FINAL ADMINISTRATIVE DECISION
ILLINOIS PROPERTY TAX APPEAL BOARD

APPELLANT: Evergreen Community Bank
DOCKET NO.: 06-29820.001-C-1 through 06-29820.002-C-1
PARCEL NO.: See Below

The parties of record before the Property Tax Appeal Board are Evergreen Community Bank, the appellant, by attorney John P. Fitzgerald of John P. Fitzgerald, Ltd., 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
06-29820.001-C-1	24-02-323-034-0000	15,734	1,948	$17,682
06-29820.002-C-1	24-02-323-054-0000	37,390	215,845	$253,235

Subject only to the State multiplier as applicable.

ANALYSIS

The subject parcels have a combined land area of 16,697 square feet. The land is improved with a one-story single-tenant masonry bank branch building with three drive-thru lanes. The structure was built in 2000 and contains 4,712 square feet of building area with central air conditioning and a 100% wet sprinkler system. The site has approximately 20 parking spaces and an iron fence along the north elevation. 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 Evergreen Park, Worth 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 Sam Zagorz, Gary M. Skish and Gary T. Peterson of First Real Estate Services, Ltd. estimating a fair market value for the subject property of $575,000 as of January 1, 2005. The appraisers used all three traditional

approaches to value. The purpose of the appraisal was for *ad valorem* purposes.

On page 22 the appraisers noted the property was in average overall condition with the only deferred maintenance being typical wear and tear. No functional obsolescence was present but external obsolescence due to a crowded banking market was noted on page 22

The first approach developed by the appellant's appraisers was the cost approach. The initial step was to estimate the value of the land as if vacant. The appraisers identified five land sales located in Chicago and Crestwood. The proximity of these comparables to the subject was not stated in the report although a map located between pages 37 and 38 of the report depicted the subject and comparable land sales. The comparables ranged in size from 16,250 to 56,050 square feet of land area. The sales occurred from January 2002 to September 2003 for prices ranging from $100,000 to $270,000 or from $1.87 to $13.40 per square foot of land area. Qualitative adjustments for conditions of sale, market conditions, size, location and street frontage were made. On page 42, the appraisers indicated the subject's unit price would be $11.00 per square foot of land area or $185,000, rounded.

Next, the appraisers calculated the subject's replacement cost new using the Marshall & Swift Computerized Cost Estimate Program determining a total cost estimate of $649,738. As to the subject, despite its construction in 2000, the appraisers reported the subject had an effective age of 10 years or twice its actual age due to "the overall condition of the subject improvements, the conditions observed during the inspection, and conditions attributed to surrounding properties." (See page 46 of the report) Utilizing the age/life method, the appraisers determined the subject had physical depreciation of 15% and as discussed on pages 47 and 48 and external obsolescence of 15% due in part to the crowded banking market. Deducting accrued depreciation of 30% from the replacement cost new plus site improvements of $22,500 along with adding the land value resulted in an estimated value of $660,000, rounded, under the cost approach.

The next approach to value was the income capitalization approach. The first step under this approach was to estimate the subject's market rent. The appraisers noted that bank branches are typically owner occupied and no leasing activity for such facilities could be found. Thus the appraisers reviewed leases/asking rents of four retail and two office properties as "the most likely alternate use for the subject property." The six comparables were summarized on page 52. The properties were located in Chicago and Oak Lawn. The buildings range in leased square footage from 800 to 4,000 square feet of building area. No ages, land-to-building ratios or condition data were set forth. These six comparables had net rental rates or asking rates ranging from $12.00 to $17.00 per square foot of building

area net. The appraisers concluded that the subject would have a market rent of $15.00 per square foot resulting in a total net rent of $70,680.

The appraisers asserted that historical occupancy rates generally fall between 5% and 15%. Based on this assertion the appraisers estimated the subject would have a 10% allowance for vacancy and collection loss resulting in an effective gross income of $63,612. Assuming a net lease, the appraisers estimated operating expenses for the subject of an additional 10% of effective gross income or $6,361 resulting in net operating income of $57,251.

The final step under the income approach was to estimate the capitalization rate to be applied to the subject's net income. Using the band of investment method resulted in a capitalization rate of 9.5%. The appraisers also consulted *Korpacz Real Estate Investor Survey, Fourth Quarter 2003* and *Real Estate Research Corporation* indicating overall rates for suburban office properties ranging from 7.25% to 12% and from 7% to 11% for retail properties. The appraisers opined that the subject's overall capitalization rate would be 10%. Capitalizing the subject's estimated net income of $57,251 by 10% resulted in an estimated value under the income approach of $575,000, rounded.

The final approach to value developed was the sales comparison approach. The appraisers utilized five sales located in Hillside, Rolling Meadows, Oak Lawn, Richton Park and Countryside. Due to the limited number of bank branch building sales in the subject's immediate market area, the appraisers' search for sales comparables was expanded resulting in more distant comparables. To account for this difference, the appraisers utilized the residual method subtracting the land value from each of the comparables to obtain a value for the improvement. For the five comparables the land sizes range from 11,486 to 49,506 square feet of land area. As shown on individual descriptive sheets, the appraisers applied varying estimated land values of $7.50, $8.00, $10.00 and $15.00 per square foot of land area to each of these comparable sales. However, the appraisers did not articulate how these individual land value estimates were determined and only the land value estimate of sale #2 is consistent with the land value estimate of the subject parcel as set forth in the cost approach.

The sales were described as two, two-story and three, one-story masonry branch bank or single tenant office buildings. Four of the comparables were built between 1973 and 1979. No year built was reported for sale #5. The structures range in size from 3,000 to 7,524 square feet of building area. The sales occurred from June 2003 to June 2005 for prices ranging from $200,000 to $1,048,000 or from $66.67 to $223.93 per square foot of building area including land. After deducting the estimated land values for each of the comparables, the appraisers reported the residual improvement values ranged from $108,112 to $500,170 or from $23.58 to $82.67 per square foot of building area exclusive of

land. The appraisers next considered adjustments to the comparables for differences to the subject in size, effective age,[1] and construction (story height). Placing primary emphasis on the subject's "lower effective age" and newer construction, the appraisers opined the subject's unit value would be slightly above the high end of the range of these sales comparables. The appraisers opined the value of the subject of $83.00 per square foot of building area resulting in an estimated improvement value of $391,096 plus the land value of the subject of $185,000 as determined in the cost approach resulted in a total estimated market value of $575,000, rounded, under the sales comparison approach to value.

In reconciling the three value approaches, the appraisers placed primary emphasis upon the sales comparison approach as a reliable indicator of value over both the cost and income approaches.

Based on this evidence, the appellant requested a reduction in the subject parcels' total assessment to $218,500 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 $270,917 was disclosed. The subject's total assessment reflects an estimated market value of $712,939 or $151.30 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 a 20-mile radius of the subject in the communities of Chicago, Westmont, Melrose Park, Westchester and Tinley Park. The comparables are improved with single tenant retail/bank buildings, although it appears that the improvement on comparable #5 was demolished. The buildings range in size from 3,100 to 5,089 square feet of building area. The parcels range in size from 17,280 to 23,997 square feet of land area. Three of the buildings were constructed between 1987 and 2007. No ages were provided for comparables #2 and #5. The sales occurred between August 2001 and June 2007 for prices ranging from $650,000 to $3,950,000 or from $161.65 to $776.18 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

[1] It is noteworthy that sales #2 and #4 were said to have effective ages of 10 years, identical to that of the subject as found in the cost approach to value, however, despite this similarity, the appraisers applied adjustments to these comparables since the subject had an effective age of "5 years" as shown on page 67 of the appraisal report.

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 $575,000 or $151.30 per square foot of building area including land as of January 1, 2005. The board of review submitted five suggested comparable sales to support its assessed valuation of the subject property.

Initially, the Property Tax Appeal Board finds the appellant's appraisal report did not provide a credible estimate of value of the subject property. The appraisers relied primarily upon the sales comparison approach to value, but adjusted the sales for land value which was not supported in the report. The land value estimates for the comparable sales varied greatly from $7.50 to $15.00 per square foot of land area, but there was no credible support in the record for these value differences among the sales comparables. As such, the entire value conclusion drawn by the appraisers is found by the Board not to be credible or a reliable indicator of the subject's estimated market value.

Turning to the raw sales data of ten comparables presented by both parties, the Board has given most weight to appellant's sales #2 and #4 and board of review sales #4 and #5 due to the similarities in these comparables with the subject and the most proximate date of sale to the assessment date of January 1, 2006. These four sales ranged in building size from 3,854 to 4,680 square feet of building area. These properties sold between September 2003 and June 2007 for prices ranging from $620,500 to $1,140,500 or from $140.70 to $273.90 per square foot of building area including land. The subject based on its assessment has an estimated market value of $712,939 or $151.30 per square foot of building area including land which falls within the range of the most similar sales comparables on a per square foot basis and appears to be well-supported by appellant's sale #4. Therefore, the appellant has failed to establish the subject property is overvalued and 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.

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: April 20, 2012

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.