



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

APPELLANT: Virgil Pontarelli
DOCKET NO.: 15-04245.001-I-1 through 15-04245.002-I-1
PARCEL NO.: See Below

The parties of record before the Property Tax Appeal Board are Virgil Pontarelli, the appellant; and the DuPage 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 **DuPage** County Board of Review is warranted. The correct assessed valuation of the property is:

DOCKET NO	PARCEL NUMBER	LAND	IMPRVMT	TOTAL
15-04245.001-I-1	03-31-201-018	43,750	99,460	\$143,210
15-04245.002-I-1	03-31-201-017	65,670	99,460	\$165,130

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 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 two parcels each improved with a one-story industrial building of masonry construction with 10,588 square feet of building area resulting in a combined building area of 21,176 square feet. Each building was constructed in 1987. Each building has a slab foundation and has a fire sprinkler system. The two buildings face each other and each has five units. Features include an exterior recessed loading dock, 14 foot clear ceiling heights, a 14 foot drive-in door, 300 square feet of office space in each unit and one restroom in each unit. The property has asphalt paving for parking. The two parcels (PINs) have a combined land area of 63,213 square feet. The property is located in Addison, Addison Township, DuPage County.

The appellant contends overvaluation as the basis of the appeal. In support of this argument the appellant submitted a narrative appraisal estimating the subject property had a market value of \$900,000 as of January 1, 2015. The appraisal was prepared by William P. Neberieza, a certified general real estate appraiser.

In the letter of transmittal the appraiser indicated that the purpose of the appraisal was to estimate the retrospective market value of the leased fee estate in the property. The report stated that the leased fee estate is defined as follows:

An ownership interest held by a landlord with the rent of use and occupancy conveyed by lease to others; the rights of lesser (sic) or the leased fee owner and leased fee are specified by contract terms contained within the lease. (Appraisal, p. 6.)

The appraiser determined the highest and best use of the site as vacant would be to improve the site with an industrial improvement. The highest and best use of the subject site as improved was determined to be to maintain the current improvements. In estimating the market value of the subject property the appraiser developed the sales comparison approach to value and the income approach to value.

In developing the sales comparison approach to value the appraiser used four sales located in Addison that were improved with industrial building that ranged in size from 12,177 to 37,460 square feet of building area and were constructed from 1967 to 1979. The comparables had sites ranging in size from 23,353 to 120,334 square feet of land area. The sales occurred from August 2013 to May 2015 for prices ranging from \$515,000 to \$1,650,000 or from \$42.04 to \$47.22 per square foot of building area, including land. After making adjustments to the comparables for differences from the subject in building size and land size the appraiser arrived at adjusted prices ranging from \$40.29 to \$47.22 per square foot of building area, including land. Using this analysis the appraiser indicated the subject property would have a value range from \$40.00 to \$47.00 per square foot of building area or from \$847,040 to \$995,272. The appraiser estimated the subject property had an estimated market value under the sales comparison approach of \$925,000.

Under the income approach to value the appraiser reviewed the subject's rents ranging from \$5.66 to \$12.45 per square foot of building area and four rental comparables with asking rentals ranging from \$6.95 to \$8.00 per square foot of building area on a net of semi-gross basis. The appraiser estimated the market rent to be \$8.00 per square foot resulting in a potential gross income of \$169,408. The appraiser deducted 10% of potential gross income or \$16,940 for vacancy and collection loss resulting in an effective gross income of \$152,468. The appraiser next deducted \$76,902 for expenses, which included \$42,320 in real estate taxes, to arrive at a net operating income of \$75,566. Using the band of investment technique the appraiser arrived at a capitalization rate of 8.40%. Capitalizing the net income resulted in an estimated market value under the income approach to value of \$900,000.

Based on these two approaches to value, giving most emphasis on the income approach, the appraiser estimated the subject property had a market value of \$900,000 as of January 1, 2015.

The appellant submitted copies of the final decisions issued by the board of review disclosing a total assessment of \$408,200, which reflects a market value of \$1,224,600. Based on this evidence the appellant requested the subject's total assessment be reduced to \$319,920.

The board of review did not timely submit its "Board of Review Notes on Appeal" or any evidence to support the assessment of the subject property or to refute the appellant's overvaluation argument.

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 only evidence of market value timely submitted in this record to be the appraisal presented by the appellant estimating the subject property had a market value of \$900,000 as of January 1, 2014. The subject's assessment reflects a market value above the only evidence of market value in the record.

The appraiser indicated that the market value of the leased fee estate was estimated. Section 9-145 of the Property Tax Code (35 ILCS 200/9-145) provides in part:

Statutory level of assessment: Except in counties with more than 200,000 inhabitants which classify property for purposes of taxation, property shall be valued as follows:

- a) Each tract or lot of property shall be valued at 33 1/3% of its fair cash value.

Fair cash value is defined in the Property Tax Code as:

The amount for which a property can be sold in the due course of business and trade, not under duress, between a willing buyer and a willing seller. (35 ILCS 200/1-50).

Based on this definition, the Property Tax Appeal Board questions whether the market value of the leased fee estate developed by the appellant's appraiser is truly reflective of fair cash value for assessment purposes.

In estimating the market value of the subject property the appellant's appraiser developed the sales comparison approach to value estimating the subject property had a market value of \$925,000. The appraiser also developed the income approach to value estimating the subject property had a market value of \$900,000. Of the two approaches to value contained in the appraisal, the Property Tax Appeal Board finds the sales comparison approach to be more probative and better reflective of fair cash value. Less weight was given the income approach developed by the appraiser due to the fact that the appraiser deducted real estate taxes as an expense when the more appropriate process to handle this item is to use an effective tax rate as part of the capitalization rate. Additionally, the appraiser did not identify the source used to arrive at the remaining expenses deducted from the effective gross income to demonstrate these

expenses were reflective of the market. Based on this evidence and giving more weight to the sales comparison approach, the Property Tax Appeal Board finds the subject property had a market value of \$925,000 as of the assessment date.

The board of review did not timely submit any evidence in support of its assessment of the subject property or to refute the appellant's argument as required by section 1910.40(a) of the rules of the Property Tax Appeal Board and is found to be in default pursuant to section 1910.69(a) of the rules of the Property Tax Appeal Board. (86 Ill.Admin.Code §1910.49(a) & §1910.69(a)).

In conclusion, the Board finds a reduction in the assessed valuation of the subject property is appropriate.

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.