FINAL ADMINISTRATIVE DECISION
ILLINOIS PROPERTY TAX APPEAL BOARD

APPELLANT: Susana Valle
DOCKET NO.: 06-26712.001-C-1
PARCEL NO.: 13-35-128-021-0000

The parties of record before the Property Tax Appeal Board are Susana Valle, the appellant, by attorney Arnold G. Siegel in Chicago, and the Cook 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 **Cook** County Board of Review is warranted. The correct assessed valuation of the property is:

LAND:	$ 15,749
IMPR.:	$ 131,620
TOTAL:	$ 147,369

Subject only to the State multiplier as applicable.

ANALYSIS

The subject property consists of a 9,375 square foot land parcel improved with a three-story, 118-year old, masonry building. The subject's building is a mixed-use building with retail/residential units and 17,520 square feet of building area.

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 as well as a copy of the board of review's website printout for the subject reflecting that the subject was accorded an assessment reduction based upon the cost, income and market data in the appellant's appraisal resulting in a total assessment of $147,369. The appellant's appraisal indicated an effective date of January 1, 2006 which was undertaken by Malcolm Williamson and Michael Halliburton, Certified General Real Estate Appraisers, and Gary T. Peterson, who holds the designations of a Certified General Real Estate Appraiser and Member of the Appraisal Institute. The appraisal indicated that the intended use of this appraisal was to estimate the market value of the real estate for ad valorem tax purposes.

In addition, the appraisal stated that the appraisers personally inspected the subject property and the surrounding immediate area on December 15, 2006.

The subject is a rectangular shaped, interior block parcel of land located in Chicago. The parcel is improved with a three-story, 118-year old, mixed-use building used as a banquet hall with one apartment on the third floor. The appraisers noted that the subject contained significant functional obsolescence due to the subject's multi-story banquet facility and the absence of an elevator.

The appraisal developed the three traditional approaches to value, wherein the cost approach estimate a market value of $745,000 for the subject; the income approach estimated a value of $745,000; and the sales comparison approach estimated a value of $745,000 for the subject. The reconciled value for the subject was $745,000.

The appraisal stated that the subject's highest and best use, as if vacant, was for development of retail use, while the highest and best use, as if improved, was to maintain the existing improvements in its continued current use.

Under the cost approach, the initial step is to estimate the value of the land. The appraisers used four land sale comparables located in Chicago, as is the subject property. The comparables sold from April, 2003, to September, 2006, for prices that ranged from $4.98 to $14.86 per square foot. These properties ranged in size from 15,690 to 28,126 square feet of land area. After making adjustments to the comparables, the appraisers estimated a land value for the subject of $15.00 per square foot or $140,000, rounded.

While employing the Marshall & Swift Valuation Service, the appraisers developed a replacement cost new for the subject's improvement of $1,648,661. The appraisers accorded the subject an effective age of 35 years and an economic life of 50 years which indicated an estimate of total accrued depreciation of 70%. In addition, the appraisers estimated indirect costs at 10% and entrepreneurial profit of 10% resulting in the subject's RCN of $2,008,880. Deducting depreciation of 70% or $1,406,216 and adding the land value of $140,000 resulted in a value under the cost approach of $745,000, rounded.

Under the income approach to value, the appraisers referred to four commercial rental comparables. These properties ranged in rentable area from 3,400 to 48,600 square feet of building area and in monthly rent from $8.95 to $13.00 per square foot. Therefore, gross potential income was estimated at $9.50 per square foot or $166,440 less a vacancy rate of 6% or $9,986 resulted in an effective gross income of $156,454. Deducting the projected expenses $70,081 resulted in net operating income of $86,373.

The appraisers employed the bank of investment method to estimate a capitalization rate of 8.36%. Further, the appraisers consulted with Korpacz Real Estate Investor Survey, First Quarter 2006, published by Price WaterhouseCoopers LLP and the RERC Real Estate Report, Winter 2006, published by Real Estate Research Corporation for market data on capitalization rates. These publications indicated a range of capitalization rates from 7% to 11.50%. The appraisers estimated a capitalization rate for the subject of 9% as well as a tax load factor of 2.61% for an adjusted capitalization rate of 11.61%. Capitalizing the effective gross income resulted in a value under the income approach of $745,000, rounded.

Under the sales comparison approach to value, the appraisers utilized four sale comparables, which were located in Chicago, as is the subject property. These comparables sold from June, 2003, through May, 2005, for prices that ranged from $330,000 to $1,350,000 or from $35.87 to $43.75 per square foot. The properties were improved with a one-story to a five-story, masonry building. They ranged in age from 78 to 127 years and in size from 8,000 to 35,000 square feet of building area. After making adjustments to the suggested comparables, the appraisers estimated the subject's market value was $42.50 per square foot or $745,000, rounded.

In reconciling the three approaches to value, the appraisers accorded least emphasis to the cost approach with main consideration given to the income and sales comparison approaches to value. Therefore, the final value estimate for the subject was $745,000.

The board of review submitted "Board of Review-Notes on Appeal" wherein the subject's total assessment was $350,004 as determined by the county assessor. The subject's assessment reflects a market value of $921,063 or $52.57 per square foot using the Cook County Ordinance level of assessment for Class 5a, commercial property of 38%. As to the subject, the board also submitted copies of the subject's property record cards as well as notice that the board of review's decision reduced the subject's assessment to $147,369.

In addition, the board of review submitted a memorandum as well as CoStar Comps printouts for five suggested comparables. The properties contained mixed-use, retail/storefront or retail/general freestanding buildings. They sold from May, 2001, to January, 2008, for prices that were in an unadjusted range from $37.06 to $78.44 per square foot of building area. The buildings ranged in size from 16,000 to 20,000 square feet of building area. The printouts also reflected that sales #1, #3 and #4 did not involve real estate brokers for either party, while sales #2 and #5 are single-tenant buildings. As a result of its analysis, the board requested confirmation of the subject's assessment.

Furthermore, the board's memorandum stated that the memorandum was not intended to be an appraisal or an estimate of value and should not be construed as such. It also indicated that the information provided in the memorandum has been collected from sources assumed to be factual, accurate and reliable; however, the writer had not verified the information or sources and did not warrant its accuracy.

After considering the 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 evidence indicates a reduction is not 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 the three 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; developed a highest and best use analysis; and utilized market data in each approach to value. Moreover, the appraisers provided sufficient detail regarding each rental comparable as well as the land or improved sale comparables and detailed adjustments where necessary.

Moreover, the Board accorded diminished weight to the board of review's limited and raw sales data. Nevertheless, the board of review's decision reflected on a website printout reflected that a reduction was accorded to the subject based upon the cost, income and market data in the appellant's appraisal.

Therefore, the Board finds that the subject property contained a market value of $745,000 for tax year 2006, which supports the subject's current total assessment of $147,369. Therefore, the Board finds that a reduction is not 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: August 19, 2011

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.