



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

APPELLANT: Bruce Goldberg
DOCKET NO.: 06-31256.001-C-3
PARCEL NO.: 25-02-318-063-1001

The parties of record before the Property Tax Appeal Board are Bruce Goldberg, the appellant(s), by attorney Patrick J. Cullerton, of Thompson Coburn LLP in Chicago; 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: \$58,400
IMPR.: \$100,000
TOTAL: \$158,400

Subject only to the State multiplier as applicable.

ANALYSIS

The subject property consists of 121,786 square foot parcel of land improved with a one-story, metal constructed industrial building containing 48,672 square feet of building area with an actual age of 27 years. The appellant, through counsel, appeared before the Property Tax Appeal Board arguing that the fair market value of the subject is not accurately reflected in its assessed value.

In support of this argument, the appellant submitted a complete summary appraisal report (Appellant's Exhibit #1) with an effective date of January 1, 2006 and presented the testimony of the appraisal's author, Michael Kelly of Real Estate Analysis Corp., Chicago. The parties stipulated to Mr. Ryan's credentials and his expertise as an appraiser. Therefore, the PTAB accepted Mr. Ryan as an expert witness in the valuation.

Kelly testified that the subject property is an industrial condominium building located in Chicago. He testified that although this improvement was originally built as an addition to

the other condominium unit, it is a separate building and completely independent of the other unit. Kelly could not explain why the property was established as a condominium property when, in his opinion, the property was completely separate and very similar to a fee simple property. He described the improvement as a butler-type, pre-engineered, light metal paneled building with minimal amenities. Kelly opined the building was slightly below average in quality.

Kelly testified he arrived at the size of the land by reviewing a survey and comparing this with assessor records which allocated 50% of the land to the subject property. Kelly then described the subject neighborhood. He opined the subject's highest and best use as improved would be its existing industrial use.

Kelly testified that he employed all three traditional approaches to value to arrive at an estimate of value for the subject property as of January 1, 2006 of \$440,000. He testified he gave maximum weight to the sales comparison approach to value as the subject is an owner-occupied, single-tenant type building.

To estimate a value for the subject under the sales comparison approach, Ryan testified he analyzed eight sales of industrial properties located on the south side of the City of Chicago or the south suburbs of Cook County.

The properties are described as one building, one-story, metal panel or masonry, single-tenant, industrial buildings. The comparables range: in building size from 26,000 to 98,203 square feet of building area; in land to building ratios from 1.18:1 to 4.00:1; and in age from 20 to 53 years. The comparables sold from April 2000 to February 2007 for prices ranging from \$125,000 to \$550,000, or from \$2.95 to \$10.96 per square foot of building area, including land. Kelly stated sale #1 was the sale of the subject a number of years prior. He testified to the adjustments made to each comparable and reconciled a unit price for the subject of \$9.00 per square foot of building area, including land or \$440,000, rounded.

Although Kelly did not testify to the other approaches to value, the appraisal contains a cost and income approach to value.

Under the cost approach to value, the appraiser analyzed the sale of five properties to estimate the value of the land at \$1.25 per square foot or \$150,000, rounded. The replacement cost new was utilized to determine a cost for the improvement at \$3,008,000. Using the market abstraction method, the appraiser depreciated the improvement by 89% for a total value for the improvement of \$330,880. The land was added back in to establish a value under the cost approach of \$480,000, rounded.

In the income approach to value, the appraiser analyzed five rental comparables to estimate a potential gross income of \$1.00 per square foot, or \$48,672. Vacancy and collection and management fees were estimated at 15% for a net operating income

of \$41,371. Direct market methods were utilized to establish a capitalization rate of 10% for an estimate of value under the income approach of \$415,000, rounded.

Under cross examination, Kelly acknowledged that another associate in his office helped with the appraisal report. He described how he assisted in the appraisal and testified that they discussed the subject property and, together, agreed as to how the property should be valued and what comparables to use. Kelly stated all this individuals activities were done under his supervision.

Kelly described how he finds appropriate sales for the appraisals. He testified that he narrowed down the sales for the subject to eight sales and then confirmed the sales through county documents, CoStar sales database sheets, and then verification with a party to the sale.

Kelly acknowledged that six of his sales were inferior to the subject and required an upward adjustment. He testified these adjustments were not quantified in the appraisal.

On redirect, Ryan testified that he did not make location adjustments to several comparables because he analyzed the subject for industrial use and the comparables were zoned industrial and used for industrial purposes so he opined that the locations were somewhat similar. Ryan again testified that all the comparables required a downward adjustment.

The board of review submitted its "Board of Review Notes on Appeal" wherein the subject's total assessment of \$677,323 was disclosed. This assessment reflects a fair market value of \$1,881,453 when the Cook County Real Property Assessment Classification Ordinance level of assessments of 36% for Class 5B industrial property is applied. The board also submitted a memo, copies of the property characteristic printouts for the subject, and raw sales data on six properties. The sales occurred between July 2004 and September 2008 for prices ranging from \$825,000 to \$2,325,000 or from \$21.60 to \$40.49 per square foot. Two of these sales were included in one multi-property sale. The memo states the documents are not intended as an appraisal or estimate of value and that the writer has not verified the information or sources and does not warrant its accuracy. The Based on this evidence, the board of review requested confirmation of the subject's assessment.

At the hearing, the board of review did not call any witnesses and rested its case upon its written evidence submissions.

In rebuttal, the appellant submitted the property record cards and assessment data on the six sales that the board of review presented in their evidence.

After hearing the testimony and considering the evidence, the Property Tax Appeal Board finds it has jurisdiction over the

parties and the subject matter of this appeal. The issue before the Property Tax Appeal Board is the determination of the subject's market value for ad valorem tax purposes.

When market value is the basis of the appeal, the value of the subject property must be proved by a preponderance of the evidence. Winnebago County Board of Review v. Property Tax Appeal Board, 313 Ill.App.3d 179, 728 N.E.2d 1256 (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.Adm.Code §1910.65(c)).

In determining the fair market value of the subject property, the PTAB finds the best evidence to be the appellant's appraisal and testimony. The appellant's appraiser utilized the three traditional approaches to value in determining the subject's market value. The PTAB finds this appraisal to be persuasive for the appraiser: is an expert witness in property valuation; reviewed the property's history; looked to the market for comparable data; used similar properties in the sales comparison approach; verified each sale; and provided sufficient detail regarding each sale as well as adjustments that were necessary.

The PTAB gives little weight to the board of review's comparables as the information provided was unadjusted raw sales data. In addition, the information provided was not verified and warranted for accuracy.

Therefore, the PTAB finds that the subject property had a market value of \$440,000 for the 2006 assessment year. Since the market value of the subject has been established, the Cook County Real Property Assessment Classification Ordinance level of assessment of 36% for Class 5B will apply. In applying this level of assessment to the subject, the total assessed value is \$158,400 while the subject's current total assessed value is above this amount. Therefore, the PTAB 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.

Ronald R. Cuit

Chairman

K. L. Fern

Member

Frank A. Huff

Member

Mario M. Louie

Member

Shawn R. Loras

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 20, 2011

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.