



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

APPELLANT: NTN Elgin Corporation  
DOCKET NO.: 20-05652.001-I-3  
PARCEL NO.: 03-33-300-087

The parties of record before the Property Tax Appeal Board are NTN Elgin Corporation, the appellant, by attorney David R. Bass, of Field and Goldberg, LLC in Chicago; and the Kane 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 **Kane** County Board of Review is warranted. The correct assessed valuation of the property is:

**LAND:** \$181,621  
**IMPR.:** \$605,257  
**TOTAL:** \$786,878

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 single-tenant industrial manufacturing building of brick, concrete block, and steel siding exterior construction with 48,279 square feet of gross building area. The building was constructed in 1987. The building is a Class C building with 18 foot ceiling height and a small office. The property has an approximately 107,158 square foot, or 2.46 acre, site with a land-to-building ratio of 2.22:1 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 \$1,000,000 as of January 1, 2020. The appraisal was prepared by Joseph J. Calvanico, MAI, a certified general real estate appraiser, and Jody R. Nord, trainee, for ad valorem tax purposes.

The appraisers stated the subject building is in poor condition for its age and identified numerous deferred maintenance items for the subject property, including replacement of the roof, office space renovation, mold removal, lighting replacement, and parking lot repairs, totaling approximately \$800,000.

Under the sales comparison approach, the appraisers examined three comparable sales and two listings located in Elgin. The parcels range in size from 83,635 to 206,474 square feet of land area and are improved with industrial buildings ranging in size from 30,780 to 83,769 square feet of gross building area. The buildings were constructed from 1964 to 1991<sup>1</sup> with comparable #2 reported to have been renovated in 2000 and comparable #4 reported to have been renovated in 1977. The buildings feature 14 to 24 foot ceilings. The appraisers did not report the quality or condition of these comparables; however, in comparison to the subject's poor condition the appraisers described comparables #2 and #3 as superior to the subject.

Three comparables sold from May 2017 to March 2018 for prices ranging from \$1,400,000 to \$3,000,000 or from \$35.81 to \$50.79 per square foot of gross building area, including land. Two comparables are listed for \$1,900,000 and \$2,295,000 or \$38.00 and \$66.52 per square foot of gross building area, including land, respectively. The appraisers made adjustments to these comparables for listing status, market trends, differences from the subject, such as building size and quality/condition, and from 28% to 50% for mold remediation to arrive at adjusted sale prices ranging from \$18.42 to \$37.53 per square foot of gross building area, including land. Based on the foregoing, the appraisers estimated a value for the subject property of \$1,260,000 or \$26.10 per square foot of gross building area, including land, under the sales comparison approach

Under the income approach, the appraisers examined five rent comparables located in Elgin and improved with industrial buildings ranging in size from 33,390 to 57,695 square feet of gross building area. The comparables have rents ranging from \$3.22 to \$4.82 per square foot of gross building area on a triple net lease basis with an average rent of \$4.27 per square foot of gross building area. Based on these comparables, the appraisers concluded potential gross income for the subject property of \$206,151 or \$4.27 per square foot of gross building area

The appraisers estimated a vacancy rate of 10% or \$20,615 and expenses of \$24,499, including management fees, reserves, and expenses paid by the owner while the property is vacant, and calculated net operating income of \$161,038.

The appraisers computed a capitalization rate using both the direct capitalization method and the band of investments method. The appraisers derived rates from the sales comparables ranging from 5.97 to 11.10% and examined investor surveys for national and regional industrial properties with rates ranging from 8.00% to 14.9%. The appraisers used the band of investment method to calculate an average rate of 9.01% for industrial properties. The appraisers concluded a capitalization rate of 11.00% for the subject property given its poor condition compared to

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<sup>1</sup> The parties differ regarding the age of comparable #2, which is a common comparable to both parties. The Board finds the best evidence of age is found in the grid analysis presented by the board of review, which describes a year built of 1988. Although the appraisers described a year built of 2000, they also mentioned a renovation of this property occurred in 2000, so it appears the renovation year was described rather than the year built.

investment grade properties. Based on the foregoing, the appraisers estimated a value for the subject property of \$975,532 under the income approach.

The appraisers did not apply the cost approach due to the condition of the subject property resulting from deferred maintenance and some obsolescence in design. In reconciling the sales comparison and income approaches, the appraisers gave weight to both approaches and opined a market value for the subject of \$1,000,000 as of January 1, 2020.

The appellant also submitted a brief contending that the subject property has had few updates since construction and has a number of deferred maintenance items described in the appraisal report that were considered in the appraisers' value conclusion.

Based on this evidence the appellant requested a reduction in the subject's assessment 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 \$786,878. The subject's assessment reflects a market value of \$2,361,579 or \$48.92 per square foot of living 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 a letter of the township assessor contending that the appraisers should not have considered the subject's deferred maintenance in reaching their value conclusion. The township assessor also provided a grid analysis of five comparable sales, information regarding five additional comparable sales, and an income statement with six rent comparables.

These ten comparable sales are located in Elgin, Carpentersville, and St. Charles. Comparable #2 is the same property as appraisal sale #2. The parcels range in size from 35,283 to 352,836 square feet of land area and are improved with industrial buildings ranging in size from 23,947 to 56,628 square feet of gross building area. Five comparables have land-to-building ratios ranging from 2.2:1 to 4.0:1. Nine of the buildings were constructed from 1978 to 2001. These comparables sold from May 2017 to July 2020 for prices ranging from \$1,465,000 to \$4,000,000 or from \$50.00 to \$80.00 square feet of gross building area, including land. It was disclosed that comparables #1 and #3 were part of multi-parcel sales and comparable #10 was sold to its tenant.

The rent comparables are located in Elgin and West Dundee and are improved with industrial buildings ranging in size from 22,448 to 41,035 square feet of gross building area. Three of these properties have starting rents ranging from \$4.65 to \$5.30 per square foot of gross building area on a triple net lease basis and one property has starting rent of \$6.25 per square foot of gross building area on a net lease basis. Two comparables are listed for \$5.25 and \$5.50 on a triple net lease basis. Based on these comparables, the township assessor calculated potential gross income for the subject of \$241,395 or \$5.00 per square foot of gross building area.

The township assessor deducted a vacancy rate of 5% or \$12,070 and expenses of \$34,399, consisting of management fees and reserves, to arrive at net operating income of \$194,926. The township assessor computed on a capitalization rate of 8.00% under the direct capitalization

method based on a regional warehouse investor survey disclosing current rates ranging from 4.00% to 6.00%. Based on the foregoing, the township assessor opined a value of \$2,436,581 for the subject property.

The board of review also presented a spreadsheet of forty-three sales comparables (which includes the board of review's comparables #5, #6, #8, #9 and #10) and two listings. These spreadsheet comparables are located in Elgin, South Elgin, St. Charles, Batavia, North Aurora, Carpentersville, Aurora, and Geneva. The spreadsheet comparables are improved with industrial buildings ranging in size from 35,000 to 74,984 square feet of gross building area and were constructed from approximately 1936 to 2020. Thirty-two of the spreadsheet comparables are reported to be Class A or Class B properties. Forty-three spreadsheet comparables sold from January 2017 to January 2022 for prices ranging from \$881,500 to \$8,180,000 or from \$14.69 to \$125.77 per square foot of gross building area, including land. Two spreadsheet comparables are listed for sale for \$1,900,000 and \$3,998,160 or \$37.17 and \$60.00 per square foot of gross building area, including land, and are reported to be under contract.

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 record contains an appraisal presented by the appellant and an income statement and sales comparables presented by the board of review. The Board gives less weight to the value conclusion contained in the appraisal and to the value conclusion presented in the income statement prepared by the township assessor.

The appraisal relied on both the sales comparison and income approaches. Under the sales comparison approach, the appraisers made adjustments for quality/condition without describing the quality or condition of the comparables and made extraordinary adjustments for "mold remediation" ranging from 28% to 50%, which dramatically reduced the sale prices of these comparables. Moreover, the appraisers relied on older sales occurring in 2017 and 2018 and two listings, which are less likely to be indicative of the subject's market value as of the January 1, 2020 assessment date. Under the income approach, the appraisers made no adjustments to the rent comparables for differences from the subject and failed to support or explain their calculations of the vacancy rate and expenses. Based on the foregoing deficiencies, the Board finds the value conclusion contained in the appraisal to be a less credible and/or reliable indication of the subject's value as of the January 1, 2020 assessment date.

The income statement is insufficient as an appraisal and the preparer's qualifications were not disclosed. The township assessor presented rent comparables with different types of leases without any adjustments and without adjustments for other differences from the subject. The

township assessor summarily concluded a vacancy rate and expenses without any support or explanation and computed a capitalization rate, which is higher than the rates presented, without support or explanation.

Consequently, the Board will instead consider the raw sales data presented in the appraisal and by the board of review. The record contains a total of fifty comparable sales, with one common sale, and four listings for the Board's consideration. The Board gives less weight to the four listings as a listing is less likely to be indicative of market value than a sale. The Board gives less weight to the board of review's comparables #1, #3, and #10, due to their multi-parcel sales or sale to a tenant, which makes them less reliable indicators of the subject's market value. The Board gives less weight to the thirty-two board of review spreadsheet comparables described as Class A or Class B buildings compared to the subject Class C building. The Board gives less weight to appraisal sales #1 and #3, appraisal sale #2/board of review's comparable #2, the board of review's comparables #6, #7, #9, and the board of review spreadsheet comparables #32, #33, #35, and #45, due to substantial differences from the subject in building size, age, and/or site size. The Board also gives less weight to the board of review spreadsheet comparable #15, which is a condominium unit unlike the subject.

The Board finds the best evidence of market value to be the remaining comparables, the board of review's comparable #5/spreadsheet comparable #2 and the board of review spreadsheet comparables #3, #5, #23, and #26, which have varying degrees of similarity to the subject but are more similar to the subject in building size, quality of construction, and/or age than other comparables in this record. These most similar comparables sold from July 2019 to July 2021 for prices ranging from \$1,010,000 to \$3,025,000 or from \$28.12 to \$68.50 per square foot of gross building area, including land. The subject's assessment reflects a market value of \$2,361,579 or \$48.92 per square foot of living area, including land, which is within the range established by the best comparable sales in the record. 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 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: \_\_\_\_\_

December 20, 2022



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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