



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

APPELLANT: Jerry Stone
DOCKET NO.: 18-02097.001-C-1
PARCEL NO.: 08-20-301-032

The parties of record before the Property Tax Appeal Board are Jerry Stone, the appellant, by attorney Andrew J. Rukavina, of The Tax Appeal Company in Mundelein; 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: \$12,260
IMPR.: \$121,060
TOTAL: \$133,320

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 property consists of a two-story 10-unit apartment building of brick exterior construction with 8,640 square feet of gross building.¹ The dwelling was constructed in 1960. Features of the building include a basement with two finished apartments and 10 outside parking spaces. Each of the ten apartment units has one bedroom and one bathroom. The property has a 10,000 square foot site and is located in Waukegan, Waukegan Township, Lake 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 \$400,000 as of October 21, 2018. The appraisal report was prepared by Lev Novoseletsky, a certified general real estate appraiser.

¹ Based on the sketch of the subject's floorplan included in the appraisal, the subject property has a gross building area of 8,640 square feet and rentable building area of 7,200 square feet.

The purpose of the appraisal was to develop an opinion of the market value for the subject property with the client, Jerry Stone, as the intended user of the report. The appraiser developed the sales comparison, income and cost approaches to value for the subject property.

In developing the sales comparison approach, the appraiser utilized three comparable sales located within 1.15 miles from the subject property. The comparables have sites that range in size from 10,823 to 14,250 square feet of land area and are improved with two-story apartment buildings with 5,880 to 10,578 square feet of gross building area. The buildings were constructed in either 1960 or 1966 and have from six to eleven apartment units and 6 or 20 outside parking spaces. The comparables' apartment units have either one or two bedrooms and one bathroom. The properties sold from December 2016 to October 2017 for prices ranging from \$340,000 to \$550,000 or from \$50,000 to \$64,500 per apartment unit, \$12,500 to \$17,591 per room and from \$51.99 to \$58.53 per square foot of gross building area, land included. The appraiser made no adjustments but reconciled the units of value at \$55.00 per square foot, \$50,000 per apartment unit and \$13,000 per room. The appraiser concluded the per square foot price of \$55.00 to be most applicable to the subject and applied this value to the subject's 7,200 square feet of the rentable building area and arrived at an opinion of market value for the subject of \$400,000 under the sales comparison approach.

In developing the income approach to value, the appraiser annualized forecasted monthly income of \$8,640 to arrive at a gross annual income for the subject of \$103,680. Vacancy and collection loss of 5% or \$5,184 was deducted from gross annual income to arrive at effective operating income of \$98,496. The estimated annual expenses, including real estate taxes, of \$68,934 were subtracted from the effective gross income to arrive at net operating income of \$29,562 for the subject property. The appraiser then applied a capitalization rate of 7.5% to the net operating income to obtain a rounded indicated value by the income approach of \$394,000.

Finally, the appraiser developed the cost approach to value for the subject property. The appraiser utilized two land sales with 6,364 and 13,500 square feet of land area. The land sales sold in July 2017 and June 2018 for prices of \$1.79 and \$1.33 per square foot of land area. Based on these two sales, the appraiser reconciled the per square foot market value of the subject lot to be \$1.50 or a market value for the subject site of \$15,000. In estimating the replacement cost new for the subject improvements, the appraiser applied \$79.00 per square foot to the rentable building area and \$30.00 per square foot for the unfinished basement area resulting in a replacement cost new for the improvement of \$612,000. From this cost, estimated physical depreciation of 37.5% or \$229,500 was subtracted and the estimated site value of \$15,000 was added resulting in an indicated value for the subject by the cost approach of \$397,500.

The appraiser considered all three approaches to value in the final reconciliation and determined the subject's market value as of October 21, 2018 to be \$400,000. Based on this evidence, the appellant requested the subject's assessment be reduced to \$133,320 which reflects the appraised value of the subject when applying the statutory level of assessment of 33.33%

The board of review submitted its "Board of Review Notes on Appeal" disclosing the total assessment for the subject of \$150,061. The subject's assessment reflects a market value of \$453,631 or \$52.50 per square foot of gross 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 written comments and Multiple Listing Service (MLS) sheets on six comparable properties. The comparables have sites ranging from 7,941 to 18,317 square feet of land area and are improved with two-story or 2.5-story apartment buildings that have from 6 to 10 apartment units. Five of the buildings were constructed from 1959 to 2003 with no age reported for one of the comparables. Five of the comparables sold from January to September 2018 for prices ranging from \$327,000 to \$500,000 or from \$65.31 to \$92.90 per square foot of gross building area, from \$54,500 to \$65,000 per apartment unit and from \$14,217 to \$20,833 per room.

The board of review submitted comments critiquing the appellant's appraisal report, arguing that the effective date was more than ten months after the January 1, 2018 lien date and that the appraiser utilized rentable building area versus gross building area in estimating the subject's value under the sales comparison approach. In addition, the board of review contended that the subject's market value, as reflected in its January 1, 2018 assessment level, falls below the calculated market values for the subject given the application of the mean per square foot, per apartment and per room unit values from the appraisal comparables. Based on this evidence, the board of review requested the subject's assessment be confirmed.

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.

The appellant submitted an appraisal while the board of review submitted Multiple Listing Service sheets on five comparable sales and one pending sale for the Board's consideration. The Board finds the best evidence of market value to be the appraisal submitted by the appellant. The appraiser developed the three approaches to value reconciling the three and determining an opinion of market value for the subject of \$400,000 as of October 21, 2018. The subject's assessment reflects a market value of \$453,631, which is above the appraised value.

The Board further finds that the board of review submitted information on six comparable properties with varying degrees of similarity to the subject in age and gross building area and where one comparable was a pending sale and two comparables lacked sufficient information for a meaningful analysis. The board of review critiqued the appraiser's use of rentable building area under the sales comparison approach to value, but did not dispute the appraiser's cost or income approaches to value which provide additional support for the subject's value opinion. Furthermore, the comparable sales submitted by the board of review do not overcome the appraisal evidence submitted by the appellant. Based on this evidence, 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:

December 21, 2021



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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