



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

APPELLANT: Victor Patel
DOCKET NO.: 07-21425.001-C-1 through 07-21425.002-C-1
PARCEL NO.: See Below

The parties of record before the Property Tax Appeal Board are Victor Patel, the appellant(s), 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 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
07-21425.001-C-1	14-28-306-011-0000	74,936	6,863	\$ 81,799
07-21425.002-C-1	14-28-306-012-0000	88,711	1,074,669	\$ 1,163,380

Subject only to the State multiplier as applicable.

ANALYSIS

The subject property consists of 14,850 square feet of land, which is improved with a 91 year old, four and part five-story, masonry, limited-service hotel containing 74 rooms and 30,277 square feet of building area. The subject is located in Lake View Township, Cook County. The appellant, via counsel, argued that the subject's fair market value was not accurately reflected in its assessed value.

In support of the market value argument, the appellant submitted an appraisal undertaken by Richard J. Kopacz, Gary M. Skish, and Gary T. Peterson, all of First Real Estate Services, Ltd. The report states that all three of the appraisers are licensed State of Illinois Certified General Real Estate Appraisers, and that Mr. Peterson holds the designation of MAI. The appraisers stated that the subject had an estimated market value of \$2,960,000 as of January 1, 2006. The appraisal report utilized the cost approach to value and the income approach to value to estimate the market value for the subject property. The appraisal states that John O'Donnell, an employee of First Real Estate Services, Ltd., personally inspected the subject, and that the subject's highest and best use as improved is its current use.

Under the cost approach to value, the appraisers estimated the subject's land value to be \$817,000, rounded, based on an analysis of four recent vacant land sales near the subject. The improvement's replacement cost was estimated to be \$2,957,231 using the Marshall & Swift Valuation Service. The appraisers added 5% for entrepreneurial incentive to arrive at a total replacement cost new for the subject of \$3,105,093. The appraisers then deducted 35% from the replacement cost new to account for depreciation of the improvement. It was also estimated that the subject contained \$7,500 worth of site improvements. The appraisers then added the estimated land value, the site improvements, and the value of the depreciated replacement cost to arrive at a value under the cost approach to value of \$2,840,000, rounded.

In the income approach to value, the appraisers relied on *The HOST Study, 2005 Report for the Year 2004*, published by Smith Travel Research; the *Chicago Metropolitan Area Hotel Statistics, 1990-2005*, published by the Chicago Convention and Tourism Bureau and Smith Travel Research; room rates at nine nearby hotels; and the subject's 2006 occupancy and average daily rate to estimate the subject's gross revenue from room rentals. From these sources, the appraisers stabilized the subject's occupancy rate at 65%, and the subject's average daily room rate at \$95.00. Thus, the subject's gross revenue from rooms is \$1,667,868 (74 rooms × 365 days × \$95.00 daily rate × 65% occupancy = \$1,667,868 gross revenue from rooms). From the above sources, the appraisers also concluded that the subject receives 94.2% of its total revenue from room rentals. Therefore, the appraisers found that the subject's total stabilized gross revenue was \$1,770,560. The appraisers then deducted 27% for departmental expenses, 26% for undistributed expenses, 10% for furniture, fixtures, and equipment, and 10% for business value to arrive at a net operating income of \$487,110 for the subject. A loaded capitalization rate of 16.46% was utilized to arrive at a value under the income approach of \$2,960,000, rounded.

The appraisers gave the income approach primary consideration, and the cost approach secondary consideration in valuing the subject. Thus, the appraisers concluded that the subject's appraised value was \$2,960,000 as of January 1, 2006. Based on this evidence, the appellant requested a reduction in the subject's assessment.

The Cook County Board of Review submitted its "Board of Review Notes on Appeal" wherein the subject's final assessment of \$1,245,179 was disclosed. The subject's final assessment yields a fair market value of \$3,276,787 when the 38% assessment level for class 5-29 property under the Cook County Classification of Real Property Ordinance is applied. In support of the subject's assessment, the board of review submitted a property record card for the subject, and raw sales data for four hotels or motels located within ten miles of the subject. The sales data was collected from the CoStar Comps service, and the CoStar Comps sheets state that the research was licensed to the assessor's

office. However, the board of review included a memorandum which states that the submission of these comparables is not intended to be an appraisal or an estimate of value, and should not be construed as such. The memorandum further stated that the information provided was collected from various sources, and was assumed to be factual, accurate, and reliable; but that the information had not been verified, and that the board of review did not warrant its accuracy.

The suggested comparables consist of hotels or motels that range in age from 17 to 81 years old, in size from 13,197 to 64,300 square feet of building area, and in rooms from 39 to 113. The properties sold from January 2005 to March 2008 in an unadjusted range from \$2,500,000 to \$18,200,000, or from \$110.32 to \$283.05 per square foot of building area, land included. The printouts also indicate that the parties in Comparable #2 used the same real estate broker, while no real estate brokers were used in Comparables #1, #3, and #4. Additionally, Comparables #1 and #3 were not advertised for sale on the open market. Comparable #2 is reported to have been an "off-market transaction." 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 (the "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. Cook Cnty. Bd. of Review v. Prop. Tax Appeal Bd., 339 Ill. App. 3d 529, 545 (1st Dist. 2002); National City Bank of Michigan/Illinois v. Prop. Tax Appeal Bd., 331 Ill. App. 3d 1038, 1042 (3d Dist. 2002) (citing Winnebago Cnty. Bd. of Review v. Prop. Tax Appeal Bd., 313 Ill. App. 3d 179 (2d Dist. 2000)); 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. Calumet Transfer, LLC v. Prop. Tax Appeal Bd., 401 Ill. App. 3d 652, 655 (1st Dist. 2010); 86 Ill. Admin. Code. § 1910.65(c). Having considered the evidence presented, the Board finds that a reduction is warranted.

The Board gives no weight to the appellant's appraisal, because it did not include the sales comparison approach to value. The court has held that "[w]here the correctness of the assessment turns on market value and there is evidence of a market for the subject property, a taxpayer's submission that excludes the sales comparison approach in assessing market value is insufficient as a matter of law." Cook Cnty. Bd. of Review v. Ill. Prop. Tax Appeal Bd., 384 Ill. App. 3d 472 at 484 (1st Dist. 2008) (the "Omni" case). "The exclusion of market valuation by sales comparison is limited to 'property [that] is of such nature and applied to such special use that it cannot have a market value,

such as a church, college, cemetery, club house, or terminal of a railroad. [Citations.]" (Emphasis added.) Omni, 384 Ill. App. 3d at 842 (quoting City of Chicago v. Farwell, 286 Ill. 415, 420 (1918)). For a property to be a "special use" property it must essentially have no market, and be so unique as to not be salable. United Airlines, Inc. v. Pappas, 348 Ill. App. 3d 563, 572 (1st Dist. 2004). The Board finds that the subject is not a special use property, and that there is a market for hotels in the subject's location. In fact, the board of review presented four suggested comparables, all of which were hotels or motels within ten miles of the subject property, proving that there is a market for the subject, and the sales comparison approach could have been developed. Therefore, the Board finds that reliance on the appellant's appraisal would be deficient as a matter of law, and, thus, no 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.

Donald R. Cuit

Chairman

K. L. Fern

Member

Frank A. Huff

Member

Mario Morris

Member

J. R.

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: February 22, 2013

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.