

COOK COUNTY ASSESSOR'S OFFICE

COMMERCIAL ASSESSMENT MARKET
RESEARCH

MAY 2019

**Civic
Consulting**
alliance

the engine
of public-private
collaboration

COOK COUNTY ASSESSOR'S OFFICE COMMERCIAL ASSESSMENT MARKET RESEARCH

On behalf of the Cook County Assessor's Office, Civic Consulting Alliance conducted interviews with a broad range of commercial real estate industry participants, on a *pro bono* basis. The objective was to provide the Assessor's Office feedback on user experience and satisfaction with the commercial property assessment process, and to identify opportunities for improvement.

BACKGROUND

During March and April 2019, Civic Consulting Alliance interviewed in person 24 senior executives representing 13 different entities involved in commercial real estate in Cook County. Property owners and developers are the largest segment, about half the participants, and the balance includes brokers, lenders, property managers, investors and researchers. Respondents are engaged in all major product types – office, mixed use, multi-family residential, industrial, hotels and retail. The Assessor's Office will use the findings of this research as input in the development of their long-term strategic plan and their commercial assessment practices.

This report is a structured summary of the feedback provided to Civic Consulting Alliance, with select representative quotes used to illustrate the findings. Results cannot be viewed as statistically significant given the number of interviews conducted. Civic Consulting Alliance assured interviewees that their responses would remain confidential. Participating firms were given the options to identify their firm as a participant in the research, or to remain anonymous.

Detailed findings follow the summary of key findings. Additional information on the research approach, including discussion guide, and list of participating firms that chose to be identified are included in Appendix.

SUMMARY OF KEY FINDINGS

1. The level of taxes is more important than the assessment process

The consistent, over-riding theme of the respondents' comments is concern with the excessive level of taxation in Cook County, as well as the State. The assessment process is a third-tier issue, which on its own rarely drives a location or investment decision, but adds to investors' higher-level concerns.

2. Views of the assessment process are negative, and dissatisfaction is high

The feedback on the assessment process is substantially negative. Most importantly, the assessment process lacks predictability, consistency and transparency. Secondly, the process is slow and adds operational complexity to managing a business in Cook County. At the extreme negative end of the spectrum, a vocal minority of respondents describe the assessment process as *"corrupt"* and *"borderline criminal."*

3. Predictability, consistency and transparency are key improvement opportunities

The opportunities suggested by the interviewees to improve the commercial property assessment process can be organized in three categories: strategic improvements that address the key issues of predictability, consistency and transparency; operational improvements to make the process more effective and efficient; and structural improvements that would involve complex reforms of the assessment and related processes, most likely requiring legislative changes.

First and foremost, the Assessor's Office must improve the predictability, consistency and transparency of the commercial property assessment process. Those interviewed feel that commercial real estate industry participants must be able to:

- Forecast their property taxes, within a reasonable margin of error
- Trust that their properties are assessed consistently with comparable properties
- Understand what data and methodologies are used to assess their properties

4. Fixing the assessment process should help improve the investment climate in Cook County long-term, but the transition period may be painful

Improving the commercial property assessment process should have a beneficial impact on real estate capital providers' willingness to invest or lend in Cook County. A more transparent, predictable and consistent assessment process should make it easier to address taxation issues with potential investors. It is unclear, however, how strong a selling point this would be in the context of the other fiscal, budgetary and social issues affecting Cook County, and the City of Chicago specifically. In the short term, interviewees are anticipating a period of disruption and a decline in property values arising from uncertainty about new assessment practices, higher property taxes, and a resulting *"investors' chill."*

DETAILED FINDINGS

1. The level of taxes is more important than the assessment process

While discussions focused on the commercial property assessment process, a clear, over-riding theme for participants was concern over the level of property taxes in the County (and the State). There are clearly areas of concern and possible improvement related to the assessment process that can (and should) be achieved, but respondents care far more about the level of the taxes they pay on their properties.

In the hierarchy of real estate investors concerns about doing business in Chicago, taxation is first and foremost (i.e., the level of property taxes, in the absolute and relative to other markets). Given the choice between a significant reduction in property taxes and an overhauled assessment process, interviewees picked the former without any hesitation. Budgetary and social issues come in second place (e.g., pensions funding, crime, street violence). The assessment process is likely a third-tier issue, which on its own rarely drives a location or investment decision, but is eventually “*enormously additive*,” and “*the straw that breaks the camel’s back*” for capital providers.

Representative comments

- “*The level of taxes is getting to a tipping point*”
- “*Investors are hyper-focused on taxes in Chicago*”
- “*The key issue is the level of taxation. We don’t care so much about the assessments*”
- “*...shock and awe caused by recent valuations in Northwest Cook and Evanston*”
- “*Unfairly high assessed values on the South and West sides have created a ‘death spiral’ of businesses leaving and population decreases*”

2. Views of the assessment process are negative, and dissatisfaction is high

Most interviewees have limited direct contact with the Assessor's office. They only have interaction through tax attorneys who are retained for the necessary appeals process. A minority of respondents indicate no contact with the office. Most property owners work with their attorneys on defining the appeals strategy (e.g., what properties to appeal, whether to go beyond the Assessor step). A small group fully delegates both strategy and execution to their law firms.

The feedback on the Assessor's office and the assessment process was substantially negative.

Positive Feedback

Positive feedback was a challenge to draw out in the interviews, and often might be characterized as cynical:

- Those with time and resources to manage the appeals process (i.e., those who *"know how to play the game"*) can get reasonable outcomes
- Inefficiencies in the system can be used to one's advantage to get good outcomes

Other less cynical positives acknowledge recent improvements in the quality of information provided on the Assessor's website, and the ease of use of the PIN lookup process.

Representative comments

- *"The system is broke – but we know it"*
- *"The devil you know is better than the devil you don't"*
- *"...Satisfaction is good if you take for granted a process that requires two appeals"*
- *"The final outcome is OK - but why do we have to play the games?"*

Negative Feedback

Negative feedback is broad and strongly held. Three primary areas of concern stand out:

- Over half of the firms interviewed characterize the process as unpredictable, highlighting the uncertainty of assessments and using such terms as *"capricious"* and *"arbitrary"*
- Over half the firms interviewed label the process as inconsistent, citing numerous examples of properties with similar characteristics, in similar locations, assessed at significantly different values
- Nearly half the firms interviewed cite a lack of transparency in the process, commenting on the lack of data provided as justification for an assessment, even after appeals

Representative comments

- *"We have two exactly similar buildings with a 50% difference in assessed value"*
- *"The process is 'off the charts' – insanity and opacity"*
- *"They don't provide any data on their decisions – so I don't know what I'm chasing [on appeals]"*

Other negative feedback is less frequent or less strident, but other significant concerns voiced include:

- A number of respondents identify unfairness, inequity and even corruption as elements of the assessment process, highlighting the limited number of politically well-connected law firms seen as most effective, or even a must, for a successful appeal, and the perceived special treatment for "letter properties"
- The assessment process is seen as slow and inefficient. The virtually universal requirement for appeals (often multiple stages) was the primary driver but the unique process of paying in arrears was also noted as a problem, particularly for investor-owned properties at the point of sale

Representative comments

- *"We hire the best attorneys and end up with the best results – but someone else without our resources must be paying the price"*
- *"[The system] is staggeringly corrupt...bordering on illegal"*
- *"Property owners are held hostage by their own advisors [attorneys]"*

3. Predictability, consistency and transparency are key improvement opportunities

The opportunities suggested by the interviewees to improve the commercial property assessment process can be organized in three categories:

- Strategic improvements that address the key negatives of the assessment process: lack of predictability, consistency and transparency
- Operational improvements to make the process more effective and efficient in the way the Assessor's Office serves its customers
- Structural improvements that would involve complex reforms of the assessment process, as well as other related processes, most likely requiring legislative changes

Interviewees provided limited insights regarding other jurisdictions that could be used as a model for commercial property assessment in Cook County. Interviewees either focus solely on the Chicago market, or know of other markets second-hand from the attorneys they work with.

Strategic Improvements

Interviewees are almost unanimous in suggesting that the Assessor's Office must improve the predictability, consistency and transparency of the commercial property assessment process.

Commercial real estate industry participants must be able to:

- Understand what data and methodologies are used to assess their properties
- Forecast their property taxes, within a reasonable margin of error
- Trust that their properties are assessed consistently with comparable properties

Representative comments:

- *"Eliminate the politics in the process"*
- *"Chicago is a very competitive market. If there are closed door meetings, we want them to go away"*
- *"Take the magic out"*
- *"We should know what the rules are"*
- *"We need to be able to understand taxation [in Cook County]"*
- *"It's high time we fix the system"*

Suggestions to improve the predictability, consistency and transparency of the assessment process revolve essentially around data and analytic methodology (including approaches to valuation approaches and comparable properties).

Interviewees want the Assessor's Office to be very clear about what data it uses to determine their assessment, and the sources of that data (e.g., for cap rates). Most interviewees recognize that the Assessor's Office needs more and better data to improve assessments. They are

generally willing in principle to provide such information, i.e., property characteristics, income and expense data, operational data such as occupancy rates, and sales data.

Representative comments:

- *“We would support disclosure if the playing field is level”*
- *“Currently, the Assessor is flying blind”* [given the data available]
- *“The most important thing is transparency and good data”*

How, and in what format, the Assessor’s Office would collect property data is an important and potentially contentious issue, especially for property owners. For non-property owners (i.e., lenders, service providers) there should be no issue about providing income and expense information, in any format. Property owners, however, were split, and about half of them strongly and vocally opposed providing any tax return information, i.e., Schedule E. Beyond philosophical opposition to disclosing tax information, the key consideration is that the range and complexity of property ownership makes lack of consistency across Schedule E’s a real challenge to extract operational financial information. Several interviewees were concerned that Schedule E can be *“gamed.”* Property-specific forms are viewed as a more practical way to provide usable data to the Assessor’s office.

Representative comments:

- *“Schedule E is not perfect, but nothing is foolproof”*
- *“Providing Schedule E might be inconvenient but wise”*
- *“We would be willing to provide an affidavit of income, expenses and occupancy. We do not agree with the coercive nature of asking someone to provide a tax return”*
- *“If New York requires Schedule E, why wouldn’t we? It’s a good idea to find a system that works and copy it. Don’t reinvent the wheel”*

A significant obstacle the Assessor’s Office faces is property owners’ lack of trust about how their data will be handled, preserved and protected. Transparency in this area will also be paramount. The Assessor’s Office will need to ensure that strict guardrails are in place:

- Data storage systems with appropriate security features
- Defined security protocols for data handling, storage, and usage
- Full protection of owner data confidentiality. Specifically, it is a must-have for property owners that the information provided is not publicly accessible under the Freedom of Information Act, for competitive reasons
- Forms that ensure accuracy and consistency of data – so there is no *“gaming the system”*

Interviewees expressed significant skepticism about the Assessor’s office having sufficient and competent enough staff to implement confidentiality and security guardrails, as well as a more extensive data-gathering system.

As with data, interviewees want the Assessor’s Office to be very clear about what methodologies are used to determine their assessment. There is no definite consensus about a specific

methodology. Respondents struggled about the balance between simplicity (a “formulaic” approach is great for transparency and predictability) and thoroughness (which would require a blend of approaches). Ultimately, it seems that the income approach should be used whenever possible, supplemented with sales comparison and replacement cost analysis, as needed. Income calculations should incorporate adjustments for non-stabilized properties.

The concept of calculating a “mean” or “market average” assessment for a given set of properties (comparable in type, usage and location) seems acceptable to most interviewees – though many were quick in contradicting themselves, and stating that the assessment should reflect the specific and intrinsic characteristic of their property.

The final methodology retained by the Assessor’s Office should meet several criteria:

- Simple – e.g., income only, or 50% income, 50% trailing 12-month comparable sales
- Easy to replicate – i.e., can be used by industry participants to forecast taxes on their properties ahead of receiving the formal assessment notice
- Transparency of comparable properties – so that property owners can easily “trust and verify” consistency of their assessment

Representative comments:

- *“We need a formula, something that would make it easy to plan”*
- *“I’m totally fine with open book exams”*

Operational Improvements

In addition to strategic improvements in predictability, consistency and transparency, interviewees provided suggestions on operational improvements to make the assessment process more effective and efficient.

The most frequent or eloquent suggestions relate to customer service improvements in the Assessor’s Office, including:

- Increase the level and competency of customer-facing staff across the board
- Provide advisory, consultative services – e.g., to help investors estimate assessment and taxes for a new building. This opportunity for informal consultation could possibly reduce the need for appeals
- Set up customer-facing property-type experts who can interface directly with the Office’s constituents. There were concerns that current staff level and quality preclude providing this type of organization
- Publicize an “Office Directory” of contacts who can be reached via phone or email to answer commercial constituents’ questions
- Improve the ability to conduct business online with the Office, and reduce paper handling

Representative comments:

- *“They [the Assessor’s Office] have a monumental job to do”*
- *“Do they spend enough time [on any given property]? How can they understand the details of all the properties they are valuing?”*
- *“The Office should be more professional and less political”*
- *“I would like to be able to talk to someone who will help me figure out how the assessment will be affected if I spend \$10 Million on a building renovation”*

Less frequent operational improvement suggestions on improving the effectiveness and efficiency of the Assessor’s Office include:

- Continue to improve information available online (e.g., property record cards, valuation information, assessment calculators)
- Speed up bill delivery. There is a perception that final bills are much slower than in other jurisdictions
- Eliminate the “letter property” system, viewed as “*unique*” or unfair
- Fix affordable housing assessment. A fundamental overhaul is required as a result of the flood that destroyed affordable housing properties records. Affordable housing is viewed as over-assessed, which reduces developers and investors interest
- Simplify parcel structure. Providing information about properties that split over multiple parcels (e.g., 5 or even 7) is complex and time consuming
- Consider an advisory group of commercial owners to provide input to the Assessor’s Office. The group could also include other industry participants (e.g., developers, lenders, service providers)

Structural Improvements

Structural improvements are interviewee suggestions that could have a major impact in improving the effectiveness and efficiency of the commercial property assessment process in Cook County, but stand out by their complexity and difficulty to implement. These are potential long-term improvements that will likely need in-depth research and analysis, demand changes in multiple government processes, and eventually require legislative approval. Interviewee suggestions include:

- Change the arrears approach to current-year taxes. This is a significant opportunity to simplify doing business in Illinois, and would likely to be broadly endorsed by industry participants
- Shrink the number of levels in the appeals process. At the extreme, respondents view the appeal process as involving four steps (Assessor, Board of Review, Property Tax Appeal Board, and court appeal). Several interviewees viewed the Board of review as having “*poor return on investment.*” A majority would probably trade the number of appeal opportunities for a process yielding faster resolution, though nobody wants the appeals process to go away entirely

- Supplemental internal resources with third-party appraisers. Several interviewees suggested that the Assessor’s Office should be open to out-sourcing valuations to private appraisers, with the costs incurred by the office. This would require developing a list of third-party accredited and validated appraisers who would supplement and enhance the resources of the Office. These appraisers could be used to establish a credible baseline for certain classes of properties, or for an entire triad (probably cost-prohibitive)
- Simplify the overall approach to commercial property taxation. This would involve revisiting property classes, assessment ratios, equalization factors, and the ultimate level of taxation

Representative comments:

- *“It’s March and I still don’t know what my 2018 bill looks like. In most markets, you get your bill in the same year”*
- *“I can’t provide accurate quarterly reports to my investors because we never know how we will make out in appeals”*
- *“We need defensible clarity on assessed values so that appeals are not needed or needed less often”*
- *“I can’t explain to people in New York how property taxes work in Illinois”*

Best Practice Assessment Jurisdictions

Many respondents deride Cook County as *“There is no place like it in the country,”* or *“We are unique – not in a good way.”* Interviewees, however, have limited and mostly impressionistic insights regarding other jurisdictions that could be used as a model for the Assessor’s Office. Interviewees either focus solely on the Chicago market, or know of other markets second-hand from the attorneys they work with. Many interviewees applauded the Assessor’s Office efforts to understand best practices and replicate them in Cook County.

New York City is the most often cited “best practice” assessment jurisdiction, though it appears to be facing some challenges on disclosure, and specifically on the use of Schedule E, based on the feedback provided. Other jurisdictions that might be worthy of further investigation include Boston, Charlotte/Mecklenburg County, Los Angeles and San Francisco.

This summarizes the interviewees input by jurisdiction:

- Atlanta/Cobb County, GA – customer-friendly Board of Appeal
- Boston, MA – benchmark for responsiveness (*“General Electric had a clear forecast of taxes when they moved to Boston”*)
- Charlotte/Mecklenburg County, NC – simple process
- Denver, CO – simple process
- Hennepin County, MN – site visit by Assessor; open appeals process; requires owner’s financial disclosure

- Los Angeles and San Francisco, CA – Prop 13 (last-sale value followed by inflation-linked increases) makes process simple and predictable
- Milwaukee, WI – uses Markarian Hierarchy (starts with most recent sale and adjusts value annually)
- Missouri – simple, formulaic approach
- New York, NY – history of assessments close to actual sales values; best-practice disclosure, but complex; use of Schedule E under scrutiny
- Orange County, FL – all property information available online; appeals are rare
- Phoenix/Maricopa County, AZ – all property information available online; appeals are rare
- Texas – simple formulaic approach; one-year assessment period; customer-friendly appeal process
- Washington, DC – assessments close to actual sales values; vault tax reduces amount subject to appeal
- Washington State – simple process

4. Fixing the assessment process should help improve the investment climate in Cook County long-term, but the transition period may be painful

There is strong consensus among interviewees that the commercial property assessment process, in conjunction with other taxation issues, is a factor that negatively affects Cook County economic vitality. Consequently, fixing the process should have a beneficial impact on real estate investors' willingness to do business in the region. Interviewees could not quantify the impact, especially in the context of the other fiscal, budgetary and social issues affecting Illinois and the City of Chicago, specifically. Interviewees are also deeply concerned about the short-term disruptive impact of the changes introduced by the new Assessor's Office.

Negative Impact on Economic Vitality

Interviewees express a clear and often passionate view that key issues of transparency, predictability and consistency in the commercial property assessment process reduce the willingness of capital providers to invest or lend in Cook County. Almost all interviewees provided specific examples of failed deals, or deals that succeeded only after important price concessions, resulting from uncertainty about taxation in Chicago. There is a logical link from investors' reluctance to lower property values, though respondents could not quantify the reduction. The negative impact, however, is "on the margin" and needs to be considered in the context of fiscal, budgetary and social issues affecting the City of Chicago and Illinois.

Interviewees share a unanimous perspective that Chicago's intrinsic assets should make it a top-tier real estate market (e.g., diversified economy, transportation hub, skilled workforce, higher education and research institutions). Many respondents, however, believe that Chicago is actually no longer a top-tier real estate market, and is pricing itself out of national and international markets (and even neighboring counties). Several interviewees mentioned that attracting investors on a project requires "10 percent selling them on the project and 90 percent selling them on Chicago." Development strength in recent years was driven by overall economic growth, in spite of tax issues, but this is coming to an end. Several respondents believe Amazon turned down Chicago due to taxes and related issues.

Representative comments:

- "Chicago is scary for investors"
- "Chicago should be a tier 1 real estate market [for investors] but it's not"
- "The process problems have been going on for decades and people still invested [in Chicago] so the major issue must be the current fiscal overhang"
- "Taxes and crime are the two key issues that concern investors"
- "If I had my choice, I would do all my lending outside of Chicago"
- "I have several investors who tell me not to offer them any Chicago deal"

Less frequently noted was a vocal view that the issues with the assessment process have fueled inequities across communities. Unfairly high assessed values of South and West sides commercial properties has created a “*death spiral*” as commercial property owners in those neighborhoods do not have the means to appeal their taxes. As businesses close and employers abandon the community, population decreases, and the situation worsens further. Even risk-seeking investors shy away from the communities given the uncertainties about taxation and assessment.

Benefits of Fixing the Assessment Process

Improving the commercial property assessment process should have a beneficial impact on real estate capital providers’ willingness to invest or lend in Cook County. A more transparent, predictable and consistent assessment process should make it easier to address taxation issues with potential investors. It is unclear, however, how strong a selling point this will be in the context of the other fiscal, budgetary and social issues affecting Illinois, Cook County, and the City of Chicago specifically. The tangible impact will be hard to measure, along with the logical expected increase in property values over the long run.

Interviewees are keenly aware that fixing the commercial property assessment process will not address real estate investors fundamental problems with the level of taxation in Cook County. They view it, however, as one less issue to address, and a positive, intangible signal of things getting under control, and Chicago cleaning house.

The link between a better commercial assessment and greater economic vitality is credible. Respondents agree with the logic of transparency/predictability/consistency resulting in lower risk, which translates into lower cap rates, higher asset values and ultimately increased investment. Practically, however, interviewees believe that the impact of fixing the assessment process will probably be inconsequential relative to the impact of taxation and other market factors. Improvement in perceptions, however, really matters and, as one interviewee concluded: “*This is something we can fix. Let’s fix it.*”

Representative comments:

- *The problem is 95% fiscal conditions, 5% the assessment... but fixing the assessment process would be a good signal that things are getting under control*
- *“It will be a straw off the camel’s back ”*
- *“Consistency, reliability and credibility will create value.”*
- *“It’s not a painless step [fixing the assessment process], but we’re willing to do our share. Investors rely on Chicago being a strong Chicago”*

Short-Term Disruption Expected

Interviewees are deeply concerned that fixing the assessment system will create a new period of instability, and they hope it will be worth it in the long run. Aside from general unknowns about the new Assessor's Office, there is a widespread expectation that commercial assessments will increase relative to residential assessments, and that businesses will shoulder an even greater share of the tax burden. Several interviewees cited the example of Norwood Park and Evanston recent assessments, wondering whether the increases are a hint of what can be expected in Chicago during next City assessment.

All interviewees expect short-term market disruption, with property values decreasing at first, as taxes will most likely increase and investors' interest drops. Longer term, increased predictability should lead to higher values. Respondents hope that changes will be implemented quickly, in one move rather than a series of installments, so that the period of disruption is contained, and a higher level of certainty can return to the market faster. Several interviewees advocate that tax increases resulting from a significant jump in assessment should be phased in over time rather than applied all at once.

Representative comments:

- *"There's shock and awe with the recent valuations in Northwest Cook County"*
- *"Business is already paying more than fair share"*
- *"Fritz can't just rip off the Band-Aid"*
- *"Deals are coming to a halt. A major New York private equity real estate investor is on the sidelines"*
- *"Everyone is hysterical"*

CONCLUSION

During March-April 2019, on behalf of the Cook County Assessor's Office, Civic Consulting Alliance interviewed *pro bono* 24 senior executives representing 13 different entities involved in commercial real estate in Cook County. The objective was to provide the Assessor's Office feedback on user experience and satisfaction with the commercial property assessment process, and to identify opportunities for improvement.

This report is a structured summary of the feedback provided to Civic Consulting Alliance, with select representative quotes used to illustrate the findings. Interviewees' individual responses are kept confidential, while ensuring that the report accurately reflects the input they provided.

The commercial real estate industry participants interviewed hold significantly negative views of the commercial property assessment process. They are generally dissatisfied with the process, in the broader context of their pointed criticism of property tax levels in Cook County. These negatives reduce the willingness of capital providers to invest in the region and, on the margin, negatively impact property values in the County. It is also possible that the issues with the commercial assessment process have fueled and exacerbated inequities across local communities.

Going forward, interviewees believe that the Assessor's Office must focus on improving the transparency, predictability and consistency of the commercial property assessment process. Some operational improvements to shorten the process and improve the Office's customer service levels should also be considered. Fixing the process should contribute to improving the real estate investment climate in Cook County, though tangible benefits will probably materialize only in the long run and will be hard to quantify.

In the short term, interviewees are anticipating a period of disruption arising from uncertainty about the Assessor's Office, and new assessment practices. They expect a decline in property values due to significant increases in assessments, higher property taxes, and a resulting *"investors' chill."*

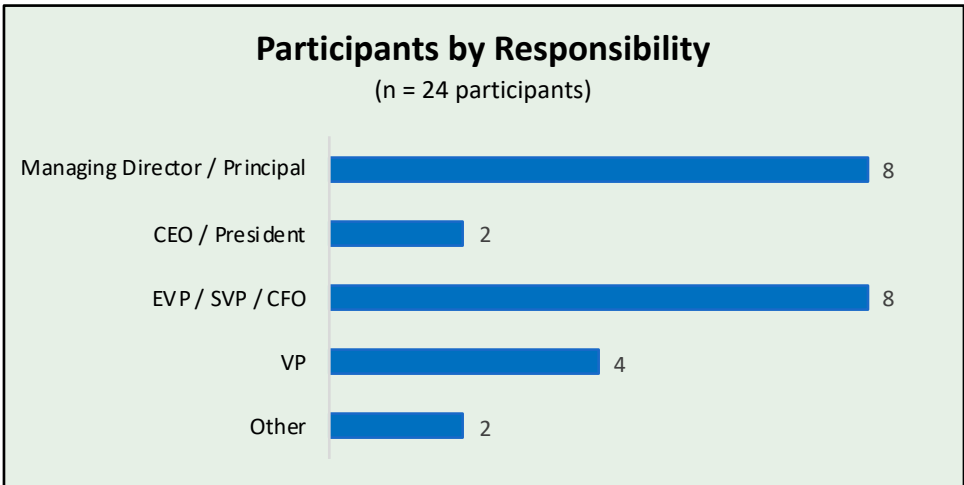
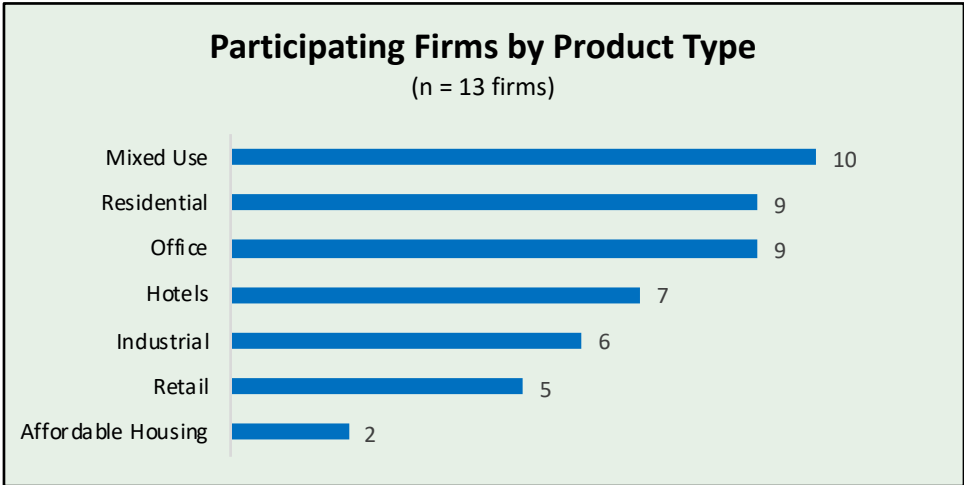
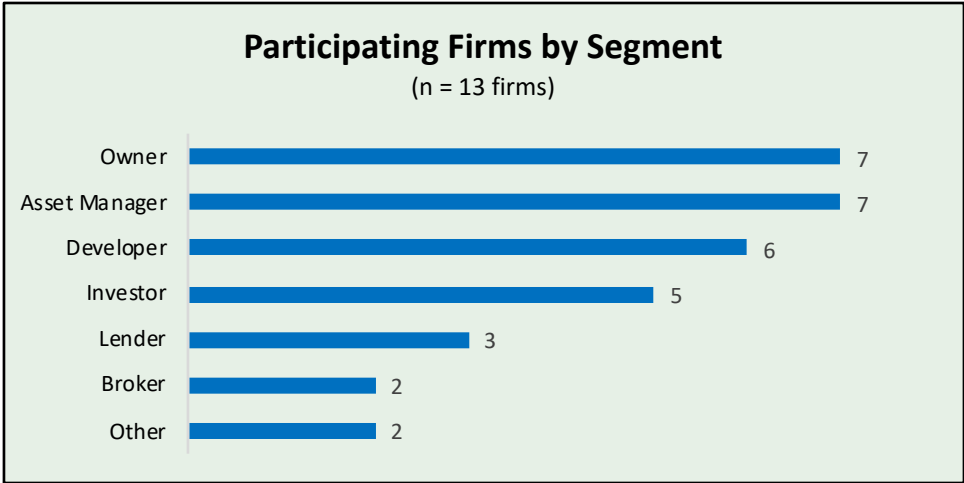
APPENDIX

- Research approach
- Participant profiles
- Invitation letter from Assessor Kaegi
- Interview discussion guide
- Participating firms
- About Civic Consulting Alliance

RESEARCH APPROACH

- Criteria for selecting participating firms:
 - Significant exposure and experience with the Cook County real estate market. If possible, exposure to other assessment jurisdictions
 - Respected industry entities who will most likely accept to be recognized as participants in the research
 - Thought leaders, C-Suite Executives, Managing Partners or equivalent at public or private companies
 - Collectively represent all industry activity segments: developers, owners, property managers, brokers, lenders
 - Collectively represent all major product types – office, mixed use, multi-family residential, industrial, hotel, retail
 - Include industry associations and observers (e.g., academics, researchers)
- Invitation letter from Assessor's Office sent to target participating firms in February-March 2019 (see attached)
 - 20 invitations sent
 - 13 responses and acceptance to participate (see attached profile of participating entities)
- Discussion guide/questionnaire (see attached) sent to participants along with Assessor's invitation to participate
- Confidential interviews conducted in person by three Civic Consulting Alliance senior consultants (two consultants in each interview) in February-April 2019
- Report developed by Civil Consulting Alliance in April 2019
 - No editing by Assessor's Office or participants
 - Draft sent to participants end April 2019 for decision to disclose their firm as participating in the research, or to remain anonymous
- Report release to Assessor's Office third week of May 2019

PARTICIPANT PROFILES



Note: Participating firms are generally active in multiple segments and product types

INVITATION LETTER FROM ASSESSOR KAEGI

Dear **[Name]**,

[Introduction: remind of previous connection/meeting with Assessor Kaegi]

I am writing to ask for your assistance in improving the commercial property assessment system in Cook County. Specifically, I would like to invite **[organization name]** to participate in a market research study that will be conducted by the Civic Consulting Alliance (CCA). The objective is to understand better our customers' experience and satisfaction with the commercial property assessment system in Cook County, and to identify opportunities to improve the system. I believe your perspectives and insights will be invaluable to identify genuine improvements that will make Cook County a better place to conduct business.

The CCA, an affiliate of the Commercial Club of Chicago, has agreed to undertake this work on a *pro bono* basis. CCA has been deeply involved in transforming the Assessor's Office, notably publishing in early 2018 a report recommending actions to address issues of uniformity, variability and transparency in the residential assessment system. We have since partnered with them in the design and implementation of our 100-Day Plan.

Be assured from the start that you will provide inputs under the strictest anonymity, and will be identified as a participant in the research at your discretion. The Assessor's Office will not have access to individual interview results, only CCA's aggregate and synthesized findings. This is what we would expect from you:

- Familiarize yourself with the market research questions in the attached questionnaire/interview guide
- Identify who at **[organization name]** would be best suited to answer these questions. I would be grateful if you could personally participate in the research, but I definitely understand if you would prefer to designate someone else on your team closer to the issues at hand
- Sit down with two CCA consultants for a one hour in-person meeting to answer the questions and discuss them, as appropriate

The output of the market research will be a CCA-authored public report of findings to the Assessor's Office. Individual participants will not be identified by name. Participating organizations will be identified if they choose to. There will be no attribution of responses to organizations, only representative quotes. We expect the report to be published this Spring, based on CCA's ability to schedule and conduct interviews in a timely manner. We are seeking participation from thought leaders, C-Suite Executives, Managing Partners or equivalent at public or private companies engaged in development, long-term ownership or management of commercial and industrial real estate, related entities, and industry organizations.

I would be extremely grateful to have **[organization name]** contribute the benefits of your experience and insights to this market research study. I fundamentally believe that a fair and transparent commercial assessment system will be a driver of economic vitality for Cook County. I count on your support to build this system.

As next step, please confirm **[organization name]** participation in the research, and who will be the contact person on your side. Kindly respond to me and to Meaghan Murphy, copied here. Meaghan will follow up to schedule a one-hour meeting with CCA consultants, at the earliest convenience.

Thank you in advance for your contribution to this important initiative for the Cook County's Assessor's Office.

Best regards,

Fritz Kaegi

Attachments (1):

Cook County Assessor's Office commercial market research interview guide

INTERVIEW DISCUSSION GUIDE

COOK COUNTY ASSESSOR'S OFFICE COMMERCIAL MARKET RESEARCH DISCUSSION GUIDE

1. Please briefly describe your organization's experience with the Cook County Assessor's Office.
 - How does your organization interact with the Office?
 - How would you characterize your organization's experience?
2. How would you describe and characterize the commercial property assessment system in Cook County?
 - What are positive aspects of the Cook County commercial property assessment system?
 - What are negative aspects of the Cook County commercial property assessment system?
3. If relevant, how does the commercial property assessment system in Cook County compare and contrast with that of other states and jurisdictions where you have experience doing business?
4. What is your overall satisfaction with the Cook County commercial property assessment system:
 - In the absolute?
 - Comparing with other States and jurisdictions where you have experience doing business, if relevant?
5. Thinking about the impact of the commercial property assessment system on your business operations, or on the attractiveness of making real estate investments in Cook county – do you view the system as:
 - a) A positive factor, b) a neutral factor, or c) a negative factor affecting your operations or ability to invest?
 - Why?
6. From your perspective, what are opportunities for the Assessor's Office to improve the commercial property assessment system in Cook county:
 - Opportunities to provide better service to your organization?
 - Opportunities to reduce your organization's cost of doing business with the Assessor's Office?
 - Opportunities to reduce the uncertainty or risk of your operations and investments?
 - Other opportunities?

INTERVIEW DISCUSSION GUIDE (CONT'D.)

7. What are the top 3 opportunities you would like the Assessor's office to address in order to improve the commercial property assessment system in Cook county?
8. How would you assess or measure the benefits and value of addressing these opportunities for improvement?
9. In your experience, if relevant, what are "Best Practice" states or jurisdictions that the Cook County Assessor's Office should learn from or attempt to emulate?
10. What other perspective or advice would you like to provide to the Cook County Assessor's Office?

PARTICIPATING FIRMS

The Alter Group

BMO Harris Bank

Byline Bank

CBRE

Hines Interests

Marshall Bennett Institute of Real Estate at Roosevelt University

Global investor

Global owner/developer

Global real estate services firm

National apartment owner

Regional owner/developer

Regional owner/developer

Regional property manager

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Civic Consulting Alliance's mission is to make the Chicago region a great place for everyone to work and live in.

By leveraging the support of the Civic Committee of the Commercial Club of Chicago (collectively the major private employers in the region) with incomparable professional resources and committed leaders, CCA provides consulting services to clients to help address the region's most pressing problems and greatest opportunities in four areas: Education; Criminal Justice and Public Safety; Economic Vitality; and inclusive Civic Leadership.

At no cost to the taxpayer, CCA works on a pro bono basis with governmental and not-for-profit clients who commit to collaborate on important strategic and operational change and achieve significant reforms. In Fiscal Year 2017, 37 partner firms provided pro bono support for 54 cross-sector projects. Together, CCA, its partners, and its clients accomplish more than any one firm or sector can on its own.