



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

APPELLANT: D&M Capital Management LLC
DOCKET NO.: 20-03191.001-R-1
PARCEL NO.: 08-16-104-023

The parties of record before the Property Tax Appeal Board are D&M Capital Management LLC, the appellant, by attorney Omar Banna, of Mayster & Chaimson, Ltd in Chicago; 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: \$12,145
IMPR.: \$106,035
TOTAL: \$118,180

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 2020 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 2-story mixed use building of masonry exterior construction with 9,180 square feet of gross building area.¹ The building was constructed in 1958 and was renovated in 2018 to repair fire damage, resulting in a reported effective age of 1995. The building has ten residential and/or commercial units. The property has a 7,956 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 \$355,000 as of January 1, 2020. The appraisal was prepared by Gary Nusinow, a certified general real

¹ Additional details regarding the subject property not reported by the appellant are found in the subject's property record card presented by the board of review.

estate appraiser, for ad valorem tax purposes. The appraiser inspected the interior and exterior of the subject property on October 1, 2020.

Under the income capitalization approach, the appraiser examined seven rental comparables located in Waukegan within 0.85 of a mile from the subject. The comparables are improved with 1-story or 2-story mixed use or multi-family residential buildings of brick, frame, or brick and frame exterior construction ranging in size from 1,584 to 7,800 square feet of gross building area. The buildings range in age from 14 to 105 years old, with comparable #2 having been recently remodeled and comparable #4 having been updated in 2016. Two buildings have central air conditioning. The buildings each have from 2 to 6 units. The residential one-bedroom units have rents ranging from \$615 to \$750 per month, the residential two-bedroom units have rents ranging from \$795 to \$1,170 per month, and the commercial units have rents of \$6.60 and \$10.00 per square foot on an annual gross lease basis. After considering adjustments to the rental comparables for differences from the subject, the appraiser arrived at adjusted rental rates for one-bedroom units ranging from \$700 to \$750 per month, two-bedroom units of \$900 per month, and commercial units of \$8.00 per square foot of building area on an annual gross lease basis. Based on the foregoing, the appraiser estimated potential gross income of \$93,060, from which the appraiser deducted vacancy and collection losses of \$8,581 and expenses of \$39,215, to conclude a net operating income of \$45,264. The appraiser applied a loaded capitalization rate of 12.65%, derived from analyzing the band of investment method rate of 8.11%, an average market rate of two comparable sales of 8.59%, and a market rate from CoStar comparables of 8.63%. The appraiser concluded a value for the subject of \$357,818 (rounded to \$360,000) under the income capitalization method.

Under the sales comparison approach, the appraiser examined five comparable sales located in Waukegan within 1.66 miles from the subject. The appraiser indicated that comparable #5 was provided for information purposes only and was not relied on by the appraiser for the value conclusion. Consequently, this comparable shall not be further considered herein. The remaining four comparables have sites ranging in size from 3,125 to 17,737 square feet of land area and are improved with part 1-story part 2-story or 2-story mixed use buildings ranging in size from 3,125 to 11,580 square feet of gross building area. The buildings were constructed in 1960 or 1964. Each building has from 2 to 4 units and two comparables have central air conditioning in the commercial units. The comparables sold from February 2018 to June 2020 for prices ranging from \$130,000 to \$225,000 or from \$19.43 to \$40.48 per square foot of building area, including land. The appraiser made adjustments to these comparables for differences from the subject and for sale terms and conditions to arrive at an average adjusted price of \$40.00 per square foot of building area, including land. Based on the foregoing, the appraiser concluded a market value for the subject of \$354,081 (rounded to \$355,000) under the sales comparison approach.

The appraiser did not develop the cost approach due to the subject's age. In reconciling the income capitalization and sales comparison approaches, the appraiser gave weight to both approaches to opine a market value for the subject of \$355,000 as of January 1, 2020.

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

The board of review submitted its "Board of Review Notes on Appeal" disclosing the total assessment for the subject of \$147,576. The subject's assessment reflects a market value of \$443,304 or \$48.29 per square foot of living area, land included, when using the 2020 three year average median level of assessment for Lake County of 33.29% as determined by the Illinois Department of Revenue.

In support of its contention of the correct assessment the board of review submitted information on five comparable sales located in Waukegan. Comparable #5 is the same property as appraisal comparable #4 but describes a different sale for this property. The parcels range in size from 3,125 to 50,094 square feet of land area and are improved with 1-story, 2-story, or 3-story commercial or mixed use buildings ranging in size from 2,655 to 9,800 square feet of gross building area. The buildings were constructed in 1955 and 1965, with comparable #5 reported as having an effective age of 1980. The comparables have from 1 to 11 units. The comparables sold from October 2017 to May 2021 for prices ranging from \$170,000 to \$500,000 or from \$47.99 to \$112.99 per square foot of building area, including land.

The board of review submitted a brief contending that the appraisal does not disclose the 2018 renovations to the subject property. The board of review further argued that appraisal comparable sale #1 was an "estate style" sale, appraisal comparable sale #2 was an REO sale, appraisal comparable sale #3 was a "forced" sale, and appraisal comparable sale #4 sold again in 2020 for \$170,000.

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 record contains an appraisal presented by the appellant and five comparable sales presented by the board of review. The Board finds the best evidence of market value to be the appellant's appraisal. The appraiser considered comparable sales of buildings similar in design and use that bracket the subject in building size and sold from February 2018 to June 2020. The board of review reported that appraisal comparable #4 sold again in July 2020 for \$170,000, which is within the range of the other appraisal comparables. Under the income capitalization approach, the appraiser considered the potential rents from each type of unit (e.g., one-bedroom residential, commercial) and made adjustments to the rental comparables for differences from the subject.

Although the board of review challenged the appraisal comparable sales, it did not provide any explanation or documentation to show why these sales were not arm's length transactions. With respect to appraisal comparable sale #2, an REO sale, the appraiser made an adjustment for this circumstance. Furthermore, the Board considers compulsory sales of comparable properties presented by an appellant in an appeal before the Board. (35 ILCS 200/16-183).

The Board gives less weight to the board of review's comparable sales #1, #2, and #3, which are 1-story commercial buildings compared to the subject 2-story mixed use building. The Board also gives less weight to the board of review's comparable sale #4, which sold less proximate in time to the assessment date than other comparables in this record.

Based on the best evidence in the record, the Board finds the subject property had a market value of \$355,000 as of the assessment date at issue. Since market value has been established the 2020 three year average median level of assessments for Lake County of 33.29% as determined by the Illinois Department of Revenue shall apply. (86 Ill.Admin.Code §1910.50(c)(1)).

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 17, 2023



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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