FINAL ADMINISTRATIVE DECISION
ILLINOIS PROPERTY TAX APPEAL BOARD

APPELLANT: First Nations Bank, Trustee
DOCKET NO.: 23-03114.001-C-2
PARCEL NO.: 16-23-407-022

The parties of record before the Property Tax Appeal Board are First Nations Bank, Trustee, the appellant, by George N. Reveliotis, attorney-at-law of Reveliotis Law, P.C. in Park Ridge, and the Lake 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 **Lake** County Board of Review is warranted. The correct assessed valuation of the property is:

LAND:	$203,365
IMPR.:	$671,090
TOTAL:	$874,455

Subject only to the State multiplier as applicable.

Statement of Jurisdiction

The appellant timely filed the appeal from a decision of the Lake County Board of Review pursuant to section 16-160 of the Property Tax Code (35 ILCS 200/16-160) challenging the assessment for the 2023 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 site with 10,473 square feet of land area improved with a three-story, multi-tenant office building with ground floor retail. The subject building has a brick and decorative tile exterior with a gross building area of 31,631 square feet and a net rentable area of 23,906 square feet. There are two retail units on the first floor. Each floor, other than the basement, has common restrooms and a few offices have private, single user restrooms in the unit. The building has one passenger elevator. The subject building also has a partial basement for mechanicals, utilities, and minimal storage. The subject has central heating and central air conditioning servicing all areas. The building was built in approximately 1947 and is approximately 76 years old. The property has a land to building ratio of .33:1. The subject has an irregular shaped interior parcel with approximately 95 feet of frontage on Sheridan Road in Highland Park, Moraine Township, Lake 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 $2,215,000 as of January 1, 2023. The appraisal was prepared by Shawn Schnieder, an Illinois Certified General Appraiser. The purpose of the appraisal was to estimate the market value of the subject property. The fee simple property rights were appraised. The report is to assist the intended users with an estimate of market value to arrive at an equitable assessed valuation for purposes of real estate taxation.

The report indicated the interior and exterior of the subject property was inspected on September 26, 2023. The appraiser determined the highest and best use of the property as vacant was for office use. The highest and best use of the property as improved was determined to be office use. In estimating the market value of the subject property, the appraiser developed the income approach to value and the sales comparison approach to value.

In developing the income approach to value the appraiser first estimated the market or economic rent. The report had three retail rental comparables that were located in Highland Park. The comparables were composed of two office buildings and one retail building that range in size from 8,862 to 20,000 square feet of building area that were built from 1930 to 1996 with the oldest building being renovated in 1993. These properties had leased areas ranging in size from 757 to 1,248 square feet. The report indicated that retail leases were signed from October 2022 to July 2023 with asking rents ranging from $28.00 to $31.27 per square foot of building area on a modified gross basis. The appraisal also contained seven office rental comparables located in Highland Park improved with buildings that range in size from 7,500 to 159,781 square feet of building area that were built from 1910 to 1996. The comparables had leased areas ranging in size from 401 to 1,867 square feet of office area. These properties had leases that were signed from April 2022 to October 2023 with asking rents ranging from $18.00 to $32.00 per square foot of office area on a modified gross basis. The appraiser indicated in the report that rental rates for properties similar to the subject have not increased over the last 18 to 24 months. The appraiser further asserted that due to the covid pandemic rental rates are falling and office spaces have become very difficult to lease. The appraiser estimated a market rent of $18.00 per square foot for large office space, $22.00 per square foot for medium office space, and $30.00 per square foot for small office space, on a modified gross basis. In the analysis the appraiser also used $30.00 per square foot for the market rent of small retail space.

The report contained the rent roll for the subject as of January 1, 2023, in which the appraiser had listed the various units within the subject building and identified the areas by space type (small office, medium office, small retail, medium retail, and large office). The subject building has 23,906 square feet of rentable area of which 11,709 square feet were leased and 12,197 square feet were vacant. The occupied space had a contract rent of $366,216. Using the market rents the appraiser estimated the potential gross income for the subject's occupied space would be $300,574 and the potential gross income for the subject's vacant space would be $232,334. Adding the components the appraiser arrived at a potential gross income for the subject property of $532,908 or $22.29 per square foot of net rentable area.

The appraiser next estimated the subject's vacancy and collection loss. The appraiser cited the CoStar vacancy analytics for the Central North area submarket that indicated a vacancy rate of

16.3%. The appraiser opted to use a 15.0% vacancy and collection loss or $79,936, which, after deduction, resulted in an effective gross income of $452,972.

The appraiser next estimated operating expenses to be deducted from the effective gross income. The appraiser explained the subject's income estimate was based on a modified gross lease in which the landlord receives stipulated rent and is obligated to pay some, but not all, of the property's operating and fixed expenses. The estimated expenses were set forth on pages 55 and 56 of the report as follows:

Real Estate Taxes	$103,653
Utilities on vacancy	$66,425
CAM	$31,631
Insurance	$6,326
Management Fees	$22,649
Leasing commission	$17,213
Miscellaneous	$4,500
Reserves for Replacement	$9,489
Total	$261,886

The appraiser, however, indicated on page 56 of the report that the total expenses with 2023 real estate taxes are estimated at $307,047, which differs from the total using the individual amounts identified in the report.[1] The appraiser calculated the net income to be $145,925 ($452,972-$307,047)

The appraiser next estimated the capitalization rate to be applied to the subject's net income. The appraiser utilized the band of investment method to estimate the overall capitalization rate applicable to the subject property and arrived at an overall capitalization rate of 8.25%.

The appraiser indicated that in order to demonstrate the effect of real estate taxes on property value, he used two methods to capitalize the net income. Method I capitalizes the net operating income after taxes by a capitalization rate when there is positive net operating income. Using this method the appraiser divided $145,925 by 8.25% to arrive at an estimated value of $1,770,000, rounded.[2]

The appraiser explained Method II capitalizes net operating income before real estate taxes using a tax load factor which is added to the capitalization rate in lieu of real estate taxes as an expense. The appraiser calculated the tax load factor to be 3.0381% which was added to the capitalization rate of 8.25% to arrive at a loaded capitalization rate of 11.288%. The appraiser used a net operating income of $249,578 ($145,925 + $103,653 (r/e taxes)) divided by 11.288% to arrive at

[1] Page 64 of the report contains a Stabilized Pro Forma income statement which contains additional expenses not set forth on pages 55 and 56 for such items as: Repairs and Maintenance - $9,000, Cleaning and Janitorial - $31,631, and General and Administrative - $4,530, which total $45,161.

[2] Using the expenses reflected in the report the subject would have a net operating income of $191,086 ($452,972 - $261,886). Dividing the net operation income of $191,086 by 8.25% results in an estimated market value of $2,316,194.

a value of $2,210,000.[3] The appraiser indicated that most weight was given Method II as it reflects an equitable tax assessment to arrive at a value indication by the Income Capitalization Approach.

The appraiser next developed the sales comparison approach to value using seven comparable sales located in Waukegan, Libertyville, Antioch, and Lake Villa from 12.05 to 25.4 miles from the subject property.[4] The comparables are improved with 2-story, 4-story, or 6-story multi-tenant office buildings of masonry or steel construction that range in size from 12,222 to 35,140 square feet of building area. The buildings were built from 1968 to 1998. The properties have from 6,737 to 188,179 square feet of land area with land to building ratios ranging from .20:1 to 5.36:1. The sales occurred from November 2021 to September 2023 for prices ranging from $390,000 to $1,250,000 or from $28.46 to $83.74 per square foot of building area, including land. The appraiser made transaction adjustments to comparables #3 and #6 for being a 1031 exchange and being a pending sale, respectively. The appraiser also adjusted the comparables for such factors as location, condition, year built, gross building area, land to building ratio, and days on market resulting in adjusted prices ranging from $31.31 to $71.17 per square foot of building area, including land. The appraiser concluded the subject property had an estimated value of $70.00 per square foot of building area, including land, for a total value of $2,215,000, rounded, under the sales comparison approach to value.

In reconciling the two approaches to value the appraiser gave secondary weight to the income approach to value and greatest weight to the sales comparison approach to value and estimated the subject property had a market value of $2,215,000 as of January 1, 2023.

The appellant requested the subject's total assessment be reduced to $738,260 to reflect the appraised value.

The board of review submitted its "Board of Review Notes on Appeal" disclosing the total assessment for the subject of $874,455. The subject's assessment reflects a market value of $2,631,523 or $83.19 per square foot of gross building area, land included, when using the 2023 three-year average median level of assessment for Lake County of 33.23% as determined by the Illinois Department of Revenue.

In support of its contention of the correct assessment the board of review submitted information on seven comparable sales located in the Illinois communities of Highland Park, Deerfield, Lincolnshire, Glenview, and Lake Forest. Comparable #6 is located in Cook County with the remaining comparables being located in Lake County. The comparables are composed of a mix of retail, retail/office, and office buildings. The comparables consist of one-story, two-story or three-story buildings of brick construction that range in size from 10,000 to 24,124 square feet of building area. The buildings were constructed from 1945 to 2013 and range in age from 10 to 78 years old. These properties have sites ranging in size from 10,019 to 183,388 square feet of land area resulting in land to building ratios ranging from 1.00:1 to 7.69:1. Comparables #1, #4, #5, #6 and #7 are multi-tenant buildings containing from 3 to 28 tenants. Comparable #2 is a single tenant

[3] Using the expenses reflected in the report the subject would have a net operating income before taxes of $294,739 ($191,086 + $103,653). Dividing the net operating income before taxes of $294,739 by the loaded capitalization rate of 11.288% results in an estimated market value of $2,611,083.
[4] Comparable #6 had a pending contract.

building purchased by an owner/user. Comparable #3 is a retail building that was vacant at the time of sale and purchased at auction. Comparables #1, #4, #5, #6 and #7 were 52.7%, 86.2%, 100%, 75.1% and 62.6% leased at the time of sale, respectively. The comparables sold from January 2022 to November 2023 for prices ranging from $1,500,000 to $3,900,000 or from $104.29to $200.00 per square foot of building area, including land. To document the comparable sales the board of review submitted copies of the CoStar Group listing information data sheets for the comparables.

In a written statement the board of review contends the appeal is based on a January 1, 2023, appraisal and the appellant presented seven sales (in the appraisal), which were considered inferior to the subject property or located outside the subject's market area and in areas less reflective of the subject's Highland Park location. The board of review also asserted the subject property recently obtained a mortgage in the amount of $4,425,000, just prior to the lien date, which indicates a market value of $5,900,000 at a traditional commercial loan to value ratio of 74%. In support of this statement the board of review submitted a copy of a mortgage dated August 26, 2022, recorded on August 31, 2022, and indicated the loan/mortgage amount to be $4,425,000.

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 submitted an appraisal estimating the subject property had a market value of $2,215,000 as of January1, 2023. The board of review submitted information on seven comparable sales in support of its contention of the correct assessment of the subject property.

As an initial point, the Board finds the record contains evidence provided by the board of review that the subject property was the subject matter of a mortgage dated August 26, 2022, in the amount of $4,425,000, which is significantly above the market value reflected by the subject's assessment of $2,631,523. The Board finds the mortgage amount undermines the appellant's contention the subject property is overvalued for assessment purposes and detracts from the validity of the estimated value for the subject property contained in appellant's appraisal of $2,215,000 as of January 1, 2023, without knowing other specific details associated with the mortgage documents.

The appellant's appraisal included the sales comparison approach to value using seven comparable sales with varying degrees of similarity to the subject property, none of which are located in Highland Park, as is the subject property. The appellant's appraisal comparables sold from November 2021 to September 2023 for prices ranging from $390,000 to $1,250,000 or from $28.46 to $83.74 per square foot of building area, including land. The board of review also submitted information on seven comparable sales with varying degrees of similarity to the subject property. The board of review comparables sold from January 2022 to November 2023 for prices ranging from $1,500,000 to $3,900,000 or from $104.29 to $200.00 per square foot of building area, including land. The board of review comparable sales included three properties located in

Highland Park, comparables #1, #4 and #5. These three properties ranged in size from 10,000 to 24,124 square feet of building area and in age from 43 to 78 years old. The sales occurred in October 2022, June 2023 and May 2022 for prices of $2,000,000, $3,900,000 and $1,500,000 or for $200.00, $161.66 and $141.94 per square foot of building area, including land, respectively. The subject's assessment reflects a market value of $2,631,523 or $83.19 per square foot of gross building area, land included. The Board finds the subject's assessment reflects a market that is within the range of all the sales in the record. More importantly, the Board finds the subject's assessment is within the overall price range but below the range on a per square foot of building area basis of the three sales located in Highland Park, as is the subject property, that were provided by the board of review. Based on these sales, the Property Tax Appeal Board finds the subject property is not overvalued.

The appellant's appraisal also includes an income approach to value, which was given secondary emphasis by the appraiser. The Board finds there is some inconsistency within the income approach to value concerning the expenses that were deducted from the subject's estimated effective gross income to arrive at the net operating income. On pages 55 and 56 of the appraisal the appraiser identified total expenses, including real estate taxes, in the amount of $261,886. However, the appraiser utilized total expenses, including real estate taxes, in the amount of $307,047, to arrive at a net operating income of $145,925. The appellant's appraisal also included a Stabilized Pro Forma income approach on page 64, which also indicated total expenses, including real estate taxes, of $307,047. The Stabilized Pro Forma income statement contains additional expenses not set forth on pages 55 and 56 for such items as: Repairs and Maintenance - $9,000, Cleaning and Janitorial - $31,631, and General and Administrative - $4,530, totaling $45,161. The cleaning and janitorial expenses on the pro forma statement in the amount of $31,631 is equivalent to the CAM expenses on the pro forma statement, which would appear to be an error. Because of these inconsistencies or possible errors, the Board gives the income approach to value within the appraisal less weight.

Based on this record, giving primary emphasis to the sales in the record, 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:

C E R T I F I C A T I O N

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: July 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.

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