

## Sock it to 'em: Tax assessment increases could mean rent hikes

### HOUSING | Renters will pay dearly for spike in apartment tax assessments

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Chicago apartment landlords said Wednesday they are being socked with tax assessment increases that will force them to hike rents in a tough economy.

Several landlords cited particular buildings on the city's North Side where assessments have doubled or tripled from a year ago. In an unscientific survey by the landlords' trade group, the Chicagoland Apartment Association, building owners reported assessments rising from 18 percent to 182 percent.

Stuart Handler, chief executive of TLC Management Co., owner of 2,300 units that are mostly in Chicago, said the decisions by Cook County Assessor James Houlihan make no sense when property values are declining. "I think the underlying reason here is that the county is basically broke and it's trying to fix itself on the backs of the landlords," Handler said.

He estimated that in the apartment-heavy Lake View area, landlords may need to raise monthly rents by about \$150 to make up the higher cost. Assessments help decide property tax bills, which account for an estimated 15 percent to 20 percent of what apartment renters pay.

Data from Houlihan's office mostly confirm the accounts of the landlords. But the office insists higher assessments are valid because the rental market in gentrified city neighborhoods has been strong despite the recession. Also, landlords enjoyed assessment reductions in recent years after they complained that their customers were moving out to buy condos.

"When the assessor took office, these apartment buildings were assessed at 33 percent [of market value], and they ultimately are going down to 10 percent," said assessor spokeswoman Maura Kownacki. Buildings of more than six units this year are assessed at 16 percent, down from 20 percent in 2008.

"We will look at income analysis if these properties do appeal on a per-building basis, but we are confident in our proposed assessments," Kownacki said.

Handler disputed the county's account of a healthy market for landlords. He said vacancies in areas where he owns buildings are at "all-time highs" ranging from 10 percent to 22 percent. "Rent concessions are frequent, and revenue has declined," he said.

Higher assessments this year will help compute the tax bills due in the latter part of 2010.

"Raising assessments is not a very good way to keep housing affordable in the city," said Mike Haney, president of Newcastle Ltd., owner of about 1,800 units in Chicago. He said one of the firm's buildings in Uptown, which has 23 units, had its assessment nearly triple to \$370,000.

Landlords said property taxes often are their second- biggest expense after their mortgage payment.

Owners can appeal their assessments to the Cook County Board of Review or to a state agency. They also can sue, but disputes seldom get that far.

Houlihan's office said that compared with last year, its assessment levels of larger apartment buildings on the North Side are up 52 percent to 74 percent, depending on various factors.

Assessments still are being finalized in other parts of the city.

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