



**FINAL ADMINISTRATIVE DECISION  
ILLINOIS PROPERTY TAX APPEAL BOARD**

APPELLANT: PC Motel Ventures, LLC  
DOCKET NO.: 10-02902.001-C-1  
PARCEL NO.: 22-19.0-150-002

The parties of record before the Property Tax Appeal Board are PC Motel Ventures, LLC, the appellant, by attorney Jackson E. Donley in Springfield, and the Sangamon 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 **Sangamon** County Board of Review is warranted. The correct assessed valuation of the property is:

**LAND:** \$425,957  
**IMPR.:** \$0  
**TOTAL:** \$425,957

Subject only to the State multiplier as applicable.

**ANALYSIS**

The subject property consists of a rectangular vacant 6.32-acre parcel of land (or approximately 274,864 square feet<sup>1</sup>) that is located in the Prairie Crossing Subdivision in Springfield, Capital Township, Sangamon County.

The appellant appeared before the Property Tax Appeal Board through counsel contending the subject parcel was overvalued. In support of this market value argument, the appellant submitted an appraisal estimating the subject property had a market value of \$1,278,000 as of January 1, 2010.

The appraiser, Michael E. Lipowsky, was present at the hearing and provided testimony regarding his report which was prepared at the request of Property Tax Services of Springfield. He also

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<sup>1</sup> Mathematically a 6.32-acre site contains 275,299 square feet. It is noted that both parties agreed to the subject's lot size as 274,864 square feet of land area.

testified as to his knowledge of the subject property. Lipowsky is a State of Illinois Certified General Real Estate Appraiser who has been appraising real estate for over 25 years, primarily concentrating on commercial and industrial properties. He also has employment experience as both a Deputy Supervisor of Assessments in Vermilion County and as a Deputy Assessor in Danville Township. He is a member of the National Association of Independent Fee Appraisers and is an advanced candidate for the Member of the Appraisal Institute (MAI) designation with two remaining tasks to complete of the 18 required tasks.

As an initial matter, the appellant's counsel offered Appellant's Exhibit 1 for illustration purposes only. The exhibit is an undated aerial photograph that purportedly includes the subject parcel on Chuckwagon Drive. The board of review's representative objected to its admissibility on grounds of foundation as there was no indication when the photograph was taken and he also argued that the photograph lacks parcel identification numbers and parcel boundary lines to identify the subject parcel. Counsel for the appellant sought to establish the date of the photograph through the appraisal witness, but the witness had no information as to when the photograph was taken.<sup>2</sup> The witness also testified that Exhibit 1 exactly matches the aerial photograph depicted on page 8 of the appraisal report. (See also aerial photo on page 9). The board of review's foundational objection to Exhibit 1 was sustained by the Hearing Officer at the hearing. (TR. 9-12)<sup>3</sup>

Lipowsky testified that the subject parcel was retained by one of the original developers of the Prairie Crossing Subdivision who owned three parcels, one of which is now improved with a Staybridge Suites and one of which is now improved with a Hampton Inn. The subject parcel was originally planned about ten years ago for development as a Holiday Inn, but according to Lipowsky the development has not occurred "because it was never feasible to build it." (TR. 13-14) Lipowsky further opined that the price of the land along with the costs incurred for the building would not generate a sufficient net income to make the project feasible and thus the parcel has remained vacant. (TR. 14)

The subject parcel is to the south of, but not adjacent to, Interstate 72 and is also on the south side of Chuckwagon Drive.

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<sup>2</sup> On its face, the document depicts that it was obtained from the internet site known as Bing Maps.

<sup>3</sup> References to the transcript of the proceedings will be cited as "TR." followed by page number(s).

The subject parcel is primarily flat and buildable within the subdivision which consists of commercial development. Lipowsky noted the location of the parcel "becomes a very important factor." (TR. 14) He testified there are parcels improved with a Gander Mountain development and an Ashley Furniture development located to the north of Chuckwagon Drive and between the subject parcel and the interstate. (TR. 14-15)

In estimating the market value of the subject property Lipowsky developed the sales comparison approach to value. He testified that the cost approach was not applicable and the income approach similarly was not applicable as "properties of a commercial type venture in this location are not leased for income-producing [purposes]." (TR. 16)

In the sales comparison approach, the appraiser provided information on seven comparable sales and two listings located in the Prairie Crossing Subdivision development. (See page 16 of the appraisal report). The comparable parcels range in size from 25,395 to 1,524,600 square feet of land area. Each is described as a level parcel with all utilities available and typical amenities for the subdivision. Seven of the comparables sold between August 2004 and March 2008 for prices ranging from \$155,000 to \$1,715,000 or from \$2.25 to \$7.99 per square foot of land area. The two listings had asking prices of \$1,820,808 and \$1,250,991 or \$5.50 per square foot of land area.

The witness testified that in 2008 "we experienced a severe recession in the marketplace. Retail and commercial property was severely hit, and development basically came to a standstill." (TR. 17) He acknowledged that this fact impacted his value conclusion of the subject property as some of the sales occurred in 2006 "which may not necessarily be relevant to the 2010 market date." (TR. 17) To adjust for this time difference, Lipowsky asserted that he applied a very conservative market conditions adjustment. As depicted on page 27 of the report in an adjustment grid, Lipowsky adjusted the four sales that occurred from 2004 to 2006 by -5%.

The witness additionally noted that the listings provided guidance, particularly where Offering #1 was similar in size and adjacent to the west from the subject and similarly does not front Interstate 72. This property had been offered for sale for ten years and had had an asking price of \$5.50 per square foot of land area. Thus, this particular offering gave Lipowsky what he contended was a clear indication that the "probability of someone paying \$5.50 [per square foot] after that property

has been for sale for \$5.50 a square foot for ten years is practically nil." (TR. 19-20) The witness further opined that the owner/developer of this parcel will have to give some sort of a discount in order for a potential buyer to purchase the property. Lipowsky also remarked that he has never seen a property that was listed for ten years sell for the ten-year asking price. Offering #2 was also noted as similar in size to the subject with an asking price of \$5.50 per square foot of land area. This property has been for sale for 3 to 4 years and also provides guidance to the appraiser because, "[w]e know it's not worth that because it still sits there vacant." (TR. 22)

The witness also opined that the location of the subject property not being adjacent to Interstate 72 has an impact on its value, but acknowledged that it is very difficult to quantify. (TR. 22-23) An appraiser can check the marketplace to determine if that distinct physical characteristic affects value and can also talk with buyers, sellers and the developer. In this development, the witness reported that developer Glen Garrison said this was a very important factor. The witness further opined that, "you see the trend that buyers of commercial property want to be adjacent to the interstate" for the exposure and signage. (TR. 23) Lipowsky noted this trend for location adjacent to an interstate has happened both at Prairie Crossing and in Springfield on the north side on Dirksen Parkway with exposure to Interstate 55. (TR. 23-24)

As to the impact on value due to the subject's lack of location adjacent to the interstate, Lipowsky reiterated this is difficult to quantify "because there's not enough data out there to do any kind of statistical analysis to see what premium is being paid. All we can rely on is there is a difference, there is a trend, a distinct trend that seen in the marketplace. Something needs to be - - some kind of adjustment needs to be given for that factor." (TR. 24-25) On page 27 in the adjustment grid, Lipowsky made a -5% location adjustment to the four sales which he characterized as adjacent to I-72.

Lipowsky also testified concerning the adjustments made for lot size noting that a number of the comparables in the appraisal report were significantly smaller than the subject and would sell for more on a per-square-foot-basis than a larger property. This difference is driven by the economies of scale where the potential pool of buyers is diminished for larger parcels. (TR. 26) As depicted on page 27, Lipowsky made various adjustments to six of the comparables for differences in lot size.

The adjustments made by the appraiser resulted in estimated adjusted sale prices ranging from \$3.97 to \$6.37 per square foot of land area. Then, on page 28 of the appraisal report, Lipowsky summarized these adjusted sales prices and opined a value of \$4.65 per square foot of land area for the subject or \$1,278,000, rounded.

Based on this evidence, the appellant requested a reduction in the subject's assessment to reflect the appraised value.

On cross examination, Lipowsky testified that he inspected each of the comparable properties set forth in his report. (TR. 29-30) Furthermore, the witness verified that both of the listings were still active. (TR. 30) He also testified that he verified that the sales were arm's length transactions by reviewing the PTAX-203, Illinois Real Estate Transfer Declaration documents although copies of those documents are not provided in the appraisal report. (TR. 30-31) As to the adjustments set forth on the page 27 grid, the witness stated, "that is based upon experts in the area as well as information that you have available in the marketplace" as a paired sales analysis. (TR. 31-32)

The board of review submitted its "Board of Review - Notes on Appeal" wherein the subject's total assessment of \$517,924 was disclosed. The subject's assessment reflects a market value of \$1,553,927 or \$5.65 per square foot of land area, when applying the 2010 three year average median level of assessments for Sangamon County of 33.33% as determined by the Illinois Department of Revenue.

At hearing, the board of review called Chip Smith, Chief Deputy Assessor of Capital Township, for testimony. Smith has held that position since 2010 and has reviewed numerous land sales and assessments since that time. The witness also has been a certified residential appraiser since 1995.

In support of the subject's assessment, the Capital Township Assessor's Office prepared a one-page memorandum and a spreadsheet depicting ten sales "that we thought were the most comparable," according to Smith. (TR. 33) The spreadsheet sets forth limited information on ten comparable sales located within the subject's neighborhood "or similar recently developed or developing areas." (See memorandum). These comparable parcels range in size from 37,287 to 256,525 square feet of land area. The properties sold between August 2004 and August 2010 for

prices ranging from \$155,000 to \$1,715,000 or from \$4.00 to \$7.99 per square foot of land area.

As the subject's assessment reflects an estimated market value of \$5.65 per square foot of land area, Smith opined that the aforesaid sales data supports the subject's assessment. (TR. 34)

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

Under cross examination, Smith acknowledged that the spreadsheet of comparable sales which he prepared was not appraisal. Also, he acknowledged that neither he nor anyone from the assessor's office physically examined the subject property for purposes of this appeal, although they have been to the property in the past. The witness could not specify when the last inspection occurred. (TR. 35-36)

Upon questioning by the Hearing Officer, Smith acknowledged that four of the ten unadjusted sales in his spreadsheet were also contained within the Lipowsky appraisal report as suggested comparable sales. (TR. 36-37)

After hearing the testimony and considering 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's assessment is 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, 331 Ill.App.3d 1038 (3<sup>rd</sup> Dist. 2002); 86 Ill.Admin.Code §1910.63(e). Proof of market value may consist of an appraisal of the subject property, a recent sale, comparable sales or construction costs. (86 Ill.Admin.Code §1910.65(c)). The Board finds the appellant met this burden of proof and a reduction in the subject's assessment is warranted.

The Board finds the best evidence of market value to be the appraisal of the subject property submitted by the appellant. The appellant's appraiser developed the sales comparison approach to value and the sales utilized by the appraiser were similar to the subject in location. Moreover, the appraiser

outlined adjustments for differences in size and/or location adjacent to Interstate 72 in a consistent manner despite the lack of the appraiser's ability to articulate during the hearing how the adjustments were quantified in the report. The appraiser also considered sales and listings that were proximate in time to the assessment date at issue and made adjustments for date of sale where he deemed them necessary including adjusting the asking prices of the offerings to reflect the historical pattern of asking price to sale price difference.

The appraised value of \$1,278,000 or \$4.65 per square foot of land area is below the market value reflected by the assessment of \$1,553,927 or \$5.65 per square foot of land area. Less weight was given to the board of review's comparable sales due to differences from the subject in size as each suggested comparable was smaller than the subject parcel. Other than the four common sales with the appellant's appraisal report, it is also not clear in the record where each of the comparables presented by the board of review was located in relation to the subject and whether all of the comparables are in a similar market area to the subject. Moreover, the submission by the board of review contained no suggested adjustments to the comparables for differences in lot size and/or date of sale.

Based on this limited record, the Property Tax Appeal Board finds the best evidence of the subject's estimated market value was presented in the appellant's appraisal report. Having found that the subject property had a market value of \$1,278,000 as of January 1, 2010, the 2010 three year average median level of assessments for Sangamon County of 33.33% shall apply. (86 Ill.Admin.Code §1910.50(c)(1)).

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.

*Ronald R. Cuit*

Chairman

*K. L. Fern*

Member

*Tracy A. Huff*

Member

*Mario Morris*

Member

*J. R.*

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: February 21, 2014

*Allen Castrovillari*

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.