FINAL ADMINISTRATIVE DECISION
ILLINOIS PROPERTY TAX APPEAL BOARD

APPELLANT: Wilfred Jacobson & Company
DOCKET NO.: 05-22337.001-R-1
PARCEL NO.: 04-35-124-009-0000

The parties of record before the Property Tax Appeal Board are Wilfred Jacobson & Company, the appellant(s), by attorney Daniel Haywood, of Smith Hemmesch Burke Brannigan & Guerin in 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:	$18,207
IMPR.:	$37,969
TOTAL:	$56,176

Subject only to the State multiplier as applicable.

ANALYSIS

The subject property consists of a 15,696 square foot parcel of land improved with 40 year old, brick, two-story, six-unit townhome complex containing 7,812 square feet of rentable area. The appellant argued that the fair market value of the subject is not accurately reflected in its assessed value.

In support of this market value argument, the appellant submitted a limited, summary appraisal of the subject with an effective date of January 1, 2005 and an estimated market value of $575,000.

At hearing, the appellant's first witness was Wilfred Jacobson. Mr. Jacobson testified that as the owner of Wilfred Jacobson and Company he has managed properties in the Chicagoland area for over fifty years. He asserted that he has managed 660 properties over the years, but currently manages seven properties with 218 total units. These properties are located in the North and Northwest Suburbs of Chicago. Mr. Jacobson testified he

establishes the rent for all the units and determines the price from looking at other properties in the area, what tenants have to say and from the market. He stated he determines the costs and expenses of management prior to building. The properties are advertised in local papers and on the internet. Mr. Jacobson testified he has the responsibility of contracting for services performed on the properties managed by the appellant.

Mr. Jacobson described the subject's characteristics and the environs. He stated the property is bordered by Lake Avenue on the North, railroad tracks on the West, commercial properties on the South, and single family homes on the East. He testified that the subject property's rent was at market for the area based on his knowledge and experience as a property manager. He opined that the rents for the subject properties were the most that he could get. He stated the expenses have been increasing relative to the income over the years and the return on investment has been diminishing.

The appellant's next witness was the appraiser, James O. Hamilton. Mr. Hamilton testified that he is the owner of James O. Hamilton & Company, Inc, an appraisal firm. He testified he has been working there for over 30 years. He indicated that he is a state-certified appraiser in Illinois and holds the designation of a MAI from the Appraisal Institute. The parties stipulated to Mr. Hamilton's expertise and he was admitted as an expert in the field of property valuation.

The appellant's appraisal, marked as Appellant's Exhibit #1, gave an estimate of market value as of the effective date of January 1, 2005 of $575,000. Hamilton described the characteristics of the property and the area. He stated each unit contains 1,302 square feet of rentable area and gave details of the amenities in each unit. He testified the building is located in the Northwest portion of Glenview. He stated there is no access to the subject from the north or the west.

Hamilton conducted a complete inspection of the property on August 1, 2005. The appraisal identifies and fully describes the subject property's improvements and the area. Hamilton opined that the highest and best use of the subject as vacant and as improved is its current use of a multi-family improvement.

The appellant's appraiser opined that the best approach for valuing the subject was the income approach as this is an income producing property. Therefore, the appraisal developed the income approach to value in estimating the subject’s market value. The appraiser concluded a market value of $575,000 for the subject property as of January 1, 2005.

Under the income approach, the appraiser testified that he reviewed the subject's income and compared that to the market; he also looked at the subject's expenses and compared that to the market. Once he determined the net operating income, Hamilton

testified, he capitalized this income and add the tax load factor to determine the value for the subject.

Hamilton testified he reviewed the income for the subject from 2001, 2002, and 2003 and stabilized the gross income at $99,300. He reiterated he used the actual income for the subject because it was indicative for the rent in the market. He stated he also compared the income with the information he had about rental income in the market and from appraising sources. Vacancy and collection was estimated at 10% for an effective gross income of $26,927.

Expenses were estimated at $28,824 to arrive at a net operating income of $22,105. Hamilton testified this amount was capitalized using a capitalization rate of 9.5%. This figure was arrived at through the band of investment method as well as the market extraction method by extracting the capitalization rate from five recent sales. He then testified to the sales price per unit for these five comparables and compared them to the market value of the subject as estimated in the appraisal on a per unit basis. Applying the capitalization rate yields an estimate of the market value for the subject under this approach at $575,000, rounded. Hamilton opined the value of the subject property as of January 1, 2005 to be $575,000.

On cross-examination, Hamilton testified that the appraisal does not specifically indicate that the subject's income and expenses are at market rent. He testified that the comparables used to extract the capitalization rate were not located in the same township as the subject. He further testified that he did have the income for these comparables, but did not put that information in the appraisal.

On redirect, Hamilton testified that when reviewing comparables sales, he may have discarded sales for various reasons and chose the properties most similar to the subject or had the most reliable data.

The board of review submitted "Board of Review-Notes on Appeal" that reflect the subject's total assessment of $131,643 yielding a market value of $1,347,421 or $172.48 per square foot of rentable area, including land, using the Department of Revenue's 2005 three year median level of assessment for Cook County class 2 property of 9.77%. The board of review presented descriptions and assessment information on three comparable properties consisting of two-story masonry or frame and masonry, townhomes that range in age from 12 to 45 years old. The dwellings range in size from 1,376 to 1,800 square feet of living area and have improvement assessments ranging from $20.24 to $20.81 per square foot of living area. As a result of its analysis, the board requested confirmation of the subject's assessment.

At the hearing, the board of review did not call any witnesses and rested its case upon its written evidence submissions. The board of review's representative, Michael Sobczak, also argued

that a previous PTAB decision for a 2004 appeal was rendered and no reduction was given. Mr. Sobczak argued that the same evidence and testimony was presented in that case.

In rebuttal, the appellant's attorney argued that the 2004 appeal did not have testimony from Mr. Jacobson or the appraiser to clarify the appraisal and the subject's income and expenses as they relate to the market. The appellant's witness, Mr. Hamilton, testified he did not appear before the PTAB for the subject prior to this hearing.

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.

When overvaluation is claimed the appellant has the burden of proving the value of the property by a preponderance of the evidence. *Property Tax Appeal Board Rule* 1910.63(e). 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. *Property Tax Appeal Board Rule* 1910.65(c). Having considered the evidence presented, the PTAB concludes that the appellant has satisfied this burden and that a reduction is warranted.

In determining the fair market value of the subject property, the PTAB finds the best evidence to be the appellant's appraisal and the appraiser's testimony. The appellant's appraiser utilized the income approach to value in determining the subject's market value. The PTAB finds this appraisal to be persuasive for the appraiser: has experience in appraising; personally inspected the subject property; considered appropriate market data in undertaking the approach to value; and lastly, concluded that the subject's actual income and expenses were consistent with the market prior to using the subject's figures. The PTAB gives little weight to the board of review's comparables as the information provided did not include any market data.

The PTAB finds the board of review's argument that the present appeal is the same as the 2004 appeal and the PTAB should arrive at the same conclusion unpersuasive. The PTAB notes each case is heard de novo and in the instant matter, the PTAB has testimony from the appellant owner and an expert witness testifying that the subject's income and expenses were at market levels. This testimony was not presented in the 2004 appeal.

Therefore, the PTAB finds that the subject property contained a market value of $575,000 for the 2005 assessment year. Since the market value of the subject has been established, the Department of Revenue's 2005 three year median level of assessment for class 2 properties of 9.77% will apply. In applying this level of assessment to the subject, the total assessed value is $56,176 while the subject's current total assessed value is above this amount. Therefore, the PTAB finds that 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: June 18, 2010

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.