



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

APPELLANT: First Mid Bank & Trust, NA
DOCKET NO.: 21-06279.001-C-2
PARCEL NO.: 14-05-202-017

The parties of record before the Property Tax Appeal Board are First Mid Bank & Trust, NA, the appellant by Jason M. Crowder, Attorney at Law in Mattoon, and the Peoria 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 **Peoria** County Board of Review is warranted. The correct assessed valuation of the property is:

LAND: \$117,580
IMPR.: \$97,420
TOTAL: \$215,000

Subject only to the State multiplier as applicable.

Statement of Jurisdiction

The appellant timely filed the appeal from a decision of the Peoria 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 is improved with a one-story branch-bank facility of brick construction containing a gross building area of 3,810 square feet. The branch bank building was built in 2001. Features of the building include a concrete slab foundation and central air conditioning. The property also has a 672 square foot canopy over two drive-through lanes, a pneumatic tube system, and an ATM. Other features include concrete driveways, sidewalks, and parking for 20 vehicles. The property has a land area of 49,658 square feet or approximately 1.14 acres, resulting in a land to building ratio of 13.03:1, and is in Peoria, City of Peoria Township, Peoria 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 \$640,000 as of January 1, 2021. The appraisal was prepared by Donna J. Howard, a State of Illinois

Certified General Real Estate Appraiser who also has the MAI designation from the Appraisal Institute. The purpose of the appraisal report was to estimate the retrospective market value of the fee simple interest of the subject property as of January 1, 2021. The intended use of the report was for a possible real estate tax assessment appeal. The intended user of the appraisal was for the owner/client First Mid Bank and Trust and their legal and financial representatives. The property rights appraised were the fee simple interest. The appraiser inspected the subject property on August 13, 2021.

The appraiser provided a description of the neighborhood using a drive time analysis and defined the subject's market area as being a fifteen-minute drive to the subject. The appraiser estimated the subject's market area has a current population of 113,556 which was a decrease from the 2010 population estimate of 116,767. The appraiser projected the subject's market area would have a projected population decrease of .50% annually from 2021 to 2026. The median household income in the subject's area was reported to be \$57,427, which is lower than the national median household income of \$64,730.

The appraiser stated the subject property has a chronological age of approximately 20 years with an average effective age of 10 years with a 30-year remaining life. She further stated the subject building is functional for its intended use as a branch bank facility and she noted no external obsolescence. She determined that the highest and best use of the site as vacant was for retail development. Howard determined the highest and best use of the site as improved was as a branch bank facility.

In estimating the market value of the subject property Howard developed the income approach to value and the sales comparison approach to value. The first step under the income approach was to estimate the market rent. The appraiser explained that the subject property is owner-occupied and that branch banks tend to be owner-occupied, therefore, there is limited information available regarding the leases of bank spaces. Howard explained that she had to expand her search to include older leases and an expanded geographic area. The appraisal included three comparable leases located in Champaign, Belleville, and Mt. Vernon improved with buildings ranging in size from 3,500 to 4,675 square feet that were built from 1998 to 2014. The comparables had triple-net leases ranging from \$14.25 to \$18.15 per square foot of building area, which the appraiser adjusted to \$15.88 to \$20.51 per square foot. The appraiser estimated the market rental rate for the subject property was \$17.00 per square foot of building area on a triple net basis resulting in a potential gross income of \$64,770. The appraiser next estimated the subject would have a vacancy/collection loss of 7.0% of potential gross income resulting in an effective gross income of \$60,236.

With respect to expenses, the appellant's appraiser next estimated the subject property would have a management fee of 3% of potential gross income or \$1,807 and reserves for replacement of \$.20 per rentable square foot or \$762. Deducting the management fee and reserves for replacement from the effective gross income resulted in a net operating income of \$57,667.

The appraiser next estimated the capitalization rate to be used to capitalize the subject's net income into an estimate of market value. In estimating the capitalization rate the appraiser consulted RealtyRates.com Investor Survey (1st Quarter 2021) which reported overall rates for Suburban Office buildings ranging from 4.30% to 12.76% with an overall average of 9.0%. The

survey also reported free-standing retail buildings had rates ranging from 4.86% to 13.22% with an average of 9.75%. The appraiser also developed the band of investment technique to arrive at an estimated capitalization rate of 8.50%. Using this information, the appraiser estimated the subject property would have an overall capitalization rate of 9.0%. Capitalizing the subject's net income of \$57,667 by the 9.0% capitalization rate resulted in an estimated value under the income approach of \$640,000, rounded.

The appellant's appraiser next developed the sales comparison approach to value using five comparable sales located in Peoria, Urbana, Decatur and East Alton. The comparables are improved with one-story branch bank facilities of brick construction on concrete slab foundations that range in size from 1,544 to 3,546 square feet of building area. The comparables were built from 1950 to 2009. These properties have sites ranging in size from 6,312 to 97,574 square feet of land area, resulting in land to building ratios ranging from 3.95:1 to 57.53:1. In the analysis the appraiser indicated that the population within a 15-minute drive of each comparable ranged from 90,235 to 181,837. The median household income within a 15-minute drive of the comparables ranged from \$47,491 to \$57,520. The appellant's appraiser also reported the subject property had a traffic count of approximately 23,000 while the comparables had traffic counts ranging from 3,200 to 14,300. The comparables sold from September 2018 to June 2020 for prices ranging from \$195,000 to \$630,000 or from \$125.08 to \$177.66 per square foot of building area, including land. The appraiser adjusted the comparables for differences from the subject for various factors such as age/condition, location, size, land to building ratio, and access/visibility to arrive at adjusted prices ranging from \$156.35 to \$190.10 per square foot of building area, including land. Using these sales, the appraiser estimated the subject property had an indicated value under the sales comparison approach of \$170.00 per square foot of building area or \$650,000, rounded.

In reconciling the two approaches to value the appraiser gave equal weight to the income approach to value and the sales comparison approach to value and arrived at an estimated market value for the subject property of \$645,000 as of January 1, 2021. The appellant requested the subject's assessment be reduced to \$215,000 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 \$356,540. The subject's assessment reflects a market value of \$1,068,765 or \$280.52 per square foot of building area, land included, when using the 2021 three-year average median level of assessment for Peoria County of 33.36% as determined by the Illinois Department of Revenue.

In rebuttal the board of review asserted that three of the five sales used by the appellant's appraiser were "fire sales." It explained that Busey Bank took over a lot of banks in Illinois during the last couple of years with many branches close to each other and they had to sell off buildings. The board of review indicated Busey sold appellant's comparables #1 and #2 and comparable #5 was purchased by Busey.

In support of its contention of the correct assessment the board of review submitted information on seven comparable sales with comparable #1 being the same property as appellant's appraiser's comparable sale #1. The comparables are located in Peoria, Hoopston, Washington, Peru, Decatur, and Olympia Fields and are improved with either banks or bank/office buildings.

The comparables are improved with one-story buildings of brick construction that range in size from 1,794 to 5,560 square feet of building area. The buildings were built from 1965 to 2007 with no construction date reported for comparable #2. These properties have sites ranging in size from .85 to 2.15 acres. The board of review described comparables #1, #3, #4, #5, and #7 as being vacant. The sales occurred from January 2018 to September 2021 for prices ranging from \$496,667 to \$1,100,000 or from \$177.66 to \$276.85 per square foot of building area, including land.

The Peoria County Board of Review asserted the subject's assessment was reasonable and a reduction in the assessment was not warranted.

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 best evidence of market value to be the appraisal submitted by the appellant. The appellant's appraisal contained both the income approach to value and the sales comparison approach to value. Using the income approach to value the appraiser estimated the subject's market value to be \$640,000. The Board finds the board of review presented no evidence to challenge or refute the appellant's appraiser's estimate of market rent, vacancy and collection loss, the expenses, the estimated net operating income, or the capitalization rate used to capitalize the estimated income into an estimate of value. The Peoria County Board of Review did not develop an estimate of value using the income approach to rebut the appellant's appraiser's income approach to value.

The appellant's appraiser also developed the sales comparison approach to value using five sales with varying degrees of similarity to the subject property. The appraiser provided details such as the population count within a 15-minute drive of the subject and the comparables, the median household income within a 15-minute drive of the subject and the comparables, and the traffic count past the subject and the comparables to demonstrate the similarities of the properties and justify, in part, the adjustments made to the comparables for differences from the subject property. The appraiser estimated the subject property had an indicated value under the sales comparison approach of \$170.00 per square foot of building area or \$650,000. The appraiser ultimately estimated the subject property had a market value of \$645,000 as of January 1, 2021, which is less than the market value reflected by the subject's assessment of \$1,068,765 or \$280.52 per square foot of building area, land included.

With respect to the evidence provided by the board of review, the Board gives less weight to board of review comparable #2 due to differences from the subject building in size. The Board gives less weight to board of review comparables sales #5, #6 and #7 due the fact these comparables sold in 2018, not as proximate in time to the assessment date as the best sales provided by the board of review. The Board finds the best sales submitted by the board of

review are comparable sales #1, #2 and #4, which also includes appellant's appraisal comparable sale #1. These three comparables sold in 2020 and 2021 for prices ranging from \$630,000 to \$900,000 or from \$177.66 to \$207.39 per square foot of building area, including land, each of which is below the market value reflected by the subject's assessment and support the conclusion the subject property is overvalued. The Board finds these three sales presented by the board of review are supportive of the appraisal presented by the appellant.

Based on this evidence the Board finds the best evidence of market value in this record to be the appraisal presented by the appellant and a reduction in the subject's assessment commensurate with the appellant's request 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: January 16, 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

AGENCY

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