



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

APPELLANT: Rod Muntean  
DOCKET NO.: 11-21769.001-R-1 through 11-21769.002-R-1  
PARCEL NO.: See Below

The parties of record before the Property Tax Appeal Board are Rod Muntean, the appellant(s), by attorney Scott Shudnow, of Shudnow & Shudnow, Ltd. 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:

DOCKET NO	PARCEL NUMBER	LAND	IMPRVMT	TOTAL
11-21769.001-R-1	14-29-119-044-0000	7,830	49,624	\$57,454
11-21769.002-R-1	14-29-119-045-0000	9,889	25,048	\$34,937

Subject only to the State multiplier as applicable.

**Statement of Jurisdiction**

The appellant timely filed the appeal from a decision of the Cook County Board of Review pursuant to section 16-160 of the Property Tax Code (35 ILCS 200/16-160) challenging the assessment for the 2010 tax year. The Property Tax Appeal Board finds that it has jurisdiction over the parties and the subject matter of the appeal.

**Findings of Fact**

The subject property consists of two parcels of land totaling approximately 3,055 square feet and improved with two 121-year old, frame, two-story, multi-family dwellings. The property is located in Lake View Township, Cook County. The property is classified as a 2-11 property under the Cook County Real Property Assessment Classification Ordinance.

The appellant contends overvaluation as the basis of the appeal. In support of this argument the appellant submitted an appraisal estimating the subject property had a market value of \$325,000 as

of January 1, 2010. The appraisal undertakes the three traditional approaches to value in estimating the market value for the subject. The appraisal lists the subject's size as 3,900 square feet of net rentable area. The appraisal discloses that the subject was purchased by the appellant in October 2008 for \$465,000. The appraisers opined that the purchase price included value for the purchaser's long-term investment goals without further explanation.

In the cost approach to value, the appraisers developed a value using the highest and best interim use. The appraiser opined that owners of this type of property would seek to sell to a developer who would assemble and build to the property's highest and best use.

The appraisers used the land value established by the assessor of \$58.00 per square foot or \$177,000, rounded. The appraisers opined that based on the market, the subject's interim use cannot support the high land sales of properties being assembled for the subject's highest and best use. The appraisers believe the land value established by the assessor is a reasonable estimate before assemblage value is added and while stating that the underlying land could potentially be at a much higher price than the value indicated within the appraisal.

Using the *Marshall Valuation Computerized Cost Service*, the appraisers estimated a replacement cost new of \$437,959. The appraisers then added 3% for indirect costs without further explanation. The appraisers disclosed they relied on their knowledge of the market and discussions with developers to estimate the entrepreneurial incentives at 10% of both direct and indirect costs due to the competitive nature of the subject area. However, the appraisal, in its letter addendum, addresses the declining economy and market for the subject's area.

Using the age/life method, the appraisers estimated physical depreciation at 60%. The appraisers opine an economic life for the subject of 50 years. The subject is currently 121 years old with various renovations, the last of which, the appraisal discloses, occurred in 2009. The appraisal estimates the subject's effective age at 30 years. The appraisers then used the income approach in this appraisal to value to determine economic obsolescence at 11%. This yields a total accrued depreciation of 71% or \$352,225 for a depreciated value of the improvement of \$143,983. Depreciated site values of \$3,800 and the land value were added back to estimate a value under the cost approach of \$324,783.

In the income approach to value, the appraisers analyzed seven rental comparables and the subject's rent roll to estimate a potential gross income of \$67,800 which was reflective of the subject's actual income as of the January 2010 rent roll. The appraisers estimate vacancy at 7.5% and then add an additional 2.5% to account for collection loss for a total effective gross income of \$64,410.

Expenses were estimated by reviewing the subject's historical expenses, surveys of the market, and a review of 10 comparable rental properties. These properties have rental units ranging in number from 12 to 77. These comparables showed an average expense rate of 41.41% of effective gross income. The subject, with 5 units, has 2010 expenses of 12.43% of effective gross income. The appraisers established expenses at 37.08%. Replacement reserves and a personalty expense (washer, dryer, and appliances) of 4.42% were included for total expenses of 41.51% of effective gross income or \$37,675 for a total net operating income of \$37,675.

Using the band of investment method and market surveys, the appraisers estimated a capitalization rate of 10%. This rate was "loaded" for a total capitalization rate of 11.6% which yields a market value under the income approach of \$325,000.

Under the sales comparison approach, the appraisal includes a complete history of sales in the immediate area of the subject from 2003 to 2010. The appraisers opine that the range in value is influenced by extrinsic forces not related to the value of the real estate. This list of over 100 apartment building sales included the number of units, the sale price, the cap rate, the sale date, the intended use and the unit price. These sales indicate a range of \$45,833 to \$305,556 per unit over the eight year time span. The appraiser opined that there were underlying factors beyond the intrinsic value of these properties that were included in the sale price. The appraisal notes "[u]tilizing raw sales as the basis for establishing the market value of multi-family properties presented on the previous pages without critical analysis would be fundamentally unsound". Based on this, the appraisers made downward adjustments based on the fact that the market at the time most clearly included a premium above and beyond the intrinsic value of the real estate and that market conditions exhibit a downward trend from the peak. The appraisal then notes that the quality apartment buildings have not shown a major decrease in sale prices or vacancy.

The appraisal discloses that the sales comparison approach was undertaken "only to show there are sales in this market still reflecting rental property value. Our conclusion of value even in this sales comparison section is driven by our income approach analysis. Taking into consideration the actual economies of the subject property as stated in the income approach section which resulted in a market value of \$65,000 per unit". The appraisers opine that this is an appropriate price per unit and establish a value under the sales comparison approach of \$325,000.

In reconciling the approaches, the appraisers gave the income capitalization approach primary consideration, the cost approach secondary consideration, and the sales comparison approach the least consideration to estimate a value for the subject as of January 1, 2010 of \$325,000.

The board of review submitted its "Board of Review Notes on Appeal" disclosing the total assessment for the subject of \$92,391. The subject's assessment reflects a market value of \$973,562 using the Illinois Department of Revenue's three-year median level of assessment for class 2, residential property, of 9.49% for tax year 2011.

In support of its contention of the correct assessment the board of review submitted eight equity comparables with sales information for five of them. The board of review did not include information on the number of units per apartment building.

### **Conclusion of Law**

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. 86 Ill.Admin.Code §1910.63(e). 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 has not met this burden of proof and a reduction in the subject's assessment is not warranted.

The Board thoroughly considered the parties' evidence. The Board gives diminished weight to the appraisal because it lacks the appraisers' testimony as to further explain why the subject's sale was not given any weight in establishing the subject's market value. In addition, the Board finds the appraisers' opinions and conclusions were contradictory, unsupported and that inappropriate methodologies were used.

As to the cost approach to value, the appraisers utilized the land value established by the assessor, but then indicate that the value may be greater. In addition, the appraisers used 10% for entrepreneurial incentive, but the beginning of the appraisal had discussions of the decline in the market and the crashing economy. In the income approach to value, the appraisers included expenses for personalty which established a flawed net operating income. In the sales comparison approach, the appraisers did not even adjust for differences among the properties, but used the income approach to self validate the value derived by the income approach. For these reasons, the Board finds the appraisal hearsay and gives the adjustments and the conclusions of value within the appraisal no weight.

The courts have stated that where there is credible evidence of comparable sales, these sales are to be given significant weight as evidence of market value. Chrysler Corp. v. Illinois Property Tax Appeal Board, 69 Ill.App.3d 207 (2<sup>nd</sup> Dist. 1979); Willow Hill Grain, Inc. v. Property Tax Appeal Board, 187 Ill.App.3d 9 (5<sup>th</sup> Dist. 1989). Therefore, the Board will consider the raw sales data from both parties.

The appellant submitted over 100 sales from 2003 to 2010. These sales indicate a range of \$45,833 to \$305,556 per unit over the eight year time span. By comparison, the subject's assessment reflects a market value of \$206,698 per unit which is within the range of the sales comparables. After considering adjustments and the differences in the comparables when compared to the subject, the Board finds the subject's per square foot assessment is supported 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.

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Chairman

*K. L. Ferr*

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Member

*JR*

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Member

*Mark Morris*

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Member

*Jerry White*

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Acting 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: August 21, 2015

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*A. Proctor*

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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.