



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

APPELLANT: Liberty Machinery, Co.  
DOCKET NO.: 17-01582.001-I-1 through 17-01582.002-I-1  
PARCEL NO.: See Below

The parties of record before the Property Tax Appeal Board are Liberty Machinery, Co., the appellant, by attorney Daniel G. Pikarski, of Gordon & Pikarski, in Chicago, and the Lake 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 **Lake** County Board of Review is warranted. The correct assessed valuation of the property is:

<b>DOCKET NO</b>	<b>PARCEL NUMBER</b>	<b>LAND</b>	<b>IMPRVMT</b>	<b>TOTAL</b>
17-01582.001-I-1	15-22-101-008	80,660	184,228	\$264,888
17-01582.002-I-1	15-22-101-009	67,511	0	\$67,511

Subject only to the State multiplier as applicable.

**Statement of Jurisdiction**

The appellant timely filed the appeal from decisions of the Lake County Board of Review pursuant to section 16-160 of the Property Tax Code (35 ILCS 200/16-160) challenging the assessments for the 2017 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 two parcels that are improved with a one-story industrial building of brick exterior construction with approximately 23,492 square feet of building area which is comprised of approximately 3,000 square feet of office space (13%) with the remainder consisting of manufacturing and loading space.<sup>1</sup> The structure was originally constructed in 1970 and had an addition built in 1973. Features include ceiling heights of either 9 foot, 14 foot or 22 foot and there is one interior dock along with two drive-in doors. The parcels contain a total of 87,991 square feet or a 2.02-acre total site area which presents a land-to-building ratio of 3.75:1. The property is located in Lincolnshire, Vernon Township, Lake County.

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<sup>1</sup> The appellant's appraisers reported a total building area of 23,472 square feet whereas the assessing officials reported 23,492 square feet of building area. The Board finds this minor size discrepancy does not prevent a determination of the correct assessment on this record.

The appellant contends overvaluation as the basis of the appeal. In support of this argument, the appellant submitted an appraisal prepared by Neil J. Linehan and Joseph M. Ryan, each of whom are Certified General Real Estate Appraisers, with Ryan also having the MAI designation. The appraisal report was prepared for the purpose of an equitable real estate assessment and utilized both the sales comparison and income approaches to value in estimating the subject property had a market value of \$850,000 as of January 1, 2015.

The appraisers inspected the subject and described the structure as being in overall average condition. The appraisers noted that modern industrial buildings typically have 30+ foot ceiling heights/clearances. Therefore, the subject requires more floor area due to its lower stacking capabilities which inhibits the subject's marketability. (Appraisal, p. 35).

Utilizing the comparable sales approach to value, the appraisers analyzed five comparable sales of properties that were located in Mundelein, Lake Barrington, Zion and Waukegan. The comparable parcels range in size from 21,750 to 116,436 square feet of land area and have been improved with buildings that were constructed from 1964 to 1982. The buildings range in size from 12,500 to 28,100 square feet of building area. The comparables have clear ceiling heights ranging from 12 to 40 feet. Three of the comparables have either two or three docks and all five comparables have from one to three drive-in doors. The comparables present land-to-building ratios ranging from 1.67:1 to 4.22:1. The comparables sold from February 2012 to July 2014 for prices ranging from \$325,000 to \$1,025,000 or from \$18.08 to \$38.64 per square foot of building area, including land. (Appraisal, p. 41-54).

Next, the appraisers analyzed the comparable sales properties for differences when compared to the subject and applied adjustments for conditions of sale, location, land-to-building ratio, ceiling clearance and/or functional utility. From this process, the appraisers determined four of the five comparables required overall upward adjustments and opined a unit value for the subject of \$35.00 per square foot of building area at 23,472 square feet for an estimated market value conclusion of \$821,520 or \$820,000, rounded, under the sales comparison approach to value. (Appraisal, p. 55-58).

Using the income approach to value, the appraisers analyzed four suggested rental comparables located in either Libertyville or Mundelein. The comparables were described as industrial buildings that range in size from 22,718 to 29,600 square feet of building area. The rental comparables had net rental rates ranging from \$3.75 to \$5.00 per square foot of building area. After consideration of the adjustment process (Appraisal, p. 67-68), the appraisers concluded the subject property had a projected net rental rate of \$4.25 per square foot of building area. Therefore, the subject's potential annual gross rental income was estimated to be \$99,756 based upon a building size of 23,472 square feet. Vacancy was estimated to be 10% or \$9,976, resulting in an effective gross income of \$89,780. Expenses for management fees of \$4,000 annually and reserves for replacements of \$10,000 annually resulted in an estimated net operating income for the subject of \$75,780. (Appraisal, p. 69-71). Analyzing both the direct capitalization and the band of investments method, the appraisers concluded an overall capitalization rate of 8.5%. To the capitalization rate, the appraisers added a tax load for periods of vacancy or .29% to arrive at a loaded capitalization rate of 8.79% to be applied to the subject's estimated net operating income. As a result, the appraisers concluded a value under the income approach of \$860,000, rounded.

In reconciliation (Appraisal, p. 77-78), the appraisers gave primary consideration to the sales comparison approach and significant consideration to the income approach to value. The appraisers opined that the subject property had an estimated market value as of January 1, 2015 of \$850,000.

Based on the foregoing evidence, the appellant requested a total assessment reflective of the appraised value conclusion at the statutory level of assessment of 33.33%.

The board of review submitted two "Board of Review Notes on Appeal" disclosing the total assessment for the two parcels comprising the subject of \$332,399. The subject's total assessment reflects a market value of \$1,002,712 or \$42.68 per square foot of building area, land included, when using the 2017 three year average median level of assessment for Lake County of 33.15% as determined by the Illinois Department of Revenue.

In response to the appellant's appraisal evidence, the board of review submitted a memorandum outlining criticisms of the appraisal report. The criticisms emphasis the dated nature of the appraisal, the dated nature of the comparable sales data contained within the appraisal report, the distant location of the comparables from the subject property and the differing demographics of the location of the three comparable sales as compared to Lincolnshire. In addition, appraisal sale #3 was a foreclosure sale and appraisal sale #4 reportedly had more than \$100,000 of deferred maintenance at the time of sale. As a consequence of these deficiencies in the appellant's appraisal report, the board of review contends the appraisal is insufficient to establish the estimated market value of the subject property as of the assessment date at issue of January 1, 2017.

In support of its contention of the correct assessment, the board of review submitted information on three comparable sales located in either Buffalo Grove or Vernon Hills and from 1.01 to 2.54-miles from the subject property. The comparable parcels range in size from 47,636 to 126,482 square feet of land area and have been improved with one-story masonry buildings that were built between 1988 and 2000. The buildings range in size from 21,337 to 26,704 square feet of building area. The comparables have land-to-building ratios ranging from 2.23:1 to 4.81:1. The comparables sold from August 2015 to December 2016 for prices ranging from \$1,338,750 to \$2,100,000 or from \$50.10 to \$79.88 per square foot of building area, including land.

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

### **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 did not meet this burden of proof and a reduction in the subject's assessment is not warranted.

The appellant submitted an appraisal of the subject property with an opinion of value as of January 1, 2015 and the board of review criticized aspects of the appraisal report along with providing three comparable sales. The Board finds the appellant submitted an appraisal of the subject property with a final value as of 24 months prior to the assessment date at issue of January 1, 2017. Moreover, the appraisers' opinion of value was solely based upon comparable sales of properties that occurred from approximately three to five years prior to January 1, 2017 which the Board finds are sales that are less likely to be indicative of the subject's estimated market value as of January 1, 2017. Given the dated nature of the opinion of value and the dated nature of the comparable sales utilized to arrive at the opinion, the Board finds that the appraised value conclusion is not a credible or reliable indicator of the subject's estimated market value as of January 1, 2017.

The Board finds the best evidence of market value to be the board of review comparable sales which are located in relatively close proximity to the subject and consist of similar one-story buildings that were similar in size to the subject. The board of review comparable sales sold from August 2015 to December 2016 for prices ranging from \$1,338,750 to \$2,100,000 or from \$50.10 to \$79.88 per square foot of building area, including land. The subject's assessment reflects a market value of \$1,002,712 or \$42.68 per square foot of building area, including land, which is below the range established by the best comparable sales in the record which is logical given the subject's older age as compared to these recently sold buildings. Based on this evidence, the Board finds a reduction in the subject's assessment is not 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.



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 15, 2020



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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