



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

APPELLANT: Blaw Knox Credit Union  
DOCKET NO.: 16-05083.001-C-1  
PARCEL NO.: 07-1-04318-000

The parties of record before the Property Tax Appeal Board are Blaw Knox Credit Union, the appellant, by attorney F. James Roytek, III, of The Law Offices of Roytek, Ltd. in Mattoon; 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:** \$8,633  
**IMPR.:** \$61,087  
**TOTAL:** \$69,720

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 bank facility of brick construction with 2,612 square feet of above-grade building area. The subject was constructed in approximately 1970 with modifications in 1998. Features of the subject include a full finished basement situated on an approximately 8,634 square foot site in Mattoon, Mattoon Township, Coles County.

The appellant, through counsel, appeared before the Property Tax Appeal Board contending overvaluation as the basis of the appeal. In support of this argument the appellant submitted an appraisal (Appellant's Exhibit 1) estimating the subject property had a market value of \$205,000 as of January 1, 2016. The appraisal was prepared by Eric B. Romager, an Associate Real Estate Appraiser Trainee and Barry W. Taft, MBA, MAI, a State Certified General Real Estate Appraiser.

Romager was called as a witness. Romager testified he has been on contract with Taft Appraisals Inc. since February 2000 and is licensed with the State of Illinois as an appraiser. Romager stated they visited the subject property in preparation of the appraisal, gathered neighborhood data and spoke with various property owners.

Romager described the subject as being in phase 2 of a TIF District. Romager described the subject's neighborhood as generally containing older properties with a mix of commercial and residential properties along with some retail offices.

Rents for the subject's area were described as being typical based on conversations with owners, agents and brokers. Rents were described as "take what you could get" for individual properties. Rents ranged from \$6.00 to \$15.00 per square foot of building area on a triple-net-basis. The subject's immediate area was described as not being in a high demand location. Romager described the subject as being near a major artery but lacked visibility with relatively small parking available (12 spaces total). Romager described the subject as being much smaller than typical financial institutions, He stated the subject does not have a vault nor a drive-up facility. He stated the subject would not be able to build a drive-up facility as it is currently situated. Romager described the subject as having a passageway to an adjacent police department building. The passageway has been sealed on both levels of the subject and is used as storage area. The subject's basement is finished and is used for storage only because there is only stairway access with no elevator access and no windows. Romager stated the current above grade building area was built over the foundation of an older building which was demolished. The subject has a toilet, sink and shower located in the basement. Romager then detailed a crack in the basement wall foundation along with floor covering damage being apparent.

He stated the appraisal was prepared in accordance with USPAP and testified that within the last 12-24 months the commercial market for the subject's area has remained flat. He stated they considered a cost approach to value for the subject; however, it was not utilized because the type and age of the subject property made it difficult to determine depreciation and also there was a lack of land sales. In addition, investors would not generally consider the cost approach for the subject property.

Romager testified they did develop an income approach to value. Highest and best use of the subject as vacant would be to leave the land vacant until such time that the level of rents could be obtained to support the cost of new construction with demand being sufficient enough as indicated by the market. Highest and best use as improved is for commercial office use.

The subject was described as being situated in an older section of Mattoon, in average condition with some items of deferred maintenance. Romager stated that although the subject has a full finished basement, that according to local brokers, there is not a significant, or notable market for basement office space in Mattoon. Furthermore, there is no direct access between the basement and the exterior of the building, thereby reducing the probability of renting the basement space separately from the first floor. Rather, the basement is seen as an amenity of the subject property. Romager testified that the parking space limitations reduces the functionality of the building as zoning regulations required one parking space for every three persons.

In developing the income approach to value, the appraisers estimated the subject's market rents to be \$11.00 per square foot of living area, which was applied to the subject's first-floor area (2,612 square feet). Reimbursable expenses of property insurance, real estate taxes, repairs and maintenance were added to the potential gross income ( $\$11.00 \times 2,612 = \$28,732$ ) to arrive at total potential gross income of \$38,702 or \$14.82 per square foot of building area. Vacancy and collection losses of 12% (\$4,644) was deducted which indicated effective gross income of \$34,058. Total operating expenses for management fees, accounting and legal fees, miscellaneous fees and reserves were subtracted to arrive at a total net operating income of \$19,097 or \$7.31 per square foot of building area.

In developing the overall capitalization rate, the band of investments technique was utilized. The appraisers considered the *Fourth Quarter 2015 PwC Real Estate Investor Survey*, and the *February 2016 Appraiser News Online* along with the *Fourth Quarter, 2015, Price Waterhouse Coopers Real Estate Investor Survey*. Conversations with real estate brokers and lending officers yielded rates ranging from 6.00% to 6.75%. *RealtyRates.com Investor Survey – 1<sup>st</sup> Quarter 2016* indicated a rate of 9.09% for office properties. The subject was described as being located in a location that is not in high demand resulting in additional risk. Therefore, a rate of 10.15% was used. Applying the 10.15% overall capitalization rate to the subject's net operating income indicated a retrospective fair cash value for the subject of \$188,148 or \$190,000, rounded, as of January 1, 2016.

The appraisers next developed the sales comparison approach to value for the subject using sales of similar utility. The appraisers analyzed six sales located in Mattoon, Charleston and Taylorville Illinois. The comparables ranged in size from 1,680 to 5,100 square feet of building area and ranged in age from 7 to 42 years old. One comparable had a partial finished basement. The comparables had land-to-building ratios ranging from 3.12:1 to 8.97:1. The comparables sold from February 2014 to November 2016 for prices ranging from \$107,500 to \$350,000 or from \$58.06 to \$120.39 per square foot of building area.

Comparable #1, of similar utility to the subject, was considered superior to the subject. Comparable #2 was used for retail purposes and was considered inferior to the subject. Comparable #3, a leased fee property, was also considered inferior to the subject based on its location along a less traveled roadway. Romager explained the lease was not a part of the sale transaction. Sale #4, also a leased fee sale, was considered superior to the subject based on age and land-to-building ratio and inferior as to all other characteristics. Improved sale #5, a former bank, was converted to a multi-tenant building and required a positive net adjustment. Comparable #6 required a negative net adjustment due to its quality, extra partitioning, design and plumbing fixtures for medical office supplies. The appraisers made qualitative adjustments to the comparables for location, size, age, basement area, land-to-building ratio, condition, quality, marketability, functional utility and appeal to arrive at an estimated value for the subject at \$80.00 per square foot of building area, or \$208,960 or \$210,000, rounded.

Romager, testified they followed USPAP guidelines in making the various adjustments. He then reiterated that the subject's basement has no rental value but is a minor amenity which added value.

In reconciliation, the appraisers afforded more weight to the sales comparison approach to value because the sales used for comparison were considered to be representative of the current market for commercial office properties. Romager testified that they were able to estimate the subject's fair market value with a reasonable degree of professional appraisal grade certainty.

Romager reiterated the subject does not have ADA access with no access to the basement, other than the stairs. He found no rental value for the basement, but, only as a value to the subject property as an amenity. Romager testified that Taft reviewed the appraisal report wherein necessary changes were made. He stated that from 2008 to 2016 the commercial real estate market was flat with decreasing rental rates based on his interviews with real estate brokers. He considered Charleston and Mattoon to be similar markets. He found the subject was limited in appeal because of its small lobby area and limited parking. Romager testified that his overall capitalization rate was higher than the surveys indicated based on his conversations with local brokers and the local market being a secondary market whereas the surveys utilized larger markets.

Barry Taft was next called as a witness. He is self-employed as Taft Appraisals Inc. He testified that he reviewed and assisted in preparation of the appraisal. Taft stated that sale #3 and #5 were adjusted based on a sale price per square foot using economies of scale. The record depicts sale #3 was approximately 1,000 square foot smaller and sale #5 was approximately twice the size of the subject.

Based on this evidence, the appellant requested a reduction in the subject's assessment commensurate with the estimated value found in the appraisal report.

The board of review submitted its "Board of Review Notes on Appeal" disclosing the total assessment for the subject of \$112,168. The subject's assessment reflects a market value of \$337,855 or \$129.35 per square foot of above grade 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 support of its contention of the correct assessment the board of review submitted information on five comparable office sales. The report was prepared by Robert B. Becker who was called as a witness. Becker testified that comparable sale #2 had a basement similar to the subject. Becker stated that comparable #2 was inferior to the subject and sold for \$99.16 per square foot of building area in February 2014. Becker is a licensed appraiser in the State of Illinois; however, he was not testifying as an appraiser. He only assisted in the gathering of data. Becker stated he did appraise three of the five comparable sales at one time in his career, however, he could not recall the dates. Becker has the MAI and SRA designations from the appraisal institute. Becker issued a rebuttal to the Taft appraisal (Appellant's Exhibit 1) outside of his appraisal license, but within his capacity as a deputy assessor. Becker found that Romager under-estimated the subject property by 100%. Becker further found that the appellant's appraisers did not account for the basement being included in the total square footage. Becker agreed that his report does not apportion a value to the subject property, but, felt that his conclusion that the board of review's estimated assessment of \$112,168 was appropriate. He stated that comparable sale #2 was similar to the subject in that it was an office building in average condition and quality. He did not visit each comparable for this appeal. His report was

based on data gathered from the township assessor. The report depicts five sales which sold from December 2011 to December 2016 for prices Ranging from \$132,500 to \$590,000 or from \$50.35 to \$99.92 per square foot of building area. Becker testified that he was called in to basically fill in the rest of the report for the appeal.

### **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. The subject's assessment reflects a market value of \$337,855 or \$129.35 per square foot of above grade building area, land included, which is above the appraised value. The Board finds the appraisers made logical adjustments to the comparables and supported their adjustments and estimates within the appraisal report and through the credible testimony herein.

The Board further agrees that the basement of the subject property offers little to no rental value to the subject and is properly treated as an amenity of the subject for storage. The Board finds the subject property has a unique layout given its adjacent closed corridors, lack of a vault, lack of a drive through and lack of public access to the basement. The testimony herein reveals updates to the subject property for access to the basement and parking are needed to bring the property up to date to be compared to other financial institutions or for use as an office space. The record disclosed the subject property was purchased in 2008 by the appellant for \$280,000, however, the testimony from Romager was that that the commercial market was flat with declining rents. The Board further finds the appraisers used due diligence in accurately reflecting the unique value afforded the subject based on its inherent characteristics. The Board gave less weight to the board of review's report of unadjusted sales as only one property was truly similar to the subject and was reported without adjustments thereto. The Board finds the board of review's report was not well supported at the hearing and does not account for the unique layout or characteristics of the subject.

Therefore, the Board finds the subject property had a market value of \$210,000 (value indicated by the sales comparison approach) 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.



Chairman



Member



Member



Member



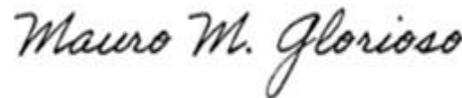
Member

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: August 18, 2020



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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