



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

APPELLANT: Lou Plevritus
DOCKET NO.: 07-29343.001-C-1
PARCEL NO.: 07-22-301-024-0000

The parties of record before the Property Tax Appeal Board are Lou Plevritus, the appellant, by attorney William I. Sandrick, of Sandrick Law Firm LLC in Calumet City; 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:

LAND: \$ 107,635
IMPR.: \$ 180,681
TOTAL: \$ 288,316

Subject only to the State multiplier as applicable.

ANALYSIS

The subject property consists of a one-story, 5,005 square foot, free-standing, retail building built in 1998. It is currently leased by Blockbuster Video and is located on a 29,816 square foot site. 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 Robert S. Kang and Mitchell Perlow of Property Valuation Services. The report indicates Kang is a certified general appraiser and Perlow is a State of Illinois certified general appraiser who holds an MAI (Member of the Appraisal Institute) designation. The appraisers indicated the subject has an estimated market value of \$500,000 as of January 1, 2006. Mr. Kang indicated that he personally inspected the subject property. The appraisal report utilized the three traditional approaches to value to estimate the market value for the subject property. The property rights considered in the appraisal were those of a fee simple estate, unencumbered by any

other interest. The appraisal finds the subject's highest and best use is its existing use. Neither appraiser was present to testify at the hearing.

The appraisers included the sale of the subject property in July 2005 for \$1,450,000. The appraisers opined that the purchase price did not accurately reflect the subject's market value because the property was purchased subject to a lease with Blockbuster Video. They indicated that after expiration of the lease, there is no intention to sign a new lease based on its current terms.

Under the cost approach to value, the appraiser analyzed five land sales then estimated the value for the subject land at \$285,000, rounded. The replacement cost new method was utilized to determine a cost for the improvement of \$375,375. The appraiser depreciated the improvement by 40%, or a value of \$150,150. The land value, as well as site improvements of \$10,000, were added back in to establish a value under the cost approach of \$520,000, rounded.

In the income approach to value, the appraiser analyzed the rental rates of five properties suggested as comparable to the subject. These comparable properties formed a range of rental rates from \$8.00 to \$14.00 on a net lease basis. According to the appellant's attorney, the subject is currently receiving a rental rate of \$22.73 per square foot net. The appraisers then estimated a rental rate of \$12.00 per square foot net for the subject, yielding a potential gross income of \$60,060. Vacancy and collection losses of 7% and expenses were deducted to arrive at a net operating income of \$43,530. The market extraction technique was utilized to establish a capitalization rate of 9%. This technique analyzes the sale of properties that were leased and income producing at the time of sale. The appraisers then arrived at an estimate of value under the income approach of \$485,000, rounded.

Under the sales comparison approach, the appraisers analyzed the sales of five one-story, masonry commercial buildings located in Schaumburg, Hoffman Estates, Streamwood, or Elk Grove Village. The properties contain between 5,750 and 12,900 square feet of building area. The comparables sold from March 2003 to February 2005 for prices ranging from \$550,000 to \$1,083,576, or from \$83.08 to \$103.27 per square foot of building area, including land. It should be noted that the photographs of the comparables were illegible in the Board's copy of the appraisal. The appraisers then adjusted each of the comparables for pertinent factors. Based on the similarities and differences of the comparables when compared to the subject, the appraisers estimated a value for the subject under the sales comparison approach of \$100.00 per square foot of building area, excluding land, or \$500,000, rounded.

In reconciling the three approaches to value, the appraisal gave most consideration to the sales comparison to arrive at a final

estimate of value for the subject as of January 1, 2006 of \$500,000. The appraisal did note that when appraising property that is purchased based upon its income production, the income approach is generally most applicable.

At hearing, the Board requested a copy of the Blockbuster Video lease, however, the appellant's attorney was unable to produce one. The attorney asserted that Blockbuster vacated the subject property "about 2008." The attorney argued that more weight should be given to the appraisal than the income generated by the property or the sale price as Blockbuster did not intend to renew its ten-year lease under similar terms.

The board of review submitted its "Board of Review-Notes on Appeal" wherein the subject's final assessment of \$285,283 was disclosed. The subject's final assessment reflects a fair market value of \$750,745 or \$150.00 per square foot of building area when the Cook County Real Property Assessment Classification Ordinance level of assessments of 38% for Class 5A properties is applied. The board also submitted raw sales information on five, one-story, commercial properties suggested as comparable. The properties sold from February 2002 to July 2009 for prices ranging from \$350,000 to \$1,300,000 or from \$70.00 to \$246.77 per square foot of living area, including land. In addition, the board of review submitted a map showing the location of the sales comparables in relation to the subject property. The evidence reflected that the comparables were located in either Schaumburg, Hoffman Estates, or Hanover Park, all within a five mile radius of the subject.

In addition the board noted the sale of the subject in July 2005 for \$1,450,000, or \$289.71 per square foot, including land. The board noted that this purchase included a vacant parcel of land identified by parcel number 07-22-301-045. The board included a county printout that indicated this parcel had a total assessed value at the time of purchase of \$462, or a market value of \$2,100 when the Cook County Real Property Assessment Classification Ordinance level of assessments of 22% for Class 1 property is applied. This leads to a net purchase price for the subject parcel of \$1,447,900, or \$289.29 per square foot, including land. The board included a copy of the recorded Warranty Deed indicating the sale occurred in July 2005 for a price of \$1,450,000 for both parcels. This price is confirmed by the Village of Schaumburg Real Estate Transfer Tax stamps affixed to the Deed. The Deed also contains "Exhibit A", which indicates as a permitted exception:

"3. Terms, provisions and conditions contained in Lease by and between InSite Schaumburg II, LLC, lessor, and Blockbuster Videos, Inc., lessee, a memorandum of which lease is dated November 13, 1998 and recorded January 29, 1999 as Document 99098648 and all rights thereunder of an all acts done or suffered thereunder of said lease or any parties claiming by, through or

under said lessee. Said lease is for a term of ten years with option(s) to extend."

Based on this evidence, the board of review requested confirmation of the subject's assessment.

The board of review's representative, Lena Henderson, argued that the sale of the subject in July 2005 accurately reflects the subject's market value. She further argued that the valuation date of the appraisal is January 1, 2006 and several of the sales are too old to consider for a January 1, 2007 valuation date, which is a new triennial for the subject property.

After hearing the testimony and considering the evidence, the Board finds it has jurisdiction over the parties and the subject matter of the appeal.

When overvaluation is claimed, the appellant has the burden of proving the value of the property by a preponderance of the evidence. Cook Cnty. Bd. of Review v. Prop. Tax Appeal Bd., 339 Ill. App. 3d 529, 545 (1st Dist. 2002); National City Bank of Michigan/Illinois v. Prop. Tax Appeal Bd., 331 Ill. App. 3d 1038, 1042 (3d Dist. 2002) (citing Winnebago Cnty. Bd. of Review v. Prop. Tax Appeal Bd., 313 Ill. App. 3d 179 (2d Dist. 2000)); 86 Ill. Admin. Code § 1910.63(e). 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. Calumet Transfer, LLC v. Prop. Tax Appeal Bd., 401 Ill. App. 3d 652, 655 (1st Dist. 2010); 86 Ill. Admin. Code. § 1910.65(c). Having considered the evidence presented, the Board finds that a reduction is not warranted.

The Board finds the appraiser was not present at the hearing to testify and be cross-examined regarding the appraisal process and the conclusions therein. Although the subject property was purchased subject to the Blockbuster Video lease, establishing this as a leased fee estate, the appraisers appraised the subject as a fee simple estate. As the appraiser claimed the contract rent was above market rent, the lease fee value and the simple fee value are not equal. Therefore, the Board gives no weight to the conclusion of value estimated in the appraisal, but will review the comparables sales.

The sales within the sales comparison approach, sales occurred between March 2003 and February 2005. The Board finds that sales #3 and #4 receive diminished weight because they occurred too distant in time from the January 1, 2007 valuation date. Sales #1 and #2 also receive diminished weight as they are dissimilar to the subject in size. The Board further finds that sales #5 is the most similar to the subject in size with a price of \$95.65 per square foot of building area, including land.

The board of review provided information on five sales. The Board finds sale #3 occurred in February 2002 and gives this sale

no weight due to the date of the sale. Additionally, the purchaser was the tenant at the time of the sale, calling into question the arm's-length nature of this transaction. Sale #4 was 100% occupied by two tenants at the time of sale, and was therefore accorded less weight due to its premium tenants, Subway and Sarpino's Pizza. As no details were confirmed with regards to sale #5 to Cook County, it was given no weight as well. The remaining comparables sold in 2004 for prices ranging from \$113.64 to \$197.75 per square foot of building area, including land.

In summary, the Board finds the best sales in the record had unit prices ranging from \$95.65 to \$197.75 per square foot of building area, including land. The subject's assessment reflects a market value of \$150.00 per square foot of building area which is supported by these sales.

Additionally, the Board gives no weight to the sale of the subject property that occurred in July 2005 for \$1,450,000. The Board finds the property was under a long term lease and 100% occupied by the tenant indicating the sale was a leased fee transfer. At the time of purchase, Blockbuster had three years remaining under the current terms of its lease. Therefore, the Board finds the sale was not indicative of a market unencumbered fee simple ownership of the subject property.

Based on this analysis, the Board finds that a change 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.

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: February 22, 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.