

EXECUTIVE SUMMARY

A profound shift in Cook County's property tax burden will be an unanticipated legacy of the COVID-19 pandemic. A massive \$1.2 billion in residential property tax breaks will be transferred to businesses and homeowners on 2nd installment tax bills due October 1, 2021.

The 2nd installment property tax bills arriving in mailboxes in August will display a state multiplier or equalizer of 3.2234 - higher than it would have been if the Assessor had accurately predicted residential real estate market trends that improved dramatically before the end of 2020. The 2020 multiplier increase of 10.54% is the second highest multiplier increase in 38 years.

The Cook County Assessor, unlike other governmental agencies in Illinois and across the country that gave pandemic relief with extended tax payments and delinquent tax sale extension deadlines, took the unique step of retroactively reassessing properties after Jan 1, 2020 based on *anticipated* market devaluations he applied in April 2020 for 76% of Cook County residences. The Cook County Assessor's prediction of across the board residential devaluation never happened.

While driven by good intentions, the Assessor's COVID-19 property tax reductions were:

- Determined prematurely;
- Based primarily on unemployment and not based on sales, rental income, and actual real estate market trends' evidence;
- Implemented after the legally mandated assessment date of January 1, 2020;
- Executed non-uniformly between and within two property classes, and
- Rolled over COVID automatic unemployment reductions on January 1, 2021 for assessment Districts 2 and 3, leaving out Chicago District 1 reassessed in 2021.

The unwarranted and inconsistent COVID-19 market value reductions were unjustifiable by the actual real estate market trends that were available in real time. The Assessor relied on the Case-Shiller Home Price Index from the 2008 recession and the immediate negative COVID-19 impact on some real estate investment trusts (REITs) in Spring 2020.

However, pandemic housing prices did not follow the pattern of decline experienced during the 2007-2009 housing crisis. Much of the early 2020 housing price modest decline was reversed later in 2020. In fact, housing prices were strong and even soared as indicated by numerous sources quoted and identified throughout this study.

Despite the intended desire to provide pandemic relief to property owners, the law of unintended consequences will soon play out. Most businesses, apartment owners, and some residential property owners will see unwarranted increased taxes.