



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

APPELLANT: Jerry Karzen  
DOCKET NO.: 07-26174.001-C-2  
PARCEL NO.: 04-22-400-005-0000

The parties of record before the Property Tax Appeal Board are Jerry Karzen, the appellant(s), by attorney Brian S. Maher, of Weis, DuBrock, Doody & Maher in Chicago; and the Cook County Board of Review by Cook County Assistant State's Attorney Joel Buikema.

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:** \$227,601  
**IMPR:** \$208,258  
**TOTAL:** \$435,859

Subject only to the State multiplier as applicable.

**ANALYSIS**

The subject property consists of a 217,800 square foot parcel of land improved with a 22-year old, one-story, metal panel and masonry, tennis facility building with 57,350 square feet of building area. 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 undertaken by Joseph M. Ryan with LaSalle Appraisal Group, Inc. The report indicates Ryan is a State of Illinois certified general appraiser and holds the MAI designation. The appraiser indicated the subject has an estimated market value of \$520,000 as of January 1, 2007. The appraisal report utilized the income approach to value to estimate the market value for the subject property. The appraisal finds the subject's highest and best use to be the continuation of its present use.

In the income approach to value, the appraiser looked at the subject's actual business income and analyzed 2005 industry data from the International Health, Racquet and Sports Club Association (IHRSA) to stabilize expenses at 84.64% of income generated for a net operating income of \$215,000. The appraiser then deducted an incentive management fee of \$32,250. The appraiser found the personalty to be worth \$470,000. The appraiser determined the value on the return on the personalty to be \$29,375 by using a 50% depreciation amount and using a 12.5% rate of return. The return of the personalty was estimated at \$67,143 by using a seven-year useful life of the personalty. Based on these deductions, a net operating income attributable to the real estate was estimated at \$86,232. The appraiser analyzed surveys and used the band of investment method to determine a capitalization rate of 10%. This rate was then loaded capitalization to 16.52% to estimate a value under the income approach of \$520,000, rounded. Based on this evidence, the appellant requested a reduction in the subject's assessment.

At hearing, the appellant's attorney asserted that only the income approach was done because, according to the appraisal, there were so few sales of these types of facilities that the lack of data did not make the sales approach appropriate. He indicated the income approach utilized business income and not rental income. He also indicated the appraiser relied heavily on historical data for the subject because the income and expense data was limited.

The board of review submitted "Board of Review-Notes on Appeal" wherein the subject's improvement assessment was \$435,859. The subject's final assessment reflects a fair market value of \$1,146,997 when the Cook County Real Property Assessment Classification Ordinance level of assessments of 38% for Class 5a properties is applied. In support of the assessment, the board submitted copies of the property characteristic printouts for the subject as well as sales data on five industrial/warehouse buildings located within the subject's market. The properties are described as masonry or concrete, one-story, single or multi-tenant buildings. The properties range in age from seven to 42 years and in size from 51,416 to 67,865 square feet of building area. The sales occurred between June 2002 and February 2008 for prices ranging from \$2,580,000 to \$4,400,000 or from \$48.73 to \$75.96 per square foot of building area. Based on this evidence, the board of review requested confirmation of the subject's assessment.

At hearing the board of review's attorney asserted that there was nothing unique about the subject building. He argued that the building, which is a tennis facility, can be converted into a commercial or industrial building with the removal of the tennis courts.

The board of review submitted Defense Exhibit #1, a copy of a PTAB website printout summarizing the burden of proof for a market value argument and argued the appellant did not meet the

burden of proof. The board's attorney argued that without a witness, a full explanation on why only the income approach to value was utilized is left unanswered and therefore, little weight should be given to the appraisal.

As to the income approach, the board argued that over 50% of the family owned business expenses were allocated to payroll and that because the historic costs were used, the payroll costs may not be reflective of the market. He asserted that the appraisal is not valuing the business, but the real estate and that this building is comparable to an industrial building.

After considering the evidence and reviewing the record, 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 PTAB concludes that the evidence indicates a reduction based on market value is not warranted.

As to the market value argument, the courts have stated that where there is credible evidence of comparable sales, these sales are to be given significant weight as evidence of market value. Chrysler Corp. v. Illinois Property Tax Appeal Board, 69 Ill.App.3d 207 (2<sup>nd</sup> Dist. 1979); Willow Hill Grain, Inc. v. Property Tax Appeal Board, 187 Ill.App.3d 9 (5<sup>th</sup> Dist. 1989).

The PTAB finds the appellant failed to submitted evidence to show that the components of the subject that made it a tennis facility were not personal property and that the subject was only comparable to other tennis or racquet facilities. The PTAB further finds that the subject property is similar to an industrial building. Therefore, the PTAB will give primary weight to the sales included in the evidence.

The PTAB finds the best evidence of market value is sales comparables #1, #3 and #5 submitted by the board of review. The remaining sales were given diminished weight due to the age of the sale in relation to the lien date. The sales occurred between November 2005 and July 2008 for prices ranging from \$2,580,000 to \$4,400,000 or from \$48.73 to \$75.96 per square foot of building area. The subject property's assessment reflects a fair market value of \$1,146,997 or \$20.00 per square foot of building area. The PTAB finds this value is below the range of the comparables and that a reduction based on market value is not warranted.

Further, the PTAB gives little weight to the appellant's income analysis. This analysis did not include any market sales or sufficiently justify why sales were not included within the analysis. The court has held that "[w]here the correctness of the assessment turns on market value and there is evidence of a market for the subject property, a taxpayer's submission that excludes the sales comparison approach in assessing market value is insufficient as a matter of law." Cook County Board of Review v. Illinois Property Tax Appeal Board (Omni), 384 Ill. App. 3d 472 at 487, 894 N.E.2d 400 (1<sup>st</sup> Dist. 2008).

After considering adjustments and the differences in the comparables when compared to the subject, the PTAB finds the subject's improvement assessment is supported and a reduction in the subject's 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.

*Ronald 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: February 24, 2012

*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.