



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

APPELLANT: Brian Sord
DOCKET NO.: 07-21292.001-C-1
PARCEL NO.: 27-15-100-018-0000

The parties of record before the Property Tax Appeal Board are Brian Sord, 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: \$ 104,246
IMPR.: \$ 167,454
TOTAL: \$ 271,700

Subject only to the State multiplier as applicable.

ANALYSIS

The subject property consists of a four-year old, one-story, masonry building containing 6,740 square feet of building area. The building is used for commercial purposes as a restaurant and is located on a 26,127 square foot land parcel.

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, 2007 undertaken by Robert A. Flood and George K. Stamas, both of which hold the designation of State General Real Estate Appraiser, while the latter also holds the designation of an Associate Member of the Appraisal Institute. The appraisers estimated a market value for the subject of \$715,000.

As to the subject, the appraisers indicated that the subject's building contained no basement area in its 6,740 square feet of building area. The building was found to have an open layout

dining area, a kitchen area, a small office area as well as a storage area. The site included 70 designated parking spaces in its land area. The subject was in overall average physical condition; however, the appraisers opined that the subject was located on an interior lot with limited access and inferior exposure. The appraisers undertook a personal inspection of the subject on March 7, 2008. In addition, the appraisal included copies of plats of survey, area maps, and zoning maps.

The appraisers indicated that the subject's highest and best use as vacant was for similar commercial development, while the highest and best use as improved was for its current, commercial use for the remainder of its economic life.

The appraiser developed the three traditional approaches to value. The estimated market value under the cost approach was \$775,000, under the income approach was \$720,000, and under the sales comparison approach was \$710,000.

The first step under the cost approach was to value the site. Using five land sales which established a range from \$2.09 to \$10.25 per square foot, the appraiser estimated a land value for the subject of \$10.25 per square foot or \$270,000, rounded. Using the Marshall Swift Cost Service, the appraisers opined that the subject was an Average Class C restaurant and estimated the replacement cost new of the subject at \$780,443, with site improvements.

The appraisers employed the age-life methodology to estimate the subject's effective age at 5 years and an economic life of 30 years resulting in accrued depreciation of 17%. Deducting total depreciation and then adding the site improvements and land value resulted in a final value under the cost approach of \$775,000, rounded.

Under the income approach, the appraiser reviewed five rental comparables from the market. These commercial properties ranged in rental rates from \$8.00 to \$14.00 per square foot on a net lease basis of building area. The rental properties were all retail locations that ranged in rental area from 1,626 to 7,249 square feet. Based upon this data, the appraisers estimated the subject's potential income at \$13.00 per square foot or \$87,620. Deducting a vacancy and collection loss of 7% resulted in an effective gross income of \$81,487. Total expenses and replacements for reserves were estimated at \$13,238 resulting in a net operating income of \$68,249. Using the band of investment methodology as well as market data from various sources including: Korpacz Real Estate Investor Survey, First Quarter 2007, published by PriceWaterhouseCoopers LLP, and the RERC Real Estate Report, 3rd Quarter 2006, published by the Real Estate Research Corporation, the appraisers noted a range of capitalization rates from 8.0% to 12.00%. They concluded an overall capitalization rate for the subject based upon its size condition and location of 9.5% and a final value under the income approach of \$720,000, rounded.

Under the sales comparison approach to value, the appraisers utilized five sales comparables. These comparables sold from August, 2004, through July, 2007, for prices that ranged from \$400,000 to \$1,000,000, or from \$56.34 to \$105.68 per square foot. The properties were improved with a one-story, masonry, commercial building used as a restaurant. They ranged: in age from 18 to 44 years; in improvement size from 5,767 to 10,000 square feet of building area; and in number of designated parking spaces from 20 to 150 spaces. After making adjustments to the suggested comparables, the appraisers estimated the subject's market value was \$105.00 per square foot or \$710,000, rounded.

In reconciling the three approaches to value, the appellant's appraisers placed minimal reliance upon the cost approach due to the subject's estimate of depreciation. The appraisers indicated that secondary consideration was accorded the income approach, while most reliance was placed on the sales comparison approach to value; thereby, reflecting a final market value of \$715,000 for the subject property.

The board of review submitted "Board of Review-Notes on Appeal" wherein the subject's total assessment was \$320,150 for tax year 2007. The subject's assessment reflects a market value of \$842,499 or \$125.00 per square foot using the Cook County Ordinance Level of Assessment for Class 5a, commercial property of 38%. As to the subject, the board submitted copies of the subject's property record cards. In addition, the board's memorandum asserted that the subject property was sold via a Special Warranty Deed that was executed in April, 2003, for \$935,000, which the memorandum argued was the year that the subject's improvement was constructed.

In support of the subject's market value, raw sales data was submitted for seven commercial properties. The data from the CoStar Comps service sheets reflect that the research was licensed to the assessor's office, but failed to indicate that there was any verification of the information or sources of data. The properties sold in an unadjusted range from \$675,000 to \$2,818,000, or from \$130.81 to \$501.07 per square foot of building area. The properties contained retail/restaurant or general retail buildings that ranged in size from 5,140 to 7,100 square feet.

Moreover, the board of review's memorandum stated that it was not intended to be an appraisal or an estimate of value and should not be construed as such. It indicated that the information provided in the memorandum was collected from various sources and assumed to be factual, accurate or reliable. However, the memorandum disclosed that the writer had not verified the information or sources referenced; and therefore, did not warrant its accuracy. 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 appellant has met this burden and that 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 to obtain land sales, rental comparables, and improved sales comparables while providing sufficient detail regarding each sale as well as adjustments where necessary.

Moreover, the Board finds that the board of review provided unconfirmed, raw data in support of the subject's assessment. As to the board's reference of the subject's sale in April, 2003, the Board finds that there was no evidence that this sale was an arm's length transaction and that it was too distant in time to be relevant to the assessment date at issue of January 1, 2007.

Therefore, the Board finds that the subject property contained a market value of \$715,000 for tax year 2007. Since the market value of the subject has been established, the Cook County Ordinance level of assessment for Class 5a, commercial property of 38% will apply. In applying this level of assessment to the subject, the total assessed value is \$271,700, while the subject's current total assessed value is above this amount at \$320,150. 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.

Ronald R. Cuit

Chairman

K. L. Fern

Member

Frank A. Huff

Member

Mario M. Louie

Member

Shawn R. Lerbis

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: July 22, 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.