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Double-digit property tax increases in city, Cook County suburbs

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Most Cook County residents are in for another round of sticker shock when new property tax bills arrive in the mail in a few days, with the median increase in many suburbs topping 10 percent and, in a handful, 20 percent.

Median increases in many city neighborhoods will also hit double digits, with some lower income areas seeing the highest percentage spike. The median rise in the West Garfield Park neighborhood will top 46 percent, according to figures provided to the Tribune by Cook County Assessor James Houlihan.

In all, four out of five homeowners in the city and northern suburbs will get higher bills than last year, In the south suburbs, 64 percent of homeowners will see bigger bills, yet the median tax bills in several south Cook communities will actually decline year over year.

In Chicago, the median hike in residential bills will be about 3 percent, although the median increase in many neighborhoods will shoot significantly higher than that, a Houlihan spokesman explained.

As with any event involving property taxes, the size of bills and increases can vary dramatically from house to house, block to block and neighborhood to neighborhood. The median tax hike in any community is the middle point of all increases, with about half of homeowners facing higher hikes than the median and half facing less.

Figures provided by Houlihan illustrate how the upward march of property tax bills appears to have largely defied the housing-market crash as well as the steepest economic swoon since the Great Depression.

"This is just a terrible time for this to happen," Houlihan said. "People are really pressed and their bills are going to go up."

Some of the sharpest increases will be felt not by residents in trendy North Shore villages but rather in middle-class communities near O'Hare International Airport. In Franklin Park, the median hike in tax bills payable in 2009 will soar by 20 percent over last year, according to the assessor. In neighboring Schiller Park, the median increase will nudge 18 percent.

In the city, the median increase in the trendy Lincoln Park neighborhood is a modest 3 percent and in the North Side Lakeview neighborhood it will be even less, 2.1 percent. On the flip side, however, the median increase in the

Englewood neighborhood on the South Side nears 25 percent. The median rise in President Obama's Kenwood neighborhood is 9 percent.

Though most bills will be up, regional variations reflect not only the health of local housing markets but also idiosyncrasies of the tax system in the county, where properties get reassessed on a rolling basis every three years and may not fully capture recent declines in property values.

Another contributing factor is the phasing out of a state-authorized program implemented earlier this decade to soften the tax blow of then-soaring home values. North suburbs received those benefits before south suburbs, so now north suburbs are feeling the pain of the phaseout earlier as well.

That helps account for contrasts like these: In Elmwood Park, part of the county's northern assessment zone, the median increase is more than 12 percent over last year, and in Skokie it is near 13 percent.

Meanwhile, in south suburban Alsip, median bills will be up just 2.8 percent, in La Grange Park 2.5 percent and in Evergreen Park 1 percent. In Chicago Heights, median bills are slated to dip 3.1 percent.

Then consider the situation in Northlake, which straddles the dividing line between the north and south assessment zones. In the part of the town north of North Avenue, the median assessment is up 20.9 percent. But south of North Avenue, the median increase is 8.7 percent.

Houlihan, a 12-year veteran at the assessor's post who is not seeking re-election, blamed the assessment spikes on lawmakers in Springfield, who in 2004 imposed caps on runaway tax assessments during the real estate boom but then three years later voted to gradually do away with the protections.

Foes of caps argued that they served to shift a heavier property tax burden onto owners of industrial and commercial property and would drive away business from the county if made permanent.

Assessment data showed residential properties now make up more than 62 percent of the value of taxable properties in the county, up from 48 percent a decade ago. Over the same period, the share borne by commercial and industrial property has dropped from about 42 percent to 32 percent.

The assessment caps are really an expanded homeowners exemption that tries to limit the annual growth in a home's value for tax purposes. In the three-year phaseout plan, up to $33,000 in such growth can be protected the first year, only $26,000 the second year and $20,000 in the third and final year.

Because of the staggered way the county is reassessed, tax bills to south suburban homeowners now reflect year one of the phaseout process, the north suburbs are in year two, and the city is in year three. Tax bills come due in semi-annual installments, and the second -- the one now headed your way -- incorporates all the changes from the prior year.

Assessor's data showed that the median assessment exemption in many northern suburbs currently sits at the allowable second-year cap of $26,000. That may portend even bigger bills for many homeowners next year, when the exemption declines to $20,000.

At the same time, the median assessment in many southern suburbs is well below not only this year's exemption for that region, but next year's reduced exemption as well.

Houlihan contended that the sharp increases about to jolt homeowners in many communities were not only predictable, but largely avoidable if the legislature left caps in place.

Two years ago, he had vigorously fought the repeal of the caps, arguing that it would result in sharply higher tax bills as caps were first lowered, then removed entirely. What couldn't be foreseen at the time was that the process would coincide with a steep recession, leading to the hard-to-grasp phenomenon of rising tax bills while property values plummeted.

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