



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

APPELLANT: George Polymenakos
DOCKET NO.: 18-29591.001-C-1
PARCEL NO.: 20-03-201-008-0000

The parties of record before the Property Tax Appeal Board are George Polymenakos, 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 **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:

LAND: \$12,427
IMPR.: \$15,073
TOTAL: \$27,500

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 2018 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 three-story, mixed-use building of masonry construction with 7,056 square feet of building area. The building contains two retail units on the first floor and four three-bedroom apartments on the second and third floors. It was constructed in 1887. As of the relevant valuation date of January 1, 2018, the four apartments were occupied, one of the commercial units was occupied and used as a store, and the other commercial unit was vacant. The property has a 7,310 square foot site and is located in Chicago, Hyde Park Township, Cook County. The subject is classified as a class 2-12 property under the Cook County Real Property Assessment Classification Ordinance.

The appellant asserts overvaluation as the basis of the appeal. In support of this argument, the appellant submitted an appraisal estimating that the subject property had a market value of \$200,000 as of January 1, 2018. The appraisal used the sales comparison and income

approaches. For the sales approach, the appraiser relied on nine suggested sales comparables that sold between October 2014 and May 2017, for amounts ranging from \$58,000 to \$225,000 or between \$7.80 and \$28.25 per square foot of living area, land included in the sale prices. The appraiser adjusted the sales prices to account for differences between the comparables and the subject. For the income approach, the appraiser relied upon rental income from five suggested apartment comparables and eight suggested commercial lease comparables. The rental income for the apartment comparables ranged from \$962 to \$1,649 per month, or between \$1.22 to \$1.38 per square foot of living area. The rent for the lease comparables ranged from \$6.24 to \$12.00 per square foot of building area per year. Five of the eight lease comparables involved modified gross leases, one other required the tenant to pay utilities, and one other required the tenant to pay for electricity. Only two involved effective leases. A modified gross lease is generally one which provides that the landlord and tenant will share the building's operating expenses.

The board of review submitted its "Board of Review Notes on Appeal" disclosing the total assessment for the subject of \$34,128. The subject's assessment reflects a market value of \$341,280 or \$48.37 per square foot of living area, land included, when using the Cook County Real Estate Classification Ordinance level of assessment for class 2 property of 10%. In support of the assessment, the board of review submitted information about sales of three suggested comparable properties. The suggested comparables were apartment buildings that sold between March 2016 and November 2017 for amounts ranging from \$321,000 to \$530,000 or between \$54.27 and \$71.27 per square foot of building area, land included in the sales prices.

A virtual hearing was conducted regarding this appeal before one of the Board's Administrative Law Judges on May 23, 2023. The appellant was represented by counsel, and the board of review was represented by one of its analysts.

The appellant called appraiser, Shawn Schneider, as a witness. Schneider testified that he is a real estate appraiser who is certified by the State of Illinois, and he has been appraising commercial property since 1992, including hotels, restaurants, office buildings, mixed-use buildings, industrial buildings, apartment buildings, and vacant land. The taxpayer hired him, and he prepared an appraisal report for the subject property that was dated July 27, 2018. He physically inspected the interior and exterior of the property.

Schneider used the sales comparison and income approaches in his appraisal. For his sales comparison approach, Schneider used nine suggested comparable properties that sold between October 2014 and May 2017, for amounts ranging from \$58,000 to \$225,000 or between \$7.80 and \$28.25 per square foot of living area, land included in the sales prices. After Schneider adjusted the sales prices to account for differences between the comparables and the subject in matters such as building age, size, condition, and location, the range was between \$9.44 and \$26.84 per square foot of building area. Sales comparables five, seven, eight, and nine involved ROE (real estate owned) sales. Schneider verified the sales with the Cook County Recorder of Deeds. He believed that suggested sales comparables one, two, and six were most similar to the subject and he gave considerable weight to comparable six in determining that the value of the subject under the sales comparable approach was \$195,000, or \$27.64 per square foot of building area, which he apparently rounded to \$27.50 per square foot.

Schneider reviewed the actual income and expenses for the subject property in his income approach. He examined comparable lease rates for apartments and commercial leases. He also researched market rents and determined that the subject's actual income was slightly lower than the market income. Schneider did not have an operating statement for the building that he could use when determining expenses for the income approach, but he did have an income tax schedule that included some of the expenses for the building. He also relied on market expenses. His final opinion of value for the subject under the income approach was \$205,000. He gave equal weight to the sales comparison and income approaches, and he determined that the subject's fair market value was \$200,000.

Al Kveton testified that the board of review used actual expenses in its analysis, which is the best indicator of value. The record does not contain any income analysis by the board of review, however. Instead, the board of review submitted a grid sheet containing three suggested sales comparables, as noted above.

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 taxpayer must prove the value of the property by a preponderance of the evidence. 86 Ill. Admin. Code §1910.63(e); Winnebago County Bd. of Review v. Property Tax Appeal Bd., 313 Ill. App. 3d 1038, 1043 (2d Dist. 2000). 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 that the appraisal relied on by the appellant is flawed in some respects. Regarding the sales approach, four of the comparable sales (numbers five, seven, eight, and nine) were REO sales, which generally means the property was sold "as is," and often means it was bought at a significant discount. In fact, of the nine comparable sales used by the appraiser, the four REO sales had the three lowest gross sales prices per square foot of building area (\$7.80, \$11.76, \$13.06, and \$14.44). They also had the four lowest adjusted sales prices per square foot of building area (\$9.44, \$13.59, \$14.37, and \$15.08). This indicates that they were likely sold at significant discounts and were not reliable indicators of the subject's market value. Comparable five also has a high gross adjustment figure of 24.9% which does not include a 10% adjustment that the appraiser made because it was an REO sale.

Additionally, the appraiser's gross adjustment percentage was 35% for comparable two, which casts serious doubt about the usefulness of this comparable in determining the subject's market value. Comparable six was sold in October 2014, more than three years before the relevant valuation date, which indicates that it is likely not a reliable indicator of the subject's market value. In spite of this, the appraisal states that the appraiser gave sales comparable six "considerable weight" in arriving at his determination that the subject's value was about \$27.50 per square foot. The appraiser's substantial reliance on this comparable and his reliance on other flawed comparables discussed above undermine his sales comparison approach, and the Board gives little weight to it.

The Board also finds that there were flaws in the appraisal's income approach. The income approach generally values property by dividing its annual market income by a capitalization rate. In this case, the appraiser first examined the subject's actual rental income and rental rates of comparable apartment and commercial properties. This data was used to calculate the subject's potential gross income. The appraiser subtracted a 10% vacancy and collection rate from this amount to determine the subject's effective gross income. The appraiser then calculated the subject's expenses and subtracted them from the potential gross income to derive the figure for the subject's annual market income. The expenses included an estimate of the subject's 2018 property taxes. The appraiser used the band of investment method to determine an initial capitalization rate of 10%. The appraiser then determined that a loaded capitalization rate should be used to address the effect of property taxes. He calculated the loaded capitalization rate as 12.15%. He divided the annual market income figure of \$24,623 into 12.15% to produce an estimated market value for the subject of \$202,658, rounded to \$205,000.

Thus, the appraisal's income approach used a loaded capitalization rate to address the effect of property taxation when the appraiser had already taken that impact into account by estimating the subject's 2018 property taxes and including them as an expense to be deducted from the subject's gross income. In effect, the appraiser improperly made two deductions from the subject's income to account for the effect of annual property taxes when only one was needed, thereby causing the appraiser to deduct too much. Additionally, there is no indication that the appraiser took into account that seven of the eight comparable leases in his income approach were ones in which the landlord and tenant shared some of the building's operating costs. This would have likely resulted in lower rental amounts for these properties, potentially causing the appraiser to further understate the subject's value in the income approach. The Board does give some weight to the appraiser's income approach, however.

The Board also gives some weight to the three sales comparables submitted by the board of review, which are in the same subarea as the subject, and thus more proximate to it than the sales comparables relied upon by the appraisal. The board of review's comparables are apartment buildings that sold between March 2016 and November 2017 for amounts ranging from \$321,000 to \$530,000 or between \$54.27 and \$71.27 per square foot of building area, land included in the sales prices. This Board notes that the board of review presented no data concerning commercial buildings or mixed-use buildings, however.

Weighing the evidence submitted by the parties, the Board finds that the subject property's value is approximately \$39.00 per hour, or \$275,000, warranting an assessment of \$27,500 when using the Cook County Real Estate Classification Ordinance level of assessment for class 2 property of 10%. Accordingly, the appellant has shown by a preponderance of the evidence that a reduction is warranted.

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: December 19, 2023



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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