



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

APPELLANT: Ralph Beck  
DOCKET NO.: 16-01444.001-C-1  
PARCEL NO.: 07-1-05163-000

The parties of record before the Property Tax Appeal Board are Ralph Beck, the appellant, and the Coles 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 Coles County Board of Review is warranted. The correct assessed valuation of the property is:

**LAND:** \$11,666  
**IMPR.:** \$23,194  
**TOTAL:** \$34,860

Subject only to the State multiplier as applicable.

**Statement of Jurisdiction**

The appellant timely filed the appeal from a decision of the Coles County Board of Review pursuant to section 16-160 of the Property Tax Code (35 ILCS 200/16-160) challenging the assessment for the 2016 tax year. The Property Tax Appeal Board finds that it has jurisdiction over the parties and the subject matter of the appeal.

**Findings of Fact**

The subject property consists of a one-story commercial building of brick, vinyl and wood exterior construction with approximately 2,847 square feet of building area utilized as an office/retail property.<sup>1</sup> The structure was built in 1954 and has two retail/office units with individual utilities. Features include a concrete slab foundation, two air conditioning units, two forced air furnaces and 2,900 square feet of concrete paved parking areas with a total of 10 parking spaces. The property has a 7,000 square foot corner site with a land-to-building ratio of 2.43:1. The property is located in Mattoon, Mattoon Township, Coles County.

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<sup>1</sup> The appellant's appraiser reported a building size of 2,880 square feet which was supported by a schematic drawing depicting a rectangular building in the report (Appraisal, p. 30). The assessing officials included a property record card with a schematic drawing that indicated a building size of 2,847 square feet with a slight cut-out on one corner depicting the building as slightly less than a rectangle. The Board finds the slight size discrepancy does not prohibit a determination of the correct assessment of the subject property on this record.

The appellant contends overvaluation as the basis of the appeal. In support of this argument the appellant submitted a 57-page appraisal prepared by Stanley D. Gordon, Illinois Certified General Real Estate Appraiser, estimating the subject property had a market value of \$105,000 as of January 9, 2017. The appraiser reported the subject has an industrial zoning classification and has a highest and best use as commercial property as an office/retail facility with minimal parking under current zoning regulations (Appraisal, p. 24-25).

Gordon reported that subject property last sold in January 2013 for \$60,000. No further details of the sale were reported by either the appellant or the board of review. He also asserted that the north retail unit "is in need of extensive remodeling" and reported that the south retail unit had been remodeled (Appraisal, p. 29). While there was no functional obsolescence apparent, Gordon opined that there was both external and economic obsolescence of 10% due to the property's location in a secondary commercial neighborhood of Mattoon.

In estimating the subject's land value, Gordon considered four commercial sales, one of which was improved at the time of sale, that occurred in Mattoon between December 2010 and March 2016. The comparable parcels range in size from 14,420 to 149,411 square feet of land area. The sales prices ranged from \$60,000 to \$220,000 or from \$1.43 to \$4.16 per square foot. As to sale #2, Gordon made an adjustment for the car wash building and opined an adjusted land-only sale price of \$2.08 per square foot. As to sale #3, the appraiser contended that sale price of \$4.13 per square foot was high "because the next door neighborhood [*sic*] wanted it for expansion of their business." Given the buyer's interest in sale #3, Gordon gave this sale minimal weight and considered the remaining sales most relevant in opining a land value for the subject of \$2.25 per square foot of land area or \$16,000, rounded.

The appellant's appraiser outlined the cost approach to value concluding an estimated market value of \$107,000. The appraiser estimated the reproduction cost new of the improvements to be \$160,800. The appraiser estimated depreciation to be \$77,036 consisting of 42% physical depreciation and 10% external obsolescence resulting in a depreciated improvement value of \$83,764. The appraiser also estimated the site improvements had a value of \$7,250. Adding the various components including the land value of \$16,000, the appraiser estimated the subject property had an estimated market value of \$107,000, rounded, under the cost approach.

After analyzing data related to three comparable sales of properties located in Mattoon, the appraiser opined a market value for the subject of \$109,000 under the sales comparison approach. The comparable parcels range in size from 5,684 to 14,000 square feet of land area and were improved with buildings ranging in size from 1,520 to 4,687 square feet. The buildings range in age from 28 to 62 years old and the largest building had a substantial unfinished area. After making a downward adjustment to sale #2 for effective age and an upward adjustment to sale #3 for its unfinished area, Gordon gave most weight to sale #1 due to similarity in location, with some weight to sale #2 and lesser weight to sale #3 resulting in an estimated a fair market value for the subject of \$37.75 per square foot or \$109,000, rounded, under the sales comparison approach.

Gordon also prepared an income approach analysis noting both units of the subject property were leased as of the valuation date at issue with a total monthly rent of \$1,700 or \$20,400 per year or \$7.08 per square foot per year, where the owner pays the real estate taxes, insurance, all

maintenance/repairs, snow removal, water, sewer, trash and management fees (Appraisal, p. 50). Gordon asserted that a rent of \$7.08 per square foot per year was considered to be market rents and typical. In the absence of available operating statements for competing properties, Gordon established an expense and income statement using income and expenses from the subject property owner "as well as the appraiser's experience in the market." Gordon estimated the subject's potential gross annual income to be \$20,400, less a vacancy allowance of 15% or \$3,060 per year resulting in an effective gross income of \$17,340.

Next, Gordon projected expenses based upon his review of the owner's income and expense statements, as well as IRS returns for 2014 and 2015. Insurance was estimated by Gordon at \$1,300 per year, maintenance and repairs at 5% of effective gross income or \$870 per year, rounded, and management fees at 10% or \$1,735. Other expenses for water and sewer at \$30 per month or \$360 per year and trash at \$25 per month or \$300 per year were also estimated by the appraiser. Finally, Gordon estimated reserves for replacements to be \$1,147 per year. After deducting estimated expenses, the appraiser concluded a net operating income figure of \$11,628.

The next step in the income approach to value is to capitalize the net operating income to derive an estimate of value. After examining available rates, Gordon determined an overall capitalization rate of 11.3% including the tax load. When applied to the net operating income of \$11,628, the appraiser opined an estimated market value of the subject property by the income approach of \$103,000, rounded.

In reconciling the three approaches to value, Gordon gave most weight to the sales and income approaches in concluding an estimated market value for the subject of \$105,000.

The board of review submitted its "Board of Review Notes on Appeal" disclosing the total assessment for the subject of \$39,168 as reflected in the Notice of Final Decision on Assessed Value that was issued on February 2, 2017.<sup>2</sup> The subject's assessment reflects a market value of \$117,976 or \$40.96 per square foot of building area, land included, when using the 2016 three year average median level of assessment for Coles County of 33.20% as determined by the Illinois Department of Revenue.

In response to the appeal, the board of review submitted a letter critiquing the appellant's appraisal report in several respects. The board of review contended the stated zoning of the subject property was in error; the board of review disputed the assertion that the north unit was in need of remodeling; and disputes the application of external obsolescence given other findings in the appraisal report. In the land sales data, the board of review criticized the use of a much larger property and the purported extraction of a car wash facility to opine a land value from an improved sale. The board of review criticized the adjustment for effective age made to appraisal comparable sale #1 and criticized consideration of sale #3 as a dissimilar office/warehouse when compared to the subject "professional office building." For the appraiser's income approach analysis, the board of review questioned whether use of the subject's rents were truly reflective of market rents in the absence of any supporting data, whether a 15% vacancy rate was appropriate and the lack of data on the development of the capitalization rate. Finally, the board of review

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<sup>2</sup> Mathematically, there is an error in the total stated on the "Board of Review – Notes on Appeal" setting forth an erroneous total assessment of \$39,160.

noted that the opinion of value was as of January 9, 2017 whereas this appeal concerns a lien date of January 1, 2016. The board of review also asserted that the appellant told them in their local hearing that he would not sell the property for the appraised value and that the units had been remodeled.

In support of its contention of the correct assessment the board of review also submitted information on four comparable sales, three of which were located in Mattoon and one located in Charleston. Board of review comparables #1 and #2 were the same properties as the appellant's appraisal improved sales #1 and #2. The comparable parcels range in size from 5,684 to 15,040 square feet of land area and were improved with buildings ranging in size from 981 to 1,680 square feet. The buildings range in age from 20 to 67 years old and comparable #2 has a full unfinished basement. The comparables sold between August and December 2016 for prices ranging from \$62,000 to \$132,500 or from \$40.78 to \$99.92 per square foot of building area, including land. The board of review erroneously calculated the sale price per square foot of comparable #2 by using both the above-grade and basement areas of the structure, thereby reducing by half its calculation of price per square foot of above-grade building area.

Based on the foregoing evidence and argument, the board of review requested confirmation of the subject's estimated market value as reflected by its assessment.

In written rebuttal signed by both the appellant and the appellant's appraiser, it was reported that only the south unit of the subject building has been remodeled. In further support, the rebuttal asserts that there was no statement made at the local hearing asserting remodeling of the north unit; with the rebuttal, the appellant reports that the north unit is infested with extensive termite damage as shown in attached photographs which condition was unknown at the time of the appraisal report.

As part of the rebuttal, the appraiser concedes the zoning of the subject was erroneously stated as industrial instead of C-3/Service Commercial. It was further argued that this difference does not affect market value as either use allowed the subject's current use. It was further argued that the land value based on sales was reasonable and the capitalization rate was based upon published data from Cushman & Wakeman concerning commercial retail and office space in the Midwest region of the United States along with the appraiser's experience in this market area.

### **Conclusion of Law**

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

The Board finds the best evidence of market value to be the appraisal submitted by the appellant with an estimated market value of the subject of \$105,000 as of January 9, 2017. The Property Tax Appeal Board has reviewed the appraisal report and finds it to be a credible indication of the value of the subject property using the three traditional approaches to value along with

adjustments and the bases for those adjustments that appear to be reasonable in most instances. In contrast, the subject's assessment reflects a market value of \$117,976 or \$40.96 per square foot of building area, including land, which is substantially above the appraised value and not supported by the unadjusted dissimilar comparable sales presented by the board of review.

The board of review presented criticisms of the appellant's appraisal report along with four comparable sales, two of which were in the appellant's appraisal report with adjustments for differences, in order to justify the estimated market value of the subject property as reflected by its assessment. The Board has given little weight to board of review sale #3 due to its significantly smaller building size and substantially older age. The Board has also given reduced weight to board of review sale #4 due to its distant location from the subject property and significantly larger land area. The main thrust of the response presented by the board of review were perceived deficiencies in the appraisal submitted by the appellant. The comparable sales evidence and criticisms of the appraisal presented by the board of review fail to overcome the detailed appraisal report presented by the appellant.

The decision of the Property Tax Appeal Board must be based upon equity and the weight of evidence. (35 ILCS 16-185; Commonwealth Edison Co. v. Property Tax Appeal Board, 102 Ill. 2d 443 (1984); Mead v. Board of Review of McHenry County, 143 Ill. App. 3d 1088 (2<sup>nd</sup> Dist. 1986)). A taxpayer seeking review at the Property Tax Appeal Board from a decision of the board of review does not have the burden of overcoming any presumption that the assessed valuation was correct. (People ex rel. Thompson v. Property Tax Appeal Board, 22 Ill. App. 3d 316 (2<sup>nd</sup> Dist. 1974); Mead, 143 Ill. App. 3d 1088).

On this record, the Board finds the subject property had a market value of \$105,000 as of the assessment date at issue. Since market value has been established the 2016 three year average median level of assessments for Coles County of 33.20% 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.

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Chairman



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Member



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Member



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Member



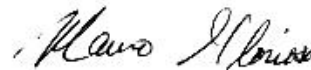
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Member

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: November 19, 2019



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Clerk of the Property Tax Appeal Board

**IMPORTANT NOTICE**

Section 16-185 of the Property Tax Code provides in part:

"If the Property Tax Appeal Board renders a decision lowering the assessment of a particular parcel after the deadline for filing complaints with the Board of Review or after adjournment of the session of the Board of Review at which assessments for the subsequent year 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

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