



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

APPELLANT: Commonwealth Edison
DOCKET NO.: 11-22978.001-I-2
PARCEL NO.: 19-29-200-041-0000

The parties of record before the Property Tax Appeal Board are Commonwealth Edison, the appellant(s), by attorney Edward M. Burke, of Klafter & Burke in Chicago; the Cook County Board of Review; the S.D. #220 intervenor, by attorney Elizabeth Shine Hermes of Odelson & Sterk, Ltd. in Evergreen Park.

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: \$ 841,600
IMPR.: \$ 20,900
TOTAL: \$ 862,500

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 2011 tax year. The Property Tax Appeal Board (the "Board") finds that it has jurisdiction over the parties and the subject matter of the appeal.

Findings of Fact

The subject is an electrical utility substation that consists of three improvements. Improvement #1 is a one-story building with 4,048 square feet of building area that is used as a control building. Improvement #2 is a one-story building with 192 square feet of building area that is used as a microwave building. Improvement #3 is a one-story building with 160 square feet of building area that is used as a tertiary control building. The buildings are approximately 58 years old. The property has a 1,886,670 square foot site, and is located in Bedford Park, Stickney Township, Cook County. The subject is classified as a class 5-93 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 undertaken by James O. Hamilton of James O. Hamilton & Company, Inc. The report indicates that Hamilton is a State of Illinois Certified General Appraiser, and holds the M.A.I designation. The appraiser stated that the subject has an estimated market value of \$3,450,000 as of January 1, 2011. The appraisal report utilized the cost and sales comparison approaches to value to estimate the market value for the subject property. The appraisal states that the appraiser personally inspected the property on August 5, 2011.

Furthermore, the appraisal states that the subject's highest and best use, as vacant, would be to develop the site with an industrial, warehousing, or public utility-related use, while the subject's highest and best use, as improved, is its present use. In addition, the appellant's appraisal states that "the existing use has operated on the site for many years, [and] it is financially feasible." The appellant's appraisal further states that "there is no indication that redeveloping the property for an alternative legal use or tearing down the present improvements and redeveloping the property would provide a higher return on the land."

Under the cost approach to value, the appraiser estimated the value of the land to be \$3,400,000. In determining the land value, the appraiser used five recent sales of vacant land, and two recent sales of improved sites. These sales took place between September 2006 and March 2010, and the purchase prices ranged from \$0.43 to \$3.16 per square foot of land. After making adjustments to the comparables for market conditions (time), location, land size, access/visibility, and shape and topography, the appraiser arrived at a value for the subject of \$1.80 per square foot of land, or \$3,400,000, rounded.

The appraiser estimated the replacement cost new of the three improvements using the Marshall Valuation Service Manual. The appraiser valued: Improvement #1 to be \$250,693; Improvement #2 to be \$11,585; and Improvement #3 to be \$5,669. The appraiser depreciated the improvements by 86% due to physical deterioration and 5% due to functional obsolescence. The appraiser added the land value and depreciated replacement cost new of the improvements to arrive at a total market value for the subject under the cost approach to value of \$3,540,000.

Under the sales comparison approach to value, the appraiser estimated the subject's market value to be \$3,450,000. In determining the subject's market value, the appraiser used six recent sales of industrial properties. The properties used by the appraiser range: in building size from 2,400 to 20,013 square feet of building area; in age from 35 to 42 years old; in land-to-building ratio from 1.56:1 to 9.23:1; and in ceiling height from 12 feet to 24 feet. These sales took place between July 2007 and March 2011, and the purchase prices ranged from \$12.50 to \$29.33 per square foot of building area. The appraiser

made adjustments to the comparables for market conditions (time), location, building size, building features (office space, sprinkler systems, truck docks, etc.), and age and condition. The appraiser also made an adjustment for land-to-building ratio. In making this adjustment, the appraiser observed that the subject's true land-to-building ratio was 428.79:1. Therefore, for the purpose of making adjustments to the comparables, the appraiser used an assumed land-to-building ratio for the subject of 3.00:1, or 13,200 square feet of land, and added the excess land back into the final estimate of market value. After making these adjustments, the appraiser estimated that the market value of the subject's three improvements was \$19.00 per square foot of building area, or \$83,600.

The appraiser then calculated the excess land of 1,873,471 square feet of land to have a value of \$1.80 per square foot of land (as previously determined in the cost approach to value), or \$3,372,000, rounded. The appraiser then added the value of the three improvements and the value of the excess land to arrive at a total market value for the subject under the sales comparison approach to value of \$3,450,000, rounded.

In reconciling the cost and sales comparison approaches to value, the appraiser gave the latter approach greater weight, and arrived at a final estimate of value for the subject as of January 1, 2011 of \$3,450,000.

The board of review submitted its "Board of Review Notes on Appeal" disclosing the total assessment for the subject of \$974,682. The subject's assessment reflects a market value of \$3,898,728, or \$886.07 per square foot of building area, including land, when applying the 2011 statutory level of assessment for industrial property under the Cook County Real Property Assessment Classification Ordinance of 25.00%.

In support of its contention of the correct assessment, the board of review submitted information on six comparable sales from the CoStar Comps Service with regard to the subject's three improvements. The board of review also submitted information on eight comparable sales from the CoStar Comps Service with regard to the subject's land.

In support of its contention of the correct assessment, the intervenor submitted an appraisal undertaken by Barbara Thouvenell Baffoe and Joseph T. Thouvenell, both of PRS Consulting, LTD. The report indicates that Baffoe and Thouvenell are both State of Illinois Certified General Appraisers, and that Thouvenell holds the M.A.I designation. The appraisers stated that the subject has an estimated market value of \$5,000,000 as of January 1, 2011. The appraisal report utilized the sales comparison approach to value to estimate the market value for the subject property. The appraisal states that the appraisers personally inspected the property on September 1, 2013.

Furthermore, the appraisal states that the subject's highest and best use, as vacant, would be to sub-divide the site into two parcels and hold it until industrial development is viable, while the subject's highest and best use, as improved, is as a larger, single user industrial building. The intervenor's appraisal further states, under the "Physically Possible" subheading in the highest and best use "as improved" analysis, that "[t]he 4,400 square feet of buildings do not utilize the lot to its highest potential. The lot is physically conducive to development." The intervenor's appraisal also states, under the "Economically Feasible/Maximally Productive" subheading in the highest and best use "as improved" analysis, that "[t]he subject property represents a functional design for current use; however, it is not the most maximally productive use of the subject lot." The appraisers opined that the subject's current use is "an interim use of the land."

Under the sales comparison approach to value, the appraisers estimated the value of the land to be \$5,000,000. In determining the land value, the appraisers used four recent sales of vacant land. These sales took place between February 2008 and May 2010, and the purchase prices ranged from \$3.70 to \$16.95 per square foot of land. After making adjustments to the comparables for location, land size, shape, and zoning, the appraisers arrived at a value for the subject of \$2.65 per square foot of land, or \$5,000,000, rounded. The appraisers did not conduct an analysis of the subject's improvements, and, therefore, arrived at a final estimate of value for the subject as of January 1, 2011 of \$5,000,000.

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 Board finds the best evidence of market value to be the appraisal submitted by the appellant. The appellant's appraisal states that the subject's highest and best use, as improved, is its present use. Contrarily, the intervenor's appraisal states that the subject's highest and best use, as improved, is as a larger, single user industrial building.

The Board finds that the appellant's appraisal's determination as to the subject's highest and best use, as improved, is more persuasive. As stated in the appellant's appraisal, the appellant has operated the subject as an electrical utility substation for "many years." Under the intervenor's appraiser's theory, if it were more profitable for the appellant to cease its

current use of the subject and sell the subject to an industrial developer, the appellant would have done so. Instead, the appellant has chosen to operate the subject as an electrical utility substation for "many years." Moreover, the intervenor's appraisal states that the subject's improvements do not utilize the lot to its highest potential. However, this assertion does not address the "Physically Possible" element under the highest and best use "as improved" analysis. It may be the appraiser's opinion that the improvements under-utilize the subject's lot, but that opinion speaks for the "Economically Feasible/Maximally Productive" element, and not the "Physically Possible" element. For these reasons, the Board finds the appellant's appraisal's determination as to the subject's highest and best use, as improved, to be more persuasive. Therefore, the intervenor's appraisal was given diminished weight.

The Board also finds the appellant's appraisal more persuasive as to the subject's land value. The appellant's appraisal used the sales comparison approach to value to determine the subject's land value. Under this analysis, the appellant's appraisal analyzed seven comparables as though ready for development to the subject's present use. The intervenor's appraisal also used the sales comparison approach to value to determine the subject's land value. Under this analysis, the intervenor's appraisal analyzed four comparables as though ready for development of a large, single-user industrial building. As stated in the preceding paragraphs, the Board has determined that the appellant's appraisal's determination of the subject's highest and best use "as improved" is more persuasive. For this reason, the intervenor's appraisal's land comparables and adjustments were given diminished weight, as they were made under the opinion that the subject's highest and best use "as improved" is different than the Board's finding.

The appellant's appraisal valued the subject's improvements using the sales comparison approach to value, while the intervenor's appraisal did not make any value conclusions for the subject's improvements. Therefore, the Board finds the appellant's appraisal more persuasive as to the subject's improvements.

Finally, the board of review's evidence was given diminished weight, as it was merely raw sales data.

The subject's assessment reflects a market value above the best evidence of market value in the record. The Board finds the subject property had a market value of \$3,450,000 as of the assessment date at issue. Since market value has been established the 2011 statutory level of assessment for industrial property under the Cook County Real Property Assessment Classification Ordinance of 25.00% shall apply. 86 Ill.Admin.Code §1910.50(c)(3).

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



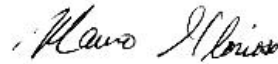
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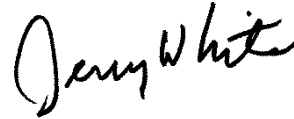
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Member



Member



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: March 18, 2016



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.