FINAL ADMINISTRATIVE DECISION
ILLINOIS PROPERTY TAX APPEAL BOARD

APPELLANT: Scott Parker
DOCKET NO.: 08-01463.001-R-1
PARCEL NO.: 17-06-213-014

The parties of record before the Property Tax Appeal Board are Scott Parker, the appellant, and the Rock Island 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 **Rock Island** County Board of Review is warranted. The correct assessed valuation of the property is:

LAND:	$5,416
IMPR.:	$1,262
TOTAL:	$6,678

Subject only to the State multiplier as applicable.

ANALYSIS

The subject parcel of 8,400 square feet is improved with a one-story frame dwelling that was built in 1896. The dwelling contains 608 square feet of living area and has a partial crawl-space foundation along with a partial unfinished basement. [1] The dwelling also features a porch. The property is located in Moline, Moline Township, Rock Island County.

The appellant appeared before the Property Tax Appeal Board arguing both that the subject was not assessed equitably and that the fair market value of the subject was not accurately reflected in its assessed value. Appellant submitted a three-page brief with documentation to support his claims. In summary, appellant relied upon the August 2008 purchase price of the property; an appraisal of the subject property; the reduction of a nearby property to reflect the 2008 purchase price; and thirteen color

[1] Appellant testified that the subject has a partial basement and partial crawl-space foundation. Appellant also supplied some photographs. The property record card depicts a full basement.

photographs of the subject's roof, foundation, and basement floor.

In support of the overvaluation argument, the appellant submitted data on the August 2008 purchase price of the subject, a sale price for the equity comparable referenced above, and an appraisal of the subject property performed for the previous owner.

As to the sale price of the subject, the appellant testified that the subject was purchased in August 2008 for $15,000 or $24.67 per square foot of living area, land included. Appellant wrote in the appeal form that the property was advertised for three months by "word of mouth"; at hearing, appellant testified that he does not recall seeing a sign in the yard indicating the property was for sale and appellant is not aware whether or not the property was otherwise advertised for sale. Appellant further testified that the owner approached him as an individual who is a landlord in the area. In his brief, appellant further wrote that he purchased the property from an unrelated person as a long-term rental investment in a word-of-mouth advertised sale.

The appellant also testified that he and the owner engaged in over two months' of negotiations conducted by opposing attorneys resulting in a purchase agreement (copy of which was submitted with this appeal). At hearing, appellant did not recall what the specific offers and/or counteroffers were. In the brief, appellant reported the sale was open for bids and handled through opposing attorneys representing each party with no special consideration to either party. Based on the foregoing facts, appellant contends the sale was conducted "at arm's-length."

In the brief, appellant also contended that both parties were well informed of the poor condition of the property at the time of sale. With the purchase agreement was a three-page disclosure report indicating there was leakage in the crawl-space or basement; material defects in the basement or foundation; leaks or materials defects in the roof, ceilings, or chimney; along with wall/floor defects, electrical system and plumbing system defects. In Section IV of the Residential Appeal form, the appellant further reported that the subject was a "continuous renovation project," but that as of December 2008 a total of $1,500 had been spent for renovations prior to occupancy.

In support of the overvaluation contention, the appellant submitted an appraisal of the subject property prepared by Martin Archibald of Archibald Real Estate Appraising and Consulting in Bettendorf, Iowa, with a valuation date of July 4, 2008 and an estimated market value of $18,500. The appraisal was performed for the previous owner of the property.

The appraiser described the subject dwelling as containing 653 square feet of living area.[2] The appraiser also made several notes about the subject property including: "it appears the asphalt roof shingles have reached the end of there [*sic*] useful life"; "the brick foundation needs to be tuck pointed at the Northeast corner and the Southeast corner"; and as to adverse environmental conditions, the appraiser wrote "evidence of possible mold, etc."

In the sales comparison approach to value, the appraiser set forth three comparable sales located from one block to 2-miles from the subject property. The comparables were described as typical urban parcels that were improved with one-story dwellings that were 68 or 107 years old. The comparables range in size from 564 to 1,098 square feet of living area. Each comparable has a full unfinished basement and a one-car or two-car garage. Two comparables have a porch, one of which is enclosed. The comparables sold between February and June 2008 for prices ranging from $20,000 to $31,000 or from $25.50 to $37.76 per square foot of living area, land included.

The appraiser than made adjustments to the comparables for differences in condition, size, garage and porch features resulting in adjusted sales prices ranging from $18,500 to $27,500 or from $18.44 to $33.50 per square foot of living area, land included. The appraiser further wrote that due to a lack of sales in the immediate neighborhood, the area was expanded to include Sales #2 and #3 which were then adjusted for superior overall condition and gross living area. The appraiser further acknowledged that the adjustments for Sale #2 exceeded normal guidelines for gross and net adjustments due to "higher dollar adjustments for gross living area and on-site parking storage." The appraiser concluded that Sale #1 located about one block from the subject was given primary weight. From this data, the appraiser estimated a market value for the subject of $18,500 or $28.33 per square foot of living area, land included.

As to the inequity argument, the appellant presented only one suggested comparable in a grid analysis. This property, which was Sale #1 in the appraisal, was described as a ½-block from the subject and consisted of a one-story frame dwelling that was over 100 years old like the subject. The dwelling contains 564 square feet of living area and features a full unfinished basement and a one-car garage. The property had an improvement assessment of $3,937 or $6.98 per square foot whereas the subject property had an improvement assessment of $11,295 or $18.58 per square foot of living area. As further evidence of overvaluation, the appellant reported this comparable sold in February 2008 for $20,000 or $35.46 per square foot of living area, land included. At hearing, appellant contended that this comparable property may not have been an arm's-length transaction and yet the sale price

[2] Both the appellant and the board of review agree that the subject dwelling contains 608 square feet of living area.

was apparently recognized by the assessing officials for determining its assessment. Appellant further contended that this comparable was similarly unique like the subject and appellant could not find any other similarly unique properties like the subject. This comparable's total assessment of $6,866 reflects a market value of approximately $20,598, virtually identical to its February 2008 purchase price of $20,000.

Based on the foregoing evidence, the appellant requested a total assessment for the subject property of $5,000 which would reflect an estimated market value of approximately $15,000.

On cross-examination, the board of review noted that appellant's comparable in the grid analysis is also Sale #1 in the appraisal. Moreover, the appraisal report indicates the property was listed with the Multiple Listing Service, contrary to the appellant's contention that this property may not have been advertised for sale.

The Board of review presented "Board of Review Notes on Appeal" wherein the subject's final assessment of $16,711 was disclosed. The subject's assessment reflects an estimated market value of $50,048 or $82.32 per square foot of living area, land included, using the 2008 three-year median level of assessments for Rock Island County of 33.39%.

The board of review also proposed to stipulate to an assessment reduction to $12,581 for the subject property which would reflect a market value of approximately $37,743. The appellant was advised of this proposed stipulation and rejected the same. This hearing followed thereafter.

In support of the subject's estimated market value as reflected by its assessment, the board of review presented a letter and a grid analysis of four suggested comparables along with three property record cards and four listing sheets.

As to the assessment of appellant's one comparable in the grid analysis, the board of review contends the township assessor found the February 2008 sale price of that property was an arm's-length transaction having been sold through a realtor and the dwelling "was not in habitable condition at the time of sale." The board further contends that "after considerable improvements" as shown in documentation regarding its comparable #4, this property was offered for sale for $52,500 as reflected by a document printed in July 2009.[3] The document references new windows, insulated walls, built-in wall air conditioner, electrical wiring, copper plumbing, repainted, new floor coverings, new bath, lighting, and rear deck.

[3] While the board of review contends the property sold for $52,500, nothing on the document reflects a sale price or a sale date.

As to the subject property sale, the board of review contends the sale was not advertised and the appellant owned a neighboring property. The facts the property was not advertised for sale and was purchased by an adjacent property owner were confirmed by a letter from one of the attorneys involved in the transaction (attached to evidence). Lastly, the board of review asserted that at the local board of review hearing in December 2008 the appellant testified the subject property was rented for $400 per month meaning to the board of review that "the condition of his property was therefore not similar to the one comparable property on which he basis [*sic*] his claim of equity."

In support of the assessment, the board of review noted its four comparable sales were one-bedroom homes like the subject located in Moline Township. The comparables were located from two to sixteen blocks from the subject property and consisted of parcels ranging in size from 3,220 to 4,445 square feet of land area. Each comparable was improved with a one-story frame dwelling built between 1892 and 1927. The comparables ranged in size from 514 to 703 square feet of living area. Three comparables had full or partial unfinished basements; one comparable had no basement. One comparable also featured central air conditioning and three comparables had garages ranging in size from 216 to 352 square feet of building area. Two comparables had enclosed porches and one had a deck. The comparables sold between July 2007 and March 2008 for prices ranging from $20,000 to $45,000 or from $35.46 to $65.40 per square foot of living area, land included.[4] The board of review further contended that comparable #2 was located in the "same neighborhood" and sold in March 2008 for $39,500; furthermore, the property subsequently resold in December 2008 for $43,000.

The board of review called David Hendricks, Moline Township Assessor, to testify regarding the board of review's comparable #4. The assessor testified that because this property's sale price "came in so low" he investigated further whether the transaction was of an arm's-length nature and whether there was "something about the property" the assessing officials were unaware of. Upon investigation, Hendricks was able to tour the property when it was being renovated and found that the dwelling was unlivable due to the previous owner having had too many felines which had destroyed the home. The new owner intended to gut and rehabilitate the dwelling and then re-sell it. Thereafter, having found the property to be in poor condition and confirming that the sale was arm's-length and listed on the open market, the assessor then reduced the assessment because he felt the sale price was "a clear indication of value at that time." Hendricks further testified that he made an adjustment for one year and "brought it back up" the following year.

[4] For comparable #4, the board of review reported the same sale of the property in February 2008 as was reported by the appellant and by the appraiser as Sale #1.

As to the subject property, Hendricks testified that he did not have an opportunity to tour the dwelling. He did investigate the sale price by first contacting the seller who indicated that the property was not advertised or placed on the market through the use of a Realtor, but rather the property was sold to the owner of an adjoining property. In order to exclude this sale from the sales ratio study, the assessor obtained from the seller's attorney the letter that was previously referenced indicating errors that were made in the completion of the Transfer Declaration.

Based on the foregoing evidence, the board of review requested confirmation of the assessment and contended that the estimated market value of the subject property of approximately $50,138 was justified as the evidence "demonstrates that the neighborhood supports that value."

On cross-examination, Hendricks testified that he viewed the interior of comparable #4 in April or May 2008. The board of review representative also acknowledged that as to rental and/or habitability of the subject property, the only evidence presented was that in December 2008 the subject property was rented; the board of review gathered no data regarding the condition and/or habitability of the subject dwelling for the period January to November of 2008 or any time prior thereto for determining a market value as of January 1, 2008.

In response to questions by the Hearing Officer, Hendricks further testified that he determined the subject property to be in "average" condition based on exterior condition. Hendricks also testified that comparable #4 appeared to be in "fair" condition from the exterior, but upon touring the property he changed the condition to "poor." Hendricks' basis for considering the sale of the subject not to be arm's-length was that it was never advertised for sale/exposed to the open market. Hendricks also testified that the basis for the subject's estimated market value of about $50,000 was "the sale price of similar properties in the area."

In written rebuttal, the appellant argued that the appraisal should be the strongest indication of the 2008 fair market value of the subject property. Appellant also reported that he never saw a "for sale" sign on the property of board of review comparable #4, thus questioning whether the transaction was a "word of mouth" or other type of sale transaction like the subject.

In rebuttal at the hearing, appellant pointed out that the board of review's comparables #1, #2 and #3 were in "good" or "average" condition whereas the subject based on the evidence presented by the appellant was not in similar condition. Appellant testified that the subject property was rented in December 2008 and that comparable #4 was also habitable by December 2008. Appellant further pointed out that the board of review did not submit any

evidence regarding comparable #4 to establish that the February 2008 sale price was obtained after a listing on the open market.[5]

After hearing the testimony and reviewing the record, 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 property's assessment is warranted.

The appellant argued the subject property is overvalued. When market value is the basis of the appeal, the value must be proved by a preponderance of the evidence. Winnebago County Board of Review v. Property Tax Appeal Board, 313 Ill.App.3d 179, 183, 728 N.E.2d 1256 (2nd Dist. 2000). The Board finds the appellant has overcome this burden.

All of the evidence in the record supports the contention that the subject property is overvalued. Ordinarily, property is valued based on its fair cash value (also referred to as fair market value), "meaning the amount the property would bring at a voluntary sale where the owner is ready, willing, and able to sell; the buyer is ready, willing, and able to buy; and neither is under a compulsion to do so." Illini Country Club, 263 Ill. App. 3d at 418, 635 N.E.2d at 1353; see also 35 ILCS 200/9-145(a). The Illinois Supreme Court has held that a contemporaneous sale of the subject property between parties dealing at arm's length is relevant to the question of fair market value. People ex rel. Korzen v. Belt Ry. Co. of Chicago, 37 Ill. 2d 158, 161, 226 N.E.2d 265, 267 (1967). A contemporaneous sale of property between parties dealing at arm's-length is a relevant factor in determining the correctness of an assessment and may be practically conclusive on the issue of whether an assessment is reflective of market value. Rosewell v. 2626 Lakeview Limited Partnership, 120 Ill. App. 3d 369 (1st Dist. 1983), People ex rel. Munson v. Morningside Heights, Inc., 45 Ill. 2d 338 (1970), People ex rel. Korzen v. Belt Railway Co. of Chicago, 37 Ill. 2d 158 (1967); and People ex rel. Rhodes v. Turk, 391 Ill. 424 (1945).

One other necessary element is that a property be exposed on the open market. The evidence is undisputed in this matter that this was merely a "word of mouth" transaction and there is no indication the property was exposed on the open market. Therefore, the Board finds that the arm's length nature of the transaction is suspect and the subject's sale price cannot be relied upon as virtually conclusive evidence of the subject's

[5] The Property Tax Appeal Board notes that property record cards were submitted for the subject and three comparables, but no such property record card was submitted for comparable #4 which might indicate the nature of the February 2008 sale and no Multiple Listing Service sheet was provided either; the document regarding comparable #4 related solely to a listing for $52,500 was made after numerous renovations to the property.

fair market value. However, this sale price of $15,000 does support conceptually that the subject property is overvalued.

Moreover, the Board finds that in the absence of the appraiser at hearing to address questions as to the selection of the comparables and/or the adjustments made to the comparables in order to arrive at the value conclusion set forth in the appraisal, the Board cannot rely upon the opinion of value set forth in the appraisal of the subject property. Although the appraisal does support conceptually that the subject property is overvalued.

Each of the board of review's comparable sales were similar to the subject property in many respects, but other than comparable #4, these properties were superior in condition to the subject. Due to their superior condition, three of the sales would require a downward adjustment. Giving most weight to appellant's comparable which was also board of review comparable #4, the February 2008 sale price of this most similar property supports the contention that the subject property is overvalued. The subject's assessment reflects an estimated market value of approximately $50,048, which is higher than any of the comparable sales presented in this record. Therefore a reduction is warranted.

Based on the foregoing analysis, the Property Tax Appeal Board finds the subject property had a market value of $20,000 or $32.89 per square foot of living area, land included, on January 1, 2008. This conclusion is supported by the most similar comparable sale in the record located in close proximity to the subject and which was deemed to be an arm's length transaction along with the other sales in the record when adjusted for condition.

Having determined that the subject property was overvalued and the assessment should be reduced, the Property Tax Appeal Board finds it unnecessary to further address the equity argument appellant raised regarding board of review comparable #4.

Since the fair market value of the subject has been established, the Board finds that the 2008 three-year median level of assessments for Rock Island County of 33.39% 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.

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: August 20, 2010

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.