



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

APPELLANT: Harry Perl  
DOCKET NO.: 07-21507.001-R-1  
PARCEL NO.: 14-20-120-025-0000

The parties of record before the Property Tax Appeal Board are Harry Perl, the appellant(s), by attorney John P. Fitzgerald, of John P. Fitzgerald, 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:

**LAND:** \$27,120  
**IMPR.:** \$105,555  
**TOTAL:** \$132,675

Subject only to the State multiplier as applicable.

**ANALYSIS**

The subject property consists of a 6,250 square foot parcel of land improved with a 94-year old, masonry constructed apartment building containing 7,870 square feet of building area. Features of the subject include six, two bedroom units, six baths, and a detached five-car garage. The appellant argued that the market value of subject 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's pleadings included a economic analysis of the subject property with an effective date of January 1, 2006 undertaken by Clifford D. Aarons, certified general real estate appraiser, and Mitchell J. Perlow, who holds the designation of MAI and certified general real estate appraiser. The appraisers estimated a market value for the subject of \$580,000.

As to the subject, the appraisal indicated that the subject's site was inspected on January 9, 2007. The subject was found to be a rectangular shaped parcel containing 6,250 square feet of land with the improvement containing 7,870 square feet of building area. The appraisal indicated that the building was constructed in 1913 and was in average condition.

The appraisers indicated that the subject's highest and best use as vacant would be to improve it on a build to suit basis with a commercial building with on-site parking and while the highest and best use as improved is for its current use.

The appraisers did not include the three tradition approaches to value which include the sales comparison, cost, and income capitalization. The appraiser stated that the "analysis is not a market valuation appraisal report but an evaluation of an annual potential cash flow that could be reasonably be anticipated from the business operation of the subject and capitalization at a predetermined capitalization rate. "

Under this approach, the appraisers analyzed the actual current income of the subject. Per the rent roll, the gross income as of January 1, 2006 was reported at \$105,900 per year with rents ranging between \$1,300 and \$1,600 per month. Deducting a vacancy and collection loss of 10% resulted in an effective gross income of \$95,310. Total expenses and replacements for reserves were estimated at \$27,866 resulting in a net operating income of \$67,444.

The appraiser concluded an overall capitalization rate for the subject based on the band of investment analysis to arrive at a rate of 9%. This rate was then loaded for a overall capitalization rate of 11.61%. This resulted in a final value under this analysis of \$580,000, rounded. Based upon this data, the appellant requested a reduction in the subject's market value.

The board of review submitted "Board of Review-Notes on Appeal" wherein the subject's total assessment was \$132,675 for the tax year 2007. The subject's assessment reflects a market value of \$1,321,464 or \$168.00 per square foot using the 2007 Illinois Department of Revenue three-year medial level of assessment for Class 2, residential property of 10.04%. In support of the subject's assessment, the board of review submitted descriptions and assessment information for four properties located within the subject's neighborhood. These properties are described as three-story, masonry, multi-family dwellings with 3 to 6 units, 6 baths, full unfinished basement, and two to three and one-half car garage for three of the properties. The properties range: in age from 88 to 108 years; in size from 6,927 to 8,161 square feet of building area; and have improvement assessments from \$13.49 to \$14.63 per square foot of building area. Based on this evidence, the board of review requested confirmation of the subject's assessment.

At hearing, the appellant via counsel, Ms. Mary Fitzgerald, requested that the assessment be reduced to reflect the a market value of \$580,000 based on an economic analysis.

At hearing, the appellant via counsel, Ms. Mary Fitzgerald, requested that the assessment be reduced based on the "high quality MAI" appraisal value of \$190,000.

The board of review analyst, Mr. Roland Lara, argued that the appraisal should be discredited based on the appraiser utilizing an economic analysis rather than utilizing the three traditional approaches to value. He states that "income analysis is not a good measure of value for Class 2-11 properties." He further states that the income analysis should have used a capitalization rate of 9%-10.75% which was standard for the 2007 tax year and location area. Lastly, Mr. Lara presented into evidence a "google" map outlining the board of review's comparables which shows that the board of review's comparables are within blocks of the subject.

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, 331 Ill.App.3d 1038 (3d Dist. 2002; Winnbago County Board of Review v. Property Tax Appeal Board, 313 Ill.App.3d (2d 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 evidence indicates a reduction in the subject's assessment is not warranted.

The Board gives little weight to the appellant's economic analysis. This analysis did not include any market sales/rentals or justify why sales/rentals were not included within the analysis. 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 Illinois Appellate Court recently revisited this issue in Bd. of Educ. of Ridgeland Sch. Dist. No. 122, Cook Cnty. v. Prop. Tax Appeal Bd., 2012 IL App. (1st) 110,461 (the "Sears" case). In Sears, the court stated that, while the use of only one valuation method in an appraisal is not inadequate as a matter of law, the evidence must support such a practice and the appraiser must explain why the excluded valuation methods were not used in the appraisal for the Board to use such an appraisal. Id. at ¶ 29. In this case, the appraisers provided no reasons for excluding these valuation methods, and the evidence does not show that their exclusion is standard practice when appraising property that is similar to the subject. The analysis did not use market rents or sales. In fact, the board of review

presented four suggested comparables, proving that there is a market for the subject, and the sales comparison approach could be 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 based on the appellant's market value argument.

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 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: November 30, 2012

*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.