



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

APPELLANT: Donald Sinclair
DOCKET NO.: 13-02763.001-I-1
PARCEL NO.: 03-02-202-007

The parties of record before the Property Tax Appeal Board are Donald Sinclair, the appellant, by attorney Joanne Elliott, of Elliott & Associates, P.C. in Des Plaines, and the DuPage County Board of Review.

Based on the facts and exhibits presented in this matter, the Property Tax Appeal Board hereby finds **No Change** in the assessment of the property as established by the **DuPage** County Board of Review is warranted. The correct assessed valuation of the property is:

LAND: \$53,940
IMPR.: \$147,300
TOTAL: \$201,240

Subject only to the State multiplier as applicable.

Statement of Jurisdiction

The appellant timely filed the appeal from a decision of the DuPage County Board of Review pursuant to section 16-160 of the Property Tax Code (35 ILCS 200/16-160) challenging the assessment for the 2013 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 one-story single-tenant, owner-occupied industrial building of masonry construction with 13,345 square feet of building area and a concrete slab foundation. The building was constructed in 1967. Features include 1,444 square feet of office space (or approximately 11% of the building) and 11,901 square feet of warehouse space with a 16 foot ceiling height,¹ two truck docks and one drive-in door. The property has a 27,600 square foot site or .63 of an acre resulting in a land-to-building ratio of 2.07:1. The property is located in an industrial park in Elk Gove Village, Addison Township, DuPage County.

¹ The record presents a discrepancy on the ceiling height of the subject. The appellant's appraiser reported a 16 foot ceiling height whereas the assessing officials on the property record card reported a 19 foot ceiling height for the subject.

The appellant contends overvaluation as the basis of the appeal. In support of this argument the appellant submitted an appraisal prepared by Edward V. Kling. In the appraisal report, the appraiser utilized both the sales comparison and income approaches to value in opining that the subject property had an estimated market value of \$530,000 as of January 1, 2013.

As to the subject building, the appraiser noted the building was in average condition with some minor deferred maintenance, including exterior work of tuck pointing will be needed soon, there was a broken window and also cedar façade that was in disrepair. Kling also described the office area as somewhat dated and the ceiling clearance was below market standards.

The appraiser developed the sales comparison approach to value where six sales located in Addison, Elk Grove Village and Bensenville were examined. The parcels range in size from 23,773 to 50,000 square feet of land area. The comparable buildings were built between 1960 and 1988 and the buildings range in size from 8,960 to 19,342 square feet of building area. Features include office areas ranging from 10% to 32% of building area with ceiling heights ranging from 12 to 18 feet. The properties sold between May 2010 and April 2013 for prices ranging from \$330,000 to \$800,000 or from \$33.71 to \$48.31 per square foot of building area, including land. After considering adjustments for differences from the subject in age, condition, building size, utility and/or other characteristics, the appraiser opined a market value for the subject of \$40.00 per square foot of building area resulting in an estimated market value for the subject of \$530,000, rounded.

Under the income capitalization approach, the appraiser set forth data on four rental comparables of industrial buildings located in Elk Grove Village, Glendale Heights and Bensenville. The comparables were summarized on pages 37 and 38. The buildings range in leased square footage from 4,000 to 13,685 square feet of building area. These comparables had net rental rates ranging from \$4.50 to \$6.94 per square foot of building area. The appraiser concluded that the subject would have a market rent on a gross basis of \$6.25 per square foot resulting in a total potential gross rental income of \$83,406.

Next, the appraiser estimated the subject would have an 8% allowance for vacancy and collection loss resulting in an effective gross income of \$76,734. Estimated operating expenses for the subject of \$15,178 for management, taxes, reserves, legal/accounting and insurance, resulted in effective net income of \$61,556.

The final step under the income approach was to estimate the capitalization rate to be applied to the subject's net income. The appraiser opined that the subject's overall loaded capitalization rate would be 11.57%. Capitalizing the subject's estimated net income of \$61,556 by 11.57% resulted in an estimated value under the income approach of \$530,000, rounded.

In reconciliation, the appraiser gave most weight to the sales comparison approach along with support from the income approach in concluding a value for the subject of \$530,000 as of January 1, 2013.

Based on this evidence, the appellant requested an assessment reflective of the appraised value.

The board of review submitted its "Board of Review Notes on Appeal" disclosing the total assessment for the subject of \$201,240. The subject's assessment reflects a market value of \$603,962 or \$45.26 per square foot of building area, land included, when using the 2013 three year average median level of assessment for DuPage County of 33.32% as determined by the Illinois Department of Revenue.

In support of the subject's assessment, the board of review presented a report prepared by Frank Marack, Jr., Chief Deputy Assessor of the Addison Township Assessor's Office. The report provided information on seven comparable sales located in Bensenville, Elk Grove or Addison. Board of review comparable sale #4 was the same property as appellant's appraisal sale #6.

These seven comparables consist of one-story masonry industrial buildings that were built or have effective ages ranging from 1969 to 1987. The buildings range in size from 9,564 to 20,100 square feet of building area and have from 5.95% to 16.96% office space. The comparables have building heights ranging from 14 feet to 18 feet and have land-to-building ratios ranging from 1.77:1 to 3.63:1. The seven comparables sold between September 2009 and December 2013 for prices ranging from \$665,000 to \$1,375,000 or from \$48.31 to \$71.79 per square foot of building area, including land.

Marack included a spreadsheet displaying +, - and = adjustments to the comparables for differences from the subject in time, building size, land-to-building ratio, age, condition and/or building height. Marack's adjustment grid reflected that the locations, number of units and percent of office space were all equal to the subject. As displayed, Marack's adjustment process resulted in adjusted sales prices ranging from \$51.21 to \$68.71 per square foot of building area, including land. In Marack's report, based upon these sales and his analysis, the assessor's office concluded that the subject has an indicated value via the market approach to value of \$58.00 per square foot of building area, including land, or \$774,000, rounded.

Based on this evidence and argument, the board of review requested an increase in the subject's assessment to reflect a market value of \$774,000.

In written rebuttal, counsel for the appellant criticized the unexplained adjustments that were made to the comparable sales that were chosen by Marack. As to board of review sales #1 and #2, counsel noted that multiple downward adjustments resulted in a significant downward adjustment overall. As to the date of sale comparable #3, counsel contended a downward adjustment was warranted and the estimated effective age of this property has not been addressed. Recognizing that both parties presented board of review comparable #4, counsel noted each party presented different adjustment results. Counsel disputed the size adjustment made to sale #5 and argued the buildings are very similar in size. Counsel pointed out that multiple adjustments were made to sale #6 and sale #7 differs from the subject in building size and is a long distance from the subject.

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 did not meet this burden of proof and a reduction in the subject's assessment is not warranted.

Upon examining the appraisal report, the Board finds that while the comparable sales were relatively similar to the subject property, the appraiser's adjustments and rationale appear to be inconsistent. For instance, both parties presented appraisal sale #6/board of review sale #4 which the appraiser described as having a damaged roof at the time of sale in May 2010 due to deferred maintenance (see p. 33 of the appraisal). This sale property is similar to the subject in land area, building area and ceiling height with a sale price of approximately \$48 per square foot of building area, including land. The Board finds that despite the roof being in poor condition for this property, the property sold for \$48.31 per square foot of building area, including land, and required a "minimal" net adjustment according to Kling.

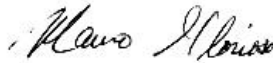
Additionally, Kling reported that the subject's ceiling height was "below market standards," but the Board finds that this assertion was not supported by the majority of the comparable sales set forth in Kling's report. Comparable sales #1, #2, #4, #5 and #6 of the appraisal report had ceiling heights of 13 feet to 14.5 feet, each of which is less than the subject's reported ceiling height of 16 feet. Moreover, the board of review comparable sales reflected ceiling heights of 14 feet to 18 feet, similar to that of the subject, even though the assessing officials report the subject has a 19 foot ceiling height.

Having examined the entire Kling appraisal report, the Board finds that the final value conclusion presented by the appraiser based on the adjustment process results in a determination that the appraiser's final conclusion lacks credibility. In summary, the Board finds that the appraised value is not a reliable indicator of the subject's estimated market value as of the assessment date. As a consequence of this finding, the Board will examine the most similar raw sales presented in the appraisal as compared to the raw sales presented by the board of review. As part of this analysis, the Board has given reduced weight to board of review sales #3, #6 and #7 due to differences in age and/or building size when compared to the subject property.

Reviewing the sales in the record presented by both parties that were most similar to the subject and after applying adjustments for differences in age, size and/or other features, the Board finds the best evidence of market value to be the appraisal sales and board of review comparable sales #1, #2, #4 and #5. The comparables sold for prices ranging from \$33.71 to \$71.79 per square foot of building area, including land. Once the high and low end outliers are removed, the range narrows to \$36.83 to \$69.53 per square foot of building area, including land. The subject's assessment reflects a market value of \$603,962 or \$45.26 per square foot of building area, including land, which is within the range established by the best comparable sales in the record on a per-square-foot basis and appears to be well-supported when giving due consideration to differences in age, size and/or features.

Based on this evidence the Board finds a reduction in the subject's assessment is not 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



Member



Acting Member



Member



Member

DISSENTING: _____

CERTIFICATION

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 18, 2017



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.