FINAL ADMINISTRATIVE DECISION
ILLINOIS PROPERTY TAX APPEAL BOARD

APPELLANT: Alex Bernhardt
DOCKET NO.: 06-30805.001-C-1 through 06-30805.008-C-1
PARCEL NO.: See Below

The parties of record before the Property Tax Appeal Board are Alex Bernhardt, 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
06-30805.001-C-1	17-08-301-003-0000	38,465	89,579	$128,044
06-30805.002-C-1	17-08-301-004-0000	21,568	50,096	$71,664
06-30805.003-C-1	17-08-301-005-0000	18,746	43,874	$62,620
06-30805.004-C-1	17-08-303-002-0000	5,150	466	$5,616
06-30805.005-C-1	17-08-303-003-0000	4,989	450	$5,439
06-30805.006-C-1	17-08-303-004-0000	5,670	299	$5,969
06-30805.007-C-1	17-08-303-005-0000	70,958	4,866	$75,824
06-30805.008-C-1	17-08-303-006-0000	18,374	844	$19,218

Subject only to the State multiplier as applicable.

ANALYSIS

The subject property identified by parcel numbers (PINs) 17-08-301-003/004/005-0000 is improved with a part two-story and part three-story warehouse building constructed in 1931. The building is of masonry construction and has 20,000 square feet of office space and 60,000 square feet of warehouse space. The subject has a slab foundation, 12 foot ceiling heights and a third floor area with office space. This property has a total site area of 41,683 square feet and the entire site is taken up by the building. The improved property is located on West Carroll Avenue. PINs 17-08-303-002/003/004/005/006-0000 are located at North Laflin Street, one block east of the Carroll Avenue property, and have 42,608 square feet of land area. This area is primarily vacant and is used as parking. The property is located in Chicago, West Chicago Township, Cook County. The subject property is

classified as a class 5-93 property (industrial building) under the Cook County Real Property Assessment Classification Ordinance ("Ordinance") and is to be assessed at 36% of market value.

The appellant contends overvaluation as the basis of the appeal. In support of this argument the appellant submitted an appraisal of the subject property prepared by real estate appraisers Jennifer C. Soto and James A. Matthews. In estimating the market value of the subject property the appraisers developed both the cost approach to value and the sales comparison approach to value.

The purpose of the appraisal was to estimate the market value of the subject property to establish an equitable ad valorem tax assessment. The appraisers indicated the property rights appraised are in a fee simple title ownership, assuming no liens or encumbrances other than normal covenants and restrictions of record, such as zoning and real estate taxes. (Appraisal page 11.) The appraisers determined the highest and best use of the site is to maintain the current improvements.

Within the report the appraisers stated that the subject property has massive functional and external obsolescence due to its age, condition and building configuration. They noted there was no parking on the building site. The building suffers from functional obsolescence due to its second floor, low ceiling clearance and age. They further stated external obsolescence is caused by weak market demand for older industrial property.

The first approach to value developed by the appraisers was the cost approach to value. The initial step under this approach was to estimate the value of the land using four comparable sales. The land comparables were located in Chicago and ranged in size from 46,844 to 143,450 square feet of land area. The sales occurred from June 2001 to December 2002 for prices ranging from $360,000 to $710,000 or for $4.95 to $8.68 per square foot of land area. The appraisers stated within the report that all the land sales were adjusted up for size and time. The appraisers concluded the subject land had an indicated value of $6.00 per square foot of land area, which was below the sales price of three of the four comparables on a square foot basis, or $500,000, rounded.

The appraisers utilized the *Marshall Valuation Service* to estimate the subject building had a cost new of $30.00 per square foot of building area or $2,400,000. Site improvements were estimated to have a cost new of $100,000 resulting in a cost new of $2,500,000. The appraisers calculated the subject had physical depreciation of 54% using the age life method; 15% in functional obsolescence and 13% in external obsolescence for a total depreciation of 82%. The appraisers calculated depreciation to be $1,964,308, which is actually 78.6% of the total cost new, and stated the depreciated value of the building and site improvements was $435,692. This calculation; however, actually excludes the $100,000 attributable to the site

improvements. Adding the $500,000 site value resulted in an estimated value under the cost approach of $940,000, rounded.

The appraisers used four improved comparable sales located in Chicago and Cicero in developing the sales comparison approach the value. The comparables were improved with two and three story industrial buildings that ranged in size from 95,024 to 135,000 square feet of building area. The buildings were built from 1920 to 1980. These properties had sites ranging in size from 43,560 to 135,563 square feet of land area resulting in land to building ratios ranging from .38:1 to 1.43:1. The sales occurred from January 2002 to June 2004 for prices ranging from $900,000 to $1,320,000 or from $7.83 to $11.45 per square foot of building area, including land. The appraisers made upward adjustments to the comparables for date of sale; downward adjustments to sales #1, #2 and #4 for size; and adjustments to sales #1, #3 and #4 for land to building ratio. Based on this analysis the appraisers determined the comparables had adjusted prices ranging from $9.71 to $13.05 per square foot of building area, including land. The appraisers estimated the subject property had an indicated value under the sales comparison approach of $11.50 per square foot of building area or $920,000, including land.

In reconciling the two approaches to value the appraisers gave most emphasis to the sales comparison approach and concluded the subject property had a market value of $920,000 as of January 1, 2006.

Based on this evidence the appellant requested the subject's assessment be reduced to $331,200 to reflect the appraised value.

The board of review submitted its "Board of Review Notes on Appeal" wherein its final assessment of the subject totaling $374,394 was disclosed. The subject's assessment reflects a market value of $1,039,983 or $13.00 per square foot of building area, including land, when applying the Ordinance level of assessment for industrial property of 36%.

In support of the assessment the board of review submitted information on six comparable sales improved with industrial buildings located in Chicago. The comparables were improved with 2, 3 or 5-story industrial buildings that ranged in size from 51,500 to 80,000 square feet of building area and were built from 1903 to 1970. Four comparables had warehouse area while two were described as simply industrial or industrial manufacturing. These comparables had sites ranging in size from 14,035 to 82,764 square feet of land area. Each comparable is leased. The sales occurred from April 2004 to October 2006 for prices ranging from $1,700,000 to $5,400,000 or for $24.29 to $90.00 per square foot of building area, including land. The documentation provided by the board of review indicated comparable #1 previously sold in December 2005 for a price of $4,067,000 or $67.78 per square foot of building area, land included and comparable #5 previously sold in June 2005 for a price of $1,625,000 or $27.36 per square foot

of building area, land included. 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 the appeal. The Board further finds the evidence in the record supports the subject's assessment.

The appellant contends the market value of the subject property is not accurately reflected in its assessed valuation. When market value is the basis of the appeal the value of the property 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). Proof of market value may consist of an appraisal of the subject property, a recent sale, comparable sales or construction costs. (86 Ill.Admin.Code §1910.65(c)). The Board finds the appellant did not meet this burden of proof and a reduction in the subject's assessment is not warranted.

The Board finds the sales presented by the board of review demonstrate the subject property is not overvalued. The comparables were relatively similar to the subject in location, style, age and size. These comparables may have been superior to the subject due to the fact they were leased. These properties also sold proximate in time to the January 1, 2006, assessment date at issue for unit prices ranging from $24.29 to $90.00 per square foot of building area, including land. The subject's assessment reflects a market value of $1,039,983 or $13.00 per square foot of building area, including land, when applying the Ordinance level of assessment for industrial property of 36%, which is below the range of value established by the board of review comparable sales.

The Board finds the conclusion of value contained in the appellant's appraisal is not credible as of the assessment date at issue. First, the land sales used by the appraisers were dated, occurring from 36 months to 54 months prior to the assessment date at issue. Additionally, the land sales had unadjusted prices of $7.69, $8.68, $6.11 and $4.95 per square foot of land area, respectively. The appraisers stated all the land sales were adjusted up for time and size, but concluded the subject's land had a unit value of $6.00 per square foot of land area, below all but one of the unadjusted sales price. The Board finds this conclusion of land value under the cost approach is not credible. The Board further finds the cost approach calculations on page 25 of the appraisal contained mathematical errors in calculating depreciation and the depreciated value of the building and site improvements due to the omission of the $100,000 attributable to the site improvements. For these reasons the Board finds the cost approach to value in the appraisal not credible.

With respect to the improved comparable sales contained in the appraisal, the Board finds these were somewhat dated occurring from 18 months to 48 months prior to the assessment date at issue. The sales submitted by the board of review were more proximate in time to the assessment date than the sales within the appraisal. Furthermore, the appraisers arrived at an adjusted range for the sales from $9.71 to $13.05 per square foot of building area, including land. The subject's assessment reflects a market value of $13.00 per square foot of building area, including land, when applying the Ordinance level of assessment for industrial property of 36%, which is within the adjusted range developed by the appraisers. The Board finds this analysis does not demonstrate the subject property is overvalued for assessment purposes.

Based on this record, the Board finds the assessment of the subject property as established by the board of review is correct and a reduction is not justified.

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: November 30, 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.