



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

APPELLANT: Nicholas E. Karnezis, Trustee
DOCKET NO.: 05-28039.001-C-1
PARCEL NO.: 06-25-420-003-0000

The parties of record before the Property Tax Appeal Board are Nicholas E. Karnezis, Trustee, the appellant(s); 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: \$ 115,374
IMPR.: \$ 192,426
TOTAL: \$ 307,800

Subject only to the State multiplier as applicable.

ANALYSIS

The subject property consists of 28-year-old, one-story, face brick on concrete block facade, 17,005 square foot commercial strip center inclusive of eleven (11) tenants and situated on a 55,203 square foot site zoned, B-2, Local Business District located in Hanover Township, Cook County. The appellant argued that the market value of the subject property is not accurately reflected in the subject's assessed valuation as the basis of the appeal.

In support of this argument, the appellant submitted a complete summary appraisal report prepared by a State of Illinois certified real estate appraiser. The appraiser utilized the three approaches to value to estimate a market value of \$810,000 for the subject as of January 1, 2004. The appraiser determined the highest and best use to be its current use.

In the cost approach to value, the appraiser reviewed the sales of five comparables located within the subject's area. After considering adjustments for size, location and zoning, the appraiser opined a value for the subject's land, if vacant, of \$5.00 per square foot, or \$275,000, rounded. Using the *Boeckh's Valuation Manual and the Marshall Valuation Service* to estimate replacement cost, the appraiser estimated a replacement cost new for the subject of \$1,351,898. Accrued depreciation from all causes was estimated to be 57.5%, or \$777,341, and deducted from the estimated replacement cost. A cost of \$15,000 for other site improvements was added to the depreciated cost of the main improvement, as was a land value of \$275,000. Thus the appraiser determined a value for the subject via the cost approach of \$865,000 rounded, as of January 1, 2004.

The next method employed by the appraiser was the income capitalization approach. Rental data from properties located in the subject's general area were used as the basis of this approach. In addition, conversations with real estate brokers indicated that the subject was located in a prime location and therefore, the appraiser arrived at a gross rent of \$13.30 per square foot of building area. Thus, the potential gross income (PGI) was estimated to be \$214,884. Based on current vacancy levels in the market, the appraiser estimated a 10% vacancy and collection loss rate, resulting in an effective gross income of \$193,396. The next step taken by the appraiser was the deduction of expenses totaling \$53,762, resulting in a net operating income of \$139,634 (NOI) for the subject. The appraiser then researched the market utilizing the band of investment technique to determine an overall capitalization rate of 17.36% for the subject. Applying the capitalization rate to the NOI resulted in a value for the subject through the income approach of \$805,000 rounded, as of January 1, 2004.

Next, the appraiser examined the sales of six, one-story or part one and part two-story, masonry or concrete block constructed, commercial strip centers to estimate a value for the subject through the sales comparison approach. The six comparables are located in Schaumburg, Roselle or Streamwood, Illinois. With land areas ranging in size from 12,900 to 190,706 square feet and building sizes ranging from 17,854 to 69,696 square feet, the comparables have land to building ratios ranging from 1.54:1 to 4.47:1. The comparables contain from five to twelve total units. The comparables sold between October 2001 and June 2004 for prices ranging from \$850,000 to \$2,375,000, or from \$47.61 to \$68.60 per square foot of building area, including land. After adjustments, the appraiser concluded a value for the subject via the sales comparison approach of \$47.50 per square foot of building area, including land, or \$810,000, rounded as of January 1, 2004.

In reconciling the three approaches to value, the appraiser placed maximum emphasis on the sales comparison approach with the cost and income approaches used in support. The appraiser's final estimate of fair market value for the subject was \$810,000, as of January 1, 2004. Based on the evidence submitted, the appellant requested an assessment reflective of a fair market value for the subject of \$810,000.

The board of review submitted its "Board of Review Notes on Appeal" disclosing the subject's total assessment of \$324,998, which reflects a market value of \$855,257, or \$50.31 per square foot of building area, utilizing the Cook County Real Property Assessment Classification Ordinance level of assessment of 38% for Class 5a property, such as the subject. In support of its assessment, the board of review submitted seven service sheets as well as a memorandum from the Assessor's office. According to the service reports, the seven suggested comparables consist of one-story or two-story, masonry or concrete block, commercial strip centers located in the subject's area. The sales occurred between August 2000 and May 2004 for prices ranging from \$850,000 to \$2,785,000, or from unadjusted prices ranging from \$54.10 to \$135.85 per square foot of building area, including land. Ranging in size from 13,140 to 21,849 square feet, the buildings are situated on lots ranging in size from 27,700 to 221,415 square feet of land area. No analysis or adjustment of the sales data was provided by the board. The memorandum submitted into evidence discloses that "the information provided in the memo has been collected from sources including; the Assessor, CoStar, PTAB case file records and they are assumed to be factual, accurate and reliable. The writer has not verified the information or sources and does not warrant its accuracy." Based on this documentation, the board of review requested confirmation of the subject's assessment.

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 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 (3rd Dist, 2002); Winnebago County Board of Review v. Property Tax Appeal Board, 313 Ill.App.3d 179 (2nd 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 reviewed the record and considering the evidence, the Board finds the appellant has satisfied this burden and a reduction is warranted.

In determining the fair market value of the subject property, the Property Tax Appeal Board finds the best evidence to be the appellant's complete summary appraisal report. The appellant's appraiser utilized the three traditional approaches to value to estimate the fair market value of the subject. The Board finds this appraisal to be persuasive for the appraiser; has experience in appraising; personally inspected the subject property and reviewed the subject's history; estimated a highest and best use for the subject property; utilized appropriate market data in undertaking the three 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 Board gives little weight to the board of review's comparables as the information provided was raw sales data with no adjustments made.

Therefore, the Property Tax Appeal Board finds that the subject had a fair market value of \$810,000 as of January 1, 2004. Since fair market value has been established, the Cook County Real Property Assessment Classification Ordinance level of assessment for Class 5a property of 38% shall apply. In applying this level of assessment to the subject, the total assessed value is \$307,800 while the subject's current total assessed value is above this amount at \$324,998. Therefore, the Board 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

K. L. Fern

Member

Frank A. Huff

Member

Mario Morris

Member

Shawn P. Lerbis

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: January 26, 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.