



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

APPELLANT: Kenneth Chadwick  
DOCKET NO.: 07-25654.001-I-2 through 07-25654.006-I-2  
PARCEL NO.: See Below

The parties of record before the Property Tax Appeal Board are Kenneth Chadwick, the appellant(s), by attorney Michael J. Torchalski, of Law Office of Michael J. Torchalski, P.C in Crystal Lake; the Cook County Board of Review by Cook County Assistant State's Attorney Joel Buikema; and Proviso Twp H.S.D. #209, the intervenor, by attorney Eric T. Stach of Del Galdo Law Group, LLC in Berwyn.

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
07-25654.001-I-2	15-03-124-004-0000	7,909	38,799	\$46,708
07-25654.002-I-2	15-03-124-005-0000	7,970	38,799	\$46,769
07-25654.003-I-2	15-03-124-006-0000	7,970	40,637	\$48,607
07-25654.004-I-2	15-03-124-007-0000	7,970	42,581	\$50,551
07-25654.005-I-2	15-03-124-008-0000	7,970	40,637	\$48,607
07-25654.006-I-2	15-03-124-056-0000	25,999	93,024	\$119,023

Subject only to the State multiplier as applicable.

**ANALYSIS**

The subject property consists of six parcels of land totaling 28,115 square feet and improved with an approximately 51-year old, one-story, masonry, manufacturing building. The appellant, via counsel, argued that the fair market value of the subject was not accurately reflected in its assessed value as the basis of the appeal.

In support of the market value argument, the appellant submitted, *Appellant's Exhibit A*, an Opinion of Value undertaken by Jonathan D. Kohn with Colliers Bennett & Kahnweiler, Inc. Kohn was presented as the appellant's first witness. Kohn testified that

he has been employed by Colliers International for six years and his resume is within *Appellant's Exhibit A*. Kohn testified his focus is on buying, selling, and leasing of industrial properties around the O'Hare area. Prior to Kohn's current employment, he stated, he work at Prologis handling a chunk of their leasing portfolio. He testified he has brokered between 200 and 250 commercial real estate transactions. Kohn then testified as to his education and professional licenses.

Kohn described the property as a 27,000 square foot, industrial building with some additions. He testified ceiling heights range from 10 to 14 feet and the subject contains three drive-in doors. He testified there are four or five public street parking spaces next to the building and a parking lot across the street owned by the appellant<sup>1</sup>. Kohn opined that the industrial building and the parking area would be sold together.

Kohn opined the loading area for the subject was inadequate. He testified that the subject does not have a loading dock where a truck can back up to the building. He testified that trucks must be off loaded next to the building with the use of a forklift. He testified he was further concerned with the subject's lack of sprinklers because most municipalities require sprinklers to be installed by new owners when a building is sold and that insurance rates can be higher for non sprinklered buildings. Finally, Kohn testified that the building has a series of additions which means that there are walls separating three different parts of the building. He opined that companies prefer open areas.

The Opinion of Value listed the sale of nine properties. Kohn testified that research staff employed by his company created a database of sales prices and building specifics and this database was used to find the nine properties. He testified this database is similar to the CoStar database that is commonly used in the industry. These properties range in age from 32 to 71 years and in size from 20,000 to 35,000 square feet of building area. The properties sold from March 2006 to August 2007 for prices ranging from \$24.21 to \$34.36 per square foot of building area, including land. The opinion indicates the average sale price is \$28.57 per square foot of building area. Kohn testified that his estimate of value based on the comparables was a straight average of the nine sales. He testified the valuation date is February 18, 2008, but that his opinion of value would be the same for January 1, 2007.

The opinion also included a list of eight properties currently listed for sale. The properties are between 37 and 57 years old with two ages unknown and 20,000 to 39,400 square feet of building area. The properties have asking prices from \$31.78 to \$55.00 per square foot of building area with one property listed as "STO" without further explanation. The opinion lists the average asking prices at \$44.03 per square foot of building area.

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<sup>1</sup> The parking lot parcel is not part of this appeal. However, the Opinion of Value includes the parking lot in the estimate of value.

The opinion concludes a market value estimate for the subject based on the market data at \$28.57 per square foot of building area.

The opinion also provided an estimate of value based on a review of the net income valuation method. The opinion estimates an adjusted market lease value for the subject of \$3.50 per square foot of building area based on a review of several selected lease transactions. The opinion then assigned three capitalization rates to the subject, 10%, 11%, and 12%, to arrive at a range of values for the subject. The opinion assumed an 11% capitalization rate to estimate the value of the subject based on income at \$859,090 or \$31.85 per square foot of building area.

In reconciling the two values, the opinion estimates a value under the "user sale basis" of \$653,670 to \$743,850 and under the "investor sale basis" of \$3.50 per square foot net rental rate and \$29.17 to \$35.00 per square foot. Kohn testified that user sale basis refers to a buyer that will be acquiring the building for its own use and an investor sale would be an investor acquiring the building with a lease in place to a tenant of some sort. He opined that this building is not an investor type building.

Under cross examination, Kohn acknowledged that the report lists a second author, but testified that he wrote the opinion of value without assistance. He testified that Mr. Rodeno toured the building with him and they would have worked together if they were hired to sell the building.

As to his relationship with the appellant, Kohn testified he met Mr. Chadwick by cold calling him to seek his business. He testified he has answered Chadwick's real estate questions for the past five years. He testified that he prepared the report for free and was testifying at the hearing free of charge. He testified he hopes to get some business from his relationship with the appellant.

Kohn acknowledged he is not an appraiser and does not hold any designations in regards to appraisal work. He testified he asked the employee who maintains the database to provide him with a list of industrial properties in the area that sold. He testified he did not verify all the information and could not be 100% sure that the information regarding the characteristics of these properties were correct.

Kohn testified he did not measure the subject. He acknowledged that he listed two different site sizes for the subject within his report as well as years built. Kohn also acknowledged that he did not know with 100% accuracy that the comparable sales were arm's length transactions.

Kohn testified he did not make any adjustments to the comparables, but only averaged them. He acknowledged he did not list the parking available for the comparables.

Kohn testified the capitalization rate he used was based on his opinion. He testified he utilized a range of capitalization rates because it was an opinion. He opined that an income approach would not be an applicable way to value the subject because of the subject's condition and age. Kohn testified he determined his rental rate based on the transactions he worked on in course of business. He testified 75% of the transactions he worked on included leases versus sales. He acknowledged he did not list any examples or comparables with lease information.

In response to questions by the Board, Kohn testified that he included the parking lot in the report, but did not separately estimate the value for that land.

The appellant, Kenneth Chadwick, was the next witness. Chadwick testified he is the managing partner of CDC Group, LLC; which is the owner of the subject. He testified he is a certified public accountant and held a certified valuation analyst (CVA) licenses issued by NAVCA. As part of his CVA license, Chadwick testified he was tested on valuing businesses, determining capitalization rates, discounted valuations, and market value of assets. Chadwick testified he has prepared approximately 30 to 35 valuation analysis over the last 15 years. He clarified these valuations were business valuations.

Chadwick described the subject as four buildings within one property. He testified that there were three additions with each addition added to the right of the previous structure; so that the building looks like four pieces of property built at different sections from 1952 or 1953 to 1995. He testified the four buildings are connected via a corridor where the walls of the building have been knocked down to connect the additions. This corridor ranges in size from 10 to 12 feet. Chadwick testified the subject contains approximately 28,000 square feet of building area. He testified the building is built to the property lines with no parking available on these parcels. He described how trucks are off loaded with a forklift. Chadwick testified the subject does not have sprinklers and that it would cost approximately \$50,000 to add sprinklers.

Chadwick testified he prepared *Appellant's Group Exhibit B*, a letter describing the property and several grids valuing the property. This exhibit also includes color photographs of the subject and trucks being off loaded. Chadwick opined the subject has a value of \$617,000. He testified he developed this value estimate in two ways. First, he looked at the 2007 real estate tax bills and assessed values for the property, including the parking lot. He then sectoried out the differential between the building and the parking lot. Second, he then estimated the value based on the ratio between the assessed value of the building and the parking lot using *Appellant's Exhibit A* to

remove the value of the parking lot. Chadwick testified he then reviewed the values estimated in *Appellant's Exhibit A* and averaged those values to arrive at a value for the subject, including the parking lot. He then removed the value of the parking lot based on the value established by the 2005 Property Tax Appeal Board decision for the parking lot. He concluded a value for the building of \$617,000.

Judicial notice was taken of the 2007 Property Tax Appeal Board decision for the parking lot which increased the value of the parking lot from \$140,000 to \$170,000. Chadwick testified that this increase in the value of the parking garage would reduce the value of the building by \$30,000.

Chadwick was then shown *Appellant's Group Exhibit C*, a letter he prepared dated December 8, 2010, a copy of a letter from an appraiser listing the size of the subject, and a grid of the board of review's comparables. Chadwick testified he reviewed the board of review's evidence. He asserted the size of the subject as listed by the county is incorrect and that the subject contains 28,550 square feet of building area as indicated by the appraisal letter dated December 21, 2009.

As to the grid, Chadwick testified he prepared this document. He stated this grid represents the board of review's comparables. He asserted that there are two distinct classes of property and that comparable #1 is similar to the subject; he asserted this property does not have sprinklers. He testified that he sectored out the land on these properties because he is only appealing the building. He asserted that all the board's comparables included on-site parking. He estimated a value for the land at \$13.29 per square foot and multiplied that by the subject's land. Chadwick estimated a value for the subject of \$380,000 after all differences have been separated out. He testified he attempted to make adjustments to the board of review's comparables as the board of review did not.

Under cross examination by the county, Chadwick acknowledged he is not an appraiser and that he has an interest in the outcome of this appeal.

Chadwick testified that the subject's original structure was built in 1952 or 1953 with the first addition built in 1958, the second addition built between 1968 and 1970 and the third addition built in 1995. He acknowledged that the Kohn report does not have any properties built after 1975 and that five of the properties were built in the 1950's. He asserted that the Kohn report was not incorrect in listing the subject's size as +/- 27,000 square feet when the subject's size is 28,500 square feet of building area.

Under cross examination by the intervenor, Chadwick confirmed that his CVA was from NAVCA. He acknowledged this pertains to users of businesses and intangible asset valuation services and

financial forensic services. He acknowledged that there are six parking spaces located on the subject property.

On redirect, Chadwick testified that he extracted the land values for the board of review's comparables based on the stipulated value of the subject property and a ratio of land to building; he then applied this ratio to the comparable sale prices.

The board of review submitted its "Board of Review Notes on Appeal" wherein the subject's total assessment was \$360,265 yielding a market value of \$1,000,730 using the Cook County Real Property Classification Ordinance for Class 5b property of 36%.

The board of review lists the subject's size at 47,584 square feet. In support of this, the board included the property record cards. The board also submitted raw sales information on four industrial/manufacturing properties suggested as comparable. The properties range in size from 40,000 to 50,000 square feet of building area and sold from September 2005 to March 2008 for prices ranging from \$700,000 to \$3,190,000 or from \$17.50 to \$78.76 per square foot of building area, including land.

In rebuttal at hearing, the appellant's attorney asserted there were flaws in the board of review's comparables. He argued that the comparables all have on-site parking and interior loading docks. He also argues that comparable #2 is located in DuPage County.

After reviewing the testimony and considering the evidence, the Property Tax Appeal Board finds that it has jurisdiction over the parties and the subject matter of this appeal.

As to the subject's size, the Board finds the appellant submitted sufficient evidence to show that the board of review has incorrectly listed the subject's size. The Board finds the subject contains 28,550 square feet of building area. This size reflects a market value, based on the assessed value of \$35.05 per square foot of building area.

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 PTAB concludes that the appellant has not met this burden and that a reduction is not warranted.

The Board gives little weight to Chadwick's grids estimating the value of the subject property. The Board finds Chadwick has a vested interest in the outcome of this appeal as he is part owner

of the subject property, is not a licensed real estate appraiser, and did not use any valid assessing or appraising methodology in valuing the subject. In addition, the Board gives little weight to the Kohn opinion of value. The Board finds Kohn is not a licensed real estate appraiser, began a relationship with the appellant in hopes of obtaining his business and continues this relationship with that goal, and did not make adjustments to the sale comparables within accordance with the assessing or appraising standards and methodologies used by licensed appraisers, but only averaged the sales.

However, the Board will look to all the raw sales data that was submitted by all parties. The Board gives diminished weight to the board of review's comparable #2 as this property is located in DuPage County. The Board also gives diminished weight to the Kohn report's competitive properties for sale as these are asking prices and not consummated sales.

The Board finds the remaining 12 properties range: in age from 30 to 71 years; in size from 20,000 to 50,000 square feet of building area; and in ceiling heights from 10 to 20 feet. These properties sold from September 2005 to March 2008 for prices ranging from \$17.50 to \$45.50 per square foot of building area. In comparison, the subject property's assessment reflects a value of \$35.05 per square foot of building area.

The Board finds that the appellant has failed to establish by a preponderance of the evidence that the subject is overvalued and a reduction is not warranted. After considering adjustments and the differences in both parties' comparables when compared to the subject, the Board finds the subject's market value based on the current assessed value is supported and a reduction in the assessment 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.



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Chairman



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Member

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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: May 24, 2013



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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.