



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

APPELLANT: Community Consolidated School Dist. #93
DOCKET NO.: 16-05848.001-C-3
PARCEL NO.: 02-19-200-014

The parties of record before the Property Tax Appeal Board are Community Consolidated School Dist. #93, the appellant, by attorney Joel R. DeTella of Petrarca, Gleason, Boyle & Izzo, LLC, in Flossmoor; the DuPage County Board of Review; V Land Bloomingdale Army Trail, LLC, intervenor/taxpayer¹; and Bloomingdale Park District, Bloomingdale Public Library, Village of Bloomingdale, intervening taxing districts, by attorney Scott L. Ginsburg of Robbins Schwartz Nicholas Lifton & Taylor, in Chicago.

Based on the facts and exhibits presented in this matter, the Property Tax Appeal Board hereby finds **An Increase** 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:

LAND: \$ 96,700
IMPR.: \$544,130
TOTAL: \$640,830

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 2016 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

Prior to the scheduled hearing date of October 21, 2020, a joint motion was filed requesting the Property Tax Appeal Board issue a decision in this matter based on the evidence in the record without conducting a hearing. The motion was signed by the appellant/taxing district's attorney Joe R. DeTella and Mathew R. Rasche, Member of the DuPage County Board of Review. On the

¹By postmark date of October 16, 2020, Scott D. Verhey filed Notice of Withdraw of Attorney. Counsel explained the attorney and party have severely differed in their opinions regarding how the attorney should represent the party in this matter making it impossible for the attorney to represent the party. The Notice of Withdraw of Attorney was received by the Property Tax Appeal Board on October 19, 2020, just two days prior to the scheduled hearing on October 21, 2020.

scheduled hearing date of October 21, 2020, Mathew J. Walters, attorney for appellant/taxing district appeared before the Property Tax Appeal Board. No other parties to the appeal were present at the scheduled hearing, namely V Land Bloomingdale Army Trail, LLC or their legal counsel, any Member of the DuPage County Board of Review or their legal counsel, or Bloomingdale Park District, Bloomingdale Public Library, Village of Bloomingdale, intervening taxing districts, or their attorney Scott L. Ginsburg.

Mr. Walters noted there is joint motion with the School District #93 and the DuPage County Board of Review for the Property Tax Appeal Board issue a decision on the evidence without a hearing that was previously submitted. The Administrative Law Judge reviewed the motion and noted service of the motion to all other parties on October 20, 2020. Scott D. Verhey, attorney for the intervenor/taxpayer did not reply to the motion. The taxing districts, through attorney Scott L. Ginsburg, adopted the evidence submitted by both the appellant and board of review. Therefore, the Administrative Law Judge found the taxing bodies were complicit in the joint motion.

On October 26, 2020, the Administrative Law Judge issued a written ruling granting Scott D. Verhey's request to withdraw as attorney for the intervenor/taxpayer. The taxpayer, V Land Bloomingdale Army Trail, LLC, was given 30 days to retain legal counsel, if needed. The Board finds V Land Bloomingdale Army Trail, LLC failed to procure legal representation in this matter. The Administrative Law Judge also found the joint motion for decision on the evidence was signed by the appellant and board of review and that since the taxing districts adopted the evidence submitted by both the appellant and board of review, the taxing districts were complicit in the joint motion. Therefore, the Administrative Law Judge granted the motion to issue a decision based on the in the record finding all other parties not appearing at the hearing waived any objection.

The subject property is improved with a Class C one-story single-tenant freestanding retail building of masonry exterior construction with fixed glass metal frame with a flat roof supported by metal decking and steel structural components with rubber membrane or composition covering. The building contains 20,481 square feet of building area. The building was constructed in 2005. The building has tile and exposed concrete flooring, painted drywall and exposed structural components, acoustic ceiling panels with ceiling heights of 18 to 20 feet with fluorescent lighting and restroom/locker room facilities. The building has roof-mounted HVAC units and has a sprinkler fire protection system. The subject has a one overhead door and one loading dock with levelers. The subject site has 1.72 acres or 75,054 square feet of land area resulting in a land to building ratio of 3.66:1.

The appellant contends undervaluation 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 \$1,925,000 as of January 1, 2016. The appraisal was prepared by real estate appraiser Dale J. Kleszynski of Associated Property Counselors, Ltd. Kleszynski has been a real estate appraiser since 1979 and is licensed in Illinois, Indiana, and Michigan. The appraiser holds the MAI designation from the Appraisal Institute and a Senior Residential Appraisal (SRA) designation. The Board has marked Kleszynski's appraisal as Appellant Exhibit No. 1.

Kleszynski determined the highest and best use as improved to be the existing use as a single-tenant commercial or retail applications or acquisition by an owner-user or investor.

Kleszynski did not develop the cost approach to value, but developed a land value estimate to allow the intended user to better understand the land component to assist in formulating a conclusion about the highest and best use. In estimating the land value, the appraiser utilized five land sales located in Bloomingdale, Glendale Heights, Carol Stream, Aurora and Glen Ellyn. The comparables ranged in size from 132,989 to 257,880 square feet of land area. The sales occurred from January 2013 to December 2015 for prices ranging from \$600,000 to \$1,748,500 or from \$4.30 to \$9.37 per square foot of land area. Based on these sales and considering adjustments to the comparables for differences to the subject in location, land area and zoning, Kleszynski estimated the subject property had a land value of \$6.50 per square foot of land area or \$490,000, rounded.

Kleszynski next developed the income approach to value. The appraiser identified six comparable rentals located in Addison, Downers Grove, Naperville, Lombard, Schaumburg, and Hanover Park in order to estimate the market rent associated with the subject property. The buildings ranged in size from 10,900 to 22,000 square feet of building area. The comparables had leases commencing from August 2014 to February 2016 with five comparables having terms of from 3 to 7 years. Rental rates ranged from \$6.80 to \$13.50 per square foot on a net basis or modified gross basis. The appraiser indicated the comparables required minor adjustments for condition, construction and utility. As a result, the appraiser estimated the subject's market rent to be \$8.50 per square foot of building area on a net basis wherein the tenant pays a pro-rata portion of the real estate tax, insurance and common area maintenance (CAM) and the owner would be responsible for the expense associated with vacancy, reserves for replacement, miscellaneous items and management fees. Applying the net per square foot rental rate of \$8.50 per square foot of building area, the appraiser calculated the subject's potential gross annual income of \$174,089. The appraiser utilized a vacancy and collection loss of 9% of potential gross income or \$15,668, which was deducted to arrive at an effective gross income (EGI) of \$158,421. The appraiser next estimated expenses for real estate taxes of \$59,799; insurance at \$.45 per square foot of building area or \$9,216; management fee (3.5% of EGI) of \$5,545; common area maintenance (CAM) of \$1.25 per square foot of building area or \$25,601; reserves for replacement of \$.20 per square foot of building area or \$4,096; and other expenses (1% of EGI) of \$1,584, resulting in total expenses of \$105,842 or an expense ratio of 66.81% of the EGI. Adding expense reimbursements of \$86,101 results in a net operating income (NOI) of \$138,680.

Using the band of investment technique to develop a capitalization rate, Kleszynski estimated the debt amount would be based on a 75% loan to value ratio, a 4.75% fixed mortgage interest rate, and a 25-year amortization, which would result in a mortgage constant of .0864. The equity investment was 25% with an anticipated return of 8.50%. Using these estimates the appraiser arrived at a capitalization rate by the band of investment method of 7.25%. Capitalizing the NOI of \$138,680 by the capitalization rate of 7.25% resulted in an estimated value under the income approach of \$1,915,000, rounded.

As an additional analysis, Kleszynski developed a net income for the subject by excluding real estate tax as an expense resulting in an NOI of \$198,479. Using the basic rate of .0726 and adding a tax load factor of .0331 results in an overall capitalization rate of .1055%. Capitalizing the NOI of \$198,479 by the capitalization rate of 10.55% resulted in an estimated value under the income approach of \$1,900,000, rounded.

Using the sales comparison approach to value, the appraiser selected five comparables due to their date of sale, location, building configuration of traditional single tenant industrial buildings having storage warehouse, production and office applications. The comparable sales are located in Bloomingdale, West Dundee, Carpentersville, Aurora, and Algonquin. Each comparables is described as a retail building like the subject. Photographs of the comparables in the appraisal depict one-story free standing masonry buildings. The comparables range in size from 17,600 to 33,415 square feet of building area. The buildings were constructed from 1987 to 2007 with comparables #1 and #3 renovated in 1997 and 1999, respectively. These properties have sites ranging in size from 1.75 to 3.85 acres or from 53,579 to 167,706 square feet of land area with land to building ratios ranging from 1.89:1 to 6.98:1. Four comparables are single tenant buildings while one comparable is a multi-tenant building that was 57% vacant at the time of sale. The sales occurred from August 2013 to November 2015 for prices ranging from \$1,400,000 to \$2,40,000 or from \$58.36 to \$123.27 per square foot of building area including land. Elements of comparison used by the appraiser to adjust the comparables included property rights conveyed, financing terms, condition of sale, changes in market condition and trends, location, land-to-building ratio, building size, and physical variations of the current use and condition. Comparables #1 and #2 were described as leased fee transactions. Comparable #1 was adjusted downward for property rights conveyed due to its higher rental rate and comparable #2 reflects market activity and did not require substantial adjustment for property rights conveyed. Comparables #1, #4 and #5 had overall downward adjustments while comparables #2 and #3 had overall upward adjustments. Based on these qualitative adjusted sale prices, the appraiser arrived at an estimated market value of \$95.00 per square foot of building area including land, for a total value of \$1,945,000.

In reconciling the approaches to value the appraiser gave greatest consideration to the sales comparison approach to value and supportive consideration of the income approach to value in formulating the final value conclusion. As a result, the appraiser concluded a final estimated market value for the subject property of \$1,925,000 as of January 1, 2016.

Based on this evidence, the appellant/taxing district requested the subject's total assessment be increased to reflect the appraised value.

The board of review submitted its "Board of Review Notes on Appeal" disclosing the total assessment for the subject of \$349,590. The subject's assessment reflects a market value of \$1,050,135 or \$51.27 per square foot of building area, land included, when using the 2016 three-year average median level of assessment for DuPage County of 33.29% as determined by the Illinois Department of Revenue.

In support of its contention of the correct assessment the board of review submitted a grid analysis with limited descriptive data for five suggested comparable sales located in Bloomingdale, Itasca, Hoffman Estates, and Carol Steam. The evidence was prepared by the Bloomingdale Township Assessor. The grid analysis indicates the comparables are improved with buildings of unknown story height and exterior construction that were constructed from 1974 to 1990 and range in size from 15,434 to 21,596 square feet of building area. The comparables' sites sizes were not disclosed but land to building ratios were reported to range from 3.58:1 to 9.13:1. The grid analysis did not disclose if the properties were single or multi-tenant building, their use or any other salient

features. The sales occurred from January 2014 to July 2015 for prices ranging from \$895,000 to \$1,200,000 or from \$42.62 to \$55.90 per square foot of building area including land.

To document the comparables the board of review submitted copies of documents such as listing sheets, property record cards and some the PTAX-203 Illinois Real Estate Transfer Declaration and the PTAX-203-A Illinois Real Estate Transfer Declaration Supplemental Form A. These documents indicate four comparable sales are composed of multi-tenant retail strip centers or part of a retail strip center. Comparable #5 is a multi-tenant free standing building that had deferred maintenance at the time of sale. Comparable #4 was described as a two-story building, unlike the subject.

Based on this evidence, the board of review requested confirmation of the subject's assessment.

In support of its contention of the correct assessment, the intervenor/taxpayer V Land Bloomingdale Army Trail, LLC, submitted a grid analysis with limited descriptive data for six suggested comparable sales located in Bloomingdale, Geneva, Aurora, Elgin, West Chicago, and Carol Stream. One comparable was also used by the board of review. Copies of listing/sales sheets that contained some other descriptive information were also submitted. Based on the photographs and supporting documents, the comparables are composed of five, one-story multi-unit retail strip centers and one, one-story free-standing building used for retail and office purposes. The buildings were constructed from 1990 to 2008, range in size from 17,000 to 23,411 square feet of building area and are situated on sites that range in size from .47 to 3 acres or from 20,325 to 130,680 square feet of land area. Four comparables were described "high vacancy" with vacancy rates from 38% to 100%. The comparables sold from February 2013 to October 2015 for prices ranging from \$345,000 to \$2,450,000 or from \$17.36 to \$143.73 per square foot of building area including land.²

Intervening taxing districts Bloomingdale Park District, Bloomingdale Public Library, Village of Bloomingdale adopted the evidence "of the Intervening School District and DuPage County Board of Review."

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). National City Bank of Michigan/Illinois v. Illinois Property Tax Appeal Board, 331 Ill.App.3d 1038 (3rd Dist. 2002). 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 an increase in the subject's assessment is warranted.

The appellant submitted a narrative appraisal estimating the subject property had a market value of \$1,925,000 or \$93.99 per square foot of building area including land as of January 1, 2016. The board of review provided information on five comparable sales in support of its contention of the

² Intervenor/taxpayer comparable #2 sold in December 2013 for \$1,200,000 or \$70.40 per square foot of building area including land and again in October 2015 for \$2,450,000 or \$143.73 per square foot of building area including land.

correct assessment while the intervenor/taxpayer submitted 6 comparables sales to its contention of the correct assessment. The subject property has a total assessment \$349,590, which reflects a market value of \$1,050,135 or \$51.27 per square foot of building area including land when using the 2016 three-year average median level of assessment for DuPage County of 33.29% as determined by the Illinois Department of Revenue.

The intervening taxpayer provided information on 6 comparable sales for the Board consideration. The Board gave little weight to these comparable sales. The Board finds all six of the suggested comparable sales are multi-tenant strip centers, unlike the subject's single-tenant freestanding retail building. Additionally, comparables #2 through #4 suffer from high vacancy rates and comparables #1 and #2 are REO transactions, which are not reliable indicators of value for the subject property. Furthermore, comparable sales #2 and #4 are located in Kane County, unlike the subject which is located in DuPage County. Finally, unlike the appellant's appraiser, the intervening taxpayer did not attempt to adjust the comparables for differences from the subject property, which detracts from the weight of the evidence.

The board of review provided information on 5 comparable sales for the Board's consideration. The Board gave little weight to these comparable sales. Like the intervening taxpayer comparables, these comparable sales are comprised multi-tenant strip centers and one multi-tenant free standing building, unlike the subject's single-tenant freestanding retail building. In addition, the record shows comparables #1 and #2 are leased fee transactions. The board of review made no analysis of the leases for these sales and the impact they may have had on the purchase price. Therefore, the Board finds it questionable the reported sales prices truly reflect the fair cash value of the real estate.

On this record, the Board finds the best evidence of market value to be the appraisal prepared by Kleszynski on behalf of the appellant. The appellant's appraiser developed two of the three traditional approaches to market value in arriving at an estimated market value of \$1,925,000 as of January 1, 2016. Under the sales comparison approach the appraiser arrived at an estimated market value of \$1,945,000 and using the income approach to value the appraiser arrived at an estimated market value of \$1,900,000. In reconciling the three approaches to value the appraiser gave primary consideration to the sales comparison approach to value with support from the income approach to value in arriving at the final opinion of value of \$1,925,000.

The Board finds the board of review and intervening taxpayer did not present any evidence that challenged or refuted the appellant's appraiser's estimate of the subject's value. No evidence was presented by the board of review or intervening taxpayer to challenge or refute the appellant's appraiser's calculations under the income approach to value for such elements as market rent, potential gross income, vacancy and collection loss, the effective gross income, expenses, the net operating income or the capitalization rate used to capitalize the net operating income into an indication of value. The Board finds the sales comparison approach to value contained in the appellant's appraisal, which detailed the selection and use of similar comparable properties for comparison to the subject and outlined the detailed adjustment process to account for differences of the comparables from the subject property, is more credible than the dissimilar unadjusted sales provided by the board of review and intervening taxpayer.

In conclusion, based on the evidence and testimony presented by the parties in this appeal, the Board finds the subject property had a market value of \$1,925,000 as of the January 1, 2016. Since market value has been established the 2016 three-year average median level of assessments for DuPage County of 33.29% as determined by the Illinois Department of Revenue shall apply, rounded.

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: _____

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:

September 20, 2022



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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