FINAL ADMINISTRATIVE DECISION
ILLINOIS PROPERTY TAX APPEAL BOARD

APPELLANT: Cunningham Township
DOCKET NO.: 21-05943.001-C-2
PARCEL NO.: 93-21-21-181-020

The parties of record before the Property Tax Appeal Board are Cunningham Township, the appellant, by Frederic M. Grosser, Attorney at Law in Champaign and David B. Wesner, of Evans, Froehlich, Beth & Chamley in Champaign; the Champaign County Board of Review; First Federal Savings Bank of C-U, owner-intervenor, by attorney Rebecca E. P. Wade of Meyer Capel, P.C. in Champaign; and Urbana S.D. #116, intervenor, by attorney Scott L. Ginsburg of Robbins Schwartz in Chicago.

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:	$25,480
IMPR.:	$94,616
TOTAL:	$120,096

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 parties appeared before the Property Tax Appeal Board on February 27, 2024 for a hearing at the Property Tax Appeal Board's office in Springfield pursuant to prior written notice dated December 20, 2023. Appearing at the hearing on behalf of the appellant was attorney, David B. Wesner, of Evans, Froehlich, Beth & Chamley; appearing on behalf of the Champaign County Board of Review were John Bergee, chairman of the board of review, and Chris Diana, member of the board of review; and appearing on behalf of the owner-intervenor, First Federal Savings Bank of C-U (the "owner-intervenor"), was attorney Rebecca E. P. Wade, of Meyer Capel, P.C.[1] No one appeared on behalf of the taxing district intervenor, Urbana S.D. #116, at the hearing,

[1] References to the transcript of the hearing will be indicated by "TR" followed by the page number(s).

and thus, the Board finds intervenor, Urbana S.D. #116 to be in default pursuant to Section 1910.69(b) of the Board's procedural rules.

Both the appellant, seeking an increase in the subject's assessment, and the owner-intervenor, seeking a decrease in the subject's assessment, separately filed written motions to consolidate this appeal with Docket No. 21-06203.001-C-2. It was argued both appeals concern the same subject property, the same tax year assessment, and common issues of fact and law. At hearing, the parties agreed to the consolidation of this appeal with Docket No. 21-06203.001-C-2 and the Administrative Law Judge ("ALJ") granted the motion to consolidate these two appeals pursuant to Section 1910.78 of the Board's procedural rules (86 Ill. Admin. Code §1910.78).[2]

The subject property consists of a 3-story apartment building of brick exterior construction with 9,576 square feet of gross building area. The building was constructed in 1966. Features of the building include a concrete slab foundation and 12 apartment units, consisting of 11 two-bedroom units and 1 one-bedroom unit, totaling 8,520 square feet of rentable area. The property has an approximately 12,000 square foot site and is located in Urbana, Cunningham Township, Champaign County.

<u>*Appellant's Evidence*</u>

The appellant's appeal is based on undervaluation. In support of this argument, the appellant submitted evidence disclosing the subject property was purchased on November 30, 2021 for a price of $760,000. The appellant completed Section IV – Recent Sale Data of the appeal petitions disclosing the parties to the sale were not related, the property sold using a realtor and was advertised for sale through the Multiple Listing Service for 105 days, the sale was due to foreclosure, and the sale was not by contract for deed. At hearing, Wesner confirmed the November 2021 sale of the subject was not a foreclosure sale despite the box being checked in the appeal petition indicating the sale was due to foreclosure.[3]

In support of the sale, the appellant submitted a copy of the Real Estate Transfer Declaration (the "RETD") with a Declaration ID 20211101045759, indicating the property sold on November 30, 2021 and was advertised for sale. It was not indicated that the sale was between related parties. The RETD identifies the owner-intervenor as the seller and Silver St, LLC as the buyer, and contains no signatures for either buyer or seller. At hearing, Wesner explained the RETD is digital, no longer contains signatures, and has a Declaration ID number that indicates it was filed.[4]

The appellant also presented Multiple Listing Service printouts, disclosing that the subject was listed for sale on July 2, 2021 for a price of $879,900, was listed for 97 days, was under contract on October 14, 2021, and subsequently sold on November 30, 2021.

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[2] TR p. 5-6.
[3] TR p. 19.
[4] TR p. 9-10.

At hearing, Wesner asserted a sale is presumed to be arm's length unless the evidence shows it was not and contended the documents in the record indicate this sale was arm's length as it was advertised and the buyer and seller do not appear to be related parties.[5]

The ALJ asked Wesner whether the condition of the subject as of the assessment date should be considered in assessing the property. Wesner responded that the condition of the subject property as of the assessment date is unclear and that deferred maintenance should not reduce an assessment. Wesner acknowledged the subject was condemned by the City of Urbana in 2020 and a certificate of occupancy was issued in June 2021.[6] In closing argument, the appellant's counsel contended there was insufficient evidence to demonstrate the condition of the subject as of the assessment date and argued the subject's sale price reflects its condition at least from early summer 2021.[7]

Based on this evidence, the appellant requested an increase in the subject's assessment to reflect the purchase price, or in the alternative, to reflect a value of $540,000, which is the sale price less the cost of repairs ($220,000) disclosed in the owner-intervenor's appraisal.[8]

Board of Review's Evidence

The board of review submitted its "Board of Review Notes on Appeal" disclosing the total assessment for the subject of $125,720. The subject's assessment reflects a market value of $376,859, or $39.35 per square foot of gross building area, or $31,405 per apartment unit, 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.

In support of its contention of the correct assessment, the board of review submitted a brief contending that the subject's assessment reflects the corrected 2020 tax year assessment ($122,060) plus an equalization factor of 1.030 for 2021. The board of review explained the subject's 2020 assessment was increased by the township assessor as a result of the owner failing to return the township assessor's survey regarding the subject's improvements. The board of review presented a copy of the township assessor's letter to the owner, indicating the township assessor would assume the property had four-bedroom/four-bathroom units unless otherwise confirmed.

Following a decision by the circuit court in favor of the owner, the board of review explained the subject's 2020 tax year assessment was reduced to $122,060, which was calculated as the subject's 2019 tax year assessment plus an equalization factor of 1.00 for 2020. The board of review presented a page showing the case caption for this litigation. The board of review also submitted a Parcel Detail sheet, which indicated the subject had a 2019 tax year assessment of $122,060, a 2020 tax year assessment of $366,180, and a corrected 2020 tax year assessment of $122,060.

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[5] TR p. 12-14.
[6] TR p. 17-19.
[7] TR p. 61-62.
[8] TR p. 62.

The board of review asserted in its brief that the subject was in poor condition, unoccupied, and condemned by the City of Urbana as of the January 1, 2021 assessment date. The board of review contended the subject sold after considerable remodeling and rehabilitation. The board of review submitted a letter dated July 7, 2021, from the owner-intervenor to the board of review, advising that the owner-intervenor became the mortgagee in possession of the subject on February 19, 2020 and subsequently the owner of the subject property by Sheriff's Deed on March 3, 2021.

At hearing, chairman Bergee argued the subject's condition at the time of its sale in November was vastly different than its condition as of the January 1, 2021 assessment date.[9] Bergee stated the board of review was aware the subject had been condemned, but did not make any adjustments to the assessment from the prior year, other than adding the equalization factor. Bergee concluded the November 2021 sale of the subject was more relevant to the next tax year's assessment.[10] On cross-examination by the owner-intervenor, Bergee confirmed the subject's November 2021 sale was the first sale of the property after the owner-intervenor obtained it through foreclosure proceedings.[11]

The ALJ asked Bergee how the county assesses construction that occurs during the year when a property is uninhabitable. Bergee testified the board of review always uses the assessment date, but township assessors may either prorate or assess in the next tax year. Bergee stated Cunningham Township has been inconsistent, but proration is more likely with new construction than renovation. Board member Diana agreed Cunningham Township is inconsistent, but stated renovations or additions are typically picked up in the following tax year. Bergee confirmed the county does prorate assessments after destruction of the improvements, which is based on a percentage of damage that is certified by a third party, like an insurance company. Diana explained an owner could also seek a reduction for destruction from the township assessor as a correction outside the usual board of review complaint process.[12]

In closing argument, Diana contended there was no material change in the condition of the subject as of the assessment date from the prior tax year. Diana reiterated the board of review looks at a value as of the assessment date and any improvements would be captured the next year.[13] Based on this evidence, the board of review requested confirmation of the subject's assessment.

Owner-Intervenor's Evidence

The owner-intervenor submitted an appraisal prepared by Robert D. Becker, a certified general real estate appraiser, for ad valorem tax purposes, estimating the subject had a market value of $320,000 as of January 1, 2021 (the "Becker Appraisal").

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[9] TR p. 6.
[10] TR p. 20-21.
[11] TR p. 27.
[12] TR p. 31-35.
[13] TR p. 63.

The owner-intervenor called its witness, Becker, who testified regarding his professional certifications and designations.[14] The Becker Appraisal includes a summary of the appraiser's affiliations, education, experience, certifications, and other qualifications.[15]

Becker testified he inspected the subject property on July 27, 2022, after the renovations were complete. The subject had one tenant at that time but was being marketed for rent. In order to determine the condition of the subject as of the assessment date, Becker interviewed the property manager; appraiser Steve Whitsitt, who had previously prepared an appraisal of the subject; and Tyler Rouse, an administrator or manager of the owner-intervenor. Becker obtained historic photographs of the subject from Rouse and Whitsitt dating from late 2020. Becker testified he relied on the interviews, photographs, and revocation of the subject's occupancy permit to determine the subject's condition as of the assessment date.[16]

Becker reported the property sold in November 2021 after the repairs were completed. Becker made adjustments to this sale price to test the reasonableness of the Becker Appraisal value conclusion. Becker made adjustments for more favorable market conditions, repairs to the subject, and for market rents to compute an adjusted price of $359,450.[17] Becker concluded the marketing time for the subject would be three to six months based on averages ranging from 3.9 to 5.3 months in PriceWaterhouseCoopers National Apartment investor surveys from 2020 Q1 to 2021 Q1.[18]

On cross-examination by the board of review, Becker testified advertising on the open market is one factor of an arm's length sale, but explained other details of the sale must be examined to determine whether it was arm's length.[19] Upon questioning by the ALJ, Becker testified he did not speak to Rouse about the subject's sale but reviewed the RETD, assessor's information, and listing information about the sale. Becker stated he did not make any conclusion regarding whether the subject's November 2021 sale was arm's length.[20]

Regarding the subject's condition as of the assessment date, Becker reported the subject had significant deferred maintenance, such as fire and smoke damage to one unit, water damage from a leaking roof; window and floor coverings that were broken, missing, or at the end of their useful life; paint at the end of its useful life; damaged cabinets; and damaged drywall. Becker reported the property was renovated from October 2020 to June 2021. Becker stated the roof and other exterior items had been replaced or repaired and graffiti had been removed from exterior walls as of the assessment date. With regard to the interior of the subject building, Becker stated new furnaces and wall air conditioning units had been installed, but no other interior work was done as of the assessment date. Becker reported an occupancy permit for the subject was issued on June 16, 2021.[21]

[14] TR p. 38-39.
[15] Becker Appraisal, p. 68-71.
[16] TR p. 39-40, Becker Appraisal, p. 8.
[17] Becker Appraisal, p. 5.
[18] Becker Appraisal, p. 6.
[19] TR p. 49-50.
[20] TR. p. 52.
[21] Becker Appraisal, p. 30.

On cross-examination by the board of review, Becker distinguished between typical maintenance items and deferred maintenance items, which he described are immediate repair items, such as roofs, HVAC systems, and other health and safety items, and explained are used to make condition adjustments to the comparable sales.[22] Upon questioning by the ALJ, Becker testified he obtained information about the subject's mechanical systems from Whitsitt and Rouse and reviewed photographs depicting graffiti to the walls.[23]

Becker concluded the highest and best use of the subject as vacant was for development as a multi-family dwelling and its highest and best use as improved was continued use as a multi-family dwelling.[24] To estimate the value of the subject property, Becker developed the sales comparison and income approaches to value. Becker did not develop the cost approach due to the age of the improvements and lack of market data to support an estimate of accrued depreciation.[25]

Under the sales comparison approach, Becker selected three comparable sales located in Urbana. The comparables are improved with apartment buildings that were built from 1969 to 1987 and have either 18 to 24 apartment units. The comparables sold in April 2018 or October 2019 for prices ranging from $650,000 to $925,000 or from $27,083 to $40,278 per unit, including land. Becker made adjustments to the comparables for market conditions of 2.5% or 5.5% and applied a condition adjustment of -$284,000 to each comparable. Becker developed the condition adjustment based on the cost of renovations reported by the owner to have been spent after the assessment date ($220,000), plus entrepreneurial incentive of 20% ($44,000), which Becker asserted was appropriate given incentives for this type of project ranging from 5% to 30% and the extensive renovations required. Becker also added to the adjustment an amount for carrying costs of the subject property until it could be leased to 90% occupancy ($20,000). This lease-up calculation is found in the income approach section of the Becker Appraisal discussed below. Becker computed adjusted sale prices ranging from $15,825 to $28,867 per unit and concluded an indicated value for the subject of $26,667 per unit, or $320,000 rounded, under the sales comparison approach.[26]

Becker explained on questioning by the ALJ that the comparables were productive units at the time of sale. Becker stated he could not find any recent sales of properties in an uninhabitable condition.[27] Becker testified he did not adjust for building size because the market treats buildings with 8 to 30 units about the same. Becker explained buildings with 8 to 30 units do not usually have extra amenities, such as a fitness center, but still require commercial loans.[28]

Under the income approach, Becker first computed a value for the subject assuming the subject had been renovated and in leasable condition, then made deductions to reflect the costs of placing the subject in such condition. Becker began the analysis by examining rent comparables. Becker selected four 2-bedroom rent comparables located in Urbana. These comparables range

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[22] TR p. 51.
[23] TR. p. 53.
[24] Becker Appraisal, p. 39-40.
[25] Becker Appraisal, p. 41.
[26] Becker Appraisal, p. 43-48.
[27] TR p. 55.
[28] TR p. 56.

in size from 550 to 766 square feet of living area, were built from 1965 to 1987, and have annual rents per unit ranging from $7,200 to $8,796. Becker made adjustments to the comparables for differences from the subject in location and condition to conclude annual market rent of $7,800 per unit for the subject's 2-bedroom units.[29] Becker also did an analysis by selecting three 1-bedroom rent comparables located in Urbana. These comparables range in size from 520 to 611 square feet of living area, were built from 1969 to 1980, and have annual rents ranging from $6,732 to $8,592 per unit. Becker made adjustments to the comparables for differences from the subject in condition to arrive at an annual market rent of $8,500 for the subject's 1-bedroom unit. Becker concluded potential gross income for the subject of $94,300.[30]

For vacancy and collection losses, Becker stated market participants expect a vacancy and credit loss of 5% to 15% for similar types of property. Becker estimated 10% to reflect the probable vacancy during the subject's economic life rather than its present short term vacancy. Becker computed $9,430 for vacancy and collection losses, resulting in effective gross income of $84,870.[31]

To estimate expenses, Becker examined three expense comparables located in Urbana having expense ratios ranging from 47.0% to 51.2%. Becker did not describe the expenses included in this analysis. Becker also looked at CoStar market extracted ratios of 45.85% and 49.97% for 2020 and 2021, respectively, for the Champaign-Urbana market. These ratios include real estate taxes. Becker also consulted a 2019 International Real Estate Management national expense survey detailing expenses for repairs and maintenance, utilities, management fees, and administrative fees and a PwC Real Estate Investors Survey for replacement reserves. Based on estimates derived from the ranges found in these surveys, Becker concluded expenses of 25.3% or $63,393 for the subject. After subtracting expenses from effective gross income, Becker concluded net operating income of $62,393.[32]

Becker next calculated a capitalization rate. Becker examined market extracted rates from three comparables located in Urbana ranging from 6.94% to 8.05%, with an average of 7.52%; national investor surveys with rates ranging from 5.04% to 5.22%; and a RealtyRates survey for the Apartments – Garden/Suburban Townhouse category with rates ranging from 3.82% to 10.74%, with an average of 7.11%. Becker gave less weight to the national investor surveys as the most likely buyer for the subject is a regional or local investor, but found the RealtyRates survey was similar to the market extracted rates. Becker also computed a rate of 6.88% under the band of investment method. Based on the foregoing, Becker concluded a capitalization rate of 7.00% and a loaded capitalization rate of 10.59%.[33]

Based on this loaded capitalization rate and the estimated net operating income, Becker computed a value for the subject of $600,000, rounded. However, Becker then deducted the cost of the renovations since the assessment date ($222,000) plus entrepreneurial incentive of 20% and costs to lease the subject to 90% occupancy ($20,000), totaling $284,000. To calculate the lease-up costs, Becker estimated a lease-up period of six months, estimated lost rental income of

[29] Becker Appraisal, p. 50-52.
[30] Becker Appraisal, p. 53-54.
[31] Becker Appraisal, p. 55.
[32] Becker Appraisal, p. 55-57.
[33] Becker Appraisal, p. 58-61.

$15,576, marketing costs of $2,200, and profit of $889. After these adjustments, Becker concluded an indicated value for the subject of $320,000 under the income approach.[34]

Upon questioning by the ALJ, Becker explained he estimated two units per month for the lease-up calculation based on the market for similarly sized buildings and CoStar lease activity. Becker explained he calculated profit based on a typical 5% management fee.[35]

In reconciliation, Becker gave most weight to the income approach, which he stated is more appropriate for income producing properties when the most likely buyer of the subject is an investor. Becker gave the sales comparison approach secondary weight due to limited recent sales of properties in similar condition to the subject as of the assessment date. Becker concluded a market value of $320,000 for the subject as of January 1, 2021.[36]

The owner-intervenor also submitted a brief contending that the best evidence of the subject's market value is the Becker Appraisal. At hearing, Wade argued the evidence does not establish the subject's November 2021 sale was an arm's length sale. Wade further argued the subject's sale occurred less proximate in time to the assessment date.[37] Upon questioning by the ALJ, the Wade agreed the owner-intervenor was a party to the November 2021 sale, but Wade stated she had no information about this sale.[38]

In closing argument, Wade asserted the subject's condition was very different on January 1, 2021 as compared to its sale date in November 2021. Wade argued the best evidence of market value as of January 1, 2021 is the Becker Appraisal.[39] Based on this evidence, the owner-intervenor requested a reduction in the subject's assessment to reflect the appraised value conclusion.

Conclusion of Law

The appellant contends the market value of the subject property is not accurately reflected in its assessed valuation in that the subject has been undervalued. 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 did not meet this burden of proof and an increase in the subject's assessment is not warranted. Furthermore, the Board finds the record evidence supports the owner-intervenor's request for a reduction in the subject's assessment.

As an initial matter, the parties have raised the issue of the subject's condition as of the assessment date and the effect of renovations to the subject during the 2021 tax year on the subject's 2021 tax year assessment. Both the owner-intervenor and the board of review contended the subject's condition as of the assessment date was substantially different from its condition as of the subject's November 2021 sale date and argued the subject should be valued in

[34] Becker Appraisal, p. 61-62.
[35] TR p. 57-58.
[36] Becker Appraisal, p. 62-63.
[37] TR p. 7-9.
[38] TR p. 58-59.
[39] TR p. 64.

its condition as of the assessment date. The appellant conceded the subject's November 2021 sale price reflects the subject's market value only since early summer 2021, when the renovations were complete, but argued there was insufficient evidence to show the condition of the subject as of the assessment date.

The Board finds the only evidence of the subject's condition is found in the Becker Appraisal. Becker testified at hearing in support of the Becker Appraisal. Based on Becker's experience and qualifications as demonstrated in the Becker Appraisal and Becker's testimony, the Board finds Becker is qualified as an expert in his field.

Becker testified the description of the subject's condition was based on photographs of the subject from late 2020 and interviews with the property manager, an appraiser who previously inspected and appraised the subject, and a representative of the owner. The Board finds this information formed a sufficient basis for Becker to make conclusions regarding the subject's condition as of the assessment date.

Becker reported significant deferred maintenance items remained unaddressed on the interior of the subject building as of the assessment date and these items continued to render the subject uninhabitable. At hearing, Becker distinguished between typical maintenance items and deferred maintenance items, which he described as immediate repair items, such as health and safety items. The Board finds it is undisputed that the subject did not receive a certificate of occupancy until June 2021. Becker reported renovations totaling $220,000 were performed after the assessment date, which was also not disputed. Based on this record, the Board finds the subject had significant deferred maintenance items as of the assessment date.

The Board further finds renovations and additions during a tax year are not typically prorated within Champaign County. Both Bergee and Diana testified that proration would not be typical for renovations and additions, although proration may be used for new construction or destruction of improvements during the year. Thus, the Board finds, based on county assessment practices, it is not appropriate to prorate the subject's assessment for renovations made during the 2021 tax year.

With respect to market value as of the assessment date, the appellant submitted evidence of a November 2021 sale of the subject and the owner-intervenor submitted an appraisal estimating a market value for the subject as of the assessment date in support of their respective positions before the Board.

As an initial matter, the Board finds the evidence demonstrates the November 2021 sale was an arm's length sale. The record contains the RETD, which indicates the property was advertised for sale, and Multiple Listing Service printouts, disclosing the subject was listed for $879,900 on July 2, 2021, was listed for 97 days, was under contract on October 14, 2021, and sold on November 30, 2021. The Board finds the owner-intervenor's questioning of this sale to be disingenuous, as the owner-intervenor was the seller in this transaction and knows or should know whether it was an arm's length sale.

Nonetheless, the Board gives less weight to the November 2021 sale of the subject. It is undisputed that the subject was in the process of being renovated, was unoccupied, and had been condemned by the City of Urbana as of the assessment date. As discussed above, the Board finds the subject had significant deferred maintenance items as of the assessment date and the owner spent $220,000 to restore the subject to a habitable condition since the assessment date. It is further undisputed that the subject sold in November 2021 after the renovations were complete and a certificate of occupancy was issued for the subject in June 2021 so it was able to be occupied in June 2021. Thus, the Board finds the subject's November 2021 sale price is not reflective of its market value as of the January 1, 2021 assessment date due to its state of disrepair.

For the Becker Appraisal, Becker developed the income and sales comparison approaches to value and gave the most weight to the income approach. Under the income approach, Becker first estimated a value for the subject as renovated and in a leasable condition and then subtracted the costs that would be incurred to achieve this condition. The Board finds this methodology was warranted in order to consider market income and expenses for the subject, while providing for the subject's unleasable condition as of the assessment date. The Board further finds Becker selected similar 1-bedroom and 2-bedroom rent comparables and made appropriate adjustments for differences in location and/or condition. Consequently, the Board accepts Becker's conclusion of potential gross income for the subject of $94,300.

With respect to vacancy and collection losses, Becker determined a vacancy rate of 10% or $9,430 based on the expectations of market participants for similar types of property. Thus, the Board agrees with the conclusion that the subject had effective gross income of $84,870 (calculated as $94,300 - $9,430).

For expenses, Becker examined both market extracted expenses ratios derived from the Champaign-Urbana market and ratios derived from national investor surveys. The Board finds the estimated expenses for the subject of 25.3% or $21,477 were reasonable and result in net operating income of $63,393.

Becker examined several data sources and used market extraction, investor surveys, and the band of investment method to compute a capitalization rate of 7.00% to which Becker added an effective tax rate to arrive at a capitalization rate of 10.59% The Board finds this capitalization rate was supported. Applying this rate to the net operating income computed above results in a value of $600,000, rounded.

Becker next deducted the cost of renovations since the assessment date totaling $220,000. The Board finds this deduction was supported by the Becker Appraisal and Becker's testimony regarding the subject's deferred maintenance. The Board further finds the cost of the renovations since the assessment date was not disputed by the appellant or the board of review.

Becker also added 20% entrepreneurial profit to these costs, which the Board finds was not supported. Although Becker described a typical range of incentives for this type of project, Becker did not address an appropriate incentive when a mortgagee/owner, which acquired a property through foreclosure proceedings, makes improvements to recoup its loan and expenses, rather than to develop an income-producing property as would be the incentive of the regional or local investor Becker identified as the likely buyer of the subject. Accordingly, notwithstanding whether Becker's conclusion may be appropriate for renovations made by an investor, the Board finds Becker did not explain how the same conclusion is appropriate for a mortgagee/owner with a different objective and incentive than an investor.

Finally, Becker deducted for lease-up costs of $20,000, which the Board finds was appropriate as the subject was unleasable as of the assessment date. Based on these deductions, the Board finds the subject had a market value of $360,000 (calculated as $600,000 - $220,000 - $20,000) under the income approach.

For the sales comparison approach, the Board finds Becker selected similar comparables. However, with respect to the condition adjustment, the Board finds Becker's adjustment of $284,000 to each comparable was excessive. As discussed above, this adjustment includes $220,000 for renovation costs since the assessment date, 20% for entrepreneurial incentive, and $20,000 for lease-up costs. As discussed above the Board finds deductions of $220,000 for renovation costs and $20,000 for lease-up costs were appropriate and supported. However, as discussed above, the Board finds the deduction for 20% entrepreneurial incentive was not appropriate or supported. Based on the foregoing, the per unit adjusted sale prices of the comparables would be approximately $1,833 or $2,444 higher ($44,000/24 and $44,000/18) and the subject should have a value approximately $3,667 higher per unit ($44,000/12), or $30,435 per unit, resulting in a revised estimated value for the subject under the sales comparison approach of $365,000. The Board finds this conclusion under the sales comparison approach supports the value developed under the income approach of $360,000. The Board agrees with Becker that the income approach should be given primary weight as the subject is an income-producing property.

Based on this record, and with the above detailed adjustments to the appraisal evidence, the Board finds the subject property had a market value of $360,000 as of January 1, 2021. Since market value has been determined the 2021 three year average median level of assessment for Champaign County of 33.36% shall apply. 86 Ill. Admin. Code § 1910.50(c)(1). Thus, 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:

C E R T I F I C A T I O N

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: June 18, 2024

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

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