FINAL ADMINISTRATIVE DECISION
ILLINOIS PROPERTY TAX APPEAL BOARD

APPELLANT: Kathleen Jensen
DOCKET NO.: 09-00446.001-R-1
PARCEL NO.: 04-12-15-180-008

The parties of record before the Property Tax Appeal Board are Kathleen Jensen, the appellant; and the Macon 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 **Macon** County Board of Review is warranted. The correct assessed valuation of the property is:

LAND:	$ 2,021
IMPR.:	$ 9,646
TOTAL:	$11,667

Subject only to the State multiplier as applicable.

ANALYSIS

The subject property consists of a part two and part one-story, multi-family frame dwelling containing 2,424 square feet of living area that was built in 1910. Features include an unfinished basement and one-car detached garage.

The appellant appeared before the Property Tax Appeal Board claiming overvaluation as the basis of the appeal. In support of the overvaluation argument, the appellant submitted Multiple Listing Service (MLS) sheets, photographs and a market analysis of three suggested comparable sales. The comparables are located from 1 or 2 blocks from the subject. Comparables 1 and 2 were sold in "as is" condition and prospective buyers were informed to very condition prior to offers. The comparables consist of two-story frame dwellings that are from 99 to 109 years old. The comparables have full unfinished basements; one comparable has a fireplace; and one comparable has a one-car detached garage. The comparables range in size from 2,076 to 2,346 square feet of living area and are situated on lots that contain from 5,560 to 7,500 square feet of land area. The comparables sold from January to May of 2009 for prices ranging from $12,500 to $20,000

or from $6.02 to $8.53 per square foot of living area including land.

The appellant agreed that in 2009 the subject property was rented for $1,600 per month, but argued she pays all the expenses. She testified that rent has been reduced to $600 per month in 2010 and the property was vacant for many months. The appellant also argued the comparable sales are more relevant than the income approach to value calculated by the board of review. She also argued the subject dwelling needs a new roof and is poor condition.

Based on this evidence, the appellant requested a reduction in the subject's assessment to $5,000, which reflects an estimated market value of $15,000.

Under cross examination, the appellant she did not know if the comparables were occupied at the time of sale.

The board of review submitted its "Board of Review Notes on Appeal" wherein the subject's assessment of $15,923 was disclosed. The subject's assessment reflects an estimated market value of $47,116 or $19.44 per square foot of living area including land using Macon County's 2009 three-year median level of assessments of 33.49%.

In response to the appeal, the board of review argued the comparable sales utilized by the appellant are from the "low end" of the market and are "distressed sales" because the seller was a financial institution of government agency.

The board of review argued that due to volume of rental home appeals, the board of review developed a uniform methodology using the income approach to value rental homes. The board of review explained that at its local hearing, the appellant stated that rent for the subject property was $1,400 per month. Expenses and vacancy were estimated to be 66.7% of the potential gross annual income. A capitalization rate of 11.83% was used for 2009 appeals. Capitalizing the net annual income by a rate of 11.83% resulted in a value estimate for the subject property of $47,377.

In further support of the subject's assessed valuation, the board of review submitted property record cards, Real Estate Transfer Declarations and a market analysis detailing three comparable sales located from 1 to 5 blocks of the subject. The comparables consist of two-story dwellings of frame construction that were built in 1900 or 1905. The comparables have unfinished basements; one comparable has central air conditioning; and two comparables have a garage. The dwellings range in size from 2,328 to 2,708 square feet of living area and are situated on lots that contain from 6,000 to 15,000 square feet of land area. The comparables sold from October 2008 to June 2009 for prices ranging from $40,000 to $76,400 or from $20.48 to $32.82 per square foot of living area including land.

Based on this evidence, the board of review requested confirmation of the subject's assessment.

Under cross-examination, the board of review's representative testified the vacancy and expense were based on market information provided by taxpayers to the board of review. The capitalization rate was based on rates contained in several appraisal reports provided by to the board of review. This information was not submitted in the evidence by the board of review.

In rebuttal, the appellant argued the subject property was listed for sale during 2009, but could not recall the listing price or submit documentation to support this claim. At the request of the Board, after the hearing the appellant supplied an email and sales flyer for the subject property. The documentation indicates the subject property was advertised for sale during 2009 for $35,000 or $14.44 per square foot of living area including land. The appellant also claimed the comparables used by the board of review are in superior condition when compared to the subject.

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 no reduction in the subject'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. National City Bank of Michigan/Illinois v. Illinois Property Tax Appeal Board, 331 Ill.App.3d 1038 (3rd Dist. 2002). After an analysis of the evidence, the Board finds the appellant has overcome this burden.

The parties submitted six suggested comparable sales to support their respective positions regarding the subject's fair market value. In addition, the board of review submitted a limited income approach to value for the subject property. Finally, the appellant submitted documentation that the subject property was advertised for sale during 2009 for $35,000.

The Board gave little weight to income approach submitted by the board of review. 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 is credible market sales are contained in the record, the Board placed little weight on

the board of review's income approach to value. Moreover, the Board finds the limited income approach submitted by the board of review lacked foundational support for the rental rate, vacancy and expenses and calculation of the capitalization rate.

The Board further finds the listing documentation submitted by the appellant demonstrating the subject property was listed for sale during 2009 for $35,000 to be credible. The Board finds this evidence sets the upper limit of value for the subject property. The subject's assessment reflects an estimated market value of $47,116 or $19.44 per square foot of living area including land, which is higher than the subject's listing price. Therefore, a reduction in the subject's assessment is supported.

With respect to the comparable sales offered by both parties, the Property Tax Appeal Board placed diminished weight on comparable 1 and 2 submitted by the appellant. These comparables were sold "as is" suggesting that are not similar to the subject in condition. Additionally, comparable 1 submitted by the appellant was sold by a financial institution or government agency, which calls into question the arm's-length nature of the transactions. Due to the absence regarding the terms of the sale, the Board was unable to determine whether the sale met the fundamental elements of an arm's-length transaction in order to be considered credible market value indicator for the subject property.

The Property Tax Appeal Board finds the remaining four comparable sales are more representative of the subject in location, age, size, design and features. These comparables sold from April 2008 to October 2009 for prices ranging from $20,000 to $76,400 or from $8.53 to $32.82 per square foot of living area including land. The Board finds these sales further support the subject's advertised offering price of $35,000 or $14.44 per square foot of living area including land during 2009. After considering adjustments to the most similar comparables for any differences when compared to the subject, the Property Tax Appeal Board finds the subject's assessed valuation is not supported.

Based on this analysis, the Property Tax Appeal Board finds the appellant has demonstrated the subject property is overvalued by a preponderance of the evidence. Therefore, the Board finds the subject's assessment as established by the board of review is incorrect and a reduction 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.

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: May 18, 2012

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.