PROPERTY TAX APPEAL BOARD'S DECISION

APPELLANT: Hollywood Industrial Supply
DOCKET NO.: 06-26308.001-R-1
PARCEL NO.: 14-29-318-036

The parties of record before the Property Tax Appeal Board (PTAB) are Hollywood Industrial Supply, the appellant, by attorney Allen A. Lefkovitz in Chicago and the Cook County Board of Review.

The subject property consists of 3,125 square foot parcel improved with a three-story, masonry, mixed-use building containing a total of 6,150 square feet of building area, five and one-half baths, and a full, unfinished basement.

The appellant, through counsel, appeared before the Property Tax Appeal Board claiming the subject's fair market value is not represented accurately in its assessment. In support of the market value argument, the appellant submitted an appraisal authored by Mark Weinstein of Donald Zimmerman & Associates, LLC. The report indicates Weinstein is a State of Illinois certified general appraiser and carries a designation of MAI. The appraiser indicated the subject has an estimated market value of $580,000 as of January 1, 2006.

After a description of the subject property, the appraiser indicated that the subject was valued as fee simple; the appraiser inspected the subject on July 11, 2006; and gathered and confirmed all information on the comparable improved sales. In addition, the appraiser indicated the subject's highest and best use as vacant would be for commercial or mixed-use development and it highest and best use as improved is its current, interim use.

The appraisal report valued the land by analyzing five land sales within the subject market. These sales range in size from 6,000 to 6,000 square feet. The parcels sold from May 2003 to January 2006 for prices ranging from $129.17 to $191.67 per square foot. The appraiser made adjustments to the comparables based on several factors and arrived at an estimate of value for the land at $185.00 per square foot or $580,000, rounded. The appraisal

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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: $ 17,609
IMPR.: $ 41,087
TOTAL: $ 58,696

Subject only to the State multiplier as applicable.

PTAB/JBV

did not address the value of the improvement through the cost approach to value as it opined the building was at the end of its economic life.

The next approach to value considered was the income approach. The appraisal analyzed three commercial/retail space sales to arrive at an estimate of rent for the subject's first floor commercial space at $16.00 per square foot and the third floor unfinished storage space at $8.00 per square foot. Three apartment sales were analyzed to arrive at an estimate of rent for the subject's second floor apartments at $1,000 per month. Based on these figures, the appraiser estimated a gross annual income of $56,700. Vacancy and collection was estimated at 10% and expenses were estimated at $9,300 for a total net income of $47,500. This income was capitalized at 9.98%, using the band of investment, to arrive at a total estimate of value under the income approach of $475,000, rounded.

The appraisal report then addressed sales comparison approach to value. The appraiser employed the sales of three mixed-use building in the same general area as the subject and built from 1879 to 2004. The comparables are two or three-story, masonry or frame buildings containing from 3,000 to 6,048 square feet of building area and from 2,754 to 3,125 square feet of land. The comparables were sold from March 2003 to April 2005 for prices ranging from $260,000 to $530,500, or from $86.67 to $91.18 per square foot of building area, including land. The appraiser adjusted each of the comparables for pertinent factors. Based on the similarities and difference of the comparables when compared to the subject, the appraiser estimated a value for the subject of $86.00 per square foot of building area including land, or $550,000, rounded, through the sales comparison approach to value.

The reconciling the approaches to value, the appraisal indicated the subject's value lies wholly in the land and that the existing improvement is an interim use. The appellant's appraiser's final estimate of value was $580,000 for the subject as of January 1, 2006.

The board of review submitted its "Board of Review Notes on Appeal" wherein the subject's final assessment of $89,244 was disclosed. The subject's final assessment reflects a fair market value of $557,775, when the Cook County Real Property Assessment Classification Ordinance level of assessments of 16% for Class 2 properties is applied. The board also submitted descriptions and assessment information on a total of four properties suggested as comparable and located in the subject's neighborhood. The properties consist of three-story, masonry, mixed-use buildings with two and two-half or three and one-half baths, a partial unfinished basement, and, for three properties, air conditioning. The properties range: in age from 106 to 128 years; in size from 5,585 to 6,120 square feet of living area; and in improvement assessments from $2.40 to $12.65 per square foot of living area. One property sold in February 2005 for $950,000 or $168.44 per

square foot, including land. Based on this evidence, the board of review requested confirmation of the subject's assessment.

In rebuttal, the appellant's attorney submitted a letter arguing the description of the subject is incorrect and that three of the board of review's comparables are located in a different market than the subject. It also notes the board of review submitted assessment information and not sales information.

At hearing, the appellant argued the best evidence of the market value is the appraisal submitted by the appellant and that the median level of assessment for class 2 properties should apply.

The board of review's representative, Lena Henderson, testified it is the board of review's policy to take utilize a 10% level of assessment for recent sale properties and ordinance level of 16% for appraisals. She testified the difference is because there was no sale to establish that the appraisal was correct in its estimate of market value.

After reviewing the record and considering the evidence, the Property Tax Appeal Board finds it has jurisdiction over the parties and the subject matter of this appeal. The issue before the Property Tax Appeal Board is the subject's fair market value. Next, 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, 331 Ill.App.3d 1038 (3rd Dist. 2002); Winnebago County Board of Review v. Property Tax Appeal Board, 313 Ill.App.3d 179, 728 N.E.2d 1256 (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. Section 1910.65 *The Official Rules of the Property Tax Appeal Board* (86 Ill.Adm.Code §1910.65(c)). Having reviewed the record and considered the evidence, the Board concludes that the appellant has satisfied this burden.

The PTAB accords primary and substantial weight to the appellant's appraisal. The PTAB finds that the appellant's appraiser selected five land sales and made adjustments to these sales to arrive at an estimate of value for the land. In addition, an income approach to value was conducted to establish an estimate of value under this approach. The sales comparison approach used three suitable comparable properties; compared and contrasted the properties to the subject and made well defined adjustments to the comparables. The appraisal opined that the value of the subject property was within the land and concluded a well reasoned final estimate of value for the subject all the information. Further, the PTAB finds that the board of review failed to refute the appellant's contention this appraisal was representative of the subject's fair market value as of January 1, 2006. The board of review's representative testified that the board of review would utilize the value arrived at in the

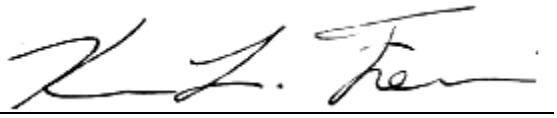
appraisal, but would apply a different level of assessment to the subject because it was an appraisal and not a sale.

In contrast, the PTAB accords the board of review's submission little weight. The PTAB finds that the board of review presented sales information on only one property and this information was raw sales data that lacked analysis concerning the similarity or dissimilarity to the subject. Further, there are no adjustments to the sale for time of sale, conditions of sale, condition of the building, location, size, or any other factor used in a conventional comparative analysis.

Based on the foregoing analysis, the Property Tax Appeal Board finds the subject property had a market value of $580,000, as of January 1, 2006. Since the fair market value of the subject has been established, the PTAB finds that the Department of Revenue three year median level of assessment for 2006 of 10.12% for Class 2 properties shall apply and a reduction is accordingly 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



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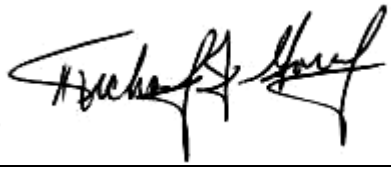

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DISSENTING: _____ _____

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: July 28, 2009

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.