FINAL ADMINISTRATIVE DECISION
ILLINOIS PROPERTY TAX APPEAL BOARD

APPELLANT: Stephen Stabile
DOCKET NO.: 08-00241.001-C-1
PARCEL NO.: 06-26-201-004

The parties of record before the Property Tax Appeal Board are Stephen Stabile, the appellant; and the Lake County Board of Review.

Based on the facts and exhibits presented, 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:	$47,256
IMPR.:	$25,070
TOTAL:	$72,326

Subject only to the State multiplier as applicable.

ANALYSIS

The subject property consists of a .3444 acre parcel of land containing a 45-year old, frame, two-story, apartment building. The improvement contains 4 units and approximately 3,000 square feet of net rentable area. The building has a full unfinished basement. The subject property is located in Grayslake, Lake County.

The appellant submitted evidence before the Property Tax Appeal Board claiming overvaluation as the basis of the appeal. In support of this overvaluation argument, the appellant utilized the income approach to value the subject property. The appellant submitted monthly rental and annual expense statements for 2005 thru 2007. The appellant also included a 3-year average income and expense statement, a capitalization grid ranging from 6.0% to 9.0% and an income and expense valuation scenario. The appellant concluded a value for the subject property of $168,248 or $42,062 per unit including land, using the 3-year average income and expense data from 2004 thru 2006. The record discloses an average 2007 gross monthly rent of $3,031. Based on this evidence, the appellant requested the subject's total assessment be reduced to $56,077. This reduction would reflect an estimated

market value of $168,754 including land using the Lake County's 3-year median level of assessments of 33.23%.

The board of review submitted its "Board of Review Notes on Appeal" wherein the subject's final assessment of $72,326 was disclosed. The subject's assessment reflects an estimated market value of $217,653 or $54,413 per unit including land.

In support of the subject's assessment, the board of review utilized the market sales approach to value the subject property. The board of review presented descriptions and sale information on three comparable properties. One comparable is located 0.48 miles from the subject property in Grayslake and two comparables are located in Round Lake approximately 3.3 miles from the subject property. The comparable sales consist of two-story, four apartment frame or masonry buildings that are 24 or 45 years old. The buildings have 2,976 or 3,788 square feet of gross building area. The comparables sold between January 2007 and October 2008 for prices ranging from $240,000 to $375,000. The comparables had gross monthly rents between $2,770 and $3,189. Based on this evidence, the board of review requested the subject's total assessment be confirmed.

After reviewing the record 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 Property Tax Appeal Board further finds that a reduction in the subject's assessment is not warranted.

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, 331Ill.App.3d 1038 (3rd Dist. 2002). Proof of market value may consist of an appraisal of the subject property, a recent sale of the subject property or comparable sales. (86 Ill.Admin.Code 1910.65(c)). After an analysis of the evidence in the record, the Board finds the appellant has not met this burden of proof and a reduction in the subject's assessment is not warranted.

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 unconvincing and not supported by evidence in the record. In Springfield Marine Bank v. Property Tax Appeal Board, 44 Ill.2d 428 (1970), the court stated:

> it is the value of the "tract or lot of real property" 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, which 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. Id.

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 were 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 market data the market rent, vacancy and collection losses, and expenses to arrive at a net operating income. Further, the appellant must establish through the use of market data a capitalization rate to convert the net income into an estimate of market value. The appellant did not follow this procedure in developing the income approach to value; therefore, the Property Tax Appeal Board gives this argument no weight.

In addition, The courts have stated that where there is credible evidence of comparable sales these sales are to be given significant weight as evidence of market value. In Chrysler Corporation v. Property Tax Appeal Board, 69 Ill.App.3d 207 (1979), the court held that significant relevance should not be placed on the cost approach or income approach especially when there is market data available. In Willow Hill Grain, Inc. v. Property Tax Appeal Board, 187 Ill.App.3d 9 (1989), the court held that of the three primary methods of evaluating property for the purpose of real estate taxes, the preferred method is the sales comparison approach. Since there are credible market sales contained in the record, the Board placed most weight on this evidence. The record shows that the three sale comparables submitted by the board of review had gross monthly rents of between $2,770 and $3,189. In 2007, the subject property had an average gross monthly rent of $3,031, which is within the range of the comparables. The record also discloses the three sale comparables had sale prices ranging from $60,000 to $93,750 per unit land included. The subject's assessment reflects a market price of $54,413 per unit land included, which is lower than the range of the comparables. Based on this record, the Board finds the appellant's request for a reduction is not supported and a reduction in the subject's assessment is not 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.

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: July 22, 2011

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.