



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

APPELLANT: Sheridan Square Condominium Assoc.
DOCKET NO.: 08-02502.001-R-2 through 08-02502.067-R-2
PARCEL NO.: See Below

The parties of record before the Property Tax Appeal Board are Sheridan Square Condominium Assoc., the appellant, by attorney Jerrold H. Mayster, of Mayster & Chaimson Ltd in Chicago; and the Lake 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 Lake County Board of Review is warranted. The correct assessed valuation of the property is:

DOCKET NO	PARCEL NUMBER	LAND	IMPRVMT	TOTAL
08-02502.001-R-2	16-23-416-015	11,870	127,274	\$139,144
08-02502.002-R-2	16-23-416-016	15,497	166,158	\$181,655
08-02502.003-R-2	16-23-416-017	12,865	137,937	\$150,802
08-02502.004-R-2	16-23-416-018	11,374	121,943	\$133,317
08-02502.005-R-2	16-23-416-019	15,497	150,341	\$165,838
08-02502.006-R-2	16-23-416-020	11,870	127,274	\$139,144
08-02502.007-R-2	16-23-416-021	14,075	150,909	\$164,984
08-02502.008-R-2	16-23-416-022	15,497	166,158	\$181,655
08-02502.009-R-2	16-23-416-023	12,865	137,937	\$150,802
08-02502.010-R-2	16-23-416-025	15,497	166,158	\$181,655
08-02502.011-R-2	16-23-416-026	14,075	150,909	\$164,984
08-02502.012-R-2	16-23-416-027	23,308	249,929	\$273,237
08-02502.013-R-2	16-23-416-028	20,336	218,049	\$238,385
08-02502.014-R-2	16-23-416-029	12,865	137,937	\$150,802
08-02502.015-R-2	16-23-416-031	15,497	166,158	\$181,655
08-02502.016-R-2	16-23-416-032	14,075	150,909	\$164,984
08-02502.017-R-2	16-23-416-034	12,865	137,937	\$150,802
08-02502.018-R-2	16-23-416-036	15,497	166,158	\$181,655
08-02502.019-R-2	16-23-416-037	14,075	150,909	\$164,984
08-02502.020-R-2	16-23-416-038	1,280	355	\$1,635
08-02502.021-R-2	16-23-416-039	1,280	355	\$1,635

08-02502.022-R-2	16-23-416-040	1,280	355	\$1,635
08-02502.023-R-2	16-23-416-041	1,280	355	\$1,635
08-02502.024-R-2	16-23-416-042	1,280	355	\$1,635
08-02502.025-R-2	16-23-416-043	1,280	355	\$1,635
08-02502.026-R-2	16-23-416-044	1,280	355	\$1,635
08-02502.027-R-2	16-23-416-045	1,280	355	\$1,635
08-02502.028-R-2	16-23-416-046	1,280	355	\$1,635
08-02502.029-R-2	16-23-416-047	1,280	355	\$1,635
08-02502.030-R-2	16-23-416-048	1,280	355	\$1,635
08-02502.031-R-2	16-23-416-049	1,280	355	\$1,635
08-02502.032-R-2	16-23-416-050	1,280	355	\$1,635
08-02502.033-R-2	16-23-416-051	1,280	355	\$1,635
08-02502.034-R-2	16-23-416-052	1,280	355	\$1,635
08-02502.035-R-2	16-26-416-053	1,280	355	\$1,635
08-02502.036-R-2	16-23-416-054	1,280	355	\$1,635
08-02502.037-R-2	16-23-416-055	1,280	355	\$1,635
08-02502.038-R-2	16-23-416-056	1,280	355	\$1,635
08-02502.039-R-2	16-23-416-057	1,280	355	\$1,635
08-02502.040-R-2	16-23-416-058	1,280	355	\$1,635
08-02502.041-R-2	16-23-416-059	1,280	355	\$1,635
08-02502.042-R-2	16-23-416-060	1,280	355	\$1,635
08-02502.043-R-2	16-23-416-061	1,280	355	\$1,635
08-02502.044-R-2	16-23-416-062	1,280	355	\$1,635
08-02502.045-R-2	16-23-416-063	1,280	355	\$1,635
08-02502.046-R-2	16-23-416-064	1,280	355	\$1,635
08-02502.047-R-2	16-23-416-066	1,280	355	\$1,635
08-02502.048-R-2	16-23-416-067	1,280	355	\$1,635
08-02502.049-R-2	16-23-416-068	1,280	355	\$1,635
08-02502.050-R-2	16-23-416-069	1,280	355	\$1,635
08-02502.051-R-2	16-23-416-070	1,280	355	\$1,635
08-02502.052-R-2	16-23-416-071	1,280	355	\$1,635
08-02502.053-R-2	16-23-416-072	1,280	355	\$1,635
08-02502.054-R-2	16-23-416-073	1,280	355	\$1,635
08-02502.055-R-2	16-23-416-074	1,280	355	\$1,635
08-02502.056-R-2	16-23-416-075	1,280	355	\$1,635
08-02502.057-R-2	16-23-416-076	1,280	355	\$1,635
08-02502.058-R-2	16-23-416-077	1,280	355	\$1,635
08-02502.059-R-2	16-23-416-080	1,280	355	\$1,635
08-02502.060-R-2	16-23-416-081	1,280	355	\$1,635
08-02502.061-R-2	16-23-416-082	1,280	355	\$1,635
08-02502.062-R-2	16-23-416-083	1,280	355	\$1,635
08-02502.063-R-2	16-23-416-084	1,280	355	\$1,635
08-02502.064-R-2	16-23-416-085	1,280	355	\$1,635
08-02502.065-R-2	16-23-416-033	15,497	166,158	\$181,655
08-02502.066-R-2	16-23-416-079	1,280	355	\$1,635

Subject only to the State multiplier as applicable.

ANALYSIS

The subject property consists of a 39,200 square foot parcel improved with 23 residential condominiums.¹ The subject is a four-story building with brick exterior construction constructed in 1998. Features include a full unfinished basement, elevator, exercise room, drive-in underground parking and a security system. Each unit has two bedrooms, two baths, one or two balconies, one or two indoor parking spaces and central air conditioning. There are seven different types of units contained within the condominium building ranging in size from 1,600 to 3,279 square feet of living area. The subject is located in Highland Park, Moraine Township, Lake County, Illinois.

The appellant, through counsel, appeared before the Property Tax Appeal Board claiming overvaluation as the basis of the appeal. In support of this argument, the appellant submitted an appraisal of the subject property with an effective date of January 1, 2008. The appraisers used the income and sales comparison approaches in estimating a value for the subject of \$8,600,000. The appraisal was prepared by David Barros and Mitchell J. Perlow of Property Valuation Services. Both appraisers are Certified General Real Estate Appraisers with Perlow having the Member of Appraisal Institute ("MAI") designation. Neither appraiser was present at the hearing to provide direct testimony in support of the appraisal.

The appraisal report depicts the highest and best use for the subject site, as vacant, is to hold it for speculative residential development as conditions warrant. The highest and best use of the subject property, as improved, was depicted as the existing improvement for the remainder of its economic life and as cured of any deferred maintenance. (Appraisal, page 51).

In developing the income approach to value, the appraisal report depicts five apartment rentals were analyzed. The rentals were located in Highland Park or Deerfield, Illinois. Rental #1 and #3 were located in the same apartment complex. The rentals

¹ Parcel numbers 16-23-416-015 through 16-23-416-085 are the subject matter of this appeal excepting parcel numbers 16-23-416-024, 16-23-416-030, 16-23-416-035 and 16-23-416-065.

contained from 15 to 56 apartments or condominium units. Each has two bedrooms and two baths. Three of the rentals are described as being built in 2001 or 2007.² The individual units ranged in size from 1,040 to 4,250 square feet of living area with rents ranging from \$2,160 to \$4,200 per month per unit. The rentals were described as being similar to the subject in size, condition, building features and amenities, and therefore required no adjustment. Rentals #2 and #5 were described as being located in an inferior area and required an upward adjustment. After making adjustments, the appraisers estimated effective market rents for each unit type contained within the subject property. The two "A" units, each containing 1,670 square feet of living area, were depicted as having an estimated average monthly rent per unit of \$3,500 with gross potential rent of \$84,000 per year. The four "B" units, each containing 1,600 square feet of living area, were depicted as having an estimated average monthly rent per unit of \$3,500 with gross potential rent of \$168,000 per year. The four "C" units, each containing 1,810 square feet of living area, were depicted as having an estimated average monthly rent per unit of \$3,500 with gross potential rent of \$168,000 per year. A "C+" unit, containing 2,861 square feet of living area, was depicted as having an estimated average monthly rent of \$3,000 with gross potential rent of \$36,000 per year. Another "C+" unit, containing 3,279 square feet of living area, was depicted as having an estimated average monthly rent of \$3,000 with gross potential rent of \$36,000 per year. The four "D" units, each containing 1,980 square feet of living area, were depicted as having an estimated average monthly rent per unit of \$3,000 with gross potential rent of \$144,000 per year. The seven "E" units, each containing 2,180 square feet of living area, were depicted as having an estimated average monthly rent per unit of \$3,000 with gross potential rent of \$252,000 per year. The 23 total units were estimated to have gross potential rent of \$888,000 per year. From this, vacancy and collection losses of 7% or \$62,160 were deducted to arrive at an effective rental income of \$825,840. Expenses for insurance, management fees, utilities, repairs and maintenance, legal fees, janitor/supplies, reserves for replacements and miscellaneous expenses of \$108,770 were deducted to arrive at an annual net income of \$717,070.

A direct capitalization method was used to estimate an overall capitalization rate. Three sales and one listing, located in Highwood or Lake Forrest, Illinois, were analyzed. Estimated net incomes ranged from \$39,650 to \$840,000 with sale prices ranging from \$610,000 to \$14,000,000 which indicated

² The date of construction for the other two rentals was not provided.

capitalization rates ranging from 6.00% to 7.01%. The appraisal depicts Korpacz Real Estate Investor Survey, 1st Quarter, 2008 reported rates from 4.50% to 11.00% with a 6.69% average; with Korpacz Real Estate Investor Survey, 1st Quarter, 2008 reporting rates from 3.50% to 8.00% with a 5.79% average. RealtyRates.com, a market survey, was also used using the 1st Quarter, 2008 for the Chicago, Gary and Kenosha region which had rates averaging 8.6%. From this data, the appraisers estimated that a market level overall capitalization rate for the subject of 6.50% was appropriate. A tax load factor of 1.93% was added to the overall capitalization rate to arrive at an adjusted capitalization rate of 8.43% which was applied to the net operating income of \$717,070 to estimate a value for the subject via the income capitalization approach of \$8,505,000.

In the sales comparison approach, the appraisers examined eight comparable unit properties. Detailed information regarding each unit was not provided, however, three of the sale comparables were located in the subject's building. The comparable units ranged in size from 1,050 to 2,861 square feet of living area. Each comparable had one or two garage parking spaces. The comparables sold from May 2007 to October 2008 for prices ranging from \$190,000 to \$800,000 per unit or from \$178.09 to \$279.62 per square foot of living area. All sales prior to January 1, 2008 were adjusted downward and all sales after that date were adjusted upward. This adjustment was based on comparable sales #2 and #7, which were approximately the same size. These two sales, one occurring prior to the assessment date in question and one occurring after the assessment date in question, indicated a price decline of 15.00% or 1.07% per month. The comparables were adjusted upward for larger units and downward for smaller units. Comparable #7, located in a newer building was adjusted downward with comparables #4 and #5 being located in an older building being adjusted upward. The appraisal depicts greatest weight was placed on sales #1, #2 and #3 because they were located in the same building as the subject.³ Based on the sales data, the appraisers estimated the subject's units could sell for prices ranging from \$170.00 to \$205.00 per square foot of living area, which varied depending on unit type. The subject's 23 units had a total estimated market value of \$8,663,300 or \$8,665,000, rounded.

In reconciliation, the appraisers gave equal weight to the sales comparison approach and the income capitalization approach because it "mirrors the methodology used by purchasers of this

³ Appraisal page 71 depicts sales #1, 32 and #7 were in the same building as the subject.

property type." Based on their analysis, the appraisers estimated the subject's final opinion of market value as of January 1, 2008 to be \$8,600,000.

The board of review submitted its "Board of Review Notes on Appeal" wherein the subject's total assessment of \$3,517,349 was disclosed. The subject has an estimated market value of \$10,584,860 or \$228.61 per square foot of living area, including land, as reflected by its assessment and Lake County's 2008 three-year average median level of assessments of 33.23%.

In support of the subject's estimated market value, the board of review submitted a letter from the Clerk of the Lake County Board of Review, a spreadsheet dividing the individual units into three groupings based on size, property record cards and three separate sales grid analyses. The spreadsheet grouped the subject's various units into three categories based on size; the first group contained units with 1,600 or 1,670 square feet of living area, the second group contained units ranging in size from 1,810 to 2,180 square feet of living area and the third group contained two units with 2,861 and 3,279 square feet of living area, respectively. Comparable #1 in group #1 was located in the subject's building with the other three comparables being located within 0.12 mile from the subject. Grid analysis #1 depicted four sales comparables. Each comparable has a brick exterior and was built from 1996 to 1998. They contained from 1,665 to 1,943 square feet of living area. The comparables sold from December 2006 to April 2010 for prices ranging from \$404,000 to \$535,000 or from \$241.92 to \$309.31 per square foot of living area. The spreadsheet depicts the subject's units with 1,670 or 1,980 square feet of living area as having a market value of \$228.65 per square foot of living area. Grid analysis #2 depicted three sales comparables. Comparable #1 in group #2 was located in the subject's building with the other two comparables being located within 0.53 mile from the subject. Each comparable has a brick exterior and was built from 1997 to 2001. They contained from 1,980 to 2,017 square feet of living area. The comparables sold from June 2007 to January 2008 for prices ranging from \$480,000 to \$544,000 or from \$237.98 to \$275.35 per square foot of living area. The spreadsheet depicts the subject's units with 1,980 or 2,180 square feet of living area as having a market value of \$228.65 per square foot of living area. Grid analysis #3 depicted four sales comparables. Comparable #2 in group #3 was located in the subject's building with the other three comparables being located within 0.43 mile from the subject. Each comparable has a brick exterior and was built from 1998 to 2007. They

contained from 2,501 to 2,893 square feet of living area. The comparables sold from May 2007 to October 2008 for prices ranging from \$750,000 to \$850,000 or from \$259.43 to \$339.86 per square foot of living area. The spreadsheet depicts two of the subject's units with 2,861 and 3,279 square feet of living area, respectively and market values of \$228.65 and \$228.68, respectively per square foot of living area. Based on this evidence, the board of review requested confirmation of the subject's assessment.

During cross-examination, the board of review acknowledged no adjustments were made to their sales comparables. Counsel for the appellant pointed out that comparable sale #1 in group #1 was a sale wherein the agent owned an interest. The board of review also acknowledged that comparable #4 in group #1 was only on the market for 16 days. Counsel for the appellant also pointed out that comparable sales #1 and #3 in group #3 were depicted as being a one-story while the property record card indicates they are three-story townhomes. Karl Jackson, representative of the Lake County Board of Review, testified that even though the photographs depict multi-story dwellings, they may contain individual one-story units.

After hearing the testimony and considering the evidence, the Property Tax Appeal Board finds that it has jurisdiction over the parties and the subject matter of this appeal. The Board further finds a reduction in the subject property's assessment is not warranted.

When market value is the basis of the appeal, the value must be proved by a preponderance of the evidence. National City Bank of Michigan/Illinois v. Illinois Property Tax Appeal Board, 331 Ill.App.3d 1038 (3rd Dist. 2002); Winnebago County Board of Review v. Property Tax Appeal Board, 313 Ill.App.3d 179, 183, 728 N.E.2nd 1256 (2nd Dist. 2000). The Board finds the appellant has not met this burden.

The Board finds the appellant submitted an appraisal of the subject property in which the subject's market value was estimated to be \$8,600,000 as of January 1, 2008. The appraisers were not present at the hearing to provide direct testimony or subject to cross examination regarding their methodologies or final value conclusion, therefore, the Board will only consider the raw sales data contained within the appraisal report.

Group #1 units - 1,600 or 1,670 square feet of living area.

The board of review submitted four comparable sales, representing group #1 that sold for prices ranging from \$241.92 to \$309.31 per square foot of living area, including land. The appraisal depicts six sales within the size established by group #1 units, which sold for prices ranging from \$200,000 to \$354,000 or from \$178.09 to \$231.98 per square foot of living area, including land. The subject's assessment for units in group #1 reflected market values ranging from \$399,991 to \$417,474 or from \$249.98 to \$250.00 per square foot of living area, including land, using the statutory level of assessments. The Board gave little weight to the board of review's comparables #1 and #3 in group #1 because the dates of sale were too remote from the assessment date in question (January 1, 2008) to estimate the subject's market value. The Board finds the estimated market values for units in group #1 (\$249.98 to \$250.00 per square foot of living area) are within the range of \$178.09 to \$309.31 as established by the best comparables submitted by both parties for units containing 1,600 or 1,670 square feet of living area, including land.

Group #2 units - 1,810 to 2,180 square feet of living area.

The board of review submitted three comparable sales, representing group #2 that sold for prices ranging from \$237.98 to \$275.35 per square foot of living area, including land. The appraisal depicts two sales within the size established by group #2 units, which sold for \$370,000 and \$544,000 or for \$186.87 and \$274.75, respectively per square foot of living area, including land. The subject's assessment for units in group #2 reflected market values ranging from \$452,451 to \$545,020 or from \$249.97 to \$250.00 per square foot of living area, including land, using the statutory level of assessments. The Board finds the estimated market values for units in group #2 (\$249.97 to \$250.00 per square foot of living area) are within the range of \$186.87 to \$274.75 as established by the best comparables submitted by both parties for units ranging in size from 1,810 to 2,180 square feet of living area.

Group #3 units - 2,861 or 3,279 square feet of living area.

The board of review submitted four comparable sales, representing group #3 that sold for prices ranging from \$259.43 to \$339.86 per square foot of living area, including land. The appraisal depicts one sale within the size established by group #3 units, which sold for \$800,000 or for \$279.62 per square foot of living area, including land. The subject's assessment for

units in group #3 reflected market values of \$715,227 and \$819,793 or \$250.00 and \$250.01, respectively per square foot of living area, including land, using the statutory level of assessments. The Board finds the estimated market values for units in group #3 (\$250.00 and \$250.01 per square foot of living area) are within the range of \$250.00 to \$279.62 as established by the best comparables submitted by both parties for units ranging in size from 2,861 to 3,279 square feet of living area.

After considering the adjustments and differences when compared to subject for all of the units, the Board finds the subject's estimated market value as reflected by its assessment is supported.

In conclusion, the Board finds the appellant has not demonstrated the subject property was overvalued by a preponderance of the evidence. Therefore, the Board finds the subject property's assessment as established by the board of review is correct and a reduction 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.



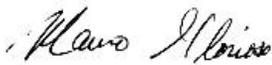
Chairman



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: March 21, 2014



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.