



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

APPELLANT: Carmilo Sartie
DOCKET NO.: 17-05797.001-C-1
PARCEL NO.: 07-34-237-002

The parties of record before the Property Tax Appeal Board are Carmilo Sartie, the appellant, by attorney Bryce Lynch of Taylor & Lynch in Clinton; and the DeWitt 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 **DeWitt** County Board of Review is warranted. The correct assessed valuation of the property is:

LAND: \$7,219
IMPR.: \$49,448
TOTAL: \$56,667

Subject only to the State multiplier as applicable.

Statement of Jurisdiction

The appellant timely filed the appeal from a decision of the DeWitt County Board of Review pursuant to section 16-160 of the Property Tax Code (35 ILCS 200/16-160) challenging the assessment 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 is improved with a three-story commercial building of brick construction with wood floor joists and wood constructed roof beams containing 16,335 square feet of building area on a basement foundation.¹ The building was constructed in 1908. The building has gas forced air and central air conditioning, only on the first floor. The first floor and basement have a center supporting wall made of brick. The entry way has glass and commercial doors with a breezeway between. The first floor is occupied by a bar/restaurant and features a kitchen and two bathrooms equipped with handicap accessible windows. The second floor is primarily empty but contains duct work for the restaurant on the first floor. The third floor is vacant with no interior wall. Neither the second or third floors have plumbing, power or HVAC. The property consists of only building which is situated on approximately 5,445 square feet of

¹ The Board finds the best evidence of the subject's description is contained within the appraisal submitted by the appellant.

land area. The space outside the four brick walls of the building itself (sidewalk and parking) is owned by the city. The property is located in Clinton, Clintonia Township, Dewitt County.

The appellant contends overvaluation as the basis of the appeal. In support of this argument the appellant submitted an appraisal estimating the subject property had a market value of \$170,000 as of January 1, 2018. The appraisal was prepared by James Riker, an Illinois Certified General Real Estate Appraiser. The purpose of the appraisal was to estimate the fair market value of the property for property tax appeal purposes. The property rights appraised were fee simple estate.

The appraiser made an interior and exterior inspection of the subject property. The appraiser determined the highest and best use of the property is for commercial purposes. The appraiser noted that the subject's roof is in need of repair due to the signs of leaks on the second and third floors along with plastic and buckets to collect water. The HVAC unit is located in the basement and appears to be in working order condition and up to date but are only used for the first floor. The restaurant hood, kitchen and restrooms have been renovated within the last 10 years. The property's legal description depicts an encroachment on city property.

The appraiser also noted that the subject's second and third floors are both currently vacant. The subject's market area has an above average vacancy rate of units above the first floor retail space at this time. The cost to improve these floors, to meet current code, for occupancy is cost prohibitive. The cost to improve these floors to be used as an open apartment space may be cost effective if properly manage and tenant occupancy was maintained. However, there are no mechanicals or fixtures on these two floors, so this venture would be costly. The other concern would be the lack of available parking and building access for tenants. Thus, the initial investment appears to be prohibitive.

In estimating the market value of the subject property, the appraiser performed the cost approach to value, the income approach to value and the sales comparison approach to value.

The first step of the cost approach was to estimate the value of the land. Due to very limited sales of vacant land in the area, the appraiser is using the county assessor's 2016 land value of \$7,077 which seems to be in line with land value at this time. Based on this information, the appraiser estimated the value of the subject site to be \$21,000 as rounded.

The appraiser next estimated the replacement cost new of the improvements using the Marshall Valuation Service Cost Handbook, section 13, page 27, Class B @ Average Quality Construction. The appraiser calculated the replacement cost new to be \$1,143,831. Based on an economic life of 50 years and an effective age of 40 years, the appraiser arrived at a physical depreciation factor of 80% of which 70% is curable and 10% is incurable, resulting in total physical deterioration of \$915,065. The appraiser noted the physical deterioration is extreme due to the second and third floors are unfinished and have no mechanicals or adequate electrical service. The appraiser estimated the subject property suffered from \$68,630 incurable functional obsolescence due to the inadequate parking. Street parking is available, however, there is not adequate off-street parking for the size of the subject. Subtracting total depreciation of \$983,695 resulted in a depreciated value of the improvements of \$160,136. Adding the land value of \$21,000 resulted in an estimated value under the cost approach of \$181,000, rounded.

The appellant's appraiser next developed the income approach to value. The appraiser estimated a typical triple net lease (nnn) monthly rent for the subject's first floor would be \$2,000 per month and \$2,800 for modified gross rent after review of the area and talking to local realtors in the area. The subject's current rent is nnn. The appellant's appraiser used a yearly gross income of \$24,000 and deducted \$2,000 or 10% for vacancy and collection loss to arrive at an adjusted gross income of \$21,600. The appraiser then deducted expenses totaling \$6,962 to arrive at a net operating income of \$14,638.

Using the band of investment technique, the appraiser arrived at a capitalization rate of 8.3776%. The appraiser also reviewed surveys and indicated the average rate for Chicago market for the 3rd quarter for 2016 was 6.55% and the average rate for the 4th quarter for 2016 was 6.54%. Surveys indicated the average rate for Chicago suburban market for the 3rd quarter for 2016 was 8.96% and the average rate for the 4th quarter for 2016 was 9.04%. Due to the subject property being located in Clinton, the appraiser determined there was more risk than in the Chicago market area; therefore, the appraiser selected a capitalization rate of 9%. Capitalizing the net income resulted in an estimated value under the income approach of \$162,600.

The final approach to value developed by the appellant's appraiser was the sales comparison approach to value. The appraiser utilized five sales with similar locations as the subject property near the main business downtown square of Clinton. The buildings were estimated to be approximately 190 years old and are of brick, brick and aluminum or brick and metal construction. The appraiser comparables consist of one-story or two-story buildings ranging in size from 1,320 to 5,456 square feet of building area. The appraiser indicated the overall conditions of comparables #1 and #3 are inferior to the subject as they were vacant empty units, while comparables #2, #4 and #5 were similar to the subject in construction quality and age of buildings. The comparables sold from August 2014 to December 2017 for prices ranging from \$10.42 to \$44.66 per square foot of building area, land included. These properties are located on the square with limited parking. They must rely and utilize the city street parking. The appraiser reported that the comparable sales vary from poor to average (main floor) condition when comparing to the subject property's average condition main floor. All comparables except comparable #1 have second floors. The subject's second and third floors are both vacant, without walls, power, plumbing, or HVAC.

The appraiser adjusted the comparables for differences from the subject to arrive at adjusted sale prices ranging from \$17.50 to \$44.66 per square foot of building area, land included. The appraiser determined the subject properties per square foot value range, based on the comparable sales adjusted square foot values, is between \$20.58 to \$27.78. The appraiser was of the opinion that the subject compares most favorably to comparable sales #2, #4 and #5 with 24% credence given to these comparables and 14% credence given to comparable sales #1 and #3 for a square foot value of \$27.70 as rounder which values the first and second floors. In addition to the \$27.70 value per square foot, the value of the third floor is an additional 15% more than the comparables as they only had two floors. The appraiser arrived at an estimated value for the subject property under the sales comparison approach of \$31.85 per square foot of building area resulting in an indicated value of \$173,500, rounded.

In reconciling the three approaches to value, the appraiser is of the opinion that the sales approach and income approach provides the most credence to the subject property's market

value with additional support from the cost approach. Based on this data the appraiser estimated the subject had an estimated market value of \$170,000 as of January 1, 2018.

Based on this evidence, the appellant requested a reduction in the subject's assessment to reflect the appraisal value at the statutory level of assessments of 33.33%.

The board of review submitted its "Board of Review Notes on Appeal" disclosing the total assessment for the subject of \$96,713. The subject's assessment reflects a market value of \$290,691 or \$18.81 per square foot of building area using the total building area of 16,335 square feet, land included or \$53.28 per square foot of building area using the first floor building area of 5,445 square feet, land included, when using the 2017 three-year average median level of assessment for DeWitt County of 33.27% as determined by the Illinois Department of Revenue.

In response to the appeal, the board of review submitted a memorandum critiquing the sales approach in the appellant's appraisal. The board of review noted the appraiser's comparable sale #1 had been on the market well over one year. Since the sale extensive renovations were made and the property is now used as a non-profit community youth center. The appraiser's comparable sale #3 was a vacant building sold by the City of Clinton but has been renovated since the sale. Lastly, the appraiser's comparable #4 had fire damage in November 2015 and extensive smoke damage. The appraiser noted that comparable sale #4 was "included in the report for reference but seems very low to the appraiser to be used for value even without adjustments."

In support of its contention of the correct assessment, the board of review submitted information and photos of the subject and four comparable sales and three equity comparables located in Clinton. The four comparable sales were composed of one-story or two-story buildings that were built from 1830 to 1973. The board of review indicated that the comparables ranged in size from 1,386 to 4,400 square feet of building area and were in average, average/good or good condition. Both floors of comparable #1 were reported to be occupied as residence. Comparable #2 consists of two parcel numbers with each parcel containing a two-story building.² Comparables #1 and #2 were located on the square in Clinton like the subject property. Comparable #4 is located on State Highway 54 and the photos depict the property containing a parking lot. The sales occurred from February 2015 to December 2016 for prices ranging from \$45,000 to \$175,000 or from \$31.98 to \$47.66 per square foot of building area, including land. Board of review sale #2 is the appellant's appraisal sale #5.

The board of review provided information on three equity comparables that did not address the appellant's overvaluation argument.

Based on this evidence, the board of review requested confirmation of the subject's assessment.

Conclusion of Law

² The board of review reported that comparable sale #2 included two parcels (07-34-212-004 and 07-34-212-005) and noted that the first floor of parcel 07-34-212-005 is vacant.

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 record contains an appraisal submitted by the appellant, along with four comparable sales and three equity comparables submitted by the board of review. As to the appellant's appraisal, the appraiser developed the three traditional approaches to value in concluding the subject property had a market value of \$170,000 as of January 1, 2018. The Board finds the approaches to value in the report were credible and resulted in a value estimate that was reliable. The board of review did not refute or rebut the appraiser's cost or income approaches to value but did critique the five comparable sales selected by the appraiser. The Board finds the appraiser made appropriate adjustments to the comparable sales in the cost approach. Furthermore, the board of review also considered comparable sale #5 identified by the appraiser which sold for a price of \$173,000, which lends some credence to the appraiser's conclusion of value under the sales comparison approach to value

As to the four comparable sales provided by the board of review, the Board finds that none of the sales were particularly similar to the subject in size, design, age and location. Additionally, the board of review sales were not adjusted for differences from the subject property as were the comparable sales used by the appellant's appraiser, which further detracts from the weight that can be given the board of review submission. Lastly, the board of review did not seem to consider the subject's condition issues relative to the vacant second and third floors that are without walls and lack mechanicals so as to make adjustments to the comparables for their possible superior condition relative to the subject property. The Board gave no weight to the three equity comparables provided by the board of review as they do not address the appellant's overvaluation argument.

In conclusion, after considering the evidence provided by the parties the Property Tax Appeal Board finds a reduction in the subject's assessment commensurate with the appellant's request is 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: October 20, 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

State of Illinois
Property Tax Appeal Board
William G. Stratton Building, Room 402
401 South Spring Street
Springfield, IL 62706-4001

APPELLANT

Carmilo Sartie, by attorney:
Bryce Lynch
Taylor & Lynch
216 South Center Street
P.O. Box 478
Clinton, IL 61727

COUNTY

DeWitt County Board of Review
DeWitt County
201 W. Washington P.O. Box 439
Clinton, IL 61727