



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

APPELLANT: Dine Global Brands-IHOP
DOCKET NO.: 21-05568.001-C-1
PARCEL NO.: 14-12-277-009

The parties of record before the Property Tax Appeal Board are Dine Global Brands-IHOP, the appellant, by attorney Max E. Callahan, of Siegel & Callahan, P.C. 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: \$155,796
IMPR.: \$118,904
TOTAL: \$274,700

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 2021 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 restaurant building with 4,296 square feet of gross building area. The building was constructed in 2002. The property has a 38,768 square foot site with a land to building ratio of 9.02:1 and is located in Aurora, Sugar Grove 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 \$695,000 as of January 1, 2021. The appraisal was prepared by Gregory B. Nold, MAI, a certified general real estate appraiser, for ad valorem tax purposes. The appraiser inspected the subject on May 30, 2022.

Under the sales comparison approach, the appraiser selected five comparable sales located in St. Charles, Aurora, and Oswego. The parcels range in size from 23,087 to 86,655 square feet of land area with land to building ratios from 7.65:1 to 30.13:1. The comparables are improved with commercial or restaurant buildings ranging in size from 1,012 to 11,326 square feet of gross building area. The buildings were constructed from 1963 to 2009. The comparables sold from July 2019 to February 2021 for prices ranging from \$200,000 to \$1,300,000 or from \$114.78 to \$197.63 per square foot of gross building area, including land. The appraiser made adjustments to the comparables for differences from the subject, such as location, size, construction quality, and/or land to building ratio, to arrive at adjusted sale prices ranging from \$124.96 to \$163.14 per square foot of gross building area, including land. The appraiser reported comparables #3 and #5 were tenant-occupied at the time of sale but did not make adjustments to these comparables for property rights conveyed. Based on the foregoing, the appraiser concluded a value of \$160.00 per square foot or \$685,000 rounded, under the sales comparison approach.

Under the income approach, the appraiser examined eight rent comparables located in Aurora and Sugar Grove. The comparables range in size from 1,000 to 4,100 square feet of leased area. Five comparables have rents on a modified gross basis, where the tenant pays utilities and common area maintenance, ranging from \$12.00 to \$21.43 per square foot of leased area. Two comparables have rents on a modified gross basis, where the tenant pay only for utilities, of \$14.63 and \$18.00 per square foot of leased area, and one comparable has rent on a triple net basis of \$20.00 per square foot of leased area. Based on market rents, the appraiser estimated rents on a modified gross basis, where the tenant pays utilities and common area maintenance, of \$20.00 per square foot of gross building area for the subject. The appraiser concluded potential gross income of \$100,956 for the subject (calculated as \$85,920 of base rent plus \$15,036 in reimbursements for utilities and common area maintenance).

The appraiser examined the rental and vacancy rates for retail properties in Chicago's West East/West Corridor to arrive at vacancy and collection loss for the subject of 7.00% or \$7,067, which results in effective gross income of \$93,889.

The appraiser next estimated expenses, including management and leasing fees; maintenance, insurance and repairs; legal and professional fees; and replacement reserves, totaling \$19,997, which results in net operating income of \$73,892.

The appraiser then used a capitalization rate of 7.50% based on a mortgage-equity technique to arrive at a loaded capitalization rate of 10.54%. Based on the foregoing, the appraiser concluded a value of \$701,063, or \$700,000 rounded, under the income approach.

In reconciling the sales comparison and income approaches, the appraiser gave most weight to the sales comparison approach to opine a value of \$695,000 for the subject as of January 1, 2021. The appraiser did not develop the cost approach due to substantial depreciation of the subject property and the cost approach being less commonly considered in the market for this type of property.

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 \$274,700. The subject's assessment reflects a market value of \$824,182 or \$191.85 per square foot of gross building area, land included, when using the 2021 three year average median level of assessment for Kane County of 33.33% as determined by the Illinois Department of Revenue.

In support of its contention of the correct assessment the board of review submitted information on five comparable sales located in St. Charles, Batavia, Algonquin, and Montgomery. The parcels range in size from 30,056 to 73,661 square feet of land area with land to building ratios from 4.79:1 to 13.62:1. The comparables are improved with restaurant buildings ranging in size from 3,517 to 7,470 square feet of gross building area. The buildings were constructed from 1984 to 2008. The comparables sold from August 2018 to June 2021 for prices ranging from \$430,000 to \$1,920,000 or from \$122.26 to \$306.12 per square foot of gross building area, including land. The board of review reported comparable #1 also sold in October 2019 for \$850,000, comparable #3 sold again in late 2021 for \$1,900,000, and comparable #5 sold again in December 2021 for \$1,125,000.

The board of review submitted a letter contending that the subject fronts and has access to Orchard Road, a major commercial corridor, and is located close to I-88. The board of review argued appraisal sales #1 and #3 are not restaurant buildings like the subject, with appraisal sale #3 also being a much larger building than the subject. The board of review further argued appraisal sales #2 and #4 have inferior locations compared to the subject, with appraisal sale #4 also being a much smaller and older building than the subject. The board of review asserted appraisal sale #5 has an inferior location and is an older building than the subject.

The board of review's letter contains a grid analysis of the comparables with adjustments for differences from the subject, such as location, size, age, condition, appeal and land to building ratio. According to this analysis, comparables #1, #2, and #3 receive overall downward adjustments and comparables #4 and #5 receive overall upward adjustments.

Based on this evidence, the board of review requested confirmation of the subject's assessment.

In written rebuttal, the appellant argued the board of review presented raw sales data compared to the appellant's appraisal, which was prepared by a licensed appraiser and contains adjustments to the comparables presented in the appraisal report.

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 presented an appraisal and the board of review presented five comparable sales in support of their respective positions before the Board. The Board gives less weight to the value

conclusion contained in the appraisal. Under the sales comparison approach, the appraiser selected two sales of properties that are not restaurant buildings like the subject and did not make adjustments to appraisal sales #4 and #5 for age, even though these properties were built in 1963 and 1978 compared to the subject's construction in 2002. The appraiser also considered two sales of properties that were tenant-occupied at the time of sale, but made no adjustments to these comparables for property rights conveyed. Under the income approach, the appraiser did not explain the basis for the estimation of expenses. For these reasons, the Board finds the appraisal states a less credible and/or reliable opinion of value and 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 13 comparable sales, with three comparables of the ten comparables having sold twice, for the Board's consideration. The Board gives less weight to appraisal sales #1 and #3 which are not restaurant buildings like the subject. Moreover, appraisal sale #3 is substantially larger than the subject. The Board also gives less weight to appraisal sales #2 and #4 and the board of review's comparables #1, #2, #3, and #5, due to substantial differences from the subject in building size.

The Board finds the best evidence of market value to be appraisal sale #5 and the board of review's comparable #4. These two comparables are more similar to the subject in design, building size, site size, and location, although these properties are older buildings than the subject, suggesting upward adjustments to these comparables would be needed to make them more equivalent to the subject. These two most similar comparables sold for prices of \$430,000 and \$690,000 or for \$122.26 and \$171.73 per square foot of gross building area, including land, respectively. The subject's assessment reflects a market value of \$824,182 or \$191.85 per square foot of living area, including land, which is above the best comparable sales in the record, but appears to be justified given the subject's much newer building compared to the best comparables. 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:

October 17, 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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