



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

APPELLANT: The Oaks of Dutch Hollow LLC
DOCKET NO.: 17-04702.001-C-2 through 17-04702.002-C-2
PARCEL NO.: See Below

The parties of record before the Property Tax Appeal Board are The Oaks of Dutch Hollow LLC, the appellant, by attorney Lisa Ann Johnson, of Smith Amundsen, LLC in St. Louis and the St. Clair County Board of Review.¹

Based on the facts and exhibits presented in this matter, the Property Tax Appeal Board hereby finds a reduction and no change in the assessment of the property² as established by the St. Clair County Board of Review is warranted. The correct assessed valuation of the property is:

DOCKET NO	PARCEL NUMBER	LAND	IMPRVMT	TOTAL
17-04702.001-C-2	08-06.0-400-097	47,477	479,914	\$527,391
17-04702.002-C-2	08-06.0-400-098	32,154	375,406	\$407,560

Subject only to the State multiplier as applicable.

Statement of Jurisdiction

The appellant timely filed the appeal from decisions of the St. Clair County Board of Review pursuant to section 16-160 of the Property Tax Code (35 ILCS 200/16-160) challenging the assessments of the two parcels for the 2017 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 seven multi-family two-story and three-story apartment buildings of frame or frame and masonry construction that were 20 to 22 years old. The seven buildings range in size from 7,332 to 13,260 square feet of building area and present a total building area of 69,368 square feet. The buildings contain a total of 77 one-bedroom and two-bedroom apartments. The two parcels consist of a combined site of 4.491-acres of land which is located in Belleville Township, St. Clair County.

¹ While a request to intervene was filed (postmarked March 26, 2019) by Attorney Garrett P. Hoerner on behalf of Southwestern Illinois College, a taxing district, said request was untimely filed (more than 60 days after notice of the appeal issued on January 23, 2019 – see Certificate filed by board of review). On April 11, 2019, by letter the Property Tax Appeal Board advised counsel of the untimely intervention. On April 13, 2019 (postmarked April 15, 2019), Attorney Hoerner submitted a letter adopting the evidence filed by the board of review.

² Only parcel 08-06.0-400-097 is reduced by this decision; there is no change in the assessment of 08-06.0-400-098.

The appellant marked comparable sales as the basis of the appeal but only provided data of one sale that occurred in April 2004, a date too remote in time to the valuation date at issue of January 1, 2017 to be indicative of the subject's estimated market value. Additionally, one sale is insufficient to make an overvaluation claim; a minimum of three recent sales should be supplied for an overvaluation argument based upon comparable sales. (86 Ill.Admin.Code §1910.65(c)(4)).

In support of the appeal, counsel for the appellant supplied a two-page Statement in Support of Appeal, two Section V grid analyses (one for each parcel) wherein the same three equity comparables were presented for each subject parcel along with copies of applicable property record cards and various photographs. In the brief, the subject was described as an apartment community that does not include any amenities. It was asserted that the three comparables "are of similar quality to that of the Subject Property." In the brief, comparable #1 was asserted to feature the same style of building and rental rates; comparable #2 was asserted to have similar rental rates, but includes amenities not present at the subject property including washer and dryer hookups and a community swimming pool; and comparable #3 is asserted to have a better location and to be of higher quality, described as townhomes with washer/dryer hookups, than the subject. Counsel for the appellant argued, "All of the comparable properties are assessed at a rate lower than the Subject Property although they are of similar or better quality."

For ease of understanding and analysis, the Property Tax Appeal Board will address the details of the combined subject property with one description of the three equity comparables presented by the appellant. The three comparables are located from 1-mile to 7.4-miles from the subject. No data on lot size of the comparables was provided by the appellant. The comparables consist of two and three-story buildings of frame or frame and masonry exterior construction that range in age from 17 to 30 years old. The comparables consist of six, eight and one apartment building, respectively, for comparables #1, #2 and #3. There are 72, 88 and 9 two-bedroom apartments, respectively, in comparables #1, #2 and #3. The comparables have improvement assessments ranging from \$107,834 to \$1,056,506 or from \$11,184 to \$12,006 per apartment or from \$9.35 to \$10.62 per square foot of building area.

Based on the foregoing evidence and argument as set forth in the brief and appeal petition, the appellant requested reduced improvement assessments for the subject parcels totaling \$678,187 or \$8,808 per apartment unit or \$9.78 per square foot of building area.

The board of review submitted its "Board of Review Notes on Appeal" disclosing the total combined assessments for the subject parcels of \$988,333. The subject parcels have a combined an improvement assessment of \$908,702 or \$11,801 per apartment unit or \$13.10 per square foot of building area. The subject's total assessment reflects a market value of \$2,947,608 or \$38,281 per apartment unit or \$42.49 per square foot of building area, land included, when using the 2017 three year average median level of assessment for St. Clair County of 33.53% as determined by the Illinois Department of Revenue.

In response to the appeal, besides providing data, the board of review proposed reducing the assessment for one of the two parcels such the reduced total improvement assessment would be \$855,320 or \$11,108 per apartment or \$12.33 per square foot of building area. The proposed

total reduced assessment for the two parcels would reflect a market value of \$2,788,401 or \$36,213 per apartment unit or \$40.20 per square foot of building area, including land. The appellant was informed of this proposed assessment reduction and rejected the offer.

In response to this appeal, the board of review asserted that the "income approach is best in this type of property" and attached two spreadsheets along with supporting data. The board of review contends that in developing the income approach to value, which is one of the three traditional approaches to market value, the board of review considered the "average" market rent and the "average maintenance, property management, and vacancy and collection loss."

The first spreadsheet depicts each of the subject parcels with market rents of \$650 per month and thus estimated potential rental income of \$600,600 per year. The board of review depicted maintenance fees of 20% or \$120,120; property manager fees totaling \$18,564 or 3% of potential gross income; vacancy and collection loss for the subject totaling \$5,569 which mathematically results in a net operating income calculation of \$456,347. This first spreadsheet however depicts, based upon the foregoing expenses, a net operating income of \$437,837 and to this the board of review has applied a capitalization rate of 11.75% resulting in an estimated market value under the income approach as depicted on the first spreadsheet of \$3,726,273; this spreadsheet depicts the assessments of the two parcels would be \$677,504 and \$564,587, respectively, under this analysis which is greater than the current assessments of the two parcels. There is also no data to support or explain the capitalization rate that was utilized. The Property Tax Appeal Board further finds that mathematically the net operating income should be \$456,347 and when the capitalization rate is applied to this figure the result is an estimated market value under the income approach of \$3,883,804 which would also be greater than the current 2017 assessments of these parcels.

In the second spreadsheet, the board of review depicts the same potential rental income of \$600,600 per year. In this analysis, the board of review described maintenance fees of 10%, property management of 10% and vacancy and collection loss of 10%. In analyzing the spreadsheet, the Board finds the numbers set forth do not compute as the total expenses itemized in the spreadsheet greatly exceed the annual potential rental income. In this second spreadsheet analysis, the board of review depicts market values for the subject at an 11% capitalization rate of \$2,171,091 and \$1,809,245 for each of the two parcels on appeal or, again, assessments higher than the current 2017 assessments of these parcels.

Next, without explanation, the board of review presented printouts related to the rental rates of appellant's comparables #3 and #2, respectively, showing rents of \$850 and \$795.

The board of review next presented a series of four property record cards with various handwritten notations.³ The four property record cards and accompanying sales documents depict two-story apartment buildings with from 9 to 24 apartment units in buildings that were built between 1969 and 1988. The comparables range in size from 6,846 to 13,728 square feet of building area. As depicted by the board of review, these comparables sold between April 2015

³ The board of review is advised that data of comparable sales or equity comparables should be summarized in a grid analysis, such as provided on page 2 of the published "Board of Review – Notes on Appeal" form available from the Property Tax Appeal Board website.

and November 2017 for prices ranging from \$300,000 to \$480,000 or from \$19,167 to \$33,333 per apartment unit or from \$25.28 to \$43.82 per square foot of building area, including land.

Based on the foregoing evidence and argument, the board of review proposed to reduce the total assessment of parcel 08-06.0-400-097 to \$527,391 with no change proposed for parcel 08-06.0-400-098.

Conclusion of Law

Based upon Section 2d of the Commercial Appeal petition, 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) [*Emphasis added*]. The Board finds a reduction in the subject's assessment is warranted.

The parties submitted a total of five comparable sales to support their respective positions before the Property Tax Appeal Board. The appellant's evidentiary submission consisted of one comparable sale (equity comparable #2) with a sale date of April 2004 and a sale price of \$3,800,000 or \$43,182 per apartment unit or \$38.18 per square foot of building area, including land. The sale presented by the appellant is approximately 13 years prior to the assessment date at issue of January 1, 2017 and unlikely to be indicative of the subject's estimated market value as of the valuation date. The Board gives no weight to the appellant's single comparable sale in the record.

The Board finds the only evidence of market value in the record to be the four board of review comparable sales. These comparables sold between April 2015 and November 2017 for prices ranging from \$300,000 to \$480,000 or from \$19,167 to \$33,333 per apartment unit or from \$25.28 to \$43.82 per square foot of building area, including land. The subject's assessment reflects a market value of \$2,947,608 or \$38,281 per apartment unit or \$42.49 per square foot of building area, land included, which is above the range established by the best comparable sales in this record on a per unit basis but within the range on a per-square-foot basis. As proposed by the board of review to reduce the subject's assessment, the proposed reduced assessment would reflect a market value of \$2,788,404 or \$36,213 per apartment unit or \$40.20 per square foot of building area, land included. After considering adjustments to the comparables for differences such as their older ages and the subject's dramatically larger number of apartment units, the Board finds a reduction in the subject's assessment as proposed by the board of review is justified on market value grounds.

Based upon the appellant's evidentiary submission, the appellant contends assessment inequity as the basis of the appeal. When unequal treatment in the assessment process is the basis of the appeal, the inequity of the assessments must be proved by clear and convincing evidence. 86 Ill.Admin.Code §1910.63(e). Proof of unequal treatment in the assessment process should consist of documentation of the assessments for the assessment year in question of not less than three comparable properties showing the similarity, proximity and lack of distinguishing characteristics of the assessment comparables to the subject property. 86 Ill.Admin.Code

§1910.65(b). The Board finds the appellant did not meet this burden of proof and a further reduction in the subject's assessment is not warranted on this basis.

The appellant submitted a total of three equity comparables to support its position before the Property Tax Appeal Board; the St. Clair County Board of Review failed to submit any decipherable equity data in its documentary submissions.⁴ The Board has given reduced weight to appellant's comparable #3 as this one apartment building with nine units is dissimilar to the subject property consisting of seven apartment buildings with 77 apartment units.

The Board finds appellant's equity comparables #1 and #2 are the best evidence of assessment equity in the record. These two comparables consisting of six and eight apartment buildings that contain 72 and 88 apartment units, respectively, were relatively similar to the subject property. The comparables had improvement assessments of \$805,223 and \$1,056,506 or \$11,184 and \$12,006 per apartment unit or \$9.35 and \$10.62 per square foot of building area. The subject's improvement assessment of \$908,702 or \$11,801 per apartment unit or \$13.10 per square foot of building area, which is prior to the reduction based on market value finding herein, falls between the best equity comparables in this record in terms of overall improvement assessment and on a per-apartment-unit basis. The subject's slightly higher per-square-foot improvement assessment also appears to be logical given that the subject has a total building area of 69,368 square feet as compared to these two larger comparables of 86,088 and 99,520 square feet of building area, respectively. Based on this record and after considering adjustments to the comparables for differences when compared to the subject, the Board finds the appellant did not demonstrate with clear and convincing evidence that the subject's improvement should be further reduced in light of the reduction issued on market value grounds and adopting the proposed assessment reduction made by the board of review.

⁴ The Board closely examined the property record cards submitted in this matter to ascertain applicable assessment data for the four comparable sale properties presented by the board of review. No specific assessment data could be ascertained from the property record cards given the known assessments of the subject parcels and their respective property record cards.

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: November 17, 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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