



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

APPELLANT: ManorCare Health Services
DOCKET NO.: 07-27343.001-C-1
PARCEL NO.: 02-26-400-025-0000

The parties of record before the Property Tax Appeal Board are ManorCare Health Services, the appellant, by attorney Daniel R. Fusco, of Rock, Fusco & Associates, LLC in Chicago; and the Cook 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 Cook County Board of Review is warranted. The correct assessed valuation of the property is:

LAND: \$251,122
IMPR.: \$1,755,052
TOTAL: \$2,006,174

Subject only to the State multiplier as applicable.

ANALYSIS

The subject property consists of a 101,669 square foot parcel of land improved with a 50,610 square foot, 37-year old, two-story, masonry, 155-bed, skilled nursing and rehabilitation care facility. The appellant, via counsel, argued that the fair market value of the subject was not accurately reflected in its assessed value.

In support of the market value argument, the appellant, via counsel appeared before the Property Tax Appeal Board and submitted an appraisal undertaken by Noelle McDonald and John O'Dwyer of JSO Valuation Group, Ltd. Neither appraiser testified at the hearing.

The appraisal indicates McDonald is an associate member of the Appraisal Institute and O'Dwyer is a State of Illinois certified general appraiser and has the designation of MAI. The appraiser indicated the subject has an estimated market value of \$4,300,000 as of January 1, 2007. The appraisal report utilized the three

traditional approaches to value to estimate the market value for the subject property. The appraisal finds the subject's highest and best use is its current use.

Under the cost approach to value, the appraiser used the Assessor's land value of \$660,000 to estimate the value of the land. The replacement cost method was utilized to determine the cost for the improvement of \$8,328,904. The appraiser depreciated the improvement by 58% for a value of \$4,300,000, rounded. The land was added back in to establish a value under the cost approach of \$4,300,000, rounded.

In the income approach to value, the appraiser analyzed comparable skilled nursing facilities. Rental rates ranged from \$51,100 to \$116,070 per year per patient. The monthly rates ranged from \$3,120 to \$7,020 for standard nursing care beds. The subject's actual rental rates ranged from \$5,027 to \$7,020 per bed depending on amenities and the level of care. The appraiser noted that the subject is licensed for 155 beds; however, only 145 beds are set up due to lack of demand and only 131 beds, or 84.5%, were occupied. The appraiser estimated potential gross income of \$9,755,744.

The appraisal noted that operating expenses for the property were within the range of the comparables. From 2004 through 2006, the subject property's expenses and ranged from 85.2% to 86.5% of the gross income. After an analysis of this data, the appraiser stabilized expenses at \$7,837,037, or \$47,750 per bed. The appraiser then deducted \$2,074,838 from the income for return on furniture, fixtures and equipment to arrive at a net operating income of \$1,138,247. A capitalization rate of 17.88% was utilized to estimate a value under the income approach of \$6,400,000 less the business enterprise value of \$2,100,000 for a value of the real estate only of \$4,300,000 or \$27,742 per bed.

Under the sales comparison approach, the appraiser analyzed the sales of six skilled nursing facilities located in Chicago or the Chicagoland area. The properties range in bed count from 95 to 259 and in building size from 18,300 to 97,300. These properties sold from August 2004 to September 2006 for prices that ranged from \$13,986 to \$27,778 per bed, or \$46.25 to \$192.76 per square foot. The properties ranged from 23 to 82 years old and had land to building ratios that ranged from .82:1 to 4.69:1. The appraiser adjusted each of the comparables for pertinent factors. Based on the similarities and difference of the comparables when compared to the subject, the appraiser estimated a value for the subject under the sales comparison approach of \$27,500 per bed or \$4,300,000, rounded.

In reconciling the three approaches to value, the appraiser gave the most weight to the income approach to value and arrived at a final estimate of value for the subject as of January 1, 2006 of \$4,300,000.

The board of review submitted its "Board of Review Notes on Appeal" wherein the subject's final assessment of \$2,105.674 was disclosed. The subject's final assessment reflects a fair market value of \$5,541,247 when applying the ordinance level of 38% for class 5a property as designated by the Cook County Property Assessment Classification ordinance. In support of the subject's assessment, the board of review presented five suggested comparable sales of health care facilities located within ten miles of the subject property. The properties range in size from 10,746 to 80,000 square feet of building area. They range in sale price from \$2,535,700 to \$21,310,804 or from \$94.84 to \$478.88 per square foot of improvement including land. At hearing, the board of review's representative rested on the evidence.

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 this appeal. The Board further finds a reduction in the subject's assessment is warranted.

When overvaluation is claimed the appellant has the burden of proving the value of the property 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); Winnebago County Board of Review v. Property Tax Appeal Board, 313 Ill.App.3d 179 (2nd Dist. 2000). Proof of market value may consist of an appraisal, a recent arm's length sale of the subject property, recent sales of comparable properties, or recent construction costs of the subject property. 86 Ill.Admin.Code 1910.65(c). Having considered the evidence presented, the PTAB concludes that the evidence indicates a reduction is warranted.

In determining the fair market value of the subject property, the PTAB finds the best evidence to be the appellant's appraisal. The appellant's appraiser utilized the three traditional approaches to value in determining the subject's market value. The PTAB finds this appraisal to be persuasive for the appraiser: has experience in appraising; personally inspected the subject property and reviewed the property's history; and used similar properties in the sales comparison approach while providing adjustments that were necessary. The PTAB gives little weight to the board of review's comparables as the information provided was unadjusted raw sales data.

Therefore, the PTAB finds the subject had a market value of \$4,300,000 for the 2006 assessment year. The subject's assessment reflects value of \$5,541,247 when applying the ordinance level of 38% for class 5a property as designated by the Cook County Property Assessment Classification ordinance. Therefore, the PTAB finds that a reduction to the appellant's requested market value of \$5,279,405 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.

Donald R. Cuit

Chairman

K. L. Fern

Member

Frank A. Huff

Member

Mario Morris

Member

J. R.

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: May 18, 2012

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.