



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

APPELLANT: Overnite Transportation Company
DOCKET NO.: 05-25878.001-I-1
PARCEL NO.: 29-36-100-008-0000

The parties of record before the Property Tax Appeal Board are Overnite Transportation 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: \$27,405
IMPR.: \$69,795
TOTAL: \$97,200

Subject only to the State multiplier as applicable.

ANALYSIS

The subject property consists of a 50,750 square foot parcel of land improved with 23 year old, one-story, industrial building containing 9,973 square feet of building 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 complete, summary appraisal of the subject with an effective date of January 1, 2005 and an estimated market value of \$270,000.

At hearing, the appellant's 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. Mr. Hamilton testified he has previous testified before the PTAB as an expert witness

approximately 15 times. Hamilton was admitted as an expert in the field of property valuation without objection of the remaining parties.

The appellant's appraisal gave an estimate of market value as of the effective date of January 1, 2005 of \$270,000. Hamilton described the characteristics of the property and the area. He stated the property contains a 9,973 square feet industrial building, approximately 23 years old. He testified the building is separated into two sections, an office portion of about 2,200 square feet and a garage portion. Hamilton testified that the office portion was divided into two sections and that one of those sections was only partially finished. The garage section was brick and metal construction with 17 foot ceilings and space heat.

Hamilton conducted a complete an inspection of the property on January 12, 2006. 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 was light industrial, warehouse, or transportation-related use. As to improved, Hamilton testified the highest and best use would be its present use.

The appellant's appraiser developed the three traditional approaches to value in estimating the subject's market value. The cost approach indicated a value of \$275,000, rounded, while the income approach indicated a value of \$220,000, rounded. The sales comparison approach indicated a value of \$270,000, rounded. The appraiser concluded a market value of \$270,000 for the subject property as of January 1, 2005.

The initial step under the cost approach was to estimate the value of the site at \$50,000, or \$1.00 per square foot. In doing so, the appraiser analyzed nine land sales that ranged in sale prices from \$.27 to \$1.33 per square foot. Hamilton testified to the physical characteristics of these comparables compared to the subject and that he made adjustments to arrive at an estimated land value for the subject.

Using the Marshall Valuation Service Manual, Hamilton estimated the mixed reproduction/replacement cost new to be \$404,785. Hamilton testified he separated out the office section from the garage section and developed a value for each. In establishing a rate of depreciation, Hamilton testified he applied physical depreciation and functional obsolescence the subject to arrive at a total depreciation of 60% to arrive at a final cost for the improvement and site improvements of \$227,389. Adding the land value resulted in a final value estimate of value under the cost approach of \$275,000, rounded.

Under the income approach, the appraiser reviewed the leases of three properties and the asking leases of three properties from the surrounding area. The rent ranged from \$1.62 to \$2.40 per square foot of rentable area on a triple net basis and asking

rents of \$2.50 to \$3.15 per square foot of rentable area. Hamilton testified he made adjustments for the differences between the characteristic of these properties and the subject to arrive at an estimated rent for the subject of \$3.00 per square foot of building area. Vacancy and collection was estimated at 10% for an effective gross income of \$26,927.

Expenses were estimated at \$4,822 to arrive at a net operating income of \$22,105. Hamilton testified this amount was capitalized using a capitalization rate of 9%. This figure was arrived at through the band of investment method as well as a review of the Korpacz Real Estate Invesor Survey. Applying the capitalization rate yields an estimate of the market value for the subject under this approach at \$220,000, rounded.

The final method developed was the sales comparison approach. Hamilton testified he examined eight industrial buildings. He testified these properties were located near the subject and ranged: in size from 5,040 to 28,000 square feet of building area; in age from two to 27 years; and in ceiling height from 14 to 28 feet. These properties sold from July 2002 to October 2005 for prices ranging from \$120,000 to \$700,000, or from \$17.14 to \$33.33 per square foot of buildable area, including land. Hamilton testified adjustments were made for the differences in characteristics and the appraisal estimated the value of the subject at \$27.00 per square foot of buildable area, including land. This yields a value for the subject property under the sales comparison approach at \$270,000, rounded.

In reconciling the various approaches, Hamilton testified the best indicator of value was the sales comparison approach. After reconciliation, the appraisal estimated the value for the subject property as of January 1, 2005 to be \$270,000.

The board of review submitted "Board of Review-Notes on Appeal" that reflect the subject's total assessment of \$127,584 yielding a market value of \$354,400 or \$35.54 per square foot of building area, including land, using the Cook County Real Property Classification Ordinance for Class 5B property of 36%. The board also submitted raw sales data on a total of four properties suggested as comparable to the subject. These properties had sale prices ranging from \$20.70 to \$43.64 per square foot of building 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.

In rebuttal, the appellant's attorney argued that two of the board of review's comparables support a reduction in the subject's assessment. He also argued that sale #1 and #5 sold over a year after the lien date.

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 three traditional approaches 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; utilized appropriate market data in undertaking the approaches to value; and lastly, used similar properties in the sales comparison approach while providing sufficient detail regarding each sale as well as adjustments that were necessary. The PTAB gives little weight to the board of review's comparables as the information provided was unadjusted raw sales data without any testimony as to the properties' characteristics.

Therefore, the PTAB finds that the subject property contained a market value of \$270,000 for the 2005 assessment year. Since the market value of the subject has been established, the Cook County Ordinance for Class 5B property of 36% will apply. In applying this level of assessment to the subject, the total assessed value is \$97,200 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.

Ronald R. Cuit

Chairman

Frank J. Huff

Member

Member

Mario M. Louie

Shawn R. Lerski

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: May 21, 2010

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.