



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

APPELLANT: Fohrman
DOCKET NO.: 14-32033.001-R-1 through 14-32033.002-R-1
PARCEL NO.: See Below

The parties of record before the Property Tax Appeal Board are Fohrman, 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 **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:

| DOCKET NO | PARCEL NUMBER | LAND | IMPRVMT | TOTAL |
|------------------|----------------------|-------------|----------------|--------------|
| 14-32033.001-R-1 | 17-08-324-014-0000 | 4,952 | 31,140 | \$ 36,092 |
| 14-32033.002-R-1 | 17-08-324-015-0000 | 2,907 | 17,516 | \$ 20,423 |

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 (the "Board") finds that it has jurisdiction over the parties and the subject matter of the appeal.

Findings of Fact

The subject consists of a three-story mixed-use building of masonry construction with 7,872 square feet of building area. The building is 122 years old. Features of the building include a partial unfinished basement. The property has a 3,144 square foot site, and is located in Chicago, West Chicago Township, Cook County. The subject is classified as a class 2-12 property under the Cook County Real Property Assessment Classification Ordinance. No evidence was submitted as to whether the subject was owner occupied.

The appellant contends overvaluation as the basis of the appeal. In support of this argument the appellant submitted an appraisal estimating the subject property had a market value of \$395,000 as of January 1, 2012. The appraiser used the income and sales comparison approaches to value in determining the subject's estimate of market value.

Under the income approach to value, the appraiser stated that “[w]e found a number of single-tenant and multi-tenant properties, which are considered similar to the subject,” and that, “[i]n estimating the expenses for the subject property, we have considered typical expenses for similar properties and similar lease types derived from the subject’s market value.” The appraiser then states that the commercial space of 6,650 square feet is rented for \$10.65 per square foot of building area, and that the residential apartment unit has a market rent of \$1,000 per month. Therefore, the appraiser “concluded the subject’s NOI [net operating income] to be \$94,823 and will be used in our analysis.”¹ The appraiser provided no information or analysis of the rental comparables relied upon. The appraiser then deducted 20.00% for vacancy and collection losses, and 35.00% for expenses to arrive at a net operating income of \$49,308. The appraiser did not provide any information or analysis as to how the vacancy and collection losses, and expenses were determined. The appraiser applied a loaded capitalization rate of 12.44% to the net operating income, and concluded that the market value for the subject under the income approach to value was \$395,000, rounded

Under the sales comparison approach to value, the appraiser relied upon five comparables sales that sold between January 2011 and January 2013 for between \$38.50 and \$51.01 per square foot of building area. After making pertinent adjustments, the appraiser concluded that the subject had a market value under the sales comparison approach to value of \$48.00 per square foot of building area, or \$380,000, rounded.

In reconciling the two approaches the value used in the appraisal, the appraiser gave the income approach to value primary emphasis, and the sales comparison approach to value secondary emphasis. After reconciling the approaches to value, the appraiser arrived at a total market value for the subject of \$395,000 as of January 1, 2012. The appellant also submitted a letter from the appraiser stating that the subject’s market value would be “substantially the same” as of January 1, 2013. The appellant requested that the applicable three year average median level of assessment for class 2 property be applied to the appraisal’s estimate of market value.

The board of review submitted its "Board of Review Notes on Appeal" disclosing the total assessment for the subject of \$56,515. The subject's assessment reflects a market value of \$569,134, or \$72.30 per square foot of building area, including land, when applying the 2014 three year average median level of assessment for class 2 property of 9.93% as determined by the Illinois Department of Revenue.

In support of its contention of the correct assessment, the board of review submitted information on three equity comparables and three sale comparables.

Conclusion of Law

¹ While the term “NOI,” or “net operating income,” is used by the appraiser, it appears that this amount is meant to reflect the subject’s “POI,” or “potential gross income,” which is defined as, “The sum of potential gross rent and miscellaneous income, that is, the income from rent and other sources that a property could generate with normal management, before allowing for vacancies, collection losses, and normal operating expenses.” Glossary for Property Appraisal and Assessment 105 (International Association of Assessing Officers ed., 1997).

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.

The Board does not find the appraisal submitted by the appellant reliable. The appraiser relied primarily on the income approach to value. However, the information provided in the income approach is scarce, and is not enough for the Board to determine whether the potential gross income, vacancy and collection losses, and expenses are actually reflective of the market. Moreover, the appraiser used these undisclosed rental comparables in determining a market rent for the commercial space, but used the actual rent for the apartment space. The Board finds this approach unsupported (because the information relied upon was mentioned in passing, but not disclosed), and inconsistent (because the appraiser used market rent for part of the subject, but actual rent for another part of the subject). Since the appraiser relied primarily on the income approach to value, and the income approach to value is not supported by evidence in the report, the Board finds the entire appraisal is unreliable and lacks credibility. For these reasons, the appraisal is given no weight in the Board's analysis. However, the Board will analyze the raw sales data of the comparables found in the sales comparison approach to value in the appraisal, and those submitted by the board of review.

The Board finds the best evidence of market value to be appellant's comparable #3 found in the sales comparison approach to value of the appellant's appraisal, and board of review comparables #1 and #3. These comparables sold for prices ranging from \$49.74 to \$263.00 per square foot of building area, including land. The subject's assessment reflects a market value of \$72.30 per square foot of building area, including land, which is within the range established by the best comparables in this record. Based on this record, the Board finds the appellant did not demonstrate that the subject is overvalued, and a reduction in the subject's assessment is not warranted.

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



Member



Member



Acting 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 24, 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.