



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

APPELLANT: SBC  
DOCKET NO.: 02-26979.001-I-3  
PARCEL NO.: 30-17-124-026-0000

The parties of record before the Property Tax Appeal Board are SBC, the appellant, by attorney Huan Cassioppi Tran, of Flanagan/Bilton LLC of Chicago; the Cook County Board of Review; and School District 215, by attorney John M. Izzo of Sruga Hauser, LLC of Flossmoor, intervenor.

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:

**LAND: \$34,206**  
**IMPR: \$289,794**  
**TOTAL: \$324,000**

Subject only to the State multiplier as applicable.

**ANALYSIS**

The subject property consists of a one and part two-story masonry constructed telephone switching station office building with 18,144 square feet of above grade building area and 12,972 square feet of basement area. The subject property was constructed in stages from 1950 to 1970. The improvements are located on a 29,133 square foot parcel resulting in a land to building ratio of 1.61:1. The subject is classified as a class 5-93 industrial property and is assessed at 36% of market value pursuant to the Cook County Real Property Assessment Classification Ordinance. The property is located in Calumet City, Thornton Township, Cook County.

The appellant contends overvaluation as the basis of the appeal. In support of this argument the appellant submitted a narrative appraisal prepared by State Certified General Real Estate Appraisers Reed L. Carnahan and Joseph M. Ryan of LaSalle

Appraisal Group, Inc. The appraisers estimated the subject property had a market value of \$900,000 as of January 1, 2002.

The appraisers indicated that an interior and exterior inspection of the subject was conducted on February 4, 2003. (LaSalle Appraisal page 8.) The appraisers described the subject property as containing 16,123 square feet of above grade leasable area and 7,126 square feet of leasable basement area.<sup>1</sup> They also indicated that 65% of the building improvement was constructed prior to 1970. The appraisers estimated the subject had a weighted average age of 39 years and an overall effective age of 30 years. In describing the improvement the appraisers stated that it is a telephone central office switching station and features a large amount of open unfinished equipment area with high ceilings, which is no longer required for modern switching stations. The appraisers noted the office is obsolete for another user and the efficiency ratio, comparing the net rentable area with the gross building area, is 88.6%, which is at the low end of the typical range. The appraisers also noted that approximately 22.95% of the leasable area is currently vacant due to the modernization of equipment and the reduced need for office staff and space. (LaSalle Appraisal page 26.) Nevertheless, the appraisers stated the highest and best use of the subject property as improved was for continued use as a telephone switching station office building. (LaSalle Appraisal page 32.)

In estimating the market value of the subject property the appraisers developed the cost approach and the sales comparison approach to value. Under the cost approach the appraisers first estimated the value of the subject land as vacant using four land sales located in the Illinois cities of South Holland, Homewood, Calumet City and Dolton. The land comparables ranged in size from 27,945 to 154,111 square feet and sold from January 1999 to November 2000 for prices ranging from \$115,000 to \$510,000 or from \$3.31 to \$7.51 per square foot. After considering adjustments to the comparables, the appraisers estimated the subject had an estimated land value of \$4.75 per square foot for a total land value of \$140,000, rounded.

The appraisers next estimated the replacement cost new of the subject improvements using the Marshall and Swift Cost Manual. The building was classified as a Class C average quality telephone switching station building with a base cost of \$105.00 per square foot. An adjustment was made for the addition of a sprinkler system resulting in a base cost of \$107.00 per square foot. Adjustments were also made for a current cost multiplier, and local multiplier resulting in a base cost of \$117.20 per square foot. The appraisers also added 5.0% for entrepreneurial profit and 2.5% for indirect costs, resulting in a cost new of \$125.99 per square foot or \$2,285,963. The appraisers then deducted 60% of the cost new for physical incurable depreciation

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<sup>1</sup> The appraisers noted that a second floor addition was completed in late 2002 that was not included in the valuation report. (LaSalle Appraisal page 8.)

calculated using a 30-year effective age and a 50-year expected life. The appraisers estimated the subject building improvements had a depreciated cost new of \$914,385. Adding site improvements of \$40,000 and \$140,000 for land resulted in an estimated value under the cost approach of \$1,100,000, rounded.

Under the sales comparison approach the appraisers utilized five comparable sales located in the Illinois cities of Chicago, Orland Park, Lyons, Crestwood and Richton Park. Each comparable was improved with a one-story single tenant office building ranging in size from 12,000 to 22,800 square feet. The buildings ranged in age from 25 to 31 years old. The comparables had parcels ranging in size from 28,601 to 110,337 resulting in land to building ratios ranging from 1.25:1 to 9.19:1. The sales occurred from June 2000 to September 2002 for prices ranging from \$445,000 to \$810,000 or from \$35.00 to \$59.50 per square foot of building area. After making adjustments to the comparable sales the appraisers estimated the subject had an indicated value of \$50.00 per square foot of above grade building area or \$900,000, rounded.

The appraisers did not develop an income approach to value due to the fact the subject is a telephone switching station, designed for a specific use by the owner and no available rental information was available for this type of property.

In reconciling the two approaches to value, the appraisers gave primary consideration to the sales comparison approach and least weight to the cost approach. The appraisers estimated the subject property had a market value of \$900,000 as of January 1, 2002.

The board of review submitted its "Board of Review Notes on Appeal" wherein its final assessment of the subject totaling \$692,561 was disclosed. The subject's assessment equates to an estimated market value of approximately \$1,923,780 using the 36% level of assessments for class 5-93 industrial property under the Cook County Real Property Assessment Classification Ordinance.

In support of its contention of the correct assessment of the subject property, the board of review submitted a valuation report prepared by Jeffrey M. Hortsch, a Certified General Real Estate Appraiser. His report indicated the subject building had 23,249 square feet of building area. Hortsch estimated the subject property had a market value of \$1,725,000 as of January 1, 2001. In estimating the market value Hortsch developed an income approach using three comparable rentals located in Midlothian, Homewood and Burr Ridge. These comparables were composed of a one-story building and two, three-story office buildings that ranged in size from 19,827 to 62,023 square feet and ranged in age from 9 to 39 years old. The appraiser indicated the three comparables had rents of \$10.00 per square foot triple net, \$19.00 per square foot gross, and \$18.00 per square foot gross, respectively. The appraiser estimated the

subject property had a market rent of \$9.00 per square foot, net for a potential gross income of \$209,241. Hortsch deducted 10% for vacancy and collection loss resulting in an effective gross income of \$188,317. The appraiser then deducted 10% for operating expenses resulting in a net operating income of \$169,486. Using a mortgage equity method the appraiser estimated the subject had an overall capitalization rate of 10%. Capitalizing the net income resulted in an estimate of value under the income approach of \$1,695,000, rounded.

The board of review's appraiser next developed the sales comparison approach using five comparable sales located in Homewood, Oak Lawn, Oak Forest, Burr Ridge and Midlothian. The comparables were improved with one, one-story; three, three-story and one, four-story office buildings. The comparables ranged in size from 15,268 to 62,023 square feet of building area. The comparables ranged in age from 9 to 24 years old. These properties were located on sites that ranged in size from 20,526 to 164,350 square feet resulting in land to building ratios ranging from 1.3:1 to 2.9:1. The sales occurred from January 1997 to January 2001 for prices ranging from \$917,500 to \$2,100,000 or from \$60.09 to \$95.45 per square foot of building area. Based on these sales the board of review's appraiser estimated the subject had a market value of \$75.00 per square foot for a total of \$1,745,000, rounded.

In conclusion the board of review's appraiser estimated the subject had a market value of \$1,725,000 as of January 1, 2001.

The intervening school district adopted the evidence submitted by the board of review as its own.

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 the appeal. The Board further finds the evidence in the record supports a reduction in the subject's assessment.

The appellant contends overvaluation as the basis of the appeal. 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). 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 in the record is the appraisal submitted by the appellant estimating the subject property had a market value of \$900,000 as of January 1, 2002.

The Board initially finds there was a disagreement with respect to the size of the subject building. The appellant's appraisers estimated the subject had 18,144 square feet of above grade

building area. The board of review's appraiser estimated the subject building had 23,249 square feet. On this record the Board gives more credence to the estimate of size of the subject building referenced in the appellant's appraisal of 18,144 square feet as of the assessment date at issue. The appellant's appraisal indicated that the appraisers inspected the interior and exterior of the subject property which gives credibility to the size estimate articulated in the report. The board of review's appraiser did not indicate anywhere within the report that an inspection of the subject property was made, which undermines his conclusion the subject property had 23,249 square feet of building area as of the assessment date and ultimately undermines the appraiser's conclusion of value.

The appellant's appraisal was superior to the board of review's valuation report with respect to a description of the subject property, making a finding of highest and best use, and a discussion of a variety of factors that influence market value. The appellant's appraisers developed both the cost and sales comparison approaches to value, with primary emphasis on the sales comparison approach. The Board finds the sales used by the appraisers were generally similar to the subject in age, story height and size. These sales also occurred proximate in time to the assessment date at issue, which gives credence to the conclusion of value contained in the appraisal.

The Board gave less weight to the appraisal evidence submitted by the board of review due to the fact that the estimate of value was as of January 1, 2001, not the assessment date at issue. Second the sales used by the board of review were not particularly similar to the subject in story height and age. Additionally, the sales did not occur proximate in time to the assessment date at issue, which undermines the ultimate conclusion of value reached by the appraiser.

For these reasons the Property Tax Appeal Board finds the appraisal submitted by the appellant is more credible than the appraisal submitted by the board of review. Based on this record the Property Tax Appeal Board finds the subject property had a market value of \$900,000 as of January 1, 2002. Since market value has been determined the 36% level of assessment for class 5-93 industrial property under the Cook County Real Property Assessment Classification Ordinance shall apply. (86 Ill. Adm. Code 1910.50(c)(3)).

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.



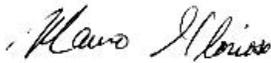
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Chairman



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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 28, 2009



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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.