



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

APPELLANT: 1027 David Street, LLC  
DOCKET NO.: 07-23637.001-C-1  
PARCEL NO.: 11-18-302-018-0000

The parties of record before the Property Tax Appeal Board are 1027 David Street, LLC, the appellant, by attorneys Michael E. Crane and Jim Boyle, of Crane & Norcross 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:** \$ 71,033  
**IMPR.:** \$ 81,046  
**TOTAL:** \$ 152,079

Subject only to the State multiplier as applicable.

**ANALYSIS**

The subject property consists of an 8,040 square foot parcel of land improved with a 61-year old, one-story, commercial building. The improvement contains 3,480 square feet of building area.

The appellant's attorney 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's attorney submitted an actual income and expense analysis for the subject developed by the attorney.

Using actual rental data for the commercial operation, the gross income was identified at \$77,018. Deducting expenses resulted in a net income of \$52,047. Capitalizing this amount by 18.89% resulted in an estimated market value of \$275,527. In support of this data, copies of the subject's actual profit and loss statement for tax year 2007, a photograph of the subject, and correspondence from an appraisal firm were submitted. The one-page letter from Madison Appraisal stated that the subject property was leased and operated as a bicycle shop. It also

stated that the appraisers reviewed the actual income and expense data for the subject and opined that the rental rates and expenses were within market range, while also indicating that an appropriate capitalization rate was either 10% or 11.5% for this type of property. Based upon this analysis, the appellant requested a reduction in the subject's assessment.

The board of review submitted "Board of Review-Notes on Appeal" wherein the subject's total assessment was \$152,079. This assessment reflects a market value of \$400,207 or \$115.00 per square foot when the Cook County Ordinance level of assessment for class 5a, commercial property of 38% is applied. The board's memorandum stated that the subject was purchased in May, 2004, for a price of \$815,000 or \$234.20 per square foot with a copy of the Trustee's Deed submitted in support thereof.

In support of the subject's market value, the board submitted raw sales data was submitted for five properties identified with retail/storefront designations. 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 \$114.29 to \$228.95 per square foot of building area, while the buildings ranged in size from 3,500 to 4,400 square feet.

Moreover, the board of review's cover memorandum stated that the data was not intended to be an appraisal or an estimate of value and should not be construed as such. The memorandum indicated that the information provided therein had been collected from various sources that were assumed to be factual and reliable; however, it further indicated that the writer hereto had not verified the information or sources and did not warrant its accuracy. As a result of its analysis, the board requested confirmation of the subject's assessment.

At hearing, the board's representative rested on the written evidence submissions. He testified that the data on the subject's sale was merely historical reference.

After considering the parties' arguments as well as 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 (3<sup>rd</sup> Dist. 2002); Winnebago County Board of Review v. Property Tax Appeal Board, 313 Ill.App.3d 179 (2<sup>nd</sup> 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 is not warranted.

The Board finds the appellant's argument that the subject's assessment is excessive when applying an income analysis based on the subject's actual income and expenses or estimates of business value, cash flow, and personalty value unconvincing. In Springfield Marine Bank v. Property Tax Appeal Board, 44 Ill.2d 428 (1970), the court stated:

it is the value of the "tract or lot of real property" property which is assessed, rather than the value of the interest presently held. . . [R]ental income may of course be a relevant factor. However, it cannot be the controlling factor, particularly where it is admittedly misleading as to the fair cash value of the property involved. . . [E]arning capacity is properly regarded as the most significant element in arriving at "fair cash value". . . Many factors may prevent a property owner from realizing an income from property, which accurately reflects its true earning capacity; but it is the capacity for earning income, rather than the income actually derived, which reflects "fair cash value" for taxation purposes." Springfield Marine Bank v. Property Tax Appeal Board 44 Ill.2d 428 at 430-431.

Actual expenses and income can be useful when shown that they are reflective of the market. The appellant did not demonstrate that the subject's actual income and expenses were reflective of the market. To demonstrate or estimate the subject's market value using an income approach, as the appellant attempted, one must establish through the use of market data the market rent, vacancy and collection losses, and expenses to arrive at a net operating income. Further, the appellant must establish through the use of market data a capitalization rate to convert the net income into an estimate of market value.

The appellant failed to follow this procedure in developing an income analysis. Moreover, the Board finds unpersuasive a cursory, one-page statement signed by an appraiser that the actual income and expenses could have been within a market range. Nevertheless, the appellant's attorney developed an actual income analysis employing a capitalization rate of 18.89%, while the appellant's appraisal correspondence indicated a capitalization rate range for this type of property from 10% to 11.5% reflected in the market. In addition, the record is absent any market data submitted by the appellant to demonstrate that the subject's actual data is reflective of market data. Therefore, the Board gives this argument no weight.

The Board finds that the market data submitted by the board of review supports the subject's valuation. The unadjusted market data from five sales of retail/storefront properties reflects a range of value from \$114.29 to \$228.95 per square foot, while the

subject at \$115.00 per square foot of building area is located at the low of the range established by these sales.

As a result of this analysis, the Board finds the appellant has not met their burden and that a reduction is not 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: December 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.