



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

APPELLANT: Rantoul Lodging LLC
DOCKET NO.: 21-05648.001-C-3
PARCEL NO.: 20-09-04-401-003

The parties of record before the Property Tax Appeal Board are Rantoul Lodging LLC, the appellant, by attorney Rebecca E. P. Wade, of Meyer Capel, P.C. in Champaign; and the Champaign 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 **Champaign** County Board of Review is warranted. The correct assessed valuation of the property is:

LAND: \$155,780
IMPR.: \$1,727,392
TOTAL: \$1,883,172

Subject only to the State multiplier as applicable.

Statement of Jurisdiction

The appellant timely filed the appeal from a decision of the Champaign County Board of Review pursuant to section 16-160 of the Property Tax Code (35 ILCS 200/16-160) challenging the assessment for the 2021 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 4-story hotel building of masonry exterior construction with 46,460 square feet of gross building area. The building was constructed in 2016. Features of the building include a concrete slab foundation, 74 guest rooms, a breakfast area, a meeting room and business center, small exercise room, and an indoor swimming pool and hot tub. The property has a 2.4 acre site and is located in Rantoul, Rantoul Township, Champaign 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 real property value of \$5,645,000 as of January 1, 2021.¹ The appraisal was prepared by Stephen D. Whitsitt, MAI,

¹ The value conclusion was stated as \$6,100,000 less FF&E of \$455,000 resulting in a net value of real property of \$5,645,000.

SRA, a certified general real estate appraiser, for ad valorem tax purposes. The appraiser reported the subject last sold in September 2018 for a price of \$7,400,000.

The appraiser inspected the property on April 19, 2021 and concluded the subject is in good condition. The appraiser stated the subject is located within a mile of the I-57 interchange and near a Walmart and the Rantoul Family Sports Center under construction.

The appraiser concluded the highest and best use for the subject as vacant was for retail development and the highest and best use for the subject as improved was for continued use as a hotel.

Under the cost approach, the appraiser selected four land sales located in Rantoul. The comparables range in size from 0.76 of an acre to 4.18 acres of land area and sold from March 2016 to February 2018 for prices ranging from \$1.10 to \$6.04 per square foot of land area. The appraiser adjusted the comparables for differences from the subject to arrive at adjusted sale prices ranging from \$1.32 to \$4.83 per square foot of land area and concluded a land value for the subject of \$3.35 per square foot of land area or \$350,000 (rounded).

The appraiser next calculated the replacement cost new of the subject building of \$6,755,749, using the Marshall Valuation Service for an average quality Class C limited service hotel. The appraiser estimated \$400,000 for the site improvements and a replacement cost new of \$1,100,000 for FF&E (furniture, fixtures & equipment) based on the purchase price of these items for a total replacement cost new of \$8,255,749.

The appraiser then computed depreciation of \$1,200,000 (rounded) for the building and FF&E and computed external obsolescence of \$825,000. After subtracting physical depreciation and external obsolescence of \$2,025,000 (rounded) from the total replacement cost new and adding a land value of \$350,000, the appraiser concluded a value for the subject of \$6,580,000 (rounded) under the cost approach.

Under the sales comparison approach, the appraiser selected three comparable sales located in Champaign or Danville. The parcels range in size from 1.16 to 3.21 acres of land area and are improved with 3-story or 4-story hotel buildings of brick or Dryvit and stone exterior construction ranging in size from 26,496 to 64,280 square feet of gross building area. The buildings were constructed from 1993 to 2016 with comparable #2 reported to have been remodeled in 2017/2018. Each building features from 56 to 104 guest rooms, two comparables each have a swimming pool, and two comparables each have a fitness center and a business center. The comparables sold from March 2018 to September 2019 for prices ranging from \$2,100,000 to \$10,470,000,² or from \$79.26 to \$162.88 per square foot of gross building area, or from \$37,500 to \$100,673 per guest room, including land. The appraiser made adjustments to the comparables for market conditions at the time of sale and for differences from the subject to arrive at adjusted sale prices ranging from \$79.18 to \$131.93 per square foot of gross building area, or from \$37,463 to \$81,545 per guest room, including land. The appraiser concluded a

² The appraiser noted comparable #1 sold for a total price of \$12,750,000 which included \$2,280,000 of personal property.

value for the subject of \$125.00 per square foot of gross building area, or \$80,000 per guest room, including land, or \$5,900,000 (rounded).

Under the income capitalization approach, the appraiser utilized the discounted cash flow method, which the appraiser asserted is appropriate for investment properties. The appraiser did not consider TIF benefits and rebates in determining the subject's income. The five rent comparables are located in Champaign, Urbana, and Paxton, have from 41 to 130 guest rooms, and have room rates ranging from \$92 to \$188 per guest room. Each comparable has a fitness center, four comparables each have a swimming pool, and one comparable has a bar/lounge. The comparables were built from 1995 to 2017. The appraiser consulted Smith Travel Research and reviewed the subject's historical occupancy rates ranging from 50.6% to 60.5% from October 2018 to October 2020 to project annual revenues for an 8-year period ranging from \$1,262,718 to \$2,633,475. The appraiser noted the subject also has income from guest laundry, market purchases, and meeting room rental, which are estimated to range from \$17,900 to \$19,400 during the 8-year period. The appraiser estimated expenses ranging from \$1,064,317 to \$1,239,562 based on the subject's historical expenses.

To calculate the capitalization rate, the appraiser considered investor survey rates ranging from 5.59% to 10.11% for similar type properties and a band of investment method derived rate of 8.45% to conclude a capitalization rate of 10.00%. After accounting for risk and real estate taxes, the appraiser computed a discount rate of 14.8918% and a reversionary cap rate of 14.3918%. Based on the foregoing, the appraiser concluded a value for the subject of \$6,080,000 under the income capitalization approach.

The appraiser then estimated the return of the FF&E over an 8-year period of \$137,500, using the replacement cost new of \$1,100,000 as a base value, and the return on the FF&E of \$110,000. Based on these calculations, the appraiser concluded \$250,000 (rounded) in income attributed to the FF&E. The appraiser also calculated the income attributable to the business in the amount of \$205,000 (rounded) based on the subject's franchise and management fees. The income attributed to the FF&E and the business totals \$455,000.

In reconciling the three approaches to value, the appraiser gave weight to each approach and estimated a value for the subject of \$6,100,000. After deducting the value of personal property in the amount of \$455,000, the appraiser concluded a real property value for the subject of \$5,645,000 as of January 1, 2021.

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 \$2,258,810. The subject's assessment reflects a market value of \$6,771,013 or \$145.74 per square foot of gross building area, or \$91,500 per guest room, land included, when using the 2021 three year average median level of assessment for Champaign County of 33.36% as determined by the Illinois Department of Revenue.

The board of review submitted a brief contending that the board of review reduced the subject's assessment for the 2021 tax year. 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 Board finds the only evidence of market value in the record to be the appraisal submitted by the appellant, which considered all three approaches to value to conclude a market value for the subject of \$5,645,000, or \$121.50 per square foot of gross building area, or \$76,284 per guest room, including land, after subtracting the value of the FF&E and the business. The subject's assessment reflects a market value of \$6,771,013 or \$145.74 per square foot of gross building area, or \$91,500 per guest room, including land, which is above the appraised value. Given this limited record, the Board finds the subject property had a market value of \$5,645,000 as of the assessment date at issue. Based on this evidence, the Board finds a reduction in the subject's 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:

December 19, 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

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

APPELLANT

Rantoul Lodging LLC, by attorney:
Rebecca E. P. Wade
Meyer Capel, P.C.
306 West Church Street
P.O. Box 6750
Champaign, IL 61820-6750

COUNTY

Champaign County Board of Review
Champaign Co Brookens Admin Cntr
1776 East Washington Street
Urbana, IL 61802