



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

APPELLANT: The FTR 18 Family LTD Partnership LLLP
DOCKET NO.: 20-03213.001-C-1
PARCEL NO.: 08-19-400-016

The parties of record before the Property Tax Appeal Board are The FTR 18 Family LTD Partnership LLLP, the appellant, by attorney Robert J. Masini, of Grach, Masini, Hazan & Gurysh, LLP in Libertyville; 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: \$51,773
IMPR.: \$38,110
TOTAL: \$89,883

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 one-story office building of brick and concrete block exterior construction with 3,359 square feet of gross building area. The building was constructed in 1965 and is approximately 55 years old. Features of the building include a partial unfinished basement and central air conditioning. The property has a 30,524 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 \$270,000 as of January 1, 2020. The appraisal was prepared by James W. Leech, a certified general real estate appraiser, for ad valorem tax purposes. The appraiser inspected the subject property on October 8, 2020.

Under the sales comparison approach, the appraiser examined five comparables sales located in Waukegan, Lindenhurst, Libertyville, or Beach Park. The parcels range in size from 6,250 to 82,526 square feet of land area and are improved with one-story or two-story office buildings ranging in size from 2,850 to 9,636 square feet of gross building area. The buildings range in age from 20 to 59 years old. The comparables sold from January 2018 to June 2020 for prices ranging from \$172,500 to \$490,000 or from \$50.85 to \$75.76 per square foot of building area, including land. The appraiser made adjustments to these comparables for differences from the subject, such as location, land to building ratio, quality, condition, and building size, to arrive at adjusted sale prices ranging from \$66.10 to \$83.34 per square foot of building area, including land. Based on the foregoing, the appraiser concluded a market value for the subject of \$270,000, rounded, or \$80.00 per square foot of building area, including land.

Under the income capitalization approach, the appraiser examined five rental comparables located in Waukegan and Lindenhurst. The comparables range in size from 2,000 to 3,500 square feet of gross building area. The comparables have annual rents ranging from \$22,969 to \$49,000 or from \$10.68 to \$15.00 per square foot of building area per month on modified gross or triple net lease terms. The appraiser made adjustments to these rental comparables for differences from the subject, such as location and lease terms, to arrive at adjusted rental rates ranging from \$10.68 to \$15.00 per square foot of building area. Based on the foregoing, the appraiser concluded potential gross income of \$42,000, rounded, or \$12.50 per square foot of building area. The appraiser deducted 8% or \$3,360 for vacancy and collection losses, arriving at effective gross income of \$38,640. The appraiser next deducted \$31,640 for expenses, including insurance, management fees, common area maintenance and utilities during periods of vacancy, reserves, legal/accounting fees, and other miscellaneous expenses to arrive at net operating income of \$31,640. The appraiser then calculated a capitalization rate of 8.0% derived from the band of investments method rate of 8.01%, market rates ranging from 7.5% to 8.5% for similar properties, and industry report rates ranging from 7.3% to 8.5%. The appraiser then calculated a loaded capitalization rate of 12.05%. Applying the loaded capitalization rate to the net operating income of \$31,640, the appraiser concluded a value for the subject of \$263,000, rounded, under the income capitalization approach.

The appraiser did not develop the cost approach given the age of the subject property and corresponding depreciation. Moreover, the appraiser found few land sales in the area and stated that this type of property is not usually purchased on a cost basis.

In reconciling the sales comparison and income capitalization approaches, the appraiser relied most on the sales comparison approach due to highly similar comparable sales with secondary consideration given to the income capitalization approach as the subject property is owner-occupied and has not been leased. The appraiser opined a market value for the subject of \$270,000 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 \$123,821. The subject's assessment reflects a market value of \$371,947 or \$110.73 per square foot of building 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 some information on nine comparable sales and three listings. Five comparable sales are described in a grid analysis, numbered as comparables #1 through #5, and argued as the most similar to the subject. The remaining comparables have been numbered by the Board as comparables #6 through #12 for ease of reference. The comparables are located in Libertyville, Gurnee, Highland Park, Crystal Lake, Zion, Wauconda, Lake Zurich, Palatine, and Antioch. The parcels range in size from 7,405 to 182,516 square feet of land area and are improved with office buildings ranging in size from 2,460 to 9,800 square feet of gross building area. The buildings were constructed from 1920 to 2004. The nine comparables sold from November 2017 to June 2021 for prices ranging from \$125,000 to \$900,000 or from \$27.55 to \$345.53 per square foot of building area, including land. Comparables #7 and #10 are described as listed for sale for prices of \$375,000 and \$399,000 or for \$104.17 and \$80.97 per square foot of building area, including land. The board of review did not present specific listing information for comparable #12.

The board of review submitted a brief contending that the appraiser did not consider the subject's condition and use as a medical office in selecting and adjusting the comparable properties. The board of review noted that appraisal comparables #1, #3, #4, and #5 were not built out as medical offices, appraisal comparables #2 and #3 were not professionally marketed for sale, and appraisal comparable #4 was marketed as a leased fee sale. The board of review presented copies of mortgages, contracts, and listing sheets to support these contentions.

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 limited data for twelve comparable sales and listings presented by the board of review. The Board finds the best evidence of market value is the appellant's appraisal. Under the sales comparison approach, the appraiser examined sales comparables which are similar to the subject and made appropriate adjustments to these comparables for differences from the subject. The sales comparables sold from January 2018 to June 2020. Under the income capitalization approach, the appraiser examined rental comparables which are relatively similar to the subject and made appropriate adjustments to these comparables for differences from the subject. The appraiser considered appropriate expenses and concluded a well-supported capitalization rate.

The Board gives less weight to the comparable sales presented by the board of review, which are less similar to the subject than the comparables presented in the appraisal. None of the five best

comparables selected by the board of review are located in Waukegan and four of these comparables are from 48% to 66% larger buildings than the subject.

Based on the best evidence in the record, the Board finds the subject property had a market value of \$270,000 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

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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APPELLANT

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