



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

APPELLANT: Schmitt Mgmt. Corp.
DOCKET NO.: 15-00552.001-C-1
PARCEL NO.: 14-16-276-002

The parties of record before the Property Tax Appeal Board are Schmitt Mgmt. Corp., the appellant, by attorney Robert Rosenfeld, of Robert H. Rosenfeld and Associates, LLC in Chicago, and the Kane 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 **Kane** County Board of Review is warranted. The correct assessed valuation of the property is:

LAND: \$119,014
IMPR.: \$174,114
TOTAL: \$293,128

Subject only to the State multiplier as applicable.

Statement of Jurisdiction

The appellant timely filed the appeal from a decision of the Kane County Board of Review pursuant to section 16-160 of the Property Tax Code (35 ILCS 200/16-160) challenging the assessment for the 2015 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 masonry and concrete block constructed fast food restaurant currently occupied by McDonald's. The building contains 3,900 square feet of building area and was constructed in 2011. The property has a 57,499 square foot or 1.32-acre site and is located in Sugar Grove, Sugar Grove Township, Kane County.

The appellant contends overvaluation as the basis of the appeal. In support of this argument the appellant submitted an appraisal prepared by Martin Siegel, MAI and an Illinois Certified General Real Estate Appraiser. Utilizing both the income and sales comparison approaches to value, the appraiser estimated the subject property had a market value of \$880,000 as of January 1, 2015.

Under the income capitalization approach, the appraiser set forth data on three rental comparables of fast food restaurant buildings located in Naperville, Lombard and Elgin. The comparables were summarized on page 33. The buildings range in leased square footage from 2,934 to 4,467 square feet of building area. Lease terms ranged from 12 to 20 years. These comparables had net rental rates ranging from \$22.73 to \$35.42 per square foot of building area. The appraiser concluded that the subject would have a market rent of \$24.00 per square foot resulting in a total net rent of \$93,600.

Next, the appraiser estimated the subject would have a 13% allowance for vacancy and collection loss resulting in an effective gross income of \$81,432. Estimated operating expenses for the subject of \$10,847 for management, reserves, taxes and insurance (when vacant) along with maintenance and repairs when vacant, resulted in effective net income of \$70,585.

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 capitalization rate would be 8%. Capitalizing the subject's estimated net income of \$70,585 by 8% resulted in an estimated value under the income approach of \$880,000, rounded.

The appraiser also developed the sales comparison approach to value where four sales located in West Chicago, Batavia, Aurora and St. Charles were examined. The comparable buildings were built between 1985 and 2001 and the buildings range in size from 1,138 to 4,274 square feet of building area. The properties sold between January 2013 and February 2014 for prices ranging from \$300,000 to \$915,000 or from \$152.77 to \$289.28 per square foot of building area, including land. After considering adjustments for differences from the subject in location and physical characteristics, the appraiser opined a market value for the subject of \$225.00 per square foot of building area resulting in an estimated market value for the subject of \$880,000, 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 \$880,000 as of January 1, 2015.

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

The board of review submitted its "Board of Review Notes on Appeal" disclosing the total assessment for the subject of \$330,117. The subject's assessment reflects a market value of \$991,045 or \$254.11 per square foot of building area, land included, when using the 2015 three year average median level of assessment for Kane County of 33.31% as determined by the Illinois Department of Revenue.

In response to the appeal, the board of review submitted two sets of evidence prepared by the Sugar Grove Township Assessor's Office. Each submission included a memorandum from the township assessor along with a grid analysis of comparable sales.¹ Examining the two grids of comparable sales, the Board finds that there are six individual sales of fast food restaurant

¹ The first submission contained four sales; the second submission contained five sales of which only sales #2 and #5 were new submissions.

properties located in St. Charles, Naperville, West Chicago, Warrenville or Carol Stream. Sale #3 in each of the respective grids is the same property as appellant's appraisal sale #1. The board of review comparables range in size from 1,774 to 3,865 square feet of building area and were built between 1970 and 2002 with one of the comparables having been rehabbed in 2013. The comparables sold between June 2012 and May 2015 for prices ranging from \$495,000 to \$915,000 or from \$232.86 to \$314.86 per square foot of building area, including land. Except for two of the six sales, the properties were described as being vacant at the time of sale. Utilizing these sales and making adjustments for differences, the assessor suggested that the subject property under the sales comparison approach to value would have a market value of \$990,600 or \$254.00 per square foot of building area, including land.

As part of the submission, the assessor also prepared a Marshall Valuation Form establishing an estimated market value of the subject property via the cost approach. The assessor set forth an estimated market value for the subject of \$990,450.

In a memorandum reconciling the sales and cost approach data, the assessor argued that the subject property has an estimated market value as of January 1, 2105 of \$990,450. Based on this evidence and argument, the board of review requested confirmation of the subject's assessment.

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 with support from board of review comparable sales #5 which is most similar to the subject in building size. The board of review comparable sales that sold in 2012 have not been considered as indicative of the subject's estimated market value as of January 1, 2015. Board of review sale #2 in the second grid analysis that sold in May 2015 appears to be an outlier and was rehabbed in 2013 prior to the sale in 2015 providing for a newer effective age than the subject property. The assessor was also of the opinion that sales #2 and #3 in the second grid analysis both required downward adjustments to the sale prices of \$314.86 and \$289.28 when compared to the subject.

The subject's assessment reflects a market value of \$991,045 or \$254.11 per square foot of building area, including land, which is above the appraised value and also above the best comparable sale in the record presented by the board of review. The Board finds the subject property had a market value of \$880,000 as of the assessment date at issue. Since market value has been established the 2015 three year average median level of assessments for Kane County of 33.31% as determined by the Illinois Department of Revenue shall apply. (86 Ill.Admin.Code §1910.50(c)(1)).

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.