



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

APPELLANT: Raytech Woodfield Lakes, LLC
DOCKET NO.: 09-33195.001-C-3
PARCEL NO.: 07-14-200-059-0000

The parties of record before the Property Tax Appeal Board are Raytech Woodfield Lakes, LLC, the appellant(s), by attorney Leonard Schiller, of Schiller Strauss & Lavin PC in Chicago; the Cook County Board of Review; the Palatine S.D. #211, and Schaumburg CCSD #54, intervenors, by attorney Michael J. Hernandez of Franczek Radelet P.C. in Chicago.

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:

LAND: \$ 246,311
IMPR: \$ 1,503,689
TOTAL: \$ 1,750,000

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 2009 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 a four-story, multi-tenant, office mid-rise building with 104,444 square feet of building area and 100,287 square feet of rentable area. The subject was constructed in 1985. The property has a 151,569 square foot site and is located in Schaumburg Township, Cook County. The subject is classified as a class 5-91 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 \$7,000,000 as of January 1, 2009. Appraiser Gary DeClark was present at the hearing. He testified that he has been an appraiser for approximately 36 years and that he holds the MAI designation. He stated that he has experience valuing over 100 office properties. He also stated that he has a bachelor's of finance degree from the University of Illinois, that he has a master of arts in real estate and urban development, and that he is up to date with continuing education requirements. Based on this testimony, the appellant's attorney tendered the witness as an expert in appraising commercial properties. The Administrative Law Judge accepted the witness as an expert in appraising commercial property, over the objection of the intervenor.

Mr. DeClark testified that he formed his opinion of the subject's value based on the income and sales approaches to value as those are the approaches relied upon by investors. Mr. DeClark then testified in detail about the sales approach to value. The appraiser examined six comparable properties. The comparables range in size from 81,522 to 148,444 square feet of building area. They range in age from 22 to 36 years old. Mr. DeClark then listed the factors he considered when making adjustments to the comparables. They include: effective sales price; real property rights; financing terms; condition of sale; market conditions; location and exposure; size; parking; land to building ratio; building quality; age and condition; and economic characteristics. (Transcript page 28). Based on these factors, Mr. DeClark opined the value of the subject property using the sales comparison approach was \$7,270,000 or \$72.50 per square foot. (Appraisal page 54).

The appraiser also testified in detail about the income approach to value. He stated that he noted the specifics of the subject property and the subject's existing income and expense information. Mr. DeClark stated that he reviewed the subject's prior three years of income and expense information. As part of this evaluation, Mr. DeClark stated that he became aware of the

sale of the subject in March 2010 for a price of \$3,125,000. At the time of the sale, the subject was approximately 28% leased. The intervenor objected to the discussion of the subject's subsequent sale. The Administrative Law Judge overruled the objection and allowed testimony regarding the subject's subsequent sale as it was discussed on page two of the appraisal. Mr. DeClark noted that the sale price was reflective of a high vacancy rate.

The appraiser testified that he considered market rents and stated that he chose six rental comparables based on their age, quality, and rental space. Adjustments were made to the comparables based on location, access, age, condition, amenities, and economic condition. Based on these factors, after making adjustments to the comparables, Mr. DeClark opined the value of the subject property was \$16.00 per square foot on a modified gross basis. After deducting expenses, the net operating income was \$922,980. Mr. DeClark then looked to market data and national investors' surveys to determine a loaded capitalization rate of 13.40%. Based on this analysis, the appraiser opined the subject's market value was \$6,890,000, rounded.

Mr. DeClark stated that the income and cost approaches to value were reconciled. More weight was given to the income approach to value; however, the sales comparison approach supported the income approach to value. Mr. DeClark stated he gave weight to each approach to value and opined the subject's market value was \$7,000,000 as of January 1, 2009.

Upon cross examination, Mr. DeClark discussed the graph contained in the appraisal on page 22. The appraiser stated that the graph depicts general commercial property price indexing from 2001 through November 2009. Mr. DeClark stated that the chart indicates in January 2009, the health of the market was closer to the top than the bottom, before dropping precipitously in October 2009. (Transcript page 52).

Upon further cross-examination, Mr. DeClark stated that he was not provided with the subject's rent roll as his client was the buyer in the March 2010 sale of the subject property and as such, the appraiser made his calculation of the subject's actual occupancy under less than ideal circumstances. (Transcript page 51). Mr. DeClark stated further that he utilized a 12% occupancy rate based on the market. The appraiser also testified regarding his calculation of the capitalization rate. Mr. DeClark stated

that he placed greater weight on sales three and four as they are closest to the valuation date at issue.

The cross-examination of Mr. DeClark continued with a discussion of classifications of property classifications. Mr. DeClark stated that the subject is an A-/B+ property and that a class A property is a state of the art building while a class B property is not at the top of the market, but is functioning well. Class C is a building that is older and not up to current standards. (Transcript page 54).

The cross-examination then turned to a discussion of the factors considered in making the sales rankings of the comparables listed in the appraisal on page 54. Upon questioning, Mr. DeClark stated that the comparables include a foreclosure, an auction, a 2010 sale, and a 2002 sale. The appraiser stated that comparable #1 and comparable #5 are located in Des Plaines while the subject is located in Schaumburg. In addition, comparable #5 was sold in an internal transaction to a partial owner of the property. Comparable #3 is located in Algonquin and was 40% vacant at the time of sale. Comparable #6 was completely vacant at the time of sale. Comparable #4 is located in Schaumburg and was 97% occupied and is similar to the subject in size, parking, and location.

The cross-examination continued with the appraiser stating that the comparables range from \$34.14 to \$138 per square foot and that the appraiser's value of opinion of the subject of \$72.50 falls in the middle of this range.

Upon redirect examination, the appraiser explained that comparable #4 is an outlier as its class and occupancy are superior to the subject property. In addition, one of the tenants was a bank that occupies 50% of the first floor. (Transcript page 81). The appraiser then explained that he made adjustments to the comparables to account for the circumstances surrounding the sale of the comparables.

The board of review submitted its "Board of Review Notes on Appeal" disclosing the total assessment for the subject of \$3,004,753. The subject's assessment reflects a market value of \$12,019,012 or \$115.08 per square foot of building area, including land, when applying the 2009 level of assessment for class 5 property under the Cook County Real Property Assessment Classification Ordinance of 25%.

In support of its contention of the correct assessment the board of review submitted the subject's property record cards, an aerial photo of the subject, and CoStar Comps information on four suggested comparable sales located within five miles of the subject property. Comparable #1 is a class B office building that contains 93,000 square feet of building area and is located in Arlington Heights. It sold in August 2007 for a price of \$5,641,760 or \$60.66 per square foot of building area, including land. Comparable #2 is a class B office building that contains 120,000 square feet of building area and is located in Arlington Heights. It sold in April 2004 for a price of \$6,250,000, or \$52.08 per square foot of building area, including land. Comparable #3 is a class A office building that contains 104,895 square feet of building area and is located in Palatine. It sold in October 2003 for a price of \$10,955,000 or \$104.44 per square foot of building area, including land. Comparable #4 is a class A office building that contains 107,852 square feet of building area and is located in Schaumburg. It sold in November 2008 for a price of \$14,900,000 or \$138.15 per square foot of building area, including land.

Through its attorney, the board of review rested on the previously submitted evidence. The appellant objected to the admission of the evidence. The Administrative Law Judge stated that the evidence was already in the record and the fact that a witness was not present would go to the weight of the evidence.

The appellant's attorney then stated that four of the board of review's sale comparables have sale dates in 2003, 2004, and 2007. In addition, comparable #4 is the same property as the appellant's appraisal sale comparable #4.

In support of the subject's assessment, the intervenor submitted sale information regarding three suggested comparables. The comparables sold from May 2004 to February 2006. They range in age from 29 to 41 years old and they range in size from 27,000 to 61,538 square feet of building area. They have sale prices that range from \$5,000,000 to \$9,300,000 or from \$103.53 to \$185.19 per square foot of building area, including land.

At hearing, the intervenor rested on his previously submitted evidence. The appellant's attorney objected to the submission of the evidence as no witness was presented. The Administrative Law Judge stated that the evidence was already in the record and the fact that a witness was not present would go to the weight of the evidence.

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 met this burden of proof and a reduction in the subject's assessment is warranted.

The appellant presented the testimony of an MAI appraiser, Mr. DeClark, and submitted his appraisal wherein the subject property had a market value of \$7,000,000 as of January 1, 2009. The appraiser developed two of the three traditional approaches to value and placed the most value on the income approach which was supported by the sales comparison approach. The appraisal contained a detailed development and analysis of the two approaches when arriving at the final estimate of value which lead to a credible estimate of market value. In addition, Mr. DeClark provided credible testimony and the report contained a convincing market analysis that led to a reliable estimate of value as of the assessment date at issue.

Neither the board of review nor the intervenor presented a witness at hearing to identify their sale comparables, testify about the contents of their evidence and conclusions drawn from them, and be subject to cross-examination. See Oak Lawn Trust & Savings Bank v. City of Palos Heights, 115 Ill.App.3d 887, 450 N.E.2d 788 (1st Dist. 1983). However, the Board may consider the raw sales data submitted by the parties. As the comparables are unadjusted, the Board grants them diminished weight.

In conclusion, the Board finds the best and most credible evidence of market value in the record was provided by the appellant in the form of the appraisal and testimony of MAI Appraiser Gary DeClark. Based on this record, the Board finds the appellant demonstrated by a preponderance of the evidence that the subject property had a market value of \$7,000,000 as of January 1, 2009. The Board finds a reduction in the subject's assessment is 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.

Chairman

K. L. Fan

Mario Alvarez

Member

Member

JR

Jerry White

Member

Acting Member

Robert Steffen

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: January 22, 2016

A. Proctor

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.