



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

APPELLANT: Domex Properties LTD Partnership
DOCKET NO.: 16-07366.001-C-1
PARCEL NO.: 04-22-165-009-000

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 **A Reduction** 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: \$ 36,210
IMPR.: \$139,670
TOTAL: \$175,880

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 "industrial type" strip center of ornamental block and brick exterior construction containing four rental units and 10,200 square feet of building area. The building was constructed in approximately 2006. Features include a concrete slab foundation, ceiling mounted gas space heaters and central air units. The property has a 66,647 square foot 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

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)). All of the descriptive data has been drawn from the appellant's appraisal report and compared to the grid analysis of the subject property as presented by the board of review.

Appraiser, estimating the subject property had a market value of \$485,000 or \$47.55 per square foot of building area, including land, as of January 1, 2016. The appraiser utilized two of the three approaches to value in arriving at the conclusion; due to the age of the subject, the appraiser indicated that the cost approach was not considered applicable.

Using the sales comparison approach, the appraiser considered three comparable sales of buildings located in Columbia, Waterloo and Smithton as described on pages 12 through 14 of Tade's appraisal report. The comparable parcels range in size from 14,570 to 52,272 square feet of land area and are improved with steel sided buildings that range in size from 4,560 to 10,000 square feet of building area. The buildings were built between approximately 1984 and 2008. Appraisal sale #3 was described as having two small offices and 17 climate controlled indoor storage units. These properties sold between November 2012 and January 2015 for prices ranging from \$200,000 to \$525,000 or from \$35.61 to \$52.50 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 and/or construction. On page 16 of the report, Tade explained the basis for the various adjustments and lack of adjustments. The greatest upward adjustment was applied to appraisal sale #2 for location where the appraiser noted the comparable had a rural location. As to the consideration of adjustments for construction, Tade wrote, "Adjustments are based on the difference in construction cost between the subject and the comparables. Even though Sale #3 was a pole barn building, the interior had individual storage units which increased its costs." (Appraisal, p. 16) From this process, the appraiser determined that the comparables should be modified to adjusted sale prices ranging from \$43.44 to \$54.60 per square foot of building area, including land. From this process, the appraiser gave equal weight to each comparable and concluded an estimate of market value for the subject of \$49.00 per square foot of building area, including land, or \$500,000, including land, rounded, under the sales comparison approach to value.

Under the income approach, the appraiser utilized actual rentals received and determined a gross rental income of \$68,542. 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 \$2,056 resulting in an effective gross income calculation of \$66,486. Fixed expenses of actual real estate taxes of \$10,787 and actual insurance of \$1,635 were applied. Then the appraiser reported variable expenses for maintenance and repairs of \$1,995 or 3% of effective gross rent, reserve for replacement of \$3,570, utilities of \$2,280 and management of \$3,989 or 6% of effective gross income that was deemed to be standard as stated by Tade. As depicted on page 20, Tade set forth estimated total expenses of \$24,256 resulting in a net income calculation of \$42,230. 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 \$465,000, 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 \$485,000 or \$47.55 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 at the statutory level of assessment of 33.33%.

The board of review submitted its "Board of Review Notes on Appeal" disclosing the total assessment for the subject of \$260,340. The subject's assessment reflects a market value of \$785,103 or \$76.97 per square foot of living 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 the comparable sales used in the appraisal are "inappropriate"; the letter contends Tade used industrial-type steel buildings whereas the subject is "more appropriately described as an office-type building." The board of review provided no documentary or photographic evidence to support this assertion.²

In support of its contention of the correct assessment the board of review submitted information on three comparable sales located in Waterloo or Columbia. Comparables #1 and #3 had lot sizes of 30,492 and 35,719 square feet of land area, respectively; comparable #2 has a lot size denoted as "condo." Each parcel is improved with a one-story brick building that was built between approximately 1987 and 1997. The buildings range in size from 3,477 to 5,796 square feet of building area and feature central air conditioning and central heating systems. The comparables sold between January 2015 and June 2016 for prices ranging from \$336,000 to \$469,400 or from \$66.49 to \$96.63 per square foot of building area, including land.

Based on this evidence and argument, the board of review requested confirmation of the subject's assessment based upon the average sales price of these three comparables of \$81.37 per square foot of building area, land included.

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 appellant submitted an appraisal of the subject property and the board of review criticized the sales that were chosen in the appraisal report and provided three sales comparables 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

² The appellant's appraisal includes two color photographs that lack specific identification.

the credibility and reliability of the appraisal report where the appraiser gave equal weight to each of the value approaches in the report.

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. Thus, the Board in its analysis has placed most weight on this comparable sales evidence.

The parties presented a total of six comparable sales to support their respective positions before the Property Tax Appeal Board in this record. The Board has given reduced weight to appraisal sale #3 and board of review sale #1. These comparables are smaller than the subject building and otherwise appear to reflect outliers in sales prices both on the high and lower ends of the spectrum.

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 #2 and #3. The record as presented by both parties was lacking in specifics about these comparables such as photographs and use information that would be relevant for purposes of a complete analysis of comparability. These four comparables sold between December 2013 and March 2015 for prices ranging from \$35.61 to \$80.99 per square foot of building area, including land. The subject's assessment reflects a market value of \$785,103 or \$76.97 per square foot of building area, including land, which appears to be excessive when considering the most common comparable in the record presented as appraisal sale #1 which sold a year prior to the assessment date at issue for \$52.50 per square foot of building area, including land. After considering adjustments to the comparables for differences based on this limited record, the Board finds a reduction in the subject's assessment is warranted.

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

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