



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

APPELLANT: Stacey Dahlberg-Glenwood
DOCKET NO.: 06-27755.001-C-1 through 06-27755.002-C-1
PARCEL NO.: See Below

The parties of record before the Property Tax Appeal Board are Stacey Dahlberg-Glenwood, the appellant, by attorney Howard W. Melton of Howard W. Melton and Associates, 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:

DOCKET NO	PARCEL NUMBER	LAND	IMPRVMT	TOTAL
06-27755.001-C-1	32-03-400-018-0000	76,473	396,743	\$473,216
06-27755.002-C-1	32-03-400-019-0000	77,425	121,216	\$198,641

Subject only to the State multiplier as applicable.

ANALYSIS

The subject parcels have a combined land area of 162,000 square feet. The land is improved with a part one-story and part two-story commercial strip shopping center. The masonry structure was built in 1977 and contains 27-units with a total of approximately 44,905 square feet of building area. Some units are used as office space and some are used as retail space. The site has asphalt parking. The parcels are classified as Class 5A, commercial, under the Cook County Real Property Assessment Classification Ordinance (hereinafter "Ordinance") and are to be assessed at 38% of market value. The subject is located in Bloom Township, Cook County.

The appellant, through legal counsel, submitted evidence that the subject's fair market value is not accurately reflected in its assessment. In support of this argument, the appellant submitted an appraisal report prepared by James A. Matthews of James A. Matthews, Inc. estimating a fair market value for the subject property of \$1,600,000 as of January 1, 2005. The purpose of the appraisal was for *ad valorem* tax assessment of the subject property.

As to the subject property, on page 12 the appraiser reported the subject to be in average condition. The property was inspected for the report in February 2006. Due to some structural problems, some of the flooring had to be replaced. The appraiser also reported some major cracking in the asphalt pavement which should be replaced. Furthermore, the appraiser reported that 16 units were vacant and the subject had a vacancy rate of 59% due to oversupply, competition, slack demand and demographics. The appraiser estimated area commercial vacancies at 20%. In this regard, the appraiser opined the subject suffers from market obsolescence due to slack demand for commercial and office space in the area.

Under the cost approach, the appraiser first estimated a land value by examining six land sales from Hazel Crest, Homewood, Orland Park, Alsip, Oak Forest and Matteson. The parcels ranged in size from 84,506 to 297,067 square feet of land area. The sales occurred between June 2001 and July 2003 for prices ranging from \$0.67 to \$2.50 per square foot of land area. The appraiser adjusted the sales upward for time and the appraiser adjusted the comparables for differences in land size and location. From this analysis, the appraiser estimated a value of \$2.50 per square foot for the subject or \$405,000 as a land value.

Next, as shown on page 29 of the report, the appraiser determined a replacement cost new for the subject building including the asphalt paving and signs of \$3,942,400. The source(s) for this replacement cost was not specified. Physical depreciation of 53.33% was calculated using the age/life method. External obsolescence was estimated due to slack demand and high vacancy rates of 15% attributable to such loss in value. After these deductions, the depreciated value of improvements was \$1,248,427. Adding back the land value estimate, under the cost approach, the appraiser estimated a market value of \$1,650,000, rounded, for the subject.

Using the income approach the appraiser estimated the subject had a market value of \$1,650,000. The first step was to develop the subject's potential gross rental income through examination rental comparables. On page 33, the appraiser summarized seven "individual unit rental comparables" that ranged in rental size from 650 to 4,000 square feet of building area with rental rates ranging from \$6.00 to \$11.00 per square foot. Noting that the subject had a very high vacancy rate, the appraiser reconciled this data at \$7.00 per square foot for the subject. Next, on page 36, the appraiser summarized four rental comparables ranging in size from 40,500 to 63,560 square feet of building area with rental units ranging in size from 1,500 to 28,891 square feet. These comparables had asking rents ranging from \$6.00 to \$12.00 per square foot. After adjusting for location, condition and amenities, the appraiser opined the subject would rent at the lower end of the range of \$7.00 per square foot on a triple net lease basis resulting in a gross potential income of \$314,335.

Next, as shown on page 37, for purposes of the income approach the appraiser opined a vacancy and collection lost of 25% or \$78,584 resulting in an effective gross income of \$235,751. Then the appraiser reported annual expenses totaling \$70,292 for management (5%), miscellaneous (\$10,000), replacements/reserves of \$0.50 per square foot and "owners expense while vacant" of \$26,052. With regard to this latter expense, the appraiser stated "[t]axes while vacant was [sic] estimated from taking 25% of the 2004 taxes, roughly \$104,210." In summary, the appraiser opined a net operating income for the subject of \$165,459.

Next the appraiser calculated a capitalization rate by examining multiple sources and finding rates ranging from 8.5% to 11.5%. Based on the data, the appraiser selected a rate "at the lower end of the range due to price appreciation and the fact that the subject is new construction" selecting a capitalization rate of 10% for the subject. Capitalizing the subject property's net operating income of \$165,459 by 10% resulted in estimated market value of \$1,650,000, rounded, under the income approach.

In the sales comparison approach, the appraiser utilized seven sales composed of one-story retail buildings located in Homewood, Hazel Crest, Richton Park, Lansing, Riverdale, Tinley Park and Steger which were built between 1955 and 1988. The parcels range in size from 31,680 to 1,143,973 square feet of land area which are improved with a structure ranging in size from 16,000 to 93,453 square feet of building area. These properties have land-to-building ratios ranging from 1.74:1 to 12.24:1. The subject has a land-to-building ratio of 3.61:1. The sales occurred from April 2001 to November 2004 for prices ranging from \$575,000 to \$3,030,000 or from \$27.29 to \$41.47 per square foot of building area including land. The appraiser considered adjustments to the comparables for date of sale, lot size and building size. The appraiser ultimately estimated the subject property had an estimated market value under the sales comparison approach of \$35.00 per square foot of building area resulting in a total estimated market value of \$1,600,000, rounded.

In reconciling the three value conclusions, the appraiser placed more reliance on the sales comparison approach with secondary emphasis to the cost and income approaches.

Based on this evidence, the appellant requested a reduction in the subject parcels' total assessment to \$608,000 to reflect the appraised value conclusion at the 38% level of assessment. (86 Ill.Admin.Code §1910.50(c)(3)).

The board of review submitted its "Board of Review Notes on Appeal" wherein the subject's final total assessment of the two parcels of \$671,857 was disclosed. The subject's total assessment reflects an estimated market value of \$1,768,045 or \$39.37 per square foot of building area including land using the Ordinance level of assessment for Class 5A property of 38%.

In support of the subject's estimated market value as reflected by its assessment, the board of review presented five comparable sales located within an 8-mile radius of the subject in the communities of Hazel Crest, Chicago Heights, South Holland, Calumet City and Dolton. The comparables are improved with multi-tenant retail buildings that range in size from 24,600 to 53,677 square feet of building area. Four of the parcels range in size from 84,114 to 348,480 square feet of land area. Three of the buildings were constructed in 1970 or 1987. No age was provided for comparables #2 and #3. The sales occurred between June 2004 and July 2007 for prices ranging from \$2,000,000 to \$3,660,000 or from \$53.50 to \$99.59 per square foot of building area including land.

Based on this evidence, the board of review requested confirmation of the subject property'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. The Property Tax Appeal Board further finds a reduction in the subject property's assessment is not warranted.

The appellant argued the subject property is overvalued. 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). The Board finds the appellant has not overcome this burden.

In this appeal, the appellant submitted an appraisal report estimating a fair market value for the subject property of \$1,600,000 or \$35.63 per square foot of building area, including land, as of January 1, 2005. The appraisal relied primarily upon the sales comparison approach based on sales of buildings that were, but for sales #2 and #3, substantially smaller or substantially larger than the subject building and most consisted of parcel sizes that differed significantly from the subject lot. These seven comparables sold for prices ranging from \$575,000 to \$3,030,000 or from \$27.29 to \$41.47 per square foot of building area including land. The board of review submitted five suggested comparable sales to support its assessed valuation of the subject property. The board of review's sales data consists of similar sized, multi-tenant retail buildings which sold for prices ranging from \$2,000,000 to \$3,660,000 or from \$53.50 to \$99.59 per square foot of building area, including land.

The courts have stated that where there is credible evidence of comparable sales these sales are to be given significant weight as evidence of market value. In Chrysler Corporation v. Property Tax Appeal Board, 69 Ill.App.3d 207 (2nd Dist. 1979), the court held that significant relevance should not be placed on the cost approach or income approach especially when there is market data available. In Willow Hill Grain, Inc. v. Property Tax Appeal Board, 187 Ill.App.3d 9 (5th Dist. 1989), the court held that of

the three primary methods of evaluating property for the purpose of real estate taxes, the preferred method is the sales comparison approach. The Board finds there are credible market sales contained in this record. Thus, the Board placed most weight on this evidence.

The Property Tax Appeal Board has given no weight to the appraisal's conclusion of value which relied primarily upon the sales comparison approach by analyzing seven properties, only two of which were somewhat similar to the subject in building size and lot size. The Board finds that five of the seven sales analyzed by the appraiser ranged in size from 16,000 to 93,453 square feet of building area as compared to the subject that contains 44,905 square feet of building area making them clearly dissimilar to the subject. The two most similar sales analyzed by the appraiser had sale prices in September 2003 and November 2004 for \$1,374,500 and \$950,000 or \$29.88 and \$31.67 per square foot of building area, including land, yet the appraiser concluded a value opinion for the subject of \$35.00 per square foot of building area, including land. Based on this data, the Board finds the appraisal's value conclusion for the subject lacks any credible factual support in the appraisal report. Only the much smaller sale comparables analyzed by the appraiser had prices ranging from \$35.94 to \$41.47 per square foot of building area including land. None of the data presented by the appraiser supported a value conclusion for the subject of \$35.00 per square foot of building area including land.

Having discounted the appraisal's conclusion of value, the Board finds that both parties submitted a total of 12 suggested sales comparables for consideration. As outlined above, the Board has given less weight to appellant's comparables, except sales #2 and #3, due to differences in building size. The Board finds the sales comparables presented by the board of review ranged in size from 24,600 to 353,677 square feet of building area which are all fairly similar to the subject's 44,905 square feet. Thus, the Board finds the most similar comparables on this record are appellant's sales #2 and #3 along with all five of the board of review's comparables. These seven most similar comparable sales sold between September 2003 and July 2007 for prices ranging from \$950,000 to \$3,660,000 or from \$29.88 to \$99.59 per square foot of building area, land included. The subject property's estimated market value as reflected by its assessment of \$1,768,045 or \$39.37 per square foot of building area, land included, is within the range on a per-square-foot basis of these most similar sales comparables on this record. Therefore, the Board finds that the appellant has failed to establish overvaluation by a preponderance of the evidence and the subject's estimated market value does not appear to be excessive in light of these recent comparable sales. The Board finds that no reduction in the subject's assessment is warranted on this record.

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.

Donald R. Cuit

Chairman

K. L. Fern

Member

Frank A. Huff

Member

Mario Morris

Member

J. R.

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: May 18, 2012

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.