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Cook County Assessor Seeks to Reduce Assessed Property Values



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Real Estate

The Cook County Assessor is doing *what*?

Yes, it's true. Upon taking office on a platform to reform a real property assessment system some described as opaque and complicated on a good day, Cook County Assessor Fritz Kaegi proceeded to sharply raise 2019 property value assessments in some townships that were undergoing their triennial reassessment. (As background, the Cook County Assessor's Office generally reassesses the value of approximately one-third of the real property in Cook County each year, usually by township, absent permits or special applications.) That was not surprising.

Now that it's 2020, it's time for the triennial reassessment for the south and west suburbs in Cook County, and in fact some of those reassessment notices have already been mailed to property owners. Some will be sent out soon. Also, not surprising.

What is surprising? The assessor's office announced last Thursday, May 28, a proactive policy: That 2020 property values "should, to the extent reasonable and practicable, reflect the real estate market effects of COVID-19" and that it is treating all of those owners as if they had appealed their 2020 assessments due to the impact of COVID-19 on their values. Accordingly, the properties in these suburban townships that received assessment notices are scheduled to receive additional notices reflecting a "COVID-19 Adjustment," and the remaining notices will also reflect a COVID-19 Adjustment.

Surprising, right? The assessor's office could rely as usual on the appeal system for owners to appeal their normal, pre-COVID-19 values. But the assessor cited the potentially inequitable tax burden that could result on property owners with fewer resources to access the appeal process, particularly during a public health crisis.

More surprises? Yes. The assessor's office also announced that in 2020 it plans to address the balance of the county – the two-thirds in the northern suburbs (the 2019 triennial) and in Chicago (the 2018 triennial) that would not normally be reassessed in 2020. It may somehow apply COVID-19 Adjustments to all.

The assessor's cited rationale for this approach are the economic and market effects of the COVID-19 pandemic combined with what he believes are the likely corresponding effects on property values. Some believe that it is too soon to evaluate these effects on real estate values. Whether he is right about that or not, Kaegi seeks to level the playing field. Looking back to the 2008-09 financial crisis, increasing unemployment at the time correlated with falling home prices. For commercial properties, Kaegi is considering upward capitalization rate adjustments to properties deemed to be most impacted according to property type, investment classes and location.

This is all an historic, proactive approach to assessments for Tax Year 2020. And the effects on the budgets – and future tax rates – of the many units of local government in Cook County are unknown.

One thing we do know: This will not affect any of the taxes due in summer 2020. Those 2019 second installment taxes are based on 2019 assessments. Any 2020 assessments (with or without COVID-19 Adjustments) will affect taxes paid in 2021. That is not surprising at all.