



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

APPELLANT: Chicago Granite & Marble
DOCKET NO.: 14-30916.001-I-1
PARCEL NO.: 12-20-201-063-0000

The parties of record before the Property Tax Appeal Board are Chicago Granite & Marble, 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 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:

LAND: \$95,957
IMPR.: \$229,043
TOTAL: \$325,000

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 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 a 45 year-old, one-story warehouse of masonry construction. The parties differed as to the size of the gross building square footage. The property has an 80,806 square foot site located in Franklin Park, Leyden Township, Cook County. The property is 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 utilizing the sales comparison, income capitalization and cost approaches of valuation. The appraisal estimated the subject property had a reconciled market value of \$1,300,000 as of January 1, 2013. The appraiser included a letter reaffirming the

opinion of value would be the same as of January 1, 2014. The appellant requested a total assessment reduction to \$325,000 when applying the 2014 level of assessment of 25.00% for Class 5 property under the Cook County Real Property Assessment Classification Ordinance.

Peterson Appraisal Group appraised the subject's fee simple property rights. The subject consisted of a two-tenant occupied industrial warehouse. The report contained the opinion that the highest and best use of the subject as vacant would be for future development of an industrial building; and as improved was its continuation of its current use. The appraisal report was based on the sales comparison, income capitalization and cost approaches. It calculated the subject to contain 55,208 square feet of gross building area.

Gary Peterson (hereinafter "Peterson"), president of Peterson Appraisal Group, testified that Matthew Kang (hereinafter, "Kang") prepared the report. Peterson testified that he reviewed the entire report, confirmed its opinions and signed it as supervising appraiser. Kang listed five land sales to develop the cost approach. He concluded that the land only of the subject had an estimated market value of \$5.00 per square foot, for a total land value of \$404,030, rounded to \$405,000. After determining the replacement value of the building and applying various measures of depreciation to it, and then adding back the land value, Kang opined that the subject had a \$1,371,959 market value, rounded to \$1,370,000 based on the cost approach. However, Kang opined that this approach is unreliable because the subject exhibited significant physical deterioration resulting in functional obsolescence. This rendered estimating depreciation unreliable. Kang gave the cost approach no emphasis.

As to his development of the income capitalization approach, Kang selected five comparable industrial warehouse properties, each located in Franklin Park, Leyden Township, Cook County, Illinois. Based on these comparable rental properties, Kang determined a stabilized gross potential rent for the subject at \$5.30 per square foot of gross leasable space. The resulting effective gross potential income was \$292,394, rounded. Kang estimated stabilized operating expenses to be 73.26%, or \$192,789, of effective gross income, resulting in net operating income before real estate taxes of \$192,789. He then estimated an 8.20% capitalization rate by using the band of investments technique. Investor surveys disclosed a capitalization rate range between 7.00% and 11.00%. Using both capitalization rate techniques, Kang opined the applicable overall capitalization rate was 9.00%. His estimated tax load was 8.537%. The resulting overall loaded capitalization rate was 17.537%. By applying this rate to net operating income before taxes, Kang estimated market value based on the income capitalization approach at \$1,099,327, rounded to \$1,100,000.

To develop the sales comparison approach, Kang relied on six improved industrial warehouse properties. These comparable properties sold from January 2011 through November 2012 for prices ranging from \$15.07 to \$25.51 per square foot of gross building area, including land. Kang applied adjustments to each of the comparable properties based on many factors, including location, building size, date of sale, land-to-building ratio and age. He opined that the subject had a market value of \$24.50 per square foot of building area including land to arrive at a gross value of \$1,352,596, rounded to \$1,355,000.

Kang gave no weight to the cost approach and the most weight to the sale comparison approach. He gave secondary weight to the income capitalization approach. His reconciled estimate of market value was \$1,300,000. Peterson testified that he reviewed the entire report, verified all data in it, confirmed its opinions and signed it as the supervising appraiser.

The board of review submitted its "Board of Review Notes on Appeal" disclosing the total assessment for the subject of \$392,267. The subject's assessment reflects a market value of \$1,569,068 when applying the 2015 level of assessment of 25.00% for Class 5 property under the Cook County Real Property Assessment Classification Ordinance. The board of review's Notes on Appeal stated the subject contained 60,498 square feet of gross building area. In support of its contention of the correct assessment, the board of review submitted information on five unadjusted suggested sale comparable properties of industrial warehouses.

In its rebuttal brief, the appellant reaffirmed the request for an assessment reduction.

The hearing commenced with appellant's counsel calling Peterson to testify as an expert witness. The appellant and the board of review stipulated to Peterson's qualifications as an expert in the theory and practice of real estate appraisal of industrial properties located in Leyden Township. The Administrative Law Judge (hereinafter, "ALJ") accepted the stipulation to Peterson's expert qualifications. Peterson then testified as to the appraisal of the subject.

Peterson testified that Matthew Kang (hereinafter, "Kang") of his office prepared the appraisal report and appraised the subject's fee simple property rights. Peterson signed the appraisal and testified that he supervised Kang's work and verified the data and conclusions in the report. Peterson personally authored the 2014 update letter. He testified that the highest and best use of the subject as improved would be the continuation of its current use. Peterson then testified that the appraisal report was based on the standard sales comparison, income capitalization and cost approaches. Peterson testified how each of the approaches were developed and how its conclusions were determined. Peterson relied mostly on the sales comparison approach and gave the income capitalization approach secondary weight. He gave the cost approach diminished weight. His opinion of the subject's market value was \$1,300,000 as of January 1, 2013, updated as of January 1, 2014.

The board of review representative objected to the appraisal report prepared by Kang as hearsay because Kang was not present to testify to it under cross-examination. The ALJ reserved ruling and took it under advisement.

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.

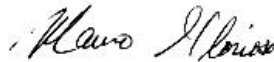
The appraisal disclosed the dwelling contained 55,208 square feet of gross building area. The appraiser personally inspected and measured the subject's building exterior and interior on January 14, 2014. The Board finds this calculation to be the most reliable evidence of the subject's improvement gross square footage.

The Board overrules the board of review's hearsay objection to the appraisal report because it was authored by Kang. Peterson testified that he reviewed Kang's work to confirm the accuracy of the data and reasonableness of the conclusions and opinions contained in it. Peterson authored the January 1, 2014 update letter.

The Board finds the best evidence of market value to be the appraisal submitted by the appellant. Peterson testified that the report disclosed the development of the three standard approaches to valuation, giving most weight to the sales comparison approach. The report contained detailed data and explanations of how each of these approaches was developed. The opinions of market value were explained and not effectively rebutted by the board of review.

After considering all documentary evidence, testimony at hearing, and the credibility of the witnesses, the Board finds appellant has sustained its burden of proof by a preponderance of the evidence that the subject was over-assessed. The Board finds the best evidence of market value to be the appraisal submitted by the appellant, as updated by the appraiser's letter reaffirming the opinion of value as of January 1, 2014. The Board finds that the subject property had a market value of \$1,300,000 as of the 2014 assessment date. Since market value has been established, the 2014 level of assessment of 25.00% for Class 5 property under the Cook County Real Property Assessment Classification Ordinance shall apply.

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: January 15, 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.

PARTIES OF RECORD

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