CRAIN'S CHICAGO BUSINESS

January 05, 2021 06:44 PM | UPDATED 19 HOURS AGO

Homeowners get clobbered by county property tax appeals board

The Board of Review has largely reversed moves by the Cook County assessor to shift the tax burden from homeowners to businesses. So says a new report from the assessor himself.

GREG HINZ ON POLITICS

GREG HINZ

On Politics

Wikimedia Commons

Inside Barrington's historic district

The Board of Review has largely reversed moves by the Cook County assessor to shift the tax burden from homeowners to businesses. So says a new report from the assessor himself.

An effort to shift much of the property tax burden in Cook County's north and northwest suburbs from homeowners to commercial properties was largely undone by the Board of Review, a new report issued by Cook County Assessor Fritz Kaegi asserts.

The report says billions of dollars in higher assessments that Kaegi wanted to impose on business properties were nullified by appeals to the board, which legally has the power to overrule Kaegi. That means the taxes involved—at least tens of millions of dollars a year—instead will be paid by homeowners, not apartment developers, shopping mall operators and the like. *(Read the full report below.)*

EARLIER

The Kaegi effect: Good for homeowners, bad for landlords

News of the shift has been developing for months, since Kaegi took office after unseating then-incumbent Joe Berrios with a vow to reform the local property tax system. But the report provides the first factual look at what Kaegi has been able to accomplish—and what he hasn't.

Kaegi's report specifically looks at the final figures for tax year 2019 in the north triad of Cook County. That area covers 13 suburban townships, and is the first area to be reassessed since Kaegi took office. Property owners in the rest of the county have been closely monitoring the north triad for indications of what's coming for them.

In every one of the 13 townships, Kaegi proposed to increase the share of the total tax load on commercial properties, usually by at least 6 or 7 percentage points. But in every township, most of that was reversed.

In Barrington Township, for instance, Kaegi proposed to increase the share of non-residential properties collectively from 34 percent of the total to 51 percent, a shift of $217 million. But the board reversed the shift and cut another $3 million. (See Page 37 of the report below.)

Similarly, in Evanston, the commercial share of valuation went from $600 million (40 percent) proposed by Kaegi to $402 million, or 32 percent, by the board.

In Schaumburg Township, Kaegi's proposed $1.32 billion in proposed non-residential assessments became $942 million.

Overall, according to Kaegi's office, the $10.17 billion in property valuations Kaegi proposed for non-residential properties was reduced to $7.19 billion, a reduction of about $3 billion. That means the actual tax bills will have to be levied on the remaining valuation, most of it "residential property owners," according to Kaegi spokesman Scott Smith. The board's action "significantly reduced the potential tax burden on commercial owners," Smith added.

Neither Smith nor the report itself takes a direct shot at the board. Smith said Kaegi was releasing the report because taxpayers have a right to transparency. Kaegi has one view of what commercial property is worth, but the board "saw it differently," Smith said.

Michael Cabonargi, one of two Democrats on the three-person board, said the report "continues to show how significantly runaway assessments increase property taxes. . . .Predictably, many property owners were concerned and appealed their property taxes because they are seeking relief, and because it is their right. We believe and support taxpayers in their right to appeal their property tax assessment—and to make sure they pay their fair share, and not a penny more. . . .We will never shy away from being an open and transparent avenue for taxpayers to seek a fair review of their assessments and to obtain property tax relief."

Smith said Kaegi attempted to use actual market values as much as possible in reaching proposed assessments, but the board takes other factors into account, including the actual tax load.

Says the report itself: "The office revised its approach . . . in order to better reflect what buyers and sellers experienced in the market. The office believes its approach is more accurate than its past approach and more closely tracks the market."

Some commercial owners have argued the market can and does fluctuate from year to year, and a property ought to be valued on how much value it can spin off.

Single-family home and small apartment-building owners already get a tax break, with their property supposed to be assessed at 10 percent of its market value. Commercial property, including large apartment buildings, are assessed at 25 percent of market value.

MORE

Kaegi jacks up assessments on south suburban landlords

After a rocky 2020, will 2021 bring stability to commercial real estate?

Here's how much Chicago's property tax hike will cost you

NSSR by Ann Dwyer on Scribd