



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

APPELLANT: Hal Series LLC 1117  
DOCKET NO.: 15-36657.001-C-1 through 15-36657.002-C-1  
PARCEL NO.: See Below

The parties of record before the Property Tax Appeal Board are Hal Series LLC 1117, the appellant(s), by attorney Leslie Hedges, of the Law Offices of Terrence Kennedy Jr. 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:

DOCKET NO	PARCEL NUMBER	LAND	IMPRVMT	TOTAL
15-36657.001-C-1	17-04-414-007-0000	45,000	192,713	\$237,713
15-36657.002-C-1	17-04-414-008-0000	134,145	578,142	\$712,287

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 two parcels of land totaling 11,943 square feet and improved with an approximately 86-year old, eight-story, masonry, apartment/commercial building containing approximately 77,336 square feet of building area. The building contains 134 residential units and two, ground floor, commercial units. The property is located in North Chicago Township, Cook County and is a class 3 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 undertaken by Ronda Sandic and Gary M. Skish with First Real Estate Services, Ltd. The appraisal utilized the three approaches to value to estimate a market value for the subject property of \$9,500,000 as of January 1, 2015.

Mr. Skish was the appellant's only witness. Skish testified he is a certified general real estate appraiser licensed in Illinois. He testified he has been appraising property for 21 years and involved in the real estate industry for 33 years. Skish testified has appraised thousands of properties during his career with most of the properties being commercial. He testified he has appeared before courts, counties, and the Property Tax Appeal Board as an expert witness. Mr. Skish was accepted as an expert in property valuation without objection from the parties.

Skish testified as to the procedure undertaken to estimate the value of the subject under the cost approach. The appraisers analyzed four land sales. To estimate a land value for the subject of \$200.00 per square foot or \$2,390,000, rounded.

Using Marshall & Swift Computerized Cost Estimate Program, the appraisers estimated a replacement cost new for the subject of \$14,608,461. The appraisers used the age-life method to estimate depreciation at 50%. They estimated the total depreciated value of the improvement at \$7,304,230 with site improvements at \$2,500. The site improvement value and the land value were added back in for a total estimated value under the cost approach of \$9,700,000, rounded.

Skish testified to the procedure undertaken to estimate the value of the subject under the income approach. The appraisers analyzed the six commercial rental and nine apartment rentals considered comparable to the subject. Skish testified he also analyzed the subject's actual rental rates. These commercial properties ranged in rental size from 1,213 to 3,400 square feet of building area and have actual rental rates from \$21.00 to \$38.21 per square foot of rental area. The apartments properties ranged in rental size from a studio to a one-bedroom and have actual rental rates from \$525 to \$1,750 per studio or bedroom. The appraiser estimated a rental rate for the commercial portion of the subject at \$21.00 per square foot of building area and the apartment portion at \$1,200 and \$1,525 per studio or bedroom, respectively, which resulted in a potential gross income of (PGI) \$2,082,000. Vacancy and collection loss were estimated at 10% for the commercial units and 7% for the residential units for an effective net income (EGI) of \$1,947,077. Expenses were estimated at \$852,820 and the return on FF&E and the return of FF&E were estimated at \$62,023 for an estimated net operating income (NOI) of \$1,032,234.

In determining the appropriate capitalization (CAP) rate, the appraisers analyzed survey and publication data and employed the band of investment methodology to develop an overall CAP rate of 9%. This CAP rate was then loaded for a rate of 10.86%. The NOI was divided by this rate to estimate the market value for the subject under this approach at \$9,500,000, rounded.

Skish testified to the procedure undertaken to estimate the value of the subject under the sales comparison approach. The appraisal analyzed five sales and made adjustments to these sales for pertinent factors. The properties sold from October 2014 to September 2015. They ranged in size from no commercial units and 224 residential units to four commercial units and 147 residential units and sold for prices ranging from \$38,500 to \$216,518 per unit. The appraisers estimated a value for the subject at \$70,000.00 per square unit for a total estimated value under the sales comparison approach of \$9,520,000, rounded.

In reconciling the approaches to value, Skish testified he placed least weight on the cost approach because of the hypothetical if land was vacant, the arbitrary depreciation placed on an aged building, and the fact that the market does not look this approach when buying a property.

As to the sales comparison approach, Skish testified that the market is not as concerned with a sales price for these types of properties but looks to the income producing capability of the property. He testified he gave primary emphasis to the income approach because the rents come from the market, the expenses come from both actual and market expenses, the CAP rate is reliable, and most buyers would look to this approach for purchasing an income producing property. The final estimate of value for the subject as of January 1, 2012 is \$600,000.

On cross-examination by the board of review, Skish reiterated that primary emphasis was given to the income approach. He testified he selected nine rental comparables. He acknowledged that the comparables are all asking rates. He testified he utilized actual rents because leases are typically on one year long, so the data is appropriate. He acknowledged there are 117 studios with rental comparables ranging from \$525 to \$1,350 and 17 one-bedroom units with rental comparables ranging from \$820 to \$1,750 per unit. He acknowledged the subject had an average rental rate of \$17.99 per square foot of building area. He testified he used the average rental rate for the residential units. He reiterated that he used 10% vacancy for the commercial space and 7% vacancy/collection loss rate for the residential units. He described the FF&E as the furniture in the lobby, the appliances in the units, a few weight machines, and the laundry equipment in the building.

He testified he arrived at a base CAP rate of 9.75% which he determined through surveys and the band of investment technique. He testified he looked to institutional and non-institutional properties. He opined that the subject is a unique building with a good location, but not in great condition so it's a second-tier property. Skish testified that the subject is located in the Chicago Metro area, but that the survey for this includes all tiers of property and that the Regional Midwest rates separate out each tier. He acknowledged that this survey includes other Midwest states, but opined that Chicago is the primary market. He acknowledged that the Chicago Metro area average CAP rate is higher, but that they include institutional grade investment properties which have very low CAP rates. He testified that if the CAP rate increased then the estimate of value would also increase.

On redirect, Skish testified that he used the 9% CAP rate due to the features of the building, its age, and that it has smaller units. He opined that these characteristics increase the risk for investment.

The board of review submitted its "Board of Review Notes on Appeal" wherein the subject's total assessment was \$1,049,999; yielding a market value of \$10,499,990 or \$135.77 per square foot of building area using the Cook County Real Property Classification Ordinance for Class 3 property of 10%.

The board also submitted raw sales information on five properties suggested as comparable. The properties sold for prices ranging from \$149.55 to \$264.21 per square foot of building area, including land. In addition, the board of review's memorandum discloses that the data is not intended to be an appraisal or estimate of value and should not be construed as such. In addition, it discloses that the information is assumed factual, accurate, and reliable, but has not been verified and does not warrant its accuracy. The board of review did not present any witness at hearing.

In rebuttal, the appellant recalled Gary Skish. Mr. Skish testified that he reviewed the sales presented in the board of review's evidence. He testified to each property and opined why these properties are not comparable to the subject in estimating the subject's market value.

### **Conclusion of Law**

When overvaluation is claimed the appellant has the burden of proving the value of the property by a preponderance of the evidence. National City Bank of Michigan/Illinois v. Illinois Property Tax Appeal Board, 331Ill.App.3d 1038 (3<sup>rd</sup> Dist. 2002); Winnebago County Board of Review v. Property Tax Appeal Board, 313 Ill.App.3d 179 (2<sup>nd</sup> Dist. 2000). Proof of market value may consist of an appraisal, a recent arm's length sale of the subject property, recent sales of comparable properties, or recent construction costs of the subject property. 86 Ill.Admin.Code 1910.65(c). Having considered the evidence presented, the Board concludes that the appellant has met this burden and that a reduction is warranted.

In determining the fair market value of the subject property, the Board examined the appellant's appraisal report and testimony and the board of review's evidence.

The Board finds the board of review's witnesses were not present or called to testify about their qualifications, identify their work, testify about the contents of the evidence and the conclusions, or be cross-examined by the appellant and the Property Tax Appeal Board. Without the ability to observe the demeanor of these individuals during the course of testimony, the Board gives this evidence from the board of review no weight.

In determining the fair market value of the subject property, the Board finds the best evidence to be the appellant's appraisal and testimony. The appellant's appraiser utilized the three traditional approaches to value in determining the subject's market value. The Board finds the appraisal and testimony to be persuasive for the appraiser: has experience in appraising; the subject was inspected; the appraiser used similar properties in the sales comparison approach while providing sufficient detail regarding each sale as well as adjustments that were necessary; and credibly testified as to why the income approach to value was given the most weight.

Therefore, the Board finds the subject had a market value of \$9,500,000 for the 2015 assessment year. Since the market value of this parcel has been established, the Cook County Real Property Classification Ordinance for Class 3 property of 10% will apply. Therefore, the Board finds that a reduction is 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. 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.

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Chairman



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Member

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Member



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Member

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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: June 18, 2019



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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

AGENCY

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