FINAL ADMINISTRATIVE DECISION
ILLINOIS PROPERTY TAX APPEAL BOARD

APPELLANT: Dakin Self Storage
DOCKET NO.: 15-34364.001-C-2
PARCEL NO.: 13-19-202-030-0000

The parties of record before the Property Tax Appeal Board are Dakin Self Storage, the appellant, by attorney Ronald Justin, of the Law Offices of Ronald Justin 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:

LAND:	$115,066
IMPR.:	$754,227
TOTAL:	$869,293

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 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 an approximately 43,835 square foot, rectangular, corner parcel of land improved with three-story, masonry, commercial building used as a self-storage facility. The subject property is located in Jefferson Township, Cook County. The subject is classified as a class 5-97, special commercial structure/property under the Cook County Real Property Assessment Classification Ordinance.

At the hearing, the Board elaborated on two procedural points. First, the Board noted that on August 27, 2018 which was prior to hearing, the appellant had moved to consolidate the 2015, 2016 and 2017 property tax appeals for hearing. Upon review of the three files, the Board denied the appellant's request. In a written response, the Board explained in detail that the

evidentiary period in the 2016 and 2017 appeals had not concluded; and therefore, the latter two years of appeal were not ready to move forward to hearing.

Second, the Board noted that even though the subject property is a special commercial property, that the appellant submitted the 2015 petition on a residential property appeal form. Therefore, the Board corrected the appellant's scrivener error and correctly docketed this appeal.

The appellant contends overvaluation as the basis of the appeal. In support of this argument, the appellant submitted an appraisal by the Peterson Appraisal Group estimating the subject property had a market value of $2,890,000 as of January 1, 2015. The appraisal while developing all three traditional approaches to value, only provided a value estimate for two approaches: the cost approach with a value estimate of $3,465,000 and the income approach with a value estimate of $2,890,000.

At hearing, appellant's attorney stated that he was not calling either of his appraisers as a witness in this proceeding. The board of review's representative raised a hearsay objection not to the timeliness of the appellant's evidence submission, but to the fact that the preparer of the appraisal was not being called as a witness in this proceeding. The appellant's response was that the appraisal was the appellant's primary evidence.

The Board sustained the board of review's hearsay objection and indicated that the appraisal was in evidence, but that the Board would not accord any weight to the adjustments and conclusions within the report due to the absence of the preparer to be examined regarding the methodology used therein.

The appraisal indicated that the subject's improvement contained approximately 95,403 square feet of gross building area with 665 units in total with 69,125 square feet of net rentable area and was built in 2012. It stated that Peterson personnel conducted an inspection of the property on August 22, 2015, while submitting interior and exterior photographs of the property.

In developing the sales comparison approach, the appraisal reflects raw sales data on four properties identified as self-storage buildings. They were located in Chicago, Melrose Park, Chicago Heights, and Frankfort, while the subject is located in Chicago. The properties sold from May, 2011, to November, 2014, for prices that ranged from $23.95 to $34.03 per square foot. They ranged in age from 30 to 53 years of age and in improvement size from 20,250 to 100,359 square feet of building area. The appraisal stated that "self-storage facility values are driven by the income characteristics of a property and that rent or expense information for the comparables limits the value of this data". Therefore, no conclusions can be drawn based upon this sales comparison approach.

The appraisal also stated that the sales comparison approach to value is a method whereby actual sales of similar properties are compared to the property being appraised. However, it stated later therein that "given the lack of financial data of comparable sales, the reliability of this approach is reduced". Moreover in the report, the appraisal indicated that "no conclusion was drawn in the sales comparison approach since these properties trade based on the business attributes of the property and the income/expense statements of the comparables was not available".

The board of review submitted its "Board of Review Notes on Appeal" disclosing the total assessment for the subject of $869,293. The subject's assessment reflects a market value of $3,477,172 or $36.49 per square foot of building area, using 95,280 square feet, when applying the 25% level of assessment for class 5, special commercial property under the Cook County Real Property Assessment Classification Ordinance.

In support of its contention of the correct assessment, the board of review submitted unadjusted descriptive and sales data on six suggested sale comparables The properties were located in either Chicago or River Grove and contained improvements identified as "specialty/self-storage" facilities. They ranged in age from 1 to 95 years of age and in improvement size from 51,975 to 145,000 square feet of building area. The properties sold from December, 2012, to April, 2015, for prices that ranged from $76.72 to $203.98 per square foot. The printouts reflect that sale #1, #2, and #6 were either part of a bulk sale or a portfolio sale.

At hearing, the board of review's representative argued that the subject's current market value of $36.49 per square foot is well under the sales range of the six sales of specialty/self-storage facilities submitted by the board of review. On cross-examination, she testified that she had no personal knowledge of how long the subject or the board's sale properties had been in business.

Thereafter, she asserted that in the appellant's cost approach to value developed by the appellant's appraisers raw market data is used, which reflect a market value that is almost the same as that estimated by the board of review. She further argued that since the subject property was a recent construction and a special purpose property, that the cost approach raw data also supports the board of review's current position that the subject property is fairly assessed. Moreover, she testified that the board of review and the assessor's offices look at self-storage facilities as a special type of building.

Further, the appellant was accorded a 30-day period after receipt of the board of review's evidence within which to submit any written rebuttal evidence. The appellant did not submit any rebuttal evidence. Nevertheless, at hearing, the appellant's attorney asserted that a self-storage building is like any other business where the longer the business has been in place, certain goodwill and community acceptance of that business is built into the value. He argued that the subject is new, and that vacancy is an issue that does affect the valuation of the property.

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 *did not meet* this burden of proof and a reduction in the subject's assessment *is not* warranted.

In viewing the totality of the market value evidence, the Board finds that the appellant failed to call as a witness either of the two signatory appraisers whose work product was submitted.

Specifically, the appraiser was not present at hearing to testify as to his/her qualifications, identify work, testify about the contents of the evidence, the conclusions or be cross-examined by the opposing party and the Board. In Novicki v. Department of Finance, 373 Ill.342, 26 N.E.2d 130 (1940), the Supreme Court of Illinois stated, "[t]he rule against hearsay evidence, that a witness may testify only as to facts within his personal knowledge and not as to what someone else told him, is founded on the necessity of an opportunity for cross-examination, and is basic and not a technical rule of evidence." Novicki, 373 Ill. at 344. In Oak Lawn Trust & Savings Bank v. City of Palos Heights, 115 Ill.App.3d 887, 450 N.E.2d 788, 71 Ill.Dec. 100 (1st Dist. 1983) the appellate court held that the admission of an appraisal into evidence prepared by an appraiser not present at the hearing was in error. The appellate court found the appraisal to be hearsay that did not come within any exception to the hearsay rule, thus inadmissible against the defendant, and the circuit court erred in admitting the appraisal into evidence. Id.

In Jackson v. Board of Review of the Department of Labor, 105 Ill.2d 501, 475 N.E.2d 879, 86 Ill.Dec. 500 (1985), the Supreme Court of Illinois held that the hearsay evidence rule applies to the administrative proceedings under the Unemployment Insurance Act. The court stated, however, hearsay evidence that is admitted without objection may be considered by the administrative body and by the courts on review. Jackson 105 Ill.2d at 509. In the instant case, the board of review has objected to the appellant's appraisal as hearsay. Therefore, the Board finds the appraisal hearsay and the adjustments and conclusions therein are given no weight. However, the Board will consider the raw sales data submitted by the parties.

Initially, the Board finds that even though sale comparables were located by the appellant's appraisers, their appraisal reflects that they indicated that no value estimate under this approach due to the absence of financial documents such as actual income and expenses at these properties. The Board finds this methodology flawed and unpersuasive. The appraisers' statements were not only unsupported in the written report, but the appellant's failure to provide either appraiser to testify at hearing further taints the uncorroborated statements therein. Common appraisal and assessing theories provide accepted methods for extracting business value from a property sale, where appropriate.

Further, the courts have stated that where there is credible evidence of comparables sales, these sales are to be given significant weight as evidence of market value. In Chrysler Corporation v. Property Tax Appeal Board, 69 Ill.App. 3d 207 (2nd Dist. 1979), the Court further held that significant relevance should not be placed on the cost approach or the income approach especially when there is market data available. Id. Moreover, in Willow Hill Grain, Inc. v. Property Tax Appeal Board, 187 Ill.App.3d 9 (5th Dist. 1989), the Court held that of the three primary methods of evaluating property for purposes of real estate taxes, the preferred method is the sales comparison approach.

Therefore, the Board will also place significant weight on the sale comparables submitted into the record. In totality, the parties' submitted raw sales data regarding 10 suggested comparables. The Board finds the appellant's sale #1 as well as the board of review's sales #3, #4, and #5 are all specialty, self-storage properties located in Chicago, as is the subject property, and are most comparable to the subject. In addition, the properties ranged in building size from 35,266 to 88,000 square feet of building area. These properties sold from June, 2012, to April, 2015, in an unadjusted range from $34.03 to $146.19 per square foot of building area.

The subject's assessment reflects a market value of $36.49 per square foot of building area, which is within the unadjusted range established by the best comparable sales in the record. After making adjustments to the comparables for pertinent factors including, but not limited to, location and/or proximity to the subject, sales date in proximity to assessment date, building age, building size and/or amenities, the subject's market value is still at the low end of the range established by these comparables. Based upon this evidence, the Board finds a reduction in the subject's assessment *is not* justified.

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:

C E R T I F I C A T I O N

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: April 23, 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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