FINAL ADMINISTRATIVE DECISION
ILLINOIS PROPERTY TAX APPEAL BOARD

APPELLANT: Stanley & Mary Jurczyk
DOCKET NO.: 08-01876.001-C-1
PARCEL NO.: 09-25-354-023

The parties of record before the Property Tax Appeal Board are Stanley & Mary Jurczyk, the appellants, and the McHenry 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 **McHenry** County Board of Review is warranted. The correct assessed valuation of the property is:

LAND:	$21,534
IMPR.:	$119,736
TOTAL:	$141,270

Subject only to the State multiplier as applicable.

ANALYSIS

The subject[1] parcel of 20,925 square feet has been improved with a multi-unit commercial building of brick front and painted concrete block that was constructed in 1972. The structure consists of 5,600 square feet of building area with a full basement with both interior and exterior access. The building also features central air conditioning, a sprinkler system in the basement along with a paved parking lot and landscaped areas. The subject property is located in McHenry, McHenry Township, McHenry County.

The appellants contend the market value of the subject property is not accurately reflected in its assessed valuation. In support of this argument, the appellants submitted selective

[1] As the McHenry County Board of Review failed to provide a property record card (86 Ill.Admin.Code §1910.40(a), all descriptive information for the subject has been drawn from the appellants' appraisal. The only description of the subject from the board of review was presented as a comment on photographs: "subject - brick/block construction, (5,552 sq ft; 1972)."

pages of an appraisal[2] prepared by R. J. Schmitt & Associates for State Financial Bank - Elgin in connection with a mortgage loan. The report conveys an estimated market value of $425,000 as of January 31, 2005. Based on this data, the appellant by a separate submission requested a total assessment reduction to $113,333 or a market value of approximately $340,000.

Under the sales comparison approach which begins on page 26 of the document, the appraiser used sales of four comparable buildings which were located in McHenry. The comparable parcels range in size from 20,832 to 36,000 square feet of land area. Each is improved with a one-story commercial building ranging in age from 20 to 42 years old. The buildings range in size from 4,000 to 8,000 square feet of building area and have parking lots ranging from 8 to 25 car stalls. The properties sold between August 2001 and October 2004 for prices ranging from $375,000 to $435,000 or from $52.13 to $93.75 per square foot of building area including land.

In comparing the comparable properties to the subject, the appraiser remarked on each property as to whether it needed an upward, downward or minimal adjustment based on various differences. The appraiser reported his analysis resulted in an estimated value for the subject ranging from $70 to $80 per square foot of building area including land or $390,000 to $450,000, rounded. The appraiser then wrote, "with the subject's good traffic exposure, good access and multi-unit nature" a value above the lower end of the range was indicated. As detractions, the property was serviced by well water. Thus, the appraiser opined a value of $425,000 for the subject.

In developing the income approach, the appraiser reported the present leases of the subject property (net, net leases) for gross income of $55,080. The appraiser next estimated the subject would suffer from a 5% vacancy and collection loss resulting in effective gross income of $52,325. The appraiser then estimated expenses to be the landlord's share of taxes to be $5,537, a 3% management fee of $1,570, and miscellaneous expenses (described as reserves for replacements) of $12,500. Deducting the expenses from the estimated gross income resulted in a net operating income estimate of $32,718.

The next step under the income approach was to estimate the capitalization rate for the subject. In arriving at a capitalization rate he considered both the market-derived and band of investment methods to determine the rate. Due to the lack of available data, the appraiser concluded that the band of investment technique was most applicable to estimate a capitalization rate of 8%. Capitalizing the net income of $32,718 by the capitalization rate of 8% resulted in an estimated value under the income approach of $410,000, rounded.

[2] There is a cover page, one page of a cover letter that is incomplete, an unnumbered page of photographs, pages numbered 13, 16, 19, several unnumbered pages, followed by pages numbered 26 through and including 35.

In his final reconciliation, the appraiser concluded an estimate of value of $425,000 relying mostly on the sales comparison approach with support from the income approach.

The board of review submitted its "Board of Review Notes on Appeal" wherein the final assessment of $157,330 was disclosed. The final assessment of the subject property reflects a market value of $473,315 or $84.52 per square foot of building area including land using the 2008 three-year median level of assessments for McHenry County of 33.24%.

The board of review on the Notes requested that the "assessor's evidence including pictures of comparable property" be considered. Attached was a letter from the township assessor, Carol Perschke, along with attachments. In the letter, the assessor reported the subject's 2008 published equalized assessment was $128,329, which is incorrect and would not result in the reported market value for the subject of approximately $472,037 as stated in the letter.

In response to the appellants' appraisal, the assessor attached photographs and remarks regarding each of the four sales in the appraisal. Sale #1 was reported as a "low cost pole barn/metal w/small improved front entrance area" and thus dissimilar to the subject. Sale #2 was described as "panel/brick construction 5,400 sq ft (not 5,500 in appraisal)" which was 37 years old, not 20 years old. Sale #3 was described as an "all metal building with glass front" which was 45 years old, not 25 years old, and thus was reportedly not comparable to the subject. Sale #4 was a brick/block building that was 53 years old, not 42 years old. Moreover, the assessor contended that this sale #4 was not advertised on the open market according to the Real Estate Transfer Declaration.

In response to a remark by the appellant on the appeal form concerning vacancies, the assessor reports that a flower shop recently moved out of the subject property, but the assessor does not believe this had occurred as of the assessment date of January 1, 2008.

With regard to a remark that the subject was listed for sale, the assessor attached a copy of the listing contract for the subject property for the period of December 14, 2008 to March 31, 2009 with an original listing price of $895,000 which was later reduced to $499,000, higher than the 2008 assessment.

The assessor also states in the letter, "[w]ithout any evidence to analyze, it is impossible for me, as an assessing official, to either recommend a reduction or defend the current assessment." No other market value evidence was presented by the board of review, but based on the foregoing evidence, the board of review requested confirmation of the subject's assessment.

Without seeking leave to do so, the appellants unilaterally submitted additional documentation to the Property Tax Appeal Board on January 7, 2010, which was over a year after the board of review had been notified of the appellants' appeal with the evidence previously described. This submission included a listing sheet for the subject property that was undated, but displayed a listing price of $399,000, a leasing agreement for the period of December 2009 through December 2010, and a listing agreement as of February 15, 2010 with an original list price of $399,000 for the subject property.

These latter submissions by the appellants are untimely and not allowed by the Board's Rules. (86 Ill.Admin.Code §1910.30(g)) Thus, this additional data has not been considered in this decision.

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 Board further finds that a reduction in the subject's assessment is warranted.

The appellants argued that the subject's assessment was not reflective of market value. When market value is the basis of the appeal the value of the property must be proved by a preponderance of the evidence. Winnebago County Board of Review v. Property Tax Appeal Board, 313 Ill. App. 3d 179, 728 N.E.2d 1256 (2nd Dist. 2000); National City Bank of Michigan/Illinois v. Illinois Property Tax Appeal Board, 331 Ill. App. 3d 1038 (3rd Dist. 2002). The board of review did not submit any evidence in support of its assessed valuation of the subject property. The Board finds this burden of proof has been met and a reduction in the subject's assessment is warranted.

The appellants in this appeal submitted the only evidence of market value in the record. The appellants submitted an appraisal estimating the subject property had a market value of $425,000 as of January 31, 2005. The board of review did not submit any evidence in support of its assessment of the subject property, but only submitted reasons to criticize the sales considered in the appellants' appraisal.

While the appraisal may lack some details as to the manner in which various conclusions were reached and questions can be raised as to adjustments made by the appraiser, in the end the Property Tax Appeal Board finds that, despite the board of review's criticisms, the appraisal submitted by the appellants estimating the subject's market value of $425,000 is still the best and only evidence of the subject's market value in the record.

Since market value has been established, the three-year median level of assessments for McHenry County for 2008 of 33.24% shall be applied.

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

Acting 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: November 18, 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.