in describing the method of performing the income approach "if you don't consider the fact of the other laws that preceded it had specified that." Honegger further acknowledged that he is blending his understanding of Section 42 and Section 515 valuations for SLFs in his interpretation of what the legislature meant. Honegger also explained his logic in that property tax assessments are to be equitable and he opined that there should be equity between an SLF with Section 42 and an SLF without Section 42. As to the issue of contract rent versus market rent, Honegger opined that if market rents were to be used "you wouldn't need a law"; the law was made for use of contract rents. (TR. 66-67)

At page 7 of the Honegger appraisal report, the appraiser wrote in pertinent part:

> The Illinois Property Tax Code specific to Supportive Living Facilities as written in Appendix A is clear that the income approach to value must be used and that the income from Medicaid and private pay services must not be considered as income in developing the income approach to value. This is correct because the income generated from these assisted living activities is income to both the business and real estate and not just to the real estate.

When asked more specifically about this assertion, Honegger testified that he has wrestled with the distinction between services and getting at the value of the real estate. Honegger further agreed that in an income approach to value, only the reasonable and typical expenses necessary to support and maintain the income-producing capacity of the real estate are to be allowed. Although an SLF has expenses, such as nursing and support staff, Honegger contended that by analyzing the property with an expense ratio similar to Section 42 housing that does not provide the services, he has eliminated those expenses from consideration. (TR. 68-69; Appellant Exhibit 5, p. 7)

As to his description of the subject facility, Honegger took the building size data from the architectural drawings which were in effect in 2007; he noted that no one from the facility advised him that an addition had been built in 2014. The witness further defended himself asserting that the building's size is immaterial because it is the income approach that is being used. Honegger further contended that based on Burkett's previous testimony there was not a physical addition of building area, but rather a conversion of existing building area to arrive at the additional units. As to Honegger's land area of 5.47-acres, he testified this figure probably would have also been obtained from the architectural drawing. (TR. 70-72)

As to "maximum vacancy and collection loss" of 5% stated on page 13 of Honegger's appraisal report, when questioned about the figure, he explained that this was derived from someone who wrote the law/regulations for Section 515 and Section 42 properties; Honegger said, "And, I am just using that as also being probably true for the SLF." (TR. 72-73)

As to the charges for monthly rent of $3,650 for a studio and $3,900 for a one-bedroom as reported by Joseph M. Webster, the appraiser hired by the board of review, Honegger contended those are for room and board plus service charges which are quoted on the telephone to those who inquire. As to the extra charge for a second person in the room, Honegger believed the fee was not $775 as asserted by Webster, but rather $400-something; he also asserted that HFS mandates the second person charge at an SLF. (TR. 74-75)

On redirect, Honegger reiterated the rental rates in excess of $3,000 per month are the quotes given to telephone inquiries and further relate to the written lease agreement (Appellant's Hearing Exhibit 8; TR. 75-76)

Upon additional cross-examination, Honegger was asked about expenses differing between a property in Cook County and a property in Champaign County. The witness answered that operations of SLFs are the same regardless of location and the SLFs are operated under the rent restrictions established by HFS. In examining the data in his appraisal report, Honegger noted the expense ratio for a comparable located in Will County, which is nearby to Cook County, was 67%, or an expense ratio that was similar to the one selected for the subject property. Without any data on Cook County SLFs, Honegger opined that the values of a Cook County SLF may be lower than the subject SLF as their expenses may be higher than downstate properties. (TR. 76-78; Appellant Exhibit 5, p. 14)

On further redirect examination, Honegger testified that the HFS rent schedule (Appellant's Hearing Exhibit 2) changes by location in the Medicaid amount which is for services. (TR. 78-79)

The board of review appeared at hearing by three board of review members with Zebo Zebe taking the lead in presenting the board of review's evidence. The board of review had timely submitted its "Board of Review Notes on Appeal" disclosing the total assessment for the subject of $1,277,670. The subject's assessment reflects a market value of $3,851,884 or $40,977.49 per unit, land included, when using the 2015 three year average median level of assessment for Champaign County of 33.17% as determined by the Illinois Department of Revenue.

The board of review's submission also included two-pages entitled "Comments" and documentation concerning the subject property including a property record card. As part of the commentary, the board of review asserted that the appellant's evidence lacks sufficient support to reduce the subject's assessment by 28%. As to the appellant's appraisal report, the board of review noted it lacked market rental rates for the various types of units and utilized a high overall capitalization rate. The board of review submitted data and argued average overall rates for apartment buildings based on third quarter surveys of 5.51% in 2014 and 5.39% in 2015 were more appropriate and would result in a higher overall value if applied in the appellant's appraisal.

In support of its contention of the correct assessment, the board of review submitted an 84-page appraisal prepared by Joseph M. Webster with an opinion of the market value of the subject property, subject to the contingent and limiting conditions of the report, of $7,640,000 as of January 1, 2015. At hearing, the board of review specifically indicated that it was seeking confirmation of the subject's 2015 assessment, not an increase in the assessment as would be reflected by its appraisal evidence. (TR. 9)

The board of review called Joseph M. Webster, of Webster & Associates, Inc., as its sole witness. Webster is a Certified General Real Estate Appraiser in the State of Illinois and he is also a designated member of the Appraisal Institute (MAI). He has been appraising properties for 11 years and as of the hearing date had performed appraisals of ten SLFs. He was hired by Daniel Stebbins, of the Cunningham Township Assessment Office, the client, to prepare an appraisal of the subject property. (BOR Appraisal, p. 4 & 74-75)

As part of the appraisal report, Webster outlined three extraordinary assumptions that were made which, "if found to be false, could alter the appraiser's opinions or conclusions." The first such assumption was that financial data regarding the property shown on the HFS website has been assumed to be reliable. The second assumption concerned the random sampling of individual units was assumed to be representative of the remaining units and third the appraiser assumed that the observation of the property made in October 2015 reflected a similar condition as of the date of the appraisal. (BOR Appraisal, p. 7)

Webster's appraisal report set forth that Section 10-390 of the Code is an applicable "regulation" in determining the value attributable to real property of a SLF. Due to the scope of the assignment, the sole method of valuation used was the income capitalization approach. Webster's appraisal noted that the exclusion of the cost and sales comparison approaches to value were jurisdictional exceptions to the Uniform Standards of Professional Appraisal Practice (USPAP) due to the applicable statutory provision of Section 10-390. (TR. 81; BOR Appraisal, p. 5, 9)

Webster's appraisal report presents the income approach analysis from page 41 through page 64. He testified the first step in the approach is to determine market rent and he determined "the most comparable properties in the market area also provide [a] similar degree of services." Webster further explained his decision to use market rent rather than the HFS schedule for rents was because "market rent is simply based on market forces. The rents provided were derived from SSI, and they do not – it's not the actual amount collected by the owner or the lessor. That is the amount that they receive, but they also receive incremental income from Medicaid in those cases where they are using Medicaid rather than private pay." It was Webster's opinion that the owner is receiving more than the rent schedule. He also acknowledged that, in light of Section 10-390 of the Code, the additional rents include services and under the statutory provision it is necessary to segregate out the proportion of the rent that includes services, which is an analysis that Webster performed later in his appraisal report after estimating the income using market rents. (TR. 81, 84-85)

To determine the income, Webster presented data of six comparable properties detailed individually from page 42 through page 47; none of these six comparables have rent restrictions; none of those comparables are supportive living facilities as Webster did not find "any supportive living facility rentals that were comparable in this case" that he was aware of. The comparable properties are located in Urbana, Savoy or Champaign and have from 46 to 234 units. The properties consist of a continuing care retirement community (CCRC) [#5], an assisted living facility [#1], an independent living facility [#6] and three properties [#2, #3 and #4] that have both independent living units and assisted living units with no indication as to how many units of each type. Webster variously described the units of the comparables as an

efficiency, a studio, a one-bedroom or a two-bedroom. For comparable #5, Webster failed to report what was included in the "average rent" figure that was reported; the remaining five comparables in the rental figure included weekly housekeeping, laundry, transportation and two or three meals per day[10]; comparable #6 also included television and telephone and comparable #2 also included utilities. Comparables #1 and #3 had two average rental rates for studio and one-bedroom units, respectively, ranging from $2,300 to $3,200 per month; comparables #2, #4, #5 and #6 had from three to eight reported average rental rates within the facility which represented price ranges from $1,525 to $5,395 per month.[11] From the data he gathered, Webster on page 48 separately summarized that studio units rent for prices ranging from $1,525 to $2,950 per month with a median of $2,350 per month and one-bedroom units rent for prices ranging from $1,704 to $3,300 per month with an average of $2,890 per month. From this comparable market data, Webster concluded a market rent of $2,600 per month for studio units and $3,200 per month for one-bedroom units was reasonable. Also as part of his analysis, Webster reported that five of the comparables had second person charges ranging from $500 to $795 with a median of $675 per month; from this data, Webster concluded that a second person charge of $750 per month was reasonable. (TR. 81, 86; BOR Appraisal, p. 48)

When asked by the ALJ about the comparison of an independent living facility, comparable #6, to an SLF, Webster remarked that a previous decision of the Property Tax Appeal Board in which Webster had been one of the appraisers reflected a preference toward independent living rents, although the decision was issued after the preparation of the instant appraisal report. "However, because of that ruling, I reviewed what was strictly an independent living facility, which was The Inman." He noted that an independent living facility does not provide any health care/personal care. (TR. 86-87)

At page 49 under the heading of "Contract versus Market Rent" in the appraisal, Webster wrote:

> The marketing director for Prairie Winds reported current rents to be $3,650 per month for studio units and $3,900 per month for one-bedroom units. The second person charge was reported to be $775 per month. The second person charge is reasonable, although the rents are above market. The current and historical occupancy rate is high, although the percentage of private pay residents is lower than typical for this type of property. Given that ad valorem appraisals are based on fee simple property rights, market rent will be used in the analysis.

At hearing, Webster testified, "After the market rent opinion was determined, I examined the maximum allowable rents under Medicaid for that year for that location. The reason being because the opinion of market rent based on private pay residents was partially higher than the maximum rent allowed for Medicaid residents. As a result, it was necessary to determine an appropriate private paid [payor] mix in which a percentage of the gross income for the one-bedroom units was applied to Medicaid and the remainder was applied to private pay." (TR. 81-82)

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[10] Only comparable #2 provided two meals per day.

[11] On page 43 of Webster's appraisal report, he indicated that the average rents reported for comparable #2 reflected the rents for independent living units.

The next section in the appraisal consisting of pages 50 through 52 depicts Historical Income Statements for years 2012, 2013 and 2014. There is no source of information referenced in the appraisal report. At hearing, Webster testified that he obtained this data from the HFS website, public records, and he also compared that data to five expense comparables of SLFs in the central Illinois market area. The data depicts total revenues for 2012, 2013 and 2014 of $3,526,153, $3,566,023 and $3,685,463, respectively. The total expenses for those same years is shown as $1,958,909, $2,025,565 and $2,035,562, respectively. Given these revenue and expense figures, the resulting net operating income is depicted as $1,567,244, $1,540,458 and $1,649,901 for the respective years. The data also depicts the occupancy for years 2012, 2013 and 2014 as 99.52%, 98.94% and 99.15% along with a reported private-pay mix depicted as 52%, 39.78% and 39.26%, respectively. (TR. 88; BOR Appraisal, p. 50-52)

After Webster acknowledged having expense comparable data on five SLFs in central Illinois, the ALJ asked why the appraiser did not likewise have rental data for SLFs. Webster testified that the SLF he is most aware of in Champaign County located in Rantoul is an inferior market and a considerably older property with more functional obsolescence; as such, Webster did not feel it was comparable. Webster further contended that his gross income estimate prior to deduction of service income of approximately $3 million was about $500,000 per year less than the subject's reported income for years 2012 through 2014. (TR. 88-89)

At pages 53 through 57 of the appraisal, Webster set forth data on "Expense Comparables" #1 through #5 located in Rantoul, Mt. Zion, Normal and Sullivan; comparable #4 does not have a location stated and is simply identified as "Eagle Ridge SLF 1." Other than comparable #4 presumably being an SLF, there is no indication in the data what type(s) of facilities these comparables operate; in testimony, Webster summarily agreed to a question that the expense data came from comparable SLFs. The comparables range in size from 38 to 99 units with occupancy ranging from 92.12% to 99.08% and with private-pay mixes ranging from 15.36% to 71.48%. The reported total revenues for these five expense comparables ranged from $1,284,367 to $3,647,981 with reported total expenses ranging from $675,761 to $2,303,805 which resulted in reported net operating incomes ranging from $349,745 to $1,344,176. (TR. 89; BOR Appraisal, p. 53-57)

Commencing on page 58 of Webster's appraisal report entitled "Analysis of Income and Expenses," the appraiser began by describing potential gross income which he opined to be $2,600 per month for studio units of which approximately 35% were reported to be private pay. The appraiser noted the private pay mix of the subject is "lower than average, although there are some supportive living facilities which have a similar or lower mix, including Expense Comparables 3 and 4." He further summarized that the subject's private-pay mix declined from 2012 to 2014 as depicted on pages 50-52 of the report; Webster opined "it is reasonable to suggest further declines." Webster wrote that he estimated that 35% of the one-bedroom units or 28 units will be based on the private-pay market rent opinion of $3,200 per month with potential gross income for the remaining 52 [one-bedroom] units based upon the "maximum allowable rents for Medicaid in Central Illinois, or $2,640 per month." Applying these calculations, Webster opined a total potential gross income for the subject property as depicted on page 62 of his appraisal report of $3,159,360. Webster also testified that the "resulting gross income was the rents that I determined to be attributable to real property" as he noted, "there was essentially no evidence that there was additional net income obtained solely from the additional services

provided which do include dietary, health care/personal care and activities/social services." (TR. 83; BOR Appraisal, p. 58 & 62)

Webster next developed a conclusion of vacancy losses to apply in the income approach to value on page 58. He reported the subject had historical vacancy losses for years 2012, 2013 and 2014 of 0.48%, 1.06% and 0.85%, respectively. Webster also noted the subject has maintained occupancy levels near 100% for multiple years with vacancy levels likely related to turnover. Webster testified at hearing that he deducted a market-oriented vacancy loss. Webster also reported the historical vacancy loss data for his five expense comparables; Webster did not report what year or years were reflected by the comparable expense data. The vacancy losses reported for expense comparables #1 through #5 range from 0.92% to 7.88%; Webster also wrote that comparable #5 located in Sullivan with the 7.88% vacancy loss was an outlier, "although this property has historically experienced a higher than typical vacancy rate." Excluding the outlier, the highest vacancy loss reported among the expense comparables was 3.99%. (TR. 82; BOR Appraisal, p. 58)

Next, and still within the discussion of "Vacancy Losses" in the appraisal report at page 58, Webster stated:

> It should be noted that market data from 2014 was considered, which includes a supply of 364-units, and there is a wait list for these units. Not including memory care, there are 252-units of additional supply that has recently come available or will be available shortly. Given the anticipated increase in the local population that may reside in independent, assisted, or supportive living facilities, there is not an oversupply.

The record reflects no support for the foregoing assertion nor any information concerning the type of data reviewed, such as regional or statewide information. Webster then wrote, "Nonetheless, a higher vacancy loss will be projected than historical levels." Webster estimated a 5% vacancy loss applied to potential gross income in his analysis or a deduction of $157,968. (TR. 82; BOR Appraisal, p. 58 & 62)

The next step in Webster's analysis of the income approach shown on pages 58 and 59 was an estimate of the "Deduction for Service Income." For this portion, Webster testified that he initially examined the second person fee as a "strong indicator of the operator's [difference] of providing additional incremental services for dietary, health care/personal care, and activities/social services."[12] However, for the subject property, Webster found those service items, in addition to the payroll taxes and employee benefits attributable to those service items, exceeded the second person charge. For the comparable properties, the second person charge ranged from $500 to $795 per month; the subject has a second person charge of $775 per month or $9,300 per year per second person. Webster also acknowledged finding that a second person charge which did not account for the additional expenses associated with a second person was not necessarily uncommon; there are situations where the second person charge may be regarded

[12] As stated at page 59 of the appraisal, "A useful metric for measuring the profitability of services is to examine the second person charge, due to it reflecting the incremental increase in dietary, health care/personal care, and activities/social services."

as a marketing tool to maintain high occupancy levels. In any event, Webster found the analysis of the second person charge to be "evidence." (TR. 82-83; BOR Appraisal, p. 59)

Also within the "Deduction for Service Income" section of the report, Webster summarized "additional rent related to services" from the subject's 2012 through 2014 Historical Income Statements. Webster added together three specific expense lines, on a per unit basis, consisting of Dietary, Health care/personal care, and Activities/social services. Mathematically Webster found the expenses for these three service related items for years 2012, 2013 and 2014 totaled $8,850, $9,025 and $9,334 per unit, respectively, or an average of $9,070 per unit per year. For comparison, Webster also reported the same expense data for five expense comparables depicted on pages 53 through 57. He reported the expense comparable data reflected a range of $5,790 to $13,168 per unit or an average expense of $10,128 per unit per year. Given the data concerning the subject and the expense comparables, Webster opined these expenses for the subject "are relatively consistent with market levels." (BOR Appraisal, p. 58)

Also as part of the "Deduction for Service Income" section, Webster wrote:

> Further, it is necessary to adjust the employee benefits and payroll taxes to account solely for wages attributable [to] the remaining items. Shown below is the percentage of wages attributable to dietary, health care/personal care, and activities/social services in 2012 – 2014 . . .

In summary and presumably from the subject property's historical income statements, Webster then set forth the 'service-related wages' for each of the three years, the 'total wage expense' for each of the three prior years and a calculation of the '% of total' or proportion of the total wage expenses attributable to service-related wages. As set forth on page 59 of the appraisal, Webster found this calculation ranged from 68.87% and 70.25% of the total wage expense which was attributable to service-related wages. (BOR Appraisal, p. 58-59)

Webster's appraisal summarized the employee benefits/payroll taxes for the five expense comparables depicted on pages 53 through 57 as ranging from $760 to $2,716 per unit. In contrast, the subject's historical employee benefits/payroll taxes per unit for years 2012, 2013 and 2014 were $2,340, $2,124 and $1,943, respectively. Webster wrote, "Assuming a stabilized employee benefits/payroll tax of $2,100 per unit and 69% attributable to dietary, health care/personal care, and activities/social services, this would suggest $1,449 per unit should also be included in the deduction for service income." (BOR Appraisal, p. 59)

After the extensive foregoing analysis, Webster concluded that the average historical dietary, health care/personal care, and activities/social services expense of $9,070 per unit along with the incremental increase in employee benefits/payroll taxes as attributable to services or $1,449 per unit should be deducted from the potential gross income or $10,519 per unit.[13]

At this stage of the income approach to value, Webster's determination of potential gross income of $3,011,392 was reduced both by the vacancy and collection loss of $157,968 and by a

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[13] In the Reconstructed Operating Income Statement depicted on page 62 of the appraisal, Webster has rounded this deduction down to $10,500 per unit.

deduction for service income of $987,000 ($10,500 x 94) that resulted in an effective gross income of $2,014,392. Although as part of the income approach to value, an appraiser typically would include ancillary income derived from special services such as beauty salon, non-resident meals, and interest/investment income, Webster concluded that all of these items are regarded as being related to services, rather than from the real property and thus no ancillary income was included in this income approach to value. (BOR Appraisal, p. 59 & 62)

The next step in the income approach to value is a determination of appropriate operating expenses to be deducted from the effective gross income. Webster specifically excluded dietary, health care/personal care and activities/social services expenses since, according to Webster, that data had previously been deducted as part of the calculation of his "Deduction to Service Income." (TR. 83; BOR Appraisal, p. 59-60)

The board of review's appraisal report prepared by Webster discusses the expense data from page 59 through to page 61 in detail. For the income approach to value, the appraiser reported a total operating expenses figure of $1,038,350 as depicted on page 62 in the Reconstructed Operating Income Statement. The expenses consist of an analysis of both the subject's historical expenses and the data drawn from the expense comparables. For Housekeeping/Laundry/maintenance Webster concluded an expense of $5.25 per resident day[14] or a total expense of $171,124. The utilities expense was similarly calculated giving consideration to historical expenses of the subject and expense comparables; Webster determined the subject's utilities expense was near the low end of the market data, "which is partially attributable to the geothermal heating system." Webster concluded an expense of $3.30 per resident day or a total expense of $107,564. The "General services – other" expense item was described as including security, vehicle, garbage hauling and pest control; after examining both sets of historical expense data, Webster stabilized this expense at $0.60 per resident day or $19,557. For the administrative/clerical expense, Webster described that there was a wide variance in the data, but he stabilized this expense at $11.82 per resident day or $385,400.[15] Webster also stabilized the marketing expense at $2.80 per resident day or $91,266. For the employee benefits/payroll taxes expense, Webster reiterated that $2,100 per unit was reasonable, but then applied 69% as attributable to wages related to dietary, health care/personal care, and activities/social services which resulted in an incremental expense of $651 per unit or $61,194. For the insurance expense, Webster gave greater emphasis to an analysis on a per-unit basis and utilized an expense of $420 per unit or $39,480. The expense entitled general administration-other was described as including legal, accounting and consulting; after analysis of the subject and comparable data, Webster concluded an expense of $0.75 per resident day or $24,446. (BOR Appraisal, p. 59-60)

Determining that a management fee is a typical expense, Webster also applied a 5% fee to the effective gross income or $100,720 as a management fee to be included among the expenses. The final expense which Webster applied was a reserve for replacement which he based upon data from Realty Rates for senior housing. Webster determined a reserve of $400 per unit was reasonable or $37,600. (BOR Appraisal, p. 61)

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[14] On page 62, the appraiser reported that there 32,595 resident days.

[15] Mathematically, at $11.82 per resident day x 32,595 the administrative/clerical expense should be $385,273.

After deducting total expenses of $1,038,350 or 51.55% of the subject's effective gross income, Webster estimated a net operating income of $976,042 for the subject property. (BOR Appraisal, p. 62)

The final step in the income approach to value was capitalization of net operating income which was presented on pages 63 and 64 of Webster's appraisal report. The appraisal depicts a typical mortgage interest rate of 4.5% and an interest rate calculation using the band of investment technique which resulted in a rate of 8.94%. The appraiser found the conclusion from the band of investment technique was consistent with data from Realty Rates for assisted living facilities that ranged from 4.95% to 12.36% with an average of 8.18%. The appraiser also reported capitalization rates that were extracted from three assisted living facilities in central Illinois between 2012 and 2014; those properties had rates of 7.4%, 8.5% and 9.06%. A fourth memory care facility sold in 2012 in southeast Urbana presenting a 9.51% capitalization rate. In light of the foregoing data, Webster determined that an appropriate interest rate was 8.94% to which was added the applicable tax rate of 3.427% resulting in a loaded capitalization rate determination of 12.37%, rounded. (TR. 83-84; BOR Appraisal, p. 63)

Webster further contended that approximately 3% of the total value of the subject facility consists of furniture, fixtures and equipment (FF&E). At page 40 of the appraisal report, Webster reported the subject facility has items such as dining room furniture, kitchen equipment, office equipment and furniture along with laundry machines and a van. In addition, the rental units each are equipped with a microwave and refrigerator.

In the appraisal at page 40, Webster reported there are two primary methods to determine the contributory value of FF&E. One method is based upon a depreciated cost analysis. Using data published on-line by HFS, Webster contends the "reported cost for the subject property is $7,895,776, of which $899,356 is equipment." The equipment also was reported as being 89.22% depreciated based upon a 7-year life implying an average age of 6.25-years for the equipment. While Webster found the average age figure to be appropriate in light of the age of the building, he asserted that a 10-year useful life was more appropriate. From his records, Webster asserted he had construction cost information for two assisted living projects that had FF&E costs of $10,769 and $6,108 per unit, respectively. Finding the lower per unit cost to be more comparable to the subject, Webster applied 62.5% depreciation to a cost new of $7,000 per unit resulting in a contributory value of FF&E of $246,750 under this method. (BOR Appraisal, p. 40)

The second method to estimate FF&E examines allocations of personal property made in transfer declarations. For this analysis, Webster reviewed his data record on five senior living sales reflecting personal property allocations of $13,650, $11,219, $10,256, $1,570 and $16,757 per unit. As part of the appraisal report, Webster wrote that, "[a]llocations for personal property are often excessive, due to tax motivations, which appears to be the case for several of the sales." He also acknowledged in the appraisal that the property with an allocation of $1,570 appeared to be lower than typical. "Nonetheless, the depreciated cost analysis suggests a contributory value of $2,625 per unit, which is within this range." From the foregoing data, Webster concluded a contributory value of FF&E of $246,750 or $250,000, rounded. (BOR Appraisal, p. 40)

In summary, capitalizing the calculated net operating income figure of $976,042 by the loaded capitalization rate of 12.37% resulted in a value conclusion of $7,890,396 or $7,890,000, rounded, from which Webster deducted his value conclusion of FF&E of $250,000. Therefore, Webster estimated the subject's value by the income approach for the real estate only as $7,640,000. (BOR Appraisal, p. 64)

Based on the foregoing evidence, the board of review requested confirmation of the subject's estimated market value of $3,851,884 as reflected by its assessment.

On cross-examination, Webster acknowledged that none of the comparable properties he used to develop market rental data were SLF properties and most of them have some assisted living component to the property. The rentals reflected by comparables #1 through #5 would include income from a personal care element; in contrast, the rental information for comparable #6 would include dietary and activities. (TR. 90-92)

As depicted on the reconstructed operating income statement at page 62, Webster concluded an expense ratio of 51.55% of effective gross income, when excluding real estate taxes, for the subject property. While Honegger's expense ratio was 56% of effective gross income, when excluding real estate taxes, for the subject property, due to the difference in potential gross income which Honegger had calculated as compared to Webster's potential gross income calculation, Webster was of the opinion that the expense ratio calculations of the two appraisers were actually vastly different. Webster acknowledged that the market rental rate he utilized for this appraisal report includes services resulting in a revenue estimate in excess of $3 million followed by a deduction of $987,000 which Webster had calculated as "service income." (TR. 92-95)

The calculation Webster made for a deduction of service income began with consideration of the second person charge at the facility of $775 per month per unit which would be a gross income of $9,300 per unit per year. Webster also testified that the deduction of $987,000 was based upon a calculation of expenses of $10,519 per unit per year[16] which was developed from his opinion of the personal care activities, social services and dietary expenses along with payroll taxes and employee benefits for those respective departments that were included; the deduction of these expenses was necessary to determine gross rent attributable to real property. In contrast to Webster's service income deduction of $987,000, appellant's counsel noted in questioning that Honegger's appraisal in the 2014 profit/loss statement (Appellant's Exhibit 5, p. 23), reflected "supportive living services revenue – resident" was $1,305,849 and "supportive living services revenue – Medicaid" was $1,498,500. (TR. 95-97, 102)

Webster testified that he discussed the HFS published schedule for SLFs on page 58 of his appraisal where he reported the potential gross income for the studio units was $2,600 per month and "the remaining 52-units was based on the maximum allowable rents for Medicaid in Central Illinois, or $2,640 per month." Webster also acknowledged that he has used market rental rates rather than contract rental rates "because contract rents for private pay residents were above market"; Webster then modified his testimony noting that "maximum allowable rents indicated

[16] Mathematically $10,519 per unit x 94 units would result in a figure of $988,786; the calculation on page 62 appears to reflect a deduction of $10,500 per unit x 94 units for a deduction of $987,000.

by Medicaid were $2,640 per month." He also asserted that his analysis has both contract rents and market rents. (TR. 99-100)

Webster has looked at the Honegger appraisal report, including the profit and loss statement data. As to Webster's choice of data for his appraisal, he was not sure if he had received a copy of Honegger's appraisal report [prior to preparing his appraisal]; Webster chose to use the information from the HFS website "that was how the historical income and expenses were determined for the subject property." Webster testified that the data from the HFS website does not breakdown the apartment rental revenue in the same manner as depicted on page 23 of the Honegger appraisal report which depicts the 2014 income/loss statement of the subject property. The HFS data simply provides a total rent figure. Webster also agreed that Honegger's income/loss statement data was not substantially different from the HFS data. (TR. 100-02)

The ALJ made inquiries of Webster concerning the individual rental comparables depicted on pages 42 through 47 questioning the difference in reporting "rent restrictions" which none of the comparables have and "subsidies and restrictions at project" also which none of the comparables have according to his data. Webster testified he believes this was referring to his "interpretation would be it was referring to Medicaid" for rent restrictions. (TR. 108)

As to rental comparable #1, the "charge in addition to rent" of $1,750 was described at hearing by Webster as the equivalent of an application fee or community fee which was not factored into the monthly rental figure; acknowledging that the appraisal did not address the treatment of this one-time fee, the appraiser did point out the one-time fee was re-stated on page 48 in the summary table as an additional charge of "$1,750 community fee" for rental comparable #1. Upon further questioning about the summary data on page 48, Webster acknowledged the "additional charges" data in the table does not specify the distinctions between rental comparable #1 having a one-time fee and rental comparable #2 having the $675 second person charge listed in that same row which is clearly not just a one-time fee. (TR. 108-09)

As to rental comparable #2, Webster acknowledged this property consists of 138 independent living units and 36 assisted living units. When asked how this breakdown in unit types factored into Webster's use of the rental data that provided six prices ranging from $2,165 to $5,395 per month, Webster stated, "That is something that it would need to be considered on determining market rent based on health care and personal care. It would, obviously, be somewhat of a floor of sorts because the initial market rent opinion did include a consideration of health care and personal care, the same as with comparable number 6." (TR. 109-10)

For rental comparable #5 which is a continuing care retirement community, the appraiser reported the average rents with eight prices ranged from $1,525 to $3,565 per month. Webster was asked how the nonrefundable after five years entrance fee that was reported as ranging from $65,600 to $236,800 was factored into his determination of market rent.[17] In response Webster testified when the fee is non-refundable, the average rent paid per month is lowered and when the entrance fee is refundable, it results in the highest monthly rents at the CCRC. Webster

[17] On page 46 of the appraisal concerning this property, Webster reported "Entrance fees are typically non-refundable after five years, but may be structured to include a 50% or 90% refund."

provided no additional testimony to explain how this entrance fee structure factored into his determination of market rent. (TR. 110-11)

Webster did not recall why on page 48 of the appraisal report he stated studio units had a median monthly rental of $2,350 and one-bedroom units had an average monthly rental of $2,890. (TR. 111)

Data from the market rental comparables revealed second person charges ranging from $500 to $795 per month for a median of $675 per month; for analysis in his appraisal report, however, Webster chose a second person charge of $750 per month as being reasonable because "some of those second person fees would be for independent living facilities" which Webster asserted "would have a lower second person charge as there would be no health care/personal care elements" and thus it was necessary to go somewhat higher. (TR. 111-12)

To arrive at the potential gross income of the subject property, Webster utilized market rent derived from six properties, none of which were SLFs, with a conclusion of $2,600 per month for 14 studio units, $3,200 per month for 28 one-bedroom units and $2,640 per month for 52 one-bedroom units that were Medicaid. (TR. 112-13)

When asked by the ALJ how a "typical income approach to value" would differ from the one necessitated by application of Section 10-390 of the Code, Webster testified as follows:

> . . . In a normal supportive living facility appraisal, I would most likely consider the actual rents, compare the actual rents to market rents and not really cap it out unless there was a ceiling to the actual rents. I would not deduct service income or a second person charge from the gross income side. I would deduct all the expenses, operating expenses, including dietary, health care and activities/social services. From there I would have a net operating income that would effectively be a going concern, that net operating income. At that point it would be necessary to allocate for assets including real property, personal property, and intangible assets.

(TR. 115)

As to the deduction for FF&E, Webster testified that in order to produce the gross income of the subject property, there are various items of personal property that are necessary such as laundry machines, kitchen equipment and community room furniture; it was Webster's opinion that those items would absolutely have to be deducted. (TR. 116)

As provided for in the procedural rules of the Property Tax Appeal Board, the appellant's counsel timely submitted written rebuttal. The rebuttal consists of a two-page single-spaced typed letter prepared and signed by appellant's appraiser, Keith Honegger, with attachments identified as Appendix A through Appendix E. The Webster income approach to value is criticized as being flawed in that it "does a market study of non SLF assisted living properties to determine what the market rent should be for assisted living facilities in the Urbana area not subject to the rent restrictions of the subject SLF property." The rebuttal prepared by Honegger also asserted determining market rent is not appropriate for valuation of a SLF property since the rents that

may be charged are mandated by a government entity and are below market rent so they are affordable to low-income renters. Attached Appendix B are prior PTAB decisions on Section 515 and Section 42 properties.

The written rebuttal further asserted that HFS sets the rents of all SLF properties within Illinois as published annually and which are based on the minimum SSI payment; attached Appendix C is a copy of this referenced rent schedule (the document is identical to Appellant's Hearing Exhibit 2).

With citation to Honegger's appraisal that presents the 2014 profit/loss statement of the subject facility with the revenue specified for apartment rent, services, financial revenue and other revenue, it was argued by the appellant that the intent of the Code as applied to SLF properties is that "the actual rental income of the subject property should be used as the income for the income approach to value, not a market rent derived from a market study of non-SLF assisted living properties."

Honegger also argued in the written rebuttal that the service portion of the income depicted in the rent schedule should not be considered as income. He argued that it is a flawed appraisal approach to begin with market derived rent which includes service income and then seek to subtract the service expenses with a hard to understand and unsupported methodology.

Lastly as to this written rebuttal, the Board finds Appendix E consisting of a grid of assessment data of 33 properties managed by Gardant, is inappropriate rebuttal evidence. Pursuant to the rules of the Property Tax Appeal Board, rebuttal evidence is restricted to that evidence to explain, repel, counteract or disprove facts given in evidence by an adverse party. (86 Ill.Admin.Code §1910.66(a)). Moreover, rebuttal evidence shall not consist of new evidence such as an appraisal or newly discovered comparable properties. (86 Ill.Admin.Code §1910.66(c)). In light of these rules, the Property Tax Appeal Board has not considered Appendix E consisting of assessment data for properties located in numerous different counties in Illinois as submitted by appellant in conjunction with its rebuttal argument as the opposing party did not present any assessment data in its evidence that was potentially subject to being rebutted.

At the hearing, the appellant re-called Rod Burkett for rebuttal testimony. Having heard the testimony of appraiser Joseph Webster, Burkett testified that Webster misinterprets the terms of rent and revenue in that Webster was using the terms synonymously. To the extent that Webster was pulling data from HFS cost reports to ascertain market rent, it is Burkett's opinion that the data reflects total revenue which would include service income both from private pay residents and from the Medicaid program. He further noted that Medicaid is prohibited by federal law from using any monies for rent; it can only be used for services. Burkett testified that the reason HFS was so precise in determining the amount of room and board, which includes the rent and all the costs for food, is that Medicaid monies cannot be shown as "going to supplant the physical plant." In summary, a Medicaid resident's rent is paid on the HFS formula with social security income (SSI) less $90 which is allotted to the individual for personal spending; no Medicaid money goes toward paying rent and/or room and board. (TR. 117-19)

The board of review re-called Joseph Webster for surrebuttal testimony. As to Burkett's interpretation of Webster's market rent/revenue distinction, Webster testified that he was taking market rent with a more global view of the property. He stated, "if the property cost $10 million to build and you are receiving $631 of which roughly 45% of that may go to real property, that's not a feasible investment because you are getting roughly $300 per unit for real property, you capitalize that out at 8%, and that's $3,600." He noted when you have spent considerably more to build the property, it is not feasible; but yet these facilities are being constructed. Webster said, "This property is not going to sell with the real estate allocation being where the real estate allocation is suggested. That is infeasible despite the considerable amount of intangible assets in this case." (TR. 120-22)

Upon cross-examination by appellant's counsel, when asked about the previous statement concerning valuation based on what the property would sell for, Webster stated:

> I would – I mean you have to – in this case, you can't consider intangible assets or personal property; however, you determine what would be the appropriate allocation for real property. And so, yes, I determined market value based on the methodology of $631 per unit per month, 5% vacancy loss, 56% expense ratio, you are getting roughly $300 per unit per month. The property is not going to sell based on that formula because the net income is higher than that amount in this case.

While Webster conceded that Section 10-390 of the Code is applicable to the subject property, Webster asserted he has reviewed that statute that specifically says it is for rent attributable to real property. He further said, "The rents in this case are SSI income. That is an arbitrary number that is not based on market. It does not vary throughout the State of Illinois." (TR. 122-23)

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). However, for purposes of the Code for the assessment of a supportive living facility, the income approach to value is to be utilized with the exclusions set forth in Section 10-390. The Board finds the preponderance of the evidence meets this burden of proof and a reduction in the subject's assessment is warranted.

A supportive living facility is to be valued pursuant to 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 technique 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]

As set forth in detail above, there are extremely divergent value opinions utilizing Section 10-390 of the Code by the two expert appraisers. The subject property, located in Urbana, consists of a two-story 94-unit supportive living facility featuring 14 studio units and 80 one-bedroom units. Each unit has a kitchenette furnished with a microwave and a refrigerator, a bathroom and living/sleeping area. The property has a 4.866-acre site.

The Champaign County Board of Review's total assessment for the subject property reflects a market value of $3,851,884, land included, when using the 2015 three year average median level of assessment for Champaign County of 33.17% as determined by the Illinois Department of Revenue. Keith Honegger, the appellant's appraiser, estimated the subject's total value to be $2,752,074 as of January 1, 2015 in accordance with Section 10-390. In contrast, Joseph M. Webster, the appraiser retained by the Champaign County Board of Review and the township assessor, estimated the subject's total value to be $7,640,000, rounded, as of January 1, 2015 when applying Section 10-390 of the Code.

Both appraisers have years of experience in valuing real estate as licensed appraisers and were qualified as experts in their field. Both appraisers developed only the income approach to value following their own interpretations of Section 10-390 of the Code and seeking out relevant data concerning the subject property and comparable data for analysis. Both appraisers agree on the basic principles and methodologies applicable and employed in an income approach to value. Both appraisers 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. (Honegger Appraisal, p. 7; Webster Appraisal, p. 41) One method is to convert one year's income expectancy (potential gross operating income less operating expenses) by applying a market-derived capitalization rate.

To begin the income analysis, each appraiser estimated dramatically different amounts as potential gross income. Honegger solely relied upon the subject's Profit and Loss Data for the year ended December 31, 2014 which is data maintained by the appellant; his report also included similar Profit and Loss Data for years 2012 and 2013 (Honegger Appraisal, p. 26 – 31). In contrast, Webster relied solely upon the "total revenue" the facility reported to HFS which is publicly available data for years 2012, 2013 and 2014 (Webster Appraisal, p. 50 – 52). With these differing starting points for potential gross income, Honegger began with a figure of $721,028 which reflects rental income of 94 units at approximately $639 per unit per month, whereas Webster began with a figure of $3,159,360 which included service income.

Next both appraisers considered vacancy and collection loss. Honegger determined there was none to be deducted since he was utilizing the 2014 rental income figure for 2015 valuation; Webster deducted 5% of the potential gross income or $157,968 for vacancy and collection loss.

[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 [of Revenue]'s 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)

Honegger also added the Food Program income or SNAP of $78,205 and other income from the beauty salon of $74,756. Additionally, Honegger deducted the raw food expense of $159,075 to conclude an effective gross income of $714,914.

In contrast to Honegger, because Webster's potential gross income figure included service income, Webster engaged in a lengthy analysis process which has been previously detailed in this decision in order to deduct what he estimated to be "service income" of $987,000 per year or approximately $10,500 per unit per year. With his deduction of service income, Webster estimated effective gross income for the subject to be $2,014,392.

The Property Tax Appeal Board finds little support in Webster's appraisal for his estimate of annual service income of less than one million dollars. Moreover, the Board finds the method that Webster used to arrive at this estimate was very confusing and lacked logic when applied to the specific statutory and regulatory limitations which are placed upon a supportive living facility. Furthermore, the Board finds that the data in the record does not support Webster's conclusion of services income when looking at the three Profit and Loss Data sets for years 2012, 2013 and 2014 which are contained in Honegger's appraisal report. These Profit and Loss Data sets depict both "resident" and "Medicaid" services revenue for each of the years as follows: 2012 in excess of $1.5 million from residents and in excess of $1.1 million from Medicaid; 2013 likewise in excess of $1.3 million from residents and in excess of $1.2 million from Medicaid; and 2014 in excess of $1.3 million from residents and in excess of $1.4 million from Medicaid. As a consequence of this analysis of data in the record, the Board finds that in each of the three calendar years prior to 2015, the subject SLF recorded at least $2.5 million in services related annual revenue. Therefore, Webster's estimate of annual services income of $987,000 is severely understated and as a consequence given his potential gross income estimate of $3,159,360, overvalues the subject property due to an insufficient deduction for services income within this modified income approach to value.

Given the foregoing analysis of the record, the Board finds that Honegger and the appellant presented the best evidence of value under the analysis mandated by Section 10-390 of the Code. While accepting the Honegger appraisal as the best evidence in the record, the Board also recognizes the difficulty assessing officials may face in relying upon data provided by owners of SLFs for the breakdown of non-service related income and service-related income of the SLF property. However, the record suggests that the SLFs Profit and Loss Data closely parallels the publicly reported HFS Cost Reports that were viewed by Webster. As depicted below, the total revenue reported in each type of report set forth in the respective appraisers' reports did not vary much, if at all:

Year	Honegger	Webster
2012	3,526,153	3,526,153
2013	3,566,021	3,566,023
2014	3,685,457	3,685,463

Therefore, the Board finds that the Webster appraisal by understating the services income severely over inflated the value estimate of the subject property under the mandated income approach to value provided in Section 10-390.

To complete the analysis of the respective appraisal reports, once the Webster estimate of income is greatly reduced by the actual services income, the differences between the appraisers are relatively minor. The Board finds that both appraisers used varying methods to estimate expenses for the subject property, but neither appraiser considered expenses related to services and only estimated expenses related primarily to the operation of the real estate. Honegger concluded a three-year average reflective of 56% of his effective gross income or $400,352 as expenses not related to services. Webster applied an estimate of 51.55% of his effective gross income or $1,038,350 as reflective of expenses that were not related to services. While the percentages are somewhat comparable, the Webster expense figure is substantially higher because it was based from a percentage of an exaggerated effective gross income figure which has already been discredited in this analysis. Therefore, the Board accepts the Honegger expense calculation as the best evidence in this record.

After the deduction of their respective expense estimates, the appraisers arrived at substantially differing net operating income estimates: Honegger concluded $314,562 and Webster concluded $976,042. Both appraisers next used various research methods to arrive at capitalization rates to which each appraiser added the effective tax load resulting in overall capitalization rates as follows: Honegger 11.43% and Webster 12.37%. Again, the Board finds these loaded capitalization rates are not substantially different from one another. Given the credence that the Board has placed in the Honegger appraisal report, the Board accepts Honegger's overall capitalization rate as appropriate on this record.

Honegger applied his overall capitalization rate to his net operating income estimate resulting in a value conclusion for the subject of $2,752,074. Webster also applied his overall capitalization rate to his net operating income estimate resulting in a value conclusion for the subject of $7,890,396, however, Webster additionally deducted his calculation of furniture, fixtures and equipment (FF&E) of $250,000 for a final opinion of value of $7,640,000, rounded. Again, because the Board has previously determined that Webster presented an exaggerated effective gross income figure, all of his subsequent calculations include that same exaggeration and have been determined by the Board to lack credibility on this record giving due consideration to all of the income statement data along with the publicly available HFS cost reports. Furthermore, while Webster made an additional deduction for FF&E in his appraisal report, the Board finds that such an additional FF&E deduction if made to the Honegger report would only further reduce the value conclusion of $2,752,074 or $29,277 per unit, including land. On this record and in light of the mandates of Section 10-390, the Board finds no need to further reduce the Honegger appraisal value conclusion.

The subject's assessment reflects a market value of $3,851,884, land included, which is above the best evidence of market value in the record. Based on the above analysis and application of Sec. 10-390 of the Code to the valuation of the subject SLF, the Board finds the preponderance of the evidence indicates a reduction in the subject's assessment to reflect the Honegger appraisal report is warranted. Since market value has been established, the 2015 three year average median level of assessments for Champaign County of 33.17% as determined by the Illinois Department of Revenue shall apply. (86 Ill.Admin.Code §1910.50(c)(1)).

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. Pursuant to Section 1910.50(d) of the rules of the Property Tax Appeal Board (86 Ill.Admin.Code §1910.50(d)) the proceeding before the Property Tax Appeal Board is terminated when the decision is rendered. The Property Tax Appeal Board does not require any motion or request for reconsideration.

Chairman

Member

Member

Member

Member

DISSENTING: ____________________ ____________________

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

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

Date: July 17, 2018

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 or years of the same general assessment period, as provided in Sections 9-125 through 9-225, 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 such subsequent year or years 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 OR YEARS. A separate petition and evidence must be filed for each of the remaining years of the general assessment period.

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.

PARTIES OF RECORD

AGENCY

State of Illinois
Property Tax Appeal Board
William G. Stratton Building, Room 402
401 South Spring Street
Springfield, IL 62706-4001

APPELLANT

Prairie Winds of Urbana, LP, by attorney:
Thom Moss
Bickes, Wilson & Moss
P.O. Box 1700
Decatur, IL 62525

COUNTY

Champaign County Board of Review
Champaign Co Brookens Admin Cntr
1776 East Washington Street
Urbana, IL 61802