



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

APPELLANT: T & G Rental Properties, Inc.
DOCKET NO.: 18-00115.001-R-1
PARCEL NO.: 06-14-179-016

The parties of record before the Property Tax Appeal Board are T & G Rental Properties, Inc., the appellant, by attorney Laura Godek of Laura Moore Godek, PC in McHenry; and the Kane 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 **Kane** County Board of Review is warranted. The correct assessed valuation of the property is:

LAND: \$23,942
IMPR.: \$82,058
TOTAL: \$106,000

Subject only to the State multiplier as applicable.

Statement of Jurisdiction

The appellant timely filed the appeal from a final administrative decision of the Property Tax Appeal Board pursuant to section 16-185 of the Property Tax Code (35 ILCS 200/16-185) challenging the assessment for the 2018 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 two-story apartment building of frame construction with 5,110 square feet of building area. The building was constructed in 1967. Features of the building included six two-bedroom, one-bathroom units with a six-bay garage in the full basement. The property has a 10,824 square foot site and is located in Elgin, Elgin Township, Kane County.

The appellant contends overvaluation as the basis of the appeal. In support of this argument the appellant submitted information disclosing the subject property was purchased on September 22, 2015 for a price of \$272,000 or \$53.23 per square foot of above grade building area or \$45,333 per unit inclusive of the land. The appellant identified the seller as the Dorothy M. Johnson Trust and indicated the parties to the transaction were not related. The appellant further reported the property was sold through a Realtor and was advertised in the Multiple Listing Service

(MLS) for 331 days. To document the transaction the appellant submitted a copy of the subject's MLS listing sheet, a copy of the subject's Listing & Property History Report, a copy of the real estate sales contract, a copy of the settlement statement and a copy of the PTAX-203 Illinois Real Estate Transfer Declaration.

The appellant also submitted information on three comparable sales improved with six-unit apartment buildings that ranged in size from 2,460 to 5,211 square feet of building area. The buildings range in age from 46 to 128 years old. The MLS listing sheet for comparable #1 described the building as having six one-bedroom, one-bathroom units. The MLS listing sheet for comparable #2 described the property as having six two-bedroom, one-bathroom units. The MLS listing sheet for comparable #3 described the property as having six studio apartments. The comparables sold in April 2017 and May 2018 for prices ranging from \$125,000 to \$285,000 or from \$28.58 to \$78.53 square foot of above grade living area or from \$20,833 to \$47,500 per unit.

Based on this evidence the appellant requested the subject's assessment be reduced to \$95,898.

The board of review submitted its "Board of Review Notes on Appeal" disclosing the total assessment for the subject of \$113,495. The subject's assessment reflects a market value of \$340,315 or \$66.60 per square foot of above grade building area and \$56,719 per unit, land included, when using the 2018 three-year average median level of assessment for Kane County of 33.35% as determined by the Illinois Department of Revenue.

In support of its contention of the correct assessment the board of review submitted information on six comparable sales improved with two-story or three-story apartment buildings that range in size from 4,830 to 7,871 square feet of building area. The buildings were built from 1962 to 1973 and are located in Elgin with comparable #4 being in Cook County. Four of the properties are improved with six two-bedroom units and two comparables have five two-bedroom units and one studio apartment. Two of the comparables have 6-car garages. These properties have sites ranging in size from 11,326 to 16,117 square feet of land area. The sales occurred from December 2014 to November 2017 for prices ranging from \$336,000 to \$467,500 or from \$57.76 to \$80.05 per square foot of building area and \$56,000 to \$77,917 per unit, including land. The board of review also indicated the comparables #1 through #5 had gross rental income ranging from \$48,933 to \$67,800 resulting in gross rent multipliers ranging from 6.05 to 7.79.

The board of review submission also included an income approach to value using a monthly rental of \$900 per unit for an annual potential gross income (PGI) of \$64,800. A vacancy and collection loss of 7% of PGI or \$4,536 was deducted to arrive at an effective gross income (EGI) of \$60,264. Expenses totaling \$21,092 or 35% of EGI was deducted to arrive at a net income of \$39,172. A loaded capitalization rate of 10.91% was used to capitalize the net income into an estimate of value under the income approach of \$360,000, rounded.

The board of review also asserted that based on an exterior visual inspection it appeared that the subject has had extensive updating such as new windows, fresh paint and landscaping. The board of review also contend that interior photographs of the subject from Apartment.com show that the interior appears to have had extensive updating. It further asserted that the listing stated that the units were available for \$950 [per month] as of August 2018.

The board of review requested the confirmation of the assessment.

In rebuttal the appellant's counsel asserted that windows were purchased and installed at the subject property in 2015 with a 2015 permit. Counsel also submitted an affidavit from the building owner noting that four of the subject's six units were leased for \$800 per month, one was leased at \$950 per month and one was leased at \$900 per month. With respect to the income approach counsel argued that the monthly rental of \$900 was not supported by the comparables submitted by the board of review as referenced on the listings provided by counsel, which were anywhere from \$650-\$800/month to \$900-\$1000/month. Counsel further argued there was no support for the vacancy rate or the capitalization rate that was used in the income approach.

Counsel also critiqued the sales submitted by the board of review stating that comparables #1 through #4 were of brick construction whereas the subject building has aluminum siding. She further noted that units in comparable #3 have 1,000 square feet while the subject property has units with 853 square feet; comparable #4 is located in Cook County; and comparables #5 and #6 took place more remote in time from the assessment date.

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 evidence in the record supports a reduction to the subject's assessment.

The appellant provided evidence that the subject property was purchased in September 2015 for a price of \$272,000 or \$53.23 per square foot of above grade building area or \$45,333 per unit inclusive of the land. The purchase had the elements of an arm's length transaction. Although somewhat dated, the Board finds some weight is to be given the sales price in determining the correct assessment of the subject property. The appellant also provided three comparable sales. Little weight is given appellant's sale #3 due to its smaller size and the fact the units are studio apartments unlike the subject property. The two remaining sales sold for \$39,750 and \$47,500 per unit, respectively. With respect to the six sales provided by the board of review, the Board gives less weight to comparable #4 due to its location in Cook County and larger building size in relation to the subject property. The Board also gives less weight to sale #6 due to its 2014 sale date, which is more remote in time to the assessment date at issue. The four remaining comparables sold for prices ranging from \$56,000 to \$68,333 per unit. The subject's assessment reflects a market value of \$340,315 or \$56,719 per unit, land included, which is above its purchase price and three of the best sales on a per unit basis.

With respect to the income approach to value prepared on behalf of the board of review, the Board finds that a more appropriate estimate of the market rent based on the subject's rental and the comparables submitted by the parties is \$825/month resulting in a PGI of \$59,400. Accepting the board of review's estimate of vacancy and collection loss of 7% of PGI results in an EGI of \$55,242. Accepting the board of review estimate of expenses of 35% of EGI results in

a net income of \$35,907. Accepting the capitalization rate of 10.91% results in an estimated value of \$329,000, rounded, which is less than the market value reflected by the subject's assessment. Based on the purchase of the subject property, the comparable sales provided by the parties and considering the income approach to value, the Board finds a reduction in the subject's assessment 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: August 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

AGENCY

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