



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

APPELLANT: Keshu Patel
DOCKET NO.: 06-00300.001-C-2
PARCEL NO.: 19-09-01-202-006-0000

The parties of record before the Property Tax Appeal Board are Keshu Patel, the appellant, by attorney Michael Elliott, of Elliott & Associates, P.C. of Des Plaines; and the Will County Board of Review.

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 Will County Board of Review is warranted. The correct assessed valuation of the property is:

LAND: \$83,126
IMPR: \$738,526
TOTAL: \$821,652

Subject only to the State multiplier as applicable.

ANALYSIS

The subject property consists of a 61,974 square foot parcel improved with a 73 room, masonry constructed, limited service hotel that was built in 1999 and contains 33,435 square feet of gross building area. The subject is commonly known as Sleep Inn and is located in Tinley Park, Frankfort Township, Will County.

Through his attorney, the appellant appeared before the Property Tax Appeal Board claiming overvaluation as the basis of the appeal. In support of this argument, the appellant submitted information pertaining to a sale of the subject on August 26, 2005 for \$2,300,000. The appellant contends this sale price

included \$460,000 of furniture, fixtures and equipment (FF&E), and the franchise fee, which were allocated by the buyer and seller as personal property. The appellant submitted no breakdown or detail regarding the personal property. The appellant asserts that the net price paid for the real estate is thus \$1,840,000 or \$25,205 per room. The appellant also submitted a copy of the settlement statement and purchase agreement documenting the sale in question. The settlement statement does depict that the sale included \$460,000 for "equip. furniture and fixtures". An included "Amendment to Real Estate Contract" also indicates \$460,000 in FF&E. The appellant contends the parties to the sale were not related, were not under obligation to buy or sell and "the property was offered for sale to the market." Attempting to corroborate the FF&E, along with intangible assets such as the franchise fee, the appellant submitted pertinent pages of the Uniform Franchise Offering Circular of Sleep Inn. This depicts various items of personal and intangible property that range from \$407,800 to \$594,100. The appellant contends "that a franchise agreement, computer hardware and software, furniture, fixtures and equipment are not real property under the Property Tax Code." Therefore, the appellant claims, as stated above, that the real estate value represented by the above sale is \$1,840,000. Based on this evidence, the appellant requested the subject's assessment be reduced to \$613,272.

During the hearing, the appellant's attorney called Kevin Patel to testify. Patel is the appellant's son and manager of the subject hotel. The witness testified the subject was marketed for sale through the Asian American Hotel Owners Association, but was not offered for sale to the general real estate market. Patel asserted he has 12 years experience in the hotel business and, along with his father, operates four hotel properties. No testimony was provided by the appellant regarding the allocation or breakdown of FF&E or the franchise fee.

The board of review submitted its "Board of Review Notes on Appeal", wherein the subject property's total assessment of \$821,652 was disclosed. The subject has an estimated market value of \$2,466,683, or \$33,790 per room, as reflected by its assessment and Will County's 2006 three-year median level of assessments of 33.31%.

In support of the subject's estimated market value as reflected by its assessment, the board of review submitted a letter

prepared by the township assessor, the subject's property record card, a chart detailing sales of nine comparable hotel properties, the Real Estate Transfer Declaration detailing the subject's August 2005 sale for \$1,840,000, an analysis that compares the appellant's claimed FF&E for the subject with that of three comparable hotels and a revised income analysis of the subject that was purportedly based on appraisals of the subject from 2004 and before. These appraisals to which the assessor referred were not submitted into evidence by the board of review.

The assessor's letter questioned numerous aspects of the subject's 2005 sale. The assessor's letter stated that the "income statement provided to the BOR indicates a 37% occupancy rate. The previous two appraisals of the property and Market indicate [a] 62% occupancy rate." The letter also disclosed the "sales contract states the property must appraise for at least \$2,600,000." The assessor noted the Real Estate Transfer Declaration indicated the subject was not advertised for sale or sold using a real estate agent. Based on these factors, the assessor claimed the terms of the subject's sale contract and its unadvertised 2005 sale indicate the sale was not an arm's length transaction.

Regarding the nine sales of comparable hotel properties, the assessor's chart indicated the comparables were located in Tinley Park, Naperville, Waukegan, Elgin, Harvard and Woodstock, Illinois. The assessor's evidence also included the Real Estate Transfer Declaration for one comparable located in Will County and Costar sales detail sheets on the other comparables. Comparable #5 was a Sleep Inn like the subject. Comparable #2, a Comfort Suites hotel, is located on the subject's street and block. The comparables range in size from 15,500 to 52,300 square feet of building area, contain from 60 to 102 rooms and sold between April 2000 and August 2005 for prices ranging from \$2,100,000 to \$3,535,000, or from \$33,871 to \$44,688 per room, or from \$70 to \$139 per square foot. Based on an estimated market value for the subject of approximately three times its assessment, or about \$2,300,000, according to the assessor and board of review, the subject falls below all nine comparables by either a per room basis (\$31,507) or per square foot basis (\$69).

The assessor's FF&E chart provided information on three comparables located in Mundelein, Mokena and Joliet, Illinois

that were described as having 63 to 74 rooms, with FF&E of \$157,500 to \$182,500 or from \$2,466 to \$2,500 per room. The chart indicates the subject's FF&E, based on the appellant's claim of \$460,000, equates to \$6,301 per room. The appellant provided no substantive documentary evidence or testimony to refute this data.

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. The Property Tax Appeal Board further finds no reduction in the subject property's assessment is warranted. The appellant argued overvaluation as a basis of the appeal. When market value is the basis of the appeal, the value 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). After analyzing the market evidence submitted, the Board finds the appellant has failed to overcome this burden.

The appellant asserts that the net price paid for the real estate is \$1,840,000 or \$25,205 per room. However, the transfer declaration depicts no subtraction for or mention of personal property. The board of review contends the sale was not advertised and was not sold through a real estate agent. The appellant did not refute the evidence submitted by the board of review with testimony or substantive evidence as being incorrect. The Property Tax Appeal Board finds the record disclosed the August 2005 sale of the subject was not advertised on the open market, nor was it sold through a realtor, but instead was marketed through the Asian American Hotel Owners Association, as testified to by the appellant's witness. The appellant submitted no evidence that exposure of the subject to this group alone reflects the open market for a property like the subject. Thus, the Board finds this limited exposure is not representative of the open market. Since the aforementioned sale price of the subject cannot be relied on, the Board must look elsewhere for evidence of the subject's market value.

In support of the subject's assessment, the board of review submitted nine sales of similar hotel properties. The Board gave less weight to the comparables #3, #5, #6, #8 and #9 because they took place between April 2000 and February 2002, too long before the subject's January 1, 2006 assessment date to be relied on as indicators of value. The board of review's

comparable #2, located adjacent to the subject, and comparable #7, sold for prices of \$2,706,000 and \$2,800,000 or \$42,424 and \$42,952 per room, respectively. In contrast, using the subject's sale price of \$1,840,000 as indicated on the real estate transfer declaration, the subject purportedly sold for \$25,205 per room, or \$33,790 per room based on its assessment. The Property Tax Appeal Board finds even this latter figure is well below the two comparables most similar to the subject submitted by the board of review. The Board also finds the subject's assessment of \$2,466,683 reflects a value of about \$74 per square foot, also below the board of review's two most similar comparables which sold for \$82 and \$108 per square foot. Finally, the Property Tax Appeal Board finds it problematic that the Real Estate Transfer Declaration, a recorded document sworn as being true and correct, indicates no personal property was included in the subject's sale.

The appellant contends the August 2005 sale of the subject included \$460,000 in FF&E, or about \$6,301 per room, but submitted no detailed breakdown of the items claimed as personal property. The Board finds the best evidence of the subject's FF&E value is found in the board of reviews chart of three comparables with FF&E ranging from \$2,466 to \$2,500 per room, less than half the amount claimed by the appellant. The Board finds the appellant submitted no evidence nor provided any testimony to refute this information submitted by the board of review. The Board further finds the FF&E claimed by the appellant of \$460,000 or \$6,301 per room, is significantly higher than competitive hotel properties in the subject's market area. The Board finds the appellant's claim for FF&E is not credible and not supported in the record. Therefore, the Property Tax Appeal Board finds the August 2005 sale of the subject for \$1,840,000 cannot be relied on as a valid indicator of the subject's market value.

Based on this analysis, the Property Tax Appeal Board finds the appellant has failed to prove overvaluation by a preponderance of the evidence and the subject's assessment as determined by the board of review is correct and no 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. Crit

Chairman

K. L. F...

Member

Richard A. ...

Member

Mark ...

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: December 23, 2009

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.