FINAL ADMINISTRATIVE DECISION
ILLINOIS PROPERTY TAX APPEAL BOARD

APPELLANT: Metal Finishing Research Corporation
DOCKET NO.: 06-23533.001-I-1 through 06-23533.004-I-1
PARCEL NO.: See Below

The parties of record before the Property Tax Appeal Board are Metal Finishing Research Corporation, the appellant, by attorney Thomas J. McNulty, of Neal, Gerber & Eisenberg 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:

DOCKET NO	PARCEL NUMBER	LAND	IMPRVMT	TOTAL
06-23533.001-I-1	20-04-211-007-0000	1,929	7,417	$9,346
06-23533.002-I-1	20-04-211-008-0000	11,576	41,954	$53,530
06-23533.003-I-1	20-04-211-009-0000	17,364	202,079	$219,443
06-23533.004-I-1	20-01-211-023-0000	2,316	3,365	$5,681

Subject only to the State multiplier as applicable.

ANALYSIS

The subject property consists of four land parcels containing 51,861 square feet of area improved with a 30-year-old, one-story, masonry, industrial building.

The appellant argued that the market value of the subject property is not accurately reflected in the property's assessed valuation as the basis of this appeal.

In support of the market value argument, the appellant submitted an appraisal report of the subject property with an effective date of January 1, 2006 undertaken by Carlos Mendoza, staff appraiser, as well as Michael Kelly and William Townsley, both of which hold the designations of State Certified General Real Estate Appraiser and Member of the Appraisal Institute. The appraisers estimated a market value for the subject of $800,000.

As to the subject, the appraisers noted that the subject's building contains 43,273 square feet of building area with 40,769 square feet allocated to the manufacturing area and 2,504 square feet allocated to the office area. The appraisal indicated that Mendoza had personally inspected the interior and exterior of the subject on July 18, 2006 and found the subject to be of average condition. He indicated that the subject contained 17 foot clear ceilings, four dock levelers, two 12-foot drive-thru doors, and three 8-foot truck doors. The site improvements included 6,000 square feet of asphalt paving as well as 200 lineal feet of six-foot chain link fencing.

The appraisal developed the three traditional approaches to value. The cost approach estimated a value of $830,000; the income approach estimated a value of $810,000; and the sales comparison approach estimated a value of $800,000. A reconciliation of these values concluded a final value estimate of $800,000.

The appraisers indicated that the subject's highest and best use as vacant was for industrial development in accordance with current zoning regulations, while the highest and best use as improved was for its current use.

The first method developed was the cost approach. The initial step under the cost approach was to estimate the value of the site and in doing so the appraisers undertook an analysis of seven suggested land sales of local sites. They ranged in size from 34,269 to 858,132 square feet and in price from $1.75 to $8.67 per square foot. These properties sold from April, 2001, through April, 2003. Therefore, the appraisers opined that the subject's land value was $5.00 per square foot or $260,000, rounded.

Using a cost manual, the appraisers estimated a replacement cost new of the subject at $2,267,000 with site improvements of $17,000 resulting in a total replacement cost of $2,284,000 or $52.78 per square foot of gross building area, while using 43,273 square feet of building area.

In estimating the amount of the subject's depreciation, the appraisers utilized the market abstraction method. In doing so, they referred to the six sale comparables employed in the sales comparison approach to value. These sales ranged: in age from 35 to 63 years; in total depreciation rates from 71.8% to 85.2%; and in range of average annual depreciation rates from 1.3% to 2.3%. Based upon this analysis, the appraisers estimated the subject property's total accrued depreciation at an annual rate of 2.5% for 30 years resulting in total accrued depreciation of 75%. Less depreciation resulted in a depreciated value of the improvements of $571,000. Adding the land value of $260,000 resulted in a value under the cost approach of $830,000, rounded.

The next developed approach was the income approach, wherein the appraisers analyzed six rental properties. These properties ranged: in age from 20 to 50 years; in size from 12,240 to 65,000 square feet; in clear ceiling heights from 14 to 22 feet;

in percentage of office space from 2% to 16%; and in lease rates from $1.70 to $3.96 per square foot. Based upon this data, the appraisers estimated a net rental rate for the subject of $2.50 per square foot or $108,183. Deducting an allowance for management fees and vacancy and collection losses of 10% reflected an effective net rent of $97,365.

The appraisal indicated that a rate abstraction methodology was used to estimate an overall capitalization rate from the improved sale comparables indicating a range from 13.8% to 15.0%. An overall capitalization rate of 12.0% was applied to the net income resulting in a value estimate under the income approach for the subject property of $810,000, rounded.

Under the sales comparison approach to value, the appraisers utilized five sale comparables located within close proximity to the subject. These comparables sold from May, 2002, through August, 2003, for prices that ranged from $675,000 to $1,190,000, or from $16.76 to $22.86 per square foot. The properties were improved with a one-story or two-story, masonry, industrial building. They ranged: in age from 35 to 63 years; in clear ceiling heights from 15 to 27 feet; in percentage of office space from 6% to 26%; and in improvement size from 31,400 to 66,000 square feet of building area. After making adjustments to the suggested comparables, the appraisers estimated the subject's market value at $18.50 per square foot, land included, or $800,000, rounded.

In reconciling the three approaches to value, the appraisers placed maximum consideration on the sale comparison approach to value with moderate consideration to the income approach. Therefore, the appraisers estimated that the subject's market value as of the 2006 assessment date was $800,000.

The board of review submitted "Board of Review-Notes on Appeal" wherein the subject's total assessment was $327,143. The subject's assessment reflects a market value of $908,731 or $20.75 per square foot using the Cook County Ordinance Level of Assessment for Class 5b, industrial property of 36%. This market value was based upon the board's position that the subject's improvement contains 42,799 square feet of living area. As to the subject, the board submitted copies of the subject's property record cards.

In support of the subject's market value, raw sales data was submitted for five properties. The data from the CoStar Comps service sheets reflect that the research was licensed to the assessor's office, but failed to indicate that there was any verification of the information or sources of data. The properties sold from January, 2001, to November, 2004, in an unadjusted range from $895,000 to $1,846,168, or from $22.95 to $36.92 per square foot of building area. The buildings ranged in age from 28 to 71 years and in size from 39,000 to 57,446 square feet of building area. The printouts reflect that there was no real estate brokers involved in sale #3, while both parties in sale #4 had the same real estate broker. Moreover, the printouts reflect that sale #3 was advertised for sale on the open market, while the price of sale #4 also included 2.25 acres of surplus land. As a result of its analysis, the board requested confirmation of the subject's assessment.

After considering the parties' arguments and reviewing 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. National City Bank of Michigan/Illinois v. Illinois Property Tax Appeal Board, 331Ill.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 arm’s length sale of the subject property, recent sales of comparable properties, or recent construction costs of the subject property. 86 Ill.Admin.Code 1910.65(c). Having considered the evidence presented, the Board concludes that the appellant has met this burden and that a reduction is warranted.

In determining the fair market value of the subject property, the Board finds the best evidence to be the appellant's appraisal. The appellant's appraisers utilized all three of the traditional approaches to value in determining the subject's market value. The Board further finds this appraisal to be persuasive for the appraisers personally inspected the subject property and the suggested sale comparables, have experience in appraising such property, developed a highest and best use, and utilized market data in the three approaches to value while providing sufficient detail regarding each rental or sale comparable as well as adjustments where necessary.

Moreover, the Board finds that the board of review provided unconfirmed, raw data in support of the subject's assessment.

Therefore, the Board finds that the subject property contained a market value of $800,000. Since the market value of the subject has been established, the Cook County Ordinance level of assessment for Class 5b, industrial property of 36% will apply. In applying this level of assessment to the subject, the total assessed value is $288,000, while the subject's current total assessed value is above this amount at $327,143. 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.

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: April 20, 2012

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.