



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

APPELLANT: Spring Lane, LLC.
DOCKET NO.: 07-01889.001-R-2
PARCEL NO.: 12-29-403-043

The parties of record before the Property Tax Appeal Board are Spring Lane, LLC., the appellant, by attorney Raymond C. Gerard, of O'Donnell Law Firm Ltd. in Vernon Hills; and the Lake County Board of Review.

Based on the facts and exhibits presented, 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: \$708,512
IMPR.: \$87,568
TOTAL: \$796,080

Subject only to the State multiplier as applicable.

ANALYSIS

The subject property is a 147,668 square foot parcel improved with two dwellings. The first dwelling is a two-story single family residence with brick veneer construction containing 9,418 square feet of living area. The first dwelling was built in 1911 and features a cedar shake roof, a full, unfinished basement, five fireplaces and an attached 1,040 square foot garage. The second dwelling, also built in 1911, is a brick coach house with 680 square feet of living area.

The appellant, through council, appeared before the Property Tax Appeal Board contending overvaluation as the basis of the appeal. In support of this argument the appellant disclosed the subject property was purchased in December 2007 for a price of \$2,400,000. In support of this argument, John Krasnodebski, President of Spring Lane, LLC., was called as a witness. He is an architect and a contractor.

Krasnodebski testified that at the time of purchase the subject contained substantial structural issues. Krasnodebski testified that the foundation was cracked and the drain tiles were not working which allowed two feet of water to collect in the basement. Krasnodebski further testified that the subject's plaster walls were deteriorated because of a leaking roof. In addition, the roof and framing members were rotten. Krasnodebski testified that all mechanicals, such as plumbing and electrical had to be replaced, including the sewer and drain pipes. The steel lintels on the exterior of the home had to be replaced and many of the doors and windows rebuilt. In addition, they had to remove asbestos and rebuild the chimneys. Krasnodebski testified that the pool addition, built in 1962 was in such poor condition that it had to be removed. Krasnodebski testified that he is familiar with property values in Lake Forest based on his occupation and experience.

During cross examination, Krasnodebski testified that a member of the previous owner's family called him four or five years prior to the actual sale date regarding the subject's purchase. Krasnodebski testified that he is not related to the previous owner. Krasnodebski testified that there was no negotiation on the asking price of \$2,400,000, although, Krasnodebski asked if he could get it for less, which was rejected. Krasnodebski was aware that there were other people also interested in purchasing the subject. Krasnodebski testified that no realtors were involved in the subject's sale, however, he did talk to realtors about the purchase and a realtor hoping to represent the owner was present when he first viewed the home. Krasnodebski admitted that he did not get an appraisal prior to the purchase. Krasnodebski testified that at the time of purchase he was looking for a project to work on. Krasnodebski testified that he received an initial call four or five years ago to see if he was interested in the subject and received another call in the middle of 2006 which led to the actual purchase for \$2,400,000. Krasnodebski testified that other builders, Milestone Development and Altounian Builders, were also interested in purchasing the subject. Krasnodebski further testified that in his line of custom rehabilitations, it was well known that the subject was for sale.

During re-direct, Krasnodebski testified that he has invested approximately \$2,500,000 into the home. He had considered tearing the structure down, however, because it was a historic home in a historic district, the City of Lake Forest would not allow it to be torn down.

Christine Boyaris, Secretary of Spring Lane LLC., was called as a witness. Boyaris corroborated the subject's condition at time of purchase as described by Krasnodebski. Boyaris is an architect and works for Lake Forest Landmark Development. They have been renovating and building new homes since 1997. Their primary business is in Lake Forest and have worked on approximately 35 to 45 projects. Boyaris testified that it was more expensive to repair the subject rather than tear it down and build a new one.

Boyaris testified that the costs increased because of the historic nature of the home which required rebuilding to match existing detail and high level of finish.

During cross-examination, Boyaris acknowledged that there were no signs placed advertising the subject for sale, however, she testified that there were some discussions in the industry, between the builders, that the house was going to be available. She discussed offering a lower price with Krasnodebski prior to the purchase.

The appellant next called Nicholas Cross, the previous owner, as a witness. Cross testified that he attempted to sell the subject for approximately four or five years prior to the appellant's purchase of the subject. During his attempts to sell, Cross testified that he approached builders and restorers because of the historic nature of the house and its condition. Cross testified that he spoke with builders from Milestone and Legacy Builders. They gave him an idea of what he could sell the subject for. He also spoke with Altounian Builders.

During cross-examination, Cross testified that he offered to sell the subject to the appellant for \$2,400,000 and that the appellant counter-offered with a lower price, which was rejected. Cross testified that he negotiated the subject's sell price with the appellant over four or five months. Based on this evidence the appellant requested the subject's assessment be reduced to \$799,920 to reflect the subject's sale price of \$2,400,000.

The board of review submitted its "Board of Review Notes on Appeal" wherein its final assessment of the subject totaling \$912,492 was disclosed. The subject's assessment reflects a market value of approximately \$2,750,956 when applying the 2007 three-year median level of assessments for Lake County of 33.17% as determined by the Illinois Department of Revenue. In support of the assessment, the board of review provided a letter from the Shields Township Assessor's office, property record cards, photographs, a map, an Illinois Real Estate Transfer Declaration sheet and four vacant or tear down land sales. The land sale comparables ranged in size from 60,112 to 75,613 square feet of land area and sold from January 2005 to July 2006 for prices ranging from \$2,100,000 to \$2,500,000 or from \$27.77 to \$41.29 per square foot of land area, including the tear down, if applicable. Three of the comparable sales were depicted as having a tear down structure located on the parcel.

The board of review's representative, Karl Jackson, argued that the subject's sale in December 2008 was not an arm's-length transaction because the subject was not exposed to the open market; there was a small pool of buyers and no real estate professionals were involved in the transaction. Kelly Ugaste, Shields Township Chief Deputy Assessor, was called to testify. Ugaste testified that the subject sale was not typical for Lake Forest properties. Ugaste testified that if the subject were more traditionally marketed and exposed to the market the sale

price would have been higher. Ugaste agreed that the subject was in poor condition. Ugaste testified that her office placed the subject's building on at 30% of value. Ugaste pointed out that the Real Estate Transfer Declaration sheet depicts the subject's sale in December 2007 was not advertised for sale.

During cross-examination, Ugaste acknowledged that homes selling in Lake Forrest usually involve homes that can be lived in. Ugaste agreed that the subject was uninhabitable at the time of sale. Ugaste testified that the subject's sale was deemed not to be an arm's-length transaction because there was no advertisement of the sale and no realtors were used. Based on this evidence, the board of review requested confirmation of the subject's assessment.

After hearing the testimony and considering the evidence, the Property Tax Appeal Board finds that it has jurisdiction over the parties and the subject matter of the appeal. The Board further finds the evidence in the record supports a reduction in the subject's assessment.

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. National City Bank of Michigan/Illinois v. Illinois Property Tax Appeal Board, 331 Ill.App.3d 1038 (3rd Dist. 2002). The Board finds the appellant met this burden of proof and a reduction in the subject's assessment is warranted.

In support of the overvaluation argument the appellant provided evidence that the subject property was purchased in December 2007 for a price of \$2,400,000. Furthermore, the evidence provided by the appellant indicated the transaction had the elements of an arm's-length sale. A contemporaneous sale between two parties dealing at arm's length is not only relevant to the question of fair cash value but practically conclusive on the issue on whether the assessment is reflective of market value. Korzen v. Belt Railway Co. of Chicago, 37 Ill.2d 158 (1967). The Board finds the best evidence of market value in this record is the December 2007 sale for a price of \$2,400,000. The subject's assessment reflects a market value of approximately \$2,750,956, which is significantly above the purchase price.

The Board finds credible testimony from the appellant and the previous owner support the arm's-length nature of the transaction. The Board finds the subject was marketed four or five years prior to its actual purchase by the appellant. The home remained vacant for much of this time and in very poor condition. The Board finds additional constraints put on by the City of Lake Forest regarding the historic renovations and not allowing the dwelling to be torn down, limited the potential pool of buyers to persons well familiar with renovating historic structures. The testimony herein was that the previous owner had consulted with other builders and realtors regarding the value of

the subject and possible sale, even though a realtor did not effectuate the final sale. The testimony further revealed an offer was made by the owner to the appellant, who then made a counter-offer regarding the subject's purchase price. The Lake Forest Chief Deputy Assessor agreed that the subject's sale was not typical for most residential purchases in Lake Forest. The Board finds the subject's purchase may not mirror a typical sale transaction for residential properties; however, it was an arm's-length transaction. The board finds the pool of buyers for property, such as the subject was severely limited because of its large size, condition and restrictions put in place by the City of Lake Forrest for historic homes in this historic neighborhood. The Board finds the small pool of buyers herein, builders, contractors and renovators, were the most likely purchasers for this type of property. In addition, the Board finds credible testimony that many builders and contractors in Lake Forest were aware the subject building was available for purchase. Therefore, the Board finds the subject's sale in December 2008 contained the necessary elements of an arm's-length transaction.

The Board gave less weight to the board of review's vacant land or tear down land sales because they were dissimilar in size when compared to the subject and/or their sale dates were too remote in time to establish the subject's fair market value as of January 1, 2007. In addition, three of the board of review's comparable sales were tear down properties, even though, the testimony revealed the subject's improvement could not be torn down. The Board finds a preponderance of the evidence depicts the best evidence in this record of the subject's fair market value in 2007 was its purchase price for \$2,400,000 in December 2007.

Based on this analysis, the Board finds the subject property's assessment as established by the board of review is incorrect and a reduction is warranted. Since fair market value has been established, the 2007 three-year median level of assessments for Lake County of 33.17% shall apply.

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.

Ronald R. Cuit

Chairman

K. L. Fern

Member

Frank A. Huff

Member

Mario Morris

Member

Shawn R. Lerbis

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: February 18, 2011

Allen Castrovillari

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 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 the subsequent year 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.

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.