



# City of Chicago



R2021-1302

Office of the City Clerk

## Document Tracking Sheet

**Meeting Date:** 11/17/2021

**Sponsor(s):** Reboyras (30)  
Lopez (15)  
Tabares (23)  
Napolitano (41)  
Cardona, Jr. (31)  
Ramirez-Rosa (35)  
Gardiner (45)

**Type:** Resolution

**Title:** Call for hearing(s) on impact of property tax distribution on commercial corridors and economic recovery

**Committee(s) Assignment:** Committee on Finance

Resolution

*Junana*

**WHEREAS**, Cook County Code assesses commercial property at 250% the rate of residential property; and

**WHEREAS**, As a result, businesses across Cook County pay a disproportionate share of property tax levies and heavily subsidize residential taxpayers; and

**WHEREAS**, In Chicago, commercial property represents 17 percent of the market value but 34 percent of the property tax base, according to data from the Cook County Assessor's Office and the Illinois Department of Revenue; and

**WHEREAS**, Data published by Cook County Treasurer Maria Pappas demonstrate that, beginning in 2015, the City of Chicago began rapidly increasing its property tax levy to meet its pension obligations, increasing the total annual levy roughly 30 percent by 2019; and

**WHEREAS**, The increase has also impacted commercial property disproportionately, with the median commercial property tax bill rising 36 percent from 2015 to 2019 to \$9,659 and residential increasing 11 percent to \$3,341; and

**WHEREAS**, A 2020 Lincoln Institute of Land Policy shows Chicago to have the 3<sup>rd</sup> highest commercial property tax rate and the 2<sup>nd</sup> highest commercial property tax bills in the country; and

**WHEREAS**, In 2020, Cook County Assessor Fritz Kaegi broke with industry assessment practices and created a "COVID-19 Adjustment" to reduce residential property tax assessments roughly 10% across the county; and

**WHEREAS**, Assessor Kaegi reduced residential property assessments at the outset of historic *increases* in residential home values. The Assessor reduced property values based on incorrect market assumptions and applied them to a valuation date that predated COVID's impact, engineering a deliberate shift of tax burden. This error deviated from assessment accuracy so seriously that the State multiplier increased 10.54%, more than it has in nearly 40 years; and

**WHEREAS**, Assessor Kaegi's COVID-19 Adjustment proved to be grossly inaccurate, and according to studies by the Training Research, Advocacy & Education Network and the Center for Economic Policy Analysis, also disproportionately benefitted the most expensive homes; and

**WHEREAS**, Assessor Kaegi's error was the primary cause of commercial tax bills increasing significantly in the middle of a pandemic. In 2020, which was not a reassessment year for the City of Chicago, the median commercial tax bill increased 8.6%, while the median residential bill stayed flat. Less than 14% of businesses saw a tax decrease, despite the pandemic's disproportionate impact on businesses; and

**WHEREAS**, In Assessor Kaegi's reassessment of the City of Chicago, which will impact property tax bills in 2022, he has continued a pattern of dramatically increasing commercial property assessments and increasing the subsidy businesses provide to other taxpayers even in the midst of the pandemic; and

**WHEREAS**, These dramatic increases affect businesses across the entire city. In Rogers Park Township, the Assessor imposed a 53% increase in office, retail, and hotel property values and an 89% increase in apartment values. Further west, in Jefferson Township, the Assessor imposed an 80% increase for offices, retail, and hotel and a 67% increase for apartments. The Assessor's aggregate increase in assessments for the storefronts on Austin's Soul City Corridor on Chicago Avenue was 79%, and for the storefronts in Little Village's 26<sup>th</sup> Street Corridor, 77%; and

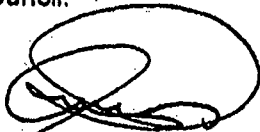
**WHEREAS**, In Chicago's downtown office market—which pays the highest property tax bills in the county and has been battered by the pandemic's impact on office use—the Assessor's increased assessments suggest the offices are worth almost twice what they were prior to the pandemic. Office tenants in Chicago's downtown already pay a significantly greater portion of their rent to property taxes than in any competing city in the country, jeopardizing a key source of investment and jobs for residents across the city; and

**WHEREAS**, Assessor Kaegi's actions significantly impact the City's economic development and recovery policies. Given the long-term consequences of the pandemic, further increasing business costs will harm our commercial corridors, damage quality of life, and ultimately impact residential property values. In addition, lost investment in commercial property reduces the business community's ability to subsidize residential property taxes; and

**WHEREAS**, it is incumbent on the members of the Chicago City Council to understand what is taking place and have a role in the conversation; now, therefore

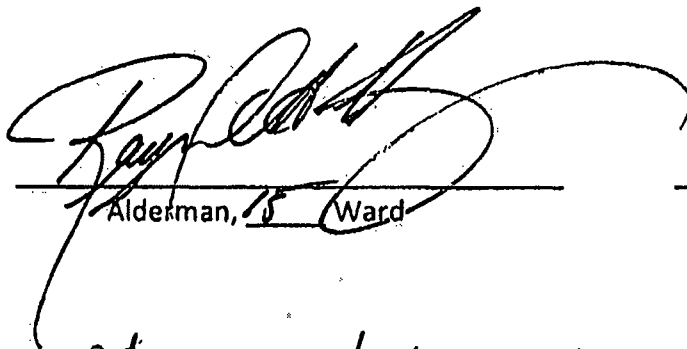
**BE IT RESOLVED**, that the Committee on Finance convene a hearing to examine the impact of property tax distribution on the City's commercial corridors and economic recovery; and

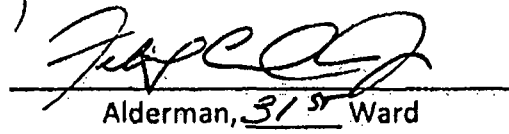
**BE IT FURTHER RESOLVED**, that the Committee's findings be presented to the Mayor and City Council.

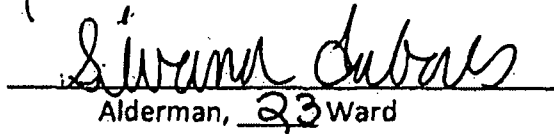


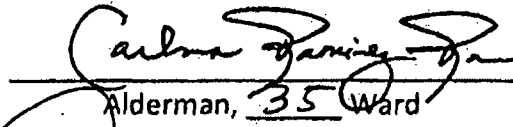
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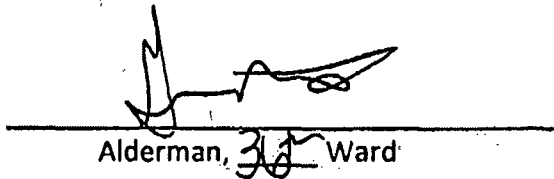
Ariel Reboyras  
Alderman, 30<sup>th</sup> Ward

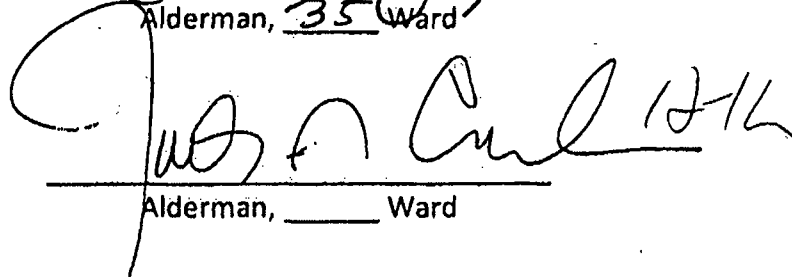
  
Alderman, 15 Ward

  
Alderman, 31<sup>st</sup> Ward

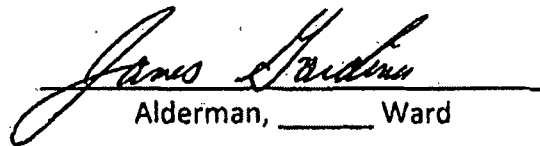
  
Alderman, 23 Ward

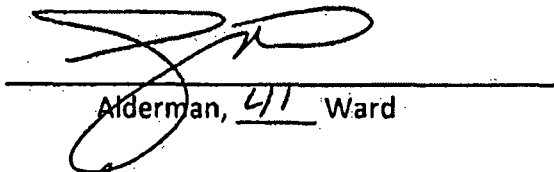
  
Alderman, 35 Ward

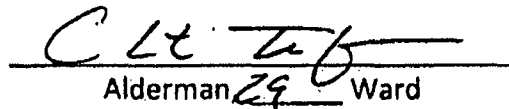
  
Alderman, 38 Ward

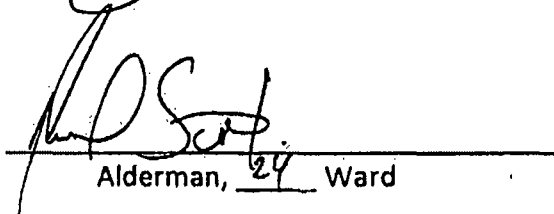
  
Alderman,      Ward

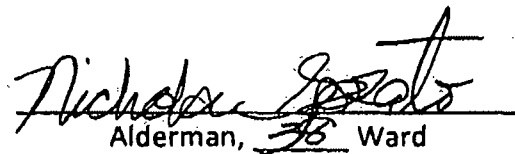
REMOVAL REQUEST  
NOV. 30, 2021 1:30PM  
Alderman, 25 Ward

  
Alderman,      Ward

  
Alderman, 41 Ward

  
Alderman, 29 Ward

  
Alderman, 24 Ward

  
Alderman, 36 Ward



CITY OF CHICAGO



OFFICE OF THE CITY CLERK

ANNA M. VALENCIA

### Chicago City Council Co-Sponsor Form

Document No.: R2021-1302

Subject: Call for hearing(s) on impact of property tax distribution on commercial corridors and economic recovery

#### Adding Co-Sponsor(s)

Please ADD Co-Sponsor(s) Shown Below – (Principal Sponsor's Consent Required)

Alderman \_\_\_\_\_ (Signature)  Ward

Alderman \_\_\_\_\_ (Signature)  Ward

Date Filed: \_\_\_\_\_ Principal Sponsor: \_\_\_\_\_ (Signature)

#### Removing Co-Sponsor(s)

Please REMOVE Co-Sponsor(s) Below – (Principal Sponsor's Consent NOT Required)

Alderman Christopher Tallaferra Chris Tallaferra (Signature)  29th Ward

Alderman Michael Scott, Jr. Michael Scott, Jr. (Signature)  24th Ward

Date Filed: 11/17/2021

- Final Copies To Be Filed With:
- Chairman of Committee to which legislation was referred
  - City Clerk



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Alderman \_\_\_\_\_ ( Ward)  
(Signature)

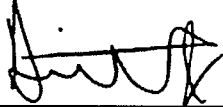
Alderman \_\_\_\_\_ ( Ward)  
(Signature)

**Date Filed:** \_\_\_\_\_

**Principal Sponsor:** \_\_\_\_\_  
(Signature)

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Alderman  \_\_\_\_\_ ( Ward)  
(Signature)

Alderman \_\_\_\_\_ ( Ward)  
(Signature)

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Alderman \_\_\_\_\_ (Signature)  Ward)

Date Filed: \_\_\_\_\_ Principal Sponsor: \_\_\_\_\_ (Signature)

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Please **REMOVE** Co-Sponsor(s) Below – (Principal Sponsor's Consent NOT Required)

Alderman Michael Spasato (Signature)  38 Ward)

Alderman \_\_\_\_\_ (Signature)  Ward)

Date Filed: 12/6/2021

- Final Copies To Be Filed With:
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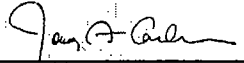
Alderman \_\_\_\_\_ (  Ward)  
(Signature)

Alderman \_\_\_\_\_ (  Ward)  
(Signature)

**Date Filed:** \_\_\_\_\_ **Principal Sponsor:** \_\_\_\_\_  
(Signature)

#### Removing Co-Sponsor(s)

*Please REMOVE Co-Sponsor(s) Below – (Principal Sponsor’s Consent NOT Required)*

Alderman George Cardenas  ( 12 Ward)  
(Signature)

Alderman \_\_\_\_\_ (  Ward)  
(Signature)

**Date Filed:** 12-07-2021

- Final Copies To Be Filed With:**
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