

Cook County Assessor's Office Raises Market Valuations 59% Despite Declining Market Conditions

Homeowners Should Appeal Based on Market Value Instead of Inequality of Assessment

The widely watched S&P/Case-Shiller Home Price Indices indicate that the Chicago metropolitan area home values have decreased 13% from January 2008 to January 2009¹, and the Zillow Home Value Index indicates a similar 14.3% drop in median Cook County home values between January 2008 and January 2009². Amidst this decline and despite Cook County's claims to the contrary, the Cook County Assessor's Office has inexplicably raised its estimate of market values between January 2008 and January 2009 an average of 59% and for almost every single Cook County residential property thus far assessed.

Assessment appeal experts EasyTaxFix.com released a study today analyzing Cook County's own database of assessed values. Cook County is comprised of 38 different townships, and it mails out assessment notices and opens up each township for assessment appeals on a rolling basis anytime between May and December. So far, Cook County has mailed out (and released assessment data for) 12 townships. (Once mailed, homeowners have only 30 days to file an appeal.) The EasyTaxFix.com study analyzed assessed and market values of 10 of these townships:

Township*	Residential Properties**	Market Value Increased	Market Increased %	Avg. Market Value (Last Yr)	Avg. Market Value (This Yr)	2009 vs. 2008 %
BERWYN (8/24)	11,628	11,607	99.8%	\$153,671	\$209,843	137%
BREMEN (9/11)	33,904	33,298	98.2%	\$103,379	\$157,186	152%
CALUMET (9/15)	4,598	4,525	98.4%	\$80,356	\$120,489	150%
CICERO (7/20)	12,519	12,406	99.1%	\$136,547	\$185,989	136%
EVANSTON (8/10)	18,810	18,633	99.1%	\$251,362	\$396,815	158%
LAKE VIEW (9/3)	82,007	81,311	99.2%	\$212,591	\$359,957	169%
NORWOOD PARK (7/13)	6,069	6,057	99.8%	\$248,643	\$344,991	139%
OAK PARK (8/3)	14,943	14,886	99.6%	\$223,368	\$336,640	151%
PALOS (8/31)	14,828	14,744	99.4%	\$180,454	\$276,089	153%
ROGERS PARK (7/31)	18,574	18,326	98.7%	\$154,037	\$256,473	167%
Grand Total	217,880	215,793	99.0%	\$183,204	\$291,980	159%

Data From EasyTaxFix.com

* Dates noted are the last date assessment appeals are accepted in each township.

** Data excludes homes with a "Senior Freeze".

¹ Available from

http://www2.standardandpoors.com/portal/site/sp/en/us/page.topic/indices_cs_mahp/0,0,0,0,0,0,0,0,1,1,0,0,0,0.html.

² Available from http://www.zillow.com/local-info/IL-Cook-County-home-value/r_139?disambig=138_455_462&pri=139.

As the above chart indicates, 99% of residential properties have had their effective market valuations (and presumably their property tax bills) increased over last year. Increases range from 36% to 69%, and they average a whopping 59%.

The EasyTaxFix.com study is not the first to call into question Cook County's property tax assessments. Chicago Mayor Daley himself called the system "broken" and "unfair" and encouraged homeowners to protest their property tax bills: "We ask you to appeal if you think your property tax bill has been overvalued for tax purposes. You know it is overvalued, you know that is, because your value is not there this year."³

But despite this call, many homeowners either don't know their properties are over-assessed or are not able to act on this in the extremely short time windows allotted. The Cook County appeal process itself gives too little time for homeowners to appeal: homeowners have less than 30 days from receiving their assessment notices to appeal. Of the 12 townships with assessment data released and reduction notices mailed, only 4 (Palos, Lake View, Bremen and Calumet) remain open. The County's rolling township release strategy also militates against wide media coverage of assessor activities.

The situation is further complicated because this is the first year the Assessor's Office is using the new 10% homeowner assessment level. Previously, homes were assessed at 16% of market value. Due to the 10/25 Ordinance passed in September of last year by the Cook County Board of Commissioners, the current assessed value of a residential property should now reflect 10% of its market value.⁴ This change was intended to simplify the conversion from assessed value to market value, but in this first year of implementation it will undoubtedly have the opposite effect. This is because homeowner's may see a DECREASE in assessed value versus last year but still have an INCREASE in market value. At minimum the shift from 16% to 10% obfuscates the "real" movement of assessed values. Consider the home with a \$35,000 assessment this year and a \$36,000 assessment last year. This seems to many homeowners like a 3% reduction, but it is not. Last year's \$36,000 assessment corresponds to a market value (divide by 16%) of \$225,000 and this year's \$35,000 assessment corresponds to a market value (divide by 10%) of \$350,000. What looks like a 3% reduction is actually a 56% increase!

This is the same math used by the County when you look at estimated 2008 and 2009 market values for specific properties at http://www.cookcountyassessor.com/Property_Search/Property_Search.aspx:

³ "Daley to Chicagoans: Appeal Your Property Tax Bill." *CBS 2 Chicago*. 4 Jun. 2009. Available from <http://cbs2chicago.com/politics/daley.property.taxes.2.1030813.html>. Accessed 24 Aug 2009.

⁴ This change in assessment levels is noted on The Notice of Change in Assessment which each homeowner will receive: "Recently, changes were made to a county ordinance [so] the proposed 2009 assessed value referenced above was determined using the new assessment level of 10%."

Assessed Valuation

	2009 First Pass Assessment	2008 Board of Review Certified
Land Assessed Value	11,875	10,414
Building Assessed Value	76,201	74,442
Total Assessed Value	88,076	84,856

Property Characteristics

Estimated 2009 Market Value 	880,760
Estimated 2008 Market Value	530,350

Snapshot of random property on http://www.cookcountyassessor.com/Property_Search/Property_Search.aspx

The widespread increase in county-determined market values stands in stark contrast to what the County has been telling homeowners about its activities. County Assessor press releases have been telling homeowners that the County is reducing assessment levels. For example, the most recent press release dated August 14, 2009 for the most recent mailed township, Calumet, states: "Cook County Assessor Jim Houlihan announced today that residential property owners in Calumet Township were mailed notices *reflecting a reduction* in the assessed values of their properties...." "The situation we are facing in the real estate market is extraordinary, and the downturn has had an impact on home values," Houlihan explained. "After analysis of market sales and foreclosure data, we determined that Calumet Township homeowners should not have to wait until their properties are reassessed next in 2011 for the *downturn to be reflected in their assessments.*" Normally, properties are reassessed and receive notices every three years.... Due to this first-ever downward market adjustment, residential properties in each suburban township will receive adjustments of their assessed values. A *7% decrease* will be applied to the assessed values of all residential properties located in Calumet Township"⁵ (Italics ours).

It remains to be seen whether (a) the county is intentionally misleading homeowners about reduced assessments and planning to bilk them for increased property tax revenue to help ease straining budget deficits or, as seems more likely, (b) the county is itself confused by the 10/25 Ordinance and has made onerous mistakes either in the appraisal process or in the dissemination of and communication about assessment information in value notices, on the County Assessor website and / or in the County's own property database.

Regardless of the cause though, it is vital that homeowners review their assessed value and appeal it if they feel the actual market value (i.e., what you could

⁵ *Cook County Assessor's Office*. 14 Aug. 2009. Available from <http://cookcountyassessor.com/LatestNews/LateNews.aspx#>. Accessed Aug. 26 2009.

sell the property for) is lower than the county's market valuation (i.e., assessed value divided by 10%). In Cook County, there are two basic ways homeowners can appeal their assessed value: (1) appeal based on inequality of assessment (similar properties in a neighborhood do not have similar assessed values) or (2) appeal based on market valuation. Most homeowners in Cook County have historically appealed using the former inequality of assessment method as it is the easier of the two methods and information about other properties' assessments is more easily available. Unfortunately, with over-assessments so widespread (99%) and so large (59%) in Cook County, appealing based on inequality of assessment is NOT appropriate. How can you appeal based on your property's uniformity with comparable properties if those other properties are similarly over-assessed?! For this reason, it is vital that homeowners appeal based on a real market valuation of their property. The best way to do this is to find three or more comparable sales in your neighborhood that sold in the 12 months prior to the valuation date of January 1, 2009.

The EasyTaxFix.com website identifies comparable sales for FREE and immediately for Cook County homeowners, and it also estimates your tax bill and prospective tax savings should you file an appeal. EasyTaxFix.com charges a flat \$49.95 fee to generate appeal documentation and to help customers fill it out with these sales of comparable properties.

EasyTaxFix.com helps homeowners file appeals in 40 different counties across 6 states. It was featured last month in the Wall Street Journal ("Using the Rout in Housing to Lower Taxes")⁶, and its co-founder Adam Berkson, a Cook County native, was interviewed earlier this month on the Fox Business Network.⁷

⁶ "Using the Rout in Housing to Lower Taxes." *The Wall Street Journal*. 16 Jul. 2009. Available at <http://online.wsj.com/article/SB10001424052970204423804574290151758305342.html>.

⁷ Available at <http://www.easytaxfix.com/press.aspx>.