



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

APPELLANT: Lewis & Mary Del Conte
DOCKET NO.: 18-00880.001-C-1
PARCEL NO.: 08-33-122-026

The parties of record before the Property Tax Appeal Board are Lewis & Mary Del Conte, the appellants; and the Lake County Board of Review.

Based on the facts and exhibits presented in this matter, the Property Tax Appeal Board hereby finds **no change** 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: \$4,105
IMPR.: \$39,700
TOTAL: \$43,805

Subject only to the State multiplier as applicable.

Statement of Jurisdiction

The appellants 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 property consists of a two-story part residential, part retail/storefront building of frame construction containing two apartments and a retail store area with a combined total of 2,760 square feet of building area.¹ The building was constructed in 2000 and features central air conditioning and a 440-square foot garage. The property has a 6,700 square foot site and is located in North Chicago, Waukegan Township, Lake County.

The appellants contend overvaluation as the basis of the appeal. In support of this argument, the appellants submitted an appraisal prepared by James W. Leech, State Certified General

¹ The parties differ as to the size of the subject's building size. The appellants' appraisal report indicates the subject contains 2,416 square feet of building area and the property record card information reveals a total of 2,760 square feet of building area. The difference in square footage will not impact the Board's analysis or final decision. For the purpose of its analysis, the Board will base its calculations on the information contained in the property record card.

Appraiser estimating the subject property had a market value of \$115,000 as of January 1, 2018. The purpose of the appraisal was "...to estimate the fair market value to aid the client for a tax appeal." The property rights appraised were the fee simple interest, subject to any existing leases.

In estimating the market value of the subject property, the sales approach and the income capitalization approach were developed.

Under the sales approach, five comparable sales were used by the appraiser. The comparables were located in either North Chicago, Waukegan or Zion. These properties were improved with either a 5-unit residential building, a 2-story mixed use building, or a 1-story and a 2-story commercial building. The comparable sales ranged in size from 2,904 to 5,850 square feet of building area and ranged in age from 52 to 118 years old. The comparables had land-to-building ratios ranging from 1:1 to 7.5:1. The comparable sales sold from October 2016 to August 2018 for prices ranging from \$60,000 to \$245,000 or from \$20.66 to \$41.89 per square foot of building area, including land. After making adjustments to the comparables for condition of the properties, land-to-building ratios and quality of construction, the appraiser estimated the subject property had an indicated value under the sales comparison approach of \$37.00 per square foot of building area, including land, or a final value of \$118,500.

The other approach developed was the income capitalization approach. In arriving at a value conclusion using the income approach, the appraiser used six market rental comparables along with five apartment rental comparables. The comparables were located in either North Chicago or Waukegan. The market rental comparables ranged in size from 1,000 to 2,200 square feet of building area. The leases ranged from \$6,000 per year to \$19,992 per year or from \$6.00 to \$9.25 per square foot of building area. The apartment rental comparables each consisted of two-bedroom units and the rents ranged in price from \$650 to \$790 per month. Based on these comparables, the appraiser arrived at an estimate of the subject's market rent for the commercial space to be \$750 per month and the apartment rent to be \$800 per unit per month (or \$1,600 per month combined for the two units), for a total potential gross income of \$2,350 per month or \$28,200 annually.

The appraisal report stated that based the "REIS and COMPS reports" in addition to his personal knowledge of this particular market area, an estimated vacancy and collection loss of 10% or \$2,820 was deducted from the subject property's potential gross income resulting in an effective gross income of \$25,380. Next, the appraiser deducted operating expenses for insurance, maintenance/supplies, management fees, utilities, reserves for replacements and miscellaneous expenses which combined totaled \$9,300 to arrive at a net operating income of \$16,080. The next step in the income approach was to estimate the capitalization rate. The appraiser calculated the loaded capitalization rate to be 14.2% based on a combination of marketplace data for this type of property and multiplied the capitalization rate by the net operating income to arrive at a final value conclusion under the income capitalization approach of \$113,000, rounded or \$40.94 per square foot of building area, including land.

In reconciling the two approaches to value, the appraiser gave more weight to the income approach due to the subject being an income-generating property. Therefore, based on all

available items, the appraiser estimated the subject property had a market value of \$115,000 as of January 1, 2018.

Based on this evidence, the appellants requested the subject's total assessment be reduced to \$38,333 to reflect the appraised value.

The board of review submitted its "Board of Review Notes on Appeal" disclosing the total assessment for the subject of \$43,805. The subject's assessment reflects a market value of \$132,421 or \$47.98 per square foot of building 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.

In support of its contention of the correct assessment, the board of review submitted information on six comparable sales² all located in Waukegan. The comparables are improved with one-story, two-story, or combination of one and two-story mixed-use buildings ranging in size from 2,880 to 11,580 square feet of building area. The buildings were constructed between 1912 and 1967. The comparables have sites ranging in size from 1,456 to 17,737 square feet of land area. The comparables sold from March 2014 to May 2019 for prices ranging from \$117,500 to \$240,000 or from \$19.43 to \$42.70 per square foot of living area, including land. The board of review submitted property record cards for the subject, Multiple Listing Service (MLS) sheets for the appellants' and board of review's comparables and an Illinois Real Estate Transfer Declaration (PTAX-203) Form for one of appellant's comparables. In addition, the board of review submitted a brief contesting the accuracy and reliability of the appellants' comparables and the value conclusion in the appraisal report. Based on this evidence, the board of review requested confirmation of the subject's assessment.

Conclusion of Law

The appellants contend 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 appellants did not meet this burden of proof and a reduction in the subject's assessment is not warranted.

The appellants submitted for the Board's consideration an appraisal report estimating the subject property had a fair market value of \$115,000 as of January 1, 2018. The board of review submitted for the Board's consideration information on six comparable sales.

As to the appellants' appraisal report, the courts have stated that where there is credible evidence of comparable sales, these sales are to be given significant weight as evidence of market value. In Chrysler Corporation v. Property Tax Appeal Board, 69 Ill.App.3d 207 (1979), the court held that significant relevance should not be placed on the cost approach or income approach

² The board of review's comparables are marked numbers one through seven, however, there are only six comparables submitted.

especially when there is market data available. In Willow Hill Grain, Inc. v. Property Tax Appeal Board, 187 Ill.App.3d 9 (1989), the court held that of the three primary methods of evaluating property for the purpose of real estate taxes, the preferred method is the sales comparison approach.

The Property Tax Appeal Board gave reduced weight to the final value conclusion in the appellants' appraisal report. First, the appraiser gave the income approach to value primary consideration in determining the final value conclusion. As the case law above indicates, significant relevance should not be placed on the income approach when there is market data available. Since there are credible market sales contained in the record, the Board finds that the comparable sales should be given most weight.

With respect to the sales comparison approach to value, there is no indication that the appraiser made adjustments for the comparables' older ages, outdated sales and building sizes, which the Board finds undermines and detracts from the credibility of the appraiser's final value conclusion. The Board gave less weight to the appellants' comparable #1 which is a residential-only building, unlike the subject's mixed-use design, along with the board of review comparable #2 due to its dissimilar one-story design, unlike the subject's two-story building style. Less weight was also given to appellants' sale comparable #4, (along with board of review sale comparable #4) which are much larger in building size when compared to the subject. The Board also gave less weight to board of review comparables #1, #5 and #6, along with appellants' comparable #3 due to their sale dates of March 2015, July 2016, April 2016 and October 2016, respectively, being too remote in time from the subject's January 1, 2018 assessment date and thus less reflective of subject's market value. Appellants' sale comparable #5 appears to be an outlier given its sale price of \$55,000.³

The Board finds the best evidence of market value to be appraisal sale #2 along with board of review comparable sale #3. The Board finds these two comparables are most similar to the subject in location, site size, building size, and design/style. These two comparables also sold most proximate in time to the subject's assessment date of January 1, 2018. These most similar comparables sold in December 2017 and October 2018 for prices of \$130,000 and \$162,500 or for \$36.11 and \$39.70 per square foot of building area, including land. The subject's assessment reflects a market value of \$132,421 or \$47.98 per square foot of building area, land included, which falls within the range established by the most similar comparables in this record on an overall value basis but above the range on a per square foot basis. However, given the subject's smaller building size, its higher price per square foot is logical, all other things being similar. Furthermore, considering the upward adjustment which would need to be made to the comparables due to their significantly older age, the subject's assessment appears to be supported. After making adjustments for some differences from the subject, the Board finds that the subject's assessment is supported and therefore, based on this evidence, the Board finds a reduction in the subject's assessment is not warranted.

³ The appraisal report indicates that this comparable sold for \$60,000, however the PTAX-203 form submitted by the board of review reflects a sale price of \$55,000 and that the property was not advertised for sale which further calls into question as to whether or not it was an arm's-length transaction.

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



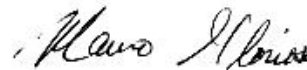
Member

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

AGENCY

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

APPELLANT

Lewis & Mary Del Conte
100 Red Top Dr #201
Libertyville, IL 60048

COUNTY

Lake County Board of Review
Lake County Courthouse
18 North County Street, 7th Floor
Waukegan, IL 60085