



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

APPELLANT: Domex Properties LTD. Partnership
DOCKET NO.: 16-07364.001-C-1
PARCEL NO.: 04-22-165-016-000

The parties of record before the Property Tax Appeal Board are Domex Properties LTD. Partnership, the appellant, by attorney Arthur W. Morris, of Traughber & Morris, in Columbia, and the Monroe 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 **Monroe** County Board of Review is warranted. The correct assessed valuation of the property is:

LAND: \$21,930
IMPR.: \$138,070
TOTAL: \$160,000

Subject only to the State multiplier as applicable.

Statement of Jurisdiction

The appellant timely filed the appeal from a decision of the Monroe 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, two-unit, office building of brick and ornamental block exterior construction with 6,000 square feet of building area. The structure was constructed in approximately 2002. Features include central air conditioning. The property has an approximately 1.4-acre site and is located in Columbia, Monroe County.¹

The appellant contends overvaluation as the basis of the appeal. In support of this argument, the appellant submitted an appraisal prepared by Scott M. Tade, a Certified General Real Estate Appraiser, estimating the subject property had a market value of \$355,000 as of January 1, 2016. The appraiser utilized two of the three approaches to value in arriving at the conclusion.

¹ The Monroe County Board of Review failed to submit a copy of the subject's property record card which is required to be filed by the Property Tax Appeal Board's procedural rules. (86 Ill.Admin.Code §1910.40(a)).

In describing the area of the subject property, Tade reported that Columbia is part of the St. Louis metropolitan area where many of its residents commute to St. Louis daily. He also noted that Columbia is part of the "Metro-East" portion of the Greater Metropolitan St. Louis Area which includes the communities of Millstadt and Waterloo.

Using the sales comparison approach, the appraiser considered three comparable sales located within Columbia or Millstadt. The comparables have sites that range from 8,494 to 12,584 square feet of land area. The comparable properties are improved with one-story brick office buildings that were built between 1989 and 2001. The buildings range in size from 2,960 to 5,796 square feet of building area. Comparables #1 and #3 were each reported to contain four-units. No other details of these properties were provided in the appraisal report. The comparables sold between August 2013 and May 2015 for prices ranging from \$140,000 to \$469,400 or from \$47.30 to \$83.73 per square foot of building area, land included.

As depicted on page 15 of the appraisal report, Tade made quantitative percentage-based adjustments to the comparable properties for differences when compared to the subject. Adjustments were made for location, land-to-building ratio, construction, condition and/or age. On page 16 of the report, Tade explained the basis for the various adjustments and lack of adjustments. The greatest adjustment was applied for location where the appraiser noted the comparables were located on thoroughfares with higher traffic counts and more visibility. From this process, the appraiser determined that the comparables should be adjusted to adjusted sale prices ranging from \$49.67 to \$60.74 per square foot of building area, including land. From this process, the appraiser gave most weight to sales #1 and #2 and concluded an estimate of market value for the subject of \$60.00 per square foot of building area, including land, or \$360,000, including land, under the sales comparison approach to value.

Under the income approach, the appraiser utilized actual rentals received and determined a gross rental income of \$49,700. Recognizing past experiences for the subject property concerning vacancy as set forth on page 21 of the appraisal report, Tade noted low vacancy and estimated 3% of the net income or \$1,491 resulting in an effective gross income calculation of \$48,209. Fixed expenses of actual real estate taxes of \$7,910 and insurance based upon a quote of \$1,320 were applied. Then the appraiser reported variable expenses for maintenance and repairs of \$1,446 or 3% of effective gross rent, reserve for replacement of \$2,600 and management of \$2,893 or 6% of effective gross income that was deemed to be standard. As depicted on page 20, Tade set forth estimated total expenses of \$16,169 resulting in a net income calculation of \$32,040. Based on available data, the appraiser applied an overall capitalization rate of 9.13%. This analysis resulted in an indicated value for the subject by the income approach of \$350,000, rounded.

In reconciling the two approaches to value as described on page 22 of the report, the appraiser gave equal weight to the two conclusions in arriving at an estimated market value for the subject of \$355,000 or \$59.17 per square foot of building area, including land, as of January 1, 2016.

Based on the foregoing evidence, the appellant requested an assessment reflective of the appraised value.

The board of review submitted its "Board of Review Notes on Appeal" disclosing the total assessment for the subject of \$160,000. The subject's assessment reflects a market value of

\$482,509 or \$80.42 per square foot of building area, land included, when using the 2016 three year average median level of assessment for Monroe 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 letter contending that appraisal sale #3 was "inappropriate" as the property is located out of the immediate market area of the subject. The board of review contends that the use of sale #3 resulted in a "much lower value per square foot than would otherwise been calculated using a more appropriate sale in the immediate market area."

In support of its contention of the correct assessment, the board of review submitted information on three comparable sales reiterating appraisal sales #1 and #2 and substituting a new property as sale #3 which the board of review describes as a property "in the immediate market area." Board of review sales #3 is located in Waterloo and 6 miles from the subject property. The comparable has 30,492 square feet of land area improved with a one-story brick building that was built in 1993. The building contains 3,477 square feet of building area and features central air conditioning. This property sold in June 2016 for \$336,000 or \$96.64 per square foot of building area, including land.

Based on the foregoing sales data, the board of review contends the average sales price per square foot is \$87.11 and the subject's current estimated market value based upon its assessment is less than this average sales price. Therefore, 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.

The appellant submitted an appraisal of the subject property and the board of review criticized one of the sales in the appraisal report and provided three sales comparables, two of which were in the appellant's appraisal report, to support their respective positions before the Property Tax Appeal Board. The Board has given reduced weight to the value conclusion set forth in the appraisal report. The appraiser utilized two approaches to value, however, the appraiser never established in the appraisal report that the subject's actual rents received were reflective of market rents for purposes of the income approach to value. The Property Tax Appeal Board finds this failure in the income approach to value is a fatal flaw in Tade's conclusion of value under the income approach and detracts from the credibility and reliability of the appraisal report where the appraiser gave equal weight to each of the value approaches in the report. Springfield Marine Bank v. Property Tax Appeal Board, 44 Ill.2d 428 (1970).

The Property Tax Appeal Board further recognizes that 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 (2nd

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 (5th 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 submitted by both parties with significant overlap of comparable sales in close proximity to the subject property. Thus, the Board in its analysis has placed most weight on this comparable sales evidence.

The parties presented a total of four comparable sales, with two common comparable sales presented by both parties, to support their respective positions before the Property Tax Appeal Board in this record. The Board has given reduced weight to appellant's appraisal sale #3 and to board of review comparable sale #3 as each of these properties are distant from the subject property, are each substantially older than the subject property and/or are smaller than the subject property.

On this record, the Board finds the best evidence of market value to be appellant's appraisal sales #1 and #2 along with board of review comparable sales #1 and #2 where each of these are the same properties presented by both parties. These two comparables are most similar to the subject in location, age, design and most features. These two properties sold in August 2013 and March 2015 for prices of \$285,000 and \$469,400 or for \$83.73 and \$80.99 per square foot of building area, including land, respectively. The subject's assessment reflects a market value of \$482,509 or \$80.42 per square foot of building area, including land, which is below the best comparable sales in the record on a per-square-foot basis which the Board finds is logical given that the subject building is larger than either of these comparable buildings. Accepted real estate valuation theory provides that all factors being equal, as the size of the property increases, the per unit value decreases. In contrast, as the size of a property decreases, the per unit value increases.

Based on this evidence 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(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

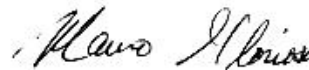
DISSENTING: _____

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:

April 21, 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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