FINAL ADMINISTRATIVE DECISION
ILLINOIS PROPERTY TAX APPEAL BOARD

APPELLANT: Loft Development Corporation
DOCKET NO.: 07-27775.001-C-1
PARCEL NO.: 17-17-226-008-0000

The parties of record before the Property Tax Appeal Board are Loft Development Corporation, the appellant(s), by attorney Edwin M. Wittenstein, of Worsek & Vihon in Chicago; and the Cook County Board of Review.

Based on the facts and exhibits presented, the Property Tax Appeal Board hereby finds **a reduction** 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:	$80,750
IMPR.:	$1,025,050
TOTAL:	$1,105,800

Subject only to the State multiplier as applicable.

ANALYSIS

The subject property consists of a 12,500 square feet parcel of land improved with a 102-year old, five-story, masonry constructed, multi-tenant, office/retail building containing 60,500 square feet of gross building area.

The appellant argued that the market value of the subject property is not accurately reflected in the property's assessed valuation as the basis of this appeal.

In support of the market value argument, the appellant's pleadings included a summary appraisal of the subject property with an effective date of January 1, 2006 undertaken by Leslie Allen and Harry F. Fishman, licensed real estate appraisers, and Mitchell Perlow, who holds the designation of MAI and certified general real estate appraiser. The appraisers estimated a market value for the subject of $2,910,000.

As to the subject, the appraisal indicated that the subject's site was inspected on December 14, 2006. The subject was found to be an rectangular shaped parcel containing 12,500 square feet of land and contained 60,500 square feet of gross building area. The appraisal indicated that the building was constructed in 1904 and was in average condition.

The appraisers indicated that the subject's highest and best use as vacant is to improve it in conformance with the current zoning restrictions and neighborhood characteristics and while the highest and best use as improved was for its existing use, cured of any deferred maintenance.

The appraisers developed all of the three traditional approaches to value.

Under the sales comparison approach to value, the appraisers utilized five sale comparables. These comparables sold from May 2003 through June 2006, for prices that ranged from $1,491,500 to $8,846,500 or from $29.08 to $48.48 per square foot, including land. The properties were zoned for retail or office buildings. They ranged in building size from 31,000 to 225,000 square feet of building area. After making adjustments to the suggested comparables, the appraisers estimated that the subject's market value was $48.00 per square foot or $2,905,000 rounded, as of the assessment date.

Under the income approach, the appraisers reviewed five rental comparables from the market. The comparables rental properties include four to eight-story retail and office buildings. These properties ranged in rental rates from $12.00 to $19.00 per square foot on a gross lease basis, while the properties range in rental area from 64,252 to 107,200 square feet. Based upon this data, the appraisers estimated the subject's potential gross income of $18.50 per square foot or $902,430. Deducting a vacancy and collection loss of 12% resulted in an effective gross income of $913,766. Total expenses and replacements for reserves were estimated at $471,136 resulting in a net operating income of $442,630.

Using the location of the property, the type, age and character of the improvements, the dependability and duration of the income expectancy, the mortgage interest rates and terms available in the market at the date of appraisal, the appraisers noted a capitalization rate of 9.00%. They concluded an overall capitalization rate for the subject based upon its size, condition and location of 9.00% with a tax load of 6.21%. Applying an overall capitalization rate of 15.21% to the estimate of net operating income resulted in a final value under the income approach of $2,910,000, rounded.

Lastly, under the cost approach, the appraiser analyzed five land sales to estimate the value of the land at $85.00 per square foot or $1,065,000, rounded. The reproduction cost new was utilized to determine a cost for the improvement at $7,260,000. The appraisers depreciated the improvement by 73% for a value of $5,299,800. Adding land value of $1,065,000 resulted in a market value estimate under this approach of $3,025,000, rounded.

The appellant's appraisers indicated the most weight was accorded to the sales comparison and income capitalization approach to value in reconciling a final value estimate of $2,910,000. Based

upon this data, the appellant requested a reduction in the subject's market value.

The board of review submitted "Board of Review-Notes on Appeal" wherein the subject's total assessment was $1,400,141 for the tax year 2007. The subject's assessment reflects a market value of $4,070,455 or $67.28 per square foot 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, which indicated that the subject property contained 60,500 square feet of building area as of September 2007.

In support of the subject's market value, raw sales data was submitted for five retail/office properties. 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 April 2004 to January 2008, in an unadjusted range from $80.69 to $1,140 per square foot of building area. The properties contained buildings that ranged in size from 40,000 to 74,050 square feet and in age from 20 to 105 years. The printouts indicate that sales #1 failed to include any real estate brokers for the parties involved in the transaction. As a result of its analysis, the board requested confirmation of the subject's assessment.

After 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. National City Bank of Michigan/Illinois v Illinois Property Tax Appeal Board, 331 Ill.App.3d 1038 (3d Dist. 2002); Winnbago County Board of Review v. Property Tax Appeal Board, 313 Ill.App.3d (2d 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 Board concludes that the evidence indicates a reduction in the subject's assessment is warranted.

In determining the fair market value of the subject property, the Board accorded diminished weight to the properties submitted by the board of review as the evidence provided unconfirmed, raw data on sales.

Therefore, as to the subject's market value, the Board finds the best evidence to be the appellant's appraisal. As to the subject's market value, the Board finds that the appellant's appraiser utilized all three traditional approaches to value in developing the subject's market value, The Board also finds this appraisal to be persuasive for the appraisers: have extensive

experience in appraising and assessing property; personally inspected the subject property; estimated a highest and best use for the property; utilized market data in undertaking the approaches to value; and lastly, used similar properties in the sales comparison approach while providing sufficient detail regarding each sale as well as adjustments that were necessary.

Therefore, the Board finds that the subject property had a market value of $2,910,000 for the tax year 2007. Since the market value of the subject has been established, the Cook County Ordinance level of assessment for Class 5a, commercial property of 38% will apply. In applying this level of assessment to the subject, the total assessed value is $1,105,800 while the subject's current total assessed value is above this amount at $1,400,141. Therefore, the Board finds that a reduction 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.

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: November 30, 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.