



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

APPELLANT: American Management, LLC
DOCKET NO.: 20-43929.001-R-1 through 20-43929.002-R-1
PARCEL NO.: See Below

The parties of record before the Property Tax Appeal Board are American Management, LLC, the appellant, by attorney William I. Sandrick, of Sandrick Law Firm, LLC in South Holland, 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:

DOCKET NO	PARCEL NUMBER	LAND	IMPRVMT	TOTAL
20-43929.001-R-1	30-30-308-034-0000	1,024	627	\$1,651
20-43929.002-R-1	30-30-308-035-0000	2,016	19,333	\$21,349

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 assessments 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 three-story multi-family apartment building of masonry exterior construction with 5,670 square feet of gross building area with a concrete slab foundation. The building was constructed in 1972 and is approximately 49 years old with an effective age of 30 years according to the appellant's appraisal. The building contains six apartments with four, 1 bedroom/1-bathroom units and two, 2 bedroom/1-bathroom units. The property has an approximately 7,936 square foot site with 12 parking spaces for a parking ratio of 2.12-spaces per 1,000 square feet of gross building area. The subject has a land-to-building ratio of 1.40:1 and is located in Lansing, Thornton Township, Cook County. The subject 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 valuing the fee simple property rights, prepared by Ibi Cole, James Worden and Donn S. Calloway, of Cole Consulting, estimating the subject property's market value as of January 1, 2020 at \$230,000. The appraisers utilized both the income and sales comparison approaches to value in order to arrive at the fee simple market value of the subject for purposes of ad valorem tax assessment.¹ (Appraisal, p. 47)

The subject property was inspected on an unknown date for purposes of developing the appraisal consisting of Unit 2N along with common areas and the exterior. At this time ownership indicated that the property was in need of a new roof. The subject was described as being in average condition with the "main issue" being it is high in age and lacking in upgrades with needed roof replacement. However, the appraisers also wrote that, "Currently, the market does not procure higher rents for properties with maximized upgrades." (Appraisal, cover letter & p. 7 & 41).

Additionally, the appraisers noted functional obsolescence of the subject with a narrow ingress and egress point along with narrow stairways and hallways making it difficult to maneuver large objects in and out. Furthermore, the building lacks an elevator making moves to upstairs units difficult, particularly if they have limited mobility. Deferred maintenance was evident in asphalt damage, outdated finishes, no elevator, evidence of settlement, roof, gutter and shingle damage, damage to exterior brick, balconies, glass block windows along with damage due to moisture intrusion. (Appraisal, p. 41 & 42).

For the income approach to value, the appraisers analyzed five one-bedroom rental comparables and ten two-bedroom rent comparables in order to develop an opinion of the potential gross annual income for the subject property. The appraisers concluded after adjustments that one-bedroom apartment rents ranged from \$800 to \$975 per month and two-bedroom apartments ranged from \$900 to \$1,300 per month. Through this process, the appraisers opined the subject's market rental rate for one-bedroom units is \$900 per month and two-bedroom units is \$1,000 per month, resulting in a combined potential gross income for the subject of \$67,200. (Appraisal, pp. 49-59). To this, the appraisers applied a 10% vacancy and collection loss or \$6,720, resulting in an effective gross annual income of \$60,480. (Appraisal, p. 60-61). Next, calculations were made for expenses of insurance, legal and professional, management, repairs maintenance, utilities, cleaning/janitorial, snow removal, make ready/turnover, miscellaneous and reserves totaling \$28,533 annually. Once the projected expenses were deducted from the effective gross income, the appraisers set forth the potential net operating income of \$31,948. (Appraisal, p. 61). Next, a loaded capitalization rate was developed from various sources and determined to be 14.69% and when applied to the net operating income figure resulted in an opinion of value under the income approach of \$220,000 (rounded) or \$36,667 per unit.²

¹ The Board found conflicting information in the appraisal report concerning prior appraisals of the subject property by this firm. On page 1 of the cover letter, the appraisers reported the subject was appraised as of January 1, 2018 with an estimated value of \$220,000. However, on page 6 of the report, the appraisers assert that no services have been performed on this property within the prior three-year period of this assignment. (Appraisal, cover letter & p. 6)

² Page 66 of the appraisal appears to have an error in the concluded net operating income of \$36,238 when applying the loaded capitalization rate, rather than the correct figure of \$31,948.

For the sales comparison approach, the appraisers analyzed five sales of either 4-unit or 6-unit apartment buildings located in Lansing and Calumet City. The comparables were built between 1963 and 1974 and range in size from 2,507 and 6,082 square feet of gross building area. The comparables sold from December 2017 to June 2020 for prices ranging from \$130,000 to \$260,000 or from \$32,500 to \$47,500 per apartment unit.

As displayed on page 75 to 78 of the appraisal, the appraisers analyzed adjustments to the comparables to make them more equivalent to the subject property in condition (as-is for #3), market conditions (time for #5 for 2017 sale) and/or physical characteristics. Through this process, the appraisers concluded that the subject has a value of \$40,000 per unit or \$240,000 under the sales comparison approach to value.

In reconciliation, the appraisers gave primary weight of 70% to the income approach with 30% weight given to the sales approach, resulting in a market value opinion of \$230,000 which the appellant requested be applied to the two parcels comprising the subject property.

The board of review submitted its "Board of Review Notes on Appeal." The appellant filed a copy of the final decision issued by the Cook County Board of Review revealing that the subject property consists of two parcels with a combined total assessment for the subject of \$31,624. The subject's assessment reflects a market value of \$316,240 or \$52,707 per apartment unit or \$55.77 per square foot of gross building area, including land, 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 the subject's same neighborhood code and in Lansing. The comparable parcels range in size from 7,930 to 8,543 square feet of land area. The comparables are either 54 or 56 years old and range in gross building area from 4,239 to 4,597 square feet. One comparable has a partial unfinished basement and each comparable has a two-car garage. The comparables sold from July 2018 to November 2020 for prices ranging from \$185,500 to \$280,000 or from \$43.76 to \$61.67 per square foot of gross building area. Few other characteristics of the comparable properties were available for the Board to sufficiently analyze the comparables to the subject in number of apartments, although it appears likely given the bathroom count that each of these were four-unit buildings. 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 submitted an appraisal of the subject property and the board of review presented four raw unadjusted comparable sales for the Board's consideration. The Board has given

reduced weight to the board of review comparables which are each older and smaller buildings with apparently fewer apartment units than the subject. In addition, due to the lack of detailed characteristics concerning the board of review comparables, the Board has been unable to engage in a reasoned analysis of the similarities and differences between the subject property and these comparables. Unlike the subject, there is no information on the use and layout of the comparables, the condition and/or details about the location and/or how that compares to the subject property.

On this record, the Board finds the best evidence of market value to be the appraisal submitted by the appellant as the appellant's appraisers developed both the income approach to value and the sales comparison approach to value. The appraisers developed the income approach to value in significant detail, developing income for apartment rental along with consideration and development of the associated expenses to arrive at stabilized income and expenses. The Board finds the appellant's appraisers' estimate of income and expenses was well supported and credible. The Board further finds the appellant's appraisers' estimate of the loaded capitalization rate to be supported in the report. The Board further finds the board of review presented no evidence or data to rebut or refute the income approach to value presented by the appellant's appraisers.

With respect to the sales comparison approach to value, the appellant's appraisers examined five sales from Lansing and Calumet City. The only noted inconsistency in the report is the conclusion that appraisal sale #2 needed an overall downward adjustment and appraisal sale #5 needed an overall upward adjustment, neither of which are reflected in the chart on page 75 of the report. However, through the analysis of the comparable sales, the appraisers reported that most emphasis was placed on the "balanced" or unadjusted appraisal sales #1, #3 and #4 which range from \$32,500 to \$44,750 per apartment unit. Relying upon these three sales, the appraisers arrived at an estimated value under the sales comparison approach of \$40,000 per unit or \$240,000, which was supported by the conclusion under the income approach to value. The subject's assessment reflects a market value of \$316,240 or \$52,707 per apartment unit, including land, which is above the appraised value. The board of review presented no evidence to refute the sales comparison approach developed by the appellant's appraisers.

Having fully analyzed the record evidence, the Board finds the subject property had a market value of \$230,000 as of the assessment date at issue. Since market value has been established the level of assessment for class 2 property under the Cook County Real Property Assessment Classification Ordinance of 10% shall apply which is also commensurate with the appellant's request for the two parcels on appeal. (86 Ill.Admin.Code §1910.50(c)(2)).

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: _____

August 20, 2024



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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