



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

APPELLANT: Thomas Kristof
DOCKET NO.: 19-04150.001-C-1 through 19-04150.013-C-1
PARCEL NO.: See Below

The parties of record before the Property Tax Appeal Board are Thomas Kristof, the appellant, by attorney Ronald Kingsley, of Lake County Real Estate Tax Appeal, LLC in Lake Forest, 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:

DOCKET NO	PARCEL NUMBER	LAND	IMPRVMT	TOTAL
19-04150.001-C-1	06-17-300-001	175,969	189,663	\$365,632
19-04150.002-C-1	06-17-305-003	9,704	1,988	\$11,692
19-04150.003-C-1	06-17-305-004	9,704	1,988	\$11,692
19-04150.004-C-1	06-17-305-006	9,704	1,988	\$11,692
19-04150.005-C-1	06-17-305-018	9,704	0	\$9,704
19-04150.006-C-1	06-17-305-019	9,704	0	\$9,704
19-04150.007-C-1	06-17-305-020	9,704	0	\$9,704
19-04150.008-C-1	06-17-305-021	9,704	0	\$9,704
19-04150.009-C-1	06-17-306-001	9,704	0	\$9,704
19-04150.010-C-1	06-17-306-002	9,704	0	\$9,704
19-04150.011-C-1	06-17-306-003	9,704	0	\$9,704
19-04150.012-C-1	06-17-306-004	9,704	0	\$9,704
19-04150.013-C-1	06-17-305-005	9,704	1,988	\$11,692

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 2019 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 an entertainment complex on an irregular shaped 175,542 square foot or 4.03 acre site located in Round Lake Beach, Avon Township, Lake County. The subject property is improved with a part one-story and part two-story main building of frame and concrete block construction with 25,141 square feet of gross building area. The building was constructed in 1894 and has an effective age of 1975.¹ Features of the building include a partial basement with finished area, central air conditioning and heating, twelve lane bowling alley, restaurant/lounge, billiards and arcade room, and a second-floor apartment with 3,535 square feet of living area. The subject property is also improved with a 4,736 square foot garage, a 780 square foot garage, a 310 square foot pole building, an 18-hole miniature golf course with two ponds, concrete paving, and themed structures, six batting cages on a concrete slab with metal fencing and netting, a concrete paved 545 linear foot go-kart track with two frame constructed covered areas, and asphalt paved parking areas. The subject is zoned C-3 General Business District.

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 \$1,415,000 as of January 1, 2019 (the "Appraisal"). The Appraisal was prepared by Andrew Richter, a certified general real estate appraiser with MAI designation, for the purpose of estimating the market value of the subject property as of January 1, 2019 for *ad valorem* tax purposes.

Richter utilized the cost approach for Appraisal. Richter described the subject as a "special use" property so the sales comparison approach to value was not developed. Richter asserted in pages 4 and 5 of the Appraisal that there were no recent sales of properties with comparable improvements and that three bowling alleys that sold in 2016 and 2017 were dissimilar to the subject property. These properties are located in Crystal Lake, unincorporated Antioch, and Algonquin. The parcels range in size from 84,071 square feet or 1.93 acres to 618,116 square feet or 14.20 acres of land area and are improved with commercial buildings ranging in size from 15,811 to 41,329 square feet of gross building area. These properties sold from January 2016 to August 2017 for prices ranging from \$430,000 to \$700,000 or from \$10.40 to \$37.95 per square foot of gross building area, including land. Richter indicated that sale #1 was purchased for conversion to a church, sale #2 was an auction sale, and sale #3 was purchased for redevelopment.

Richter further asserted in page 5 of the Appraisal that the income capitalization approach was not appropriate for the subject's improvements because "[p]roperties like the subject are rarely, if ever, leased, to either a single or multiple operators", and consequently, the subject would not attract investors motivated by the subject's income potential.

With respect to the subject's land, Richter reported five comparable sales of land located in Grayslake, Round Lake, Round Lake Beach, and Volo. The parcels range in size from 65,394 square feet or 1.50 acres to 210,375 square feet or 4.83 acres of land area. The properties are

¹ Additional information regarding the subject property not reported by the appellant is found in the subject's property record cards presented by the board of review.

zoned GB (general business use), C-2 (commercial use), C-4 SU (commercial with auto repair special use), or B-3 (business use). Additionally, grid sale #2 is improved with a 2,344 square foot residence and 1,395 square foot barn and features a 14,321 square foot pond near the center of the site. Grid sale #5 is improved with a two-story office building and a one-story garage. These comparables sold from October 2017 to March 2019 for prices ranging from \$1.19 to \$10.66 per square foot of land area, including improvements. Richter made adjustments to the comparables for differences from the subject, such as location, lot size, zoning, shape/visibility/access, and prior improvements. Based on the foregoing sales and adjustment process, Richter set forth an opinion of market value for the subject's land of \$790,000 or \$4.50 per square foot of land area.

With respect to the subject's improvements, Richter used the cost estimates provided by the Marshall Valuation Service, a national publication to calculate costs under a reproduction cost approach. Richter stated in the Appraisal that the relevant pages from the Marshall Valuation Service publication were attached to the Appraisal, but they were not actually attached. Richter's calculations are shown in pages 40 through 46 of the Appraisal. For purposes of these calculations, Richter divided the main building into sections for the bowling alley, bar/lounge, arcade, and apartment, to which a combined depreciated reproduction cost of \$346,710 was allocated (calculated as combined reproduction cost of \$2,476,498 less depreciation of 86% or \$2,219,788). Richter calculated depreciated reproduction costs of the larger garage as \$39,828 (calculated as a reproduction cost of \$181,036 less depreciation of 78% or \$141,208), the smaller garage as \$7,580 (calculated as a reproduction cost of \$34,454 less depreciation of 78% or 26,784), the pole building as \$3,013 (calculated as a reproduction cost of \$13,693 less depreciation of 78% or \$10,681), the miniature golf course as \$115,073 (calculated as a reproduction cost of \$348,705 less depreciation of 67% or \$233,632), the go-kart track as \$39,215 (calculated as a reproduction cost of \$87,146 less depreciation of 55% or \$47,930), and other site improvements as \$72,947 (calculated as a reproduction cost of \$208,420 less depreciation of 65% or \$135,473). Based on these calculations, Richter arrived at a total depreciated reproduction cost for the subject's improvements of \$624,365.

Combining the opinion of market value for the subject's land and the total depreciated reproduction cost of the subject's improvements, Richter set forth an opinion of market value for the subject of \$1,415,000.

Based on this evidence the appellant requested a reduction in the subject's assessment to reflect the appraised value.

The board of review submitted 13 sets of its "Board of Review Notes on Appeal" disclosing the total combined assessment for the subject of \$538,842. The subject's assessment reflects a market value of \$1,638,316 or \$52.91 per square foot of gross building area, land included, when using the 2019 three year average median level of assessment for Lake County of 32.89% as determined by the Illinois Department of Revenue.

In support of its contention of the correct assessment, the board of review submitted a letter of Edward L. Rottmann (the "Appraisal Review"), a certified general appraiser with IFAS designation, in which Rottmann analyzed the Appraisal and set forth a separate opinion of market value for the subject of \$2,072,844.

Rottmann agreed that the sales comparison approach was not appropriate to value the subject's improvements. However, Rottmann stated that the income capitalization approach could have been developed in the Appraisal despite the subject being a special use property that is owner occupied/operated. Rottmann asserted the subject is similar to a hotel that is valued based on its income and expenses.

With respect to the subject's land, although Rottmann disagreed with some of the adjustments to the comparable sales, Rottmann agreed that the comparable sales presented in the Appraisal were the most similar comparable sales to the subject between January 1, 2016 and June 30, 2019. Rottmann presented one additional comparable, a property located in Round Lake Beach that is listed for sale but not yet sold. This comparable has a 95,893 square foot or 2.20 acres site and is zoned C-3 (General Business). The comparable has been listed since April 2010 with a current listing price of \$1,500,000 or \$15.64 per square foot of land area. Rottmann contended that this comparable should replace appraisal sale #5 and be considered together with appraisal sales #1 through #4. Rottmann made adjustments to these comparables for differences from the subject, such as location, lot size, zoning, shape/visibility/access, and prior improvements. Based on the foregoing sales and adjustment process, Rottmann set forth an opinion of market value for the subject's land of \$1,404,336 or \$8.00 per square foot of land area.

With respect to the subject's improvements, Rottmann noted that Richter did not identify which revision year of the Marshall Valuation Service publication was used for the Appraisal. Rottmann further asserted that Richter identified the reproduction cost as the basis for the calculations contained in the Appraisal, but actually used the replacement cost new. For the main building, Rottmann made adjustments to the time factor (using October 2019 instead of February 2016), location factor, and cost values based on November 2018 to August 2019 revisions of the Marshall Valuation Service publication. For the other buildings, Rottmann made adjustments to the time factor and cost values based on an August 2019 revision of the Marshall Valuation Service publication. For the miniature golf course, Rottmann made adjustments to the time factor. For the other site improvements, Rottmann added time and location factors, which Richter had not used. Based on the foregoing adjustments, Rottmann calculated the replacement cost new for the subject's improvements as \$668,508.

Combining the opinion of market value for the subject's land and the total replacement cost new of the subject's improvements, Rottmann set forth an opinion of market value for the subject of \$2,072,844.

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

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 the Appraisal and the board of review submitted the Appraisal Review to support their respective positions before the Board. Rottmann argued in the Appraisal Review that Richter should have developed an income capitalization approach due to the subject's similarity to a hotel property in terms of the value of the subject's income and expenses to a potential purchaser; however, Rottmann did not present any data or evidence to support this conclusion. The Board finds that the Appraisal Review does not sufficiently demonstrate the subject's similarity to a hotel property for valuation purposes. Moreover, Rottmann did not seek to develop an income capitalization approach.

With respect to the subject's land, Rottmann agreed that the sales presented in the Appraisal are the most similar comparables but sought to replace sale #5 with a listing. According to Richter's grid of adjustments on page 27 of the Appraisal, Richter made the fewest net adjustments to appraisal sale #5 (indicated by a "=/-") and appears to have placed more weight on such sale in opining a market value for the subject's land of \$4.50 per square foot of land area compared to appraisal sale #5's sale price of \$4.85 per square foot of land area. The Board finds that the listing presented in the Appraisal Review is less indicative of market value than a sale, and the five appraisal sales presented in the Appraisal are the best evidence of the market value of the subject's land.

Rottmann also challenged Richter's adjustments to the appraisal sales primarily concerning the location and/or shape/visibility/access of those properties, which Rottmann supported with traffic counts and conclusory statements regarding the desirability of each factor. Inasmuch as the Appraisal Review did not present a thorough explanation of the desirability of these factors, the Board finds that the traffic counts and conclusory statements contained in the Appraisal Review fail to demonstrate that the adjustments in the Appraisal were not appropriate. Thus, the Board finds that the Appraisal presents the most credible and reliable indicator of the value of the subject's land.

With respect to the subject's improvements, although Richter failed to attach the relevant pages from the Marshall Valuation Service to the Appraisal, Rottmann also did not attach any pages from the Marshall Valuation Service publication to the Appraisal Review to support the costs and calculations contained in the Appraisal Review. With regard to the subject's improvements, Rottmann modified the analysis contained in the Appraisal to calculate the replacement cost new for the subject's improvements as \$668,508, which the appellant did not refute. Consequently, the Board finds that the Appraisal Review presents the most credible and reliable indicator of the value of the subject's improvements.

Thus, having analyzed the Appraisal and the Appraisal Review, the Board finds that the subject had a market value of \$1,458,508 as of January 1, 2019. The subject's assessment reflects a market value of \$1,638,316, which is greater than the best evidence of value in this record. Based on this record, 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:

April 19, 2022



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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