



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

APPELLANT: PCM, LLC  
DOCKET NO.: 16-02318.001-C-1  
PARCEL NO.: 08-16-211-001

The parties of record before the Property Tax Appeal Board are PCM, LLC, the appellant, by Kenneth R. Welker, Attorney at Law, in Lake Forest, 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:** \$ 35,654  
**IMPR.:** \$430,804  
**TOTAL:** \$466,458

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 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 four-story apartment building of brick exterior construction with 32 apartment units. There are ten two-bedroom/1 bath units, ten two-bedroom/1.5 bath units and twelve one-bedroom/1 bath units that range in size from 800 to 1,000 square feet each. The building was constructed in 1966 and contains 36,200 square feet of building area. Features include a partial basement, 47 off-street parking spaces and an elevator. The property has a 40,000 square foot site and is located in Waukegan, Waukegan Township, Lake County.

The appellant contends overvaluation as the basis of the appeal. In support of this argument the appellant submitted a 46-page appraisal prepared by John F. Miaso, Certified General Real Estate Appraiser, estimating the subject property had a market value of \$1,200,000 or \$37,500 per apartment unit or \$33.15 per square foot of building area, including land, as of January 1, 2016.

The appraiser reported the last sale of the subject property from September 2013 for a sale price of \$1,600,000. On page 19 of the appraisal, Miaso reported the subject is in average condition and modernization. He also noted the building has an average efficiency ratio and the layout was functional. "Since the purchase in 2014, the subject has received a roof resealing, newer flooring in the hallways, a new elevator pump, a security system, and minor remodeling of some units." (Appraisal, p. 19) The appraiser relied upon the sales and income approaches to value and then reconciled the two respective conclusions to arrive at a final opinion of value for the subject property.

Under the sales comparison approach, Miaso analyzed three sales of 24 unit to 33 unit apartment buildings located in Waukegan. The comparable properties consist of a studio and 32 one-bedroom units; sixteen one-bedroom, eight two-bedroom and eight three-bedroom units; and twelve one-bedroom and twelve two-bedroom units. The buildings were constructed in 1933, 1970 and 1964, respectively. Each comparable was described as being in average condition. The buildings range in size from 21,964 to 34,046 square feet of building area. The sales occurred between January 2015 and February 2016 for prices ranging from \$675,000 to \$1,000,000 or from \$20,909 to \$31,250 per unit or from \$27.00 to \$30.73 per square foot of building area, including land. Miaso also asserted that none of the sales were providing credible Gross Income Multipliers (GIM) and thus could not be applied to the sales.

The appraiser reported that all sales required adjustment when compared to the subject and received overall upward adjustments. (Appraisal, p. 25) On page 26 of the report, Miaso depicted quantitative adjustments that were applied for sale conditions, size, land-to-building ratio, age, HVAC and elevator amenities. From this process, the appraiser opined the subject had a market value \$32,000 per apartment unit, including land or a market value of \$1,024,000 [math error in  $32 \times \$32,000$ ]. Next, Miaso indicated the "as is Value Rent Loss" as found in the income approach of \$21,400 has to be deducted resulting in a value conclusion of \$1,000,000, rounded. (Appraisal, p. 27)

Using the income approach based upon a direct capitalization approach, Miaso analyzed the subject's current rent roll of \$27,375 per month which reflects leases of \$775 and \$950 per month. Based upon survey data, the appraiser reported the average of all rents per unit for all unit types was \$781 per month. After analyzing the data, Miaso concluded that the subject rents are within the market range and thus estimated potential rental income to be \$328,500 per year to which was added other income for laundry of \$5,700 resulting in a total potential income of \$334,200. The appraiser concluded a vacancy and collection loss for the subject of 6% or \$20,052 resulting in \$314,148. Next expenses, including real estate taxes, were estimated to be \$184,549 per year resulting in a net operating income of \$129,599. To this, Miaso applied a capitalization rate of 9.5% resulting in an estimated market value under the income approach of \$1,365,000 rounded. On page 40, the appraiser set forth the "as is value" by deducting for lease-up fees along with lost rent which was calculated as \$3,200 and a deduction for profit resulted in a total deduction of \$21,400 which when deducted from the concluded value under the income approach resulted in an as is value of \$1,340,000, rounded.

In reconciling the two value approaches, the appraiser arrived at a final estimate of market value of \$1,200,000 or \$37,500 per apartment unit or \$33.15 per square foot of building area, including land.

The board of review submitted its "Board of Review Notes on Appeal" disclosing the total assessment for the subject of \$466,458. The subject's assessment reflects a market value of \$1,406,689 or \$43,959 per apartment or \$38.86 per square foot of building area, land included, when using the 2016 three year average median level of assessment for Lake County of 33.16% as determined by the Illinois Department of Revenue.

In response to the appellant's appraisal report, the board of review submitted a memorandum outlining criticisms of the appraisal contending that each of the sales in the appraisal were properties "with a history of prior distress or REO sales; both sales #1 and #3 were sold by an investment corporation where the investors are banks and lending institutions. Sales #2 was purchased by an investor/realtor who then resold the property along with several other 'auction' properties in the same development. All three sales in the appraisal were purchased by the same party/investor as part of a portfolio. Sale #1 is a much older property and the comparables have inferior locations when compared to the subject. The board of review questioned the comparability when all three sales had to be adjusted upward and the board of review questioned the failure to develop a gross rent multiplier (GRM) from the comparable sales.

In support of its contention of the correct assessment the board of review submitted information on five comparable sales located from .46 of a mile to 1.17-miles from the subject property. Each comparable is located in Waukegan. The comparables consist of two-story or three-story apartment buildings where two of the comparables consist of multiple buildings; the structures were built between 1959 and 1970. The comparable properties have 36, 64, 30, 24 and 24 units, respectively, consisting of studio, one-bedroom and two-bedroom styles. The buildings range in size from approximately 14,399 to 72,035 square feet of total building area. The comparables sold between January 2014 and August 2017 for prices ranging from \$1,032,000 to \$2,800,000 or from \$38,500 to \$44,028 per unit or from \$38.87 to \$72.92 per square foot of building area, including land.

Additionally, based upon the data drawn from board of review sales #1, #3 and #4, as part of its memorandum, the board of review indicated the sales had GRM indicators ranging from 4.48 to 5.61 with a mean of 5.0. The board of review calculated the projected value indicators based upon this data for the subject range from \$1,376,000 to \$1,880,736 which supports the subject's current estimated market value.

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

### **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.

In order to support their respective positions before the Property Tax Appeal Board, the appellant submitted an appraisal of the subject property and the board of review submitted responsive evidence criticizing the appraisal along with data on five comparable sales.

The Board further finds the appellant's appraiser used a sale that was inferior to the subject property in age and did not consider other available sales as presented by the board of review which detracts from the credibility of the appraisal report and the resulting value conclusion.

The courts have stated that where there is credible evidence of comparable sales these sales are to be given significant weight as evidence of market value. In Chrysler Corporation v. Property Tax Appeal Board, 69 Ill. App. 3d 207 (2<sup>nd</sup> Dist. 1979), the court held that significant relevance should not be placed on the cost approach or income approach especially when there is market data available. In Willow Hill Grain, Inc. v. Property Tax Appeal Board, 187 Ill. App. 3d 9 (5<sup>th</sup> Dist. 1989), the court held that of the three primary methods of evaluating property for the purpose of real estate taxes, the preferred method is the sales comparison approach. The Board finds there are credible market sales contained in this record. Thus, the Board placed most weight on this evidence.

The record contains a total of eight sales of comparable properties. The Property Tax Appeal Board has given reduced weight to appellant's appraisal sale #1 as this apartment building was built in 1933 and is thus significantly older than the subject apartment building. The Board has also given reduced weight to board of review comparable sales #3, #4 and #5 as these sales occurred in calendar years 2014 and 2017, dates that are remote in time to the lien date at issue of January 1, 2016 and thus less likely to be indicative of the subject's market value as of the assessment date.

The Board finds the best evidence of market value to be the appellant's appraisal sales #2 and #3 along with board of review comparable sales #1 and #2. These four comparable sales have varying degrees of similarity to the subject property in location, age and number of apartment units. The comparable sales sold between January 2015 and December 2016 for prices ranging from \$28,125 to \$44,028 per apartment unit, including land. The subject's assessment reflects a market value of \$1,406,689 or \$43,959 per apartment or \$38.86 per square foot of building area, including land, which is within the range established by the best comparable sales in the record. Based on this evidence the Board finds a reduction in the subject's assessment is not justified.

This is a final administrative decision of the Property Tax Appeal Board which is subject to review in the Circuit Court or Appellate Court under the provisions of the Administrative Review Law (735 ILCS 5/3-101 et seq.) and section 16-195 of the Property Tax Code. 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: February 18, 2020



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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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