FINAL ADMINISTRATIVE DECISION
ILLINOIS PROPERTY TAX APPEAL BOARD

APPELLANT: Westshire Healthcare Center
DOCKET NO.: 09-20516.001-C-3 through 09-20516.005-C-3
PARCEL NO.: See Below

The parties of record before the Property Tax Appeal Board are Westshire Healthcare Center, the appellant, by attorney Alan D. Skidelsky, of Skidelsky & Associates, P.C. in Chicago; 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:

DOCKET NO	PARCEL NUMBER	LAND	IMPRVMT	TOTAL
09-20516.001-C-3	16-29-202-004-0000	8,859	232,853	$241,712
09-20516.002-C-3	16-29-202-005-0000	8,859	232,853	$241,712
09-20516.003-C-3	16-29-202-006-0000	17,718	465,705	$483,423
09-20516.004-C-3	16-29-202-007-0000	8,859	266,117	$274,976
09-20516.005-C-3	16-29-202-008-0000	17,472	465,705	$483,177

Subject only to the State multiplier as applicable.

ANALYSIS

The subject property consists of a 23,531 square foot parcel of land improved with a 124,020 square foot, 35-year old, nine-story, steel and concrete, 485-bed, skilled and intermediate care nursing facility. The appellant, via counsel, argued that the fair market value of the subject was not accurately reflected in its assessed value.

At hearing, the appellant's first witness, David Aronin, testified as to the financial and business operations of a nursing home facility. He further testified as to how the

quality of a nursing care facility attracts Medicare versus Medicaid patients and how four-bed bedrooms and lack of private bathrooms are detrimental to the subject's operations. The 2006 through 2009 financial statements for the subject property, marked as Appellant's Hearing Exhibit 1, were offered and accepted by the Board with no objection from the board of review. Additionally, no cross-examination of this witness was conducted by the board of review.

As additional support of the market value argument, the appellant submitted an appraisal undertaken by Richard J. Kopacz, Gary M. Skish and Gary T. Peterson of First Real Estate Services, Ltd. The appraisal was marked as Appellant's Hearing Exhibit 2. Mr. Skish is a State Certified General Real Estate Appraiser and testified at the hearing as the appellant's second witness. He was tendered and accepted as an expert in the field of appraising nursing homes.

The appraisers indicated the subject has an estimated market value of $6,900,000 as of January 1, 2009. 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 appraisers analyzed land sales to estimate the value of the subject land at $306,000. The replacement cost method was utilized to determine the cost for the improvement of $20,215,352. The appraisers depreciated the improvement by 70% for a value of $6,064,606. The site improvements and land was added back in to establish a value under the cost approach of $6,390,000, rounded.

Under the income approach to value, the appraiser compiled financial data from eight nursing home properties, as well as analyzed the subject's historical income and expense data. The subject's effective gross income was calculated using an average daily rate of $110.00 per bed times 485 beds. Subtracting vacancy yielded an effective gross room income of $13,241,470. Deducting operating expenses and a return on and of furniture, fixtures and equipment led to a net income attributable to land and building of $1,209,055. A capitalization rate of 17.52% was utilized to estimate a value under the income approach of $6,900,000.

Under the sales comparison approach, the appraiser analyzed the sales of five nursing facilities located in Chicago or the Chicagoland area. The properties range in bed count from 99 to

404 and sold from August 2005 to April 2008 for prices that ranged from $20,673 to $27,778 per bed. The properties ranged from 20 to 35 years old and had land to building ratios that ranged from 0.44:1 to 1.83:1. The appraiser adjusted each of the comparables for pertinent factors. Based on the similarities and differences of the comparables when compared to the subject, the appraiser estimated a value for the subject under the sales comparison approach of $28,000 per bed or $6,430,000, 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, 2009 of $6,900,000.
After hearing credible testimony from Mr. Skish attesting to the methodology used in the written appraisal, the board of review waived its right to cross-examination.

The board of review submitted its "Board of Review-Notes on Appeal" wherein the subject's final assessment of $3,007,000 was disclosed. The subject's final assessment reflects a fair market value of $12,028,000 when applying the ordinance level of 25% 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 six suggested comparable sales of health care facilities located within 15 miles of the subject property. The properties range in size from 43,973 to 112,340 square feet of building area. They range in sale price from $4,500,000 to $20,992,000 or from $46.25 to $251.91 per square foot of building area including land. At hearing, the board of review's representative rested on the evidence.

The appellant then called John VanSanten as a rebuttal witness, who was accepted by the Board as an expert in the field of appraising nursing homes. Mr. VanSanten reviewed the board of review's suggested sales comparables and indicated they: failed to make any adjustments; did not account for going concern value; did not account for revenue generated by each nursing home; and failed to include a price per bed for each sale. After completing his testimony, the board of review waived their right to cross-examination.

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 Board concludes that the evidence indicates a reduction is warranted.

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

Therefore, the Board finds the subject had a market value of $6,900,000 for the 2009 assessment year. The subject's current assessment reflects a market value of $12,028,000 when applying the ordinance level of 25% for class 5a property as designated by the Cook County Property Assessment Classification ordinance to its current assessment. Therefore, the Board finds that a reduction in market value 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: September 19, 2014

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.