



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

APPELLANT: SBC
DOCKET NO.: 03-25029.001-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; and 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:

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.¹ 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,

¹ The appraisers stated in the appraisal that the subject property had 18,144 square feet of above grade building area (LaSalle Appraisal page 3) but noted that a second floor addition was completed in late 2002 which was not included in the valuation report. (LaSalle Appraisal page 8.) However, the board of review evidence also indicated the subject had 18,144 square feet of building area. (Hortsch memo dated May 15, 2005 to Jaconetty.) Based on this record the Board finds the subject property had 18,144 square feet as of the assessment date.

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 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 or \$106.03 per square foot of building area using the 36% level of assessments for class 5-93 industrial property under the Cook County Real Property Assessment Classification Ordinance.

As evidence in support of its contention of the correct assessment of the subject property, the board of review submitted a memorandum prepared by Jeffrey M. Hortsch, a certified general real estate appraiser, dated May 15, 2005 to Tom Jaconetty. Attached to the memorandum was information on four comparable sales.

The comparable sales were located in Chicago Heights and Homewood. The data provided by the board of review disclosed the

comparables were improved with 2 or 3-story office buildings of brick or brick with glass veneer construction that ranged in size from 18,200 to 26,700 square feet of building area. The buildings were constructed in either 1985 or 1990. These comparables had parcels ranging in size from 45,212 to 151,170 square feet resulting in land to building ratios ranging from 2.38:1 to 5.66:1. The sales occurred from September 2002 to March 2004 for prices ranging from \$805,000 to \$2,300,000 or from \$44.23 to \$86.14 per square foot of building area.

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 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 (3rd Dist. 2002). The Board finds the appellant met this burden of proof and a reduction in the subject's assessment is warranted.

The record discloses the subject property had a total assessment of \$692,561 as of the assessment date at issue. The subject's assessment equates to an estimated market value of approximately \$1,923,780 or \$106.03 per square foot of building area using the 36% level of assessments for class 5-93 industrial property under the Cook County Real Property Assessment Classification Ordinance. The appellant submitted an appraisal estimating the subject property had a market value of \$900,000 or approximately \$49.60 per square foot of building area, as of January 1, 2002. The board of review submitted data on four comparable sales that sold from September 2002 to March 2004 for prices ranging from \$805,000 to \$2,300,000 or from \$44.23 to \$86.14 per square foot of building area. Initially, the Board finds that the evidence from both the appellant and the board of review demonstrates the subject's assessment is excessive in relation to its market value.

The Board finds the best evidence of market value in this record is the appraisal of the subject property submitted by the appellant. The appraisers used two of the three traditional approaches to value, the cost approach and the sales comparison approach. The appellant's appraisal was superior to the board of review's valuation evidence with respect to a description of the subject property, making a finding of highest and best use, and a general discussion on a variety of factors that influence market value. The type of analysis contained in the appellant's appraisal lends credibility to the ultimate estimate of market value contained in the report.

The appellant's appraisers developed both the cost and sales comparison approaches to value, with primary emphasis on the sales comparison approach. The five sales contained in the appraisal were located in 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 Board finds these sales were more similar to the subject property in style and age than those presented by the board of review. Additionally, the appraisers analyzed the comparable sales and made adjustments for differences from the subject whereas there was no such analysis and adjustments made to the raw sales data presented by the board of review.

The Board finds, however, that the sales submitted by the board of review had prices ranging from \$44.23 to \$86.14 per square foot of building area. The subject property had a total assessment reflecting a market value of \$106.03 per square foot of building area, which is above the range established by the comparables presented by the board of review, which also supports the conclusion that the subject was overvalued. The Board finds the sales submitted by the board of review were superior to the subject in age, being built in either 1985 or 1990, which generally should support a downward adjustment to their sales prices to be reflective of the subject property. Additionally, one of the comparables submitted by the board of review had a significantly larger parcel than the subject with 151,170 square feet of land area compared to subject's 29,133 square foot parcel, which generally should require a downward adjustment. The board of review comparable most similar to the subject in building size and land area sold for a price of \$44.23 per square foot of building area in October 2002, two months prior to the assessment date at issue, which tends to support the market value conclusion as set forth in the appellant's appraisal of approximately \$49.60 per square foot of building area.

For these reasons the Property Tax Appeal Board finds the appraisal submitted by the appellant is the best evidence of value in the record. Based on this record the Property Tax Appeal Board finds the subject property had a market value of \$900,000 as of January 1, 2003. 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)).

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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.



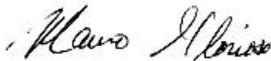
Chairman



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 28, 2009



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.