

Questions and Answers about Oak Park's Assessment Reductions by Ali ElSaffar, Oak Park Township Assessor

In May, the Cook County Assessor's office announced that it would be revising the assessed values of all residential properties in suburban Cook County to reflect declines in property values caused by the downturn in the housing market. On July 2, the assessor's office announced that the value of all Oak Park residential properties would be reduced by 7%.

How did the county decide to reduce Oak Park assessments by 7%? Oak Park was last reassessed in 2008, and the values assigned to properties at that time were supposed to reflect the real estate market as of January 1, 2008. Since January 1, 2008, however, property values have declined. To reflect the market decline, the assessor's office analyzed the sale prices of all Oak Park residential properties that sold after January 1, 2008, and determined that overall they were 7% lower than the values set during the last assessment.

How does my property's new assessed value correspond to its market value? The assessed value of your property should be approximately 10% of its market value. Thus if your property's assessed value is \$25,000, the assessor's office believes its market value is \$250,000.

When will the lower assessed values for my property show up on my tax bill? The lower assessed values will appear on the second installment bills for tax year 2009, which will be mailed in the fall of 2010.

Will my property's tax bill fall by 7% as a result of the 7% reduction in its assessed value? No. The starting point in determining property tax bills is the money that schools and other taxing districts levy to perform their services; the combined revenue from all of the district's property tax bills equals the district's tax levy. Since the assessor does not have the power to reduce a district's tax levy, lowering assessed values by 7% will not reduce tax bills by 7%.

But when I filed successful appeals in the past, my taxes fell about the same percentage as my assessed value reduction. Why won't that happen with this year's 7% assessment reduction?

There is a big difference between an assessment reduction for an individual property and an across-the-board assessment reduction for all properties. When one property out of the 19,000 properties in Oak Park wins a tax appeal, the savings for the one property are paid for by the other 18,999 properties through a marginally higher tax rate. Because of the higher tax rate, taxing districts get all the money that they levied, notwithstanding the effect of the appeal.

If all 19,000 Oak Park properties receive assessment reductions, however, there would be no other properties to which the tax burden could be shifted. In this event, the tax rate would increase significantly so as to completely offset the reductions in assessed values. The result would be no change in anyone's tax bills.

Will all Oak Park properties receive 7% reductions in their assessed values? No. All single family homes, condominiums, and apartment buildings of six units or less will see 7% assessment reductions. These properties comprise about 80% of Oak Park's tax base. The remaining 20% of the tax base, comprising apartment buildings of seven units or more as well as commercial and industrial properties, will not experience any reductions in their assessed values.

Since most, but not all, Oak Park properties will get assessment reductions, the tax rate will increase, but the higher tax rate will not completely offset the assessment reductions. As a result, there will be a modest amount of tax relief for some homeowners, which will be paid for by a somewhat higher tax burden on businesses.

I thought we already had a 7% assessment cap. Is this new 7% assessment reduction different from the 7% assessment cap? Yes. Unfortunately, '7%' describes both Oak Park's recently announced assessed value reductions and the variable homeowner exemption known as the 7% assessment cap that was implemented in 2006. This is merely a confusing coincidence. Whereas the new assessed value reductions happen to be 7% for Oak Park properties, the reductions were 5% for River Forest properties and 12% for Riverside properties.

Will the 7% assessment cap from 2006 limit the impact of the recently announced 7% assessed value reductions? Yes. The goal of the 7% assessment cap, implemented in 2006, was to exempt assessment increases to the extent that they exceeded 7% per year. The program came into effect at a time of rapidly rising assessments, and shielded homeowners from part of those assessment increases through an expanded and variable homeowner exemption.

The variable nature of the homeowner exemption means that its value increases when assessed values rise, and declines when assessed values fall. Because of this variability, many people will see their homeowner exemptions decline with their lower assessed values, and will not see any tax savings as a result. Indeed, due to the many quirks of the 7% assessment cap, some people may find that their homeowner exemptions will fall by more than the reduction in their assessed values, and accordingly may see a tax increase when the 2009 taxes are paid in 2010.

Other homeowners, however, will see tax savings because of the 7% assessment cap's minimum homeowner exemption value. Those receiving the minimum exemption--owners of new properties, purchasers of homes in 2006 and later, and properties less impacted by the housing boom--will likely see a modest decrease in their property taxes, as their homeowner exemptions, already at the minimum, will not fall any further. The same is true for owners of small rental properties that are not eligible for the homeowner exemption.

Can I appeal my 2009 assessed value, even though it has already fallen by 7%? Yes. With the mailing of the new assessment notices, an appeal period will open up for those seeking additional reductions in their assessed values. Appeals for Oak Park properties will be accepted between July 2 and August 3.