



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

APPELLANT: US BANK #4744
DOCKET NO.: 14-30885.001-C-2 through 14-30885.004-C-2
PARCEL NO.: See Below

The parties of record before the Property Tax Appeal Board are US BANK #4744, the appellant, by attorney Peter D. Verros, of Verros Berkshire in Chicago; the Cook County Board of Review; as well as intervenors, Rich T.H.S.D. #227, by attorney Antonio J. Senagore of Hodges, Loizzi, Eisenhammer, Rodick & Kohn LLP in Arlington Heights, and Matteson S.D. #162, by attorney John M. Izzo and Joel DeTella of Hauser, Izzo, Petrarca, Gleason & Stillman, LLC in Flossmoor.

Based on the facts and exhibits presented in this matter, 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:

DOCKET NO	PARCEL NUMBER	LAND	IMPRVMT	TOTAL
14-30885.001-C-2	31-24-207-021-0000	33,076	482	\$33,558
14-30885.002-C-2	31-24-207-022-0000	29,076	2,530	\$31,606
14-30885.003-C-2	31-24-207-023-0000	29,087	2,616	\$31,703
14-30885.004-C-2	31-24-207-024-0000	30,541	92	\$30,633

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 2014 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 an irregularly shaped corner site with 74,943 square feet of land improved with a one-story commercial building. Additional site improvements include 53 parking spaces and four drive through banking lanes. The subject's improvement is 41-years old and is used as a branch bank with 4,799 square feet of gross building area. The subject is located in Rich Township and is classified as a class 5-90 and 5-28, commercial property under the Cook County Real Property Assessment Classification Ordinance.

Procedurally, the Board noted that both intervenors adopted the evidence of the Cook County board of review. Therefore, pursuant to the official rules of the Property Tax Appeal Board their participation in this hearing was limited under their adoption of another party's position and evidence.

The appellant contends overvaluation as the basis of the appeal. In support of this argument, the appellant submitted an appraisal, identified at hearing as Appellant's Exhibit #1, estimating the subject property had a market value of \$510,000 as of January 1, 2014.

At hearing, the appellant called as its witness, Frank Urban. Urban testified that he holds the designations of State certified general real estate appraiser for 23 years as well as the designation of Member of the Appraisal Institute (hereinafter MAI). In addition, he testified that he is also a member of the Illinois Coalition of Appraiser Professionals. He stated that he has conducted over 100 appraisals of bank buildings in Cook County as well as other collar counties in Illinois. Urban was offered as an expert in real estate appraisal and valuation including the subject. Without objection, the Board accepted Urban as such an expert.

Urban testified that he had assistance in preparing the subject's appraisal by Michael Urban who is also a co-signor of the report and identified thereon as an associate real estate appraiser. Initially, Urban stated that there were certain typographical errors in his report. He indicated that on page 3, the report incorrectly identified the subject's property rights as leased fee, while the remainder of the report correctly indicated the subject's property rights as fee simple. In addition, he indicated that on page 36 the subject was identified as average, when it was actually in below average condition. On these points, he testified that these scrivener's errors do not affect the outcome of the subject's final market value. Urban stated that he conducted an exterior inspection of the subject's site, while Michael Urban conducted the interior inspection of the subject's building.

As to the subject's configuration, Urban testified that the subject was not located on a primary corner in Olympia Fields, but in a residential area which is atypical for properties like the subject. Moreover, he stated that the zoning department of Olympia Fields had stated that the subject's property could be used for commercial purposes, but that there was a question of such use considering the residential zoning area in the subject's area. He indicated that this location has a negative impact on a prospective use for the subject. Urban stated that the bank was physically vacant with full, finished office and a vault in the basement. He indicated that this basement square footage was not included in his appraisal. Further, Urban testified that in reviewing the property's history that the subject was transferred in April, 2012 for a price of \$2,382,000. However, he stated that the subject's sale was part of a portfolio sale of Charter One bank branches to an institutional investor. He elaborated that the subject's sale was an allocated price based upon leases in place at the bank branches; and therefore, not indicative of fee simple interest.

As to highest and best use as vacant, Urban stated that it would be for commercial development of a retail building, while the highest and best use, as improved, was for its continued use as a bank branch.

Urban stated that he developed all three of the traditional approaches to value. The appraisal indicated a market value under the cost approach of \$515,000 that was accorded minimal weight; under the income approach of \$515,000 that was accorded secondary weight; and under the sales comparison approach of \$505,000 that was accorded primary weight. After reconciliation, the appraisal estimated the subject's value at \$510,000.

Overall, Urban testified that in obtaining comparables he focused on bank properties because the subject property is a bank; its highest and best use as improved is continued use as a bank property; and it has specific characteristics for bank use. These characteristics would be the multiple bank drive through lanes, ample parking, and being positioned on an arterial street. Urban also provided detailed testimony regarding the other primary characteristic in his comparables search which was to find transfers of fee simple interest; thereby, excluding sales of leased banks from his search only if he could not determine the income stream and how that was compared to the market income stream. He stated that the properties that could not be adjusted from lease fee interest to fee simple interest were excluded from his search.

In the cost approach, Urban's appraisal used three active listings that ranged in asking prices from \$4.95 to \$18.37 per square foot. For the subject, a land value of \$6.50 per square foot was used resulting in a land value estimate of \$485,000. Using the Marshall & Swift manual to develop a replacement cost new for the subject, an entrepreneurial incentive at 8% and indirect costs of 3% were applied resulting in a replacement cost new of \$1,390,860. Physical depreciation and external obsolescence were estimated at 99.9% resulting in a depreciated value of the building improvements at \$1,391. The site improvements and land value were added resulting in an estimated market value for the subject of \$514,449, or \$515,000 rounded, under the cost approach.

In the income approach, Urban's appraisal used seven asking rentals that ranged in size from 2,200 to 5,000 square feet of rentable area and rental rates that ranged from \$12.00 to \$25.00 per square foot. A rental income for the subject of \$16.00 per square foot was estimated for a potential gross income of \$76,784. Vacancy and collection loss was estimated at 15% resulting in an effective gross income of \$65,266. After deducting operating expenses, the appraisal indicated a net operating income of \$60,150. After looking to the market and considering the subject's actual vacancy, a loaded capitalization rate of 11.7% was estimated. Capitalizing the net operating income resulted in an estimated market value of \$514,103 or \$515,000, rounded, for the subject.

In the sales comparison approach to value, Urban used seven sale comparables and one sale listing within varying locations. They sold from December, 2010, to July, 2012, for unadjusted prices that ranged from \$72.07 to \$136.64 per square foot. The improvements ranged: in age from 7 to 46 years; in improvement size from 2,789 to 11,100 square feet of gross building area; in drive up lanes from 2 to 7; and in land-to-building ratios from 4.1:1 to 24.7:1. The appraisal indicated that all of the comparables were vacant at the time of sale and that all were fee simple interests. Urban testified that after making adjustments for sale conditions, location, age/condition, improvement size, and basement area, he estimated a value for the subject under this approach of \$105.00 per square foot or \$503,895, rounded to \$505,000.

Urban then testified to the details of each sale comparable transaction. Moreover, he stated that even though some comparables were in REO receivership, that this type of buyer is generally going to be a bank or another commercial user. He stated that such a buyer is not impacted the same way that a home buyer might be in a REO transaction where the difficulty of performing all the due diligence on a property before the purchase is burdensome and makes it not worthwhile to purchase a property. He testified that these sales were all advertised for sale on the open market for an adequate amount of time to get proper exposure, so these prices are indicative of a market value.

Under cross examination by the board of review, Urban testified about what commercial area was close to the subject property. The board's representative, Lena Henderson, moved the admission of a one-page document from Google Map identified as BOR Exhibit #1. The board's representative testified that she printed this map out on the 2018 hearing date and had no personal knowledge as to whether it accurately reflected the subject's area in the 2014 tax year at issue. The appellant had no objection to the Exhibit with two exceptions: that the map does not state that it reflects the subject's area during the 2014 tax year or what was present in the subject's area during that tax year and that the location of the Wal-Mart is not on a primary frontage. Urban was also directed to page 33 of his appraisal where he stated that the land sale listings provide the most reliable support for the assessor's land value for the subject of \$6.50 per square foot. In addition, he testified that he made adjustments to the rental comparables, but did not include a specific chart reflecting these adjustments in his appraisal. Moreover, he stated that his market data on vacancy and capitalization rates related to office and retail spaces.

As to Urban's sales comparison approach, he testified that his appraisal included an adjustment grid sheet as well as pages discussing adjustments to the sales, even though he did not quantify those adjustments.

Under cross examination by the intervenor HSD #227, Urban reiterated his prior testimony that his rental properties were listings, while confirming the locations of some of his improved sale comparables. He was also asked to review the subject property's PTAX-203 and PTAX-203-A which were identified as Intervenor's Exhibit #1. Further, Urban testified that his improved sales #3, #5 and #6 were either REO, distressed, or in receivership with the FDIC. Lastly, as to Urban's improved sale listing #1, the intervenor moved into evidence Intervenor's Exhibit #2 which is a copy of the PTAX-203 for this listing that reflects a street address different than the address provided in the Urban appraisal report. Both exhibits were admitted into evidence without objections. Intervenor SD #162 had no questions on cross examination.

On re-direct examination, Urban testified regarding the subject's location, while reiterating that the subject was a vacant bank that the appraisal's interior photographs reflect. As to the cost approach, Urban provided details on how the subject's total accrued depreciation was estimated. As to the subject's highest and best use, Urban testified that the subject's improvements are not worthless and do contribute to the value of the subject as a bank branch.

Moreover, the appellant submitted a copy of the five-page group exhibit including the CBRE availability listing for the subject property as well as the loop net printout for the subject that was also referred to in the CBRE listing marked as Appellant's Exhibit #2. The appellant's attorneys stated that these documents were printed on this hearing date from the respective sites. The

board of review and intervenors objected to this exhibit. In support of this exhibit, the appellant's argued that the exhibit will relate to an issue raised on cross examination. They argue that there is a misstatement in the subject's PTAX-203 that said that the subject was 0% user occupied, while in contrast, Urban's appraisal and testimony is different based on the appraiser's inspection and photographic evidence. Urban testified: that he was familiar with these types of documents; that he normally would review similar documents in preparing an appraisal; and that these documents relate to the subject property, but that he had not reviewed these specific documents in preparing this appraisal. He also stated that one month before the subject's listing documents were prepared, the appraisal's inspection occurred reflecting that the subject property was vacant in October, 2014. After considering the parties' objections and positions as to Appellant's Exhibit #2, the Board overruled the objections and indicated that the Board would determine what weight, if any, to accord this exhibit.

As to Intervenor's Exhibits #1 and #2, Urban testified that he could not attest to whether or not these documents were properly filled out by whomever filled them out. Moreover, he testified that during his appraisal experience it is not uncommon to come across PTAX forms that were improperly filled out by buyer's or seller's representatives. Further, Urban testified that in the subject's 2014 sale that US Bank bought the Chicago branches of Charter One Bank which was owned by Citizens Financial Group; thereby, including other encumbrances that are beyond the fee simple market value of the subject property.

The board of review submitted its "Board of Review Notes on Appeal" disclosing the total assessment for the subject of \$244,742. The subject's assessment reflects a market value of \$978,968 or \$203.99 per square foot, when applying the level of assessment for class 5-90 and 5-28, commercial property under the Cook County Real Property Assessment Classification Ordinance of 25%.

As to the subject, the board of review's memorandum referenced the subject's sale on January 4, 2008 for \$2,094,634 or \$436.47 per square foot of building area. In addition, the board of review submitted unadjusted sales data on five suggested comparable sales.

Moreover, the board of review's memorandum stated that the data was not intended to be an appraisal or an estimate of value and should not be construed as such. This memorandum indicated that the information provided therein had been collected from various sources that were assumed to be factual and reliable; however, it further indicated that the writer hereto had not verified the information or sources and did not warrant its accuracy.

At hearing, the board of review's representative, Lena Henderson, stated that the board of review would rest on its written evidence submissions. However, she testified: that she had not prepared the evidence for the board of review; that she had not verified any of the sales data for the transactions; that she had not made any adjustments to the sales for any pertinent factors; and that she had no personal knowledge of these sale properties.

Both intervenors adopted the position and evidence of the Cook County board of review in this appeal.

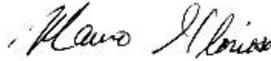
Conclusion of Law

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 with supporting expert testimony submitted by the appellant*. The Board accorded minimal weight to the unadjusted sales submitted by the board of review. Moreover, the Board finds the board of review's assertion that the subject's appraisal contained flaws were unsupported by any evidence from the remaining parties. The only expert witness accepted in this proceeding without any objections, has credibly testified at length regarding the three traditional approaches to value that were developed to estimate a market value for this subject.

Therefore, the Board finds the subject property had a market value of \$510,000 as of the assessment date at issue. Since market value has been established the level of assessment for class 5, commercial property under the Cook County Real Property Assessment Classification Ordinance of 25% shall apply. (86 Ill.Admin.Code §1910.50(c)(2)).

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. Pursuant to Section 1910.50(d) of the rules of the Property Tax Appeal Board (86 Ill.Admin.Code §1910.50(d)) the proceeding before the Property Tax Appeal Board is terminated when the decision is rendered. The Property Tax Appeal Board does not require any motion or request for reconsideration.



Chairman



Member



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: March 19, 2019



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 or years of the same general assessment period, as provided in Sections 9-125 through 9-225, 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 such subsequent year or years 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 OR YEARS. A separate petition and evidence must be filed for each of the remaining years of the general assessment period.

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.

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