



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

APPELLANT: MMRR II Holdings, LLC
DOCKET NO.: 18-00238.001-C-1
PARCEL NO.: 09-21-300-034

The parties of record before the Property Tax Appeal Board are MMRR II Holdings, LLC, the appellant, by attorney Laura Godek, of Laura Moore Godek, PC in McHenry, and the Lake 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 **Lake** County Board of Review is warranted. The correct assessed valuation of the property is:

LAND: \$ 54,294
IMPR.: \$210,350
TOTAL: \$264,644

Subject only to the State multiplier as applicable.

Statement of Jurisdiction

The appellant timely filed the appeal from a decision of the Lake County Board of Review pursuant to section 16-160 of the Property Tax Code (35 ILCS 200/16-160) 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 parcel of 43,560 square feet of land area has been improved with a one-story commercial building of frame exterior construction which is operated as a Culver's restaurant. The building contains 4,305 square feet of building area and was built in 1985. The property is located in Island Lake, Wauconda Township, Lake County.

The appellant contends overvaluation as the basis of the appeal concerning the land assessment only; no dispute has been raised concerning the improvement assessment. In support of this argument, the appellant submitted an appraisal and four improved comparable sales.

The appraisal was prepared by Frank E. Harrison, MAI, estimating the subject parcel as if vacant had a market value of \$96,000 or \$2.20 per square foot of land area as of January 1, 2016.

As part of the appraisal report, the appraiser noted the last sale of the subject parcel was in August 2000 for a purchase price of \$700,000 which the appraiser opined was reasonable for the site at that time. Harrison also reported the subject site is located in the State Road (Illinois Route 176) highway commercial corridor of Island Lake, Illinois which is a primary highway commercial district serving Island Lake. He further noted that the subject site is centrally located in the corridor. Harrison also wrote the following concerning the subject site:

All things considered, the subject neighborhood is a secondary highway commercial corridor that extends east-to-west through Island Lake. Demand, both by owners and by tenants, for commercial development sites in Island Lake has shown little evidence of recovery, and there is very little demand for vacant commercial sites in Island Lake, as well as in other west Lake County communities such as Wauconda, Volo, Lakemoor and Fox Lake. I anticipate that the demand for commercial sites in Island Lake will remain low to virtually non-existent in the near-term future. However, the district should retain its character in the future.

(Appraisal, p. 6) As to the subject site, the appraiser described the parcel as near level, non-wooded and about at grade with Route 176. Utility easements were assumed to exist along Route 176 and on the subject property as appropriate. The parcel was noted as zoned B-1 – General Business and there was no reasonable probability of rezoning with the current use conforming to the zoning requirements.

Harrison opined "the highest and best use of the site portion of the subject property, as though vacant, would be to develop the site for commercial use at such time as real estate market conditions have stabilized to the point where such development is economically justifiable." (Appraisal, p. 7)

The appraiser utilized the sales comparison approach to value in developing an opinion of the market value of the subject site as if vacant. Harrison reported he was only able to find two sales of recent vacant commercial development sites in Island Lake. The sales consist of 55,317 and 99,726 square foot sites, respectively, each of which are located in Island Lake with a street address along Illinois Route 176. The sales occurred in March and September 2015 for prices of \$110,000 and \$220,000 or for \$1.99 and \$2.37 per square foot of land area, respectively.

For sale #1, Harrison reported at the time of sale, "an old temple on the site had burned down and the site was improved with an old single-family residence that was in dilapidated condition and likely incapable of occupancy." The sale was an REO transaction which Harrison opined required a 10% upward adjustment for sale conditions and downward adjustments for corner configuration of 10% along with superior access and parking for another 10% downward adjustment resulted in an adjusted sale price of \$1.75 per square foot of land area.

For sale #2, Harrison reported this parcel was vacant at the time of sale and while it had frontage on Route 176, it did not have access; access was off another road to the rear of the site similar to the access to the subject site. This also was an REO sale transaction that required a 10% upward adjustment which the appraiser concluded to be \$2.61 per square foot of land area.

Harrison reconciled the two adjusted sales prices to the central tendency of \$2.20 per square foot, rounded and concluded an estimated market value for the subject land, as though vacant, of \$96,000, rounded.

In the Section V grid analysis, the appellant presented eight sales, four of which are improved properties and four of which were vacant land sites. The eight comparables are located from 6.53-miles to 20.68-miles from the subject and in the communities of Mundelein, Fox Lake, Lake Zurich, Highwood, Antioch, Round Lake Beach and Ingleside based on the attached Multiple Listing data sheets.

Comparables #1 through #4 that are improved consist of parcels that range in size from 11,736 to 53,775 square feet of land area. Each parcel has been improved with a structure that ranges in size from 5,000 to 7,880 square feet of building area. The appellant reported the subject has a land-to-building ratio of 10:1 and the comparable sales present land-to-building ratios ranging from 2.2:1 to 10.8:1. These four comparable properties sold between January 2017 and June 2018 for prices ranging from \$520,000 to \$950,000 or from \$72.34 to \$176.91 per square foot of building area, including land. No additional argument was presented concerning the application of these improved sale properties in determining the land value of the subject parcel.

Comparables #5 through #8 consist of vacant parcels that range in size from 30,737 to 153,523 square feet of land area. These four comparable properties sold between September 2017 and February 2018 for prices ranging from \$50,000 to \$310,000 or from \$0.84 to \$4.26 per square foot of land area.

Based on the foregoing evidence, the appellant requested a reduction in the subject's land assessment reflective of the value conclusion in the appraisal report.

The board of review submitted its "Board of Review Notes on Appeal" disclosing the total assessment for the subject of \$302,190. The subject's assessment reflects a market value of \$913,513 or \$212.20 per square foot of living area, land included, when using the 2018 three year average median level of assessment for Lake County of 33.08% as determined by the Illinois Department of Revenue.

The subject land assessment of \$91,840 reflects a market value of \$277,630 or \$6.37 per square foot of land area when using the 2018 three year average median level of assessment for Lake County of 33.08% as determined by the Illinois Department of Revenue.

In response to the improved comparable sales presented by the appellant, the board of review contended sale #1 was a bank REO/foreclosure, sale #2 "sold with business value," sale #3 was a former bank/REO property that has had several subsequent sales and sale #4 is more than 20 miles from the subject property in a different market area.

In response to the vacant comparable land sales presented by the appellant, sale #5 is a landlocked parcel, sale #6 has no highway frontage (interior lot near residential area), sale #7 is in an unincorporated area with a mix of commercial-industrial as well as residential properties and sale #8 is a substantially larger, landlocked parcel with no highway access.

In response to the appellant's appraisal report, the board of review noted that only two comparable sales were relied upon within the appraisal report and each of those sales were distressed sales, i.e., REO (bank owned) sales. The board of review also noted that while each comparable may have utilities available and similar zoning, neither is located adjacent to a shopping center like the subject. Furthermore, the subject site has utilities and the requisite improvements whereas the comparables would require connection. As such, the board of review contends these comparables are not similar to the subject. Furthermore, in the absence of adjustments for physical, locational and/or development differences, the board of review contends the appraiser has made an extraordinary or hypothetical assumption with no proof provided that the sites are truly comparable to the subject.

In support of its contention of the correct assessment of the subject site, the board of review submitted information on five improved comparable sales and five vacant land sales or listings. The comparables were located from .61 of a mile to 11.90-miles from the subject property in the communities of Vernon Hills, Mundelein, Lake Zurich, Volo and Island Lake.

Comparables #1 through #5 consist of parcels ranging in size from 33,672 to 100,587 square feet of land area. Each parcel is improved with a structure ranging in size from 2,934 to 6,380 square feet of building area. These five comparables sold between January 2014 and January 2018 for prices ranging from \$725,000 to \$1,900,000 or from \$204.53 to \$395.35 per square foot of building area, including land.

Comparables #1A through #5B consist of vacant parcels ranging in size from 78,408 to 327,136 square feet of land area. Comparables #1A, #2A and #3B sold in January 2018, December 2015 and October 2017, respectively, for prices of \$800,000, \$915,000 and \$380,000 or for \$8.87, \$7.69 and \$4.85 per square foot of land area, respectively. Comparable #4B had a prior sale in October 2015 of \$200,000 or \$0.61 per square foot of land area; Comparables #4B and #5B had more recent asking prices of \$1,500,000 and \$849,420 or \$4.59 and \$6.41 per square foot of land area.

Based on the foregoing evidence and argument, the board of review requested confirmation of the subject's assessment.

In written rebuttal, counsel for the appellant provided multiple exhibits from the Illinois Department of Transportation concerning traffic counts near the subject parcel and greater traffic counts near board of review comparables #1, #2, #4, #5, #1A, #2A and #3B making the properties dissimilar according to the appellant. As to listings #4B and #5B presented by the board of review, the appellant contends these listings that began in December 2015 and 2014, respectively, have remained unchanged and unsold to the date of filing of this rebuttal in June 2019.

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 land assessment is warranted.

The appellant presented an appraisal opining a value for the subject land, as if vacant, of \$96,000 based upon two sales that were analyzed and adjusted by the appellant's appraiser, four improved sales, four vacant sales and the board of review presented five improved sales and five vacant sales and listings. The Board has given little weight to the appellant's appraisal report which has presented insufficient support for the adjustments that were made by the appraiser and failed to fully articulate the bases upon which the "physical, locational and developmental characteristics" were 'effectively, equivalent' to the subject parcel such that no further adjustments were necessary. Moreover, the appraisal relies upon sales that occurred in 2015 which are now remote in time to the valuation date at issues of January 1, 2018. Likewise, board of review vacant sale #2A reflects a sale remote in time having occurred in December 2015.

The Board has also given little weight to the four improved sales presented by the appellant and the five improved sales presented by the board of review as the data, without necessary adjustments, does not assist in estimating the value of the subject land. There was no indication that these properties were sold for purposes of teardown of the improvements; there was no data provided concerning costs of demolition; these proposed sales are also not sufficiently described to determine if they are similar to the subject property on a commercial corridor. In light of the evidence presented in rebuttal, the Board also finds downward adjustments are needed for board of review listings #4B and #5B since the properties have apparently maintained substantial asking prices for an extended time period without being sold.

The Property Tax Appeal Board finds the best evidence of market value in this record to be the unadjusted raw sales prices presented by the appellant as sales #5, #6, #7 and #8 along with board of review sales #1A, #3B and listings #4B and #5B. These sales and listings reflect prices of \$0.84, \$2.44, \$4.26, \$2.02, \$8.87, \$4.85, \$4.59 and \$6.41 per square foot of land area, respectively.

The subject's land assessment reflects a market value of \$277,630 or \$6.37 per square foot of land area, which is greater than all but two of the best comparable sales in the record on a per-square-foot basis. Based on this evidence the Board finds a reduction in the subject's land 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: 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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