



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

APPELLANT: Jack Gore
DOCKET NO.: 07-25541.001-C-2
PARCEL NO.: 07-13-408-011-0000

The parties of record before the Property Tax Appeal Board are Jack Gore, the appellant, by attorney Richard J. Caldarazzo, of Mar Cal Law, P.C. in Chicago; the Cook County Board of Review, by Cook County Assistant States Attorney, John Coyne; Palatine Twp. H.S.D. #211, and Schaumburg C.C.S.D. #54, intervenors, by attorney Michael J. Hernandez of Franczek Radelet P.C. in Chicago.

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: \$ 489,832
IMPR: \$ 954,163
TOTAL: \$1,443,995

Subject only to the State multiplier as applicable.

ANALYSIS

The subject property consists of a 122,765 square foot parcel of land improved with a 25-year old, 124-room hotel. The appellant, via counsel, argued that the fair market value of the subject was not accurately reflected in its assessed value.

In support of the market value argument, the appellant submitted an appraisal by Urban Real Estate Research, Inc. The appraisal was signed by Arthur Murphy, MAI. In addition, Robert Kownacki and David Ibarra signed the appraisal. The appraisal indicates Kownacki is a general associate member of the Appraisal Institute; however, the appraisal does not list any credentials for Ibarra.

In the "History of Subject Property" section of the appraisal, the appraisers indicate that the subject sold in January 17, 2007 for \$7,400,000 and that the sale was a 1031 exchange and reflects

the value of the property to the investor. The appraisers stated the subject was purchased at the peak of the market and that the premium price paid by the buyer was highly speculative and risky. The appraisers indicated that since the time of purchase the peak of the hotel market has turned downward to a valley.

The appraisers indicated the subject has an estimated market value of \$3,140,000 as of January 1, 2008. The appraisal report utilized the three traditional approaches to value to estimate the market value for the subject property. The appraisal finds the subject's highest and best use is its present use. The appraisal indicates Ibarra inspected the subject property.

Under the cost approach to value, the appraisers utilized market sales to determine a land value for the subject of \$11.00 per square foot, or \$1,350,000, rounded. The replacement cost new method was utilized to determine depreciated cost of the improvements of \$1,707,596. The land value and depreciated cost of the site improvements were added back in to establish a value under the cost approach of \$3,140,000, rounded.

Under the income approach to value, the appraisers estimated a stabilized operating statement based on the subject's 2008 income and expense data. The appraisers also relied on Trends in the Hotel Industry USA Edition-2008. The appraisers estimated a stabilized net income of \$545,769. A loaded capitalization rate of 17.36% was utilized to estimate a value under the income approach of \$3,140,000, rounded.

Under the sales comparison approach, the appraisers analyzed the sales of six hotels within the subject's market. The properties range in number of rooms from 93 to 165. The properties sold from May 2005 through December 2007 for prices that ranged from \$19,394 to \$65,591 per room. The appraisers stated that the price per room was reduced based on the Rushmore Approach that values the real estate only of hotels at 60% of the sale price. Therefore, the adjusted range was 11,636 to \$39,355 per room. Based on this analysis the appraisers estimated the subject's price per room to be \$25,350 per room. This amount was multiplied by 124, the total number of rooms, for a total value indicated under the sales comparison approach of \$3,140,000, rounded.

In reconciling the three approaches to value, the appraisers gave the most weight to the income approach in arriving at a final estimate of value for the subject as of January 1, 2008 of \$3,140,000.

The board of review submitted its "Board of Review Notes on Appeal" wherein the subject's final assessment of \$1,443,995 was disclosed. The subject's final assessment reflects a fair market value of \$3,799,987 when applying the ordinance level of 38% for Class 5a property as designated by the Cook County Property Assessment Classification ordinance. In support of the subject's assessment, the board of review presented six suggested comparable sales of hotels located within six miles from the

subject property. The properties range in size from 97 rooms to 136 rooms. They sold from June 2006 through April 2008 for prices that ranged from \$34,011 to \$97,794 per room.

The board of review also submitted information regarding the sale of the subject property. The board's evidence includes a warranty deed and a PTAX-203 form that indicate the subject sold in January 2007 for \$7,100,000. This sale price equates to \$59,677 per room. The PTAX-203 form lists \$0 as the amount of personal property included in the purchase. In addition, the PTAX-203 form does not list an amount for other real property transferred to the seller in a simultaneous exchange.

The intervenor's attorney presented three suggested comparable sales of hotels. The properties range in size from 136 to 184 rooms. They sold from October 2005 to December 2006 for prices that ranged from \$34,047 to \$70,805 per room.

At hearing, the appellant's attorney, Melissa Whitley of Mar Cal Law, P.C., argued that the appraisal is the best evidence of the subject's market value. The appellant provided no witnesses. Ms. Whitley discussed the differences between the board of review's sale comparables and the subject property. She stated that board of review comparable: #2 was an off market transaction; #5 involved multiple properties; and #6 had 100% seller financing. Ms. Whitley also discussed the differences between the intervenor's sale comparables and the subject property. Ms. Whitley stated that intervenor's comparable: #1 had close to 100% seller financing; #2 was part of a portfolio purchase with special financing; and #3 was not an arms-length transaction as it was a business transaction that involved assets moving from one company to another company.

Additionally, at hearing Ms. Whitley argued that the subject's assessment should be reduced based on the board of review's 2009 assessment reduction pursuant to Hoyne Savings & Loan Assoc. v. Hare, 60 Ill.2d 84, 90, 322 N.E.2d 833, 836 (1974); 400 Condominium Assoc. v. Tully, 79 Ill.App.3d 686, 690, 398 N.E.2d 951, 954 (1st Dist. 1979) wherein the court found, "a substantial reduction in the subsequent year's assessment is indicative of the validity of the prior year's assessment". Ms. Whitley stated that in 2009, the board of review reduced the subject's assessment from \$1,295,164 to \$784,995.

The intervenor's attorney, Michael Hernandez, argued that the best indicator of the subject's market value is its January 2007 purchase price of \$7,100,000 as indicated on the subject's deed and PTAX-203 form. Mr. Hernandez argued that the appraisal did not sufficiently address the subject's recent purchase price. Mr. Hernandez also took issue with the appraisers' statements regarding the downturn of the hotel market and the 58% downward adjustment in the subject's market value. Additionally, Mr. Hernandez stated that the appraisers' credibility was called into question as the appraisers relied on the subject's actual 2008

income and expense data to determine the subject's income approach value as of January 1, 2008.

The board of review's representative, Assistant State's Attorney John Coyne, indicated that the appraisers' statement regarding the inclusion of personal property in the sale price is contradicted in the PTAX-203 form. The form indicates that no personal property was included in the sale price. In addition, the appraisers' statement that the sale of the subject was part of a 1031 exchange is also contradicted in the PTAX-203 form. The form indicates that there was no other real property transferred to the seller as part of the sale of the subject property. In further argument, Mr. Coyne stated that as the appraisers were not present to testify regarding the subject's recent sale or any other information contained in the appraisal, it should be given no weight.

After reviewing the record and considering the evidence, the Property Tax Appeal Board finds that it has jurisdiction over the parties and the subject matter of this appeal. The Board further finds no reduction in the subject's assessment is warranted.

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, 331Ill.App.3d 1038 (3rd Dist. 2002); Winnebago County Board of Review v. Property Tax Appeal Board, 313 Ill.App.3d 179 (2nd 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). "[A] contemporaneous sale between parties dealing at arm's length is not only relevant to the question of fair cash market value, but would be practically conclusive on the issue of whether an assessment was at full value." People ex rel. Korzen v. Belt Ry. Co. of Chicago., 37 Ill. 2d 158, 161 (1967). Having considered the evidence presented, the Board finds that a reduction is not warranted

In determining the fair market value of the subject property, the PTAB finds the appellant failed to meet the burden of proving the value of the property by a preponderance of the evidence. The board finds the credibility of the report is called into question as no appraiser was present to answer questions regarding the circumstances of the subject's recent sale, including the arms-length nature of the sale, whether the sale was part of a 1031 exchange, and whether the sale price included personal property, franchise fees, and goodwill. For these reasons, the PTAB gave no weight to the appellant's appraisal. For the same reasons, the PTAB is unable to issue an increase in the subject's assessment based on its recent sale price. In addition, the PTAB gives little weight to the intervenor and board of review comparables as the information provided was unadjusted raw sales data.

Ms. Whitley argued that the subject's assessment should be reduced based pursuant to Hoyne Savings & Loan Assoc. The Board finds no reduction is warranted pursuant to the Hoyne Savings & Loan Assoc. decision. The Board finds that the Cook County Real Property Assessment Classification Ordinance level of assessment for Class 5a properties, such as the subject, was 38% in 2007 and was 25% in 2009.

Therefore, the PTAB finds that the evidence and testimony in the record has demonstrated that neither a reduction nor an increase in the subject's assessment 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: July 19, 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.