



INFORMATIONAL BULLETIN

A. OVERVIEW

The Illinois Residence Assessment Freeze Law was enacted via state statute. See 35 ILCS 200/10-40 *et. eq.* To find out if your owner-occupied principal residence is eligible for the Illinois Historic Residence Assessment Tax Freeze, you should visit the Illinois Historic Preservation Division of the Illinois Department of Natural Resources at <https://dnrhistoric.illinois.gov/preserve/taxfreeze.html>. You can access the one-page program summary by clicking this [link](#). It is highly recommended that you carefully review the Illinois Historic Preservation Division's webpage to learn more about the benefits of the Historic Freeze Program and its requirements.

B. TAX BENEFITS

According to the Illinois Historic Residence Assessment Tax Freeze ("Freeze Law"), the "Base Year" assessed value of your principal residence is frozen for 8 years beginning in the year the Certificate of Rehabilitation is issued from the Illinois Historic Preservation Division of the Illinois Department of Natural Resources. The "base year valuation" of your property is defined as: "...the fair cash value of the historic building for the year in which the rehabilitation period begins but prior to the commencement of the rehabilitation and does not include any reduction in value during the rehabilitation work." After the 8th Year, your property value will phase up in Years 9-12. The property will be removed from the Freeze Program after the 12th Year. The phase up formula used to calculate your tax assessment is explained below.

C. DEFINITIONS

The following are definitions contained in the Freeze Law for implementation of the Freeze Program:

(c) "Historic building" means an owner-occupied single family residence or an owner-occupied multi-family residence and the tract, lot or parcel upon which it is located, or a building or buildings owned and operated as a cooperative, if:

- (1) individually listed on the National Register of Historic Places or the Illinois Register of Historic Places;

- (2) individually designated pursuant to an approved county or municipal landmark ordinance; or
- (3) within a district listed on the National Register of Historic Places or designated pursuant to an approved county or municipal landmark ordinance, if the Director determines that the building is of historic significance to the district in which it is located.

Historic building does not mean an individual unit of a cooperative.

(e) "Certificate of rehabilitation" means the certificate issued by the Director upon the renovation, restoration, preservation or rehabilitation of an historic building under this Code.

(f) "Rehabilitation period" means the period of time necessary to renovate, restore, preserve or rehabilitate an historic building as determined by the Director.

(h) "Fair cash value" means the fair cash value of the historic building, determined on the basis of the assessment officer's property record card, representing the value of the property prior to the commencement of rehabilitation without consideration of any reduction reflecting value during the rehabilitation work.

(i) "Base year valuation" means the fair cash value of the historic building for the year in which the rehabilitation period begins but prior to the commencement of the rehabilitation and does not include any reduction in value during the rehabilitation work.

(j) "Adjustment in value" means the difference for any year between the then current fair cash value and the base year valuation.

(k) "Eight-year valuation period" means the 8 years from the date of the issuance of the certificate of rehabilitation.

(l) "Adjustment valuation period" means the 4 years following the 8-year valuation period.

D. PHASE UP VALUATION PERIOD

Section 10-50 of the Freeze Law provides:

Valuation after 8-year valuation period. For the 4 years after the expiration of the 8-year valuation period, the valuation for purposes of computing the assessed valuation shall be as follows:

For the first year, the base year valuation plus 25% of the adjustment in value.
 For the second year, the base year valuation plus 50% of the adjustment in value.
 For the third year, the base year valuation plus 75% of the adjustment in value.
 For the fourth year, the then current fair cash value.

According to the Freeze Law, the CCAO must determine the “current market value” of your home in the 9th year. The “adjustment in value” used to determine the new value is the difference between the “base year” value and the “current market value.” In Year 9, the market value of your home will equal the base year valuation plus 25% of the “adjustment in value”. The percentage used to calculate the phase up value will increase to 50%, 75% and 100% in years ten through twelve respectively.

By way of example, the phase up value of a home with a base value of \$800,000 will be computed as follows:

<u>Year</u>	<u>Class</u>	<u>Current Market Value</u>	<u>Total AV (10% LOA)</u>
9	2-06	\$1,000,000	\$100,000

Adjustment in Value: \$1,000,000 less \$800,000 (Base year value) = \$200,000

Phase up value for Year 9: \$50,000 (25% of AIV) plus \$800,000 (Base) = \$850,000

Phase up Assessed Value: \$850,000 x 10% (LOA) = \$85,000

It should be noted that Cook County is reassessed on a Triennial Basis (every three years). Depending on when your property entered the Historic Freeze program, your home will be reassessed in Year 9 irrespective of the normal assessment cycle. Your home will be reassessed in subsequent years during the normal reassessment cycle of properties in your township.

It should also be noted that that the CCAO’s determination of your assessed value in the base year can be appealed to the Cook County Board of Review, Property Tax Appeal Board or in Circuit Court. If you are successful in reducing the assessed value of your home for the base year, we will make the necessary adjustments to our

records to reflect the reduced frozen base year value. Please contact our office in the event you receive notice of a reduction of the assessed value of your home in the "base year" so that any necessary adjustments can be made to freeze the proper "base value" of you home.