



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

APPELLANT: Community Consolidated School Dist. No. 93
DOCKET NO.: 16-05850.001-I-3
PARCEL NO.: 02-20-106-010

The parties of record before the Property Tax Appeal Board are Community Consolidated School Dist. No. 93, the appellant, by attorney Joel R. DeTella of Petrarca, Gleason, Boyle & Izzo, LLC, in Flossmoor; the DuPage County Board of Review; and Bloomingdale Park District, Bloomingdale Public Library and Village of Bloomingdale, the intervenors, by attorney Scott L. Ginsburg of Robbins Schwartz Nicholas Lifton & Taylor, in Chicago. The owner and taxpayer, 221 Covington Prop Owner, LLC, was given several opportunities to intervene and submit evidence in the appeal but was ultimately found in default.

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: \$ 383,080
IMPR.: \$1,364,645
TOTAL: \$1,747,725

Subject only to the State multiplier as applicable.

Statement of Jurisdiction

The appellant school district 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 22, 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 Joe R. DeTella the appellant/taxing district's attorney and Mathew R. Rasche and Carl Perterson, Members of the DuPage County Board of Review. On the scheduled hearing date of October 22, 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, any Member of the DuPage County Board of Review or their legal counsel, or Bloomingdale Park District, Bloomingdale Public

Library and Village of Bloomingdale, intervening taxing districts, by their attorney Scott L. Ginsburg.

Mr. Walters stated there is a pending joint motion with School District #93 and the DuPage County Board of Review for the Property Tax Appeal Board to issue a decision on the evidence without a hearing that was previously submitted. The Administrative Law Judge reviewed the motion. The Administrative Law Judge determined the intervening 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 intervening taxing bodies were parties in the joint motion pursuant to Property Tax Appeal Board rule.

By email, the Administrative Law Judge issued a written ruling. The Administrative Law Judge found that the intervening taxing districts adopted the evidence submitted by both the appellant and board of review and the taxing districts were parties to the joint motion. The Administrative Law Judge determined the owner/taxpayer had been found in default and was therefore prohibited from raising and objection to 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 one-story single-tenant masonry and steel frame constructed industrial building having warehouse storage, distribution, and production applications with general and private office space. The building contains 95,510 square feet of building area and was constructed in 1991 with an addition in 1996. Approximately 20.01% of the building is office space. The building is situated on a concrete slab foundation and has a built-up flat roof supported by metal decking and steel structural components with a rubber membrane covering. Flooring consists of tile and carpet in the office area and reinforced exposed concrete in the industrial areas. Interior finish includes painted drywall in the office areas and exposed walls in the industrial and warehouse areas. Ceiling includes painted drywall and acoustic ceiling tiles in the office area exposed structure components. Ceiling heights are 24 or 25 feet with fluorescent, incandescent and halide lighting fixtures. There are also restroom/locker room facilities. The professional/office area is heated and cooled by combination rooftop units. The industrial portions are heated by ceiling suspended gas fired units. The building also has units to allow for conversion to be fully air conditioned. The building is serviced by a sprinkler system. The subject has one overhead door and five truck height loading docks with levelers. Site improvements include asphalt parking, paved drives, light standards, concrete walks and landscaping. The subject site has 5.75 acres or 250,470 square feet of land area resulting in a land to building ratio of 2.62:1.

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 \$5,250,000 as of January 1, 2016. The appraisal was prepared by real estate appraisers Dale J. Kleszynski and Patrick A. Kleszynski of Associated Property Counselors, Ltd. Both appraisers are licensed Certified General Real Estate Appraisers by the State of Illinois. The Board has marked the appraisal as Appellant Exhibit No. 1.

Kleszynski determined the highest and best use as improved to be the current use as a single-tenant industrial building having warehouse production, distribution and storage applications.

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 appraisers utilized five land sales located in Bloomingdale, Bartlett and Bensenville. The comparables ranged in size from 257,880 to 388,120 square feet of land area. The sales occurred from January 2014 to November 2015 for prices ranging from \$1,219,000 to \$2,050,000 or from \$4.00 to \$6.78 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 \$6.75 per square foot of land area or \$1,700,000, rounded.

Kleszynski next developed the income approach to value. The appraisers identified four comparable rentals located in Itasca, Carol Stream, Hanover Park and Roselle in order to estimate the market rent associated with the subject property. The buildings ranged in size from 62,970 to 238,423 square feet of building area. The comparables had leases commencing from September 2015 to August 2016 having lease terms of from 2 to 7 years. Rental rates ranged from \$4.25 to \$5.15 per square foot on a net basis. The appraisers indicated the comparables required minor adjustments for location, size, condition, construction and utility. As a result, the appraisers estimated the subject's market rent to be \$5.00 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). The tenant would also be responsible for general repairs, and utilities. The owner would be responsible for the expense associated with vacancy, reserves for replacement, miscellaneous items and management fees. Applying the net rental rate of \$5.00 per square foot of building area, the appraiser calculated the subject's annual rental income of \$477,550. Adding tenant reimbursements for taxes, insurance and common area maintenance of \$178,372, the appraisers concluded the subject has a potential gross income of \$655,922. The appraisers utilized a vacancy and collection loss of 10% of potential gross income or \$65,592, which was deducted to arrive at an effective gross income (EGI) of \$590,330. The appraisers next estimated expenses for real estate taxes of \$101,964; insurance at \$.20 per square foot of building area or \$19,102; management fee of \$17,192; common area maintenance (CAM) of \$.60 per square foot of building area or \$57,306; reserves for replacement of \$.05 per square foot of building area or \$4,298; and miscellaneous expenses of \$.023 per square foot or \$2,149, resulting in total expenses of \$202,011 or an expense ratio of 34.421% of the EGI. Therefore, the appraisers concluded a net operating income (NOI) of \$388,319.

In selecting a capitalization rate, the appraisers consulted published indicis such as Korpacz, RealtyRates, the Appraisal Institute and PricewaterhouseCoopers, LLP with overall rates ranging from 3% to 8.94%. The appraisers also used 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 4.50% fixed mortgage interest rate, and a 25-year amortization, which would result in a mortgage constant of .0667. The equity investment was 25% with an anticipated return of 9.50%. Using these estimates the appraisers arrived at a capitalization rate by the band of investment method of 7.40%. Capitalizing the NOI of \$388,319 by the capitalization rate of 7.40% resulted in an estimated value under the income approach of \$5,250,000, rounded.

Using the sales comparison approach to value, the appraisers selected five comparables due to their date of sale, location, industrial use and building configuration. The comparable sales are located in Bloomingdale, Naperville, Addison, and Glendale Heights. Each comparable is

described as an industrial/warehouse building like the subject. The comparables consist of one-story buildings that range in size from 59,370 to 152,859 square feet of building area. The buildings were constructed from 1986 to 1994. These properties have sites ranging in size from 4.52 to 11.55 acres or from 197,065 to 503,157 square feet of land area with land to building ratios ranging from 1.82:1 to 3.32:1. The comparables have 24-foot clear ceiling heights, 3 to 10 loading docks, 1 to 3 overhead doors and from 1.8% to 28.9% of office space. The sales occurred from February 2014 to March 2016 for prices ranging from \$3,850,000 to \$7,500,000 or from \$45.12 to \$64.85 per square foot of building area including land. Elements of comparison used by the appraisers 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. Comparable #2 was described as leased fee transactions. Comparable #2 was not adjusted for the leased fee interest transaction because the lease encumbering the property was reflective of market levels and the buyer intended to occupy the building. Comparables #1, #4 and #5 had overall upward adjustments while comparables #2 and #3 had overall downward adjustments. Based on these qualitative adjusted sale prices, the appraisers arrived at an estimated market value of \$55.00 per square foot of building area including land, for a total value of \$5,250,000, rounded.

In reconciling the approaches to value, the appraisers gave greatest consideration to the sales comparison approach to value and supportive consideration to the income approach to value in formulating the final value conclusion. As a result, the appraisers concluded a final estimated market value for the subject property of \$5,250,000 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 \$1,040,930. The subject's assessment reflects a market value of \$3,126,855 or \$32.74 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, Elk Grove Village and Bensenville. The evidence was prepared by the Bloomingdale Township Assessor. Comparable #1 was the sale of the subject property in October 2014. The grid analysis indicates the comparables are improved with buildings of unknown story height and exterior construction that were built from 1967 to 1977 and range in size from 81,544 to 100,000 square feet of building area. The comparables' sites sizes were not disclosed but land to building ratios were reported to range from 1.78:1 to 2.51:1. Clear ceiling heights ranged from 18-27 feet. The grid analysis did not disclose if the properties were single or multi-tenant buildings, their use or any other salient features such as percentage of office space. The sales occurred from December 2013 to June 2015 for prices ranging from \$2,300,000 to \$4,973,000 or from \$23.36 to \$52.07 per square foot of building area including land. Comparable #1 is the subject and sold in October 2014 for \$4,973,000 or \$52.07 per square foot of building area including land. The listing/data submitted by the board of review sheet further shows the subject re-sold in September 2016 for \$6,060,000 or \$63.45 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.

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

Intervening taxing districts Bloomingdale Park District, Bloomingdale Public Library and 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 \$5,250,000 or \$54.97 per square foot of building area including land as of January 1, 2016. The board of review provided information on five comparable sales, which included the 2014 sale of the subject, in support of its contention of the correct assessment. The subject property has a total assessment of \$1,040,930, which reflects a market value of \$3,126,855 or \$32.74 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 Board gave little weight to comparable sales #2 through #4 submitted by the board of review. These comparables are from 14 to 24 years older in age and have inferior clear ceiling heights when compared to the subject. In addition, in reviewing the listing/data sheets, the Board finds comparables #3, #4 and #5 are multi-tenant properties unlike the subject's single tenant use and comparable #4 was described as having "deferred maintenance" suggesting this property is inferior in condition when compared to the subject. Finally, unlike the appellant's appraisers, the board of review did not attempt to adjust these comparables for differences from the subject property, which detracts from the weight of the evidence.

Based on this record, the Board finds the best evidence of market value to be the appraisal prepared by the Kleszynskis on behalf of the appellant. The appellant's appraisers developed two of the three traditional approaches to market value in arriving at an estimated market value of \$5,250,000 as of January 1, 2016. Under the sales and income approaches to value the appraisers arrived at an estimated market value of \$5,250,000. In reconciling the two approaches to value the appraisers 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 \$5,250,000.

The Board finds the board of review and intervening taxing districts did not present any evidence that challenged or refute the appellant's appraisers' estimate of the subject's value. No evidence was presented by the board of review or intervenors to challenge or refute the appellant's appraisers' 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 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. Again, the board of review or intervenors did not challenge or refute the selection of the comparables, the elements of comparison, the adjustment process or final value conclusion. Based on this analysis, the Board finds the appraisal presented by the appellant provides a more credible estimate of value than the dissimilar unadjusted sales provided by the board of review and adopted by the intervenors.

The Board further finds this record contains information pertaining to the sale of the subject property. The subject sold in October 2014 for \$4,973,000 or \$52.07 per square foot of building area including land and re-sold in September 2016 for \$6,060,000 or \$63.45 per square foot of building area including land. The subject property's assessment of \$1,040,930 reflects a market value of \$3,126,855 or \$32.74 per square foot of building area including land. The Board finds both the 2014 and 2016 sales demonstrate the subject property is undervalued in relation to its assessed valuation and further supports the appellant's appraisers' final estimate of value of \$5,250,000 as of January 1, 2016.

In conclusion, based on the evidence presented by the parties in this appeal, the Board finds the subject property had a market value of \$5,250,000 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

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Docket No: 16-05850.001-I-3

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