

Race and Wealth Inequities in Cook County’s Property Tax Relief Programs: The Senior Citizen Assessment Freeze & Long-time Occupant Homestead Exemptions

Introduction

With property tax exemptions that total over \$1.8 billion¹ in Cook County tax breaks, it’s vital and a challenge to keep accurate records of 7 different Cook County homestead exemptions. Tax breaks, through exemptions that reduce the property taxes owed for one’s primary residence, for those who do not qualify for those exemption savings, shift more property tax burden onto others.

This 2021 (updated to 2024 tax year in 2026) Cook County exemption study by the Training, Research, Advocacy & Education Network (TRAEN, Inc.) examines the movement away from legislative property tax relief intentions for income based exemptions, and the misuses of the only two income based exemptions out of the seven Cook County tax exemptions,² the **Long-time** and **Senior Freeze exemptions**.

There are solutions to ensure the integrity of the nearly \$2 billion tax break industry overseen by the Cook County Assessor and the Illinois Department of Revenue (IDOR). TRAEN recommends county and state legislative changes to ensure that Cook County collects its fair share of public revenues by removing unqualified exemptions, and that homeowners, armed with better knowledge, obtain their entitled exemptions. In the past 4 years, \$34 million in senior exemptions have not been collected.

Starting a decade ago, there was an increased focus on how important our property tax exemption programs are to ensure critical tax relief targets those most in need, and on removing tax breaks from those who do not qualify for them.

TRAEN in 2016 initiated exemption law PA 99-164 that required assessors to remove non-qualified exemptions when notified of a residential sale. Sale transfer errors can be made between and within public revenue and assessment agencies responsible for monitoring the accuracy of property tax exemptions. Moreover, TRAEN found that foreclosures, auctions and short sales are rarely examined by assessors to remove erroneous exemptions, accounting for the highest volume of erroneous exemption penalties on minority homeowners and small single family affordable housing managers concentrated in the South and Southwest suburbs.

TRAEN also initiated exemption law PA 99-851 that required homeowners to notify the local assessor when an exemption expires, especially when a homeowner moves out of and rents a former home. Failure to do so underpays the tax base. Banks and other mortgage lenders are also required to submit an Exemption Waiver Notice to assessors of their foreclosed homes but rarely comply.

With cooperation from assessing and revenue departments across many states, along with advanced data technology such as LexisNexis that allows for more in house control, and new IT software programs, the Cook County Assessor in 2014 was able to implement the office's first ever Department of Erroneous Homestead Exemption, an exemption department that holds administrative hearings, and audits and works with skilled data investigators and accessible data banks from the State's Attorney's Office, Recorder of Deeds, County Clerk and IDOR. The Cook County Assessor's website established its first taxpayer tip line for the public to anonymously report suspected erroneous exemptions and potential property errors that keep assessments off the tax rolls.³

However, in 2020, COVID-19 inspired legislation passed an automatic rollover of the income based Senior Freeze exemption for recipients who qualified for it in 2019. The automatic tax break on a Senior Freeze exemption that mandates incomes be no greater than \$65,000 will not be audited, and will reduce the 2nd installment tax bills of 2021. Income based exemptions by necessity should undergo random annual audits because incomes fluctuate due to many factors.⁴

BACKGROUND

The Senior Citizen Assessment Freeze Exemption (SFE) "Senior Freeze" (35 ILCS 200/15-172) and the Long-time Occupant Homestead Exemption (LOHE) (35 ILCS 200/15-177) were created in 1993 and 1994, with the LOHE updated by 2007 PA 95-644, as additional income based property tax exemptions to give much needed property tax relief to both longtime homeowners and seniors on either capped incomes (between \$75,000 and \$100,000) regardless of age, or on incomes after age 65 (earning \$55,000, increased to \$65,000 in 2018). Homeowners faced with excessive, unpredictable tax increases, and the threat of not being able to stay in their homes when significant redevelopment occurred in their neighborhoods, would be the beneficiaries of the property tax break exemptions.

Illinois public officials and lawmakers recognized that many homeowners were being forced out of their homes, with tax delinquencies increasing and many neighborhood sales based on land acquisition with the intention to demolish and build new. The General Homestead⁵ (standard) exemption savings, now \$678 for Chicago and an average of \$1,178 for Cook County, was not providing enough tax relief.

Even adding a standard senior exemption to the general homeowner's exemption when the homeowner turns 65, for an average tax break of \$1,220 (up from \$678) for a Chicago senior and an average tax break of \$2,264 (up from \$1,178) for a Cook County senior, does not provide enough property tax relief protection against rapid market value appreciation and escalating tax rates, especially for those on fixed incomes.

A 2018 study by TRAEN disclosed that the Illinois legislature over the past decades has increased the passage of laws that did improve the property tax relief system.⁶

A review of all property tax statutory changes from 1981-1991 revealed that only 12.8% of the bills passed during this decade were property tax relief laws. 16 years later, from 2007-2017, property tax relief bills reflected up to 20.5% of the property tax statutory changes. A 60%

increase in tax relief was seen in the expansion of exemptions, abatements, incentives, deferrals and property tax credits.

PROBLEMS

Illinois is the second highest property taxed state in the country.

In 2018, total property taxes billed in Cook County broke previous records, climbing from \$14.4 billion to exceed \$14.9 billion (a 3.7% increase).

In 2019, as in 2018, total property taxes billed in Cook County broke previous records, climbing from \$14.9 billion to exceed \$15.6 billion (a 4.1% increase).

In just 2 years Cook County property taxes have increased 8.3%, an increase of \$1.2 billion.

However, this seemingly stable source of taxation is under siege. According to a recent National Association of Counties survey, 27% of counties reported reduced property tax collections and 43% expect shortages in 2021, especially if the economy continues to operate at recessionary levels.

The state's excessive reliance on a very regressive tax, when other states lead the way keying in on more modern sources such as on-line purchases and retirement revenue, will determine Illinois' future financial fate; a fate that is precarious at best in light of the global COVID-19 pandemic. The harm done by an antiquated method of taxation, so mammoth as to resist even the best intended reforms, is reflected in excessive tax appeals coupled with inequitable or 5-6 year delayed decisions handled by over-worked or inexperienced staff. Add unpredictable escalation of assessments, ever-increasing tax rates and delinquencies, and homeowners follow businesses leaving Cook County for less burdensome real estate taxes.

Over time the Senior Citizen Assessment Freeze Exemption (SFE) & Long-time Occupant Homestead Exemption (LOHE) have been open to misuse. This is primarily due to a combination of factors: intrinsic flaws in the exemption formulas, improper or inadequate administrative oversight, non-uniform statutory exemption qualifications, and the lack of mandated annual auditing. The Senior Freeze Exemption law states that audits must be made no later than December 31, 2022, and no later than December 31, 2024.

Policymakers identified those making less than \$65,000 and age 65 and older, as well as homeowners regardless of age making less than \$75,000 and residing for more than a decade in homes in neighborhoods threatened by gentrification due to rapid redevelopment, as deserving of income based property tax exemption relief. But over the years, the two property tax relief income based exemptions have shifted away from property tax relief for the most vulnerable homeowners.

There are too many examples of Cook County's unfair income based property tax exemptions awarded to those who need them the least, because there are no residential market value or Equalized Assessed Value (EAV) caps.⁷ Nor are there set maximum levels of tax breaks for those who successfully apply for these income restricted property tax exemptions.

Most importantly, we need Cook County policymakers and legislators who understand that income based property tax exemptions do not always apply to minority homeowners and small minority residential investors in areas blighted by high tax rates and foreclosures.

The two income based property tax exemptions added to existing exemptions-- the standard homeowner and senior exemptions -- are giving millions away in property tax breaks to some of the most expensive, prestigious properties, including significant tax breaks to primary residences that include commercial units that produce additional income for the homeowner.

SOLUTIONS

With so many different Cook County exemptions available, property owners, especially new owners and the elderly, are not knowledgeable about them and their questions can take up a significant amount of the Assessor's staff's time. Additionally, all of these exemptions require time to monitor and administer them.

Especially in times of public revenue instability and crisis, there is too much public revenue at stake for Cook County not to make in-house annual homestead exemption audits. Current property tax statutes only mandate that the Cook County Assessor's Office audit every 2-3 years or do not mandate audits for some exemptions at all.

It is very important not to take qualified seniors or homeowners off of the tax rolls in an audit. \$34 million in senior exemptions have not been collected by qualified seniors during the last 4 years. The due process of sending a notice to the taxpayer to validate removal is essential in any audit.

Unqualified tax exemptions occur when both new homeowners and older owners are simply ignorant of an erroneous exemption. A common source of intentional or unintentional unqualified exemptions is when:

- Homeowners move and rent out their home, or allow non-tenants to reside in their home (addressed by TRAEN's passage of PA 99-851).
- The homeowner is divorced or deceased.
- Banks repossess homes that bypass normal sale recordings or even standard sales (addressed by TRAEN's passage of PA 99-164).
- Homeowners claim multiple exemptions inside Cook County, and within and outside the State of Illinois.
- Individual or multiple property owners under the age of 65 claim senior exemptions that require a minimum age of 65 for eligibility.
- Homeowners purchase a single family home with two tax bills, or a condo is co-joined with another unit, and the 2 tax bills are not properly prorated. Double tax bills require vigilant oversight to properly prorate exemption values fairly by the Assessor.³

Put simply, standardized and non-standardized transfers of homes are far too frequent to not allow for annual exemption audits.

TRAEN recommends these solutions, based on our research and experience guiding homeowners and small residential managers through the most complex property tax exemption system in the country.

We identify 10 areas that our legislators and policymakers should address to ensure a fairer property tax relief system:

- Modernize and strengthen the Assessor's in-house monitoring, and technical auditing tools and methods that oversee all exemptions, by authorizing the training and support of the 30 Cook County Township Assessors to work both inside and outside their townships to help administer and audit exemptions in order to find lost revenue by identifying non-qualified exemptions and prevent ineligible exemptions from being granted.
- Appoint all 30 Cook County Assessors to serve on a rotating basis on a 15-member Commission on Cook County Tax Exemptions. The Commission would include 3 non-elected, non-governmental commissioners to ensure that the \$1.8 billion exemption system is fair and effective, and to recommend policy changes when needed.
- Make exemption audits an annual process mandated by Cook County Ordinance and the State Legislature. Gain public and legislative support for increasing the Cook County Assessor's human and technological resources for annual exemption audits.
- Auditor names should be disclosed and they should be required to document their research of buyers in all home transactions, including verifying income, and if applicants are in areas threatened by gentrification factors.
- Increase the Cook County Assessor's staffing, supervision and training for approving income based exemptions for LOHE and SFE exemption applicants.
- Place a graduated maximum level of property tax break relief for income based exemptions.⁸

Cap the market value at \$500,000 for homes to receive the full value of income based exemptions, with a gradually decreasing benefit starting at \$500,000 (145,800 EAV / state multiplier / 10%) up to a maximum of \$857,339 Market Value (current legal maximum of 250,000 EAV / state multiplier / 10%).

A capped market value at **\$500,000** is 112% higher than the current average Cook County home's market value at \$236,000.⁸

For comparison purposes, the 70-100% Disabled Veteran Exemption's (non-income based) market value is capped at **\$857,339**, (250,000 EAV) which is **263%** above the median Cook County home's price. Moreover, of the 50 states with veteran exemption laws, **only Illinois gives veterans with a disability of 70% up to 100% a 100% property**

tax exemption. 19 states (38%) give veterans property tax free homes only for 100% disability and they all place market value caps on their veteran disabled exemptions, with the second highest market value cap at **\$300,000**. Three states add annual income caps.⁹

- Insert in 1st and 2nd installment property tax bills information about erroneous exemptions, the **Assessor's Notice to Waive Homeowner's Exemption** form, on-line links and a Hot Line for retrieving \$34 million of unclaimed Senior Exemptions, and descriptions of all 7 Cook County Exemptions.
- A new Cook County ordinance delayed the payment of 2nd installment tax bills due August 3, 2020 until October 1, 2020. **This delay in tax payments could be used to re-issue unpaid 2nd installment tax bills after the removal of unqualified exemptions.**
- **Audit and overhaul the least understood Cook County exemption, the Longtime Occupancy Exemption, which gives \$4.8 million in tax breaks to only 2% (2,763) Cook County homes.**
- Update the Cook County Longtime Occupant and Senior Freeze income based exemption applications adding requirements to identify: whether or not the residence contains commercial units, the number of units, the entire commercial square footage outside the primary residence, if there are multiple owners, and the percentage of ownership(s) residing on the property.¹⁶

TRAEN AUDIT METHODOLOGY

For this study, TRAEN accessed the Cook County Assessor's subscription exemption and assessment databases and ran audits that examined irregularities by classifications, Permanent Index Number (PIN) sequencing, market value, ages, sales, exemption types and property tax savings EAV values.

Like the Assessor, TRAEN researchers cross checked anomalies using sources such as the Multiple Listing Service (MLS), Zillow, Costar, Cook County Recorder of Deeds, Cook County Board of Review, Cook County Treasurer, city and village building records departments, Voter Registration agencies, Illinois Secretary of State and the Illinois Department of Revenue (IDOR), along with similar sources in other states.

The research was conducted by 3 researchers and was completed in 2 days. This time frame does not include field site inspections or data analysis. This type of "initial internal review" process should be an annual exemption audit implemented by the Cook County Assessor's Exemption Department simply as a best practice for the oversight of a \$1.8+ billion tax break exemption system, rather than adhering to the 2-year State audit deadline mandates.

DISCUSSION

Property tax exemptions, including the Long-time Occupant Homestead Exemption (LOHE) & Senior Citizen Assessment Freeze Exemption (SFE), have been a research focus of TRAEN, which has successfully initiated several exemption, omitted assessment, and special service area legislative tax reforms.¹⁰

In 2019, TRAEN President Andrea Raila testified¹¹ at 4 public hearings before the Governor's Task Force on Property Tax Relief. The Task Force's mission was to review the Illinois property tax system and make property tax reform recommendations. The Task Force members were exclusively Illinois legislators whose specific responsibilities included:¹²

- Identifying the causes of increasingly burdensome property taxes across Illinois
- Reviewing successful public policy strategies that create short-term and long-term property tax relief for homeowners
- Making recommendations about the steps that Illinois government needs to take to provide property tax relief.

Raila gave testimony before the Task Force subcommittee on topics of social and economic disparities, assessments corrected by using the Assessor's Certificate of Corrections process, and Illinois property tax statute qualifications for the Veteran's Disability, Disabled Persons, Longtime and Senior Freeze exemptions.

Raila's recommendations to the Illinois Task Force legislators included amending current property tax statutes for approving income and market value caps, adopting tax break maximums, and adding a more robust investigative review for income and property classification qualifications.

For discussion purposes, capping market value or EAV eligibility for income based exemptions could save Cook County over \$18 million in property tax breaks. This would remove the top 1%-2% of the highest market values or EAVs and largest tax breaks for 2,265 applicants, out of 163,237 approved applicants in 2018, with \$5 million to \$5.3 million dollar homes, and/or adding graduated tax relief for those homes valued at \$500,000 or more.

Homeowners receiving the Senior Freeze who had the highest market values and greatest tax breaks average \$10,365 annual tax savings, while all 163,237 homeowners average \$2,048 in tax savings.

With the Senior Freeze and the Long-time exemptions unmodified and applied to multi-million-dollar luxury homes and primary residences with attached restaurants, offices, storefronts or additional rental apartments, and whose tax exemptions are applied to the property's non-residential units, in 2018 Cook County again shifted millions of the property tax burden onto other taxpayers and denied public revenue to taxing districts.

In 2018 Cook County collected \$14.9 billion in property tax revenues. 7 Cook County exemptions reduced property tax revenues by more than \$1.8 billion (12%). In 2018 the following exemptions reduced property tax liabilities for qualifying taxpayers as follows:

<u>Only Cook County</u>		Individual Avg. Savings	Top 1-2% Avg. Savings
Standard Homeowner's Exemption	\$1.1 billion	\$1,179	
Standard Senior Exemption	\$266.7 million	\$ 943	
Senior Assessment Freeze (income cap)	\$330 million	\$ 2,050	\$10,365
Veteran 70-100% Disabled Exempt from Taxes	\$41 million*	\$ 7,164 *	\$16,395 *
Longtime Occupancy Exemption (income cap)	\$4.8 million	\$ 1,733	\$ 7,195
30% - 69% Disabled Veteran Exemption	\$762,863	\$ 439	
Disabled Persons	\$4.2 million	\$ 225	

Raila pointed out that the Veteran's 70-100% Disability Exemption (PA 99-0375 Effective 2015 35 ILCS 200/15-169) exempting 100% of property taxes was unlike any other existing property tax exemption in the state and even country. Most importantly, the qualifying property tax exemption applicant must have a 2018 market value no greater than \$858,841,¹³ (less than 250,000 EAV) and only the primary residence qualifies any portion of the residence. The Veteran's 70-100% Disability Exemption statute's language is very clear; it disqualifies any commercial portion rented for more than 6 months and/or used for commercial purposes.

The Senior Assessment Freeze and Long-time exemptions do not cap the home's market value or EAV, and do not have a maximum tax break level, nor do they have clear statutory language that disqualifies the exemptions from being applied to commercial portions of the primary home. The Senior Freeze and Long-time property tax exemption statutory language is not as clearly defined as statutes for the 70-100% Disabled Veteran Exemption.

¹⁴ **Long-Time Exemption P.A. 97-1150** "A homestead includes the dwelling place, appurtenant structures, and so much of the surrounding land constituting the parcel on which the dwelling place is situated as is used for residential purposes. **If the assessor has established a specific legal description for a portion of property constituting the homestead, then the homestead is limited to the property within that description**".

The Cook County Assessor has clear descriptions of residential dwellings with mixed-use purposes that contain store(s) and apartments Classed 2-12, and 2 to 6 unit apartments for commercial purposes Classed 2-11, and that identify residential properties when they have commercial units.¹⁵ Better guidance would amend the statute with specific language that no exemption should be applied to attached non-residential commercial units.

Long-Time Exemptions P.A. 97-1150 "The Department shall establish, by rule, a method for verifying the accuracy of affidavits filed by applicants under this Section, and the Chief County Assessment Officer **may conduct audits** of any taxpayer claiming an exemption under this Section to verify that the taxpayer is eligible to receive the exemption."

*70%-100% disabled veteran owned property exempt from taxation in Cook County represents about 27% of all Illinois property exempt due to disability breaks, totaling almost \$108 million since the law was enacted in 2015. **Average disabled veteran's Cook County home value** removed off the tax rolls **is \$242,918** (70,771 EAV /

2.9109 equalizer / 10% assessment level). Using an average Cook County tax rate of .1179 and allowing for the standard homeowner exemption yields average veteran's tax savings = \$7,164. The average home value within the 6 collar counties is \$224,260 (74,746 EAV / 1.0 equalizer / 33.33% assessment level); in the remaining **95 counties the average disabled veteran's home value is \$135,259** (45,109 EAV / 1.0006 equalizer / 33.33% assessment level). **In the last 4 years (2015-2018) disabled veterans 100% tax exemption applications increased 70%.**

Senior Assessment Freeze P.A. 100-401 "In counties with 3,000,000 or more inhabitants, the chief county assessment official **shall conduct audits of all exemptions granted under this Section no later than December 31, 2022 and no later than December 31, 2024.** The audit shall be designed to ascertain whether any senior homestead exemptions have been granted erroneously.

If it is determined that a senior homestead exemption has been erroneously applied to a property, the chief county assessment officer shall make use of the appropriate provisions of Section 9-275 in relation to the property that received the erroneous homestead exemption".

Senior Assessment Freeze P.A. 100-401 "(h) The assessor or chief county assessment officer may **determine the eligibility of residential property to receive the homestead exemption provided by this Section by application, visual inspection, questionnaire or other reasonable methods.** The determination shall be made in accordance with guidelines established by the Department".

Senior Assessment Freeze 35 ILCS 200/15-172

"Residence" means the principal dwelling place and appurtenant structures used for residential purposes in this State occupied on January 1 of the taxable year by a household and so much of the surrounding land, constituting the parcel upon which the dwelling place is situated, as is used for residential purposes. **If the Chief County Assessment Officer has established a specific legal description for a portion of property constituting the residence, then that portion of property shall be deemed the residence for the purposes of this Section.**

There is a very clear statutory directive applied to the Veteran Disability Exemption that the exemption should exclude commercial portions of a primary residence. This should be added to all residential exemptions. In New Jersey, the Senior Freeze Application requires seniors to indicate the share of the property used as the owner's principal residence, whether or not the property consists of multi-units, and the share of the property owned by the senior.¹⁶

The Cook County Assessor's Senior Freeze application asks: On January 1 was any portion of the property used for commercial purposes or rented to another person or entity for at least 6 months? The 70% Disability veteran's exemption includes no more than 250,000 EAV for the primary residence and excludes the EAV of property used for commercial purposes.

70% Disability Veteran Exemption P.A. 99-143 (f) For the purposes of this Section: "Qualified residence" means real property, **but less of that property that is used for commercial purposes, with an equalized assessed value of less than \$250,000 that is**

the primary residence of a veteran with a disability. Property rented for more than 6 months is presumed to be used for commercial purposes”.

Senior Assessment Freeze Exemption (SFE)

No significant property tax reform legislation was passed in this last legislative session except for the 2020 signing of SB 685 (PA 101-635) by Governor Pritzker.

The 2020 Public Act contains provisions concerning three homestead exemptions, including the senior citizen assessment freeze homestead exemption. These exemptions may be granted without application for the 2020 taxable year if the property qualified for the exemption in the 2019 taxable year, but subject to certain limitations related to the COVID-19 pandemic.

However, in the past the senior freeze exemption had to be applied for each year as it is based on an income limit of \$65,000 and an age minimum of 65. Senior incomes may change by choice or circumstance. Income qualifying exemptions, including the Longtime Exemption, should always require the assessor’s annual oversight and review of the applicant’s income and inspection of the property.

The Senior Assessment Freeze “freezes” an eligible homeowner’s EAV, which is not market value of the property but a percentage of that market value as determined by the property’s county in which it is located. The EAV is “frozen” at the level of the year prior to a homeowner’s first application. In other words, it exempts all EAV increases over the base amount.

Because there is no Senior Freeze (or Long-time) **exemption savings maximum** (the highest annual tax break identified was \$67,500) **or property value maximum** (the highest market value was \$5.3 million), it is a very valuable exemption for qualifying homeowners, but this also opens this income based exemption to misuse. Over 19 years the household income eligibility limit was increased 86% from \$35,000 in 1999 to \$65,000 in 2018 for the Senior Freeze for an average increase of 4% per year.

The Senior Assessment Freeze exemption based on income now grants \$330.1 million in tax savings, which is 24% higher than the standard Senior Exemption not based on income that grants \$266.7 million in tax savings.

Between 2008 and 2018 applicants for the senior freeze have increased 42%.

With an income threshold of \$65,000, clearly the intent of the tax statute for greatly needed property tax relief for seniors seeking an assessment freeze exemption was not to qualify a senior who resides in a 6,000 SF home valued in 2018 at \$5.3 million, with an original tax bill of \$128,234 that receives a \$23,563 property tax break.¹⁷

How can a senior afford to pay an adjusted tax bill of \$103,187 on an annual income of \$65,000?

IDOR reported that the total EAV for all senior assessment freeze exemptions in Cook County in 2018 was \$2.7 billion. Applying an average tax rate for the county of 11.79% yields \$330,091,046 in property tax savings.*

*In 2018 the 3,889 Cook County tax rates averaged .1179 - Source Cook County Clerk

In 2018 there were 160,958 senior assessment freeze exemptions identified by their tax PINs in the Cook County Assessor's exemption database. In 2018, IDOR identified 160,958 SFE applicants in Cook County.^{18 & 23}

In 2018, the Cook County Assessor's Office received approximately 161,100 senior freeze applications, and qualified and processed tax savings for 160,958 senior freeze homeowners. About 142 applications were not processed, less than 1%.

TRAEN's study examined the 2018 senior freeze taxpayers who in 2018 received the greatest property tax exemption savings, and identified 1,526 PINs of homes with the highest market values ranging from \$500,000 to \$5.3 million. These 1,526 homes represent essentially the top 1% of all 160,958 senior freeze recipients.¹⁹

Senior Freeze Exemption Key findings include:

- This top 1% of homeowners, with 1,526 homes valued between \$500,000 and \$5.3 million, paid \$6,608,461 in 2018 taxes. Without the senior assessment freeze, their taxes would have been \$22,424,784.
- This top 1% of homeowners who attested to earning \$65,000 or less and whose homes are valued between \$500,000 and \$5.3 million, realized \$15,816,323 in property tax breaks from the senior assessment freeze.
- This top 1% of homeowners with 1,526 homes valued between \$500,000 and \$5.3 million had their senior freeze tax bills reduced by an overall 71%, with an average tax break per tax bill of \$10,365.
- All 160,958 Cook County senior freeze tax bills were reduced overall by 23%, with an average tax break per tax bill of about \$2,051.
- The senior freeze exemption gives the top 100 highest market value homes, whose owners attested to earning only \$65,000 or less in 2018, valued between \$836,000 and \$5.3 million and an average tax bill of \$26,630, an average tax break of \$7,350, for a final average adjusted tax bill of \$19,280.
- The senior freeze exemption gives 160,958 senior homeowners, who attested to earning \$65,000 or less in 2018, with homes valued between \$50,000 and \$499,999, and an average tax bill of \$8,950, an average tax break of \$2,051, for a final average adjusted tax bill of \$6,899.
- The senior freeze exemption gives \$482,441 in tax breaks to the top 18 taxpayers, ranked by highest market value. Their initial tax bills totaled \$876,486 and their adjusted tax bills were reduced to \$394,045, which equals an aggregate 55% reduction in their tax bills, for an average tax savings of \$26,800 for each of the 18 taxpayers.²⁰

TRAEN researchers reviewed the revenue tax savings and number of applicants for three triennial years of applications for the Senior Freeze Exemption in New Trier Township. New Trier Township includes some of the wealthiest homeowners in the country in the villages of Glencoe, Kenilworth and Winnetka.

New Trier Township 3 Triennials Senior Freeze Key Findings

The New Trier Township Senior Assessment Freeze Exemptions for all applicants with an average home valued at \$440,600 in 2018 = \$2,843 average savings.²¹

	2013	2016	2019
# of Applicants	339	615	700*
Income Claim	\$55,000	\$55,000	\$65,000
Avg tax bill	\$8,365	\$11,193	\$10,839
Avg Sr Freeze savings	\$3,563	\$3,388	\$2,843
Avg adjusted tax bill	\$4,801	\$7,605	\$7,995

*Note the 106% increase over just 6 years in the number of New Trier Township seniors applying for the Freeze

The New Trier Township Senior Assessment Freeze Exemptions for 5 multi-million dollar homes whose owners claim they earned only \$65,000 in 2018 = \$19,062 average Sr Freeze savings. Their Sr Freeze tax breaks range from \$7,173 to \$25,074.

Market Value		Income Claim	Original Tax Bill	Sr Freeze Savings	Adjusted Tax Bill
\$2.2 million	Winnetka	\$65,000	\$52,010	\$7,173	\$43,354
\$2.1 million	Winnetka	\$65,000	\$51,078	\$24,306	\$25,289
\$5.3 million	Winnetka	\$65,000	\$128,234	\$23,563	\$103,187
\$3.1 million	Glencoe	\$65,000	\$80,431	\$25,074	\$53,784
\$1.4 million	Glencoe	\$65,000	\$34,690	\$15,195	\$17,922

In contrast, the median Cook County home value of \$236,000 x 10% assessment level x 2.9109 equalizer (= 68,697 EAV) x .1179 average tax rate = \$8,099 taxes. 18,000 EAV for both the standard homeowner and senior exemptions x .1179 average tax rate = \$2,122. Average taxes of \$8,099 less average standard homeowner and senior exemptions of \$2,122 = \$5,977. Applying the average senior freeze of \$2,050 = \$3,927 tax bill for a senior homeowner making \$65,000 or less.

Senior Citizen Assessment Freeze Exemption (SFE) Examples

TRAEN researchers reviewed the top 100 SFE²² taxpayers who attest to have earned \$65,000 or less in 2018 and had homes with market values between \$836,150 and \$5.3 million. They received substantial senior freeze tax savings, which reflected a total property tax revenue loss of \$1,892,633.

Key findings for these top 100 senior assessment freeze homes:

- The highest senior freeze tax break was \$35,714 on a \$4.6 million, 7,600 SF Chicago home on Dearborn Parkway in the Gold Coast whose owner claimed a \$65,000 annual income. The application was approved by the Assessor and a tax break of \$35,714 was issued for the senior freeze exemption. Annual property taxes before the senior freeze were \$90,971 and the tax bill was reduced to \$55,257.
- The highest market value was a \$5.3 million Winnetka home claiming a \$65,000 annual income. The application was approved by the Assessor and a tax break of \$23,563 was issued for the senior freeze exemption. Annual property taxes before the senior freeze were \$128,234 and the tax bill was reduced to \$103,187.
- The highest reduction of a tax bill was 98% for a Chicago home valued at \$960,750. The application was approved by the Assessor and a tax break of \$17,342 was issued for the senior freeze exemption. Annual property taxes before the senior freeze were \$18,978 but the owner also receives a standard Homeowner's and standard Senior exemption (3 exemptions total), and the tax bill was reduced to \$415.
- Water Tower Place on Michigan Avenue at E. Pearson is one of the most prestigious addresses in Chicago. Oprah Winfrey purchased two units totaling 6,000 SF as a Chicago resident. The application for a 3,000 SF unit, listed for sale at \$3.4 million, was approved by the Assessor and a tax break of \$28,976 was issued for the senior freeze exemption. Annual property taxes before the senior freeze were \$31,440 and the tax bill was reduced to \$2,464. Rents for a same sized luxury condo in the building are \$12,500 per month.
- A \$2.2 million Rush Street, mixed use 5,400 SF building containing 1 commercial unit and 2 apartments. The application was approved by the Assessor and a tax break of \$26,574 for the senior freeze was issued for the entire building. Annual property taxes before exemptions were \$42,506. The taxpayer receives, in addition to the senior freeze, the standard Homeowner and Senior exemptions. The tax bill was reduced by 63% to \$15,933. Moreover, this same taxpayer claims a 2nd Homeowner exemption on a nearby prestigious Gold Coast condo.

Long-time Occupant Exemption (LOHE)

Cook County Commissioners and legislators recognized that many homeowners were being forced out of the homes where they had lived for more than 10 to 20 years* because they could not afford unpredictable, escalating property taxes, and tax delinquencies were increasing. Rapidly increasing sales in their neighborhoods were based on land value with the intention to demolish and build new homes.

The Long-time Occupant Exemption (LOHE) started in 1993, and by 1995 the Cook County Commissioners' Long-Time or "HELP" exemption program initially recommended a market value cap of \$300,000 to qualify for the Long-Time Exemption. At the time the average market value, as estimated by the Cook County Assessor, of a Chicago home was \$100,000 and in Cook County the average home was \$250,000. In 1998, a Cook County Ordinance

specifically addressed the concerns of Cook County's most vulnerable homeowners who faced "excessive and unpredictable tax increases" when significant redevelopment occurred in their neighborhoods.

* According to the National Realtors Association, in 2018 a Cook County homeowner resides in their home an average of 13 years

The Long-time Occupant Exemption was passed in 2007 by PA 95-644. The LOHE served as an alternative to the so-called 7 percent homestead "exemption" or Alternative General Homestead Exemption (AGHE), which limited the annual increase in a home's equalized assessed value to 7 percent. The AGHE benefitted more than 1 million properties because the "exemption" did not require homeowners to complete and submit any application form; instead, it was an internal calculation coded into more than 90% of all residential assessments by the Cook County Assessor to limit equalized assessment growth. In 2008 when the housing market crashed, AGHE became ineffective.

To qualify for the LOHE homeowners had to live within their homes for at least 10 years. The Long-time Exemption is income based. For homeowners with household incomes of \$75,000 or less, the LOHE limited the annual increase in their home's equalized assessed value to 7%. For those with household incomes between \$75,001 and \$100,000, the LOHE limited the annual increase in their home's equalized assessed value to 10%.

LOHE Unique Problems

The LOHE had a two-year peak in 2009 and 2010 when applicants numbering 105,227 and 100,737, respectively, were approved. In the years 2008, and 2011 to 2018 the range of approved applicants dropped from 36,624 to 2,763.²³

83% of all LOHE approvals over the 11 years from 2008-2018 were applied to some of the wealthiest properties in Chicago and the North and Northwest suburbs, with only 17% approved in the minority South and Southwest suburbs.

Discretion as to how and who can apply for the LOHE remains exclusively with the Cook County Assessor who is mandated to mail out applications to "affected persons" (homeowners) in affected areas (assuming gentrifying neighborhoods) where tax bills are soaring and whose qualifications would be income based.

Since 2008 there have been many administrative problems with the LOHE due to the following reasons:

- The LOHE as devised is inherently biased against the South and Southwest suburbs with the highest minority homeowners, highest tax delinquencies, foreclosures, and excessive tax rates that vaporize home equity. Excessively high tax rates are a greater threat to stable minority homeownership than gentrification that the tax justice movement and policymakers have long overlooked.
- The LOHE, as currently designed, largely benefits properties with high assessments and high assessment increases within Chicago and the North and Northwest suburbs

with the lowest tax rates. The excessively high taxes in South and Southwest suburban minority areas are due to high tax rates, even with low assessments and market values, and were not factored in as a part of the LOHE tax break formula.

- Homeowners frequently failed to respond to the new one-time-only LOHE application sent to them by the Cook County Assessor when they reached the 10th year of their residency.
- For the South and Southwest suburbs with large foreclosure clusters, very few LOHE applications were mailed to these homeowners who suffered from greater financial challenges, including excessively high property taxes, which diminished the ability of many minority homeowners to become “longtime” homeowners.
- Homeowners may have felt distrustful being asked for the first time to disclose their income to the Cook County Assessor—whether they earned just under \$75,000 or \$100,000. Even if their incomes were within that range, the formula—if understood---gave no assurance of a property tax break or of how much that tax break would be.
- For the first 7 or more years, the LOHE application was never available on the Assessor’s website, unlike all other exemption applications.
- In 2009, information about the LOHE did ultimately appear on the Cook County Assessor’s web page stating: “To help you better understand the benefits of the new Expanded Homeowner Exemption (LOHE), we are providing you with the information *used to calculate your exemption.*”; however, the link rarely functioned and was removed.
- TRAEN found that taxpayers who either printed the LOHE application from the Assessor’s website when it was finally made available or obtained the LOHE application at tax information meetings and submitted the application on their own, without waiting for the Assessor to mail the application to them, successfully received the LOHE tax savings.²⁴

It is difficult to identify the intent of the tax breaks provided by the Longtime Exemption due to its seemingly capricious application and vague approval processes. In 2009 and 2010 the LOHE provided significant tax relief to many; however, the exemption's "sunset" provision has resulted in a drop in approvals from a peak of 105,227 in 2009 to 2,728* in 2018.

The administration of the LOHE has been shrouded in mystery resulting in public mistrust, misunderstanding and frequent claims that affected homeowners never received the Longtime Exemption application mandated to be sent by the Cook County Assessor.

LOHE the Least Transparent and Fair

The LOHE will soon sunset and policymakers may want to consider a new Cook County property tax exemption that provides tax relief to the South and Southwest suburbs that received only 17% of the LOHE tax relief over the past 11 years.

By looking at the overall local fiscal issues that are unique to this region it is very clear that minority homeowners need tax relief. The key to any effective property tax exemption

*Difference of 35 parcels reflects removal of multiple PINs.

program that assists the neediest Cook County homeowners is transparency: clear public knowledge of the exemptions, clear understanding of tax relief qualifications, levels of income, market value (EAV), age, disability, tax rate, excessive vacancies and foreclosure factors, or length of residency, and the ease or difficulty of applying for them.

There must be fairness and consistency in the application process of all tax exemptions. Multiple exemptions which grant tax breaks of almost \$2 billion in an assessment base as large as Cook County, will always gravitate to erode fair policy tax relief intentions unless closely monitored and resourced with high technology and staffing experts. The number of exemptions with special treatments is not only costly to administer but it can often lead to negligible tax breaks favoring one group of homeowners over another and even encourage fraudulent tax avoidance.

Over the LOHE's lifetime time of 12 years it's complex formula was hidden from outside examination. When coupled with homeowners who do not understand how, when and where the poorly designed tax exemption will be applied, even for the "less than 2% of Cook County homeowners" cited on the Assessor's website, such tax exemption breaks are open to increased public criticism. The lack of transparency on any property tax exemption erodes the public's trust.

As in this 2020 study, a TRAEN 2014 Long-time Occupant Exemption Study** identified that some of the wealthiest area homeowners, with multi-million dollar homes had been receiving as much as \$67,500 a year in LOHE tax breaks due to the absence of caps on either market values or maximum tax level relief.

The 2014 study supports the findings of TRAEN's 2020 study that the LOHE is applied sporadically and unpredictably, and does not address any original legislative concerns about rising property taxes due to unpredictable assessment increases that are often the result of excessively high tax rates and gentrification.

The LOHE is available only to homeowners who live in "affected" areas. This ambiguous language, in place since its creation in 2008, circumvents the intent of the Longtime Exemption's historical statutory language, which meant to give tax relief to property owners in rapidly gentrifying neighborhoods, facing rising housing demolitions, and excessive assessment growth (but not excessive tax rates). The LOHE is another income based tax exemption that should have both EAV (market value) caps and a maximum on property tax dollar breaks.

Widespread public confusion as to when, for whom, how and why the LOHE applications were approved renders the LOHE the least transparent and most distrusted Cook County tax

exemption. Over the past 12 years it has favored wealthier, predominantly white housing stock over poorer minority housing stock and neighborhoods.

**Appendix B

Long-Time Exemption Key findings:

- Of those 2,728 exemptions, 756 (28%) of the Long-Time homeowners had homes with market values between \$500,000 and \$3.1 million, and received substantial property tax savings that totaled \$2,276,156.²⁴
- 1,972 (72%) of the Long-Time homeowners had homes with market values between \$51,000 and \$499,999, and received property tax savings that totaled \$2,565,104.
- 59 homeowners with luxury homes valued between \$1 million and \$3.1 million dollars received an average \$7,195 Long-Time Homeowner's exemption savings off their average tax bills of \$26,883, which reduced tax bills on average to \$19,688.
- 29 homeowners with luxury homes valued between \$900,000 and \$999,999 received an average \$4,445 Long-Time Homeowner's exemption savings off their average tax bills of \$18,248, which reduced tax bills on average to \$13,803.
- 174 applicants who qualified for the Longtime Exemption resided in newly built homes that were only 10 to 16 years old. 25 applicants resided in relatively new homes only 17 to 19 years old. Several of these applicants were not in gentrifying neighborhoods or had purchased an older home and built a new home at a cost of more than \$1 million.

The Long-Time Occupant Homestead Exemption LOHE Examples

According to State law and Cook County Ordinance, the Longtime Homeowner Exemption was created to address *"longtime homeowners...experiencing* substantial and unpredictable property tax increases due to upper-scale development or redevelopment, known as gentrification...in recognition of the severe economic circumstances many of these longtime homeowners have faced, the Illinois Legislature passed PA 88-451, the Longtime Owner-Occupant Property Tax Relief"

One of several examples of how the Longtime Homeowner Exemption strays from its public policy mission is seen in this example of a homeowner who purchased homes on adjoining lots with two PINs, demolished them, and in 2011 built a \$2.7 million home on Honore Street in the neighborhood of Bucktown, Chicago.²⁵

- The Honore St. home is 5,925 SF and was under construction for several years after the owner purchased it in 2008. With 10 years of ownership the homeowner submitted a 2018 Longtime Exemption. The application for an exemption was approved by the Assessor in the spring of 2019, and a tax break of \$46,067 reduced the taxes from \$52,870, for a total adjusted tax of \$6,803 spread over the 2 tax bills.
- The LOHE Application was processed and approved by the Cook County Assessor's Office around March 2019 and 2 refunds for the two tax bills totaling \$16,532 were issued to the homeowner in August 2019.
- The homeowner is the sole manager of Honore LLC and has a primary home in Indiana with a standard homestead exemption. Illinois and Indiana laws state that a homeowner may receive a homeowner's exemption only on one (primary) residence.
- The homeowner successfully sought property tax relief through the tax appeal process, filing vacancy appeals for 6 consecutive years (2011, 2012, 2013, 2014, 2015 and 2016). Clearly, the homeowner did not reside in the house for the minimum 10 years required to qualify for the Long-time Exemption.

Primary Residences Containing Commercial Properties

TRAEN researchers uncovered multiple examples of both the Longtime and Senior Freeze exemptions being applied to 100% of a primary residence that included commercial rental units. These properties, known as mixed use properties, are classified 2-11 and 2-12.²⁵

- A \$1.9 million Lakeview Township, Chicago mixed use 5,310 SF property with a restaurant on the first floor that represents 63% of the building. The application for an exemption was approved by the Assessor and a tax break of \$30,479 was issued. Annual property taxes before the senior freeze were \$37,358 and the tax bill was reduced to \$6,879.
- A \$970,000 Chicago 2 flat, 4,500 SF property. The application for an exemption was approved by the Assessor and a tax break of \$10,441 was issued. Annual property taxes before the Longtime exemption were \$19,096, but the owner also received a standard Homeowner's and standard Senior exemption (3 exemptions total), and the tax bill was reduced to \$7,433. The tax break of \$5,221 should only apply to 1 unit.
- A \$1.7 million Chicago 6 unit, 8,900 SF apartment building where the owner occupies 1 apartment. The application was approved by the Assessor and a tax break of \$30,055 was issued. Annual property taxes before the Senior Freeze were \$33,966 but the owner also received a standard Homeowner's and standard Senior exemption (3 exemptions total), and the tax bill was reduced to \$2,689. The Senior Freeze tax break of \$5,009 should only apply to 1 unit.
- In contrast, an \$840,000 Chicago 6 unit, 6,340 SF apartment building where the owner occupies 1 apartment. The application was approved by the Assessor and the correct

tax break of \$3,008 for just the owner's unit was issued. Annual property taxes before exemptions were \$16,683, but the owner also received a standard Homeowner's, standard Senior and a Disabled Person's exemption (4 exemptions total), and the tax bill was reduced to \$12,317.

- A \$1.7 million Seminary Ave., Lincoln Park, 5 unit, 4,658 SF apartment building where the owner occupies 1 apartment. The application was approved by the Assessor and a tax break of \$23,815 was issued. Annual property taxes before the Senior Freeze were \$35,176 but the owner also received a standard Homeowner's and standard Senior exemption (3 exemptions total), and the tax bill was reduced to \$10,140. The Senior Freeze should only apply to one unit at \$4,763.
- A \$4.6 million Dearborn Parkway, Gold Coast, 7,600 SF single family home claiming a \$65,000 annual income. The application was approved by the Assessor and the highest senior freeze tax break of \$35,714 was issued. Annual property taxes before the senior freeze were \$90,971 and the tax bill was reduced to \$55,257.

Summary

Cook County anticipates a \$220 million revenue shortfall in the 2020 fiscal year. While Chicago's budget shortfall will total nearly \$800 million this year, a shortfall of \$1.2 billion is forecast for 2021.

Taxing districts strongly support annual exemption audits due to their ever increasing revenue needs, especially in our budget crisis times. The \$34 million backlog in unpaid senior exemptions, once rightfully reclaimed, will include millions more in additional interest payments. However, the revenue gains from future recurring benefits due to removing millions in unqualified exemptions also could reach into millions of dollars.

This examination exposes the potential for exploitation of income based exemptions, identifies inaccuracies and the movement away from legislative intent, and the absence of consistent procedures for applying, monitoring and auditing. When we see one homeowner being given a \$67,500 annual property tax break and another homeowner being given \$149,944 in property tax breaks over 7 years on a \$5.3 million lakefront home the public trust in our tax system is corroded. Tax exemptions should always be policy linked and be fair in every way possible.

In Cook County there is a 35% black homeownership gap. White homeownership is 74% and black homeownership is 39%. Policymakers need to examine how existing or new property tax exemptions can be designed to help our most vulnerable property owners become more financially stable so they can build their equity base through longer and increased homeownership.

The public trust in Cook County property tax exemptions is strengthened when tax breaks are appropriately applied and, when in error, are timely removed off of tax bills through the Assessor's directive. This critical mission, supported by internal audits and state legislative

reforms, ensures public confidence in the property tax system and the accuracy of tax breaks for both the homeowner and Cook County’s property tax revenue base.

The Council on State Taxation (COST) and the International Property Tax Institute (IPTI), in their 2019 study on best tax practices, developed a Scorecard analysis to evaluate property tax administrative systems. Its Jurisdictional Scoring Table rated Illinois’ Overall Grade a D+ in 3 areas: Transparency (D), Consistency (C) and Procedural Fairness (D).

The International Association of Assessing Officers (IAAO) 2019 Executive Summary stated that the current Cook County tax assessment administration, now well into its 2nd year, ...“has been proactive in seeking the best practice [but] it faces serious challenges.” The IAAO continued ... “the task ahead is monumental, and the financial and resource commitment for modernization is substantial. Nevertheless, the gains for Cook County deserve the investment in resources—both human and capital.”

TRAEN supports these IAAO assessments and the mission for a fairer property tax system.

ABOUT THE AUTHORS

Andrea Raila, BA Economics specializing in Public Finance, former Deputy Member Cook County Board of Review, case decision maker and 1st staff member to the Chicago Comptroller’s Office of the Taxpayer Advocate. 30-year career in tax negotiations, policy lobbyist, author, and Founder/CEO of two tax policy businesses.

Paul Pusateri, MBA specializing in Finance and BA Economics, with over a decade of experience in the field of property taxes. Consultant in the Affordable Housing Industry, manager of foreign currency sales and trading desks within the Chicago banking industry, as well as trader of government securities.

APPENDIX A

¹ Cook County Clerk’s 2018 Exemption Total EAV \$15.3 billion x Cook County average tax rate 11.786% - see chart. A 2024 study by University of Illinois at Chicago professors Merriman and Weber estimates that exemptions total \$1.6 billion in tax breaks.

² The 7 residential Cook County Homestead Exemptions must be applied for by the homeowner; **only 2 are income based** (see applications):

- Standard Homeowner Exemption
- Standard Senior Exemption
- Senior Freeze Exemption**
- Persons with Disabilities Exemption
- Veterans with 30-69% Disability & Returning Veterans Exemption
- Veterans with 70-100% Disability Exemption
- Longtime Homeowner Exemption**

³ With the passage of the Erroneous Exemption Act PA 99-51 during the administration of Cook County Assessor Joseph Berrios, exemption errors became highly politicized and continue to be sensationalized, directed especially at elected officials and candidates. However, predominantly due to the fact that Assessors fail to carry out their primary responsibility to remove exemptions when sales transfer, thousands of property taxpayers continue to be unaware of duplicate exemptions, as were the cases for such elected officials as Cook County Treasurer Maria Pappas, and Congressman Jesus “Chuy” Garcia. In 2016 TRAEN initiated an exemption law PA 99-164 that required the Assessor to remove non-qualified exemptions when notified of a residential sale. TRAEN also passed an exemption law that requires owners to submit an obscure Assessor’s *Notice to Waive Homeowner’s Exemption* form found on the Assessor’s website.

⁴ It is not a requirement for applications to submit a copy of their Illinois State tax return on income based exemptions. IDOR could assist in random audits of household incomes with maximum range qualifications and should examine the following potential sources of income:

- Alimony or maintenance received
- Annuities and other pensions
- Black Lung benefits
- Business income
- Capital gains
- Cash assistance from the IL Dept. of Human Services and other govt cash public assistance
- Cash winnings from such sources as raffles and lotteries
- Civil Service benefits
- Damages awarded in a lawsuit for nonphysical injury or sickness
- Dividends
- Farm income
- Illinois Income Tax refund (only if you received Form 1099-G)
- Interest
- Interest received on life insurance policies
- Long term care insurance (federally taxable portion only)
- Lump sum Social Security payments
- Miscellaneous income, such as from rummage sales, recycling aluminum, or baby sitting
- Military retirement pay based on age or length of service
- Monthly insurance benefits
- Pension and IRA benefits (federally taxable portion only)
- Railroad Retirement benefits (including Medicare deductions)
- Rental income from residential or commercial tenants
- Social Security income (including Medicare deductions)
- Supplemental Security Income (SSI) benefits
- All unemployment compensation
- Wages, salaries, and tips from work
- Workers’ Compensation Act income
- Workers’ Occupational Diseases Act income

⁵ The General Homestead (Homeowner) exemption was enacted in 1978 (Public Act 80-1471). Cook County taxpayers saved approximately \$52 million in 1978, and 40 years later in 2018, they saved about \$1.8 billion. But in 2009 Cook County taxpayers saved about \$1.2 billion on the standard homeowner’s exemption largely because of a unique legislative property tax exemption created called the Alternative General Homestead Exemption. In 2004, the General Assembly provided counties an alternative to the Homeowner exemption by

enacting the Alternative General Homestead (Seven Percent Expanded Homeowner) exemption (Public Act 93-715). This legislation permitted counties to replace the Homeowner exemption for one assessment cycle with an exemption that limited the increase in a property's EAV to seven percent each year, up to a maximum amount of \$20,000 in each year of the assessment period. Cook was the only county to implement the exemption. It was first effective for the 2003 tax year for property in the City of Chicago assessment triad and remained in effect for the 2004 and 2005 tax years. The exemption applied to properties in the North and Northwest Suburban assessment triennial cycle for tax years 2004-06 and to properties in the South and Southwest Suburban assessment triennial cycle for tax years 2005-07.

In 2010 the exemption was reauthorized for one additional assessment cycle, with modifications (Public Act 96-1418). Under this legislation, the maximum exemption amount in the year of reassessment was maintained at \$20,000, then reduced to \$16,000 and \$12,000 for the second and third years of the assessment cycle, respectively. The legislation applied for tax years 2009-11 in the City of Chicago assessment triennial cycle, tax years 2010-12 in the North and Northwest Suburban assessment triennial and tax years 2011-13 in the South and Southwest Suburban assessment triennial.

⁶ The Taxpayers' Federation of Illinois commissioned a 1993 study by Mayor Harold Washington's Comptroller and lead author Ronald Picur was titled: ***Taxation Without Explanation: The Illinois Property Tax System*** in which Andrea Raila drafted Chapter 4 on Cook County's assessment performance. The 1993 property tax study for assessment accuracy used nationally recognized assessment measurements and sales ratio tests and rated Cook County's assessment performance as poor and below assessment standards. The 1993 Taxpayers' Federation study of deviations from acceptable assessment standards mirrored the May 2017 Cook County Assessment Study featured in the Chicago Tribune article "***The Tax Divide***" 24 years later. The 1993 ***Taxation Without Explanation*** assessment study was unprecedented, showing that both Illinois' 101 assessment counties and Cook County (which draws 45% of the state property tax dollars) with its unique classification system like none of the other 101 counties pitted homeowners against businesses. ***Taxation Without Explanation*** study disclosed that higher home values had lower property taxes as a percentage of market value than lower market valued homes.

At the request of Cook County Assessor Thomas Hynes, the Civic Federation did not issue ***Taxation Without Explanation*** an ISBN number--- an essential product identifier used by publishers, libraries, internet retailers for publication. To this day a copy of this study is very difficult to find.

Preceding the 1993 Taxation study, Professor Arthur Lyons, in 1972 under a Chicago grassroots organization Citizens Action Program (CAP), found that properties in the black neighborhood of South Shore were over-assessed by an average of 33% above the city-wide average (Chicago Defender, 25 November 1972). Later that decade, Mr. Lyons an economics professor at the University of Illinois at Chicago, would conduct a city-wide study of assessment levels, and similarly found that homes in black neighborhoods were assessed at a far higher percentage of market value than those in white neighborhoods (Lyons: 1978 Assessment Ratios for Townships and Selected Neighborhoods in Cook County, Illinois: A Study in Nonuniformity. School of Urban Sciences, University of Illinois at Chicago). Ms. Raila worked with Mr. Lyons, both as tax analysts and decision makers at the Cook County Board of Tax Appeals in the 1980s.

In 1993 ***Taxation Without Representation*** researchers categorized all Illinois property tax statutes from 1981 – 1991. In 2018 TRAEN researchers again studied all Illinois property tax statutes from 2007 – 2017 to compare these two decades' impact on property tax legislation. The charts here summarize the changes:

1981 - 1991

2007 - 2017

Tax Relief Legislation 12.8% 20.5%

Exemptions

Incentives

Abatements

Process Changes 32.9% 40.5%

Assessments

Collections

Delinquency

Taxation Restrictions 6.1% 2.3%

Referenda

Controls

Increased Taxation Powers

for Local Gov 32.6% 20.1%

⁷ LEGISLATIVE INTENTION & MARKET VALUE LIMITATION on CERTAIN HOMESTEAD EXEMPTIONS

Longtime Owner Occupant

1989. HB 2116. House Interim Study Calendar.

Created the Longtime Owner-Occupant Property Tax Relief Act. The legislation permitted counties having a population of 100,000 or more to adopt property tax relief provisions granting an exemption or deferral or combination thereof in order to allow longtime owner-occupants of residences to remain in possession of their homes. The relief was for payment of the portion of property taxes due to an increase in the market value of the property as a consequence of the refurbishing or renovating of other residences or the construction of new residences in long-established residential areas or areas of deteriorated, vacant or abandoned homes and properties. Relief could be granted until the longtime owner-occupant transferred title to the property. Municipalities and school districts were permitted to opt-out of any relief provisions adopted by a county.

1991. HB 2193. Added by House Amendment #1; deleted by House Amendment #4. Created the Longtime Owner-Occupant Property Tax Relief Act. The legislation permitted counties having a population of 100,000 or more to adopt property tax relief provisions granting an exemption or deferral or combination thereof in order to allow longtime owner-occupants of residences to remain in possession of their homes. The relief was for payment of the portion of property taxes due to an increase in the market value of the property as a consequence of the refurbishing or renovating of other residences or the construction of new residences in long-established residential areas or areas of deteriorated, vacant or abandoned homes and properties. Relief could be granted until the longtime owner-occupant transferred title to the property. Municipalities and school districts were permitted to opt-out of any relief provisions adopted by a county.

1993. HB 2410. House Rules Committee.

Created the Longtime Owner-Occupant Property Tax Relief Act. The legislation permitted counties having a population of 100,000 or more to adopt property tax relief provisions granting an exemption or deferral or combination thereof in order to allow longtime owner-occupants of residences to remain in possession of their homes. The relief was for payment of the portion of property taxes due to an increase in the market value of the property as a consequence of the refurbishing or renovating of other residences or the construction of new residences in long-established residential areas or areas of deteriorated, vacant or abandoned homes and properties. Relief could be granted until the longtime owner-occupant transferred title to the property. Municipalities and school districts were permitted to opt-out of any relief provisions adopted by a county.

1993. SB 0473. PA 88-451.

Created the Longtime Owner-Occupant Property Tax Relief Act. The Act permitted counties having a population of 100,000 or more to adopt property tax relief provisions granting an exemption or deferral or combination thereof in order to allow longtime owner-occupants of residences to remain in possession of their

homes. The relief was for payment of the portion of property taxes due to an increase in the market value of the property as a consequence of the refurbishing or renovating of other residences or the construction of new residences in long-established residential areas or areas of deteriorated, vacant or abandoned homes and properties. Relief could be granted until the longtime owner-occupant transferred title to the property. Municipalities and school districts were permitted to opt-out of any relief provisions adopted by a county.

1994. HB 3845. House – Held on 2nd Reading

Amended the Longtime Owner-Occupant Property Tax Relief Act. Permitted counties to impose additional criteria for qualifying for relief. The established criteria were: the property must be owned and occupied by a longtime owner-occupant, and the property is the principal residence and domicile of the longtime owner-occupant.

1994. SB 1369. PA 88-669

Amended the Longtime Owner-Occupant Property Tax Relief Act. Permitted counties to impose additional criteria for qualifying for relief. The established criteria were: the property must be owned and occupied by a longtime owner-occupant, and the property is the principal residence and domicile of the longtime owner-occupant.

1995. SB 249. PA 89-127.

Expanded the Longtime Owner-Occupant Property Tax Relief Act to all counties.

1998. HB 3576. House Rules Committee.

Required the City of Chicago and the Chicago Board of Education to participate in property tax relief granted by Cook County under the Longtime Owner-Occupant Property Tax Relief Act.

1998. SB 1370. PA 90-648.

Required the City of Chicago and the Chicago Board of Education to participate in property tax relief granted by Cook County under the Longtime Owner-Occupant Property Tax Relief Act.

2000. SJR 43. Adopted

Urged the Cook County Board to exercise its authority under the Longtime Owner-Occupant Property Tax Relief Act and grant an exemption and/or deferral to reduce the property tax burden for longtime homeowners in areas affected by dramatic increases in assessments due to development.

- In 2001 the Cook County Board passed the Longtime Homeowner Exemption Ordinance (01-O-12). The introduced ordinance included a **market value cap of \$300,000**, but this provision was removed prior to passage. The introduced and passed ordinances include an exemption eligibility criterion requiring the property to have an assessed value increase that exceeds 150% of the current average assessed value increase for Class 2 properties in the assessment district where the property is located.

2003. SB 1498, House Amendment #2. Senate – Concurrence

Restricted relief under the Longtime Owner-Occupant Property Tax Relief Act to \$25,000 in equalized assessed value per year--**which was a market value of \$101,634**.

2004. SB 2112. PA 93-715.

Restricted relief under the Longtime Owner-Occupant Property Tax Relief Act to \$20,000 in equalized assessed value per year--**which was a market value of \$77,649**.

Gentrification Exemption

1998. SBs 53 and 1371. Senate Rules Committee

Created a Gentrification exemption. Provided an exemption for homestead property qualified under the **Longtime Owner-Occupant Property Tax Relief Act**. Limited the exemption amount to the increase in the market value of the property as a consequence of the refurbishing or renovation of other residences or the construction of new residences in long-established residential areas or areas of deteriorated, vacant, or abandoned homes and properties. Provided for the exemption to be granted until the longtime owner occupant transfers title to the property.

Senior Citizens Assessment Freeze Exemption

2007. HB 2794. House Revenue Committee.

Amended the **Senior Citizens Assessment Freeze** exemption to limit the base year equalized assessed value of a residence to \$166,670--**which was a market value of \$366,288**.

2009. SB 2032. Senate Revenue Committee, Subcommittee on Property Taxes.

For property that qualifies for the **Senior Citizens Assessment Freeze** exemption, provided for an abatement of taxes in an amount equal to 50% of the property taxes attributable to the **first \$200,000 market value** of the residence.

Senior Citizens Homestead Protection Exemption

1992. SB 1837. Senate Rules Committee.

Created the Senior Citizens Homestead Protection Exemption. The exemption amount was a reduction equal to the difference between the equalized assessed value in the current assessment year and 100% of the equalized assessed value in the preceding year. **The exemption applied to properties with equalized assessed value of \$50,000 or less--which was a market value of \$149,543**.

⁸ DePaul University Institute for Housing

⁹ VeteransUnited.com Only the 70-100% Disability Veteran's Exemption in Cook County caps the 250,000 [EAV (divided by 2.9160 state multiplier divided by 10% assessment level) equal to a cap at a \$857,339 Market Value. The average Cook County veteran's home is \$242,918; the average in the 6 collar counties is \$224,260 and the rest of Illinois' counties have an average disabled veteran exemption home value of \$135,000. All disabled veteran's homes are 100% tax exempt only if they do not exceed the EAV 250,000 limit (\$858,841 market value limit).

Example: a Chicago tax bill for PIN 14-18-128-030-0000 with a market value of \$893,600 and an EAV of 260,574, which exceeds the statutory EAV capped at 250,000. The disabled veteran had to pay \$1,223 in taxes. A Chicago tax bill with just the standard Homeowner exemption would have been \$18,188, but in this example the Disabled Veteran Exemption removed \$16,965 in tax breaks. For an average property with a market value of \$250,000 and an EAV of 72,773, a tax bill with a Veteran's exemption would total tax savings of \$7,164. At the current maximum EAV of 250,000 x average Cook County tax rate of .1179, tax savings = \$28,296. Policymakers should reassess whether the Veteran's exemption for a \$4,700 tax bill on an average \$240,000 Chicago home (tax rate of .06786) was intended to grant tax relief of \$28,296, more than 6 times the average benefit.

¹⁰ TRAEN sponsored: PA 99-164 Requires the Assessor to cancel homestead exemptions following a home transfer if exemptions are not applied for or the property ceases to qualify for the exemption. PA 99-851 Provides for notification to the Assessor when residential property is not occupied by its owner on January 1 of the tax year. **Precludes an exemption applied after notification from being considered erroneous with penalties and interest.**

¹¹ Source: Illinois Property Tax Relief Task Force Testimony

- 12 Source: Senate Republican Release on the Property Tax Relief Task Force
- 13 250,000 EAV / 2018 state multiplier 2.9109 / 10% assessment level = \$858,891 market value cap
- 14 Source: Illinois Statutes for Exemptions
- 15 Cook County Assessor classification of commercial units attached to residential
- 16 New Jersey and Cook County, Illinois Senior Freeze applications, and Cook County 70%-100% Veteran Disability Application
- 17 Winnetka original 2018 tax bill of \$128,234 is given a Senior Freeze tax break of \$23,563, reducing the total tax bill to \$103,187
- 18 Source Cook County Data Base Chart.
- 19 Chart Source: Illinois Cook County Assessor, Cook County Treasurer
- 20 Chart Source: Illinois Cook County Assessor New Trier database, Cook County Treasurer
- 21 Chart of top 100 Sr Freeze homes by Market Value valued between \$500,000 to \$5.3 million
Source: Illinois Cook County Treasurer, Chicago Magazine, Apartments.com
- 22 Chart of \$500,000 to \$5.3 M homeowners with Source: Illinois Cook County Assessor
- 23 Tax Break Calculation: 2018 SFE District EAV / # of 2018 SFE Approvals = 2018 Average EAV, prorated for 11 year Total EAV x 11 year District Average Weighted Tax Rate: e.g., City of Chicago EAV 1,574,007,888 / 66,240 Approvals = Average 23,762 EAV x 564,907 (11 year Total Approvals) = 13,423,320,134 EAV x .06262 = \$849,568,307 tax break.
\$4,841,262 LOHE tax breaks in 2018 / 2,793 PINs = \$1,733 average LOHE tax break. By reassessment triad: City = \$4,414,113, N/NW = \$293,591, S/SW = \$133,558. Data Sources: Illinois Cook County Assessor, Cook County Treasurer, Cook County Recorder of Deeds, MLS, Zillow, Realtor.com, Redfin and Lake County Indiana Treasurer
- 24 Data Sources: Cook County Assessor, Cook County Treasurer, Lake County Indiana Treasurer
- 25 Data Source: Cook County Assessor
- 26 Source: June 2019 “The Best & Worst of International Property Tax Administration: COST-IPTI Scorecard on State and International Property Tax Administrative Practices”

APPENDIX B

In 2014 TRAEN examined the Long-time Occupancy Exemption (LOHE) for transparency, consistency and fairness, and determined the exemption to be lacking in all aspects.

The Cook County Long-time Exemption Study, produced in part here, has been updated to include tax data for years 2015 through 2019 and cites examples of 33 homes with wide ranging property tax relief that appears to have no purpose.