FINAL ADMINISTRATIVE DECISION
ILLINOIS PROPERTY TAX APPEAL BOARD

APPELLANT: AMF Bowling Centers, Inc.
DOCKET NO.: 06-31493.001-C-2 through 06-31493.002-C-2
PARCEL NO.: See Below

The parties of record before the Property Tax Appeal Board are AMF Bowling Centers, Inc., the appellant, by attorney Dennis M. Nolan, of Dennis M. Nolan, P.C. in Bartlett; the Cook County Board of Review; as well as two intervenors, Arlington Heights Township HSD 214, and Palatine Community Consolidated SD 15, both by attorney Michael J. Hernandez and attorney Scott R. Metcalf of Franczek Radelet P.C. in Chicago.

Based on the facts and exhibits presented, the Property Tax Appeal Board hereby finds ***no change in part and a reduction in part*** 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
06-31493.001-C-2	02-36-105-009-0000	227,118	382,364	$609,482
06-31493.002-C-2	02-36-105-016-0000	2,965	0	$2,965

Subject only to the State multiplier as applicable.

ANALYSIS

The subject property consists of two land parcels improved with a one-story, masonry, commercial building built in 1961. The improvement is used as a bowling alley containing 37,300 square feet of building area including 36 bowling lanes as well as a partial basement with 2,500 square feet of area.

At the commencement of this hearing, the PTAB dealt with a procedural matter raised by the appellant. The appellant's attorney submitted a motion identified for the record as Appellant Exhibit #1, wherein the appellant moved to consolidate the 2005 and 2006 property tax appeals. The state's attorney on behalf of the board of review had no objections. However, the intervenors' attorney objected to consolidation arguing that there was an additional intervenor in the 2006 property tax appeal as well as variance in evidence submissions by the

intervenors in the two appeal years. Upon due consideration of the parties' positions, the PTAB finds that these appeals involve common issues of law and fact and that the parties and evidence submissions vary between the 2005 and 2006 tax years at issue. Therefore, pursuant to Section 1910.78 of the *rules of the Property Tax Appeal Board (86 Ill.Admin.Code 1910.78)* and noting no prejudice to any party, in the interests of judicial economy the PTAB consolidated the above appeals solely for hearing purposes, while indicating that distinct decisions would be rendered in each tax appeal year at issue.

As to the basis of this 2006 appeal, the appellant argued that the fair market value of the subject property is not accurately reflected in its assessed value.

As to the overvaluation argument, the appellant submitted a complete, self-contained appraisal report reflecting an effective date of January 1, 2004 estimating a market value for the subject property's improved land parcel (hereinafter PIN 009) of $1,230,000 as of the assessment date at issue. A duplicate copy of this initial evidence filing of this appraisal was identified for the record as Appellant's Exhibit #2. The appellant choose not to call its appraisers as witnesses in these proceedings.

The appraisal was undertaken by two appraisers: Robert Godnik, a Certified Real Estate Appraiser licensed in Illinois, and Susan Ulman, a Certified General Real Estate Appraiser in Illinois who also is accorded the designation of Member of the Appraisal Institute (hereinafter MAI). The appraisal states that the subject property was personally inspected by Godnik on October 7, 2004. The appellant's appraisal addresses two of the three traditional approaches to value. The cost approach reflected a value of $1,305,000, rounded; while the sales comparison approach indicated a value of $1,230,000, rounded. In reconciling these approaches to value, the appraisers placed main reliance on the sales comparison approach to reflect a final value of $1,230,000 for the subject.

The appellant's attorney requested that the appraisers' market value opinion be applicable to both of the subject's land parcels; thereby, reflecting a blended total assessment of $465,244 for both parcels.

The appraisal stated that the subject property consisted of a one-story, 37,300 square foot bowling alley constructed in 1961 with 36 bowling lanes, therein. The appraisers indicated that the subject's site contains a rectangular-shaped, interior land parcel with 108,669 square feet, PIN 009.

In developing a highest and best use, the appraisal stated that as vacant, the subject's highest and best use would be for a commercial-type facility in conformance with applicable zoning and building codes as well as consistent with surrounding land uses. As to the subject's highest and best use as improved, the

appraisal stated this would be the continued use of the subject as a commercial building. In addition, the appraisal indicated that the appraisers carefully inspected the property with an investigation of current market economic factors to arrive at an opinion of value. Thereafter, the appraisal's signature page stated that it was the appraisers' opinion that the market value of the subject property referred to as The Evanston Chrysler-Toyota, while identifying the subject bowling alley's address and PIN 009, was $1,230,000.

The appraisal indicated that the income approach to value is based upon the principle of anticipation. The appraisers indicated that since the subject property is owner-occupied as are the majority of automobile dealerships; therefore, little rental information is available and that this approach was considered but not utilized in this appraisal assignment. In the appraisal's identification of the subject property, the appraisal stated that the subject property is commonly referred to as Evanston Toyota located at 3245 Kirchoff Road, Rolling Meadows, Palatine Township, with PIN 009. In addition, the appraisal stated that there is no lack of knowledge or experience that would prohibit this appraisal assignment from being completed in a professional, competent manner.

As to the flood zone data, the appraisal indicated that a flood insurance purchase requirement does not apply to the subject located in the City of Rolling Meadows in Zone X. As to zoning, the appraisal indicated that according to the Evanston zoning code, the subject property is zoned C-2, commercial district.

As to the improvement's description, the appraisal indicated that the subject's bowling alley included 36 lanes with ceiling heights from 18 to 20 feet. In addition, the appraisal stated that the building was built in 1951, while also containing a snack bar and lounge, therein. Overall, the appraisal indicated that the subject appeared to be in average to good condition with physical deterioration commensurate with buildings of similar utility, age and construction materials.

The first method developed was the cost approach. The initial step under the cost approach was to estimate the value of the site. Four suggested land sales were used that ranged in size from 84,289 to 142,275 square feet and in price from $200,000 to $675,000, or from $2.37 to $4.74 per square foot. These properties sold from June, 2001, through March, 2004. The properties were located in Palatine, Prospect Heights, or Schaumburg with zoning that ranged from B-1 to U. After making adjustments to the suggested land comparables, the appraisers concluded of land value for the subject was $4.50 per square foot for a total land value of $490,000, rounded.

Using the Marshall & Swift Valuation Service, the appraisers estimated a replacement cost new of the subject's class C bowling alley of $2,515,719. The appraisal indicated that the cost approach is generally most applicable in valuing new or

relatively new construction when the improvements represent the highest and best use of the site, site value is well supported, and no significant functional or external obsolescence is present. The appraisal applied a 6% entrepreneurial profit to the subject property or $153,943.

In developing depreciation, the appraisal indicated that properties similar to the subject tend to physically deteriorate approximately 2.22% per year and usually have effective physical lives of 45 years, depending on use, maintenance and upgrading. Overall, the appraisal indicated that the subject was in average condition and has a chronological age of approximately 53 years with physical depreciation of 55%. In addition, the appraisal stated that functional obsolescence refers to reduction in utility due to factors which are intrinsic to the property, such as deficiencies of structure or design or super-adequacies in the structure. The appraisers stated that there was 15% functional obsolescence present in the subject. As to external obsolescence, the appraisers indicated that there was no significant such depreciation attributable to the subject. Therefore, the appraisal stated that the subject suffers from approximately 70% overall accrued depreciation or $1,903,763.

Deducting the total accrued depreciation resulted in a depreciated value of the improvements at $815,899. Adding the land value of $490,000 reflected a final estimate of value under the cost approach of $1,305,000, rounded.

Under the sales comparison approach to value, the appellant's appraisers utilized five suggested comparables of bowling alleys. The properties sold from May, 2002, through February, 2004, for prices that ranged from $500,000 to $1,770,000 or from $22.96 to $33.40 per square foot before adjustments. The improvements were built from 1952 to 1980 and ranged in size from 19,000 to 53,000 square feet. In addition, the properties ranged in land size from 33,174 to 204,732 square feet.

The sale properties all contained a one-story, masonry or concrete block, bowling alley. Four of the five properties contained parking spaces that ranged from 45 to 110 spaces. The PTAB noted that appellant's sale #1 and sale #5 were also submitted as suggested comparables by the board of review.

After making adjustments, the appraisers considered a unit value of $33.00 per square foot of above-grade building area of 37,300 square feet to be appropriate for the subject resulting in an estimated market value of $1,230,000, rounded.

In reconciling the two approaches to value, the appraisers accorded less weight to the cost approach to value. The appraisal stated that the sales comparison approach was considered supportive of the income approach to value and was given appropriate weight in determining the final value estimate. Therefore, the appraisers opined that the market value of PIN 009 was $1,230,000 as of January 1, 2004.

The board of review timely submitted "Board of Review Notes on Appeal" wherein the subject's final assessment of $686,963 was disclosed. This assessment indicates a market value of $1,813,472 or $48.59 per square foot applying the ordinance level of assessment at 38% for class 5a property to PIN 009 and 22% for class 1 property to the unimproved land parcel (hereinafter PIN 016) as designated by Cook County Real Property Assessment Classification Ordinance.

In addition, the board of review submitted a market analysis prepared by Ralph DiFebo relating to the subject's two parcels and improvements thereon. However, he was not presented to testify regarding either his qualifications or the methodology used in his report. The report indicated that the subject was improved with a one-story, building constructed in 1961 and used as a bowling alley with 36 lanes as well as 37,325 square feet. The subject's land area comprises 162,596 square feet. In support of this descriptive data, copies of the subject's property record cards were submitted.

Further, the board of review submitted copies of CoStar printouts for five sale properties. It was noted that the board of review's sales #1 and #5 were also submitted by the appellant's appraisers, while the board's sale #4 was also the intervenors' sale #2. The raw sales data indicated that the properties sold from May, 2001 to October, 2006, for prices from $850,000 to $2,020,000 or from $34.50 to $76.73 per square foot. The properties range in improvement size from 12,381 to 46,640 square feet of building area. The printouts further indicate that sale #1 was not on the market and contained no real estate brokers; while sales #2 and #3 also failed to identify any real estate brokers. As to sale #4, the printouts indicated that there were no brokers involved in the sale and that $1,100,000 worth of personal property was not included in the sale price. As to sale #5, the printouts stated that the business sold with the real estate and that the buyer also purchased the business/personal property for an additional $250,000.

At hearing, the state's attorney argued that the appellant's position regarding application of the proposed market value was blended and inappropriate. He asserted that the appellant's appraisal dealt with and provided a market value opinion solely on PIN 009 and the improvements thereon, without addressing the subject's second land parcel, which is vacant land. Therefore, he argued that the appellant had failed to proffer any evidence disputing the market value attributable to PIN 016 and has failed to meet their burden of going forward with a preponderance of the evidence as to any assessment change for PIN 016. He stated that the original assessment for this parcel should be maintained.

Furthermore, he asserted that the appellant's appraisal is rife with clerical errors that may be probative; however, the appellant has not proffered either appraiser to testify regarding the significance of those errors. Specifically, he cited errors relating to: the subject property's name and/or proper

appellant; conflicting improvement sizes; identification in the appraisal assignment as well as other areas in the appraisal as relating to the subject property as an owner-occupied, automobile dealership; the scope of the assignment only dealing with one of the subject's two land parcels; contradictory site data for the subject; contradictory zoning data for a car dealership in Evanston rather than the subject property's bowling alley located in Rolling Meadows; and contradictory age data for the subject's improvement.

Lastly, the state's attorney asserted that there was an absence of descriptive data for the appellant's sale properties thereby diminishing comparability. He also noted that two of the board of review's sale properties were also utilized by the appellant's appraisers. Therefore, the state's attorney argued that the subject's current assessment and market value be sustained.

The intervenors' attorney submitted a brief as well as copies of CoStar printouts for three sale properties. The brief indicated that the subject contained a 33-lane, bowling alley with 37,300 square feet of building area sited on a 135,373 square feet parcel of land.

As to the sale properties, it was noted that the board of review's sale #4 was also submitted as intervenor's sale #2. The raw sales data indicated that the properties sold from May, 2001 to June, 2003, for prices from $1,430,000 to $5,700,000 or from $49.48 to $142.50 per square foot. The properties range in improvement size from 21,000 to 40,000 square feet of building area. As to sale #1, page #1 of the printouts indicate that the sale price was $1,430,00, while on page #3 of the printouts the sale price is identified as $1,999,000 with financing of $1,755,000. In addition, sale #1 was described as containing 20 bowling lanes, a banquet hall, a restaurant and a bar. The printouts for sale #2 did not identify a listing or buyer's brokers, while noting that $1,100,000 of personal property was not included in the sale price. There was no further descriptive data submitted for this property. As to sale #3, the printouts indicated that buyer would be an owner/user converting the property into an auto dealership while using as much of the existing building as possible.

At hearing, the intervenors' attorney argued that the intervenors' sale #2 also submitted as the board's sale #4 was more comparable to the subject with an improvement assessment of $49.48 similarly situated in a commercially developed area as is the subject property. Based upon this evidence submission, the intervenors requested that the subject's assessment be maintained.

In rebuttal at hearing, the appellant's attorney argued that the board of review and the intervenors had failed to proffer sufficient evidence regarding the suggested sale properties to meet the burden of supporting the subject property's assessment and market value. In addition, he indicated that the appellant

was not protesting the assessment attributed to the subject's second parcel, PIN 016, in this property tax appeal. Further, he argued that the clerical errors contained within the appellant's appraisal have no bearing on the clarity of the appraisal, while asserting that the board of review and the intervenors submitted solely raw sales data on the suggested sale properties.

Lastly, appellant's attorney requested that the PTAB take judicial notice of the PTAB decision in Docket #04-22883-C-2 relating to this subject property's 2004 property tax appeal, a copy of which was identified for the record as Appellant's Hearing Exhibit #3. The state's attorney and the intervenors' attorney jointly objected to the PTAB taking judicial notice of this 2004 PTAB decision because it indicated that the basis of the decision was a stipulation by the parties and not a decision based upon the evidentiary submissions. The PTAB indicated that judicial notice would be taken of this 2004 decision, but also noted that the decision clearly indicated that the basis thereof was of a jointly submitted stipulation between the appellant and the intervenor because the board of review had been defaulted in tax year 2004.

After hearing the testimony and considering 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 the basis of the appeal, the value of the property must be proved by a preponderance of the evidence. *86 Ill.Admin.Code 1910.63(e)*. 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, with a focus on the comparable sales, the PTAB finds that a reduction is warranted.

In determining the fair market value of the subject property for tax year 2006, the PTAB closely examined the parties' evidence submissions.

As to the subject's unimproved land parcel, PIN 016, the appellant did not proffer any evidence in support of a varying assessment, while amending the petition at hearing to indicate that there was no protest as to this parcel's assessment and market value. Therefore, the PTAB finds no change in the assessment of this parcel.

As to the subject's improved parcel, PIN 009, the PTAB finds that the appellant's appraisal solely addressed this parcel without reference to the subject's second land parcel even after the appraiser's inspection; thereby, diminishing its credibility. In addition, the PTAB accorded diminished weight to the appellant's appraisal due to the fact that numerous errors cited within this decision related to the subject property's description, location and zoning placed into question the credibility of the remainder

of the data included, therein. Even though the appellant's appraisal indicated that there was no lack of knowledge or experience that would prohibit the appraisal assignment from being completed in a competent manner, the PTAB finds that the appraisers' final work product was less than reliable and credible due to the errors and inconsistencies. Moreover, at hearing, the appellant failed to proffer either one of the appraisers to testify regarding the appraisal methodology and data used therein, which could have clarified the errors and/or inconsistencies.

The courts have stated that where there is credible evidence of comparables sales, these sales are to be given significant weight as evidence of market value. Chrysler Corp. v. Illinois Property Tax Appeal Board, 69 Ill.App.3d 207 (2nd Dist. 1979); Willow Hill Grain, Inc. v. Property Tax Appeal Board, 187 Ill.App.3d 9 (5th Dist. 1989). Therefore, the PTAB will give primary weight to the parties' sale comparables submitted into evidence.

In totality, the parties submitted a total of 10 suggested sale comparables. In Willow Hill Grain, Inc. v. Property Tax Appeal Board, 187 Ill.App.3d 9, the Court held that of the three primary methods of evaluating property for purposes of real estate taxes, the preferred method is the sales comparison approach. Thus, the PTAB finds that the best evidence of value is the market data submitted by the parties.

The PTAB accorded minimal weight to the board's properties #2 and #3 as well as the intervenors' properties #1 and #3 due to: the absence of descriptive data; lack of real estate brokers involved in each property's sale; and/or a disparity in the property's size or age as well as a disparity in the sale date. Therefore, the PTAB accorded most weight to the appellant's sales #1 through #5 as well as the board's sale #4, which was also the intervenors' sale #2. These six comparables established an unadjusted market value range from $22.96 to $49.48 per square foot of building area. After making adjustments to these comparables, the PTAB determined that the subject's improved parcel, PIN 009, contained a market value of $1,603,900 or $43.00 per square foot of building area.

Based on this analysis, the PTAB finds that the subject's assessment and market value for tax year 2006 is not supported by the sale comparables in this record and that a reduction was warranted. Since fair market value has been established, the ordinance level of assessment for Cook County as reflected in the Cook County Real Property Assessment Classification Ordinance for class 5a property of 38% and for class 1 property of 22% shall apply.

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: December 23, 2010

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.