FINAL ADMINISTRATIVE DECISION
ILLINOIS PROPERTY TAX APPEAL BOARD

APPELLANT: Nichols Partners, LLC
DOCKET NO.: 16-22516.001-R-1
PARCEL NO.: 02-01-200-027-0000

The parties of record before the Property Tax Appeal Board are Nichols Partners, LLC, the appellant, by attorney Noah J. Schmidt, of Schmidt Salzman & Moran, Ltd. 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:	$1,665
IMPR.:	$46,823
TOTAL:	$48,488

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 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 3-story apartment building of masonry exterior construction with 6,567 square feet of living area. The building is approximately 37 years old. Features include a concrete slab foundation. The property has a 3,330 square foot site and is located in Arlington Heights, Palatine Township, Cook County. The subject is classified as a class 2-11 property under the Cook County Real Property Assessment Classification Ordinance.

The appellant contends assessment inequity as the basis of the appeal. In support of this argument the appellant submitted information on five equity comparables with the same classification code as the subject property. Three of the comparables are located in the same neighborhood assessment code as the subject property. The comparables are improved with one, 2-story and four, 3-story apartment buildings that range in age from 36 to 41 years old. One comparable has a basement, finished as an apartment. The buildings range in size from 5,742 to

6,435 square feet of living area and have improvement assessments ranging from $29,009 to $43,321 or from $4.73 to $6.86 per square foot of living area.

In addition to the equity argument, the appellant's attorney submitted Federal Form 8825, Rental Real Estate Income and Expenses of a Partnership or an S Corporation for 2013, 2014, and 2015 and the 2016 Rent Roll in preparing an income analysis that was developed by legal counsel. In developing the income analysis, the appellant's counsel utilized the subject's actual reported gross annual rental income from 2016 of $59,280. Counsel next deducted 35% or $20,748 for allowable expenses to arrive at a net operating income of $38,532. Counsel next capitalized the net income by a rate of 12.91% to arrive at an indicated value under the income approach of $298,466.

Based on this evidence, the appellant requested the improvement assessment be reduced to $28,181 or $4.29 per square foot of living area.

The board of review submitted its "Board of Review Notes on Appeal" disclosing the total assessment for the subject of $48,488. The subject property has an improvement assessment of $46,823 or $7.13 per square foot of living area. In support of its contention of the correct assessment the board of review submitted information on four equity comparables with the same neighborhood and classification codes as the subject property. The comparables were described as being located on the same block as the subject property. The comparables are improved with 3-story apartment buildings that are 37 years old. The comparables have concrete slab foundations. The dwellings each contain 6,567 square feet of living area and have improvement assessments ranging from $47,962 to $47,964 or $7.30 per square foot of living area. Based on this evidence, the board of review requested confirmation of the subject's assessment.

Conclusion of Law

The taxpayer contends assessment inequity as the basis of the appeal. When unequal treatment in the assessment process is the basis of the appeal, the inequity of the assessments must be proved by clear and convincing evidence. 86 Ill.Admin.Code §1910.63(e). Proof of unequal treatment in the assessment process should consist of documentation of the assessments for the assessment year in question of not less than three comparable properties showing the similarity, proximity and lack of distinguishing characteristics of the assessment comparables to the subject property. 86 Ill.Admin.Code §1910.65(b). The Board finds the appellant did not meet this burden of proof and a reduction in the subject's assessment is not warranted.

The parties submitted information on a total of nine suggested equity comparables for the Board's consideration. The Board gave less weight to the appellant's comparable #1 due to its dissimilar design and larger lot size when compared to the subject property. Less weight was also given to the appellant's comparables #2 and #3 due to their distant location when compared to the subject property. Furthermore, the board gave less weight to the appellant's comparable #4 due to its smaller dwelling size when compared to the subject property. The Board finds the appellant's comparable #5 and the board of review comparables are more similar when compared to the subject in location, age, dwelling size, design and most features. These comparables had improvement assessments of $6.86 and $7.30 per square foot of living area. The subject's improvement assessment of $7.13 per square foot of living area falls between the

best comparables contained in this record. Based on this record, the Board finds the appellant did not demonstrate with clear and convincing evidence that the subject's improvement was inequitably assessed and a reduction in the subject's assessment is not justified.

The appellant also submitted documentation showing the property produced no income. The Board gives the appellant's argument little weight. In Springfield Marine Bank v. Property Tax Appeal Board, 44 Ill.2d 428 (1970), the court stated:

> [I]t is the value of the "tract or lot of real property" which is assessed, rather than the value of the interest presently held. . . [R]ental income may of course be a relevant factor. However, it cannot be the controlling factor, particularly where it is admittedly misleading as to the fair cash value of the property involved. . . [E]arning capacity is properly regarded as the most significant element in arriving at "fair cash value".

Many factors may prevent a property owner from realizing an income from property that accurately reflects its true earning capacity; but it is the capacity for earning income, rather than the income actually derived, which reflects "fair cash value" for taxation purposes. Id. at 431.

Actual expenses and income can be useful when shown that they are reflective of the market. The appellant's brief and evidence only utilized the subject's actual income and expenses and vacancy. To demonstrate or estimate the subject's market value using income and expenses one must establish, through the use of market data, the market rent, vacancy and collection losses, and expenses to arrive at a net operating income reflective of the market and the property's capacity for earning income. The appellant did not provide such evidence and, therefore, the Board gives this argument no weight. Thus, the Board finds that a reduction is not warranted based on the appellant's income analysis.

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: July 16, 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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