Property Tax Assessment Appeals For Condominiums, Townhomes and HOA's

A Guide for Association Leaders

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This handbook discusses the property tax assessment appeal process and the benefits of using KSN in this process.

Kovitz Shifrin Nesbit handles all stages of the tax assessment appeal on behalf of our clients: managing deadlines, marshaling evidence, and filing to the proper agencies in a timely manner. Plus, KSN works on a contingency basis. Your association pays nothing unless an assessment reduction is achieved.

If your association is interested in utilizing KSN for a property tax assessment appeal, contact us for a no-cost consultation:

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What Is a Property Tax Assessment?

Property taxes are assessed at a designated percentage of the Assessor's opinion of the fair market value for your property.

In Cook County, residential property and apartment buildings are assessed at 10% of fair market value while commercial and industrial properties are assessed at 25%. For example, if a residence in Cook County is valued at $250,000, it should carry an assessment of $25,000, or 10% of $250,000.
If a commercial property is valued at $500,000, it should carry an assessment of $125,000.

In the "Collar" Counties (DuPage, Kane, Lake, McHenry, and Will Counties), properties carry the same assessment level of 33.33% of the fair market value regardless of type (residential, commercial or industrial).

How Does the Assessor Determine Fair Market Value?

The Assessor determines the fair market value for your property similar to how an appraiser would. Factors include: building style, building exterior construction, building age, building size, land size, building quality/ condition, and building/land assessed value (based on recent sales). Most Assessors maintain a publicly-accessible database to track these factors, which you can search yourself by visiting the Assessor's website.

Good news: the assessed value is appealable! Taxpayers have the opportunity to contest the Assessor's judgement of their property's fair market value.

What Relationship Does the Assessment Have To My Tax Bill?

The assessed value of your property is utilized by the County Treasurer to calculate your property tax bill based on the applicable tax rates or levies for your local taxing bodies, such as a school district.

You receive tax bills from the County Treasurer twice a year for the previous year's taxes. (i.e. 2018's taxes are billed to you in 2019).

Don't confuse these twice-yearly tax bills from your County Treasurer with the "Notice of Proposed Assessed Valuation" that you receive from your County or Township Assessor every few years.

Keep in mind, the Assessor does not calculate your tax bill, just the value of your property.

<u>How Often Does the Assessor Re-Assess My Property?</u>

Property values are re-assessed on a regular schedule, determined by the county and township where the property is located. You will receive a "Notice of Proposed Assessed Valuation" in the mail when the Assessor reassesses your property every few years.

Cook County townships are re-assessed every 3 years, while “Collar” County townships are re-assessed every 4 years.

Cook County: Triennial (3-year) Assessment Schedule

City of Chicago Townships:	2021, 2024, 2027
Northern Cook County Townships:	2019, 2022, 2025
Southern Cook County Townships:	2020, 2023, 2026

“Collar” Counties: Quadrennial (4-year) Assessment Schedule

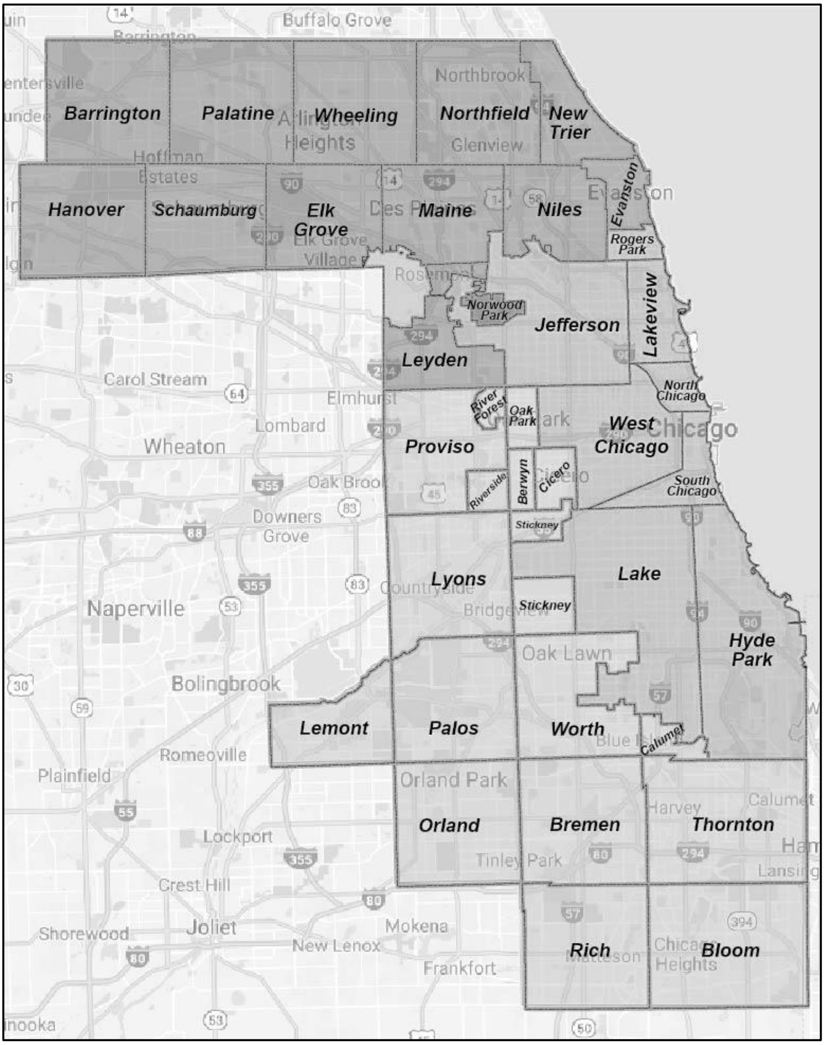
DuPage, Kane, Lake, McHenry and Will:	2019, 2023, 2027

<u>Don’t Know Your Township?</u>

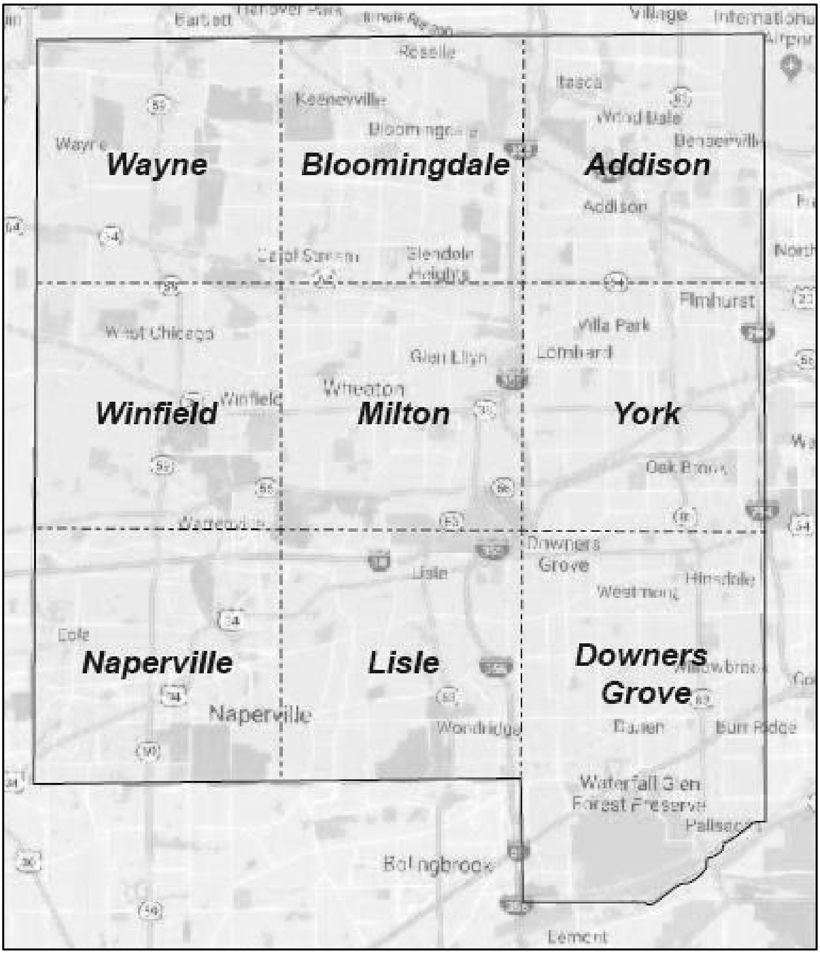
Visit the Assessor’s website and look up your property address.

Cook County:	http://www.cookcountyassessor.com
DuPage County:	www.dupageco.org/SOA
Kane County:	www.kanecountyassessments.org
Lake County:	http://assessor.lakecountyil.gov
McHenry County:	https://www.mchenrycountyil.gov/county-government/departments-a-i/assessments
Will County:	www.willcountysoa.com

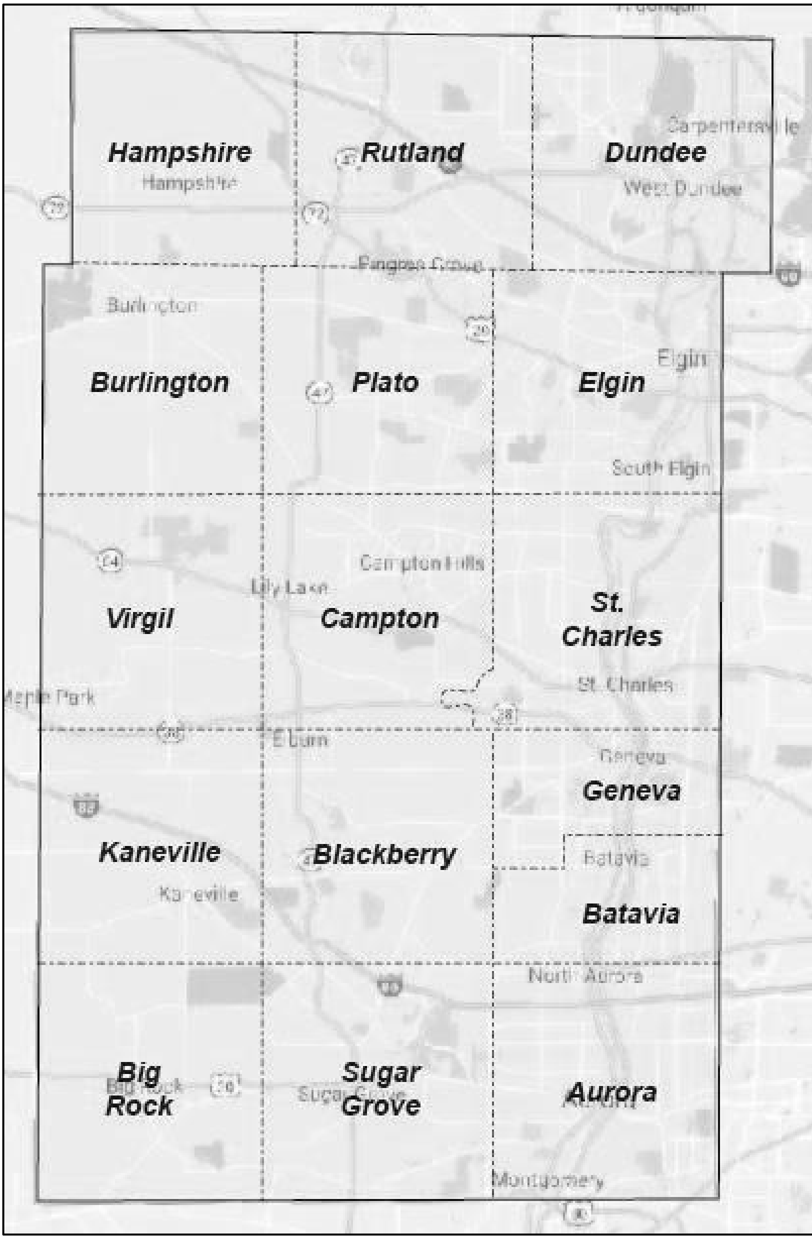
Cook County Townships



DuPage County Townships

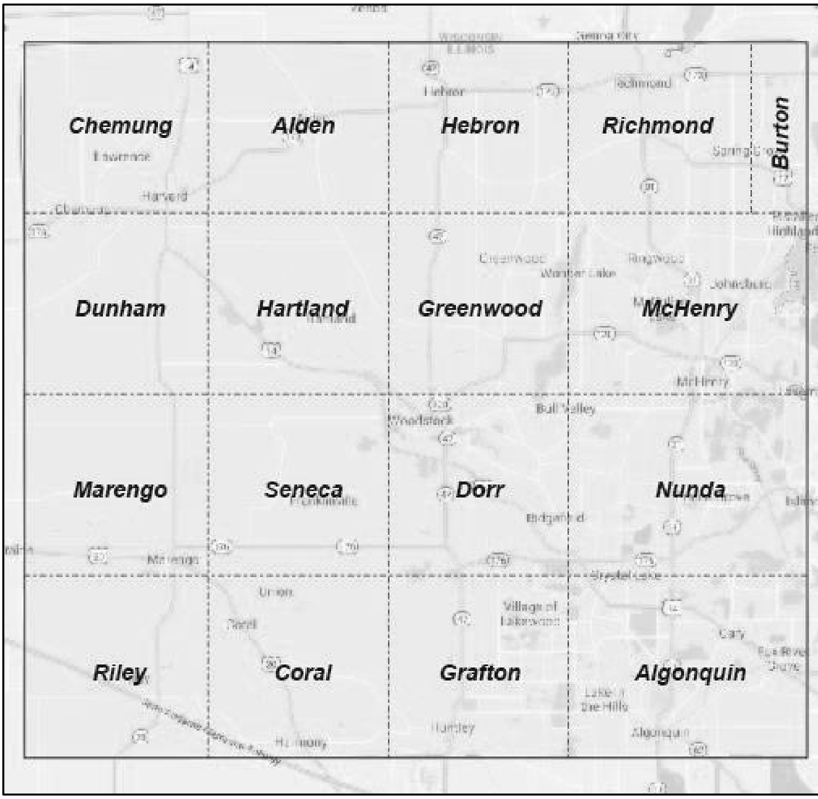


Kane County Townships

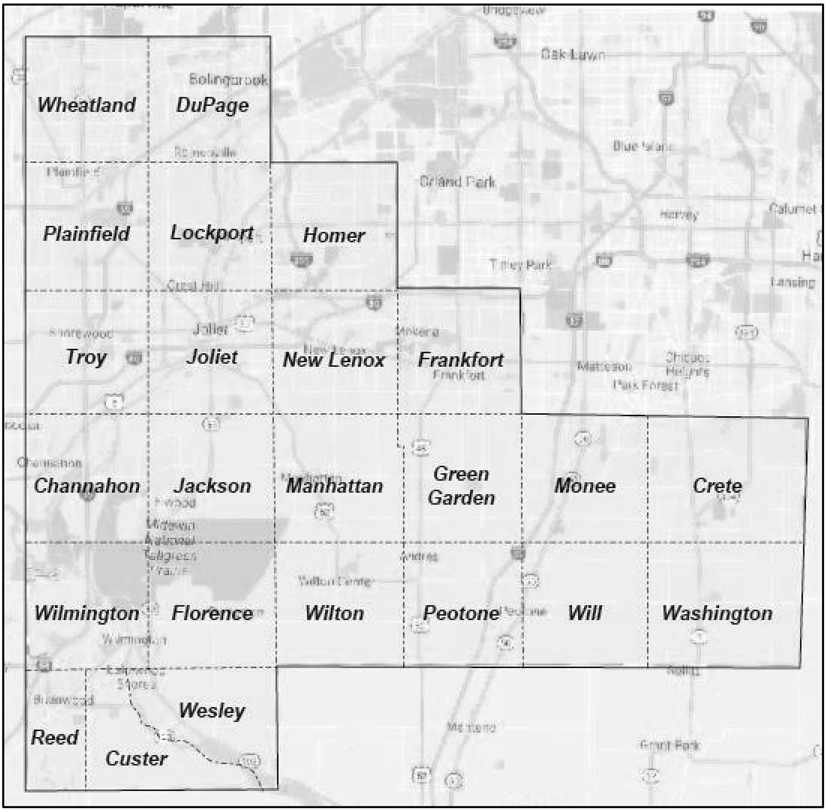


Lake County Townships

McHenry County Townships



Will County Townships



Why Appeal Your Assessment?

Challenging your assessment is a good practice to ensure that you are not paying more than what you ought to be. Assessors are responsible for valuing property on a massive scale, and therefore, errors have been known to occur. Cook County alone is comprised of more than 1.3 million residential parcels.

In addition, property values rise and fall according to the market and inflation rates. Just because your assessment remains relatively flat doesn't mean that it's not sensible to appeal.

There may be many reasons why you believe that your property is being over-assessed. These reasons include, but are not limited to:

Recent Sales Within the Association – Is the Assessor over-assessing the Association based on the recent sale prices of the units, deeded parking, and storage spaces?

Appraisal – Is the Assessor over-assessing the Association based on recent appraisals performed on certain units for refinancing a mortgage, estate planning, etc.?

Income – Is the Assessor over-assessing the Association based on the rental values of the units, particularly in the case of an association with a substantial amount of leased units.

Vacancy – Is the Assessor over-assessing the Association because they did not take into account a significant number of unoccupied units throughout the year?

Condition – Is the Assessor over-assessing the Association by failing to account for the fact that the building(s) are in a state of disrepair?

Uniformity – Is the Assessor over-assessing the Association by valuing similar buildings near the Association differently?

How Much Can an Appeal Reduce My Assessment?

There is no limit to how much an assessment can be reduced, as long as the proper documentation is provided. However, associations should remain realistic when making the case for the value of the property. A successful appeal will not necessarily result in a lower tax bill than what you were paying in years past. However, a lower bill than what you would have otherwise paid without an appeal is still worth celebrating.

The Appeal Process

In Cook County, appeals start at the Cook County Assessor's office. However, further levels of appeal are available if the Assessor's office does not grant appropriate relief.

In the "Collar" Counties (DuPage, Kane, Lake, McHenry, and Will), the Assessors do not entertain formal appeals. In these cases, the formal appeal process starts at the County Board of Review.

However, the "Collar" County Boards recommend that property owners with concerns about their assessment to contact the appropriate township assessor's office for an informal meeting before filing an appeal.

Level 1: Submit an appeal at the County Assessor's Office.

Cook County:

- The Assessor's Office conducts a formal appeal process that typically opens at the end of January of each year.
- Each township has a specific window of time during which you can file your appeal, also known as a complaint. This window opens once you receive your "Notice of Proposed Assessed Valuation" or when your township is published for that year. You have 30 days from the opening date of the filing window to submit a complaint.
- All complaints must be supported by written documentation. If you submit the complaint before the 30-day window closes, you then have an additional 8 days following the close date to submit the supporting documentation.
- The Cook County Assessor does not conduct oral hearings.
- After your appeal is filed, the Assessor's Office will analyze your information and mail you the result of your appeal.
- A Taxpayer Advocate is available at the Downtown Assessor's Office to "re-review" your appeal results and answer any questions you may have.

"Collar" Counties (DuPage, Kane, Lake, McHenry, and Will): N/A

Level 2: Submit an appeal to the County Board of Review.

If you feel that the reduction by the Assessor was not sufficient, a further appeal can be made to the County Board of Review Office.

Cook County:

- The Board of Review opens a specific filing window for 30 days for each township. These dates range from August to December.
- While you have a right to a hearing, it is not mandatory to attend and you may waive your right to a hearing without penalty.
- Once the hearings have been conducted, a "re-review" period will open where your attorney can review not only the decision, but also the notes in the file to see how the appeal was decided.

"Collar" Counties (DuPage, Kane, Lake, McHenry, and Will):

- Each Board of Review opens a specific filing window for 30 days following the publication of the assessment rolls for each township. These dates vary based on County.
- The "Collar" County Boards of Review have statutory authority to raise an assessment if they feel that the evidence presented at an appeal supports an increase rather than a decrease.
- The "Collar" County Boards of Review do not offer "re-review".

Level 3 (Optional): Submit a final appeal to either the Illinois Property Tax Appeal Board (PTAB) or to the Circuit Court of the County.

If you feel that the decision by the County Board of Review was not sufficient, you can further appeal your case to either the Illinois Property Tax Appeal Board (PTAB) or to the Circuit Court of the County.

Appeals at this level, however, must be submitted during even stricter timeframes, require even further submission of documentation, and can take years to adjudicate. As such, property owners and associations very rarely choose to go down this path.

If you are considering an appeal to either PTAB or the Circuit Court, consult with an attorney.

<u>Do I Need an Attorney?</u>

Yes. Condominium, townhome, and homeowner associations are not considered "persons" under Illinois law and thus are required to be represented by a licensed attorney in assessment appeals at the Board of Review level or higher.

While an individual unit owner may file their own appeal, Illinois law encourages appeals to be filed by the entire association by allowing the Association to bind all units in a collective appeal with a ⅔ vote of the Board or a majority vote of the unit owners.

More importantly, the Assessors and Boards of Review prefer collective appeals filed by the entire association. A value is placed on the entire building or complex and individual units derive their assessment from this overall value. Therefore, a collective appeal involving all units enables the Assessor or Board of Review to provide fair and adequate assessment to all unit owners.

Generally speaking, so-called "tax consultants" may only file appeals to the County Assessor. They are prohibited from filing to the Board of Review on behalf of associations and certainly cannot file higher level appeals to the Illinois Property Tax Appeal Board (PTAB) or Circuit Court. An attorney can file on behalf of associations at all levels.

<u>What Added Value Does an Attorney Provide?</u>

Property tax attorneys are specifically qualified to determine if the requested reduction and the quality of the evidence supporting the request is sufficient. Diligent research of all assessed values within the Association, property characteristics, tax records, market data, and trends is necessary in every appeal.

Failure to engage in this analysis increases the likelihood of filing an appeal that results in a raised assessment.

In addition, property tax attorneys are well-versed in the local Assessor and Board of Review appeal rules. They have invested time to establish a good reputation with the various analysts and hearing officers employed by the Assessor and Board of Review who have reviewed and been persuaded by their work product over many years.

Successful appeals require concise and compelling evidence, and property tax attorneys can deliver this for you.

Finally, property tax attorneys are intimately familiar with the scheduled patterns of assessment roll release, appeal deadlines, re-review periods, and more. For example, Cook County alone has 76 deadlines in an appeal year – that's one every 4-5 days. These deadlines are not published in advance and can fluctuate at the discretion of the Assessor and/or the Board of Review.

An experienced attorney can help you stay ahead of the deadlines and file the correct paperwork in a timely fashion.

Why Utilize KSN for Your Association's Property Tax Appeal?

KSN's Tax team has decades of experience prosecuting assessment appeals for associations. KSN has represented associations since 1977 and throughout that time, has gained intimate knowledge of a wide variety of association clients and the properties they administer.

Our property tax assessment appeal practice leverages our combined knowledge, learned from representing associations for over 35 years, to better effectively appeal our clients' assessments.

Like many attorneys in this field, KSN works on a contingency fee basis. Your association pays nothing unless an assessment reduction is achieved.

We strive to be the lowest cost property tax appeal provider in the market place so that your association will save even more. At KSN, we provide quality property tax appeal representation at the lowest reasonable cost.

Bottom line: KSN has saved our clients over $65 million in reduced property tax assessments since 2015.

Our team works diligently and aggressively to reduce your property tax liability and ensure you are only paying your fair portion in taxes.

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Glossary of Terms

Assess – To place a value on property for tax purposes.

Assessed Value – The fair market value multiplied by the assessment level for a class of property.

Assessment Appeal – The review of an assessment placed on a property. Initial reviews are conducted at the County or Township Assessor's Office. A subsequent appeal can then be made to the Board of Review (BOR). The third level for an appeal is the Property Tax Appeal Board or Circuit Court.

Assessment Level – The percentage of value at which property is assessed. In Cook County, there are two levels of assessment: 10% (residential) and 25% (commercial & industrial). In the "Collar" Counties, there is only one level of assessment: 33.33%.

Assessor – The elected official responsible for establishing the assessed valuation for all parcels of real estate in the Township or County and notifying taxpayers of its proposed change of the valuation. In Cook County, appeals are filed at the Assessor's office contesting assessed valuations. In the "Collar" Counties, the Assessors do not entertain appeals.

Board of Review – An administrative body headed by three Commissioners, elected in Cook County and appointed in other counties, which review assessments created by the Assessor that have been formerly appealed to their office.

Certificate of Error – A process by which a taxpayer applies for a refund of a portion of the tax paid based upon a previous error in the assessment.

Classification – The process of dividing property into various categories for purposes of taxing them at varying levels of assessment.

Equalized Assessed Valuation (EAV) – The assessed valuation multiplied by the state equalizer.

Exemption – A release from liability for a portion of property taxes. The most common exemptions are for homeowners and for senior citizens.

Extension – The calculation of the tax rate by the County Clerk based on the local municipality's tax levy.

Fair Market Value (FMV) – The value the County Assessor places on each parcel of property.

Illinois Property Tax Appeal Board (PTAB) – The state administrative body, composed of five members appointed by the Governor, that reviews assessments certified by County Boards of Review. As such, you must file a Board of Review complaint to be eligible to file to PTAB. Successful PTAB appeals generate a refund for the taxpayer, because the decision comes long after the tax bill was paid.

Property Tax – The local tax on the value of real property, both land and buildings.

Quadrennial Assessment Period – The "Collar" Counties (DuPage, Kane, Lake, McHenry, and Will) have a four year, or quadrennial, assessment period. The assessment should remain in effect, absent new improvements, vacancy factors or other material change to property within this time frame. The Assessor will reassess the values of each property at the beginning of a new assessment period.

State Equalizer – A factor determined by the Illinois Department of Revenue each year to ensure an equal assessment among all 102 counties in the state. State statute requires that the aggregate value of assessments within each county must be equalized at 33 ⅓% of the estimated fair market value of real property in the county.

Tax Levy – The amount in real estate taxes requested by applicable local taxing bodies, such as schools, municipalities, libraries, and so forth.

Tax Objection Complaint – An alternate remedy in Cook County to a PTAB appeal. Filing of a Board of Review complaint is a jurisdictional requirement before filing to Court. The Board of Review certified assessment is defended by the County State's Attorney's Office. A further jurisdictional requirement to filing a tax objection complaint is timely payment of the tax bill.

Tax Rate – The tax levy divided by the total equalized assessed valuation (EAV). In Cook County, This figure is calculated by the County Clerk and applied to the EAV to determine the amount paid in property taxes.

Taxing District – Units of a government's jurisdiction that collect taxes to fund government services (City of Chicago, Chicago Board of Education, Chicago Park District, County of Cook, and local school districts).

Triennial Assessment Period – Cook County has a three-year, or triennial, assessment period, The assessment should remain in effect, absent new improvements, vacancy factors or other material change to property within this time frame. The Assessor will reassess the values of each property at the beginning of a new assessment period.

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