



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

APPELLANT: MD Dragovich LLC-2350 N. Claybourn Ave.
DOCKET NO.: 21-49230.001-R-1
PARCEL NO.: 14-31-201-023-0000

The parties of record before the Property Tax Appeal Board are MD Dragovich LLC-2350 N. Claybourn Ave., the appellant, by attorney Stephanie Park, of Park & Longstreet, P.C., in Inverness, 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: \$50,625
IMPR.: \$43,375
TOTAL: \$94,000

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 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 three-story mixed-use building of masonry exterior construction with approximately 5,700 square feet of gross building area consisting of a ground-level commercial unit and two second floor apartments. The building is approximately 130 years old which has been renovated. Features include an unfinished basement, and the units are cooled by individual forced air service. The commercial unit has a half-bathroom, and each 2-bedroom apartment has a full bathroom. The property has a 4,050 square foot site and is located in Chicago, North Chicago Township, Cook County. The subject is classified as a class 2-12 property under the Cook County Real Property Assessment Classification Ordinance.

The appellant contends both overvaluation and lack of assessment equity concerning the improvement as the bases of the appeal. In support of the overvaluation argument, the appellant submitted an appraisal for an *ad valorem* tax assessment prepared by Robert S. Kang, a Certified

General Real Estate Appraiser. Using the income and comparable sales approaches to value, Kang estimated the subject property had a fee simple retrospective market value of \$940,000 as of January 1, 2021.

As part of the preparation of the report, Kang performed an exterior inspection and a cursory interior inspection on May 10, 2022.

Using the income capitalization approach to value, Kang analyzed six commercial rental comparables located in Chicago and six apartment properties located in Chicago. From this data, the appraiser estimated a stabilized rent for the commercial space of \$32.00 per square foot on a gross lease basis ($1,500 \times \$32.00 = \$48,000$) and a stabilized rent for the apartments of \$1,900 per month ($2 \times \$1,900 \times 12 = \$45,600$) resulting in potential gross income of \$93,600. From this the appraiser deducted an estimated vacancy and collection loss of 7% or \$6,552, resulting in an effective gross income of \$87,048. Next, Kang estimated expenses, except real estate taxes, concluding estimates for insurance of \$2,280, for management/administrative fees of 5%, for legal and accounting professionals of \$3,000 per year, for common area maintenance of \$2,850, for repairs and maintenance of \$1,710 and for reserves for replacements of \$570 annually, resulting in projected expenses of \$14,762. Deducting the expenses from the effective gross income figure results in a potential net operating income (excluding real estate taxes) of \$72,286. (Appraisal, pp. 49-59)

Next, Kang analyzed data sources in order to capitalize the estimated net operating income utilizing the direct capitalization method. Considering the band of investment, investor survey data and market extraction techniques, the appraiser concluded a capitalization rate loaded with the tax rate of 8.228%. When applied to the net operating income of \$72,286, Kang opined a value for the subject property using the income approach of \$878,537 or \$880,000, rounded. (Appraisal, p. 60)

Using the sales comparison approach to value, the appraiser analyzed seven sales of multi-tenant mixed-use buildings located in Chicago. The comparables were built between 1880 and 1917 with one having been renovated. The buildings range in size from 2,765 to 7,777 square feet. The properties sold from May 2018 to August 2020 for prices ranging from \$94.03 to \$178.57 per square foot of building area, including land. (Appraisal, p. 70)

Next Kang analyzed adjustments to the comparables for differences when compared to the subject and concluded adjustments were necessary to some of the properties for building size, resulting in adjusted sales prices ranging from \$92.15 to \$178.57 per square foot of building area, including land. Based on the adjusted sales data, Kang concluded a market value for the subject of \$175.00 per square foot of building area, including land, resulting in a value of \$997,500 ($5,700 \text{ square feet} \times \$175 = \$997,500$) or \$1,000,000, including land, rounded. (Appraisal, pp. 71-74)

In reconciliation given the results, Kang gave primary consideration to the income capitalization approach to value and concluded a market value for the subject property as of January 1, 2021 of \$940,000.

The appellant also completed the Section V grid analysis of the Residential Appeal petition with four comparables in support of the contention that the subject property has been inequitably assessed. The comparables are each located in the same neighborhood code and "neighborhood" as the subject property. The comparables are improved with class 2-23, two-story or three-story buildings of masonry exterior construction. The comparables range in age from 48 to 139 years old and range in size from 5,608 to 5,820 square feet of building area. Two comparables each have air conditioning and each comparable has a partial basement, although no data on finished area, if any, was provided. The comparables have 2 or 4 full bathrooms along with 1 or 2 half-baths. The comparables have improvement assessments ranging from \$104,395 to \$109,483 or from \$18.13 to \$19.38 per square foot of gross building area.

Based on the foregoing evidence, the appellant requested a total assessment reflective of the appraised value conclusion at the 10% level of assessment or \$94,000 including a reduced improvement assessment of \$43,375 or \$7.61 per square foot of gross building area.

The board of review submitted its "Board of Review Notes on Appeal" disclosing the total assessment for the subject of \$168,000. The subject's assessment reflects a market value of \$1,680,000 or \$294.74 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%. The subject property has an improvement assessment of \$117,375 or \$20.59 per square foot of gross building area.

In support of its contention of the correct assessment, the board of review submitted information on two comparables where comparable #2 has sale data and both comparables include assessment information. The comparables are located in the subject's neighborhood code and on the same tax block, with one comparable being on the same street as the subject. The comparables consist of class 2-12, three-story building of masonry exterior construction. The buildings are 130 and 121 years old and contain 5,250 and 4,800 square feet of gross building area, respectively. Each comparable has a full unfinished basement and comparable #2 has air conditioning. The buildings have 6½ and 4½ bathrooms, respectively. Comparable #2 has a 3,750 square foot site and sold in December 2018 for \$1,150,000 or for \$239.58 per square foot of gross building area, including land. The comparables have improvement assessments of \$97,178 and \$91,125 or of \$18.51 and \$18.98 per square foot of gross building area, respectively.

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

In rebuttal, the appellant argued that the one sale provided by the board of review supports the appellant's overvaluation argument. Likewise, the appellant contends that the assessment of the two board of review comparables supports the argument that the subject property is inequitably assessed.

Conclusion of Law

The appellant contends in part that 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 supplied an appraisal and equity comparables and the board of review submitted two comparable properties, one of which sold, in support their respective positions before the Property Tax Appeal Board.

The Board finds the best evidence of market value to be the appraisal submitted by the appellant which is further somewhat supported by board of review comparable sale #2. The appellant's appraiser utilized both the income and sales comparison approaches to value as described herein in concluding a value for the subject as of the lien date of \$940,000, including land. Both the rental and sales comparables are located in Chicago and bracket the subject property in age and building size with some of the same features. The board of review provided no evidence to contradict the validity of the rental or sales data in the appraisal nor did the board of review question the analyses utilized by Kang in the report to arrive at his conclusions. The Board finds, the appraisal appears to be supported to reflect a credible estimate of the subject's market value as of the lien date. In addition, the board of review sale of comparable #2, depicts a property which is nearly 1,000 square feet smaller than the subject and somewhat newer than the subject property. Board of review comparable #2 sold in December 2018, approximately 24 months prior to the lien date at issue, for \$1,150,000 or \$239.58 per square foot of gross building area, including land.

The subject's assessment reflects a market value of \$1,680,000 or \$294.74 per square foot of gross building area, including land, which is above the appraised value and above the only comparable sale presented by the board of review. As to the overvaluation argument, the Board finds the subject property had a market value of \$940,000 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. (86 Ill.Admin.Code §1910.50(c)(2).

In part, the taxpayer contends assessment inequity as a basis of the appeal. When unequal treatment in the assessment process is the basis of the appeal, the inequity of the assessments must be proved by clear and convincing evidence. 86 Ill.Admin.Code §1910.63(e). Proof of unequal treatment in the assessment process should consist of documentation of the assessments for the assessment year in question of not less than three comparable properties showing the similarity, proximity and lack of distinguishing characteristics of the assessment comparables to the subject property. 86 Ill.Admin.Code §1910.65(b). After an analysis of the assessment data, the Board finds after having adjusted the subject's improvement assessment based on its market value, no further reduction based on assessment inequity is warranted on this record.

The parties presented a total of six equity comparables to support their respective positions before the Property Tax Appeal Board. The Board has given reduced weight to the appellant's comparables #3 and #4, which are similar to the subject in building size, but are each significant newer in age than the subject building. The Board finds the best four equity comparables in the record reflect improvement assessments which range from \$18.13 to \$18.98 per square foot of building area. After adjustment for market value purposes, the subject's revised improvement

assessment is \$7.61 per square foot of gross building area, below the best comparables in the record.

In conclusion, the Board finds the appellant demonstrated overvaluation by a preponderance of the evidence. Therefore, the Board finds the subject property's assessment as established by the board of review is incorrect and a reduction is warranted on grounds of overvaluation. However, after the reduction for overvaluation, the Board finds no further reduction is warranted on grounds of lack of assessment equity.

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 15, 2025



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

State of Illinois
Property Tax Appeal Board
William G. Stratton Building, Room 402
401 South Spring Street
Springfield, IL 62706-4001

APPELLANT

MD Dragovich LLC-2350 N. Claybourn Ave., by attorney:
Stephanie Park
Park & Longstreet, P.C.
1620 W Colonial Pkwy.
Inverness, IL 60067

COUNTY

Cook County Board of Review
County Building, Room 601
118 North Clark Street
Chicago, IL 60602