



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

APPELLANT: Ted Palarczyk
DOCKET NO.: 17-28330.001-R-1
PARCEL NO.: 16-30-320-039-0000

The parties of record before the Property Tax Appeal Board are Ted Palarczyk, the appellant, by attorney George N. Reveliotis, of Reveliotis Law, P.C. in Park Ridge; 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: \$4,606
IMPR.: \$30,613
TOTAL: \$35,219

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 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 is improved with a two-story, six-unit apartment building of brick exterior construction with a gross building area of 4,688. Two apartments are 3-bedroom units and four apartments are 1-bedroom units. The building was constructed in 1959. The property has a 4,725 square foot site and is located in Berwyn, Berwyn Township, Cook County and is zoned as a C-4 Corridor Commercial District property. The subject property is classified as a class 2-11 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 had a market value of \$300,000 as of January 1, 2017. The appraisal was prepared by James A. Matthews, Certified General Real Estate Appraiser.

The purpose of the appraisal was to estimate the retrospective market value of the fee simple interest in the subject property as of the January 1, 2017 assessment date. The property rights appraised are fee simple ownership, free and clear of all encumbrances or indebtedness. The appraiser determined the highest and best use of the subject as vacant was for development of the site for a commercial use in accordance with the zoning restrictions. The highest and best use as improved was as currently improved. In estimating the market value of the subject property, the appraiser developed the income approach and the sales comparison approach to value.

Under the income approach to value, the appraiser utilized rental comparables, conducted a market survey and considered the subject's historical income and expenses to estimate the subject's market rent. The appraiser indicated the 1-bedroom rental comparables had rents ranging from \$600 to \$1,000 per unit and 3-bedroom rentals had rents ranging from \$900 to \$1,200 per unit. Thus, the appraiser calculated yearly potential gross income of \$61,200. From this, the appraiser subtracted 10% or \$6,120 for estimated vacancy and collection losses to arrive at an estimated effective gross income of \$55,080. Next, the appraiser subtracted projected expenses for management fees (\$2,754), miscellaneous expenses (\$5,000), property taxes (\$11,293), legal fees (\$2,500), and reserves for repairs (\$4,700). This data was "...sourced from typical cost surveys such as BOMA, previous files, and databases such as the MLS, CoStar, Loop net, and larger institutional databases, along with previous appraiser files and judgment." He then subtracted the total projected expenses of \$26,247 from the effective gross income of \$55,080 to arrive at an estimated net operating income of \$28,833.

Next, in arriving at the capitalization rate, the appraiser considered "recent surveys of investors" which indicated that the capitalization rates for smaller apartment buildings to be from 7.0% to 9.5%. Considering the subject's less favorable location on a busy street, size, condition, local tax rate, and general market utility, the appraiser concluded that a capitalization rate of 9.5% is warranted. Finally, dividing the net operating income of \$28,833 by the 9.5% capitalization rate (or by .0950), the appraiser arrived at the market value for the subject property of \$300,000, rounded, as of January 1, 2017 under the income approach to value.

Under the sales comparison approach, the appraiser listed information on four comparable properties, three of which were located in Berwyn and one located in Cicero. Three buildings had the same classification code as the subject and each property was in a different zoning district than the subject property. The comparable properties had lots ranging from 3,750 to 5,075 and were improved with 2-story apartment buildings ranging in gross building size from 4,428 to 6,809 square feet of building area. The buildings contained from six to nine units. The comparables sold from August to November 2015 for prices ranging from \$290,000 to \$355,000 or from \$32,222 to \$59,167 per unit. Considering this data, and after unspecified adjustments, the appraiser estimated the value of the subject's per unit price to be \$50,000, multiplied by six units amounted to a market value of \$300,000 as of January 1, 2017 under the sales comparison approach to value.

In reconciling the two approaches to value the appraiser gave equal weight to each approach and estimated the subject property had a market value of \$300,000 as of January 1, 2017.

Based on this evidence, the appellant requested the subject's assessment be reduced to \$30,000 to reflect the appraised value when applying the level of assessment for class 2 property under the Cook County Real Property Assessment Classification Ordinance of 10%.

The board of review submitted its "Board of Review Notes on Appeal" disclosing the total assessment for the subject of \$35,219. The subject's assessment reflects a market value of \$352,190 or \$75.13 per square foot of total building area, land included, or \$58,698 per unit when applying the level of assessment for class 2 property under the Cook County Real Property Assessment Classification Ordinance of 10%.

In support of its contention of the correct assessment, the board of review submitted information on four comparable sales located in Berwyn and within the same neighborhood code as the subject property. The comparables has lot sizes ranging in size from 4,225 to 6,018 square feet of land area and are improved with similar two-story, class 2-11 apartment buildings of masonry exterior construction. The comparables ranged in size from 4,760 to 5,203 square feet of building area and ranged in age from 58 to 60 years old. The comparables sold from August 2015 to October 2017 for prices ranging from \$335,000 to \$433,500 or from \$64.39 to \$85.88 per square foot of building area, including land. The board of review also submitted color photographs of the subject and the comparable properties.

Based on this evidence, 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 report and the board of review submitted four comparable sales in support of their respective positions before the Property Tax Appeal Board.

The Board gave less weight to the conclusion of value contained in the appellant's appraisal as the appraiser utilized sales from outside of the subject's neighborhood including properties with dissimilar number of units; utilized properties of dissimilar classification codes than the subject; utilized properties in dissimilar zoning districts relative to the subject; did not disclose what adjustments were made to the comparables for differences from the subject; and failed to disclose the ages of the comparable properties. As to the income approach to value, the appraiser failed to disclose the source of the data used to estimate the expected vacancies and collection losses; reported incorrect percentage for vacancies and collection losses;¹ included property taxes in the projected expenses rather than a preferred approach of developing an effective tax rate and including it in the capitalization rate for the subject; and utilized only the direct capitalization method. These factors detract from and undermine the credibility of the value opinion of the

¹ Page 24 of the appraisal report.

appraiser. The Board has, however, considered the raw comparable sales in the appraisal report. The Board gave less weight to the appellant's appraiser's comparables due to missing data such as ages of the comparables; in addition, the sale dates all occurred in 2015 which is less proximate to the January 1, 2017 assessment date at issue and therefore less likely to be indicative of the subject's market value than the board of review comparables #1, #2, and #3. For similar reason, the Board gave less weight to board of review comparable sale #4 which also occurred in 2015.

The Board finds the best evidence of market value to be board of review comparables #1, #2, and #3 which were most similar to the subject in location, classification code, zoning district, lot size, building size, age, and design. These three sales also occurred proximate in time to the subject's January 1, 2017 assessment date at issue. These most similar properties sold for prices ranging from \$379,000 to \$433,500 or from \$79.62 to \$85.88 per square foot of total building area, land included, or from \$70,000 to \$72,250 per unit. The subject's assessment reflects a market value of \$352,190 or \$75.13 per square foot of total building area, land included, or \$58,698 per unit per square foot of living area, including land, which is below the range established by the best comparable sales in the record on all three bases. The Board finds that the board of review did not request an increase in the subject's assessment. Based on the evidence in the record, the Board finds that the subject's assessment is well supported and 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: April 20, 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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