

PROPERTY TAX RELIEF TASK FORCE

Subcommittee: Assessments & Exemptions

Meeting Minutes
Friday, November 1st, 2019
2:00pm

James R. Thompson Center
100 West Randolph Street
IDOR 7th Floor Media Room
Chicago, Illinois

MEETING START

Meeting Scheduled to Start: 2:00pm.

AGENDA

I. Welcome/Roll Call

- a. Representative Davis called the meeting to order.
- b. Roll Call was taken. Quorum was not met.

Name	Present
Representative Davis – Chair	Yes
Representative Didech	Yes
Representative Ford	No
Representative Greenwood	No
Representative Mayfield	No
Representative Mazzochi	Yes
Representative Meyers-Martin	Yes
Representative Ramirez	No
Representative Yingling	No
Senator Belt	No
Senator Ellman	No
Senator Martwick	No
Senator Righter	No
Senator Tracy	No

II. Guest Testimony - Stephanie R. Kennedy, LaSalle County Chief County Assessment Officer

- a. Kennedy said she started in LaSalle County in 2007 as the Chief Deputy Assessment officer until 2014. She went to Grundy County, and began working in LaSalle as County assessor. She's happy the Task Force is in operation. She said her testimony comes from her personal experiences and began her testimony and power point presentation. She explained property taxes are a puzzle. There are six steps that take two years: assessment, review, equalization, levy, extension & collection and distribution. She listed those officials that determine property taxes, including: Township Assessors, CCAO & staff, Board of Review, County Clerk's Office, Treasurers Office and the Department of Revenue. She also noted legislators, taxing bodies, and appeal boards are also involved.

She said the township assessor played the biggest role since they were the first piece, and everything that follows in the cycle depends on how well they do their job. Kennedy said if a town assessor did not do their job, it can lead to tax rates that are unequitable and can lead to tax rates being higher than they should be. Representative Davis asked a clarifying question and Kennedy explained that many township assessors cover two or more towns. Kennedy showed a slide of a neighborhood map which showed the variances in land value assessment as an example of inequitable. She noted state law called on assessors or deputy assessors to assess property every four years – in LaSalle County there were 37 townships with 18 township assessors, of which only 3 townships completed their assessments, 4 came close, and 17 that were not even close to complete (13 were newly contracted). Kennedy said there were three statutes that were violated by these township assessors and noted that one law actually allowed her office to recoup cost, but the law does not say what should happen if townships do not pay for the assessment work.

- b. Representative Mazzochi asked if Kennedy wanted more of a civil remedy for assessors not fulfilling their duties. Kennedy said she can only direct township assessors. She called for giving county assessors more authority or giving them the ability to recoup costs for doing assessments townships were supposed to do. Mazzochi asked about township assessor credentials. Kennedy said the training classes are good. She noted that many smaller areas with fewer parcels suffered from lack of repetition on the part of part-time assessors, whereas this was a full-time job for her. Mazzochi asked about consolidation. Kennedy said she would like more authority be put in county hands.
- c. Representative Davis said the job of the Task Force was to lower property taxes. He asked Kennedy to put her testimony in those terms. Kennedy said it plays a role when property assessments are not done correctly. Kennedy confirmed that problems she laid out happen in other counties. Davis said, in Cook County they were debating a bill that would allow for more information about business valuation. Kennedy said she has poor data because assessments were not done every 4 years.
- d. Representative Meyers-Martin pointed out that in the South Suburbs assessments and valuations of homes are incomparable. Kennedy said she used comparable sales to determine what the market shows as value. Meyers-Martin, Davis and Kennedy talked about the importance of market values being the same as property evaluations. Mazzochi asked, if what goes into valuations regarding sales data and if it accounts for time on the market. Kennedy explained, since they only look at arm-length sales, that does not factor in what brokers set for prices, only what a home was sold for.
- e. Kennedy then began speaking about exemptions. She started with the General Homestead Exemption and pointed to section (E) which says: if you lease a home and the lessee is liable for the payment of property taxes, the owners are still eligible for the exemption. Kennedy noted people sign leases that makes them liable, but the savings are not passed on to renters. Kennedy pointed out there are some homeowners that take the exemptions on dozens of rental properties which decreases the tax base without helping the renter. Kennedy said the law was originally supposed to help people who built homes on land but did not own the land underneath even though they had a deed to the building.
- f. Mazzochi asked about situations such as trusts or other estate planning tactics, or about allowing renters to deduct property taxes on their federal taxes. Kennedy said she did not know about those institutions. Meyers-Martin described a senior development near her where the land owner gets all the exemptions, but the seniors on the land do not see any benefits. Kennedy encouraged the committee members to look in to the tax credit for all these scenarios. Kennedy said the exemptions should be tied to whomever owns the buildings. Davis asked if she could quantify how much was lost in exemptions to multiple property owners. Kennedy described.

- g. Kennedy spoke next about the Homestead Exemption for Veterans with Disabilities, which she noted also had a rental component including one homeowner that rented to two disabled veterans, effectively making their property taxes zero. She said the exemption had problems. Some communities saw veterans move into much more expensive homes, other communities with high veteran populations were seeing property taxes rise; Kennedy said in LaSalle County alone the exemption loss doubled in two years, from \$7.6 million to \$14.5 million. Kennedy said, the law was passed quickly, and it allowed for a complete exemption up to \$250,000 Equalized Assessed Value, (EAV), or \$750,000 market value. She believes the law was originally intended to cap the exemption at \$250,000 market value. Kennedy also suggested tying exemptions to the median household value in a county. Next, Kennedy showed a slide of all the exemptions in her county and the loss of EAV. She noted that due to compliance checks on the owner-occupied homeowner's exemption, the number claiming the credit was going down. Kennedy said recent changes to the Senior Assessment Freeze increased the EAV loss from \$22 million to \$26 million in one year. Kennedy showed a map of Illinois counties and the ratio of exemptions as a percentage of residential tax base. She then showed a township map of LaSalle County (which is at 18% as a county) that did not include TIFs. The map showed many communities in the southern part of the county were losing 30% to 40% of tax base to exemptions. She noted this area usually had lower income homeowners. This resulted in higher tax rates.
- h. Kennedy concluded by giving a few suggestions on how to lower tax rates:
 - i. Township assessors need to do their jobs, assess property equitably and fairly
 - ii. Townships should make sure assessors have the staff and equipment to get the job done
 - iii. County Boards need to make sure the County assessor has the staff and equipment to get the job done
 - iv. Look at current exemption statutes and make changes where needed
 - v. Recognize that exemptions take away from the tax base and in turn increase the tax rates

III. New Business. Davis spoke about creating a report on the subcommittees and wanted to submit the minutes for that purpose. Mazzochi said other subcommittees had created a bullet point list of recommendations.

IV. Public Comment.

- a. Kevin Jackson of the Chicago Rehab Network spoke about a coalition that advances affordable housing and supports a nonprofit organization. He noted in Cook County the affordable housing shortfall was 180,000 units. He encouraged the Task Force to investigate how property taxes impact affordable housing. Jackson said, it was a policy of his coalition to support and preserve affordable rental housing owned by non-profits. He has sought to pass legislation that would create an exemption for low income housing owned by non-profit organizations, as done in other states and cities. Davis asked if it was rental properties or single-family homes. Jackson said their first thought was to do it at the rental level due to the severity of the housing shortage. Jackson and Davis clarified that most non-profits pay property taxes right now – some non-profit structures, like senior developments funded by HUD, are eligible for non-profits. Jackson said a stumbling block to exemptions is the right to eviction. He further noted that non-profits are usually capped by grants, making property tax increases hard. Jackson said his organization was also interested in single family housing innovations to address racial equity gaps, including monitoring appraisal methods, amending the long-term homeowner exemptions, expanding outreach, and working to help long-term

homeowners in rapidly developing neighborhoods. Davis said they just heard testimony about the abuse of the exemption system, but Jackson clarified that he was interested in rental properties owned by non-profits, rather than homes. Jackson explained that spending more than 30% of one's income on housing is called "cost burden" and more than 50% is "severe cost burden" and he believed over 100,000 Cook County residents were suffering from severe housing cost burden. Davis asked Jackson to see if they had a breakdown in affordable housing gap between supply and demand by geographic area, like city versus suburbs. Davis and Jackson talked about reaching out to other subcommittees.

- i. Representative Meyers-Martin asked about affordable housing plans. She said southern suburbs abide by it, and she wanted to know if the city of Chicago also is required to follow it. Jackson said the law was about 10 years old and he did not believe it was working. He said the city did work with his organization to create five-year plans, with one starting in 2019, that lays out how much development was going to happen city-wide and directs federal housing funds disbursements. Meyers-Martin asked what a community like Lincoln Park would have to do regarding affordable housing. Jackson said the city is piloting an affordable housing requirement ordinance that new developments either have to offer affordable housing or make a payment in lieu.

V. Adjournment. Meeting ended at 3:40pm.