



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

APPELLANT: Duelm Enterprises LP  
DOCKET NO.: 09-04328.001-I-1  
PARCEL NO.: 05-05-206-022

The parties of record before the Property Tax Appeal Board are Duelm Enterprises LP, the appellant, by attorney Terrence J. Benshoof in Glen Ellyn, and the DuPage 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 DuPage County Board of Review is warranted. The correct assessed valuation of the property is:

**LAND:** \$89,100  
**IMPR.:** \$238,610  
**TOTAL:** \$327,710

Subject only to the State multiplier as applicable.

**ANALYSIS**

The subject property is improved with what is described as a one-story brick distribution warehouse building with 11,018 square feet of building area.<sup>1</sup> The building, situated on a 50,001 square foot parcel, was constructed in 1986. The property has a land to building ratio of 4.54:1; approximately 3,600 square feet of office space, two overhead doors and asphalt parking. The property is located at 154 Easy Street, Carol Stream, Milton Township, DuPage County.

The appellant appeared by counsel contending overvaluation as the basis of the appeal. In support of this argument the appellant submitted a report, marked as Appellant's Ex. #1, prepared by Lee H. Neuschaefer of Barron Corporate Tax Solutions (Barron). Neuschaefer estimated the subject property had a market value of \$700,000 as of January 1, 2009.

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<sup>1</sup> Consultant, Lee Neuschaefer, described the subject as light manufacturing.

Neuschaefer was called as the appellant's witness. He has a degree in Business Administration from Elmhurst College and the Certified Assessment Evaluator (CAE) designation from the International Association of Assessing Officers (IAAO). In 1973 the witness began working in the York Township Assessor's Office as the commercial/industrial field man and chief deputy assessor. In 1981 Neuschaefer began doing valuation analysis work in the private sector for ad valorem tax purposes for commercial and industrial property owners.

Neuschaefer described the property as being a 1.17 acre site improved with a light manufacturing structure with 11,018 square feet of building area that was constructed in 1986. In estimating the value of the subject property, Neuschaefer used the cost approach, comparable sales approach and income capitalization approach to value.

Neuschaefer developed a depreciated cost analysis utilizing the Marshall Valuation Service. A land value \$267,300 was utilized using the subject's current land assessment. The subject was described as light industrial, Class C - Average using Section 14 of the Marshall Valuation Services. After applying various cost factors and multipliers, a replacement cost new for the subject was estimated to be \$692,537 or \$62.86 per square foot of building area. Depreciation of 40% or \$277,015 based on the age/life method was subtracted; and depreciated yard improvements of \$15,000 were added to arrive at an indicated value of the building and improvements of \$430,522. The estimated land value of \$267,300 was added to arrive at a total estimated value by the cost approach of \$697,822 or \$698,000, rounded.

In developing the sales comparison approach, Neuschaefer submitted information on three comparable sales located in Carol Stream.<sup>2</sup> The comparables ranged in size from 9,960 to 16,072 square feet of building area and were built from 1973 to 1995. Comparable #1 was improved with a one-story building; constructed in 1973 with a land to building ratio of 2.56:1. This property sold in October 2007 for a price of \$725,000 or \$72.79 per square foot of building area, land included. Comparable #2 was improved with a one-story building built in 1995 with a land to building ratio of 3.28:1. This property sold in April 2007 for a price of \$1,367,000 or \$85.05 per square foot of building area, including land. Comparable #3 was improved with a one-story building constructed in 1988 with a land to building ratio of 2.46:1. This property sold in January 2008 for a price of \$825,000 or \$81.30 per square foot of building area, including land. After considering adjustments to the comparables for time, age, size and inferior office space, Neuschaefer estimated the comparables had adjusted prices ranging from \$64.64 to \$69.92 per square foot of building area, including land. Using these sales the appellant's witness estimated the subject property had an indicated value of \$67.00 per square foot of building area, land

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<sup>2</sup> Detailed information regarding the characteristics of each comparable sale was provided by the board of review.

included. An estimated value of \$1.78 per square foot for 22,000 square feet of excess land for the subject was added (\$39,160) to the total estimated value for the subject's estimated main property value of \$738,206, which indicated a total estimated value for the subject of \$777,000, rounded, using the sales comparison approach to value.

Neuschaefer also developed the income approach to value. Neuschaefer utilized four comparable rental properties located in either Carol Stream or Wheaton. Available rental space ranged from 7,350 to 18,026 square feet of building area from total building areas ranging from 12,010 to 30,148 square feet. The rental comparables were built from 1962 to 1974 with rental rates ranging from \$6.75 to \$8.50 per square foot of rental space. The comparables were adjusted for location, age, size and asking rental rates. Neuschaefer estimated the comparables had adjusted rental rates ranging from \$6.48 to \$6.67 per square foot of rental space. The subject was estimated to have potential gross income of \$71,617 based on an estimated rental rate of \$6.50 per square foot of building area. A 10% vacancy and collection loss (\$7,162), 5% management fees (\$3,223), \$0.10 per square foot for insurance (\$1,102) and \$0.15 per square foot for reserves (\$1,653) were subtracted from the estimated effective gross income of \$64,455 to arrive at a net income for the subject of \$58,478. Neuschaefer next estimated the capitalization rate of 9%. The capitalization rate was determined by using the Real Estate Research Corporation (RERC) capitalization rate study for the 4<sup>th</sup> quarter of 2008. The RERC studies showed second tier Midwest warehouse properties had an average going in capitalization rate ranging from 6% to 11% and third tier Midwest warehouse properties had an average going in capitalization rate ranging from 8% to 12%. Capitalizing the net income of \$58,478 using an overall capitalization rate of 9% resulted in an estimated value of \$649,756 or \$650,000, rounded, to which an estimated value of \$39,000 for excess land was added to arrive at a total estimated value using the income approach to value of \$689,000.

Using these three estimates of value, Neuschaefer estimated the subject property had a market value of \$700,000 or \$63.53 per square foot of building area, including land, as of January 1 2009. Based on this evidence the appellant requested the subject's assessment be reduced to reflect the appraised value.

Under cross-examination Neuschaefer testified he considered the subject to be in fair condition because the subject's office area appeared to be vintage 1986 in appearance. He further testified that he considered the subject to be more distribution rather than manufacturing based on components of construction. Neuschaefer testified that the subject has one dock and a service door. The witness determined that the subject contained additional office space of 8% for a total office space of 33%. The comparables sales had office spaces ranging from 5% to 15%. Neuschaefer agreed that ceiling heights, office area, land to building ratios and ages were important features; however, these

features were not depicted in his sales grid analysis. Neuschaefer adjusted each comparable upward 5% for inferior office space. Neuschaefer testified he used a 10% vacancy rate based on a study he read related to the area surrounding the I-88 corridor.

Neuschaefer further testified he is not a licensed appraiser. Neuschaefer's report depicts "Barron Corporate Tax Solutions, Ltd., is not performing services that constitute appraisal practice . . . but is providing consulting services which is not under the purview of the Uniform Standards of [Professional] Appraisal Practice (USPAP)."

The board of review (BOR) submitted its "Board of Review Notes on Appeal" wherein its final assessment of the subject property totaling \$327,710 was disclosed. The subject's assessment reflects a market value of \$985,298 or \$89.43 per square foot of building area, including land, when applying the 2009 three year average median level of assessments for DuPage County of 33.26%. In support of the assessment the BOR submitted an analysis prepared by the Milton Township Assessor's office, which was marked as BOR Exhibit #2.

The BOR called as its witness Cathy Zinga, Commercial Deputy Assessor for Milton Township. Zinga has the Certified Illinois Assessing Officer (CIAO) designation. She testified that she was familiar with the subject property and that her job at the Assessor's Office was to value commercial properties. She testified that she prepared the report that was submitted on behalf of the BOR.

Zinga testified that she developed the cost approach, sales comparison approach and income approach to value in support of the assessment. She testified the subject was considered to be in average condition for its age.

Under the cost approach to value, Zinga used cost data from Marshall & Swift Valuation Services, Section 14, Page 36, dated February 2008 for Garages, Industrials, Lofts and Warehouses. She described the subject as a distribution warehouse with a fireproof structural steel frame containing a ceiling height of 25 feet. A basic structure cost of \$1,284,136 or \$116.55 was estimated and depreciated site improvements were added to arrive at a replacement cost new of \$1,334,136. Physical depreciation of 40.8% or \$543,655 was subtracted to arrive at a depreciated cost value for the subject of \$790,481. A land value of \$267,300 was added which indicated an estimated value utilizing the cost approach of \$1,057,781.

Zinga's report depicts Neuschaefer should not have considered the subject to be light manufacturing, and because of that, he should have used "407 Distribution Warehouse" and not "494 Light Manufacturing" for the base cost. Zinga further pointed out that the range for sprinkler systems was \$1.84 to \$3.08 for a 10,000 to 100,000 square foot building, and therefore, Neuschaefer

should not have used \$2.00 per square foot, which is better suited for a much larger building. In addition, Zinga reported that Neuschaefer failed to include any type of heating for the warehouse and for the 3,600 square feet of office area. She also disagreed with the perimeter multiplier utilized by Neuschaefer.

In developing the sales comparison approach, Zinga used three comparable sales located in Carol Stream or Glen Ellyn. Her report included information regarding Neuschaefer's comparable sales. Zinga's comparables were improved with one-story buildings that ranged in size from 10,200 to 16,238 square feet of building area. The buildings were constructed from 1968 to 1995 and the properties had land to building ratios ranging from 3.87:1 to 5.52:1. The properties had ceiling heights ranging from 20 to 34 feet and office space ranging from 20% to 30% of total building area. The sales occurred from November 2007 to April 2009 for prices ranging from \$1,270,000 to \$1,425,000 or from \$83.37 to \$124.51 per square foot of building area, including land. After making adjustments for ceiling height, land to building ratio, size, age and office space, the comparables had adjusted sale prices ranging from \$86.00 to \$114.55 per square foot of building area, including land.

Zinga testified that Neuschaefer's comparable sale #1 was not advertised on the open market.

In support of her estimate of market rent, Zinga submitted copies of listing sheets reporting lease rates ranging from \$8.00 to \$10.00 per square foot. Based on this data and an in-house survey, she estimated the subject property had a gross rental rate of \$8.50 per square foot of building area resulting in a potential gross income of \$93,653. Zinga determined the subject property had a vacancy and collection loss of 7% or \$6,556 based on a 2010 in-house survey using 2009 data from owners that replied. Deducting the vacancy and collection loss resulted in an effective gross income of \$87,097. From this she deducted expenses in the amount of \$5,978, the same as used by Neuschaefer, to arrive at a net operating income of \$81,119. She next estimated the subject property would have a capitalization rate of 8% using a Price Waterhouse Coopers study and Real Capital Analytics, Inc., which reported an overall capitalization rate for a warehouse market/single tenant industrial building for the first quarter of 2009 to arrive at a total capitalization rate of 8%. Capitalizing the net income she estimated the subject property had an estimated value under the income approach of \$1,013,991.

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

Under cross-examination, Zinga testified she has been working with commercial properties for two years. She began working with the Milton Township Assessor's Office in 2006 and for the first four years she did residential work. She further stated she is not an appraiser and does not belong to any appraisal societies.

She further stated other than seeing the subject building from the outside she had not inspected the building.

Zinga admitted that the property record card for her comparable sale A incorrectly depicted a building height of zero. Zinga was questioned extensively on her cost approach analysis and the data input into the Marshall & Swift Cost Analysis. Zinga admitted her comparable sale B was not advertised for sale after being shown the PTAX-203-A statement. Further, Zinga acknowledged that comparable sale B was a multi-parcel sale involving one building and 4 parcels and comparable sale A involved a bulk sale of two parcels. Zinga testified that the sale price of \$1,270,000 represented the total sale price of both parcels and two buildings. Zinga further testified that she did not include the extra office space when she input data into the Marshall & Swift Valuation program, which would have increased the subject's value. Zinga testified that the subject's 2009 assessment was trended forward from previous assessments.

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 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. National City Bank of Michigan/Illinois v. Illinois Property Tax Appeal Board, 331 Ill.App.3d 1038 (3<sup>rd</sup> Dist. 2002). Proof of market value may consist of an appraisal of the subject property, a recent sale, comparable sales or construction costs. (86 Ill.Admin.Code §1910.65(c)). The Board finds the appellant did not meet this burden of proof and a reduction in the subject's assessment is not warranted.

The appellant submitted a report prepared by Lee Neuschaefer, CAE, of Barron Corporate Tax Solutions containing an estimate of value of \$700,000. During the hearing Neuschaefer asserted this was not an appraisal even though he and the report offered an opinion of value. The Board finds this testimony not to be credible. Neuschaefer stated within the Certificate on page 2 of his report that, "Barron Corporate Tax Solutions, Ltd. is not performing services that constitute appraisal practice, requiring impartiality, but is providing consulting services which is not under the purview of the Uniform Standards of Appraisal Practice (USAP), as promulgated by the Appraisal Standards Board. . . ." The Board finds that Barron's does not require impartiality and is not in conformance with the Uniform Standards of Appraisal Practice (USAP) which may result in a biased report. The Board finds that Neuschaefer's testimony as an impartial unbiased

expert is called into question.<sup>3</sup> For these reasons the Board finds Neuschaefer's testimony, the report and the opinion of value offered by Neuschaefer are not credible.

In reviewing the evidence offered by the appellant and that offered by the board of review, the Property Tax Appeal Board finds the evidence and testimony presented by the BOR to be more credible. With respect to the income approach, the testimony and evidence provided by Zinga supported the conclusion the subject's estimated rent of \$8.50 per square foot of building area was market derived. The Board further finds that her testimony with respect to estimating the vacancy and collection loss was credible and reflective of local market conditions. The Board further finds Zinga used the same expenses as Neuschaefer in calculating the subject's net income. The Board further finds that Zinga's estimate of the overall capitalization rate was better supported by reference to two published sources and a survey of the local market. Neuschaefer's estimate of the capitalization rate was derived from reference to "Midwest warehouses," while at the same time, he described the subject as light manufacturing. The Board finds neither a "Midwest warehouse" nor light manufacturing to be reflective of the subject property. For these reasons the Board finds Zinga's estimate of value under the income approach of \$1,013,991 is better supported and more credible than the estimate developed by Neuschaefer.

With respect to the sales comparison approach, the Board finds Zinga's sales A, B and appellant's sale #1 were given less weight in the Board's analysis because the evidence revealed these properties were not advertised for sale on the open market, calling into question the arm's length nature of the sale, or the sale involved multiple parcels and/or buildings. The Board finds the remaining sales best represent the subject's market value in this record. These three sales had varying degrees of similarity to the subject property in that they differed from the subject in story height and in size with two being significantly larger than the subject with 16,072 and 16,238 square feet of building area, respectively. The comparables sold from April 2007 to January 2008 for prices ranging from \$825,000 to \$1,425,000 of from \$81.30 to \$87.76 per square foot of building area, including land. The subject's assessment reflects a market value of \$985,298 or \$89.43 per square foot of building area, including land, when applying the 2009 three year average median level of assessments for DuPage County of 33.26%, which is well supported by the best sales in this record. The Board finds the subject property has an improvement assessment of \$89.43 per square foot of building area, slightly higher than the similar comparables, however, the Board further finds the subject's slightly higher

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<sup>3</sup> The Property Tax Appeal Board finds that the IAAO, the organization which awarded Neuschaefer his CAE designation, has a Code of Ethics and Standards of Professional Conduct which was adopted by the IAAO executive Board, September 19, 2005. IAAO Ethical Rule ER 3-3 provides: It is unethical to accept an assignment or participate in an activity where a conflict of interest exists and could be perceived as a bias, or impair objectivity.

per square foot improvement assessment is well justified giving consideration to the credible market evidence contained in this record.

In conclusion, based on this record, the Board finds the assessment of the subject property as established by the board of review is correct and a reduction is not 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.

*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: October 18, 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.