FINAL ADMINISTRATIVE DECISION
ILLINOIS PROPERTY TAX APPEAL BOARD

APPELLANT: Bogumila Tabor
DOCKET NO.: 07-27558.001-R-1 through 07-27558.002-R-1
PARCEL NO.: See Below

The parties of record before the Property Tax Appeal Board are Bogumila Tabor, the appellant, by attorney Scott Shudnow of Shudnow & Shudnow, Ltd. 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
07-27558.001-R-1	12-27-207-009-0000	4,200	25,835	$30,035
07-27558.002-R-1	12-27-207-010-0000	4,200	25,835	$30,035

Subject only to the State multiplier as applicable.

ANALYSIS

The subject property consists of two parcels that are improved with a two-story multi-family building of masonry construction. The building has four apartment units and 4,200 square feet of building area above-grade, as well as a full basement finished with two additional apartment units. The building is 42 years old. Each parcel has 3,750 square feet of land area. The subject is located in River Grove, Leyden Township, Cook County.

The appellant submitted evidence before the Property Tax Appeal Board claiming overvaluation as the basis of the appeal. In support of the overvaluation argument, the appellant submitted an appraisal report in which a market value of $405,000 was estimated for the subject property as of January 1, 2007. The appraiser developed all three approaches to value and gave dual emphasis to the income and sales comparison approaches. Using the cost approach, the appraiser estimated a market value of $408,853, but the appraiser gave minimal weight to the cost approach. Using the sales comparison approach, the appraiser considered three comparable properties that were described as three-story multi-family masonry buildings. Each building has six apartment units. The buildings were built in either 1963 or 1967. The buildings are located from 0.69 to 1.05 miles from the subject property, and they range in size from 4,914 to 6,615 square feet of building area. The comparable properties sold from January 2005 to May 2006 for prices that ranged from $625,000 to $733,000 or from $104,167 to $122,167 per apartment unit, land included. The appraiser came to the conclusion that the subject's market value should be $462,000, or $77,000 per apartment unit, including land. The appraiser justified this value conclusion because the comparable "sales are superior to the subject in terms of appeal as all the comparable units are rented unlike the subject which has one vacant unit." (See page 4 of the report.)

With the income approach, the appraiser looked at the subject property's actual expenses and calculated that the subject had gross income of $51,240. The appraiser deducted $2,562 for vacancy/collection loss and $28,599 for actual operating expenses. As a result, the appraiser determined the subject's net operating income was $20,079. The appraiser used a capitalization rate of 5% to arrive at an indicated market value based on the income approach of $401,580.

In reconciling the three approaches, the appraiser concluded that the subject property had a value of $405,000 as of January 1, 2007. Consequently, the appellant's counsel requested that the three-year median level of assessments for Cook County Real Property Assessment Classification Ordinance Class 2 property of 10.12% be applied to the appraiser's finding of market value and that the subject's total assessment for both parcels be reduced to a total assessment of $40,986.

The board of review submitted its "Board of Review Notes on Appeal" wherein the subject's final assessment of $60,070 was disclosed. The subject's assessment reflects a market value of $598,307 or $99,718 per apartment unit, land included, using the 2007 three-year median level of assessments for Cook County Real Property Assessment Classification Ordinance Class 2 property of 10.04% as determined by the Illinois Department of Revenue. (86 Ill.Admin.Code 1910.59(c)(2)).

The board of review presented no market value evidence. Instead, the board of review presented descriptions and assessment information on three comparable properties to establish that the subject's assessment was equitable. The board of review also submitted a list of sale prices and sale dates for twenty properties; however, descriptive evidence was not provided. Based on this evidence, the board of review requested confirmation of the subject's assessment.

In rebuttal, the appellant's attorney noted that the board of review had not submitted any market evidence. Counsel also requested that the 2007 three-year median level of assessments on class 2 property of 10.04% in Cook County be applied to the appraiser's finding of market value and that the subject's total assessment be reduced to $40,662.

After reviewing the record and considering the evidence, the Board finds it has jurisdiction over the parties and the subject matter of the appeal. The Board further finds the evidence in the record does not support a reduction in the subject's assessment.

The appellant contends the market value of the subject property is not accurately reflected in its assessed valuation. When market value is the basis of the appeal the value of the property must be proved by a preponderance of the evidence. <u>National City Bank of Michigan/Illinois v. Illinois Property Tax Appeal Board</u>, 331 Ill.App.3d 1038 (3rd Dist. 2002). Proof of market value may consist of an appraisal of the subject property, a recent sale of the subject property or comparable sales. (86 Ill.Admin.Code 1910.65(c)). After an analysis of the evidence in the record, the Board finds a reduction in the subject's assessment is not warranted.

The appellant's appeal is based on overvaluation. In support of that, the appellant provided an appraisal of the subject property. In response to the appellant's appraisal, the board of review presented no substantive, descriptive market value evidence but three equity comparables. The Board gives no weight to the equity evidence submitted by the board of review as it is not responsive to the appellant's appeal.

The appellant's appraisal report gave dual emphasis to the income and sales comparison approaches to value. Under the income approach, the appraiser concluded that the subject property had a market value of $401,580. The appraiser's analysis of the income approach was based on the subject's actual income and expenses. The Board finds this analysis unconvincing and not supported by evidence in the record. In <u>Springfield Marine Bank v. Property Tax Appeal Board</u>, 44 Ill.2d 428 (1970), the court stated:

> [I]t is the value of the "tract or lot of real 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 that 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. <u>Springfield Marine Bank v. Property Tax Appeal Board</u>, 44 Ill.2d at 431.

Actual expenses and income can be useful when shown that they are reflective of the market. The appraiser did not demonstrate that the subject’s actual income and expenses were reflective of the market. The appraiser listed rental income for four of the six units for each of the comparable sales, and the appraiser stated that the income and expenses for the comparable sales was similar to the subject property. However, the comparables' rental data was incomplete, and the appraiser did not attempt to explain how this incomplete data relates to the subject's actual expenses. To demonstrate or estimate the subject’s market value using an income approach, as the appraiser 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 reflective of the market and the property's capacity for earning income. Further, the appraiser must establish through the use of market data a capitalization rate to convert the net income into an estimate of market value. The appraiser did not provide such evidence; therefore, the Property Tax Appeal Board gives no weight to the appraiser's estimate of the subject's market value based on the income approach to value.

Using the sales comparison approach to value, the appraiser looked at three comparable properties that sold from January 2005 through May 2006 for prices that ranged from $625,000 to $733,000 or from $104,167 to $122,167 per apartment unit, land included. The comparable properties were described as three-story multi-family buildings with six apartment units. The appraiser concluded that the comparables were superior to the subject because one of the subject's apartment units was currently vacant. The appraiser determined that the subject property's value was $462,000, which was from 26% to 37% less than the sale prices of the comparable properties used in the appraisal. The appraiser arrived at this estimate of market value by assigning a value of $77,000 to each of the subject's six apartment units, which is substantially less than the sale prices of the comparables on a per unit basis. The Board finds this analysis lacks credibility and is not supported by the evidence in the record. Consequently, the Board gives no weight to the market value conclusion based on the sales comparison approach to value.

Finally, the Board has examined the raw sales presented by the appellant's appraiser. The Board finds the comparable sales used in the appellant's appraisal report are the best evidence of the subject's market value as of the January 1, 2007 assessment date. The appraiser considered three comparable properties that sold from January 2005 to May 2006 for prices that ranged from $625,000 to $733,000 or from $104,167 to $122,167 per apartment unit, land included. Each of the three comparable sales had six units like the subject, and they were described as being similar in age, location, and exterior construction. The subject’s assessment of $60,070 reflects a market value of $598,307 or $99,718 per apartment unit, land included, using the 2007 three-year median level of assessments for Cook County Real Property Assessment Classification Ordinance Class 2 property of 10.04% as determined by the Illinois Department of Revenue. (86 Ill.Admin.Code 1910.59(c)(2)). The subject's assessment reflects a market value that falls below the only sales in the record with descriptive data. Based on the evidence contained in the record, the Board finds the appellant has not shown by a preponderance of the evidence that the subject is overvalued as reflected by its assessment and no change in the assessment is justified.

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.

Chairman

Member

Member

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: April 20, 2012

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.