



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

APPELLANT: 3.550 Salt Creek Lane
DOCKET NO.: 16-25792.001-C-3 through 16-25792.002-C-3
PARCEL NO.: See Below

The parties of record before the Property Tax Appeal Board are 3.550 Salt Creek Lane, the appellant(s), by attorney Brian P. Liston, of the Law Offices of Liston & Tsantilis, P.C. in Chicago; the Cook County Board of Review; the Palatine C.C.S.D. #15, and Palatine Twp H.S.D. #211, intervenors, by attorney Michael J. Hernandez of Franczek P.C. in Chicago.

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
16-25792.001-C-3	02-26-201-015-0000	163,447	107,741	\$ 271,188
16-25792.002-C-3	02-26-201-021-0000	73,200	19,612	\$ 92,812

Subject only to the State multiplier as applicable.

Statement of Jurisdiction

The appellant timely filed the appeal pursuant to section 16-160 of the Property Tax Code (35 ILCS 200/16-160) after receiving a decision from the Cook County Board of Review. The instant appeal challenges the assessment for tax year 2016. The Property Tax Appeal Board (the “Board”) finds that it has jurisdiction over the parties and the subject matter of this appeal.

Findings of Fact

The subject consists of a one-story industrial flex building of masonry construction with 40,733 square feet of building area. The building is 29 years old. The property’s site is 157,765 square feet, and it is located in Palatine Township, Cook County. The subject is classified as a class 5-17 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 estimating the subject property had a market value of \$1,450,000 as of January 1, 2016. The appellant also submitted evidence disclosing the subject property was purchased on August 9, 2016 for a price of \$1,456,000. Based on this evidence, the appellant requested a reduction in the subject’s assessment to \$362,500.

The board of review submitted its “Board of Review Notes on Appeal” disclosing that the total assessment for the subject is \$820,496. The subject’s assessment reflects a market value of \$3,281,984, or \$80.57 per square foot of building area, including land, when applying the 2016 statutory level of assessment for class 5 property of 25.00% under the Cook County Real Property Assessment Classification Ordinance.

In support of its contention of the correct assessment, the board of review submitted information on five sale comparables from the CoStar Comps service. These sale comparables sold from January 2011 to October 2016 for \$325,000 to \$11,900,000, or \$76.92 to \$114.64 per square foot of building area, including land.

In support of its contention of the correct assessment, the intervenors submitted information on three sale comparables from the CoStar Comps service. These sale comparables sold from August 2015 to November 2016 for \$3,284,000 to \$4,400,000, or \$82.10 to \$100.00 per square foot of building area, including land.

At hearing, counsel for the appellant called Joseph M. Ryan, M.A.I. to testify. Mr. Ryan began by testified as to his experience and credentials as a real estate appraiser. After *voir dire*, the Board accepted Mr. Ryan as an expert in real estate valuation, without objection from the board of review or the intervenors.

Mr. Ryan testified that he prepared an appraisal of the subject, wherein he estimated that the subject’s fair market value in fee simple was \$1,456,000 as of January 1, 2016. The appraisal was marked as “Appellant Exhibit #1.” The appraiser testified that he inspected the subject property on November 10, 2016, and he then described the subject and its environs. Mr. Ryan stated that the subject’s highest and best use as vacant was an industrial building, and that its highest and best use as improved would be for its continued use as an industrial flex building.

Mr. Ryan utilized the income approach and sales comparison approach to value in estimating the subject’s fair market value. Under the income approach, Mr. Ryan looked to one rental comparable and three additional comparables where the listed rental rates were asking rents, and, after making pertinent adjustments, concluded that the subject’s gross income was \$8.00 per square foot of building area, or \$325,864. The appraiser deducted 8.95% for vacancy and collection losses to arrive at an effective gross income for the subject of \$296,699. In determining the subject’s expenses, Mr. Ryan utilized the Building Officers and Managers Association for suburban Chicago warehouse and manufacturing buildings with less than 50,000 square feet of building area. These expenses included utilities, repairs and maintenance, management fees, insurance, administration, and reserves for replacement, which Mr. Ryan stabilized at \$0.99 per square foot of building area, or \$40,500. Thus, the subject’s net operating income was \$256,199.

In determining the subject’s capitalization rate, Mr. Ryan looked to the rental comparable #3, which had a capitalization rate of 10.7%, and the RealtyRates Investor Survey (1st Quarter 2016). Based on this market data, Mr. Ryan concluded that the subject’s capitalization rate was 9.00% under the direct capitalization technique. Under the band of investment technique Mr. Ryan concluded that the subject had a capitalization rate of 9.04%. In reconciling these two techniques, Mr. Ryan concluded that the subject’s capitalization rate was 9.00%. A tax load

factor of 8.19% was added to the capitalization rate to arrive at a loaded capitalization rate of 17.19%. The loaded capitalization rate was applied to the subject's net operating income to arrive at an estimate of value under the income approach to value of \$1,490,000, rounded.

Under the sales comparison approach, Mr. Ryan looked to five recent sales of industrial flex buildings. These sale comparables sold from March 2013 to August 2016 for \$550,000 to \$3,425,000, or \$15.17 to \$33.52 per square foot of building area, including land. The appraiser adjusted the comparables for property rights conveyed, financing, conditions of sale, market conditions, location, land-to-building ratio, improvement size, age, clear ceiling height, and utility, and concluded that the subject's market value under the sales comparison approach to value was \$35.00 per square foot of building area, including land, or \$1,425,000, rounded.

In reconciling the two approaches to value, Mr. Ryan testified that he gave primary weight to the sales comparison approach, and concluded that the subject's fair market value as of January 1, 2016 was \$1,450,000.

Mr. Ryan testified that he examined the sale of the subject in August 2016 for \$1,456,000 by reviewing the PTAX-203 Real Estate Transfer Declaration, the real estate sale contract, the warranty deed, and the settlement statement. The warranty deed was marked as "Appellant Exhibit #2." The PTAX-203 Real Estate Transfer Declaration was marked as "Appellant Exhibit #3." The PTAX-203-A Real Estate Transfer Declaration Supplemental Form A was marked as "Appellant Exhibit #4." Mr. Ryan testified that these documents show that the subject was sold in August of 2016 for \$1,456,000, and that there were no conditions or financing arrangements that affected the sale price. Thus, he concluded that the sale price was indicative of the subject's fair market value as of January 1, 2016.

During cross-examination from the Cook County assistant state's attorney, Mr. Ryan testified that he only did an exterior inspection of the subject, but that Neil Linehan, M.A.I. was also a signatory of the appraisal, and that Mr. Linehan had done an inspection of the subject's interior. Mr. Ryan also testified that he learned of the sale price of the subject when he was first contacted to appraise the property, and that he consulted with the buyer in that transaction. Mr. Ryan testified that he reviewed Appellant's Exhibits #2 through #4, as well as the purchase agreement, which was subsequently marked as "Appellant Exhibit #5." Mr. Ryan testified that the purchase agreement states that the sale price was \$1,725,000. He then testified as to an amendment to the purchase agreement, which was marked as "Appellant Exhibit #6," wherein the purchase price was amended to \$1,630,000, and the seller agreed to undertake certain conditions regarding the buyer's title objections. The totality of this latter agreement was allegedly included in a correspondence between the buyer and the seller on July 5, 2015, but this agreement was not included in evidence, and Mr. Ryan was not able to recall what that agreement entailed.

Under further cross-examination from the assistant state's attorney, Mr. Ryan testified that the subject's lease agreements and historical operating expenses were not provided to him, and, therefore, this information was not included in his report. Furthermore, Appellant's Exhibit #5 stated that the buyer was provided with a rent roll, but Mr. Ryan testified that he did not remember if he saw this document. The appraiser further testified that the building owner was negotiating a lease with a prospective tenant, but he did not recall if the parties actually entered into a lease agreement.

Mr. Ryan also testified that, despite his report estimating the fair market value of the subject in fee simple, all five of the sale comparables used in his report were leased fee sales, and that he did not determine whether the leases for these comparables were at market rates.

During cross-examination from counsel for the intervenor, Mr. Ryan testified as to certain characteristics of the five comparable sales included in the sales comparison approach to value of Appellant's Exhibit #1. During re-direct, Mr. Ryan stated that he made adjustments for differences between the subject and the sale comparables.

At the end of the appellant's case-in-chief, the settlement statement was marked as "Appellant Exhibit #7," the Cook County Real Estate Transfer Declaration was marked as "Appellant Exhibit #8," and an affidavit naming the appellant's owner as the affiant was marked as "Appellant Exhibit #9."

The board of review's five comparable sales from the CoStar Comps service were marked as "County Exhibit #1." The intervenors' three comparable sales from the CoStar Comps service were marked as "Intervenor Exhibit #1." Both the board of review and the intervenors reaffirmed the evidence previously submitted during their respective cases-in-chief.

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 proven 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 did meet 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 purchase of the subject in August 2016 for a price of \$1,456,000. The appellant provided evidence demonstrating that the sale had the elements of an arm's-length transaction, including disclosing that the parties to the transaction were not related and the property was advertised for sale on the open market. In further support of the transaction, the appellant submitted a copy of the deed, the PTAX-203 Real Estate Transfer Declaration, the real estate sale contract, and the settlement statement. Furthermore, the appraisal submitted by the appellant supports the subject's sale price. The Board finds that the comparable sales from the CoStar Comps service submitted by the board of review and the intervenor did not include any adjustments, and, therefore, the Board accorded them no weight in its analysis. The Board finds the purchase price is below the market value reflected by the assessment. Based on this record the Board finds the subject property had a market value of \$1,456,000 as of January 1, 2016. Since market value has been established, the 2016 statutory level of assessment for class 5 property under the Cook County Real Property Assessment Classification Ordinance of 25.00% shall apply. 86 Ill.Admin.Code §1910.50(c)(3).

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 21, 2021



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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