



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

APPELLANT: Meligas
DOCKET NO.: 07-24941.001-C-1 through 07-24941.005-C-1
PARCEL NO.: See Below

The parties of record before the Property Tax Appeal Board are Meligas, the appellant, by attorney Arnold G. Siegel, of Siegel & Callahan, P.C. 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
07-24941.001-C-1	09-17-403-022-0000	12,847	36,810	\$49,657
07-24941.002-C-1	09-17-403-023-0000	8,360	361	\$8,721
07-24941.003-C-1	09-17-403-024-0000	8,360	361	\$8,721
07-24941.004-C-1	09-17-403-025-0000	8,360	361	\$8,721
07-24941.005-C-1	09-17-403-074-0000	25,080	137,736	\$162,816

Subject only to the State multiplier as applicable.

ANALYSIS

The subject property consists of five land parcels containing 20,726 square feet of land. They are improved with a 75-year old, two-story, commercial building used as a motel and restaurant. The improvement contains 7,445 square feet of building area used as a motel with 27 rooms therein as well as 750 square feet of building area used as a restaurant.

The appellant argued that the market value of the subject property was not accurately reflected in its assessed value.

In support of the market value argument, the appellant submitted an economic analysis of the subject property undertaken by Property Valuation Services. The preparers of the analysis stated that the "gross potential income of the subject will be developed from the rental of the rooms and commercial building". Analysis Pg.12. In addition, the analysis stated that "an appropriate deduction for vacancy and collection would be applied

to develop a net operating income which was then estimated by subtracting stabilized expenses. . .These expenses have been estimated utilizing the subject's actual data supported by expenses for nearly competing properties as well as the Host Study published by Smith Travel Service". Id, Pg.12.

Moreover, the analysis stated that "it should be noted that a successfully leased property is management intensive and is successful because of the good quality of managerial control and services provided. . .Without good management, such enterprises may not reflect good returns and hence may experience some loss of value". Id, Pg.12.

In adherence of the above, the preparers identified a gross potential income of \$244,500 and deducted 35% for room vacancy to reflect \$158,925. In support, the analysis included historical income from the subject property. In addition, the cost of personalty was estimated used Marshall Service Cost Manual to reflect \$52,000 as well as ancillary equipment valued at an additional \$5,000 totaling \$57,000. Then, the analysis indicated an estimated income from fixtures and equipment of \$6,555. Expenses were estimated at \$64,346. Therefore, the subject's net income was estimated at \$88,024. Applying a capitalization rate of 17.39% resulted in an indication of \$505,000.

Further, the analysis stated that "the purpose of this analysis was to conduct an economic analysis of the apartment/hotel rental operation. . .it should be understood that this analysis is not a market valuation appraisal report, but rather an evaluation of an annual potential cash flow that could reasonably be anticipated from the subject's business operations". Id, Pg.19. 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 \$238,636. The subject's assessment reflects a market value of \$627,898 or \$23,259 per room 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 along with a cover memorandum.

In support of the subject's market value, raw sales data was submitted for four commercial properties designated as hospitality/motel space. 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 from May, 2001, to May, 2007, in an unadjusted range from \$31,563 to \$50,000 per room. The properties contained commercial buildings that ranged: in number of rooms from 10 to 68; in size from 4,853 to 35,000 square feet; and in age from 33 to 57 years.

In addition, the memorandum also stated that the subject sold in January, 2005, for a value of \$1,100,000 while attaching copies

of the Trustee's Deed. Moreover, the board of review argued that the preparers of the appellant's analysis failed to submit documentation to support that estimated value of the going concern, personalty, or fixtures and equipment.

Further, 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.

After considering the 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. 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 appellant's argument that the subject's assessment is excessive when applying an income analysis based upon the subject's actual income and expenses unconvincing and not supported by the evidence in the record.

In Springfield Marine Bank v. Property Tax Appeal Board, 44 Ill2d 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. Id.

Actual expenses and income can be useful when shown that they are reflective of the market. The appellant failed to proffer any market data to demonstrate that the subject's actual data was reflective of the market, including: market rent, vacancy and collection losses, expenses, and capitalization rates to convert the net income into an estimate of market value.

Moreover, the Board accorded diminished weight to the board of review's unadjusted, raw sales data relating to four sale properties. Nevertheless, these sales reflected market data in a range from \$31,562 to \$50,000 per room. In comparison, the subject's current market value is at \$23,259 per room, which is below the range established by this market data. Further, the sale of the subject in 2005 supports the assessment of the subject property.

As a result of this analysis, the Board finds the appellant has not adequately demonstrated that the subject was overvalued by a preponderance of the evidence 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

[Signature]

Member

[Signature]

Member

[Signature]

Member

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: March 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.