

PROPERTY TAX APPEAL BOARD'S DECISION

APPELLANT: Karavites Restaurant, Inc.  
DOCKET NO.: 06-26921.001-C-1 and 06-26921.002-C-1  
PARCEL NO.: See below.

The parties of record before the Property Tax Appeal Board are Karavites Restaurant, Inc., the appellant, by attorney Arnold G. Siegel, Chicago, and the Cook County Board of Review.

The subject property consists of a 19,110 square foot parcel improved with a 4 year-old 2,832 square foot one-story masonry constructed commercial building located in Jefferson Township, Cook County.

The appellant, through counsel, appeared before the Property Tax Appeal Board claiming the subject's fair market value is not represented accurately in its assessment. In support of the market value argument, the appellant submitted an appraisal report authored by Robert J. Boyle of Prime Appraisal, LLC, Chicago. The report indicates Boyle is a State of Illinois certified general appraiser with a Member of the Appraisal (MAI) designation. The appraiser indicated the subject has an estimated market value of \$450,000 as of January 1, 2006.

After a detailed description of the subject property and its environs, the appraiser indicated that the subject was valued as fee simple; the appraiser inspected the subject on December 5, 2006; and gathered and confirmed all information. The appraiser employed the three classic approaches to value; the cost, the income capitalization, and the sales comparison. In addition, the appraiser indicated the subject's highest and best use as vacant would be for development and its highest and best use as improved is its current use.

A land value was determined utilizing the sales of six parcels located in the subject's general area. The comparable parcels ranged in size from 4,856 to 28,125 square feet. These sales occurred from February 2003 to February 2006 for prices ranging from \$100,000 to \$250,000 or from \$4.98 to \$24.75 per square foot of land area. The comparable sales were adjusted for pertinent characteristics. Based on the adjusted sales, the appraiser

(Continued on Next Page)

Based on the facts and exhibits presented, the Property Tax Appeal Board hereby finds a reduction 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:

<u>DOCKET NO.</u>	<u>PARCEL NO.</u>	<u>LAND</u>	<u>IMPR.</u>	<u>TOTAL</u>
06-26921.001-C-1	13-21-401-053-0000	\$41,057	\$42,606	\$83,663
06-26921.002-C-1	13-21-401-054-0000	\$35,191	\$52,146	\$87,337

Subject only to the State multiplier as applicable.

estimated the subject's land value to be \$12.00 per square foot of land area, or \$230,000, rounded.

The appraiser estimated a replacement cost new (RPN) for the improvement. Employing the *R.S. Means Square Foot Costs Manual for 2006*, a RPN was estimated \$435,000. Total depreciation of 45.0% or \$195,750 was estimated based on a study of the market. Adding the estimated land value to the depreciated value of the improvements indicated a total value for the subject of \$470,000, rounded.

The second approach addressed by the appraiser was the income approach to value. The appraiser utilized five rent comparables located in market areas similar to the subject's market area. The leased spaces ranged in size from 1,000 to 7,562 square feet; range in age from six to forty-six years old and have net rents ranging from \$13.00 to \$23.56 per square foot of building area. After adjustments were made to the comparables for varying applicable items, the appraiser concluded a stabilized potential gross income (PGI) for the subject of \$53,808. Vacancy and loss was stabilized at 10% resulting in a net operating income (NOI) of \$48,427. The NOI was then capitalized employing a capitalization factor of 11.0% to estimate a market value for the subject through the income approach of \$440,000, rounded via the income capitalization approach

Next the appraiser employed the sales comparison approach to value utilizing the sales of five commercial facilities in market areas similar to the subject's market area. The comparables are one-story masonry constructed commercial facilities built from 1900 to 1958. The comparables range in building size from 1,100 to 15,400 square feet and in land size from 3,125 to 33,250 square feet. The comparables were sold from March 2003 to September 2003 for prices ranging from \$100,000 to \$1,400,400, or from \$90.91 to \$166.67 per square foot of building area including land. The appraisers adjusted the comparables for size, location, age, land to building ratios and other applicable items. After these adjustments to the comparables, the appraiser estimated a value for the subject of \$155.00 per square foot of building area, or \$440,000, rounded, through the sales comparison approach.

In reconciliation the appraiser placed primary weight on the sales comparison approach; secondary weight was placed on the income capitalization approach; and minimum weight was accorded the cost approach. The appraiser's final estimate of value was \$450,000 for the subject as of January 1, 2006.

The board of review submitted its "Board of Review Notes on Appeal" wherein the subject's final assessment of \$225,990 was disclosed. The subject's final assessment reflects a fair market value of \$594,711, when the Cook County Real Property Assessment Classification Ordinance level of assessments of 38% for Class 5A properties is applied. In support, the board of review offered a

memorandum indicating the sales of five properties in the subject's area suggest an unadjusted range of from \$259.94 to \$833.33 per square foot of building area. The writer also cautioned that the memorandum "is not intended to be an appraisal or estimate of value and should not be construed as such." Cook County Assessor's Office sales sheets for the five comparables were offered in support. The comparable properties are one story commercial buildings built from 1982 to 2002. The comparables range in size from 2,112 to 3,500 square feet of building area and in land size from 18,700 to 35,000 square feet. These sales occurred from July 2001 to September 2004. Based on the foregoing, the board of review requested confirmation of the subject's assessment.

After reviewing the record and considering the evidence, the Property Tax Appeal Board finds it has jurisdiction over the parties and the subject matter of this appeal. The issue before the Property Tax Appeal Board is the subject's fair market value. Next, when overvaluation is claimed the appellant has the burden of proving the value of the property 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); Winnebago County Board of Review v. Property Tax Appeal Board, 313 Ill.App.3d 179, 728 N.E.2d 1256 (2<sup>nd</sup> Dist. 2000). 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. Section 1910.65 *The Official Rules of the Property Tax Appeal Board* (86 Ill.Adm.Code §1910.65(c)). Having reviewed the record and considered the evidence, the Board concludes that the appellant has satisfied this burden.

The Property Tax Appeal Board accords primary and substantial weight to the appellant's appraisal. The Board finds that the appellant's appraisers utilized the three classic approaches to value to determine an estimated value for the subject as of the date at issue. The Board finds that the appraiser explained the steps followed in each approach to value. The Board finds that the selection of comparables in each approach was suitable; the comparables were compared and contrasted to the subject suitably; the adjustments made were defined; and the appraiser concluded a well reasoned final estimate of value for the subject from this information. Further, the Property Tax Appeal Board finds that the board of review failed to refute the appellant's contention this appraisal was representative of the subject's fair market value as of January 1, 2006.

In contrast, the Board accords the board of review's submission no weight. The Board finds that the board of review presented what appears to be an in-house memorandum summarizing raw data from the sales of five properties. The Board finds that the memorandum lacked analysis concerning the suggested comparables' similarity or dissimilarity to the subject. Further, there are no adjustments to the sales for time of sale, conditions of sale,

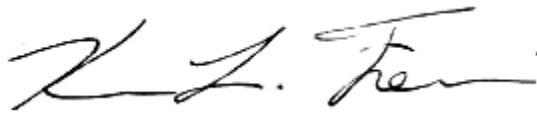
condition of the buildings, location, size, or any other factor used in a conventional comparative analysis. In addition, the Board finds that the memorandum's writer plainly states that the documentation submitted by the board of review "is not intended to be an appraisal or estimate of value and should not be construed as such."

Based on the foregoing analysis, the Property Tax Appeal Board finds the subject property had a market value of \$450,000, as of January 1, 2006. Since the fair market value of the subject has been established, the Board finds that the Cook County Real Property Assessment Classification Ordinance level of assessments of 38% for Class 5A properties shall apply and a reduction is accordingly 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.



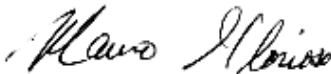
Chairman



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: June 19, 2009



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.