



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

APPELLANT: Perry Danos  
DOCKET NO.: 15-02927.001-C-1  
PARCEL NO.: 05-22-302-001

The parties of record before the Property Tax Appeal Board are Perry Danos, the appellant, by attorney George N. Reveliotis of Reveliotis Law, P.C. in Park Ridge; and the Lake County Board of Review.

Based on the facts and exhibits presented in this matter, the Property Tax Appeal Board hereby finds **No Change** in the assessment of the property as established by the **Lake** County Board of Review is warranted. The correct assessed valuation of the property is:

**LAND:** \$123,485  
**IMPR.:** \$225,738  
**TOTAL:** \$349,223

Subject only to the State multiplier as applicable.

**Statement of Jurisdiction**

The appellant timely filed the appeal from a decision of the Lake 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.

**Findings of Fact**

The subject property is improved with a one-story masonry constructed commercial building with a total building area of 7,980 square feet used as a strip shopping center. The building was constructed in 2004 and has five (5) units. The improvement has a concrete foundation and a flat roof protected with a rubber modified covering. Each unit is finished with a commercial grade ceramic/vinyl floor tile, painted gypsum wall board and dropped acoustical tile ceiling panels with florescent lighting. There are thirty on site vehicle parking spaces for the subject property. The property has a 44,867 square foot or 1.030-acre site resulting in a land to building ratio of 5.62:1. The property is located along the west side of U.S. Highway 12, Fox Lake, Grant Township, Lake County.

The appellant contends overvaluation as the basis of the appeal. In support of this argument the appellant submitted a summary appraisal report estimating the subject property had a market

value of \$750,000 as of January 1, 2015. The appraisal was prepared by Eric R. Sladcik, a certified general real estate appraiser.

The client was Mr. Perry Danos, the appellant. The purpose of the appraisal was to estimate the market value of the subject property. The intended use of the report was explained to be for the client to use the appraisal in an effort to obtain a reduction in the assessment of the subject property. The interest valued was fee simple. The property was inspected on March 24, 2016. The report was signed and dated March 24, 2016.<sup>1</sup> The report had a highest and best use analysis for the property as vacant, which was determined to be for commercial development. The report did not have a highest and best use analysis as improved. In estimating the market value of the subject property the appraiser developed the sales comparison approach to value and the income approach to value.

Using the sales comparison approach to value the appellant's appraiser identified five comparable sales located in Fox Lake, McHenry, and Volo. The comparables were described as being retail buildings ranging in size from 4,814 to 15,000 square feet of building area. The appraiser indicated these comparables ranged in age from 10 to 115 years old and each was of masonry construction. These properties had sites ranging in size from 7,623 to 479,160 square feet of land area resulting in land to building ratios ranging from 1.58:1 to 36.77:1. The appraiser indicated that sales #1 through #3 were real estate owned (REO). Four of the comparables were reported to have from 30 to 165 parking spaces while comparable sale #3 had no parking. The sales occurred from June 2013 to July 2015 for prices ranging from \$135,000 to \$1,000,000 or from \$28.04 to \$71.50 per square foot of building area, including land. The appraiser adjusted sale #1 upward by 25% for being a distressed sale. The appraiser adjusted sale #2 upward by 15% for its larger sized building, upward by 10% for its inferior condition, downward by 10% for its superior land to building ratio and upward by 20% for being a distressed sale resulting in an overall upward adjustment of 35%. Sale #3 was adjusted upward by 20% for its inferior land to building ratio and an upward adjustment of 20% for being a distress sale resulting in an overall upward adjustment of 40%. Sale #4 was adjusted upward 15% for its larger sized building, an upward adjustment of 10% for its inferior land to building ratio and an upward adjustment of 10% for the inferior condition. The appraiser indicated that sale #4 had an overall upward adjustment of 45%. Sale #5 was adjusted upward 15% for its larger sized building, an upward adjustment of 10% for its inferior age/condition and a downward adjustment of 10% for its superior land to building ratio resulting in an overall upward adjustment of 15%. The adjusted prices ranged from \$39.25 to \$96.52 per square foot of building area, including land. The appraiser concluded an estimated value at the upper end of the value range at \$92.00 per square foot of building area, including land, or \$735,000, rounded.

The appraiser next developed the income approach to value using five rental comparables located in Fox Lake to estimate the market rent. The comparables were described as being retail storefronts ranging in size from 715 to 5,300 square feet of building area with unadjusted rentals ranging from \$16.78 to \$25.00 per square foot of building area. The appraiser made a downward adjustment of 10% to rental comparable #3 as the rent was from a previous rental listing that was not consummated. The appraiser made a downward adjustment to rental comparable #4 for

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<sup>1</sup> The fact that the appraisal indicates that the property was inspected on the same day on which the appraisal was completed calls into question the thoroughness or diligence of the appraisal process.

economies of scale. The adjusted rental rates ranged from \$16.78 to \$22.50 per square foot of building area. The appraiser estimated the subject property would have a market rent of \$20.00 per square foot of building area resulting in a potential gross income of \$159,600.

The appraiser stated that vacancy and collection loss for rents at this level in the subject's area range from 10% to 20% or an average of 15%. The appraiser estimated the subject property would suffer from a vacancy and collection loss of 15% of potential gross income or \$23,940, and when deducted resulted in an effective gross income (EGI) of \$135,600. The appraiser next estimated expenses for management of 8% of EGI or \$10,852; miscellaneous and legal expenses of \$1,000; repairs and maintenance of \$.45 per square foot or \$3,591; insurance of \$.40 per square foot or \$3,192; reserves of \$.35 per square foot or \$2,793; and leasing commissions of 5% of EGI or \$6,783. Total expenses of \$28,211 were deducted from the EGI to arrive at a net operating income of \$107,449.

Using the band of investment technique, the appraiser arrived at a capitalization rate of 9.94% to which he added a tax load of 4.02% to arrive at a loaded capitalization rate of 13.96%. Dividing the net operating income of \$107,449 by the loaded capitalization rate resulted in an estimated value under the income approach of \$770,000, rounded.

In reconciling the two approaches to value the appraiser gave greatest weight to the sales comparison approach and secondary consideration to the income approach and arrived at an estimated market value of \$750,000 as of January 1, 2015.

The board of review submitted its "Board of Review Notes on Appeal" disclosing the total assessment for the subject of \$349,223. The subject's assessment reflects a market value of \$1,052,511 or \$131.89 per square foot of building area, land included, when using the 2015 three-year average median level of assessment for Lake County of 33.18% as determined by the Illinois Department of Revenue.

In support of its contention of the correct assessment the board of review submitted information on three comparable sales improved with one-story commercial retail strip shopping centers located in Fox Lake, Waukegan and Third Lake that ranged in size from 5,812 to 19,829 square feet of building area. The comparables were of masonry or brick and masonry construction and were built from 1986 to 2006. The properties had from 3 to 12 storefronts. Their sites ranged in size from 39,425 to 58,995 resulting in land to building ratios ranging from 2.98:1 to 6.78:1. The sales occurred from July 2014 to August 2015 for prices ranging from \$1,300,000 to \$2,550,000 or from \$127.55 to \$223.64 per square foot of building area, including land. The board of review was of the opinion these sales support the reasonableness of the subject's assessment.

In rebuttal the board of review noted that three of the sales used in the appellant's appraisal were REO/bank influenced sales. It further asserted that appraisal sale #3 was an older storefront that was converted into two units with limited on-site parking. It also noted that appellant's appraisal comparable sale #4 purchase price was affected by historical high vacancy. The board of review also reported that appellant's sale #5 was a sausage manufacturing plant with a storefront housed in a 115-year-old building on a secondary artery. To document these statements, the board of review provided copies of the property record cards for the appellant's appraisal comparable

sales as well as copies of data sheets describing each property and the circumstances surrounding the transactions.

With respect to the income approach to value developed by the appellant's appraiser, the board of review noted that the appraiser did not mention the subject's actual income and expenses in the analysis and the rental comparables were of varied property types.

The board of review requested the subject's assessment be sustained.

### **Conclusion of Law**

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

The record contains an appraisal provided by the appellant estimating the subject property had a market value of \$750,000 or \$93.98 per square foot of building area, including land. The board of review provided three comparable sales with varying degrees of similarity to the subject property that sold from July 2014 to August 2015 for prices ranging from \$1,300,000 to \$2,550,000 or from \$127.55 to \$223.64 per square foot of building area, including land. The subject's assessment reflects a market value of \$1,052,511 or \$131.89 per square foot of building area, land included.

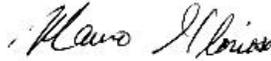
The record contains five comparable sales in the appellant's appraisal and the board of review provided three comparable sales. Where there is sufficient credible evidence of comparable sales, these sales are to be given significant weight as evidence of market value. Chrysler Corp. v. Property Tax Appeal Board, 69 Ill.App.3d 207, 214, 387 N.E.2d 351, 25 Ill.Dec. 695 (2<sup>nd</sup> Dist. 1979). In reviewing the sales in this record, the Property Tax Appeal Board gives less weight to appellant's appraisal comparable sales #3, #4 and #5 due to the significant differences from the subject property in age as these comparables were improved with buildings that were approximate 48 to 104 years older than the subject building. The remaining comparables were relatively similar to the subject building in age, style and use. These properties ranged in size from 5,812 to 19,829 square feet of building area and ranged in age from approximately 9 to 29 years old while the subject property has 7,980 square feet of building area and is approximately 11 years old. The sales occurred from July 2014 to August 2015 for prices ranging from \$375,000 to \$2,550,000 or from \$54.35 to \$223.64 per square foot of building area, including land. The two comparables at the low end of the range were provided by the appellant's appraisal and were identified as REOs requiring upward adjustments for the distress nature of the transactions. Board of review comparable #1 was very similar to the subject in location but improved with a building that is larger and older than the subject improvement. This property sold in July 2014 for a price of \$2,550,000 or \$128.60 per square foot of building area, including land. An upward adjustment to this comparable would appear to be warranted due to age and building size. Board of review comparable #2 was larger and older than the subject building and sold in February 2015 for a price of \$1,550,000 or \$127.55 per square foot of building area,

including land. An upward adjustment to this comparable would appear to be warranted due to age and building size. The subject's assessment reflects a market value of \$1,052,511 or \$131.89 per square foot of building area, land included, which appears justified when considering these two comparables. Additionally, board of review comparable sale #3 was more similar to the subject in age, size and land to building ratio. This property sold in August 2015 for a price of \$1,300,000 or \$223.64 per square foot of building area, including land, which is significantly above the market value reflected by the subject's assessment on a square foot basis. After considering the most probative sales in this record, the Property Tax Appeal Board finds the subject's assessment is reflective of the property's fair cash value.

The Board gave less weight to the income approach to value developed by the appellant's appraiser. The Board finds the appellant's appraiser should have provided some discussion with respect to the current leases and rental the subject property is receiving so as to allow some means to check the validity of the appraiser's estimate of market rent. Similarly, the appellant's appraiser did not cite any market surveys which would lend support for the appraiser's estimate of vacancy and collection loss, expenses and the capitalization rate used in the report. The lack of reference to market data within the income approach to value undermines the credibility of the value conclusion under this approach.

In conclusion, based on the best sales contained in this record, the Board finds a reduction in the subject's assessment is not justified.

This is a final administrative decision of the Property Tax Appeal Board which is subject to review in the Circuit Court or Appellate Court under the provisions of the Administrative Review Law (735 ILCS 5/3-101 et seq.) and section 16-195 of the Property Tax Code. Pursuant to Section 1910.50(b) of the rules of the Property Tax Appeal Board (86 Ill.Admin.Code §1910.50(b)) 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



Acting Member



Member



Member

DISSENTING: \_\_\_\_\_

CERTIFICATION

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

Date: September 22, 2017



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

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