



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

APPELLANT: RMR Home Solutions LLC
DOCKET NO.: 16-04952.001-R-1
PARCEL NO.: 14-16-200-091

The parties of record before the Property Tax Appeal Board are RMR Home Solutions LLC, the appellant, by attorney Jessica Hill-Magiera in Lake Zurich; and the Lake County Board of Review.

Based on the facts and exhibits presented in this matter, the Property Tax Appeal Board hereby finds **no change** 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: \$10,895
IMPR.: \$54,099
TOTAL: \$64,994

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 2016 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 condominium office-warehouse unit of brick construction with 3,557 square feet of building area. The building was constructed in 1988. The property is located in Lake Zurich, Ela Township, Lake County.

The appellant contends overvaluation as the basis of the appeal. In support of this argument the appellant submitted income and expense data associated with the subject property for 2013 through 2015 using Schedule E, Supplemental Income and Loss, from Form 1040. The appellant noted the subject property was 100% vacant in 2015 and 2016. Using this data and a form provided by the Lake County Board of Review the appellant developed an income approach to value calculating the subject property had an indicated market value in 2013 of \$110,000, rounded; an indicated market value in 2014 of \$150,000, rounded; and an indicated market value

in 2015 of \$0. The appellant calculated the average market value to be \$60,000. Based on this evidence the appellant requested the subject's assessment be reduced to \$38,953.

The board of review submitted its "Board of Review Notes on Appeal" disclosing the total assessment for the subject of \$64,994.

The board of review explained the subject property was purchased in 2013 for a price of \$195,000 and the current assessment reflects a market value of \$195,000 or \$54.82 per square foot of building area when applying the statutory level of assessment. The board of review explained that reviewing sales and listings in the subject's area rentals ranged between \$10.00 to \$12.00 per square foot of gross building area. It explained that if the average rental of \$11.00 per square of building area is applied, adjusting the gross income by 25% for expenses and applying a loaded capitalization rate of 12.2064%, as used by the appellant, would result in a market value of \$240,408.

The board of review also provided information on five comparable sales improved with one-story industrial condominiums ranging in size from 1,376 to 8,640 square feet of building area. The comparables were constructed in 1988 and 1993. The comparables are located in the same industrial park as the subject property. The sales occurred from June 2012 to September 2017 for prices ranging from \$101,270 to \$463,000 or from \$53.59 to \$87.21 per square foot of building area. It explained the subject's assessment reflects a market value near the bottom of the range on a square foot basis.

The board of review requested the subject's assessment be sustained based on its 2013 purchase price and the comparable sales.

In rebuttal the appellant asserted that the subject was completely vacant in 2015 and 2016, which alone demonstrates the subject is overvalued. The appellant's counsel also critiqued the sales provided by the board of review arguing these were not comparable due to differences in size, date of sale and/or being 100% occupied.

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 did not meet this burden of proof and a reduction in the subject's assessment is not warranted.

The Board finds the best evidence of market value to be the purchase of the subject property for a price of \$195,000 or for \$54.82 per square foot of building area and the comparable sales provided by the board of review. A contemporaneous sale between parties dealing at arm's length is relevant to the question of fair cash value and is practically conclusive on the issue of whether an assessment is at full value. Residential Real Estate Co. v. Property Tax Appeal Board, 188 Ill App.3d 232, 242 (5th Dist. 1989). Where market data in the form of comparable sales are available, that is the preferred method of valuing property for assessment purposes.

Cook County Board of Review v. Property Tax Appeal Board (Omni), 384 Ill. App. 3d 472, 480 (1st Dist. 2008); Willow Hill Grain, Inc. v. Property Tax Appeal Board, 187 Ill.App.3d 9, 14 (5th Dist. 1989). Additionally, where there is sufficient credible evidence of comparable sales, these sales are to be given significant weight as evidence of market value. Chrysler Corp. v. State Property Tax Appeal Bd., 69 Ill.App.3d 207, 214 (2nd Dist. 1979). First, the Board finds that the subject's assessment is reflective of the May 2013 purchase price of the subject property for \$195,000. Second, the Board finds the comparable sales provided by the board of review were improved with industrial condominium units with varying degrees of similarity to the subject property that sold for prices ranging from \$53.59 to \$87.21 per square foot of building area, including land. The subject's purchase price and assessment reflect a market value of \$54.82 per square foot of building area, including land, which is at the low end of the range established by the comparable sales in this record. This data supports the conclusion the subject's assessment is reflective of the property's fair cash value.

The Board finds the appellant's argument that the subject's assessment is excessive when applying an income approach based on the subject's actual income and expenses is to be given little weight. In Springfield Marine Bank v. Property Tax Appeal Board, 44 Ill.2d 428 (1970), the court stated:

[I]t is the value of the "tract or lot of real property" which is assessed, rather than the value of the interest presently held. . . [R]ental income may of course be a relevant factor. However, it cannot be the controlling factor, particularly where it is admittedly misleading as to the fair cash value of the property involved. . . [E]arning capacity is properly regarded as the most significant element in arriving at "fair cash value".

Many factors may prevent a property owner from realizing an income from property that accurately reflects its true earning capacity; but it is the capacity for earning income, rather than the income actually derived, which reflects "fair cash value" for taxation purposes. Springfield Marine Bank v. Property Tax Appeal Board, 44 Ill.2d at 431.

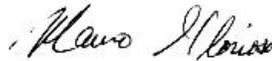
Actual expenses and income can be useful when shown that they are reflective of the market. The appellant did not demonstrate that the subject's actual income and expenses are reflective of the market. To demonstrate or estimate the subject's market value using an income approach, as the appellant attempted, one must establish through the use of objective market data the market rent, vacancy and collection losses, and expenses to arrive at a net operating income reflective of the market and the property's capacity for earning income. Further, the appellant must establish through the use of objective market data a capitalization rate to convert the net income into an estimate of market value. The appellant did not provide such evidence; therefore, the Property Tax Appeal Board gives this argument little weight.

The Board further finds problematic the fact that appellant's counsel appears to have developed the "income approach" rather than an expert in the field of real estate valuation. The Board finds that an attorney cannot act as both an advocate for a client and provide unbiased, objective evidence of value for that client's property.

As a final point, the board of review asserted that in reviewing sales and listings, comparable rentals ranged from \$10.00 to \$11.00 per square foot of building area, which detracts from the appellant's income approach using a rental of \$4.79 per square foot and \$6.42 per square foot of building area for 2013 and 2014, respectively.

For these reasons the Board finds the assessment of the subject property as established by the board of review is correct and a reduction in the assessment is not 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: February 13, 2019



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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