



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

APPELLANT: Cedar Realty
DOCKET NO.: 10-22838.001-C-1
PARCEL NO.: 14-19-435-022-0000

The parties of record before the Property Tax Appeal Board are Cedar Realty, the appellant(s), by attorney Arnold G. Siegel, of Siegel & Callahan, P.C. 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:

LAND: \$30,000
IMPR.: \$100,234
TOTAL: \$130,234

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 a 6,250 square foot parcel of land improved with a 81-year old, four-story, masonry, single-room occupancy building containing approximately 23,588 square feet of building area. The property is located in Lake View

Township, Cook County and is a class 2-25 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 Economic Analysis of the Transient Hotel Rental Operation undertaken by Kestutis Puidokas, Harry Fishman, and Mitchell Perlow with Property Valuation Services, LLC. The report indicates that the appraisers are certified general real estate appraisers and that Perlow holds the MAI designation. The analysis indicated the subject has an estimated market value of \$880,000 as of January 1, 2009. The report discloses that this assignment is subject to the assumption that taxes will be reduced.

In describing the income analysis, the appraisers disclose that the gross potential income of the subject will be developed from the rental of the rooms. The appraisers disclose that the economic analysis for evaluation is based upon the actual current income stream of the apartments and a market income for the commercial space. The appraisers disclosed the actual income for the subject at 100% occupancy to conclude a gross potential income of \$609,400. Vacancy and collection were estimated at 20%. This reflects an effective gross income of \$487,552. A discount for the replacement of personalty and ancillary equipment was calculated at \$ \$120,500. This value was broken down over the personalty's useful life for an estimated amount of \$17,214. The return on the personalty was estimated at a depreciated value of \$2,410 for a total \$19,624 attributed to personalty that is deducted from the income.

Pro Forma stabilized expenses were estimated at \$22,360 for a net operating income of \$367,208 for a total net income attributed to the real property of \$100,720. Using the band of investment method, a capitalization rate of 10% was estimated. This rate was then loaded to account for real estate taxes to estimate a value based on the subject's income of \$880,000, rounded.

In conclusion, the appraisal discloses that this economic analysis was not a market valuation appraisal report, but rather an evaluation of the annual potential cash flow that could reasonably be anticipated from the business operation of the subject.

The board of review submitted its "Board of Review Notes on Appeal" disclosing the total assessment for the subject of \$130,234. The subject's assessment reflects a market value of

\$1,456,756 using the Illinois Department of Revenue's 2010 three-year median level of assessment for class 2 property of 8.94%.

In support of its contention of the correct assessment the board of review submitted three single room occupancy hotel sale comparables.

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 finds the appellant's economic analysis flawed in regards to its lack of market sales data. This report did not include any market sales or justify why sales were not included within the analysis. In addition, the analysis discloses that it was not a market valuation report, but rather an evaluation of the annual potential cash flow that could reasonably be anticipated from the business operation of the subject.

The court has held that "[w]here the correctness of the assessment turns on market value and there is evidence of a market for the subject property, a taxpayer's submission that excludes the sales comparison approach in assessing market value is insufficient as a matter of law." Cook Cnty. Bd. of Review v. Ill. Prop. Tax Appeal Bd., 384 Ill. App. 3d 472 at 484 (1st Dist. 2008). The Illinois Appellate Court recently revisited this issue in Bd. of Educ. of Ridgeland Sch. Dist. No. 122, Cook Cnty. v. Prop. Tax Appeal Bd., 2012 IL App. (1st) 110,461 (the "Sears" case). In Sears, the court stated that, while the use of only one valuation method in an appraisal is not inadequate as a matter of law, the evidence must support such a practice and the appraiser must explain why the excluded valuation methods were not used in the appraisal for the Board to use such an appraisal. Id. at ¶ 29.

In this case, the appraisers provided no plausible reasons for excluding these valuation methods. Therefore, the Board finds

that reliance on the appellant's economic analysis would be deficient as a matter of law. In addition, the board of review supplied sale comparables of three properties similar to the subject that support the subject's market value and no reduction 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

Klaus Albrecht

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: November 20, 2015

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.