FINAL ADMINISTRATIVE DECISION
ILLINOIS PROPERTY TAX APPEAL BOARD

APPELLANT: Frank Ricobene
DOCKET NO.: 06-29518.001-C-1
PARCEL NO.: 17-28-233-022-0000

The parties of record before the Property Tax Appeal Board are Frank Ricobene, the appellant, by attorney Michael D. Gertner, of Michael D. Gertner, Ltd. 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:	$	30,378
IMPR.:	$	86,022
TOTAL:	$	116,400

Subject only to the State multiplier as applicable.

ANALYSIS

The subject property consists of a 15,822 square foot land parcel improved with a two-story, 118-year old, masonry building. The subject's building is a mixed-use building with five commercial store front units and nine apartment units. The building consists of 17,367 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 with an effective date of January 1, 2006 undertaken by Robert A. Flood, a Certified General Real Estate Appraiser, and George K. Stamas, who holds the designations of a Certified General Real Estate Appraiser and Associate 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 6, 2006.

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The subject is a rectangular shaped parcel of land located beneath the Stevenson and the Dan Ryan expressways, which the appraisers indicated create a noise nuisance and potentially environmentally hazardous conditions due to debris. The parcel is improved with a two-story, 118-year old, mixed-use building as well as a storage garage. The building contained five commercial units and nine apartment units.

The appraisal developed the three traditional approaches to value, wherein the cost approach estimate a market value of $510,000 for the subject; the income approach estimated a value of $490,000; and the sales comparison approach estimated a value of $485,000 for the subject. The reconciled value for the subject was $485,000.

The appraisal stated that the subject's highest and best use, as if vacant, was for vacant parking area for nearly businesses, 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 five land sale comparables located in Chicago, as is the subject property. The comparables sold from March, 2003, to October, 2005, for prices that ranged from $13.38 to $16.09 per square foot. These properties ranged in size from 5,904 to 15,690 square feet of land area. After making adjustments to the comparables, the appraisers estimated a land value for the subject of $16.00 per square foot or $255,000, rounded.

While employing the Marshall & Swift Valuation Service, the appraisers developed a replacement cost new for the subject's improvement of $65.88 per square foot or $1,693,165. The appraisers estimated site improvements at $18,210. The appraisers accorded the subject an effective age of 40 years and an economic life of 50 years which indicated an estimate of total accrued depreciation of 80%. Using the breakdown method, the appraisers estimated physical deterioration at 50%, functional obsolescence of 15% due to the aged layout of the building, and external obsolescence at 20% due to the diminished utility of the building due to its location underneath two expressways. Deducting depreciation of $1,454,669 and adding the land value of $255,000 resulted in a value under the cost approach of $510,000, rounded.

Under the income approach to value, the appraisers referred to five commercial rental comparables. These properties ranged in units from one commercial and two apartments to one commercial and seven apartments; in rentable area from 1,100 to 4,000 square feet of building area; and in monthly rent from $5.31 to $10.36 per square foot. In addition, the appraisers reviewed market rental data from five apartment buildings in the subject's area. They ranged from $400.00 to $780.00 per unit. They also stabilized the subject's commercial, owner-occupied area at $9.25 per square foot, while employing $7.00 per square foot for the remaining commercial area. Average rentals at $450.00 and $700.00 were employed for the apartment units. Therefore, gross potential income was estimated at $117,426 less a vacancy rate of 10% or $11,743 resulted in an effective gross income of $105,683. Deducting the projected expenses $42,226 resulted in net operating income of $63,457.

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 8% to 11%. The appraisers estimated a capitalization rate for the subject of 9% as well as a tax load factor of 3.92% for an adjusted capitalization rate of 12.92%. Capitalizing the effective gross income resulted in a value under the income approach of $490,000, rounded.

Under the sales comparison approach to value, the appraisers utilized five sale comparables, which were located in Chicago, as is the subject property. These comparables sold from March, 2003, through November, 2004, for prices that ranged from $10.53 to $29.17 per square foot. The properties were improved with a two-story to a four-story, masonry building. They ranged in age from 76 to 117 years and in size from 8,624 to 30,000 square feet of building area. Each comparable contained a multi-story, masonry, mixed-use building without on-site parking. After making adjustments to the suggested comparables, the appraisers estimated the subject's market value was $28.00 per square foot or $485,000, rounded.

In reconciling the three approaches to value, the appraisers accorded secondary emphasis to the cost and income approaches to value, while according primary weight to the sales comparison approach to value. Therefore, the final value estimate for the subject was $485,000.

The board of review submitted "Board of Review-Notes on Appeal" wherein the subject's total assessment was $138,774 for tax year 2006. The subject's assessment reflects a market value of $365,774 or $19.90 per square foot using the Cook County Ordinance level of assessment for Class 3 property of 24%. As to the subject, the board also submitted copies of the subject's property record cards (hereinafter PRC) as well as documents from the Recorder of Deeds Office reflecting that the subject sold in May 27, 1999 for $250,000 or $13.59 per square foot.

In addition, the board of review submitted a memorandum as well as CoStar Comps printouts for six suggested comparables. The properties contained mixed-use buildings. They sold from February, 2001, to June, 2007, for prices that were in an unadjusted range from $36.78 to $270.48 per square foot of building area. The buildings ranged in age from 42 to 114 years and in size from 13,200 to 19,712 square feet of building area. The printouts also reflected that sales #2 and #6 did not involve real estate brokers for either party, while sales #3 and #4 failed to identify any real estate broker for the buyers. As a result of its analysis, the board requested confirmation of the subject's assessment.

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 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 and utilized market data in each approach to value while providing 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.

Therefore, the Board finds that the subject property contained a market value of $485,000 for tax year 2006. Since the market value of the subject has been established, the Cook County Ordinance level of assessment for Class 3 property of 24% will apply. In applying this level of assessment to the subject, the total assessed value is $116,400, while the subject's current total assessed value is above this amount at $138,774. 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: 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.