



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

APPELLANT: Springfield Farm & Home Supply Company, Inc.
DOCKET NO.: 17-05845.001-I-3
PARCEL NO.: 21-12.0-428-026

The parties of record before the Property Tax Appeal Board are Springfield Farm & Home Supply Company, Inc., the appellant, by Jackson E. Donley, Attorney at Law in Springfield; and the Sangamon 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 **Sangamon** County Board of Review is warranted. The correct assessed valuation of the property is:

LAND: \$584,681
IMPR.: \$574,255
TOTAL: \$1,158,936

Subject only to the State multiplier as applicable.

Statement of Jurisdiction

The appellant timely filed the appeal from a decision of the Sangamon 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 consists of a stand-alone commercial (“big box) retail building of metal exterior construction containing 80,856 square feet of building area. The building was constructed in 1987. The building is located on a site containing 340,204 square feet (7.81 acres) of land area. The site has asphalt surfaced parking spaces for approximately 360 vehicles along with sidewalks, concrete slabs, exterior lighting, signage and landscaping. The property is located in Springfield, Capital Township, Sangamon County.

The appellant appeared before the Property Tax Appeal Board by its counsel, attorney Jackson Donley, contending overvaluation as the basis of the appeal. In support of this argument, the appellant submitted an appraisal report of the subject property prepared by Michael Lipowsky, MBA, MAI. The purpose of this appraisal was to estimate the fair cash value of the subject property as of January 1, 2017 as defined by the Uniform Standards of Professional Appraisal

Practice (USPAP). The intended use of the appraisal was for the sole purpose of assisting the client in connection with the estimate of market value of the subject property for real estate taxation. The interest valued is the fee simple estate. The final conclusion was that the subject property had a market value of \$2,600,000 or \$32.16 per square foot of building area, including land as of January 1, 2017.

Michael Lipowsky, MBA, MAI was called as appellant's witness and testified regarding the contents of the appraisal report. Lipowsky is a State of Illinois Certified General Real Estate appraiser, who has been appraising real estate for over 25 years. Lipowsky testified that he conducted a personal inspection of the interior and the exterior of the subject property on October 17, 2017. He described the subject property as ordinary "big-box" type of commercial building of relatively "cheap construction". Lipowsky further noted that the subject building has an exposed (open) ceiling with hanging heaters, concrete floors and metal walls which is typical of an average to below-average type of commercial retail building. He also asserted that the market in Springfield for big-box stores has been declining over the past decade, pointing out several similar stores in the area which have gone out of business.

Lipowsky testified that he developed the sales comparison approach to value in arriving at an opinion of value for the subject property. Lipowsky identified eight comparable sales consisting of stand-alone commercial buildings. Three comparables were located in Springfield. The remaining comparables were located in Washington, Oswego, Loves Park, Rockford and O'Fallon, Illinois. These properties were improved with stand-alone commercial buildings of various exterior construction and ranged in size from 28,400 to 145,000 square feet of building area. The comparables were constructed from 1987 to 2006. The comparables had a land-to-building ratio ranging from 2.65:1 to 5.57:1. The comparables sold from February 2014 to November 2017 for prices ranging from \$553,300 to \$4,100,000 or from \$7.09 to \$42.65 per square foot of building area, including land. The appraiser made adjustments to each of the comparables for such items as age, building size, location, and land-to-building ratio resulting in an adjusted sale prices ranging from \$7.09 to \$42.65 per square foot of building area. Based on the adjusted sale price, the appraiser estimated the subject property had an indicated value under the sales comparison approach of \$2,600,000 or \$32.16 per square foot of building area, including land.

The cost approach to value was considered by Lipowsky, but deemed not relevant due to the overall age and condition of the subject along with the inherent difficulty in accurately estimating depreciation and obsolescence from all causes when in a weak market with numerous retail closures.

Similarly, Lipowsky considered (but did not develop) the income approach to value because he deemed it to be an unreliable indicator of value in this case due to the substantial oversupply with little demand for big-box retail properties as rental income. Lipowsky opined that users of this type of space have been shrinking their footprint in order to remain competitive or have altogether closed operations. Given the economic climate of large retailers, the probability that this property would be purchased by an investor in hopes of renting to a user is extremely low. Therefore, the income approach was not developed and the sales comparison approach to value was the only approach developed.

Upon questioning by the Administrative Law Judge, Lipowsky indicated that comparable sales #3, #4 and #8 were sales following a foreclosure, auction or bankruptcy. Lipowsky also testified that he made upward or downward adjustments to the comparables' building size, noting that buildings of this nature with lesser building area tend to be more marketable and thus superior to similar buildings with more square feet of building area. Moreover, adjustments were made to the comparables' price per square foot of building area due to a well know and accepted real estate valuation theory which provides that, all other factors being equal, as the size of a property increases, its per unit value decreases. Likewise, as the size of a property decreases, its per unit value increases. Lipowsky also made adjustments to the comparables' land-to-building ratio, age of the properties, location and functional utility depending on whether the comparables had inferior or superior features in order to make the comparables more like the subject property.

Under cross-examination, Lipowsky acknowledged that at the time of the subject property's sale in 2011 for \$2,650,000, it was occupied by a tenant. Also, Lipowsky stated that as of the assessment date of January 1, 2017, the appellant, Springfield Farm & Home Supply Company, Inc. was in operation at the current site, unlike the appellant's comparable sales which were vacant at the time of their sales.

Based on this evidence, the appellant requested the subject's total assessment be reduced to reflect the appraised value.

The board of review submitted its "Board of Review Notes on Appeal" disclosing the total equalized assessment for the subject of \$1,328,051. The subject's assessment reflects a market value of \$3,984,551 or \$49.28 per square foot of living area, land included, when using the 2017 three-year average median level of assessment for Sangamon County of 33.33% as determined by the Illinois Department of Revenue.

During the hearing, the appellant's counsel raised an objection to the admission into the evidence the grid analysis submitted by the board of review based on the fact that the preparer of said document was unavailable to testify to the circumstances surrounding the preparation of said grid analysis. Attorney Donley argued that he was unable to conduct an effective cross examination of the preparer of the document regarding the contents and, therefore, the document itself should not be admissible into evidence. Mr. Donley agreed to allowing the representative of the board of review to summarize the contents of the document but argued that the grid analysis should not be given any weight.

In support of its contention of the correct assessment, the board of review submitted limited information on four comparable sales and one comparable listing located in Sangamon County. Three comparable sales are improved with stand-alone commercial ("big box) retail building of various exterior construction. One comparable sale is a multi-tenant strip center. The single comparable listing consists of free-standing commercial building. The comparables range in size from 18,750 to 91,154 square feet of building area. The buildings were constructed 1973 to 2007. No other descriptions were produced for analysis. The four comparables sold from February 2016 to October 2018 for prices ranging from \$2,175,000 to \$11,550,000 or from

\$42.00 to \$127.00 per square foot of building area, including land. The comparable listing has a listing price of \$3,470,000 or \$185.00 per square foot of building area.¹

The board of review called as its witness Jason LaMar, Deputy Assessor for Capital Township. LaMar testified that the grid analysis was prepared by his predecessor, but he is very familiar with the document which is a very typical comparative analysis that is done in due course of business in Capital Township. LaMar contended that he is also familiar with the subject property as well as the comparable properties. LaMar indicated in general terms that Capital Township often conducts field visits and analyses pertaining to any appeal for the purpose of checking for any discrepancies in the records along with making various adjustments in their electronic database for such things as condition of the property, physical deterioration, etc.

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

Under re-direct examination, appellant's counsel called Lipowsky to clarify that he considered board of review's comparables #2 and #3 but did not use these sales in his appraisal report due to the fact that these properties are leaseholds meaning they had tenants leasing the buildings at the time of the sale which in Lipowsky's opinion tends to inflate the sale price and thus is less reflective of market value.

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.

Initially, with regard to appellant's counsel's objection, the Property Tax Appeal Board finds that the board of review's grid analysis was timely submitted into evidence and is therefore admissible. Furthermore, board of review's grid is simply a compilation of readily discoverable public information regarding the sale or listing of properties, parcel numbers, sale prices, sale dates, building and lot sizes, location, age and sale price per square foot of building area which goes to the weight of the evidence rather than its admissibility. Finally, there was no testimony at the hearing presented by board of review regarding the preparation of the document in question nor does the grid contain any opinions by its author such as developed approaches to value, analysis, adjustments made to the comparables or value conclusions. Therefore, Property Tax Appeal Board finds that the grid analysis submitted by the board of review is allowed into evidence and the Board will give it such weight in its analysis as is appropriate.

¹ The board of review also submitted four equity comparables located in Springfield consisting of properties of various similarity to the subject. The Board finds that the basis of the appellant's appeal is overvaluation rather than inequity in assessments and, therefore, the board of review's equity comparables are non-responsive. Therefore, the Board will only consider the evidence regarding the overvaluation issue and will not analyze the equity comparables submitted by the board of review or give the equity comparables further consideration.

The Board finds that the parties submitted for the Board's consideration an appraisal report along with a grid analysis containing four comparable sales and one listing. The Board finds that comparables #4 through #8 contained in the appellant's appraisal report are too distant in proximity to the subject; comparables #3, #4 and #8 are sales following foreclosure, auction and bankruptcy, respectively; finally, comparables #3, #5 and #7 are substantially different in building size when compared to the subject. These facts detract from and diminish the reliability of the value conclusion as determined by the appellant's appraiser. Therefore, the Board gave diminished weight to the value conclusion contained in the appellant's appraisal report.

As to the board of review comparables, the Board gave less weight to comparable #1 due to it being a multi-tenant strip center, unlike the subject which is a stand-alone commercial ("big box) retail building. The Board gave less weight to the board of review comparables #2 and #3 due to these properties being leaseholds transactions. Finally, the Board gave less weight to board of review comparable #5 due to this property being a listing rather than a sale, along with being substantially smaller in size compared to the subject.

The Board finds that the best evidence of market value is the parties' common comparable sale which is appellant's appraisal's comparable sale #2/board of review comparable #4. This property is most similar to the subject in design/style, functional utility and quality. This most similar comparable sold in February 2016, which is more proximate in time to the subject's January 1, 2017 assessment date. However, given this comparable's inferior location, building size and land-to-building ratio, an upward adjustment to the overall value is needed to be made. The property sold for \$2,175,000 or \$44.00 per square foot of building area, land included. The subject's assessment reflects a market value of \$3,984,551 or \$49.28 per square foot of living area, land included which is higher than the best comparable in this record. Furthermore, given this comparable's smaller building size when compared to the subject, it is logical that this comparable's price per square foot of building area should be greater than that of the subject. After considering adjustments to the best comparable in this record when compared to the subject, the Board finds that a reduction in the subject's total 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

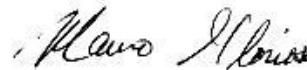
Member

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: February 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

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