

Questions about Property Tax Bills and the 2014 Reassessment

By Ali ElSaffar, Oak Park Township Assessor

A guy who failed Statistics 101 might summarize the changes in this year's property tax bills by saying that tax increases were modest for the average Oak Park taxpayer. After all, Oak Park property owners as a group experienced tax increases of just 1.6% this year. But averages can be deceptive, as was the case for the man "with one foot in the oven and one foot in an ice bucket." Based on the average temperature, the poor man should be perfectly comfortable!

This year, Oak Park taxpayers should understand the predicament of this unfortunate man. For 39% of Oak Park's single family homes and 74% of condominiums, property taxes have fallen. At the same time, however, 24% of single family homeowners have experienced double digit tax increases. This wide variation is due to the 2014 reassessment of Oak Park properties, the effect of which was first evident in the tax bills mailed July 1, 2015.

Can I do anything to reduce my current tax bill? If you are eligible for a homeowner, senior citizen or other exemption but did not receive one, the Township Assessor's office can assist you in obtaining a revised bill for a smaller amount. However, if you have received all exemptions for which you are eligible, you likely will not be able to do anything about your current bill.

Can I do anything to reduce future tax bills? Later this summer, the Cook County Board of Review will be accepting appeals from Oak Park residents for next year's taxes. When appeal dates are announced, residents may schedule an appointment with Oak Park Township for help in preparing an appeal. Residents who want to be notified of the opening of the appeal period may call Oak Park Township to have their names put on a notification list.

How are property tax bills determined? The basic goal of our complicated property tax system is fairly simple: a property representing 1% of a community's overall property value should pay 1% of the community's taxes. Reassessments help the tax system achieve this goal.

What is the purpose of reassessment? Property values change over time. For example, many properties today are worth less than they were at the height of the housing market in 2006. But most Oak Park properties are worth more compared to 1996. To keep pace with changes in the real estate market, property values are reassessed periodically. In Cook County, this happens once every three years.

How do I determine the effect of the reassessment on my tax bill? You must first calculate the percent change of your property's assessed value as a result of the reassessment. You then compare this percentage to a factor based on the percent change in the assessed value of all properties in Oak Park. I call this factor the Pivot Point, because it is the point that determines whether your property taxes rise or fall after reassessment.

In general, if your property's assessment change is greater than the Pivot Point, its taxes go up. If your property's assessment change is less than the Pivot Point, its taxes go down. The extent of the difference between the assessment change and the Pivot Point will determine the amount by which your tax bill changes.

Because the overall real estate market in Oak Park was declining when the reassessment took place, this year's Pivot Point is a negative number, 'negative 2.9%.' This means that most assessment changes below 'negative 2.9%' will result in lower taxes, and most assessment changes above 'negative 2.9%' will result in higher taxes.

Why do reassessments have such unequal effects on the taxes people pay? Not all property values change at the same rate. The impact of varying rates of change is illustrated in the following example comparing Oak Park condominiums with single family homes:

Example: Condominium values were hit especially hard by the decline in the housing market, falling by 13% at the 2014 reassessment. The overall value of Oak Park single family homes, by contrast, increased by 1%.

Before the reassessment, condominiums comprised 12% of the assessed value of Oak Park, and paid 12% of Oak Park's taxes. But since the percent change in condominium values is less than the Pivot Point, condominiums are now paying less. Condominiums comprised just 10.5% of Oak Park's assessed value post-reassessment, and now pay 10.5% of the community's taxes.

The situation of single family homes is different from condominiums. Since the 1% increase in the overall value of homes is greater than the Pivot Point, the overall taxes on single family homes are increasing. Single family homes, which had been paying 60% of Oak Park's taxes, are now paying 61.3% of the taxes. (Tax changes for individual homes and condominiums will be different from the group changes indicated in the above example.)

Conclusion. Our failed student of statistics was not unreasonable in expecting that everyone's tax bills would increase by 1.6% when government tax levies increased by that amount. Tax increases closely match increases in tax levies in years when there is not a reassessment.

The problem is that the student did not account for the dramatic variations in tax bills resulting from the 2014 reassessment. But in spite of this error, he was correct in one respect: when everyone's tax increases and reductions are added together, the net result is the modest 1.6% tax increase that the student thought would be experienced by all.