



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

APPELLANT: Mark Smith
DOCKET NO.: 16-02172.001-C-1
PARCEL NO.: 07-1-06010-000

The parties of record before the Property Tax Appeal Board are Mark Smith, 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: \$ 2,333
IMPR.: \$57,427
TOTAL: \$59,760

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 two-story apartment building of brick and vinyl construction with 6,336 square feet of building area with 8 units. Each unit is described as a two-bedroom and 1.5-bath apartment in average condition. The building was constructed in 1975 and includes a concrete slab foundation, individual window air conditioning units and primarily on-street parking. The property has a 7,000 square foot site and is located in Mattoon, Mattoon Township, Coles County.

The appellant's appeal is based on overvaluation. In support of this argument the appellant submitted documentation consisting of a Settlement Statement depicting that the subject property was purchased on October 26, 2015 for a price of \$130,000.

In further support of the overvaluation argument, the appellant submitted a 15-page appraisal of the subject property prepared by Dustin Hakman, a licensed appraiser with the firm of Corrie

Appraisal & Consulting, Inc. who was supervised by G. Daniel Corrie, a Certified General Real Estate Appraiser. The fee simple appraisal report was request by First Neighbor Bank in Mattoon, Illinois and prepared for the intended use for mortgage lending purposes. The appraisers utilized both the sales comparison and income approaches to value in arriving at a final estimated market value opinion for the subject property of \$185,000 as of February 22, 2017.

The appraiser reported the subject property is located on a secondary road with moderate traffic and noted that during inspection, the traffic was not a noticeable detriment; the subject's location may increase its visibility for leasing purposes. Additionally, the subject is located within about three blocks of both Lawson Park and the downtown/business center. As to the subject property, in the description the appraiser further wrote:

No immediate repairs were noted during on [sic] the on-site inspection. The property is over 40 years old and suffers limited functional issues. Overall the subject represents the market standard for functional and physical features. Unit #2 is in the process of being remodeled. Six units have been updated since the owner purchased the property. The roof is 6 years old and the owner has updated the west exterior w/new windows, siding and brick work.

In the income approach to value the appraiser utilized three rental comparables and considered the subject's historical income and expenses to estimate the subject's market rent. The appraiser indicated the one-bedroom rental comparables had rents ranging from \$460 to \$500 per unit. Two-bedroom rental comparables had rents ranging from \$500 to \$515 per unit and a three-bedroom unit rented for \$535. The appraiser further stated the subject had reported rentals for seven of the eight two-bedroom units ranging from \$475 to \$500 per unit; one unit was depicted as vacant. The appraiser also forecasted rents for subject with a potential rent range of \$475 to \$500 for a monthly rental income of \$3,915. Considering this data, the appraiser estimated the subject would have a total annual income of \$46,980. To this the appraiser applied a vacancy and collection loss of 5.0% resulting in an effective gross income of \$44,631. Next, using forecasted expenses of \$14,608, the appraiser arrived at a stabilized net operating income of \$30,023. To capitalize this estimated annual income calculation, the appraiser asserted that area investors develop purchasing decisions for small apartment units (under 10 units) on a potential gross rent multiplier (PGRM). The appraiser opined an appropriate PGRM is 6.00 resulting in an estimated market value under the income approach of \$180,138 or \$180,000, rounded.

For this appraisal with an opinion of value as of February 22, 2017, the appraiser reported that the subject had a total assessment of \$49,203 such that the "current" assessment¹ and estimated market value based upon that assessment was below the appraiser's opinion of fair market value.

In the sales comparison approach, the appraiser identified three comparables properties of 2-unit to 5-unit buildings located within .11 of a mile of the subject. The sales occurred from February 2014 to March 2016 for prices ranging from \$54,500 to \$111,000 or from \$22,000 to \$27,750 per unit. The appraiser stated sale #1 deserves primary weight as it has the most similar unit

¹ Appraisal pages 14 and 15 depicted printouts from Coles County concerning the subject parcel. The document depicts the 2015 tax year assessment of the subject property as \$49,203.

mix, number of units and condition. Considering this data, the appraiser estimated the subject property had a market value under the sales comparison approach of \$190,000 rounded, or \$23,750 per unit.

In reconciling the two approaches to value, the appraiser gave primary emphasis to the income approach with secondary weight to the sales comparison approach. In conclusion the appraiser estimated the subject property had a market value of \$185,000 as of February 22, 2017.

Based on this evidence, the appellant requested a reduction in the subject's assessment to a total of \$57,783 which would reflect a market value of approximately \$173,350.

The board of review submitted its "Board of Review Notes on Appeal" disclosing the total assessment for the subject of \$77,563.² The subject's assessment reflects a market value of \$233,623 or \$29,203 per unit, 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.

As to the appellant's appraisal report, the board of review submitted a letter signed by Robert D. Becker, Authorized Agent for the Coles County Board of Review. As part of the letter, it was asserted that the October 2015 sale price of the subject parcel did not reflect its condition as of the assessment date of January 1, 2016. Moreover, the letter asserted that the appellant testified before the board of review that he has "put [a] substantial amount of money, time and labor into putting the property into production." Furthermore, the board of review noted the appraiser's observation that one unit was being remodeled and six units have been updated since the property was purchased.

Additionally, as to the appellant's appraisal report, the board of review noted that the date of valuation was not January 1, 2016. Also, in the sales comparison approach, appraisal sales #1 and #3 are each formerly single-family dwellings that have been converted to multi-family use which differs from the subject which was originally built as an apartment building. These two converted dwellings are each also much older than the subject building. The board of review also criticized the appraisal's contention of most similar comparables and application of the PGRM to net income instead of to potential gross income.

In support of its contention of the correct assessment the board of review outlined limited information on seven comparable sales located in Mattoon and Charleston.³ The comparables have from three to eight units and range in size from 1,440 to 11,000 square feet of building area. The sales occurred between August 2014 and April 2016 for prices ranging from \$49,900 to

² For purposes of revaluation under the Property Tax Code, Coles County is a "resolution county" (35 ILCS 200/9-225). For this 2016 tax year appeal, the board of review asserted that 2020 was the first year of the general assessment cycle for the subject property. This information also suggests that 2016 was likewise the first year of the general assessment cycle and perhaps explains, in part, the reason the subject's assessment increased by 60% as set forth in the 2016 Coles County Assessment Notice which the appellant filed with this appeal and again referred to in his rebuttal filing.

³ The Coles County Board of Review failed to complete a grid analysis of its comparable properties such as is presented on page 2 of the "Board of Review – Notes on Appeal" form. Instead, the board of review briefly outlined limited data as part of its letter response and attached property record cards for each property.

\$315,000 or from \$16,633 to \$39,375 per unit, including land. The board of review letter argued that two of the sales that occurred in August 2014 and August 2015 for prices of \$29,500 and \$27,750 per unit were the most appropriate comparable properties for analysis. For its analysis of the data, the board of review opined that the comparable sales data reflect a median price per unit value of \$27,750 or \$222,000 for the subject property, including land, or, considering the most similar "properties" a value of \$30,732 per unit or \$245,856 for the subject property, including land.

Next, the Coles County Board of Review utilized the income approach to value process from the appellant's appraisal report to analyze its seven sales, accepted the appraisal's estimate of monthly potential gross income for the subject of \$3,915, and applied the median gross income multiplier (GIM) of 61.52 to estimate a market value of \$240,850 under the income approach to value. The board of review also contented that the three most comparable properties have an average GIM of 66.05 which would result in a value for the subject of \$258,585.

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

In written rebuttal, the appellant contended that he purchased the subject property for \$130,000 after it had been on the market for more than 2.5 years. He further asserted his testimony to the board of review was:

There were two units in un-rentable condition and three additional where unoccupied only needed cosmetic updates. Amount paid for the property was the fair market value. (\$130,000) I will concede that investments were made in the property, this is the reason I believe the fair market value is \$180,000 currently.

The appellant further noted in his rebuttal letter that he had a second appraisal of the subject property with an opinion of value of \$158,400 as of September 30, 2015. 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 the substance of this purported second appraisal referenced by the appellant in conjunction with his rebuttal argument.

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.

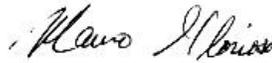
The Property Tax Appeal Board has given reduced weight to the comparable sales and income analysis presented by the Coles County Board of Review. Six of the seven comparables

presented by the board of review differed significantly from the subject apartment building by being either much smaller or much larger than the subject. The most similar comparable with seven units and 7,000 square feet of building area sold in August 2014 for \$236,000 which the Board finds to be too remote in time to be indicative of the estimated market value of the subject property as of January 1, 2016.

The Property Tax Appeal Board finds the best evidence of market value on this record is to be consideration of the purchase price of the subject property in October 2015 for \$130,000 along with consideration of the appellant's appraisal with an opinion of market value as of February 22, 2017 of \$185,000. Both the appellant and the board of review contend that the appellant made renovations and/or improvements to the subject property after the date of purchase.

Based on the foregoing analysis and the appellant's assertion in rebuttal, the Property Tax Appeal Board finds the subject property had a market value of \$180,000 as of January 1, 2016. The subject's assessment reflects an estimated market value of approximately \$233,623, which is higher than its February 22, 2017 appraised value and its October 2015 purchase price. Since the fair market value of the subject has been established, the Board finds that the 2016 three-year median level of assessment for Coles County of 33.20% shall apply.

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: _____

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: March 19, 2019



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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COUNTY

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