



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

APPELLANT: Joseph David
DOCKET NO.: 06-28124.001-C-1
PARCEL NO.: 24-10-413-050-0000

The parties of record before the Property Tax Appeal Board are Joseph David, the appellant, by attorney Terrence Kennedy, Jr., of the Law Offices of Terrence Kennedy, Jr., 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:

LAND: \$20,236
IMPR.: \$73,638
TOTAL: \$93,874

Subject only to the State multiplier as applicable.

ANALYSIS

The subject property is improved with a 38-year-old three-story walk-up masonry apartment building that contains 10,185 square feet of building area. There are 12 apartment units of which six are 2-bedroom and six are 1-bedroom style. The subject has a common area basement. The building is located on a 9,920 square foot site in Oak Lawn, Worth Township, Cook County. The property is classified as a Class 3-15 multi-family two or three story non-fireproof corridor apartments or California type apartments, interior entrance, building under the Cook County Real Property Assessment Classification Ordinance (hereinafter "Ordinance") and is to be assessed at 24% of market value.

The appellant through legal counsel submitted evidence along with a brief to the Property Tax Appeal Board claiming both unequal treatment in the assessment process and overvaluation as the bases of the appeal to challenge the subject's assessment.

In support of the inequity argument, the appellant submitted a grid analysis of five suggested Class 3-15 comparables located "within a few blocks of the subject" and in the same assigned

neighborhood code by the assessor as the subject property. The comparables consist of parcels ranging in size from 8,778 to 15,872 square feet of land area which are improved with 8 to 14 unit masonry apartment buildings that range in age from 33 to 40 years old. The buildings range in size from 8,334 to 18,000 square feet of building area and have land-to-building ratios ranging from .77:1 to 1.48:1. The subject has a land-to-building ratio of .97:1. No other details of the comparable properties were supplied in the grid analysis. These properties have improvement assessments ranging from \$49,347 to \$130,639 or from \$5.85 to \$7.26 per square foot of building area or from \$5,483 to \$9,331 per unit. The subject has an improvement assessment of \$133,578 or \$13.12 per square foot of building area or \$11,132 per unit. Based on this data in order to reflect the average improvement assessment of these five comparables, the appellant requested an improvement assessment of \$68,077 or \$6.68 per square foot of building area or \$5,673 per unit.

As to the overvaluation argument, the appellant submitted an appraisal of the subject property prepared by Matthew Kang and Gary Peterson of Peterson Appraisal Group, Ltd. to establish "an equitable basis for real estate taxation." In a cover letter, the appraisers noted "[g]iven the intended use of the appraisal, the value opinion is based solely on the application of [the] income capitalization approach." The appraisal depicts an opinion of market value of \$460,000.

Noting the sales history of the subject, the appraisers acknowledged that the subject property was purchased in February 2005 for \$750,000. "The ownership reportedly purchased the property to convert into a residential condominium building. It is noted, normally a premium is paid for properties for conversion potential and investors often give no consideration to the income/cash flow of the property." The appraisers further report that their analysis is that the subject "appears [to] have been purchased above market consideration."

Using the income approach, the appraisers first estimated market rent by analyzing five comparable rentals which ranged from \$565 to \$700 per month for 1-bedroom units and \$740 to \$825 per month for 2-bedroom units. The appraisers analyzed the comparables for differences with the subject including location, size, features and amenities, concessions, expenses, division of expenses, parking and other characteristics. The appraisers opined the subject's units are commanding below market level rental rates. The appraisers stabilized the subject's potential gross income at \$650 per month for 1-bedroom units and \$750 per month for 2-bedroom units resulting in total annual potential income of \$100,800. A vacancy and collection loss of 5% or \$5,040 was estimated resulting in effective gross income of \$95,760 annually. Next, the appraisers estimated stabilized expenses based on the subject's data and market surveys of data from comparable properties. Expenses were stabilized for insurance, common area utilities, scavenger expense, maintenance and repairs, professional fees, management fee, and reserves for a

total operating expense, excluding real estate taxes, at \$30,768 or \$2,564 per unit for an expense ratio of 30.52% of potential gross income. This resulted in a net operating income of \$64,992 or \$5,416 per unit before real estate taxes, mortgage debt service, capital items and book depreciation. Using both a band of investment technique and investor survey data, the appraisers arrived at an overall capitalization rate for the subject of 8.00% and a tax loaded capitalization rate of 14.091% to estimate the subject's value at \$460,000, rounded, under the income capitalization approach.

In the brief, appellant's counsel argued that the subject's "recent" purchase price of \$750,000 should not be controlling "because [the] appraisal and the economics establish that the actual market value is substantially lower than the price." Furthermore, assessment uniformity for Class 3 properties should take precedence.

Based on the appraisal evidence, the appellant requested the subject's total assessment be reduced to \$110,400 to reflect a market value of \$460,000 using the 2006 level of assessments for class 3 property of 24% under the Ordinance. Alternatively, based on lack of uniformity, the appellant requested the subject's total assessment be reduced to \$88,313.

The board of review submitted its "Board of Review Notes on Appeal" wherein its final assessment of the subject totaling \$153,814 was disclosed. The subject's assessment reflects a market value of \$640,892 which equates to \$53,408 per apartment unit or \$62.93 per square foot of building area, including land, when applying the 2006 level of assessments for class 3 property as set forth in the Ordinance of 24%.

In support of the assessment the board of review submitted information on the subject's February 2005 purchase price of \$750,000. In addition, the board of review presented five suggested sales comparables of multi-family apartment buildings which were 30 to 42 years old. The comparables range in size from 7,000 to 10,500 square feet of building area and have 12 or 14 apartment units. The comparables sold between June 2001 and June 2006 for prices ranging from \$560,000 to \$1,120,000 or from \$60.00 to \$108.21 per square foot of building area, including land, or from \$45,000 to \$80,000 per unit including land.

The board of review did not substantively respond to the appellant's lack of uniformity argument. Based on this evidence, the board of review requested confirmation of the subject'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 that a reduction in the subject's assessment is warranted.

The appellant contended unequal treatment in the subject's improvement assessment as a basis of the appeal. Taxpayers who object to an assessment on the basis of lack of uniformity bear the burden of proving the disparity of assessment valuations by clear and convincing evidence. Kankakee County Board of Review v. Property Tax Appeal Board, 131 Ill.2d 1 (1989). The evidence must demonstrate a consistent pattern of assessment inequities within the assessment jurisdiction. After an analysis of the assessment data, the Board finds the appellant has met this burden and that a reduction in the subject's assessment is warranted due to lack of assessment uniformity.

In this appeal the appellant provided information on five equity comparables. Only comparables #1, #2 and #3 were similar to varying degrees to the subject in size, classification, and number of units which would translate into the property's earning capacity. The board of review did not provide any comparable equity data for consideration. After considering adjustments and the differences in the appellant's most similar comparables when compared to the subject, the Board finds the subject's improvement assessment is not equitable and a reduction in the subject's improvement assessment is warranted.

The appellant also 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. Winnebago County Board of Review v. Property Tax Appeal Board, 313 Ill.App.3d 179, 183, 728 N.E.2nd 1256 (2nd Dist. 2000).

The Board finds the best evidence of the subject's fair market value in the record is the February 2005 sale price for \$750,000. The Board has given no substantive weight to the appellant's appraisal evidence which did not sufficiently explain why the subject's sale price would not be reflective of its fair cash value 11 months later. Moreover, the subject's recent purchase price is further supported by the three most recent sales presented by the board of review which sold between May 2004 and June 2006 for prices ranging from \$670,000 to \$1,120,000 or from \$71.47 to \$108.21 per square foot of building area including land for properties with 12 or 14 apartment units each. However, the board of review did not request an increase in the assessment of the subject property to reflect the subject's recent purchase price. Thus, the Board finds after having adjusted the subject's improvement assessment based on lack of uniformity, no further reduction based on overvaluation 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: February 24, 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.