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Taxing situation

Author(s): Jeff Borden Special to The Chicago Sun-Times **Date:** November 2, 2007 **Page:** S1 / FRONT **Section:** Real Estate And Home Life

It's a time of gathering dread for many homeowners, when the day's mail is scanned for the telltale envelope of horror -- the property tax bill. No real estate tax season is ever welcomed, but this year is likely to be especially rough in many Chicago neighborhoods, where increased gentrification, new upscale condominiums and McMansions are increasing the value of all nearby properties. Reassessments were conducted in Chicago in 2006, so this is the first year taxes will be based on the new valuations. Cook County Treasurer Maria Pappas was expected to mail the bills today with a due date for payment of Dec. 3.

"There will be a shock for people who've forgotten about the assessment," says James H. Miller Jr., a Chicago attorney who specializes in real estate law. "You can't say it's true for every neighborhood. Assessments will be all over the board. But if you've gone from a situation where your area was a little on the rundown side, and now you're seeing a lot of construction and gentrification, you're going to see a lot bigger jump."

Neighborhoods likely to see big spikes in real estate bills include the usual suspects -- Gold Coast, Lincoln Park and Lakeview -- but areas near the South Loop and Midway Airport also may see sharp increases.

"With very few exceptions, the rates will be higher, and in some parts of the city, they are dramatically up," adds David Dunkin, a partner at the Chicago law firm of Arnstein & Lehr, which represents hundreds of condominium, co-op and townhouse owners. "Isn't that the real Catch-22? Everyone wants their neighborhoods to get nicer, but one thing follows the other and taxes will rise."

The impact of rising home valuations will be softened this year by a 7% homeowner exemption available to homeowners in Chicago. But the exemption, championed by Chicago Mayor Richard M. Daley and Cook County Assessor James Houlihan, won't offer as much protection next year.

A measure backed by House Speaker Michael Madigan and scheduled to take effect next year will include income and residency requirements likely to affect thousands of homeowners. The changes were vetoed by Gov. Rod Blagojevich, but the Illinois Legislature overrode the veto. Unless new legislation is passed next year, the rise in property taxes in 2008 will be steep.

"This is meant to be protection for the neighborhoods," says Houlihan, who hopes the state legislature restores the exemption. "When this was instituted in Chicago, about 80% of homeowners saw their taxes remain pretty stable."

Without the 7% exemption, Houlihan adds, owners will see massive tax increases. "The good news is, the city has never been better. The bad news is, absent the 7% exemption, your taxes will be inappropriately increased and it may be tough to stay in your neighborhood," he says.

With higher real estate tax bills likely, homeowners should take advantage of every exemption available. Exemptions can shave hundreds of dollars from the original estimate.

The most common is the Homeowner Exemption, which is available to owners of single-family homes, condos, co-ops and apartment buildings with up to six units so long as it is the taxpayer's primary residence. Once owners apply for this exemption, it will be renewed automatically so long as the property does not change hands. On

average, it will save homeowners a couple of hundred dollars.

Older homeowners in Cook County can receive a Senior Citizen Exemption if they were born in 1941 or earlier and the home is their primary residence. This exemption must be renewed every year. It reduces the assessed valuation by \$3,000, which will lower the tax bill.

Another option for seniors, particularly those in neighborhoods where home values are skyrocketing, is the Senior Citizen Assessment Freeze Exemption, which is available to Cook County homeowners born in 1941 or earlier. Applicants must have an annual total household income of \$50,000 or less to qualify. Again, this exemption must be renewed every year.

The Cook County Assessor's Office maintains a Web site where information on assessments and exemptions is accessible. One of the features allows homeowners to see photographs and tax information on properties near their home, which is useful for filing an appeal. It's also possible to file an appeal online.

"We're totally automated," Houlihan says. "It's all part of this effort to make (the assessment process) more transparent, more clear and more useable."

It's already too late for most owners in Chicago to appeal an assessment. The time to do that was last year, when notices of proposed reassessed values were mailed. But residents of northern and northwestern Cook County take note: your regions are scheduled to receive their reassessment notices this year. Appeals should be filed within 30 days of receiving the mailing. The only appeals likely to be heard now for reassessments made last year are those where owners can prove a significant error, such as an incorrect classification or square footage.

Nonetheless, attorney Dunkin says there's no harm in trying.

"You never know what you'll get if you ask," Dunkin says. "Is it fair relative to similar types of property? Is the market value correct? Is the property description accurate? Those are the kinds of things you need to look for."

Jeff Borden is a Chicago-based freelance journalist.

THINGS YOU CAN LEARN AT WWW.COOKCOUNTYASSESSOR.COM

Properties

View your property, comparable properties.

Appeals

You can appeal your property's assessed value online and track your appeal.

Assessments

You can find out when your township will be reassessed. Residents of northern and northwestern Cook County are currently being reassessed. Appeals should be filed within 30 days.

Tax bills mailed

The due date for the Tax Year 2006 Second Installment is Dec. 3, 2007. The tax bills were scheduled for mailing today. Homeowners have 30 days to pay by mail, in person or online.

Tax sales

The Tax Year 2005 Annual Tax Sale was completed on June 26, 2007. You can learn whether a property's taxes were offered and sold, offered and forfeited, or not offered at the sale.

Exemptions

Learn about senior exemptions and homeowner's exemptions.

EXEMPTIONS AVAILABLE FOR YOU

Homeowner Exemption. Available to owners of single-family homes, condos, co-ops and apartment buildings with up to six units as long as it is the taxpayer's primary residence. Once owners apply for this exemption, it is renewed automatically as long as the property does not change hands. On average, it will save homeowners a couple of hundred dollars.

The Extended Homeowner Exemption was tossed around like a hot potato among Illinois politicians this legislative season, and this is the modified relief package they came up with. Under the new 7 percent Expanded Homeowner Exemption, any increase in the estimated assessed value of a Chicago home is capped for the first year at \$33,000 with an additional \$7,000 if the EAV had increased 100 percent from 2002-2006. A homeowner can get an additional \$2,000 if an EAV had increased 80 percent to 100 percent from 2002-2006. For the second year, any increase in the EAV is capped at \$26,000, and for the third year at \$20,000. About 80 percent of Chicago residents will get a \$40,000 exemption.

For suburban homeowners, the cap on EAV increase is: for the first year \$33,000; second year, \$26,000; and third year, \$20,000. They will not get the added bonuses that City homeowners get. Also available is a long-term cap at 10 percent for homeowners who have lived in their homes for more than 10 years and have a combined income of less than \$75,000.

Senior Citizen Exemption. Seniors who were born in 1941 or earlier and whose home is their primary residence are eligible. This exemption must be renewed every year. It reduces the assessed valuation by \$3,000, which will lower the tax bill.

This \$3,000 break also reduces the equalized valuation of a qualified property on which taxes are figured. It does not reduce a tax bill by that amount. This reduction is made in the second installment of real estate tax bills. To qualify, an applicant must be 65 years of age or older, be the owner of the property or pay the real estate taxes, and use the property as a principal residence. The applicant must fill out a senior citizen exemption form and have proof of age, ownership and residency.

Senior Freeze Exemption. Another option for seniors, particularly those in neighborhoods where home values are skyrocketing, is the Senior Citizen Assessment Freeze Exemption, which is available to Cook County homeowners born in 1941 or earlier. Applicants must have an annual total household income of \$50,000 or less to qualify. Again, this exemption must be renewed every year.

Home Improvement Exemption. This allows a homeowner to increase the value of a property by up to \$75,000 in improvements without being taxed on the changes for at least four years.

The improvements must be substantial and must be approved by the assessor's office. The exemption does not include normal weather damage or routine repairs or maintenance. Not included are such things as repair or replacement of roofing, sidewalks, driveways, gutters, siding, storm windows, furnaces, electrical systems, plumbing, kitchen cabinets, fixtures and flooring. A major room addition to a house might qualify, as could repair of structural damage caused by severe weather, such as flooding.

The property owner does not need to apply. The assessor's office begins the exemption process based on information gathered from building permits applied for in the county.

For further information about exemptions, call the assessor's office at (312) 443-7550 or visit the Web site site: www.cookcountyassessor.com.

USEFUL CONTACTS

Cook County Clerk

David Orr

www.cookctyclerk.com

Real Estate & Tax Services

Division

Cook County Building, 4th Floor

118 N. Clark St.

Chicago 60602

(312) 603-5656

Cook County Treasurer

Maria Pappas

www.cookcountytreasurer.com

County Treasurer's Office

118 N. Clark St., Room 112

Chicago 60602

(312) 443-5100

Cook County Board of Review

www.cookcountyboardofreview.com

118 N. Clark St., Room 601

Chicago 60602

(312) 603-5542

Cook County Assessor

James M. Houlihan

www.cookcountyassessor.com

118 North Clark St., Chicago

(312) 443-7550

Illinois Property Tax Appeal Board

www.state.il.us/agency/ptab

Des Plaines

(847) 294-4360

The Civic Federation

www.civiced.org

For some light reading on the Cook County property tax system and to learn about the Expanded Homeowners Exemption Act, also called the 7 percent solution.

The **Tax Reform Action Coalition**

www.geocities.com/trac_il/

To learn more about the 7 percent solution and acquisition-based assessment.

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