



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

APPELLANT: Frederick C. Uhde
DOCKET NO.: 07-23102.001-C-1
PARCEL NO.: 05-28-217-029-0000

The parties of record before the Property Tax Appeal Board are Frederick C. Uhde, the appellant, by attorney Mitchell L. Klein, of Schiller Klein PC 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: \$ 65,441
IMPR.: \$ 319,974
TOTAL: \$ 385,415

Subject only to the State multiplier as applicable.

ANALYSIS

The subject has 14,183 square feet of land that is improved with a 66 year old, multi-story, masonry, mixed-use residential/commercial building with six stores, four offices and two studio apartments. The subject's improvement size is 13,305 square feet of building area, and its total assessment is \$385,415. This assessment yields a fair market value of \$1,751,886, or \$131.67 per square foot of building area (including land), after applying the 22% assessment level for class 3 properties under the 2007 Cook County Classification of Real Property Ordinance. The appellant, via counsel, argued that the fair market value of the subject property was not accurately reflected in its assessed value as the basis of this appeal.

In support of the market value argument, the appellant submitted a commercial appraisal report for the subject property with an effective date of January 1, 2007. The appraiser estimated a fair market value for the subject of \$1,385,000 based on the cost, income, and sales comparison approaches to value. The appraiser also conducted an inspection of the subject.

Under the cost approach to value, the appraiser analyzed the sale of properties to arrive at an estimate of value for the land at \$21.50 per square foot or \$305,000, rounded. The replacement

cost new method was utilized to determine a cost for the improvement of \$1,443,593. The age life method was used to depreciate the improvement by 25% for a depreciated building value of \$1,082,695. The land and site improvements were added back in to establish a value under the cost approach of \$1,395,000, rounded.

In the income approach to value, the appraiser analyzed the rent of three properties, as well as the subject's contract rent, to estimate potential gross income at \$33,447 per month gross, or \$401,244. Vacancy and collection were estimated at 15%, or \$60,187, while expenses were estimated at \$148,143 to arrive at a net operating income of \$192,914. A loaded capitalization rate of 14.04% was utilized to estimate a value under the income approach of \$1,375,000, rounded. *The appraiser utilized an assessment level of 38% in developing the capitalization rate for the subject resulting in an excessive rate as the subject is assessed at 22% of market value.*

Under the sales comparison approach, the appraisers analyzed the sales of six mixed-use buildings, one located in Wilmette, one located in Winnetka, and four located in Evanston. The properties range in building size from 5,183 to 23,900 square feet of building area and sold from November 2003 to July 2006 for prices ranging from \$950,000 to \$1,500,000, or from \$52.30 to \$217.05 per square foot of building area, including land. The appraiser adjusted each of the comparables for pertinent factors. Based on the similarities and differences of the comparables when compared to the subject, the appraiser estimated a value for the subject under the sales comparison approach of \$104.00 per square foot of building area or \$1,385,000, rounded.

In reconciling the three approaches to value, the appraiser arrived at a final estimate of value for the subject as of January 1, 2007 of \$1,385,000.

Based on this evidence, the appellant requested a reduction in the subject's assessment.

The Cook County Board of Review submitted it "Board of Review-Notes on Appeal," wherein the subject's final assessment of \$385,415 was disclosed. In support of the subject's assessment, the board of review submitted a property record card for the subject, and raw sales data for five commercial buildings 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 Cook County 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 states 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 comparables are described as multi-story, masonry, commercial buildings. Additionally, the comparables are from 76 to 98 years old, and have from 10,000 to 14,600 square feet of building area. The comparables sold between June 2003 and December 2008 for \$1,250,000 to \$2,600,000, or \$120.19 to \$260.00 per square foot of building area, including land. Based on this evidence, the board of review requested confirmation of the subject's assessment.

In written rebuttal, the appellant's attorney discounted the board of review's market value data.

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 the evidence indicates a reduction is not warranted.

The Board finds that the income approach in the appraisal is unpersuasive and flawed for several reasons. First, the appraiser included actual market data (only for the commercial space) but it is unclear as to how he utilized it in his analysis. The appraiser included the contract rents for the subject's tenants, however, there was no indication of the square footage for each unit so the Board is unable to compare the contract rent to the market rent due to the mixed-use nature of the building. The appraiser also did not indicate a market rent per square foot in the final income analysis. Second, the appraiser deducted 52% for vacancy and operating expenses in his analysis, which the Board finds atypical for a property such as the subject. Finally, the appraiser's calculation of the tax load was incorrect. The appraiser used an assessment ratio of 38% in his calculation while the subject has an actual assessment ratio of 22%. Using the higher capitalization rate lowers the subject's market value in the analysis. The Board finds these errors to be substantive and not ministerial. As such, the data does not reflect the correct information and cannot be analyzed by the Board. Therefore, the Board accords diminished weight to this appraisal.

Nevertheless, the Board also finds that the subject's per square foot value at \$131.67 is within the range established by the appraiser's sales comparables, which the Board finds most similar to the subject. They range in market value per square foot from \$52.30 to \$217.05.

Therefore, the Board finds that the appellant has not met its burden by a preponderance of the evidence and that the subject does not warrant a reduction based upon the market data submitted into evidence.

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: September 20, 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.