



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

APPELLANT: Kenneth Chadwick  
DOCKET NO.: 05-23628.001-C-2 through 05-23628.006-C-2  
PARCEL NO.: See Below

The parties of record before the Property Tax Appeal Board (PTAB) are Kenneth Chadwick, the appellant, by attorney Michael J. Torchalski, of Law Office of Michael J. Torchalski, P.C in Crystal Lake; the Cook County Board of Review by assistant state's attorney William Blyth with the Cook County State's Attorney's Office, and Proviso Township HSD 209 intervenor, by attorney Brian W. Carey in Melrose Park.

Based on the facts and exhibits presented, the Property Tax Appeal Board hereby finds no change 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
05-23628.001-C-2	15-03-124-004-0000	7,909	38,799	\$46,708
05-23628.002-C-2	15-03-124-005-0000	7,970	38,799	\$46,769
05-23628.003-C-2	15-03-124-006-0000	7,970	42,581	\$50,551
05-23628.004-C-2	15-03-124-007-0000	7,970	40,637	\$48,607
05-23628.005-C-2	15-03-124-008-0000	7,970	40,637	\$48,607
05-23628.006-C-2	15-03-124-056-0000	25,999	93,024	\$119,023

Subject only to the State multiplier as applicable.

**ANALYSIS**

The subject property consists of a 28,115 square foot rectangular shaped corner land parcel improved with a one-story, single-tenant industrial building of masonry construction containing approximately 28,000 square feet of gross building area with a land to building ratio of 1.0 to 1. The subject was constructed in 1955 with additions through 1995. The property is located in Proviso Township, Cook County.

At hearing, several preliminary matters were addressed. First, the PTAB consolidated the 2005 and 2006 property tax appeals for hearing purposes, pursuant to Section 1910.78 of the Official

Rules of the Property Tax Appeal Board without objection from the parties.

Next, appellant's counsel tendered a copy of a PTAB decision docket number 2005-23629.001-C-1, under a separate property index number not under appeal, which addressed the parking lot area across the street from and utilized by the subject. In addition, appellant's counsel tendered copies of proposed stipulations, which were never fully executed, between the appellant and the board of review. Over the objections of the board of review, the above items were accepted by the PTAB.

Finally, appellant's counsel requested that the intervenor be defaulted and excused from the hearing because no witness was present to testify regarding the intervenor's appraisal report, the appellant's request was denied by the PTAB.

The appellant's attorney, Michael J. Torchalski, appeared before the Property Tax Appeal Board arguing that the fair market value of the subject is not accurately reflected in its assessed value. In support of this claim, the appellant submitted a two-page brief; copies of documents presented to the board of review and a copy of a letter dated January 23, 2006 to the board of review.

In addition, the appellant submitted a copy of an adversarial appraisal report prepared by Kevin A. Byrnes, a certified general real estate appraiser, of Byrnes, Houlihan & Walsh, LLC, in Chicago. The appraisal report disclosed a market value estimate of \$790,000 for the subject as of January 1, 2003. The appraisal was previously submitted to the PTAB in an earlier appeal by an intervening party. Moreover, the appellant provided ten pages of summary/detail comments regarding the Byrnes appraisal report written by the appellant. Furthermore, the appellant submitted a market approach valuation analysis.

Appellant's counsel called the appellant, Kenneth Chadwick, who testified that he is the managing partner of CDC Group, LLC the owner of the subject property. The witness testified that he is a certified public accountant licensed in Illinois and has a certified valuation analyst license (CVA) issued by the National Association of Certified Valuation Analysts (NACVA) in Salt Lake City, Utah. The witness also testified he graduated from Loyola University in 1966 with a major in accounting and has been licensed as an accountant for 39 years.

Chadwick described the subject as containing about 29,000 square feet of building area which included four additions to the building that occurred over the past 58 years. The witness described the subject as having 2,000 square feet of finished office space with the remaining portion used for manufacturing and warehousing. The witness testified that the subject has no recessed loading docks but utilizes overhead doors for forklift trucks to bring material into the facility; however, any off loading occurs on Norwood Avenue. Chadwick testified that the subject building is built to the lot line so trucks get loaded

and unloaded on Norwood Avenue. Chadwick also testified that there are four parking spaces along Norwood Avenue, a public parkway, used for office staff parking.

Chadwick testified that in March 2000 CDC Group acquired the subject property. Chadwick explained that the building was owned by Joseph Chase and Adel Chudik individually, and Joseph Chase created an LLC called CDC Group. Upon the demise of Adel Chudik, Joseph Chase and Kenneth Chadwick negotiated the purchase of a 50% interest in the subject from the Adel Chudik Trust for \$225,000. The appellant provided title documents as well as the settlement statement from the sale disclosing CDC Group purchased a 50% interest in the property for \$225,000 on March 24, 2000. Based on the sale, Chadwick argued that the subject had a market value of \$450,000.

Chadwick also developed a market approach valuation analysis, or Work Paper #1, consisting of 18 properties including the 14 sales submitted by the board of review, as part of their evidence, as well as the four sales utilized in the intervenor's Equity Appraisal report. The witness provided three grid-sheets or work papers detailing the methodology used in the analysis. Work Paper #1 included the following data: address, building square footage, total land square footage, net vacant land square footage, sales price of land alone, total sales price of land and building, sales price of building alone, sales price of building per square foot, year built, date of sale and number of days on the market for each sale.

In addition, Work Paper #1 highlighted amenities relating to each property such as number of loading docks, sprinklers and ceiling height. Next, Chadwick developed Work Paper #2, whereby he eliminated duplicate properties from Work Paper #1 and arrived at 12 sales reflecting the same data as in Work Paper #1. The witness testified that the average sales price of the 12 properties was \$663,000 or \$25.14 per square foot. Multiplying the subject's square footage by the average sales price of \$25.14 resulted in a value estimate of \$706,793 for the subject. The witness testified that Work Paper #3 estimated the cost for not having sprinklers as well as no loading dock. The witness opined a value of \$36,338 for not having sprinklers as well as \$44,835 for no loading dock. After deducting \$36,338 and \$44,835 for not having sprinklers or loading dock from his value estimate of \$706,793, resulted in a final value estimate for the subject of \$625,619 as of January 1, 2005.

Under cross-examination, the witness testified to the following: he is not a member of the Appraisal Institute, is not a certified appraiser in Illinois, has never held an appraisal license and has never completed an appraisal certified by the State of Illinois. The witness also testified that the subject's sale in March 2000 between CDC Group, LLC and the Adel Chudik Trust was a negotiated sale between equal business partners whereby no outside parties were involved in the negotiations. He

acknowledged that, as a partner with an ownership interest in the property, he has an interest in seeing the taxes lowered.

The board of review submitted its "Board of Review Notes on Appeal" disclosing the subject's total combined assessment of \$360,265, which reflects a market value of \$1,000,736, or \$35.74 per square foot of building area, utilizing the Cook County Real Property Assessment Classification Ordinance level of assessment of 36% for Class 5b property, such as the subject. In support of its assessment, the board of review submitted market data printouts for 14 sales as well as a memorandum from the Assessor's office.

Based on the printouts, the 14 suggested comparables consist of one-story, masonry, metal or concrete block, industrial manufacturing/warehousing buildings located in Melrose Park, Illinois, like the subject. The sales occurred between February 2001 and December 2007 for prices ranging from \$500,000 to \$1,200,000, or from unadjusted prices ranging from \$25.00 to \$58.43 per square foot of building area, including land. Ranging in size from 20,000 to 39,075 square feet, the buildings are situated on land parcels ranging in size from 32,583 to 83,200 square feet. The improvements range in age from nine to 56 years old. No analysis or adjustment of the sales data was provided by the board of review. Chadwick utilized the same 14 sales in his market approach valuation analysis.

The board of review's memorandum asserted that the subject's 2000 sale involved related parties in that the sale involved one 50% partner purchasing the remaining 50% interest in the property from their former partner. Based on the evidence submitted, the board of review requested confirmation of the subject's assessment.

One taxing district intervened in this matter. The intervenor submitted a summary appraisal report prepared by James M. Stratz and Sam S. Messina of Equity Appraisals in Elmwood Park, Illinois. The appraisal revealed that Stratz is a State of Illinois certified general real estate appraiser with a Member of the Appraisal Institute (MAI) designation. The appraisal report disclosed that Messina is a certified general real estate appraiser with the State of Illinois. The appraisal report also disclosed that Stratz inspected the subject property. The appraisal revealed that the subject's highest and best use as improved is its current use, whereas, light-industrial development would be the subject's highest and best use as vacant. The appraisers utilized the sales comparison approach as well as the income approach to estimate a market value of \$1,000,000 for the subject as of January 1, 2005.

In the sales comparison approach to value, the appraisers examined the sales of four, one-story, masonry constructed, manufacturing/warehousing industrial buildings ranging in age from 12 to 38 years old. The comparables are located in Melrose Park, Illinois, like the subject. With land parcels ranging in

size from 34,848 to 91,485 square feet and building sizes ranging from 15,000 to 36,500 square feet, the comparables have land to building ratios ranging from 1.7:1 to 6.1:1. Sales one and two were also submitted by the board of review. The four properties sold between February 2004 and April 2005 for prices ranging from \$500,000 to \$1,100,000 or from \$25.00 to \$35.17 per square foot of building area, including land. After making adjustments for condition of sale, location, size, construction quality, property rights and age, the appraisers concluded a value for the subject via the sales comparison approach of \$35.00 per square foot of building area, including land, or \$980,000 as of January 1, 2005.

The next method employed by the appraisers was the income capitalization approach. Rental data from four properties located within the subject's general area were used as the basis of this approach. After considering the current market and economic rents for similar space in the subject's market area, the appraisers arrived at a gross rent of \$4.00 per square foot of building area. Thus, the potential gross income (PGI) was estimated to be \$112,000. Based on current vacancy levels in the market, the appraisers estimated a 5% vacancy and collection loss rate, resulting in an effective gross income of \$106,400. The next step taken by the appraisers was the deduction of management fees of 5% or \$5,320 as well as reserves for replacement of \$4,200, resulting in a net operating income (NOI) of \$96,880 for the subject. The appraisers then researched the market utilizing the band of investment method to determine an overall capitalization rate of 9.50% for the subject. Applying the capitalization rate to the NOI resulted in a value estimate for the subject through the income approach of \$1,020,000 rounded, as of January 1, 2005.

In reconciling the two approaches to value, equal consideration was accorded each approach. The intervenor's appraisers' final estimate of fair market value for the subject was \$1,000,000, as of January 1, 2005.

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 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); Winnebago County Board of Review v. Property Tax Appeal Board, 313 Ill.App.3d 179 (2<sup>nd</sup> Dist. 2000). Proof of market value may consist of an appraisal, a recent arms-length sale of the subject property, recent sales of comparable properties, or recent construction costs of the subject property. (86 Ill.AdM.Code §1910.65(c)) Having considered the evidence presented, the PTAB finds a reduction is not warranted.

Regarding the subject's sale in March 2000, Chadwick testified that the subject was owned by Joseph Chase and Adel Chudik individually, and Joseph Chase created an LLC called CDC Group.

Upon the demise of Adel Chudik, Joseph Chase and Kenneth Chadwick negotiated the purchase of a 50% interest in the subject from the Adel Chudik Trust for \$225,000; therefore Chadwick argued that the subject had a market value of \$450,000. The PTAB finds the appellant's argument without merit. The PTAB further finds the sale involved related parties; the transaction was a negotiated sale between equal business partners whereby no outside parties were involved in the negotiations, no brokers were involved, the subject was not advertised for sale on the open market and consequently, not considered an arm's length transaction. Moreover, the sale is dated in that it occurred nearly five years prior to the January 1, 2005 assessment date at issue and therefore, an unreliable indicator of market value.

Next, the appellant submitted a copy of an adversarial appraisal report prepared by Kevin A. Byrnes, a certified general real estate appraiser, of Byrnes, Houlihan & Walsh, LLC, in Chicago. The appraisal disclosed a market value estimate of \$790,000 for the subject as of January 1, 2003. The appraisal report was previously submitted to the PTAB in an earlier appeal by an intervening party. The PTAB finds the Byrnes appraisal dated in that its effective date of January 1, 2003 is two years prior to the January 1, 2005 assessment date at issue and consequently, an unreliable indicator of value.

In addition, Chadwick provided a market approach valuation analysis consisting of 18 properties including the 14 sales submitted by the board of review as well as the four sales utilized in the Equity Appraisal report. The witness provided three grid-sheets or work papers detailing the methodology used in his analysis. The PTAB finds the appellant's market approach analysis unpersuasive.

The PTAB further finds that Chadwick is not a member of the Appraisal Institute, is not a certified appraiser in Illinois, has never held an appraisal license and has never completed an appraisal certified by the State of Illinois. Therefore, the PTAB finds the appellant's market approach analysis unpersuasive; however shall analyze the raw sales data. Moreover, the PTAB finds Chadwick potentially biased in that he prepared the market approach analysis but is also the managing partner of CDC Group, LLC and he had vested interest in seeing a reduction in the subject's assessment.

Next, the PTAB finds the board of review presented an in-house memorandum summarizing raw data for 14 sales located within the subject's immediate area. The Board finds the memorandum lacked analysis concerning the suggested comparables' similarity or dissimilarity to the subject. Further, there are no adjustments to the sales for time of sale, conditions of sale, location, size, or any other factor used in a conventional comparative analysis. Therefore, the PTAB finds the board of review's evidence unpersuasive; however shall analyze the raw sales data.

Regarding the intervenor's appraisal report, the PTAB finds the

appraiser was not present at the hearing to testify and be cross-examined regarding the appraisal process and the conclusions therein. Therefore, the PTAB finds the appraisal's conclusion of value estimate unpersuasive; however shall analyze the raw sales data.

The PTAB finds the appellant provided a market approach valuation analysis consisting of 18 properties including the 14 sales submitted by the board of review as well as the four sales utilized in the intervenor's appraisal report. The PTAB places most weight on the appellant's comparables one, four, seven, nine, twelve and thirteen which were also submitted by the board of review. The PTAB finds these six properties consist of industrial type buildings located in Melrose Park, Illinois, like the subject.

These properties sold from February 2001 to January 2007 for prices ranging from \$635,000 to \$1,074,500, or from \$25.73 to \$35.81 per square foot of building area, including land. After considering differences in size of building area, age, features, land size, exterior construction and date of sale the PTAB finds the subject had a unit value of \$35.74 per square foot of building area, resulting in a total value estimate of \$1,000,736 for the subject as of January 1, 2005.

In summary, the PTAB finds the best sales in the record had unit prices from \$25.73 to \$35.81 per square foot of building area, including land. The subject's assessment reflects a market value of \$35.74 per square foot of building area which is supported by these sales.

As a result of this analysis, the Property Tax Appeal Board finds the appellant has failed to adequately demonstrate that the subject property was overvalued by a preponderance of the evidence and a reduction is not 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.

*Ronald R. Cuit*

Chairman

*Frank J. Huff*

Member

Member

*Shawn R. Lerbis*

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 23, 2011

*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.