



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

APPELLANT: Locust Hills Village, LLC
DOCKET NO.: 18-03971.001-C-3
PARCEL NO.: 04-24.0-200-034

The parties of record before the Property Tax Appeal Board are Locust Hills Village, LLC, the appellant, by attorney Lisa Ann Johnson, of Smith Amundsen, LLC in St. Louis; the St. Clair County Board of Review; and Southwestern Illinois College, intervenor, by attorney Garrett P. Hoerner of Becker, Paulson, Hoerner & Thompson P.C. in Belleville.

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 **St. Clair** County Board of Review is warranted. The correct assessed valuation of the property is:

LAND:	\$26,048
IMPR.:	\$1,375,440
TOTAL:	\$1,401,488

Subject only to the State multiplier as applicable.

Statement of Jurisdiction

The appellant timely filed the appeal from a decision of the St. Clair 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 nine multi-family 2-story apartment buildings of frame exterior construction that were 5 to 29 years old which is primarily leased by McKendree University for the purpose of residential housing of university students.¹ The buildings range in size from approximately 3,519 to 10,304 square feet of building area and present a total building area of approximately 120,687 square feet. The buildings contain a total of 120 two-bedroom with two bathrooms apartments. The property has a clubhouse and a swimming pool. The property is located in Lebanon, O'Fallon Township, St. Clair County.

¹ Description of the subject has been drawn from the appellant's evidence as the property record cards cannot be deciphered. The property record cards appear to depict nine two-story apartment buildings built from 1989 to 2013.

The appellant's counsel marked comparable sales as the basis of the appeal but provided evidence of assessment inequity as the basis of the appeal consisting of a brief, a grid of three equity comparables with only one recent sale² and supporting documentation.

In the brief, the subject was described as an apartment community known as Locust Hills Village and it was asserted that the three comparables "have been more recently updated and include more features and amenities than the Subject Property." Counsel asserted the comparables are "assessed at a rate lower than the Subject Property although they are of similar or better quality." In the brief, comparable #1 was asserted to have a better location and consists of townhomes that are updated and include washer/dryer hookups; comparable #2 was asserted to have a resurfaced parking lot, newer landscaping, newer roofs and a community swimming pool; and comparable #3 is asserted to have a pool, clubhouse, playground and 24-hour fitness center.

The three comparables are located from 7.3 to 14.7-miles from the subject. No data on lot size of the comparables was provided by the appellant. The comparables consist of two-story buildings of frame or frame and masonry exterior construction that range in age from 18 to 44 years old with the oldest comparable having a reported effective age of 22 years. The comparables consist of one, eight and twenty-five apartment buildings, respectively, for comparables #1, #2 and #3 and range in size from 11,520 to 257,476 square feet of building area. There are 9, 88 and 240 apartments, respectively, in comparables #1, #2 and #3 of one-bedroom to four-bedroom designs. The comparables have improvement assessments ranging from \$109,958 to \$2,750,789 or from \$9,345 to \$12,218 per apartment or from \$8.26 to \$10.68 per square foot of building area.

Based on the foregoing evidence and argument as set forth in the brief and appeal petition, the appellant requested a reduced improvement assessment for the subject of \$1,145,722, rounded, or \$9,548 per apartment unit or \$9.49 per square foot of building area.

The board of review submitted its "Board of Review Notes on Appeal" disclosing the total equalized assessment for the subject of \$1,584,172. The subject property has an equalized improvement assessment of \$1,558,124 or \$12,984 per apartment or \$12.91 per square foot of building area. The subject's total equalized assessment reflects a market value of \$4,591,150 or \$38,260 per apartment unit or \$38.04 per square foot of building area, land included, when using the 2018 three year average median level of assessment for St. Clair County of 33.38% as determined by the Illinois Department of Revenue

The intervening taxing district in this proceeding adopted the evidence submitted by the St. Clair County Board of Review by a letter filed by their counsel dated February 18, 2020.

In response to the appeal, the board of review asserted that the income approach to value is best suited for the subject's property value. In addition, the board of review cited appellant's comparable #3 for a recent comparable sale.

² Appellant's comparable #3 depicts a sale from October 2018 for \$19,100,000 or \$74.18 per square foot of building area, including land. For comparable sales, a minimum of three recent sales of comparable properties must be presented. (86 Ill.Admin.Code §1910.65(c)(4)).

In response to this appeal, the board of review asserted that the "income approach is best in this type of property" and attached a spreadsheet along with two pages of comparable apartment rents of 1-2 bed 1-2 bath apartments. The board of review contends that in developing the income approach to value, which is one of the three traditional approaches to market value, the board of review considered the "average" market rent and the "average maintenance, property management, and vacancy and collection loss."

The "income approach" spreadsheet the board of review has depicted rents of either \$600 or \$900 per month and thus estimated potential rental income ranging from \$831,600 to \$1,296,000 per year. The spreadsheet asserted that \$600 and \$900 were "average market rents for St. Clair County." Alternatively applying vacancy and collection losses of 10%, 20% and 25%, respectively, to the rental rates of both \$600 and \$900 per month, and applying expenses of 10%, 20% and 25%, respectively, to the respective rental rates of \$600 and \$900 per month, with a uniform capitalization rate of 10%, the board of review depicted market values for the subject in this income approach analysis ranging from \$4,677,750 to \$10,497,600. There is also no data to support or explain the expense ratios and/or the capitalization rate that was utilized. The Property Tax Appeal Board further finds that each of the six proposed estimated market values under the board of review's income approach analysis are greater than the current 2018 assessment of the subject property.

As to sale data, the board of review noted that one of the appellant's equity comparables of "240 units sold for \$19,100,000 in October 2018." From this data, the board of review noted applying a sale price of \$79,583 per apartment to the subject would result in a market value of \$9,549,960.

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

Conclusion of Law

Based upon Section 2d of the Commercial Appeal petition, 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 a reduction in the subject's assessment is not warranted on grounds of overvaluation.

The Board finds the only evidence of market value in the record to be one October 2018 sale consisting of 240 apartment units in 25 apartment buildings with one to four-bedroom apartments as compared to the subject's 120 apartment units in 9 apartment buildings of two-bedroom, two-bathroom apartments. Recognizing that the comparable is 12 miles from the subject with an effective age of 22 years along with the fact that the Board finds this one sale is insufficient market value evidence in this proceeding to establish the estimated market value of the subject. Thus, the Board gives no weight to single comparable sale in the record.

Likewise, the Board has given no weight to the unsubstantiated income approach presented by the board of review in this proceeding. Furthermore, the Board finds that the income approach

calculations fail to support the subject property's estimated market value based upon its assessment as each of the six alternative value conclusions are higher than the subject's current estimated market value.

On this record, the taxpayer's evidence consists of an assessment inequity argument as the basis of the appeal. When unequal treatment in the assessment process is the basis of the appeal, the inequity of the assessments must be proved by clear and convincing evidence. 86 Ill.Admin.Code §1910.63(e). Proof of unequal treatment in the assessment process should consist of documentation of the assessments for the assessment year in question of not less than three comparable properties showing the similarity, proximity and lack of distinguishing characteristics of the assessment comparables to the subject property. 86 Ill.Admin.Code §1910.65(b). The Board finds the appellant met this burden of proof and a reduction in the subject's assessment is warranted.

The appellant submitted three equity comparables for consideration by the Property Tax Appeal Board and the board of review provided no equity data in response to this appeal. The Board has given reduced weight to appellant's comparable #1 as this one apartment building with nine units is dissimilar to the subject property consisting of nine apartment buildings with 120 apartment units.

The Board finds appellant's equity comparables #2 and #3 are the best evidence of assessment equity in the record. These two comparables consisting of eight and twenty-five apartment buildings that contain 88 and 240 apartment units, respectively. The comparables had improvement assessments of \$822,383 and \$2,750,789 or \$9,345 and \$11,462 per apartment unit or \$8.26 and \$10.68 per square foot of building area. The subject has an equalized improvement assessment of \$1,558,124 or \$12,984 per apartment or \$12.91 per square foot of building area, falls above the best equity comparables in this record in terms of a per-apartment-unit basis and on a per-square-foot basis. The subject's higher per apartment and per-square-foot improvement assessment also appears to be excessive. Based on this record and after considering adjustments to the best comparables for differences when compared to the subject, the Board finds the appellant demonstrated with clear and convincing evidence that the subject's improvement was inequitably assessed and a reduction in the subject's improvement 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: January 19, 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

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

APPELLANT

Locust Hills Village, LLC, by attorney:
Lisa Ann Johnson
Smith Amundsen, LLC
120 South Central Avenue
Suite 700
St. Louis, MO 63105

COUNTY

St. Clair County Board of Review
St. Clair County Building
10 Public Square
Belleville, IL 62220

INTERVENOR

Southwestern Illinois College, by attorney:
Garrett P. Hoerner
Becker, Paulson, Hoerner & Thompson P.C.
5111 West Main Street
Belleville, IL 62226