

North Suburban Reassessment Report



COOK COUNTY
**ASSESSOR'S
OFFICE**



2022

North Suburban Reassessment Report:

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Continuing Improvement

- 1.1. Letter from Assessor Fritz Kaegi
- 1.2. Accomplishments in 2022

Letter from Assessor Fritz Kaegi



Thank you for your interest in the Cook County Assessor's Office annual report, which contains information about the functions and operations of the CCAO, as well as a discussion of the 2022 north suburban reassessment. I want to use this introductory letter to highlight a feature unique to our county's property tax system – the systematic and significant shifts in assessments that take place across different offices during the appeals process – and to discuss a road map for resolving this important issue.

Overall assessed values in the north suburbs were up 33%, driven by broad strength in residential values (+30%) since 2019 and pockets of strength in commercial values (as well as some past undervaluation), especially in apartments, industrial, and data centers.

All evidence points to 2022 residential assessments being both accurate and in line with industry standards. As you can see on page 16, our internal analysis finds that each township in the north suburbs had assessments within industry standards for accuracy, uniformity, and equity set by the International Association of Assessing Officers (IAAO). This continues the trend from similar results that we found in 2019.

Across the north suburbs, our assessment resulted in a slight shift of the property tax burden away from homeowners, whose share of Assessed Value would have fallen from 63% to 62%. Non-residential property's share rose from 37% to 38%.

Our assessments are only the first stage in determining the shape of the property tax burden, and never was that more clear than in 2022. The Cook County Board of Review made dramatic reductions in commercial values (-19%) relative to residential (-2%), and thus drove a dramatic shift of burden onto homeowners.

By the end of the cycle, homeowners carried a larger share of the burden than they carried at the beginning. The shift initiated by the BOR was in fact one of the largest seen in any assessment

cycle in over a decade. We are not aware of any Illinois jurisdiction, or jurisdiction outside of Illinois, where shifts of these magnitudes take place at the appellate level.

These shifts are certainly frustrating for the public. Homeowners are right to ask, given that their own assessments are now in line with market values, whether commercial properties' assessments are also so aligned. After all, how all properties are valued determines how much each property carries of the property tax cost of government, and whether that apportionment is fair.

This question can be answered. Let's look at the road map for how the public can get an answer.

The first step is to remember the standard by which assessments are measured in Illinois. The property tax code requires all properties be valued in accordance with fair market value (see p. 7). The Illinois Constitution further requires that valuations be uniform for like, similarly situated properties.

The second step is to put into place transparency in standards, sources, and methods of calculating values. If two bodies differ in opinions of value that affect taxpayers, taxpayers should be able to inquire into the reasons for this difference.

The third step is to measure efficacy. The tax code does not prescribe any particular method of valuation – financial markets and experts may in fact use several different approaches – but actual transactions are the measuring stick by which estimates of value can be judged. All these bodies should be accountable to that measuring stick.

We think the path forward requires examining commercial transactions that have taken place, and comparing the prices paid with the estimates made before those transactions occurred—estimates by the Assessor's Office and Board of Review, as well as by appraisers who submitted estimates on those properties.

One example: At the Assessor's Office, we are conducting a study of commercial transactions that took place between 2020 and 2023, and comparing them with appraisal values submitted

to us by appraisers before those transactions took place. Appraisals are the main piece of evidence submitted by appellants at all appeals venues, including CCAO.

The best measuring stick of all is a comprehensive, third-party examination that measures actual transactions against prior estimates. This is called a sales ratio study. We believe the Cook County Board of Commissioners should retain a highly respected third party, such as the IAAO, to conduct sales ratio studies as a matter of course each year on the valuations being produced by the Assessor's Office and Board of Review. These studies should also be performed on prior years' results.

The fourth step is to analyze the deviations from market values that are occurring, and to see if there are any patterns. Are commercial properties as a whole being undervalued? Are certain kinds of commercial property seeing especially significant deviations? Are there other patterns of bias, either by size or location?

The fifth step is to take corrective action. Corrective action would include improving sources, methods, transparency, and continuing measurement, at all the levels where valuations are falling short of market values and valuation standards. It would also include targets for improvement and goals for accuracy to establish accountability.

The good news is that there's an appetite for these necessary reforms. The Cook County Property Tax Reform Group is working with our office on this issue. I look forward to working with other offices in the county's property tax system to ensure that our valuations are both fair and transparent to all residents of Cook County.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'Fritz Kaegi', with a small dot at the end of the line.

Fritz Kaegi

Accomplishments in 2022

In 2022, Assessor Fritz Kaegi marked his fourth year in office with a continued commitment to assessing property fairly and uniformly, improving data collection, supporting affordable housing, and promoting transparency. Under his leadership, the reassessment of residential real estate in Cook County met nationally accepted standards for accuracy, uniformity, and equity in all 13 north suburban townships. (See page 16 for more details.)

This year, we implemented new technology and released additional data to make our assessment process more transparent and accessible:

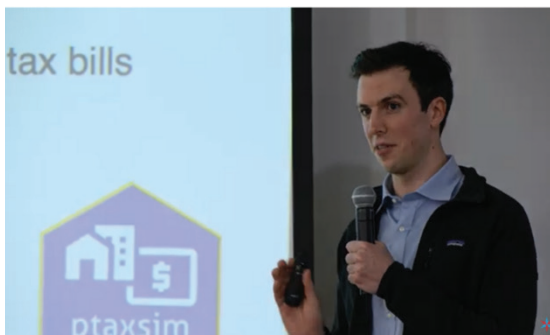
- **Completed** Phase II of the implementation of iasWorld, an upgraded software system with enhanced property details and public access.
- **Published** commercial valuation methods with detailed vacancy, income, and expense data.
- **Created** PTAXSIM, the Property Tax Simulator Software Code Package, which allows users to recalculate estimated changes to Cook County property tax bills under different scenarios.
- **Released** 20 years of assessment data on Cook County's Open Data Portal, as well as property assessments by geography on the City of Chicago's Data Dashboard.

We engaged with taxpayers and stakeholders at every level from the local to the national:

- **Met** with White House and U.S. Department of Housing and Urban Development staff to advocate for access to better-quality data on property appraisals.
- **Conducted** 142 in-person and virtual outreach events to property owners, including a specific event for each township reassessed in 2022.
- **Expanded** digital engagement through social media, with a 20% audience increase across all platforms.

We improved our operations and expanded our incentives programs:

- **Redesigned** and consolidated our exemptions forms, streamlining the exemptions application process for thousands of taxpayers.
- **Implemented** the Affordable Housing Special Assessment Program, which incentivizes the creation and maintenance of affordable housing through assessment reductions for participating housing providers.



COOK COUNTY ASSESSOR | FRITZ KAEGI
EXEMPTION APPLICATION FOR TAX YEAR 2021

STEP 1 | Property Information

Property Index Number(PIN) _____ Property Address _____ City _____

Name of Applicant _____ Phone Number _____ Email address _____

Mailing Address (if different from property address) _____ City _____ State _____ Zip Code _____ Date of Occupancy _____

Optional: Last 4 digits of applicant's Social Security Number: _____ Check the box to receive news from the Assessor's Office ☐

STEP 2 | Choose Eligible Exemption(s) / Verify Required Documents
Check-mark all exemptions for which you qualify and would like to apply. You may choose multiple exemptions.

Homeowner Exemption
✓ I occupied the property as my principal residence on or before January 1, 2021.
✓ I am liable for the payment of this property's taxes.
✓ I own this property or have a legal, equitable, or leasehold interest in this property.
I hereby apply for the Homeowner Exemption ☐

Senior Exemption
✓ I occupied the property as my principal place of residence in 2021.
✓ I am liable for the payment of this property's taxes.
✓ I own this property or have a legal, equitable, or leasehold interest in this property.
✓ I was born in or before 1956. Enter date of birth: _____
I hereby apply for the Senior Exemption ☐

Senior Freeze Exemption
✓ The Total Household Income at this property was \$65,000 or less in income tax year 2020.
✓ This property was my principal place of residence on January 1, 2020 and January 1, 2021.
✓ I own this property or have a legal, equitable, or leasehold interest in this property January 1, 2020 and January 1, 2021.
✓ I was born in or before 1956. Enter date of birth: _____
I hereby apply for the Senior Freeze Exemption ☐

Required Income Verification
To be eligible for this exemption, the household (applicant, applicant's spouse, and all persons using the property as their principal residence) must have had a combined income of \$65,000 or less for calendar year 2020. Please complete this worksheet to determine your eligibility. The names of all persons who used this property as their principal residence as of January 1, 2021:

YOU _____ OTHERS _____

THE INCOME VERIFICATION TO THE RIGHT MUST BE COMPLETED

Note: This exemption is subject to an audit by the Cook County Assessor's Office. Signing a fraudulent application for this exemption is perjury as defined in Section 30-2 of the Illinois Criminal Code of 2012.

Include the household total for all income entered.

1. Social Security, SSI benefits, Include Medicare deductions. _____

2. Railroad Retirement benefits. _____

3. Civil Service benefits. _____

4. Annuities, federally taxable pensions and retirement plan distributions. _____

5. Human Services and other governmental cash public assistance benefits. _____

6. Wages, salaries, and tips from work. _____

7. Interest and dividends received. _____

8. Net rental, farm, and business income (or loss). _____

9. Net capital gain (or loss). _____

10. Other income (or loss). _____

11. Subtotal: Add Lines 1 through 10. _____

12. Certain subtractions. You may subtract only the reported adjustments to income from 2020 U.S. 1040, Schedule 1, Line 22. _____

13. Total Household Income: Subtract Line 12 from Line 11. _____

If Line 13 is less than or equal to \$65,000 the household does meet income qualifications for the "Senior Freeze."