

2020 Reassessment of Palos Residential Properties

2020 South Triad Assessment

March 17, 2020



Palos 2020 Residential Reassessment

Executive Summary

Palos is the 9th largest township in Cook County. In 2020, it had:

- 13,563 single-family homes,
- 5,875 condos, and
- 326 class 2 multi-family parcels.

The most common single-family home type was class 203: One story residence, any age, 1,000 to 1,800 sq. ft.

The median sale value of a single-family home in Palos in 2019 was **\$277,000**. The Cook County Assessor's median estimated Fair Market Value (FMV) for a single-family home in Palos in 2020 is **\$282,070**.

In the prior reassessment of Palos in 2017, the median FMV was \$262,690. The median change in estimated FMV from 2017 to 2020 was 6.9%.

Palos has changed by approximately \$123.3 m (20.1%) in total assessed value from 2019 to 2020.

Single-family homes numbers include the following property classes: 202, 203, 204, 205, 206, 207, 208, 209, 210, 234, 278, 295

Condos include the following property classes: 299

Multi-family homes include the following property classes: 211, 212

The Assessor's legal obligations for property reassessments:

1. A property's value must be **fair*** – a fair market value.
2. In Cook County, properties must be re-assessed **every 3 years***.
3. Property assessments must be **uniform***.
4. Property assessments must comply with Cook County ordinance about the property's **assessed value****, which is used to determine property taxes.

* = This is literally the statutory duty of the Assessor per the Illinois Tax Code (§35 ILCS 200).

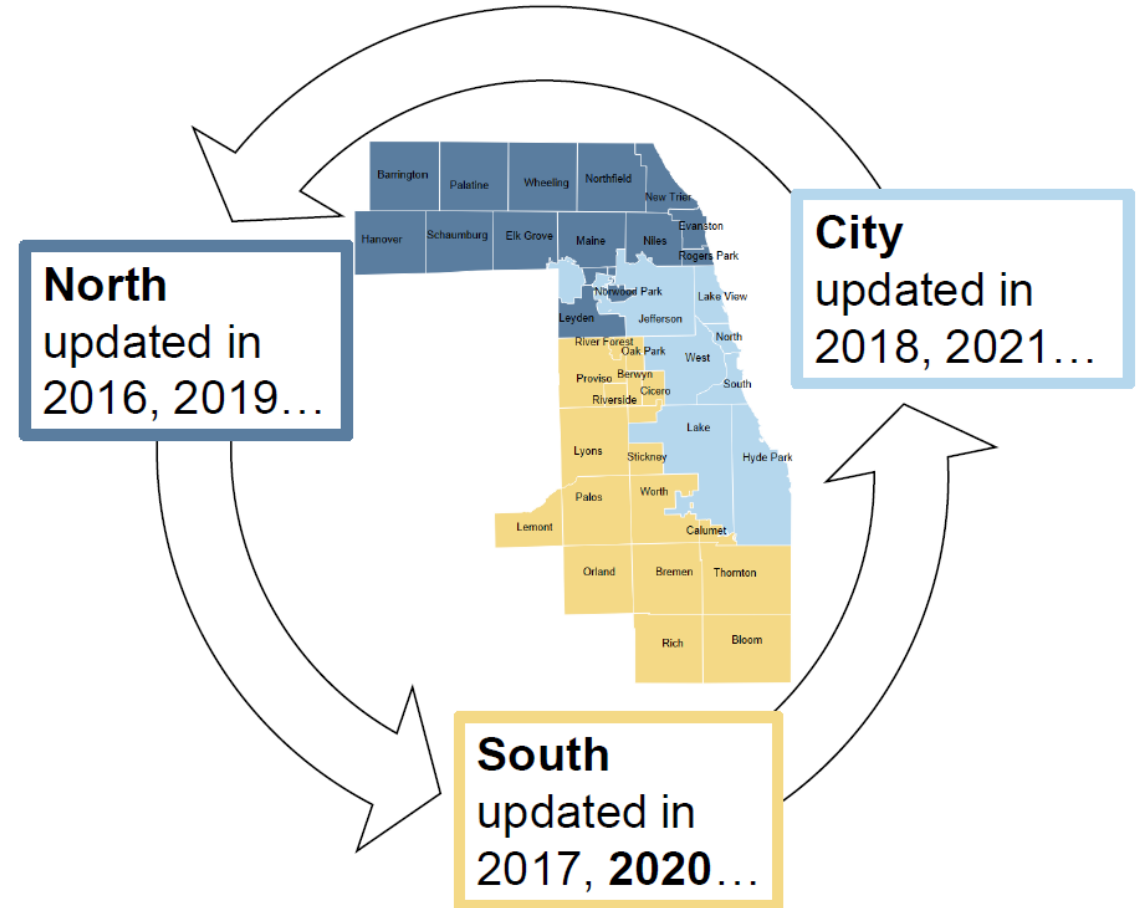
** = Levels of assessment for taxation are set by Cook County Ordinance.

Reassessments are every 3 years.

Taxes are calculated every year.
But the reassessment cycle is every **3** years.

South/West Suburbs:

- Reassessed in 2017 and 2020
- **2020** reassessments are reflected in the second installment property tax bill sent in summer **2021**

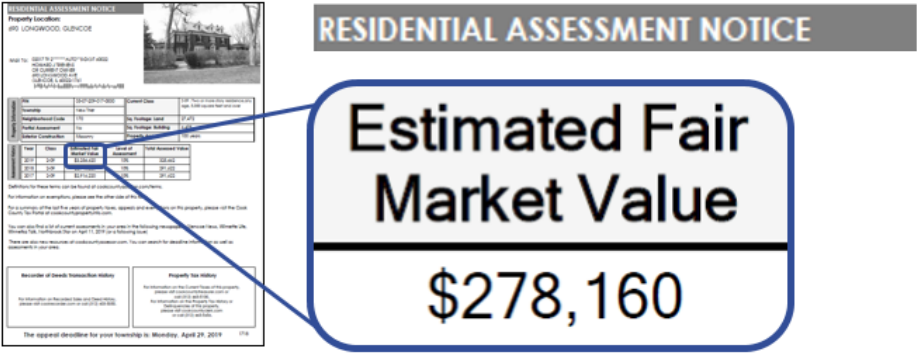


Our duty: Fairness and accuracy.

The Illinois Tax Code (35 ILCS 200/1-50) defines a home's **fair cash value** like this: Sec. 1-50. **Fair cash value.** The amount for which a property can be sold in the due course of business and trade, not under duress, between a willing buyer and a willing seller.

We also call this the Fair Market Value.

When you receive a Reassessment Notice in the mail, it contains this updated value, along with characteristics of your home.



The image shows a 'RESIDENTIAL ASSESSMENT NOTICE' form. A blue callout box points to a specific field on the form, which is labeled 'Estimated Fair Market Value' and contains the amount '\$278,160'. The form also includes a small photograph of a house and various assessment details.

To produce a fair market value for a home in 2020, we look to recent **trends in the real estate market.**

How the Assessor's Office produces an estimate of Fair Market Value (FMV) for a home in a reassessment township:

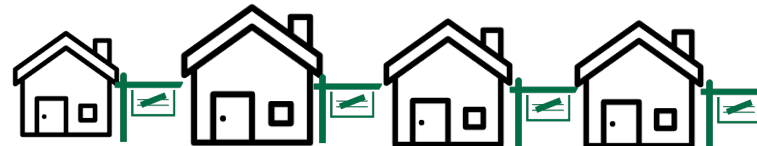
For each home....

1 We find trends in **sales** of homes that are similar to it, in and around its neighborhood.

2 We estimate the home's fair market value, based on those similar homes.



Estimated FMV in 2020: #



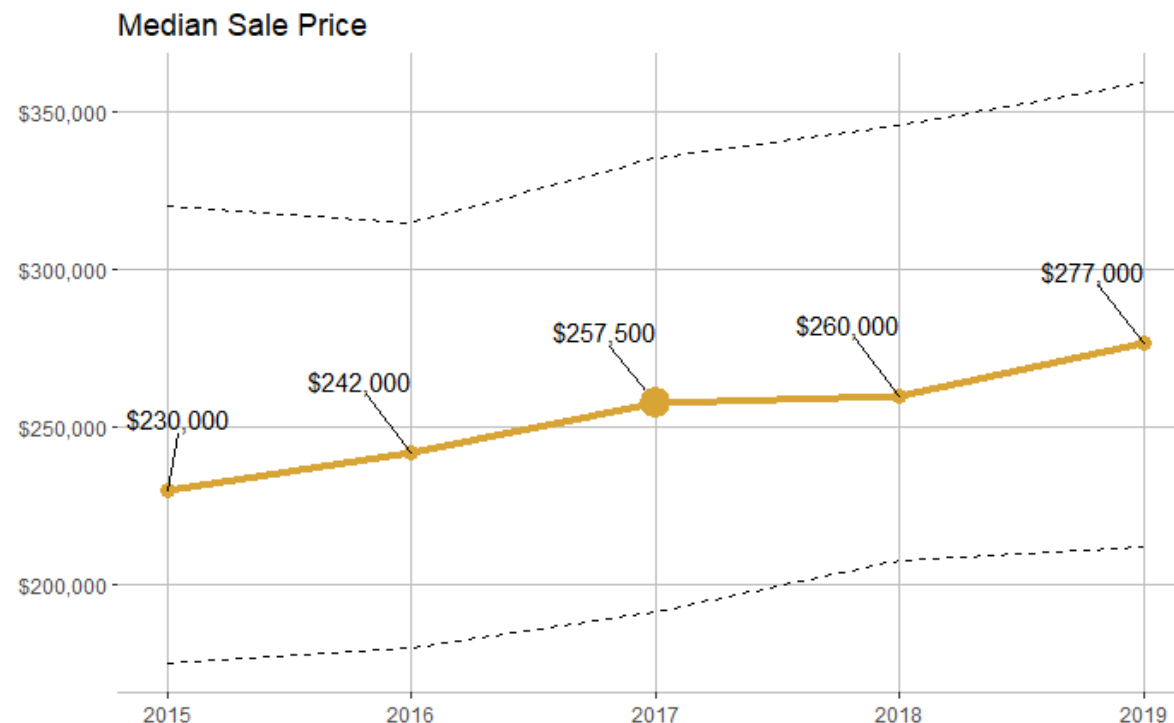
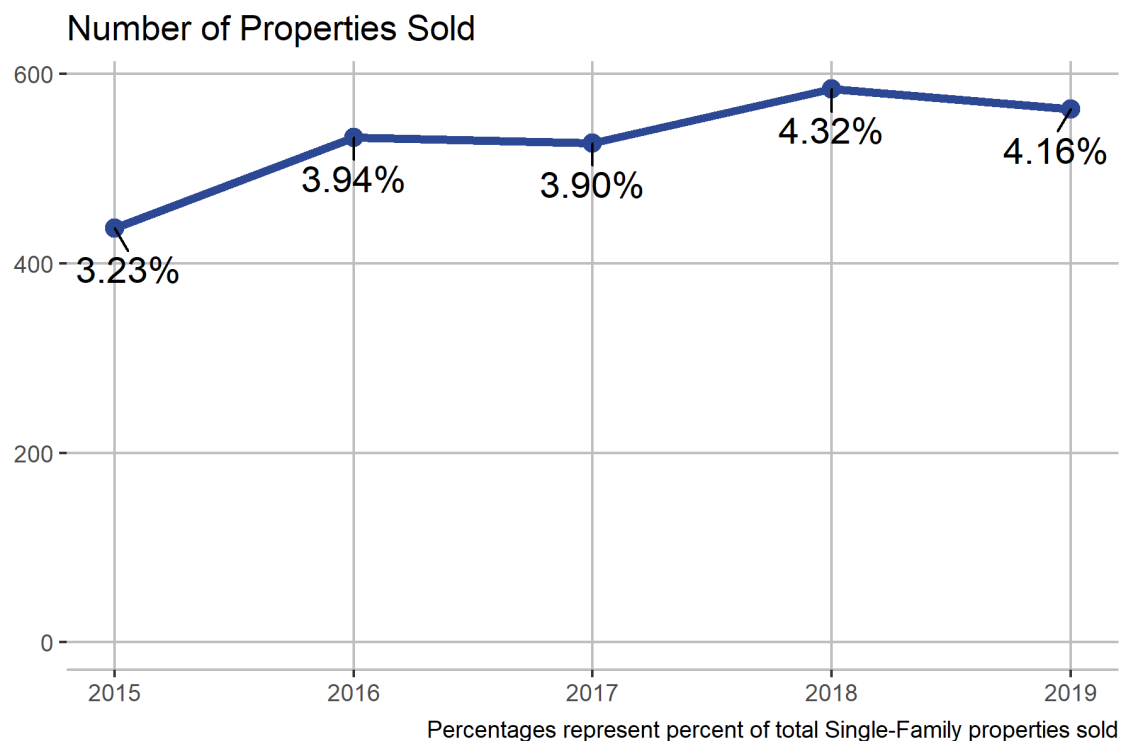
Estimated FMV in 2020: #



Estimated FMV in 2020: #

What were the trends in Palos home sales?

We observed these trends in the real estate market for single-family homes from January 1, 2015 to December 31, 2019. Sales are recorded by the Cook County Recorder of Deeds and reviewed by the Illinois Department of Revenue. Dashed lines represent 25th and 75th percentiles each year: of all the Palos single-family homes that sold in each year, 50% of them had sale prices between the dashed lines.

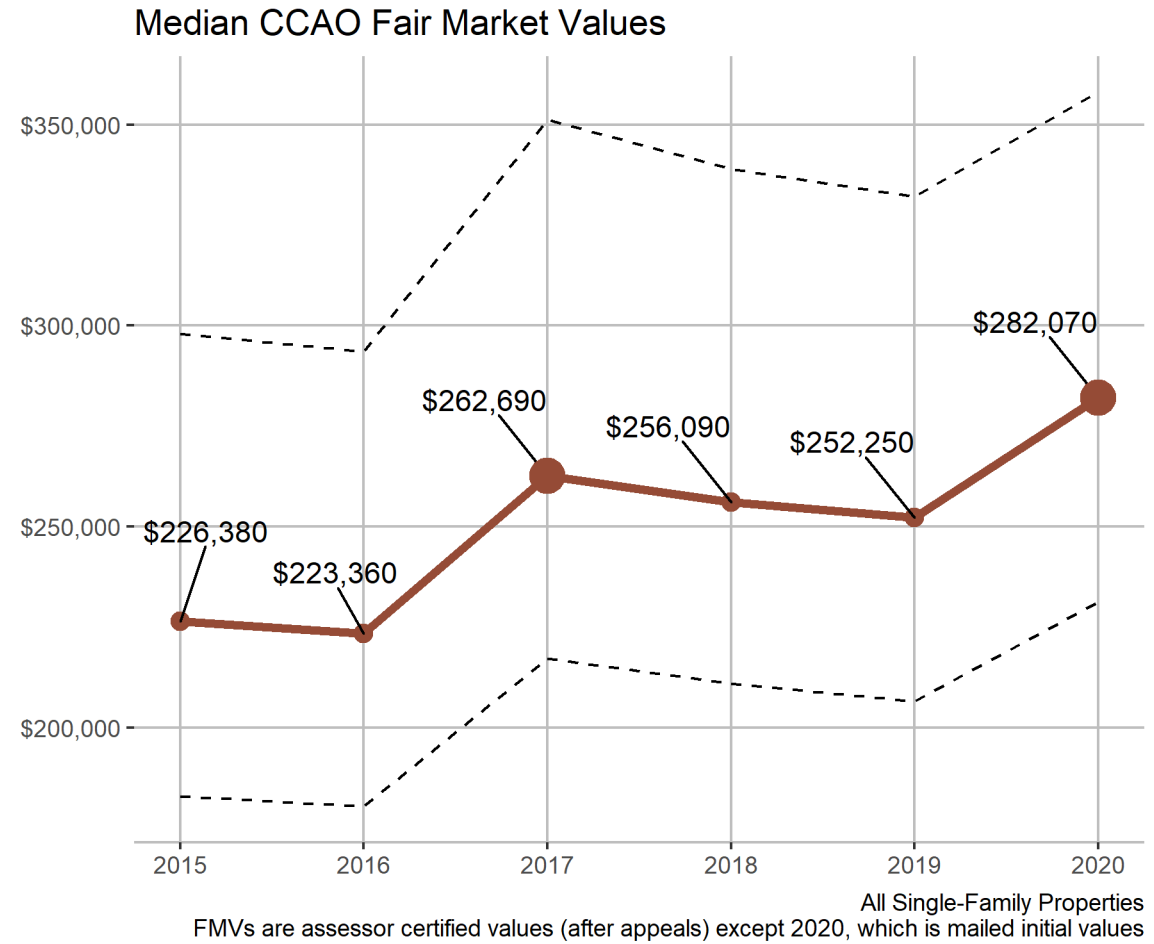


CCAO's Estimated Fair Market Values

The median estimated Fair Market Value for a single-family home in Palos in 2020 is **\$282,070**.

Palos was last fully reassessed in **2017**. Between the 2017 and 2020 reassessments, median values can change due to single-property reassessments (for new construction or similar reasons) and appeals.

This graph shows the median CCAO estimated Fair Market Value for single-family homes. Please note that all values before 2020 are Assessor-certified values.



50% of the FMVs of all single-family homes in Palos are in between the two dashed lines.

Sales Comparison between Reassessments:

Let's look at median sale prices of homes. Because reassessments in a year rely most on sales that occurred in the year prior, let's examine changes in median prices of a home in 2016 and 2019 (for reassessments in 2017 and 2020).

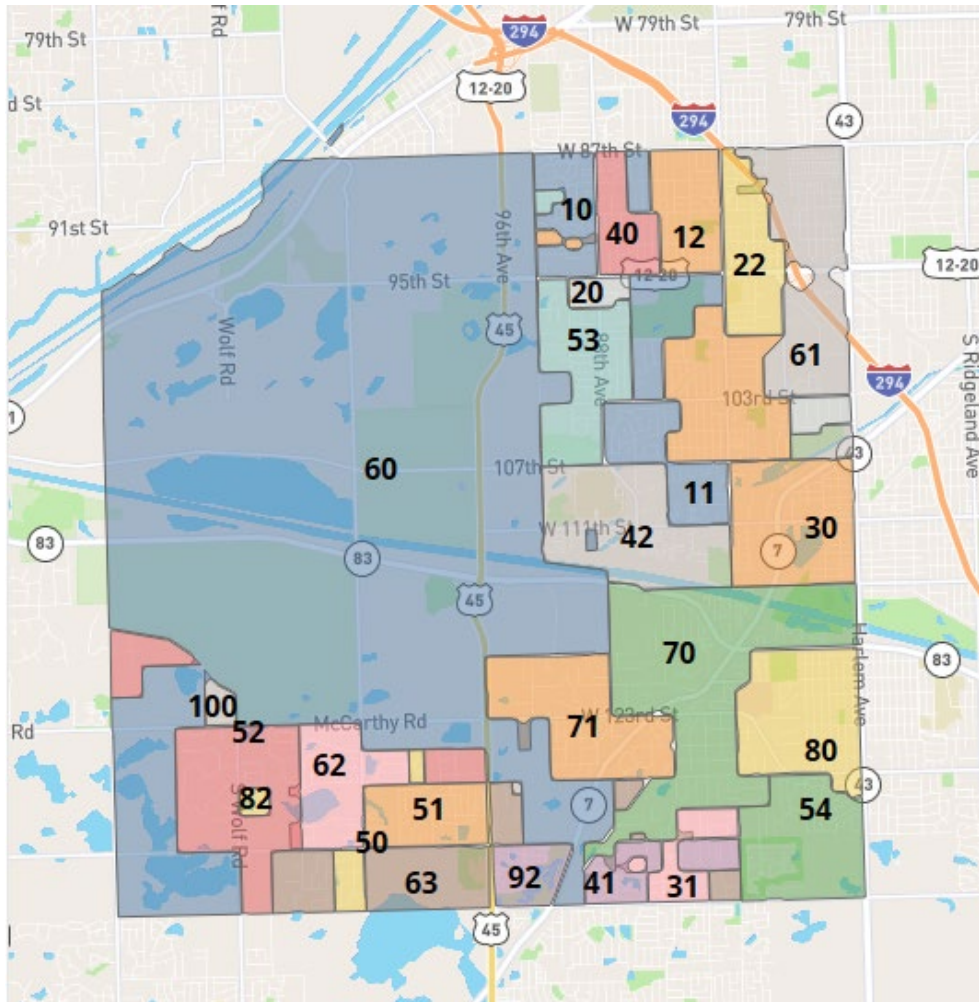
Year	2016	2019	% change
Median sale price of a home	\$242,000	\$277,000	12.6%

The Institute for Housing Studies at DePaul University also tracks changes in the housing market. From 2017 to 2020, their data indicated an 12.1% change in median sale prices of houses in this region.

CCAO estimated FMV Comparison:

Year	2017	2020	% change
Median CCAO estimated Fair Market Value	\$262,690	\$282,070	6.9%

Palos Neighborhood Data



Sale prices of homes are affected by location. Because of this, estimates of Fair Market Values also depend on location. The CCAO's database contains a township and a neighborhood code for each home. A home's neighborhood code can be found on its Reassessment Notice and on its PIN details at cookcountyassessor.com.

See an interactive map of neighborhood data at cookcountyassessor.com/Palos2020Map.html

The next page contains statistics for single-family homes in each neighborhood of Palos.

Palos Neighborhood Data

Neighborhood code	Number of sales in 2019	Median sale price	Median 2020 CCAO FMV	Median 2020 sales ratio	Median \$ change in CCAO FMV 2019-2020	Median % change in CCAO FMV 2019-2020
10	36	\$240,500	\$231,280	0.988	\$26,620	13.0%
11	24	\$270,750	\$282,295	0.984	\$29,990	11.9%
12	87	\$225,700	\$237,190	1.003	\$19,520	9.0%
20	11	\$209,000	\$244,430	*	\$7,505	3.2%
22	18	\$199,500	\$202,440	1.043	\$2,870	1.4%
30	42	\$175,500	\$182,340	0.988	\$13,010	7.7%
31	9	\$259,900	\$278,755	*	\$21,315	8.3%
40	11	\$230,000	\$279,190	*	\$31,700	12.8%
41	13	\$420,000	\$386,450	1.008	\$40,650	11.8%
42	21	\$157,000	\$152,990	0.985	\$1,430	0.9%

These numbers include the following property classes: 2-02, 2-03, 2-04, 2-05, 2-06, 2-07, 2-08, 2-09, 2-10, 2-34, 2-78, 2-95.

* = not enough sales to calculate a statistically valid ratio.

Palos Neighborhood Data

Neighborhood code	Number of sales in 2019	Median sale price	Median 2020 CCAO FMV	Median 2020 sales ratio	Median \$ change in CCAO FMV 2019-2020	Median % change in CCAO FMV 2019-2020
50	12	\$281,950	\$305,760	1.050	\$20,095	7.0%
51	15	\$337,500	\$364,780	1.007	\$26,160	7.7%
52	16	\$423,750	\$480,150	0.983	\$16,270	3.5%
53	37	\$320,000	\$312,960	1.018	\$39,090	14.3%
54	21	\$330,000	\$328,880	1.001	\$4,080	1.3%
60	14	\$224,500	\$230,660	0.937	\$35,195	18.0%
61	6	\$317,625	\$290,010	*	\$46,830	19.3%
62	14	\$449,000	\$457,610	1.026	\$52,465	12.9%
63	12	\$502,500	\$516,535	1.029	\$23,425	4.8%
70	63	\$315,000	\$308,370	1.020	\$19,380	6.7%

These numbers include the following property classes: 2-02, 2-03, 2-04, 2-05, 2-06, 2-07, 2-08, 2-09, 2-10, 2-34, 2-78, 2-95.

* = not enough sales to calculate a statistically valid ratio.

Palos Neighborhood Data

Neighborhood code	Number of sales in 2019	Median sale price	Median 2020 CCAO FMV	Median 2020 sales ratio	Median \$ change in CCAO FMV 2019-2020	Median % change in CCAO FMV 2019-2020
71	21	\$460,000	\$411,940	1.022	\$21,540	5.5%
80	42	\$268,000	\$288,070	1.017	\$17,120	6.3%
82	2	\$670,000	\$1,027,560	*	\$70,010	7.3%
92	14	\$357,500	\$365,910	1.010	\$30,650	9.1%
100	2	\$2,600,000	\$1,661,690	*	\$260,290	18.6%

These numbers include the following property classes: 2-02, 2-03, 2-04, 2-05, 2-06, 2-07, 2-08, 2-09, 2-10, 2-34, 2-78, 2-95.

* = not enough sales to calculate a statistically valid ratio.

Why two homes can have different changes in Assessed Value

Q: Between the 2017 and 2020 reassessments, the median change in assessed value was 6.9%. Why did my home's assessed value go up more (or less) than 6.9%?

Every home is different. Because of this, your home's change in assessed value may be different from a neighbor's change (or different from the median change).

Homes have different characteristics (like age and square footage), and are in different neighborhoods. Homes with different characteristics often have different patterns in sales, and these different patterns can therefore produce different changes in estimates of each home's fair market value – and therefore different changes in assessed value.

Fairness: Assessment Uniformity

Assessments are required to be **uniform**.

There are many ways to measure this. The CCAO is committed to measuring our work against the industry standards of uniformity, set by the International Association of Assessing Officers (IAAO). The IAAO defines two standards for uniformity: **variability** and **vertical equity**. The CCAO sets its standard to meet **both** of these metrics for every township.

- **Variability** is the degree to which all values in a data set vary from the average. When variability is low, this indicates high-quality assessments.
- **Vertical equity** is the degree to which high-value properties' assessments are similar to lower-value properties' assessments. There are two metrics for vertical equity.

IAAO Statistics for Uniformity

Palos 2020 Residential Reassessment

The IAAO provides one statistic for measuring variability of assessments: Coefficient of Dispersion, or COD. Low variability indicates a high-quality assessment.

There are two statistics for measuring vertical equity of assessments: Price-Related Differential and Bias (PRD and PRB). If either PRD or PRB falls within the target range, the standard for vertical equity is considered met. **In the 2020 Reassessment of Palos, the CCAO met both standards for uniformity.**

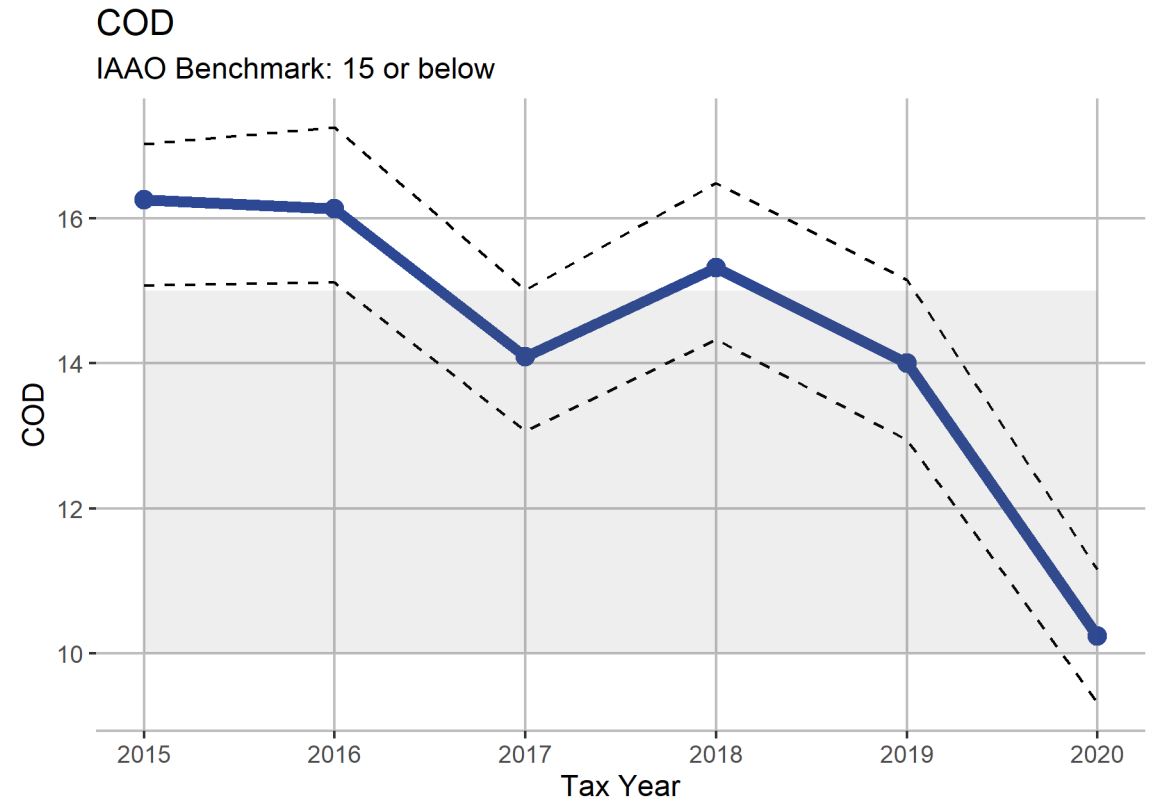
Category	Statistic	Target Range	Result	Standard Met?
Variability	COD	5-15	10.232	Yes
Vertical Equity	PRD	0.98-1.03	1.0182	Yes
Vertical Equity	PRB	-0.05-0.05	-0.0579	Yes*

*95% confidence interval of the PRB estimate is within the IAAO standard

Variability: Coefficient of Dispersion

Variability measures to what degree data points in a statistical distribution or data set diverge from the average. Low variability indicates high quality assessments. Coefficients of Dispersion (CODs) between 5 and 15 indicate high-quality assessments.

This graph shows that our COD for the 2020 re-assessment for this township is 10.232. As it is between 5 and 15, **the COD has met the IAAO standard for variability.**



Dotted lines represent 95% Confidence Interval

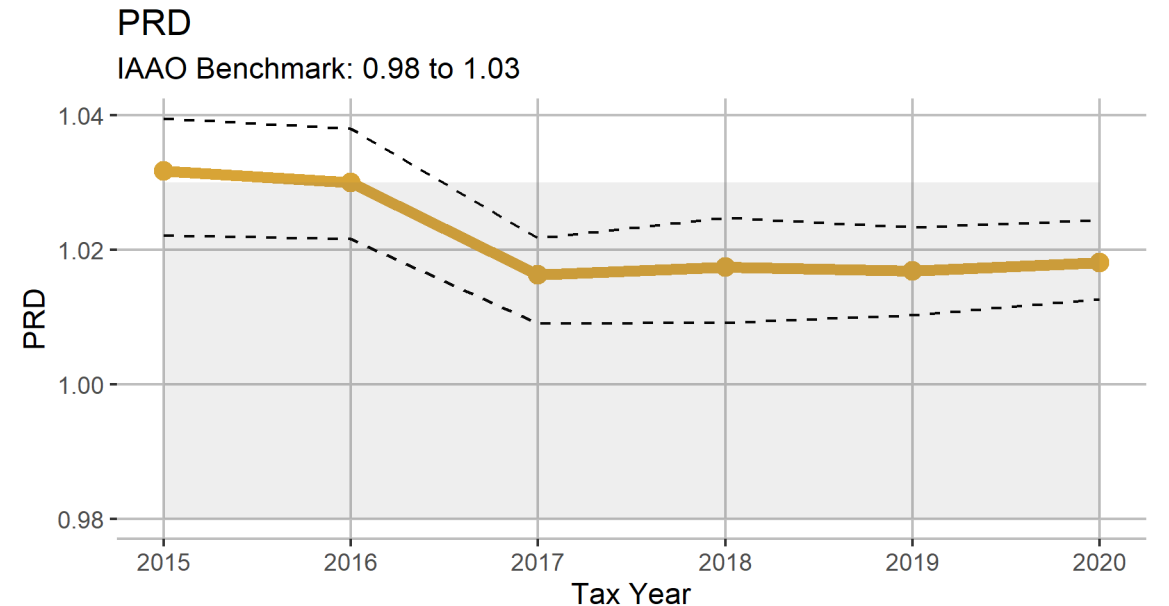
All values calculated using ratios from assessor certified values (after appeals),

except 2020, which is mailed initial values

Vertical Equity 1: Price-Related Differential

Vertical equity is the degree to which low-value properties are assessed at the same ratio as high-value properties. PRDs between .98 and 1.03 indicate high-quality assessments.

This graph shows that the PRD is 1.0182 for our 2020 assessments of this township. **The PRD has met the IAAO standard for variability.**

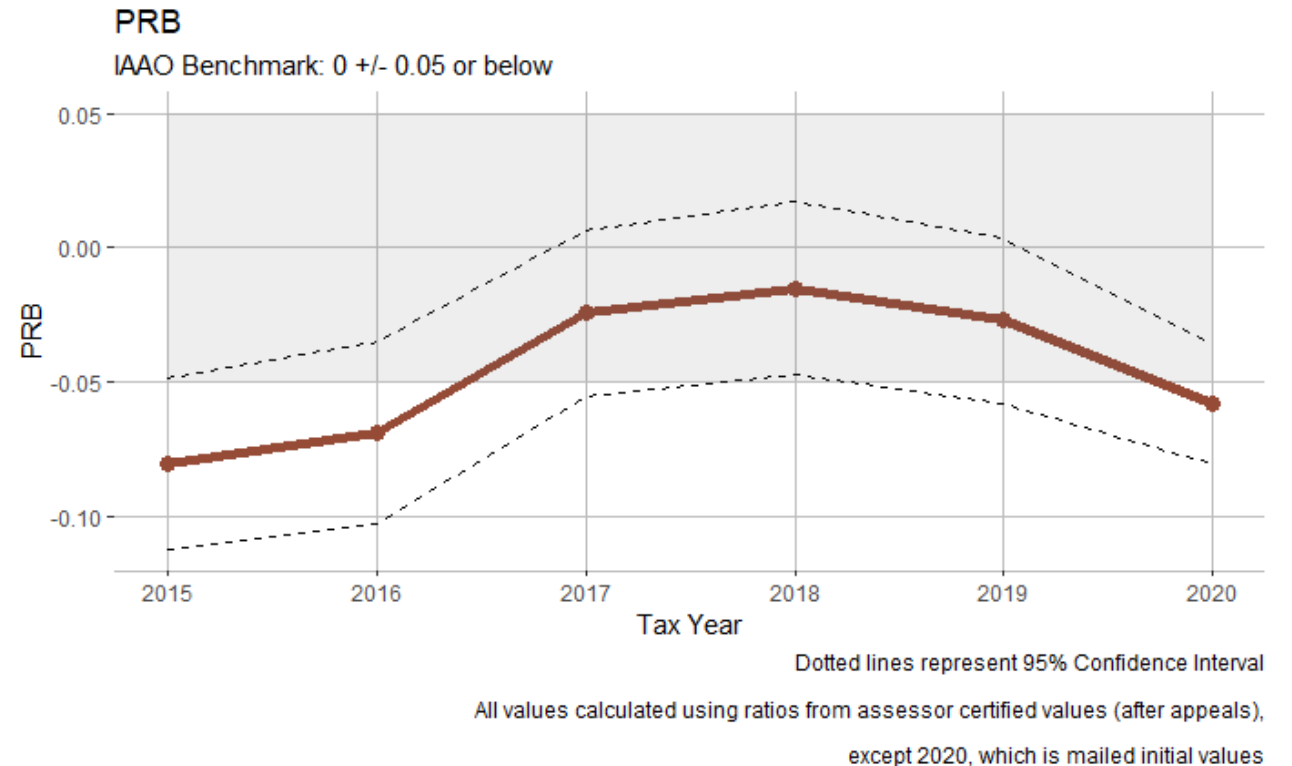


Dotted lines represent 95% Confidence Interval
All values calculated using ratios from assessor certified values (after appeals),
except 2020, which is mailed initial values

Vertical Equity 2: Price-Related Bias

Vertical equity is the degree to which high-value properties are assessed at the same ratio as low-value properties. PRBs between $-.05$ and $.05$ indicate high-quality assessments.

This graph shows that the PRB is -0.0579 for our 2020 assessment of this township. Because the 95% confidence interval of the PRB estimate is within the IAAO standard, this has **statistically met the standard for high-quality assessment**.



CCAO in 2020

Fairness. Ethics. Transparency.

CCAO resources and tools for homeowners:
cookcountyassessor.com/homeowners

CCAO data and reports:
cookcountyassessor.com/community-data

[**www.CookCountyAssessor.com**](https://www.CookCountyAssessor.com)

Facebook: [**/CookCountyAssessorsOffice**](https://www.facebook.com/CookCountyAssessorsOffice)

Twitter: [**@AssessorCook**](https://twitter.com/AssessorCook)

Appendix A: Total Assessed Value in Palos

Palos is predominantly residential. There has been growth in both residential and non-residential real estate sectors.

	2019		2020		2019 → 2020	
	Sum of AV	% share of total AV	Sum of AV	% share of total AV	Change in %share	Change in \$AV
Commercial / Non-residential	\$149,335,255	24.3%	\$216,541,568	29.4%	5.0%	\$67.2 m
Residential	\$465,009,580	75.7%	\$521,135,861	70.6%	-5.0%	\$56.1 m
TOTAL	\$614,344,835		\$737,677,429			

Residential includes all class 2. Commercial/non-residential includes classes 1, 3, 4, 5, 6, 7, and 9.

2019 are Assessor-certified final values.

2020 values are Assessor mailed values that have not yet been finalized.

Appendix B: Data Sources

Sales Data

The Cook County Assessor's Office uses a computer-assisted mass appraisal method to value residential properties, which requires a significant number of data points.

For the Palos reassessment, our office combined sales data from across the southern townships in Cook County.

This created a sales database of 175,741 sales from 2015 to the end of 2019.

These sales are recorded by the Cook County Recorder of Deeds and reviewed by the Illinois Department of Revenue before entering our database.

Note that each home's estimated fair market value depends most on its individual characteristics and location. For each home, sales of homes that are closer to its location and more similar to it contributed more to our estimate of its value.

Appendix C: What is an Assessed Value?

The estimated Fair Market Value of a property is *not* what is taxed. The taxable value of a property depends on its **Assessed Value (AV)**. The AV is a percentage of its Fair Market Value (FMV).

Cook County ordinance defines different assessment levels for different property types:

- Residential and apartment properties are assessed at 10% of FMV
- Most non-incentive commercial properties are assessed at 25% of FMV.

Example: for a home with a FMV of \$282,070, its AV = 10% of FMV = **\$28,207**.

Note: residential property tax bills depend on the property's local tax rate, its assessed value, any exemptions applied to the property, and the State Equalizer. These numbers are all printed on the second-installment tax bills mailed by the Cook County Treasurer.