



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

APPELLANT: Terry Lydon  
DOCKET NO.: 16-06768.001-C-1  
PARCEL NO.: 08-08-105-018

The parties of record before the Property Tax Appeal Board are Terry Lydon, the appellant, by attorney Arnold G. Siegel of Siegel & Callahan, P.C. in Chicago; 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:

**LAND:** \$150,800  
**IMPR.:** \$42,530  
**TOTAL:** \$193,330

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**

The subject property consists of a one-story, three-unit, commercial building of concrete block and masonry construction with 4,810 square feet of building area. The building was constructed in 1981. Features of the building include a concrete slab foundation, central HVAC throughout, and a sprinkler system. The property has a site with approximately 30,000 square feet of land area resulting in a land to building ratio of 6.24:1. The property is in Naperville, Lisle Township, DuPage County.

The appellant contends overvaluation 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 \$580,000 as of January 1, 2016. The appraisal was prepared by certified general real estate appraisers David Conaghan and Gregory Nold. The purpose of the appraisal was to develop an opinion regarding the market value of the fee simple interest as of January 1, 2016. The appraisal was to

be used for ad valorem tax assessment purposes. The property rights considered in the appraisal make up the fee simple estate. The property was inspected on December 29, 2016 and the report was dated January 10, 2017.

The appraisers reported that the subject property was recently listed in CoStar with an asking price of \$1,049,000 or \$218.09 per square foot of building, for land and building. Due to the lack of interest, or any prospective buyers, the owner took the property off the market after 28 months of exposure. The appraisers further stated that marketability for sale of the subject property is diminished due to chronic vacancy issues that result primarily from the poor placement of the building improvement on the site where only a small portion of the parking is in front of the building and the neighbor to the north is positioned in a way that significantly reduces visibility from this direction. They further noted that the subject's current occupancy leaves only two side spaces available, which have been difficult to rent in the current market.

The appraisers determined the highest and best use of the property as vacant would be to hold the site for future development of a small to medium sized commercial building. The highest and best use of the site as improved was determined to be its continued use in its present configuration as a commercial building.

In estimating the market value of the subject property, the appraisers developed the income capitalization approach to value and the sales comparison approach to value.

Using the income approach the appraisers first estimated the subject's market rent using six rental comparables, which included four leases and two listings, with rents ranging from \$16.18 to \$21.50 per square foot per year, on a modified gross basis where the tenant pays the utilities. The appraisers estimated the subject's market rent to be \$20.00 per square foot on a modified gross basis where the tenant pays the utilities. The potential gross income (PGI) was estimated to be \$88,200. The appraisers estimated the subject's vacancy and collection loss to be 10% of PGI or \$8,820, resulting in an effective gross income (EGI) of \$79,380. With respect to expenses, the appraisers estimated management fees to be 5.0% of EGI or \$3,969; common area maintenance (CAM) to be \$2.50 per square foot or \$12,025; legal and professional fees of \$2,000 per year; and replacement reserves of \$.20 per square foot or \$962. Total expenses were estimated to be \$18,956 and after being deducted from EGI resulted in a net operating income (NOI) of \$60,424.

Using the mortgage equity technique, the appraisers estimated the subject's capitalization rate to be 8.00%. The appraisers then added a tax load of 2.4% to arrive at a loaded capitalization rate of 10.4%. Dividing the NOI by the capitalization rate resulted in an estimated value under the income capitalization approach of \$580,000, rounded.

Under the sales comparison approach to value the appraisers used five comparable sales located in Naperville, Lisle and Aurora. The comparables are improved with one-story commercial buildings that range in size from 5,490 to 10,071 square feet of building area. The comparables were constructed from 1967 to 2000. These properties had sites ranging in size from 20,026 to 65,679 square feet of land area with land to building ratios ranging from 3.65:1 to 7.57:1. Comparable #1 has 3 units and comparable #5 has 4 units. The sales occurred from March 2014 to December 2015 for prices ranging from \$620,000 to \$1,100,000 or from \$88.75 to \$125.00

per square foot of building area, including land. The appraisers adjusted the comparables for location, size, land to building ratio and age/condition resulting in adjusted prices ranging from \$106.50 to \$120.15 per square foot of building area, land and building. Using this data, the appraisers estimated the subject property had an indicated value under the sales comparison approach of \$117.50 per square foot of building area or \$565,000, rounded.

In reconciling the two approaches to value the appraisers gave primary emphasis to the income capitalization approach and secondary consideration to the income approach to value to arrive at an estimated market value of \$580,000 as of January 1, 2016. Based on this evidence the appellant requested the subject's assessment be reduced to \$193,333 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 \$286,060. The subject's assessment reflects a market value of \$859,297 or \$178.65 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 an income approach to value developed by the Lisle Township Assessor's office using the same market rent as the appellant, with the exception it also applied the rent to the 400 square feet of common area and used a loaded capitalization rate of 7.74% which was calculated using a capitalization rate of 7.5% and a tax load of .24%. The income approach had a PGI of \$96,200; a vacancy and collection loss of 10% of PGI or \$9,620; an EGI of \$86,580; expenses of 23.9% of EGI; and a NOI of \$65,887. Capitalizing the NOI by 7.74% resulted in an estimated value of \$851,000, rounded. The board of review argued this analysis was supportive of the subject's assessment.

The appellant submitted rebuttal comments from appraiser Gregory Nold in which he asserted the stabilized income and expenses included in the appraisal analysis are market supported and in agreement with local real estate considered similar to the subject 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 met this burden of proof and a reduction in the subject's assessment is warranted.

The Board finds the best evidence of market value to be the appraisal submitted by the appellant. The appellant's appraisers developed both the sales comparison approach to value and the income capitalization approach to value. The board of review provided no comparable sales or rebuttal evidence to refute the appellant's appraisers' analysis under the sales comparison approach to value. The Board has examined the sales used by the appellant's appraisers and finds the analysis is credible and the value conclusion is well supported using this approach.

With respect to the income approach to value the board of review accepted the appellant's appraisers' estimate of market rent of \$20.00 per square foot, the vacancy and collection loss percentage, and the expense ratio. The board of review did differ with respect to the capitalization rate, however, the Property Tax Appeal Board finds the board of review erred in the calculation of the effective tax rate. The appellant's appraiser calculated the effective tax rate to be 2.40% (7.2085% tax rate x .3333 level of assessment). The tax load factor used by the board of review was .240%, which appears to be an error. If the correct tax load factor is applied in the board of review analysis the loaded capitalization rate would be 9.90% and the estimated market value would be \$665,525, which is below the market value reflected by the assessment. Nevertheless, the Board finds the income approach to value developed by the appellant's appraisers was well documented with market data and the value conclusion is well supported.

After considering the appellant's appraisal and the revised income approach presented by the board of review, the Property Tax Appeal Board finds the subject property had a market value of \$580,000 as of the assessment date at issue and a reduction to the subject's assessment is 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.

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Chairman



\_\_\_\_\_  
Member

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Member



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Member

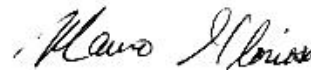
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Member

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: May 21, 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

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