



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

APPELLANT: James Panagakis
DOCKET NO.: 20-05164.001-C-2
PARCEL NO.: 03-29-351-019

The parties of record before the Property Tax Appeal Board are James Panagakis, the appellant, by attorney George N. Reveliotis, of Reveliotis Law, P.C. in Park Ridge; and the Kane 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 **Kane** County Board of Review is warranted. The correct assessed valuation of the property is:

LAND: \$385,150
IMPR.: \$238,600
TOTAL: \$623,750

Subject only to the State multiplier as applicable.

Statement of Jurisdiction

The appellant timely filed the appeal from a decision of the Kane County Board of Review pursuant to section 16-160 of the Property Tax Code (35 ILCS 200/16-160) challenging the assessment for the 2020 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 1-story commercial restaurant and bar building of masonry exterior construction with 9,360 square feet of building area. The building was constructed in 2001. The property has a 110,642 square foot site, a land to building ratio of 11.82:1, and is located in Elgin, Dundee Township, Kane County.

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 \$1,500,000 as of January 1, 2020. The appraisal was prepared by Shawn Schneider, a certified general real estate appraiser, for ad valorem tax purposes. The appraiser conducted an interior and exterior inspection of the subject property on July 23, 2020. The appraiser excluded personal property, including supplies, inventory, records, and intangibles, from the appraisal.

The appraiser did not develop the cost approach due to the age of the improvements and the lack of sufficient land sales.

Under the income approach, the appraiser selected eight lease comparables located in St. Charles, North Aurora, Sugar Grove, or Aurora. The comparables range from 1,000 to 5,984 square feet of leased area. Seven comparables have rents ranging from \$13.00 to \$24.00 per square foot of leased area on a triple net basis and one comparable has rent of \$14.63 per square foot of lease area on a gross basis. Based on this data, the appraiser estimated potential gross income of \$196,560 or \$21.00 per square foot of building area for the subject. The appraiser subtracted a vacancy rate of 10% based on data for the Far Northwest Retail market to arrive at effective gross income of \$176,904. The appraiser estimated expenses based on other far northwest suburban retail/commercial properties that had been appraised by the appraiser to conclude expenses totaling \$39,909, not including real estate taxes. The appraiser utilized the band of investments method to calculate a capitalization rate of 9.00% based on market area capitalization rates ranging from 6.00% to 9.00% with buildings having below average locations, low credit quality tenants, or significant physical or functional obsolescence having capitalization rates over 9.50%. Based on the foregoing, the appraiser concluded a value of \$1,469,903, rounded to \$1,470,000, under the income approach.

Under the sales comparison approach, the appraiser selected ten comparables located in Elgin, Algonquin, Aurora, Carpentersville, St. Charles, or Batavia. The parcels range in size from 24,228 to 83,900 square feet of land area and are improved with restaurant buildings ranging in size from 2,722 to 10,398 square feet of building area. The comparables have land to building ratios ranging from 4.34:1 to 13.84:1. The buildings were constructed from 1956 to 2010, with comparable #8 having an effective age of 2012. The comparables sold from February 2016 to February 2020 for prices ranging from \$255,000 to \$1,100,000 or from \$38.28 to \$170.71 per square foot of building area, including land. The appraiser made adjustments to the comparables for conditions of sale, marketing time (including downward adjustments to account for inferior market conditions relating to the Covid-19 pandemic), and for differences from the subject, such as condition, age, building size, land to building ratio, to arrive at adjusted sale prices ranging from \$37.05 to \$170.71 per square foot of building area, including land. Based on the foregoing, the appraiser concluded a value of \$160.00 per square foot of building area, including land, or \$1,497,600, rounded to \$1,500,000, under the sales comparison approach.

In reconciling these two approaches, the appraiser gave the most weight to the sales comparison approach with secondary weight to the income approach to opine a market value for the subject of \$1,500,000 as of January 1, 2020.

Based on this evidence, the appellant requested a reduction in the subject's assessment to \$499,950 to reflect the appraised value conclusion.

The board of review submitted its "Board of Review Notes on Appeal" disclosing the total assessment for the subject of \$688,038.¹ The subject's assessment reflects a market value of

¹ The Board notes that the board of review disclosed an assessment that differs from the assessment disclosed in the board of review decision presented by the appellant and in a letter from the township assessor's office presented by the board of review.

\$2,064,940 or \$220.61 per square foot of building area, land included, when using the 2020 three year average median level of assessment for Kane County of 33.32% as determined by the Illinois Department of Revenue.

In support of its contention of the correct assessment the board of review submitted information on three comparable sales located in West Dundee, Algonquin, or Elgin. Two comparables have either 26,001 or 37,897 square foot sites. The comparables are improved with restaurant buildings ranging in size from 3,000 to 6,500 square feet of building area. The buildings were constructed from 1986 to 2008. The comparables sold from January 2017 to March 2020 for prices ranging from \$800,000 to \$1,600,000 or from \$235.29 to \$286.67 per square foot of building area, including land.

The board of review also presented an income statement for the subject, which utilizes the effective gross income calculated by the appellant's appraiser, estimates expenses of \$17,076, and concludes a capitalization rate of 8.50%. The board of review calculated a value of \$1,880,328, rounded to \$1,880,000, for the subject.

The board of review submitted a letter from the township assessor's office contending that the appraiser accounted for property taxes twice under the income approach,² two comparables sales occurred in 2016, and several comparable sales were distressed sales and/or vacant at the time of sale. Moreover, the township assessor argued the appraiser made large adjustments for the pandemic even though the pandemic had not yet occurred as of the January 1, 2020 assessment date. The township assessor acknowledged the subject's location is inferior to other properties abutting I-90 and offered to stipulate to a market value of \$1,872,000, which was not accepted by the appellant.

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 met this burden of proof and a reduction in the subject's assessment is warranted.

The appellant presented an appraisal and the board of review presented three comparable sales and an income statement in support of their respective positions before the Board.

The Board gives less weight to the value conclusion contained in the appraisal. The appraiser relied primarily on the sales comparison approach for which the appraiser made questionable adjustments for market conditions related to the pandemic to nine of the ten comparables despite an assessment date prior to the pandemic. The appraiser made adjustments for building size to

² The Board notes the appraiser presented calculations of expenses both with and without property taxes, but used expenses without property taxes and a loaded capitalization rate for the value conclusion under the income approach.

only two comparables although only one comparable is similar to the subject in building size. Moreover, five of the ten comparables selected by the appraiser were distressed sales. Thus, the Board finds the appraisal states a less credible and/or reliable opinion of value.

The Board gives no weight to the income statement presented by the board of review. The income statement does not constitute an appraisal and relies on the income calculations presented by the appellant's appraiser. However, the board of review has calculated different expenses and a different capitalization rate without any providing any basis for these conclusions.

The Board will instead consider the raw sales data presented by both parties. The record contains a total of thirteen comparable sales for the Board's consideration. The Board gives less weight to the appraisal comparables #4, #5, #7, #9, and #10, which are described as distressed sales and are less likely to be indicative of market value. The Board gives less weight to the appraisal comparables #2, #3, #6, and #8 and the board of review's comparables #1 and #3, due to substantial differences from the subject in building size, age, and/or land to building ratio.

The Board finds the best evidence of market value to be the appraisal comparable #1 and the board of review's comparable #2, which are more similar to the subject in building size and age. These comparables sold in August 2018 and May 2019 for prices of \$1,100,000 and \$1,600,000 or for \$145.71 and \$246.15 per square foot of living area, including land, respectively. The subject's assessment reflects a market value of \$2,064,940 or \$220.61 per square foot of living area, including land, which is above the best comparable sales in terms of total market value and is bracketed by the best comparables on a price per square foot basis. Based on this evidence and after considering appropriate adjustments to the best comparables for differences from the subject, the Board finds a reduction in the subject's assessment is 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 18, 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

AGENCY

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