



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

APPELLANT: Meyer Road, LLC
DOCKET NO.: 07-29533.001-C-1
PARCEL NO.: 07-11-300-014-0000

The parties of record before the Property Tax Appeal Board are Meyer Road, LLC, the appellant, by attorney Mitchell L. Klein, of Schiller Klein PC 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:

LAND: \$ 292,481
IMPR.: \$ 415,840
TOTAL: \$ 708,321

Subject only to the State multiplier as applicable.

ANALYSIS

The subject property consists of a 293,169 square foot site improved with an 18-year old, one and part two-story, industrial building with approximately 104,191 square feet of gross building area, including two recessed interior loading docks with levelers and two overhead doors. Additional site improvements include landscaping and asphalt paved parking for 239 automobiles. The subject property is classified under the Cook County Real Property Assessment Classification Ordinance as part Class 6 (16%) and part Class 5b (36%) for a blended assessment ratio of 19.78%. The appellant, via counsel, 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, via counsel, submitted an appraisal co-authored by James O. Hamilton and Elizabeth Halemba of James O. Hamilton & Company, Inc., who are both Illinois Certified General Real Estate Appraisers. Additionally, Hamilton holds an MAI designation. Halemba personally inspected the interior and exterior of the subject

property and indicated the subject has an estimated market value of \$3,330,000 as of January 1, 2007. The appraisal report utilized the three traditional approaches to value, that is the cost approach, the income approach and the sales comparison approach, to estimate the market value for the subject property. The existing improvements are believed to represent the highest and best use of the site as improved.

Under the cost approach to value, the appraisers analyzed five land sales then estimated the value for the subject site at \$775,000, rounded. The replacement cost new method was utilized to determine a cost for the improvement of \$4,987,623. The appraiser depreciated the improvement by 50%, or a value of \$2,493,812. The land value and site improvements were then added back in to establish a value under the cost approach of \$3,330,000, rounded.

Under the income approach to value, the appraisers evaluated six rental comparables, *all of which were currently being offered for rent*, then estimated the subject's rent at \$9.25 per square foot on a gross basis, or \$963,767 per year, after making downward adjustments because these were asking rents. After deducting expenses estimated at 41%, a net operating income of \$570,599 was established. A 10% capitalization rate was selected based on the *Korpacz Investor Survey*. The appraisers then calculated a tax load by multiplying an assessment ratio of 36% by a 2.7076 equalization factor then the 7.376% tax rate. This resulted in a tax load of 7.19%, yielding a loaded capitalization rate of 17.19%. Dividing the net operating income by the overall capitalization rate indicated an estimate of value under the income approach of \$3,320,000, rounded.

Under the sales comparison approach, the appraisers analyzed the sales of six industrial buildings located within the subject's market. The properties contain between 30,205 and 250,259 square feet of building area. The comparables sold from December 2004 to April 2007 for prices ranging from \$26.40 to \$33.62 per square foot of building area, including land. The appraisers 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 \$32.00 per square foot of building area, including land or \$3,335,000, rounded.

In reconciling the three approaches to value, the appraisers arrived at a final estimate of value for the subject as of January 1, 2007 of \$3,330,000.

The board of review submitted "Board of Review-Notes on Appeal" wherein the subject's total assessment was \$708,321. This assessment reflects a market value of \$3,580,996 using the blended level of assessment of 36% for Class 5b property and 16% for Class 6 property as contained in the Cook County Real Property Assessment Classification Ordinance. The board also submitted raw sales information on a total of seven comparables

that sold between September 2002 and November 2008 for prices ranging from \$2,600,000 to \$6,000,000, or from \$34.58 to \$60.33 per square foot of building area, including land. It should be noted that the board of review's comparable #3 is identical to the appraisers' comparable #3 used in the sales comparison approach. No adjustments were made for location, size, age or amenities. In addition, the board of review submitted a map showing the location of the sales comparables in relation to the subject property. As a result of its analysis, the board requested confirmation of the subject's assessment.

At hearing, the appellant's attorney, Mitchell Klein, reaffirmed the evidence previously submitted through testimony elicited from one of the appellant's appraisers, James O. Hamilton, MAI. Mr. Hamilton testified that he included a chart with the historical income and expenses as well as a current rent roll for the subject property in the appraisal. He also testified that the least weight was given to the cost approach in his final analysis of value. The board of review's representative, Michael Terebo, reviewed his self-developed income and expense analysis of the subject property.

After hearing the arguments and considering the evidence in 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. 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 that the appraisal "accorded consideration [to the income approach] because industrial properties are often held as investments." The Board further finds the income approach in the appraisal is unpersuasive and flawed for several reasons. First, the appraisers failed to include any actual market data, as all five comparables used in this approach were currently being offered for lease. Second, the appraisers deducted 41% for vacancy and operating expenses in their analysis, which the Board finds atypical for an industrial property such as the subject. It should be noted that the historical expenses for the subject were approximately 20%. Finally, the appraisers' calculation of their tax load was incorrect. The appraisers used an assessment

ratio of 36% in their calculation while the subject has a blended assessment ratio of 19.78%. Utilizing the correct load would indicate a projected value for the subject of \$4,090,315, which is approximately \$770,000 higher than the appraisers' estimate of \$3,320,000. The Board finds these errors to be substantive and not ministerial. As such, the data does not reflect the correct information and cannot be analyzed by the Board. Therefore, the Board accords diminished weight to this appraisal.

Nevertheless, the Board also finds that the subject's per square foot value at \$34.37 is within the range established by the most similar sales comparables provided by the parties. The Board finds that the appraisers' comparables as well as the board of review's comparables #1, #2, #5 and #6 are most similar to the subject. They range in market value per square foot from \$26.40 to \$57.53.

Therefore, the Board finds that the appellant has not met its burden by a preponderance of the evidence and that the subject does not warrant a reduction based upon the market data submitted into evidence.

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: April 19, 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.