



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

APPELLANT: Lynae Gregorian c/o GVW Investments  
DOCKET NO.: 19-04801.001-C-2  
PARCEL NO.: 16-36-102-021

The parties of record before the Property Tax Appeal Board are Lynae Gregorian c/o GVW Investments, 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:

**LAND:** \$372,354  
**IMPR.:** \$101,015  
**TOTAL:** \$473,369

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 a one-story single-tenant office building of masonry exterior construction with 10,925 square feet of building area.<sup>1</sup> The building was constructed in 1955 and having been renovated in 2012, has a reported effective age of 1966.<sup>2</sup> Features of the building include a partial basement, central air conditioning, and an asphalt paved parking lot with 13 marked parking spaces. The property has a 22,207 square foot site<sup>3</sup> and is located in Highland Park, Moraine Township, Lake County.

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<sup>1</sup> The parties agree that the subject's building size is 10,925 square feet of gross building area, despite the subject's property record card presented by the board of review disclosing the subject has 10,974 square feet of gross building area.

<sup>2</sup> Additional details regarding the subject property not reported by the appellant are found in the board of review's evidence, which were not refuted by the appellant in rebuttal.

<sup>3</sup> The parties agree that the subject's lot size is 22,207 square feet of land area, despite the subject's property record card disclosing the subject has 18,768 square feet of land area.

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 \$1,225,000 as of January 1, 2019. The appraisal was prepared by Andrew J. Richter, a certified general real estate appraiser with an MAI designation.

Under the sales comparison approach, the appraiser analyzed five comparable sales. The comparables are located in Highland Park, Libertyville, Vernon Hills, and unincorporated Lake County and are depicted on a map included on page 24 of the appraisal. The parcels range in size from 2,969 to 81,458 square feet of land area and are improved with one-story, two-story, or three-story buildings of masonry or masonry and stucco exterior construction ranging in size from 5,208 to 13,568 square feet of gross building area. Comparables #1 and #3 are multi-tenant office buildings, comparable #4 is a single-tenant office building, and comparables #2 and #5 are multi-unit mixed commercial and apartment buildings. The buildings were constructed from 1900 to 1990. One of the buildings has a basement, one of the buildings has a finished lower level, and three of the buildings each have a slab foundation. Two of the comparables each have 2 off-street parking spaces and three of the comparables have parking lots with 21 to 53 parking spaces. The comparables sold from October 2017 to January 2019 for prices ranging from \$810,000 to \$1,500,000 or from \$64.66 to \$168.01 per square foot of building area, including land. After adjusting each of the comparables based on their similarities and differences when compared to the subject, including location, building area, age, and single or multi-tenant use, and slightly adjusting comparable #5 for market conditions, the appraiser estimated an opinion of market value for the subject of \$1,200,000, or \$109.84 per square foot of building area, including land, as of January 1, 2019 under the sales comparison approach.

Under the income capitalization approach, the appraiser evaluated five recent leases of office space in multi-tenant office buildings located within the general area of the subject property, two of which are located in Highland Park. The leased comparables range in size from 4,010 to 18,177 square feet of rentable area and were leased from \$15.00 to \$17.50 per square foot of net rentable area. Considering the subject's location, condition, and larger rentable area in a single-tenant office building when compared to these lease comparables, the appraiser estimated a market rent for the subject of \$12.50 per square foot of gross building area resulting in potential gross income of \$136,562. After subtracting vacancy and collection losses (calculated to be \$10,925 at a rate of 8%), the appraiser calculated an effective gross income of \$125,637. The appraiser next considered miscellaneous expenses typical under a net office lease (estimated to be \$16,750) as outlined on page 29 of the report. The deducted expenses included \$10,050 for real estate taxes and other expenses to be paid by the lessor during a vacancy, \$1,500 for a management fee, \$2,200 for roof, building elevation, and structural repairs, and \$3,000 for reserves. After deducting those expenses, the appraiser calculated a net operating income for the subject of \$108,887.

Next, the appraiser calculated a capitalization rate of 8.75% using a modified band of investments technique which utilizes the estimated return on the mortgage loan investment after analyzing the equity return rate. Applying an overall capitalization rate of 8.75% without consideration of the subject's real estate taxes, the appraiser estimated an opinion of market value for the subject of \$1,245,000 or \$113.25 per square foot of gross building area, including land, as of January 1, 2019 under the income capitalization approach.

In reconciliation, the appraiser reportedly placed more weight on the sales comparison approach, which the appraiser determined was more reliable in this case, and opined final value conclusion of \$1,225,000, or \$112.13 per square foot of gross building area, including land, for the subject as of January 1, 2019.

Based on this evidence, the appellant requested a reduction in the subject's assessment 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 \$555,944. The subject's assessment reflects a market value of \$1,690,313 or \$154.72 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 brief disagreeing with the appraiser's conclusion of the subject's market value. First, the board of review argued that a September 2019 loan modification was evidence of a higher market value inasmuch as a mortgage loan will typically be supported by a 70% loan to value ratio. In support of this argument, the board of review submitted a copy of a First Modification of Mortgage and Assignment of Leases dated September 29, 2019 and recorded on November 4, 2019 with the Lake County Recorder's Office.<sup>4</sup> The board of review calculated the subject's market value at the time of the loan modification to be from \$1,465,000 to \$1,470,000, which range is above the reduction requested by the appellant.<sup>5</sup>

Second, the board of review contended in its brief that the comparables used by the appraiser are not similar to the subject property because two of the appraisal comparables have inferior locations and condition compared to the subject and two of the appraisal comparables are mixed-use rather than office properties like the subject.

Third, the board of review disagreed with the appraiser's calculation under the income capitalization approach. The board of review argued expenses should be decreased to \$7,047, consisting of \$3,769 for a management fee and \$3,278 for replacement reserves, which would result in higher net operating income of \$118,591. The board of review further disagreed with the 8.75% capitalization rate applied by the appraiser which the board of review characterized as reliant on estimates rather than actual market evidence. In contrast, the board of review applied a 8.50% capitalization rate derived from a CoStar Sales Trends sheet presented by the board of review, which states capitalization rate for sales and market trends in Lake County from 2010 to 2020. Applying an 8.50% capitalization rate, the board of review calculated a market value of \$1,395,187 or \$127.71 per square foot of gross building area, including land, under the income capitalization approach.

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<sup>4</sup> Although the board of review described this mortgage modification as recorded on September 29, 2019, the recording stamp on the submitted document shows it was recorded on November 4, 2019.

<sup>5</sup> The board of review's calculation appears to be based on the original principal loan amount of \$1,027,500, from which a market value of \$1,467,857 can be calculated based on a 70% loan to value ratio.

The board of review also submitted information on five comparable sales, two of which are located in Highland Park. The parcels range in size from 3,485 to 63,162 square feet of land area and are improved with one-story to three-story buildings of masonry or other exterior construction ranging in size from 4,720 to 19,489 square feet of gross building area. The comparables are all multi-tenant office buildings. The buildings were constructed from 1920 to 1983 with comparable #2 renovated in 1986. Four of the comparables have parking lots with 16 to 81 parking spaces. The comparables sold from October 2017 to November 2019 for prices ranging from \$1,140,000 to \$4,750,000 or from \$108.70 to \$265.45 per square foot of building area, including land.

Based on this evidence the board of review recommended a reduced total assessment for the subject of \$473,369, which would reflect an estimated market value of \$1,420,250 or \$130.00 per square foot of gross building area, including land.

### **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.

As an initial matter, the Board finds the board of review's contention that a September 2019 loan modification was evidence of a higher market value for the subject to be without merit. The board of review did not present any evidence regarding the terms of such loan transaction, the loan to value ratio utilized by the lender with respect to that loan transaction, or any industry standard loan to value ratio. The board of review's contention that the mortgage loan for the subject property evidences a market value from \$1,465,000 to \$1,470,000 (or from \$133.50 to \$133.95 per square foot of gross building area, including land) is not substantively supported in the board of review's evidence.

The appellant submitted an appraisal of the subject property with a final value conclusion of \$1,225,000 as of January 1, 2019. Although the appraiser stated more weight was placed on the sales comparison approach than the income capitalization approach, the appraiser's final value conclusion is actually closer to the value conclusion under the income capitalization approach rather than the sales comparison approach.

The appraiser considered five comparable sales. Although these comparables have differences from the subject, such as location, condition, and use, the appraiser addressed these differences with adjustments to the comparables for location, gross building area, effective age/condition, land-to-building and parking ratios, single-tenant or multi-tenant use, quality of finish, and number of stories, to arrive at an opinion of market value under the sales comparison approach of \$1,200,000, or \$109.84 per square foot of gross building area, including land, which falls within the range established by the adjusted comparable sales presented.

The appraiser next considered the income capitalization approach to arrive at an opinion of market value of \$1,245,000 or \$113.25 per square foot of gross building area, including land, as of January

1, 2019. The Board finds that the appraiser made excessive deductions from effective gross income for real estate taxes and other expenses to be paid by the lessor during a vacancy, and for roof, building elevation, structural repairs, and reserves. Utilizing the gross potential income and vacancy and loss deduction calculated by the appraiser, the board of review calculated a value conclusion with a reduced expense deduction and slightly lower capitalization rate. The board of review calculated a market value of \$1,395,187 or \$127.71 per square foot of gross building area, including land, which also falls below the market value reflected by the subject's assessed value.

Therefore, as a result of the foregoing inconsistencies and deficiencies, the Board finds the appraisal lacks credibility and reliability as an indication of the subject's estimated market value; however, the Board will analyze the raw sales data submitted in the appraisal report, together with the comparable sales presented by the board of review.

The record contains a total of ten comparable sales for the Board's consideration. The Board gives less weight to the appraisal sales #2 and #3 and to the board of review's comparables #2 through #5, due to differences from the subject in gross building area and/or age.

The Board finds the best evidence of market value to be the appraisal sales #1, #4, and #5 and the board of review's comparable #1, although these comparables are dissimilar from the subject in lot size and parking amenities. The most similar comparables sold from October 2017 to November 2019 for prices ranging from \$810,000 to \$1,500,000 or from \$64.66 to \$110.55 per square foot of gross building area, including land. The subject's assessment reflects a market value of \$1,690,313 or \$154.72 per square foot of gross building area, including land, which is above the range established by the best comparable sales in the record. Based on this evidence and after considering appropriate adjustments to the best comparables for differences when compared to the subject, the Board finds a reduction commensurate with the board of review's recommended 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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