

CITIZENS' ACTION PROJECT OF LAKE COUNTY

**Are You Getting a Fair Hearing?
Appealing Your Property Taxes in
Lake County**

**A White Paper Inquiry into the Lake County Board of Review
Appeals Process With Regard to**

FAIRNESS

ACCOUNTABILITY

TRANSPARENCY

March, 2009

About The Citizens' Action Project

The Citizens' Action Project of Lake County is a nonprofit organization established to identify taxpayer issues in Lake County, Illinois, and to educate the public and its representatives concerning those issues.

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Our website is at www.citizensactionproject.org.

We wish to thank all of those who have provided input for this paper, Terry Pastika of the Citizen Advocacy Center, Elmhurst, IL, and interns Aya Barnea, Jennifer Fitzgerald and Jonathan Rhodes.

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Executive Summary

We asked the basic question: When you appeal your property taxes in Lake County, Illinois, do you get a fair hearing? While it is often difficult to answer, given the opaqueness of the assessment and equalization process, we discovered that some property owners fare better than others. Moreover, the main body responsible for hearing assessment appeals -- the Lake County Board of Review (BOR) -- operates by practices that do not guarantee transparency, accountability, and fairness when you appeal your taxes.

Here is what we found:

- The Board of Review operates in an arena of significant responsibility with minimal accountability.
- We believe that accountability must be established and BOR conduct monitored with periodic audits of the results of its deliberations.
- Residential appeals were less likely to result in reduction than commercial appeals.
- Moraine Township appellants had the highest rate of reductions in residential assessments (63%); Warren Township had the lowest rate of reductions (27%).
- With commercial property appeals, Moraine Township again had the highest rate of reductions (85%); Libertyville and Warren Townships had the lowest rates (36% and 37% respectively).
- For residential appeals receiving reductions, the average reduction was 9.7%; the average commercial reduction was 17.6%. Hence, on average, commercial appeals received an 80% larger reduction in their original assessed valuations when compared to residential property owners.
- Treatment of appellants is not always respectful, impartial, and professional.

- Appellants believe that the BOR tends to side with the Assessor.
- In fact, residential appeals in 2007 resulted in a 50-50 split between rulings favoring the assessor and rulings favoring the appellant (this observation does not consider the *amounts* of the adjustments).
- BOR proceedings need improvement in conveying impartiality in consideration of appellant arguments.
- The Board makes use of the phrase "... the assessment of the subject property on a price per square foot basis falls within an acceptable range." in rejecting an appeal, but never reveals what an acceptable range is.
- The Chief County Assessor's job as clerk to the Board of Review could be seen as a conflict of interest.
- The BOR's role of intermediary requires more balance in its treatment of appellant appeal applications, consideration of them, and disposition of them.
- A number of improvements have been implemented by the Chief County Assessor's Office over the past year. These include;
 - The BOR has enhanced its web site to include more details regarding its standards, process, and deadlines for those who are appealing their assessments.
 - The BOR web site includes specifications for forms and comparables.
 - Tools useful to an appellant are now available; however, in some cases the results they provide are inconsistent with BOR policies and standards.

Among the recommendations made to address these issues are;

1. The Lake County Board must establish a clear path of accountability from the Board of Review to either the Lake County Board, or to a Board Committee, or to some appropriate agent of the Board.
2. The Lake County Board should establish a team of trained experts, totally independent of the Board of Review, to assist property owners in preparing their property assessment appeal cases. When necessary, this team should train and add temporary employees to handle the volume of appellant requests for assistance.
3. The Lake County Board should authorize and conduct an audit of the BOR's disposition of appeals and conduct of the hearings.

For a complete list of our recommendations for positive improvements toward accountability, transparency and fairness, see Chapter 5.

1. Introduction

Sharon Carmody has been appealing her property assessments as long as she's lived in Lake County. Like many Lake County homeowners, she doesn't feel she's been treated fairly by the Board of Review, which reviews and acts on all assessment appeals.

"I'm going on my eighth time of dealing with the Lake County Board of Review," she writes. She appealed successfully four out of five times in the early 80's and 90's. So far in this decade, she won two appeals. "But in 2007, they threw that assessment out the window and really stuck it to me." And she notes an alarming trend: **"The Lake County Board of Review is getting leaner and meaner throughout the years. They have no respect for you when they talk. They treat you like crap. They intimidate you. They want you to break down and agree with them and shut up and never come back..."**

Jean and Bob Maraist wrote us that their 2007 assessment was 152% higher than what it was in 2006. They appealed. **"The BOR never looked at my comps (comparable property comparisons), only the assessor's appraisal....The BOR's adjustment lowered our '07 increase to 110% over the '06 value..."**

Ann and Tim Clary: **"In regards to our appeal on the assessment increase due to uniformity, it was very hard for us to 'follow the rules' when they were not made clear from the beginning. Some of our questions and evidence were disregarded. Our total assessed value was reduced 8.9%. Our original 2007 assessed value was an 85.7% increase over the previous year!"**

Johnnie Johnson wrote, **"I was not allowed to express my case [to the Board of Review]. I was told to accept the \$\$ and move on."**

John Klees was more complimentary: **"Lake County staff was helpful. Avon township staff really has no clue. Twice I told them they could not use a roofing permit to change my effective age. They did nothing till the review board told them they were wrong."**

Dave LoBue, a Wadsworth resident, wrote in a letter to the editor of the News Sun regarding the assessment and appeals process: **"The biggest problem with this system is the lack of checks and balances. There is no accountability, no penalties, nothing to keep them from doing sloppy, inaccurate work."**

Phillip Moll of Barrington expressed a similar theme regarding assessments in a letter to the editor of the Daily Herald: **"Will there ever be an accountability to these public servants? There should be a statute that at least awards taxpayers reimbursement for the expenses incurred to appeal year after year."**

These and other experiences recounted to us reflect the vexing frustration experienced by Lake County residents in dealing with the Board of Review (BOR) and local assessors

during their appeals. The core of that frustration: You have a handful of minutes to state your case, have no idea of the best way to defend your position, and are frequently stymied by unclear rules.

That's the experience being related in countless anecdotes collected by our group. We've been studying this issue for more than two years. But when we asked the county about how the process works, we were handed a survey report (see Appendix 1) indicating that most appellants are happy with the process! As with the appeals process itself, definitive answers were elusive, although we probed deeply into how flawed the appeals structure is and how it can be fixed.

Throughout our research, we kept hearing one persistent theme: The appeal process for property assessments is just not fair: 15 minutes to state your case; the Board rejection of your evidence, unstated rules, and the hearing itself, a humiliating experience.

Had property owners like Sharon Carmody been a few lone voices, we could dismiss them as exceptions. *But when we started to hear from people in nearly every township of Lake County, it caught our attention.* Then, when we held a special public meeting on how to appeal assessments, it was standing-room only at the Byron Colby Barn in Grayslake. The County has never, to our knowledge, done a comprehensive survey of how property owners are being treated in the assessments and appeal process. But we suspect that there's a legion of unhappy homeowners who believe they haven't been treated properly.

These developments convinced us to look at the assessment appeals process and its central adjudicator, the Lake County Board of Review.

The Board of Review is one of three parties that determine property value assessments in Lake County:

- The assessor for the township where the property is located establishes the original assessed valuation;
- The Board of Review receives appeals and either rejects those appeals or determines adjustments;
- The Illinois Property Tax Appeal Board (PTAB) listens and acts on appeals elevated to the State level.

In 2007, the Citizens' Action Project (CAP) released a white paper investigating the way assessed valuations are derived locally and the uniformity (or lack thereof) in the results. You can find that paper at www.citizensactionproject.org. Since that paper was released, CAP and property owners have seen a number of improvements:

- Significantly enhanced Lake County website with better tools to help the appellant in preparing an appeal;

- Educational and informational seminars conducted by the Chief County Assessor's Office throughout the county;
- Significantly expanded BOR rules posted online for appellants.

So, there has been some progress in helping property owners make their cases, but we believe the Board of Review still has a long way to go to make the process fair and transparent. In this paper, we measure that distance. We look at what really happens when a property owner disagrees with the value assigned by the assessor and decides to appeal this judgment to the Lake County Board of Review.

2. Objectives of this Paper

In this paper, we intend to:

- Describe reasonable expectations for evaluating the appeals process and Board of Review;
- Based on those expectations, assess the performance of the BOR and the Lake County appeals process;
- Recommend steps for improving any deficiencies uncovered.

Any evaluation of any subject or activity is either data-driven or subjective, or a mix of both types of approach. With the Board of Review, quantifiable analysis is limited to study of the BOR record of adjustments and no-change decisions. The remainder of our evaluation is, by necessity, one of subjective, qualitative assessment. This is because much of the BOR process is itself subjective. Its mission speaks to the subjectivity of its work (*italics added*):

Mission Statement (as cited on the BOR's web site):

Acting as an *unbiased intermediary* between assessors and taxpayers, the Board of Review undertakes an important role in striving for *equitable and fair* property assessments in Lake County through the assessment appeal process.

Evaluation of subjective judgments and the processes behind them require subjective metrics. In this case, appellant perception is the most appropriate subjective measure. This mission above refers to its role as an *unbiased intermediary*. Because bias can be predominantly a perceptual issue, our best measure is perception. For example, the Chief County Assessor serving as clerk to the Board of Review may be viewed as a conflict of interest. Similarly, the descriptive *equitable and fair* are primarily perceptual in definition (we applied as much quantitative analysis as possible in the latter part of this paper).

Even the role of *intermediary* is subjective. What quantitative measure exists to appraise the quality of intermediation?

So, we are limited in much of our analysis to measuring the perceptions of those who appealed.

The BOR mission suggests seven expectations for use in evaluating the appeals process and the Board of Review. This is what we would expect of a fair and unbiased intermediary;

What We Would Expect in Evaluating the Appeals Process and Board of Review Performance

1. The appeals process should be well-defined and clearly communicated.

Appellants should enter the process with confidence that their intermediary has thought through all the steps required of the assessor and appellant to assure due diligence in preparing, receiving, processing, and adjudicating appellant claims. Access to information about the process should be easily obtained and understood. Communications should be user-friendly.

2. Appropriate tools for the appellant's use in preparing and arguing the case should be available and easily used.

These tools should be consistent with BOR judgment criteria, with features providing information salient to BOR decision-making. The tools should be of a positive help to the appellant in preparing and understanding their case and not simply a false exercise in gathering irrelevant or useless data.

3. Appeal document standards and deadlines for submission should be published in a clearly-understandable fashion and reasonable in expectations of time and effort for property owner preparation.

Standards should be specific and clearly stated. Acronyms and jargon should be avoided or clearly explained so as to be understandable to a layperson. Standards for admissible supporting data and assertions should be published and understandable.

4. Respectful treatment of all appellants should underlie all BOR and assessor contact with appellants throughout the appeal process.

Respect is open receptivity to claims and to questions about standards and process. It is demonstrating unbiased inquisitiveness in the quest to determine a fair value to the property, with an absence of favoring either side of the issue.

5. BOR discussions and rulings should convey an unbiased and open reception of appellant arguments and claims that meet the published standards. Appellants and assessors should conclude at the end of the process that the BOR has considered their claims without bias and concluded in a manner that is fair to the appellant and to the assessing jurisdiction.

While there will always be property owners who see a judgment against their own view of the value of their property as “unfair”, we believe that the public has an innate sense of what is fair and is aware of transgressions from this ideal. The unachievable goal of the BOR would be an absence of any allegation of unfairness. Achievable targets could be a minimal level of complaints.

6. Statistical study of the BOR decision record should be free of any signals of bias.

We should expect an absence of significant trends in BOR decisions that correlate with property class, township, original valuation, etc. In other words, all appeals are treated with the same unbiased regard by the BOR

7. Information and data presented at a hearing should be made available to all parties before the hearing date.

The appellant must present data supporting the appeal and the township assessor must present data supporting the original valuation of the property in question. The data used by the appellant should be available to the township assessor and, likewise, the township evidence should be available to the appellant before the hearing takes place. To allow each party to adequately respond to the other’s data, this exchange of data should take place well before the hearing date, preferably at least a week.

By performing to these expectations, the Board of Review would achieve its mission as an “unbiased intermediary” with the goal of giving the appellant a fair shake.

3. What We Found: Results

CAP reviewed the results of all residential appeals filed with the BOR for the 2007 assessment year. Hence, the appeals we analyzed were heard throughout the fall of 2007 and early 2008. The results of this analysis are presented in detail in Appendix 2. Following each appeal, the appellant was given an opportunity to complete a “survey card” regarding their experience with the appeal process. Though there were over 6 thousand appeals filed, only 487 cards were completed by appellants. CAP reviewed the written comments on these cards in gathering data of appellants’ experience with the appeal process. The complete result of this examination is provided in Appendix 1. Additionally, CAP has conducted its own surveys, one of which was documented in Appendix G of our white paper published in July of 2007. (See www.citizensactionproject.org to view this report.) The data from all these analyses form the basis for the following discussion on performance expectations.

Expectation #1: **The appeals process should be well-defined and clearly communicated.**

Property owners in Lake County face a perplexing challenge as they appeal their assessments: How can they present a case to the Board of Review that will support a reconsideration of those assessments? It’s long been known that commercial and multi-family residence owners bring in lawyers to make their case, often with significant reductions (see Appendix 2).

Most homeowners don’t use lawyers: attorneys rarely represent them in Lake County due to the cost and the relatively low percentage of reductions they are likely to obtain. The challenge then becomes one of how to present your case when you don’t explicitly know what evidence the Board wants to see in coming to a judgment.

Until recently, the Board of Review provided meager guidelines on how to present an appeal. Homeowners are granted 15 minutes to present the case. Then the issue is pretty much decided on the spot. The standard offering of three comparable property values is the bulk of the homeowner’s case. The issue is what constitutes a “comparable” value. And what counts here is what the BOR views as a comparable value.

Under pressure from thousands of property owners who cried foul on either unstated or capricious standards for comparables, the Board of Review revised its rules in mid-2008 and provided information on what it will accept as evidence. The Assessor’s office may have a different set of “comps” and the Board of Review may be looking at a third set of criteria, so all parties may be working from different pages. Therein lies the problem.

There has been progress in helping property owners make their cases. We compared the old rules (four pages on the county’s web site) to the new (found at

<http://www.lakecountyil.gov/Assessments/AssessmentInformation/Documents/2008%20Rules%20of%20the%20Lake%20County%20Board%20of%20Review.pdf>)

We found that the new rules have considerably more detail, including the required forms, a grid sheet for comparables, instructions for completing the grid sheet, and the BOR rules.

On surface, it appears that high marks can be awarded the Board of Review under this standard of having a well-defined process that is clearly communicated. Going below the surface, CAP examined 487 survey cards completed (after their hearings) by Lake County residents who appealed their 2007 assessment valuations (See Appendix 1).

One survey question asks respondents to mark the degree of agreement or disagreement with this statement: “The County Internet site provided me with helpful information.” 86% responded with either “agree” or “strongly agree” with that statement----a response that confirms our conclusion above. One respondent gave the BOR web site high compliments: “Website is the best that I’ve seen and my property tax practice is national in scope.”

Where we found some problems, however, was in the *communication of standards* for comparables (see next discussion).

Expectation #2: Appropriate tools for the appellant’s use in preparing and arguing the case should be available and easily used.

A helpful function of an “intermediary” would be to avail the appellant with the same or similar tools used by the assessor. Successful intermediaries facilitate the communication between both parties in a dispute and a part of that facilitation is to use compatible language and data.

The BOR provides some tools, but Lake County property owners need a larger kit of tools to help find the right comparables, use the relevant information as the BOR would use it, and to justify adjustments. The online tool to list “comparable” properties is a big step forward; however, the results provided by this tool are of extremely limited value. This is because the user cannot not select other criteria such as construction type and style quality, age, living space size, etc., when, in fact, the BOR rules specify one should use these factors in selecting comparables. Without these selection criteria, the tools showing “comparables,” in fact, misleads the appellant.

The providing of tools such as these could even represent an investment that would pay off in reducing the BOR’s work load: Some prospective appellants, using the tools, could decide that the assessment is more on target than they thought, and cancel their intent to appeal.

Tools now available have not been 100% reliable. Even though the appellant survey responders replied favorably to the overall question regarding helpfulness of the web site, several written comments were critical of the comparable information:

- “Appeal based on info on internet. Thought I could rely on your [BOR’s] own data.”
- “Site should have more info on defining ‘comparables.’”
- “The website had many comparable properties that didn’t match my house. I have a wood house and two-story brick and houses not in our neighborhood were listed. The Ela assessor said the comps were not valid, but I am confused by the website.”
- “Website helpful but inaccurate.”

We find that the internet tool provides users with “comparables” that are inconsistent with the BOR’s own rules for admissible comparables. This incongruity needs correction.

Expectation #3: Appeal document standards and deadlines for submission should be published in a clearly-understandable fashion and be reasonable in expectations of time and effort for property owner preparation.

Examination of the appeal documents posted on the BOR’s web site (see <http://www.lakecountyl.gov/Assessments/BoardofReview/AppealForms.htm>) shows substantial improvement in performance to this standard and we applaud the BOR for the improvements made. The BOR rules are included with the appeal form. This gives the appellant the critical details needed to file an appeal.

Expectation #4: Respectful treatment of all appellants should underlie all BOR and assessor contact with appellants throughout the appeal process.

Survey results and countless experiences related to CAP are damning to the BOR and assessor performance according to this standard. The survey itself did not specifically ask respondents to gauge the respect shown. But gratuitous written comments tell an unflattering story. Here are several; more can be found in Appendix 1.

- “The gentleman who led this was abrupt. He did not let me finish my conversation at times. He made a statement I did not have facts when it was in the packet I gave him.”
- “NOBODY WAS LISTENING TO MY EVIDENCE!!”
- “...Disparity was proven, got ignored. Facts submitted were ignored; all they said was good luck with the state. Their receptiveness, attentiveness, was poor.”

- “Appeal judge would not listen.”
- “The assistant assessor was quite unpleasant—even rude—during my review.”
- “Township assessor was dismissive and intractable. I believe he attempted to intimidate me during my visit.”

Critical to the perception of fairness and impartiality of hearings such as those held by the Board of Review is the professionalism surrounding the conduct of the hearings. We understand that the BOR is limited to a very brief hearing due to the volume of appeals and the time available to hear them. We also understand that sometimes people are long-winded, generating valid concerns among Board members about time squandered with talking that seems to lead to nowhere. But each appellant is a county resident with a claim to be heard and evaluated and is an individual expecting the case to be evaluated fairly. Demonstrated disrespect suggests to appellants that the case will *not* be evaluated impartially and it interferes with the role of being an effective intermediary in the process.

Appellant ratings of the Board of Review *staff*, however, were far more positive. 92% of respondents agreed or strongly agreed with the statement, “The Board of Review staff is cordial and professional.”

The lack of direct accountability of BOR members and assessors to an oversight function contributes to the lack of incentive for treating appellants with professionalism and respect. There is no penalty for disrespect, nor is there reward for respectful behavior. Accountability must be established before this issue can be resolved.

Expectation #5: BOR discussions and rulings in a hearing should convey an unbiased and open reception of appellant arguments and claims that meet the published standards. Appellants and assessors should conclude at the end of the process that the BOR has considered their claims without bias based on standards that are fair to the appellant and to the assessing jurisdiction.

Of the 6,731 appeals filed regarding 2007 Lake County assessments, 487 appellants completed the survey cards regarding their experiences with the review process. The Chief County Assessor’s Office (CCAO) reports that 67% of respondents agreed or strongly agreed with the statement; “The Board of Review hearing process is fair and impartial.”

It is noteworthy that almost 60% of these respondents received a *reduction* in their original 2007 assessed valuation. Their satisfaction would be expected, and some of their comments reflected it:

- “The staff was very professional and courteous.”
- “Very fair and impartial hearing.”

- “The process and all the people involved in it were helpful and fair.”
- “Unresolved, but the meeting was handled professionally.”

Those disagreeing with the statement were more detailed in their comments:

- “I feel I was well prepared with my facts and am not satisfied with their decision.”
- “I presented evidence on one property. Detailed and the review board decided not to take that into account--not a fair and impartial process—skewed heavily in favor of Township Assessor.”
- “The chairman of the board was strongly biased. He did not listen to the evidence but quickly made judgment based on personal bias.”
- “The hearing was a joke. An absolute joke.”
- “...Judges always agreed with assessor....”
- “Too much weight is given to word of assessor.”
- “The process is partial to the village assessors. Our comps were not really considered.”
- “The Board listens to the evidence but sides with the assessor in every case...”
- “...the Appeal Board completely defers to the assessors. Completely.”

Not surprisingly, appellants making the comments above (plus others, in Appendix 1) did not receive a reduction in their assessed valuation and their dissatisfaction is predictable. But even among the 90 survey respondents giving positive ratings to the overall process, *roughly ten went on with writing negative comments about the process*. We are not aware of the perceptions of the other six-thousand-plus appellants and can only speculate regarding their decisions to decline responding.

Much of the BOR’s performance in (its mission-based) fairness and equitability relies on the decision-making process as the Board deliberates. We know little about this process. To the appellant, it is a mystery. When a downward adjustment is made to the original increase in an assessment during a hearing, there is little or no explanation for the magnitude of the adjustment or the basis for the stated adjustment. In other words, the *adjusted* assessed valuation is as inscrutable as the *original* assessed valuation. When a BOR member says: “I’m thinking \$400K (for a revised assessment). What do you think?” this does not lend confidence that the adjustment is based on objective criteria.

It may be that this is a judgment area that defies detailed description or methodology, or it may be a mystique of convenience. Either way, appellants are suspicious and skeptical of that which they do not understand. Efforts to improve transparency in the process will alleviate assumptions that “the deck is stacked against me.”

CAP recognizes that among the population of appellants, there will always be those who disregard or misinterpret the BOR standards. And when their cases are rejected, they will react with comments like those above. But the flavor and volume of these comments within both the survey and separate experiences related to CAP convince us that the BOR needs to tweak its demeanor within the hearings. And when appellant comps are

rejected, Board members need to explain *why* the appellant-supplied comps are unsuitable for use.

A Glaring Instance of Unspecified Standards

Let us look at the appeals which were not successful in getting a reduction and, therefore, resulted in no change to their original 2007 valuations. We see from Table C, Appendix 2, there were 2442 residential appeals, that is, appeals with Property Class of “Residential Improved”, which resulted in “no change” to their original assessed valuation. For the “Commercial Improved” properties, 193 resulted in “no change”.

Following the Board of Review hearing, each appellant receives a “Notice of Findings” letter from the Board of Review which outlines the changes approved by the Board. For those property owners who receive a “no change in valuation” finding, the following standard response is in the letter from the Board of Review;

“Analysis of the comparables submitted indicate that the assessment of the subject property on a price per square foot basis falls within an acceptable range. Therefore, it is the Board’s opinion that equity has been maintained. The Illinois Supreme Court has ruled that a practical uniformity rather than an absolute one is the test.”

Let us look at this response closely.

- *“Analysis of the comparables submitted” ...*
Which comparables are they referring to - the ones submitted by the appellant or the ones submitted by the township assessor in defense of the original assessment, or both?
- *... “indicate that the assessment of the subject property on a price per square foot basis” ...*
The subject property must, by law, be assessed separately on the value of the land and on the value of the building. Which are they referring to, land or building price per square foot?
- *... “falls within an acceptable range.”*
What is the acceptable range they are referring to? Is this range documented someplace? If so, what is the reference to that documentation? If not, why is it not documented?
- *“Therefore, it is the Board’s opinion that equity has been maintained.”*
No factual or objective information has been quoted to substantiate the opinion of the Board.

- *“The Illinois Supreme Court has ruled that a practical uniformity rather than an absolute one is the test.”*
Which Supreme Court ruling? Where is the reference to the ruling? What does “practical” mean? The implication here is that the appellant was seeking absolute uniformity.

How can a homeowner win an appeal when the Board bases their opinion on unstated information that presumably falls within an unstated “acceptable range”? The Board offers no objective criteria on which it bases its decision. The “acceptable range” of deviance from established market values needs to be defined and published prior to the appeal process. If these criteria were clear from the outset, then an appellant could make a decision *before* filing an appeal, as to whether their appeal had merit – and thereby avoid wasting their time and the time of the Board of Review on a fruitless appeal.

Board of Review proceedings must be conducted in a manner that speaks to impartiality in considering appellants’ cases. When evidence is rejected, the reasons should be respectfully explained. Appellants will accept (even if they don’t like) a judgment against their case when they believe their arguments have been heard and carefully considered. It is clear that these principles are violated in Lake County too often and establishment of accountability to an oversight function could relieve this deficiency. We also believe that if the 15-minute time limitation is a factor in determining Board members’ impatience, Lake County should make modifications to the timing and process to permit longer hearings.

Expectation #6: Statistical study of the BOR decision record should be free of any signals of bias.

Appendix 2 presents a more complete description of CAP’s analysis of 2007 appeal resolution data. The points below summarize those findings:

- 73% of all appeals were from residential property owners; 8% from commercial property owners (businesses).
- 50% of the residential appeals were denied; 50% received a downward adjustment in their original assessed valuation.
- 35% of the commercial property appeals were denied; 64% received a downward adjustment in their original assessed valuation.
- Noticeable disparities were found between the appeal outcomes from property owners of different townships. We don’t know why.

- Moraine Township appellants had the highest rate of reductions in residential assessments (63%); Warren Township had the lowest rate of reductions (27%). Other township data is presented in Appendix 2.
- With commercial property appeals, Moraine Township again had the highest rate of reductions (85%); Libertyville and Warren Townships had the lowest rates (36% and 37% respectively).
- For residential appeals receiving reductions, the average reduction was 9.7%; the average commercial reduction was 17.6%. Hence, on average, commercial appeals received an 80% larger reduction in their original assessed valuations compared to residential property owners.

Interpretation of these and all the other data in Appendix 2 leaves the analyst with more questions than answers. As is pointed out at the end of Appendix 2, “we simply do not know why the appeals turned out the way they did.” It is clear that one’s chance of receiving a reduction in assessment was brighter if the property is commercial. We don’t know why this is the case. We could speculate that commercial property owners were more likely to use attorneys experienced in the process of appeal, but we don’t know this to be a fact.

Without further information on each appeal, further statistical resources, analysis, and investigation, we can conclude that *statistical analysis of the BOR decision record for 2007 appeals is, indeed, free of any obvious signals of bias.*

Expectation #7: Information and data presented at a hearing should be made available to all parties before the hearing date.

For both parties to defend their position and rebut the arguments offered by the other side, it is essential that each party be privy to the other’s information before the hearing takes place. Per BOR rules, the appellant must provide their evidence at the time of submitting their appeal. The Board then forwards a copy of the appeal to the Township Assessor. In short, the Township Assessor has the appellant’s evidence before the hearing date. However, there is no BOR *requirement* that the Township Assessor provide their data to the appellant before the hearing date. The BOR “strongly encourages township assessors to forward township evidence to appellants prior to a scheduled hearing.”

Where there is room for improvement is in the timeliness of some township assessors in getting hearing evidence to the appellant. 14% of those who provided written comments on their survey cards point out this deficiency---even those who gave the overall process positive grades. Comments include:

- “I was allowed a little more than a day to review and research the information from the township.”
- “Township evidence not available before the review.”

- “Received [township evidence] two business days prior to hearing. No data was provided by Township Assessor to support numbers.”
- “Didn’t get evidence before hearing.”
- Fremont provided a complete “dump” with no explanation. It was virtually unreadable.

Publishing its survey results, the CCAO reported that 87% of the respondents said township evidence was available to them prior to the hearing. (See Appendix 1) But *written* comments reveal that in a number of cases, the evidence was received only one or two days in advance. This is insufficient time for appellants to prepare their arguments.

Furthermore, township data provided to homeowners are often unintelligible in that there are no explanations of the organization or content of the data. Acronyms and abbreviations are often used with no explanation of their meaning. This renders the township data virtually useless to appellants in sustaining their appeals.

While the Board of Review has evidence submission deadlines for itself (no less than three days prior to hearing), there is no parallel requirement for appellant receipt of hearing information from the township assessor. The BOR needs to establish a parallel requirement for receipt of evidence by the appellant.

4. Conclusions

There is still no uniformity in the way assessments are calculated. Under state law, each township can use its own method, its own formula, and not have to explain either. Property owners must then weigh their assessments using their own fairness criteria. And they have a significant financial stake in the outcome. (Of 3,140 counties in the United States, our real estate taxes place Lake County Illinois as the 17th highest for median real estate taxes in 2007.¹) The uncertainty of calculation methods and the financial stakes involved pits property owners against assessors in an appeal, with the Board of Review ostensibly bridging this conflict as intermediary.

For the Board of Review to function with credibility in this role, it must conduct itself with fairness, professionalism, and absent any fear or favor toward assessor or appellant. Statistical study of the 2007 appeals process results does not reveal significant bias in BOR judgments. Furthermore, the communication of appeal procedures and evidence standards has improved considerably over the past year. We want to see this progress continued with more information and more tools for appellant use in preparing their case.

The BOR's *decision-making process* is less understandable, making it more difficult to evaluate. The reasons and basis for any adjustments to the original assessed valuation must be provided to appellants. When there is no action taken in adjusting an original assessment, simply stating "*Analysis of the comparables submitted indicate that the assessment of the subject property on a price per square foot basis falls within an acceptable range.*" makes the process totally opaque to appellants and that is unacceptable. Board of Review practices create opaqueness in its decision-making because Lake County has not established BOR accountability to any one. The Board is self-directed and self-monitored. The appellant has little time to make the case; the rules of evidence are not explicit and at times have been seen as capricious in their use. When the Board of Review decides that the assessor's valuation falls within "an acceptable range" of values, property owners become frustrated: *The acceptable range has never been defined.* They then infer that the "acceptable range" is a moving target used for the convenience of defeating the appeal, rather than an objective standard that applies to each case and one that they can use in determining whether to appeal.

BOR credibility as an intermediary is fragile at best and it's damaged by public perception of "siding with the assessor," a view confirmed in hearings by rudeness in members' treatment of appellants or when they allow assessors' rudeness. For many appellants, the BOR members and assessors come across as a unified force of opposition to their cases. This should not be, and individual comportment could go a long way to dispel this perception.

Much of the problem comes from a vacuum of accountability surrounding the BOR. The Board acts as if it is relatively independent of County Board governance. As far as we know, its work has not been audited. In government and in business, accountability and

¹ "Who Pays America's Highest Property Taxes?", Forbes.com, posted 01.23.09.

transparency encourages positive performance and lack of accountability and transparency discourages the achievement of acceptable performance standards. The result, as we have seen, is widespread perception that the “intermediary” is really the opposition.

5. Recommendations for Change

- 1. The Lake County Board must establish a clear path of accountability for the Board of Review.**

The accountability could be directly to the Lake County Board, or to a Board Committee, or to some appropriate agent of the Board. The establishment of accountability is a first step to correcting or preventing many of the issues raised in this paper.

- 2. The Lake County Board should establish an independent resource group to assist property owners in preparing their appeal cases.**

This group would provide advice, information, and materials to help appellants prepare their cases. If necessary, this group should train and add temporary employees to handle seasonal changes in the volume of requests.

- 3. Tools to assist the property owners in preparing appeal cases should be added to the BOR web site.**

All such tools must provide and use data consistent with BOR standards. Focus groups of recent appellants could be helpful resources in determining new tool possibilities and specifics.

- 4. The BOR should review its 15-minute standard for hearing time to determine what influence this time standard has on contributing to the issues identified in this report, and change it as necessary.**

We believe the race to adjudicate appeals within 15 minutes gives rise to a number of the issues described in this paper. At best, it drives impatience with arguments that may require more time for due deliberation, impeding a fair and reasonable period of consideration. At worst, it contributes to rudeness and other signals of disrespect to appellants.

- 5. Board of Review members should be required to participate in behavioral coaching and/or training.**

We recognize that individuals may be inexperienced in productive dealing with others; a coaching or training program could raise awareness of ways in which BOR members' behavior can sustain or damage the BOR role of intermediary.

6. The “acceptable range” of deviance from established market values needs to be defined and published prior to the appeal process.

By making this range known, the BOR could reduce its appeal work load by helping an appellant determine the merits of their case before filing an appeal. More important, it would make the basis for BOR rulings more transparent.

7. Board of Review document submission requirements should be modified to establish reasonable time deadlines for evidence and other hearing information to be delivered to appellants.

The BOR and Township Assessors should be required to see that all information relevant to the appeal be delivered to the appellant *no later than* three days prior to the scheduled hearing.

8. When the Board of Review is presented with professional appraisals for comparison evidence, property owners *whose assessed valuation increases are reduced* should be reimbursed for the cost of the professional appraisal.

Adoption of this rule would discourage frivolous claims from property owners and would discourage indiscriminate valuation increases by assessors. Overall, it will encourage property owners who genuinely disagree with their valuation to file for and prepare an appeal without undue financial burden.

9. The Lake County Board should conduct a review of the BOR staffing and space resources.

This step could determine whether increases in either staff or space are justified to handle the volume of appeals each year in accordance with the BOR mission and may reduce problems attributable to staffing/workload issues.

10. The Lake County Board should authorize and conduct an audit of the BOR’s disposition of appeals and conduct of the hearings.

An independent audit would confirm, deny, or complement the work that CAP is presenting in this White Paper and should disclose additional actions to improve the appeal process.

11. The Lake County Board should revise, if applicable, its view of the Board of Review as an institution that is quasi-independent of other County services.

The County Board should consider the BOR as a part of the County’s services to its citizens, subject to the standards for all County services. BOR performance should be seen as a reflection of the quality of County government services to its citizens.

12. “Blue card” information sent by each Township should refer to the BOR rules on how to appeal that are posted on the BOR website.

Including a reference to the County web site would make all property owners immediately aware of the BOR rules for the appeal process. Since the time required to file an appeal is limited, this would help citizens meet the required deadlines if they choose to appeal their assessment.

Appendix 1. Citizen's Comments on the Board of Review Hearing Process

Residents of Lake County who appealed their 2007 assessment valuations with the Board of Review were given an opportunity to voluntarily fill out a "survey card" regarding their experiences with the review process. A total of 487 cards were completed. The survey card asked the appellant to respond to the following 6 statements;

<ul style="list-style-type: none"> ● The Board of Review hearing process is fair and impartial. Strongly Agree Agree Disagree Disagree Strongly N/A
<ul style="list-style-type: none"> ● The Board of Review staff is cordial and professional. Strongly Agree Agree Disagree Disagree Strongly N/A
<ul style="list-style-type: none"> ● My local township staff was helpful in my appeal research. Strongly Agree Agree Disagree Disagree Strongly N/A
<ul style="list-style-type: none"> ● The County Assessor Internet site provided me with helpful information. Strongly Agree Agree Disagree Disagree Strongly N/A
<ul style="list-style-type: none"> ● My hearing result was as follows: Decrease Increase No Change
<ul style="list-style-type: none"> ● Was the township's evidence made available to you prior to the hearing? Yes No _____ Township

The following are the summary results of that survey, released by the Chief County Assessor's Office (CCAO):

- **The Board of Review hearing process is fair and impartial.**
67% responded with Agree/Strongly Agree
- **The Board of Review staff is cordial and professional.**
92% responded with Agree/Strongly Agree
- **My local township staff was helpful in my appeal research.**
67% responded with Agree/Strongly Agree
- **The County Assessor Internet site provided me with helpful information.**
86% responded with Agree/Strongly Agree
- **My hearing result was as follows:**
59% of the respondents received a Decrease in their assessed valuation.
- **Was the township's evidence made available to you prior to the hearing?**
87% responded with Yes.

There was room for short written comments at the bottom of each survey card. Since the nature and substance of the written comments were not compiled by the Assessor's Office, CAP undertook the task of reviewing, in the offices of the CCAO, all 487 survey cards to learn what people had to say about their Board of Review experience. We found that 35% of the survey cards had written comments, comments worthy of consideration, and indeed *action*, on the part of public officials. These comments reveal far more than the raw numerical statistics quoted above can indicate.

1.0 Fairness and Impartiality of Board of Review Hearings

Let us first look at the question: Are the Board of Review hearings fair and impartial? 67% of the 2008 County survey respondents agreed/strongly agreed with this statement. This is in strong contrast to a survey CAP conducted in 2007 (see Appendix G of the CAP White Paper at www.citizensactionproject.org). In that survey 51 respondents, when asked if they agree with the objectivity and fairness of the appeals process, gave an average response of "2" on a scale of 1= not at all and 10 = fully. Another survey conducted in mid-2008 yielded the same average response of "2" from 11 survey respondents. Part of this large dichotomy in perceptions can be explained by the fact that almost 60% of the County survey respondents received a *reduction* in their original 2007 assessed valuation – hence a natural human tendency to be satisfied with the process which led to such a result.

Let's look closer at the written comments and compare those responses from people who agree/strongly agree (90 survey respondents) with those who disagree/disagree strongly (74 survey respondents) that the Board of Review was fair and impartial. It should be noted that 5 survey respondents gave no rating regarding the BOR hearing process.

Typical comments from those that Agree/Strongly Agree were concise;

- The staff was very professional and courteous
- Very fair and impartial hearing
- The process and all the people involved in it were helpful and fair
- Very satisfied with the process
- I thought the review board was very FAIR
- Conducted in a professional manner even before I knew there would be a reduction
- Unresolved, but the meeting was handled professionally
- Everyone was fair and respectful
- Quick and efficient process
- Thank you. Good experience. Fair and impartial.

It should be noted that all of the above comments were from appellants who received a *reduction* in their assessed valuation. By reduction is meant that their revised 2007 assessed valuation is lower, but not necessarily lower than their 2006 assessed valuation. In other words, the adjusted 2007 valuation may still be higher than the 2006 valuation.

Representative comments from those that Disagree/Disagree Strongly were more detailed;

- The gentleman who led this was abrupt. He did not let me finish my conversation at times. He made a statement I did not have facts when it was in the packet I gave him. I feel I was well prepared with my facts and am not satisfied with their decision.
- I presented evidence on one property. Detailed and the review board decided not to take that into account – not a fair or impartial process – skewed heavily in favor of Township Assessor.
- The chairman of the board was strongly biased. He did not listen to the evidence but quickly made judgment based on personal bias.
- I thought I would receive 15 minutes to present, but it appeared that a decision was reached before I entered room, based on papers I presented at time of filing.
- Strongly disapprove with conclusion. Feel grossly unfairly treat (sic)
- The hearing was a joke. An absolute joke!!!
- NOBODY IS LISTENING TO MY EVIDENCE!!
- Waste of time. . . .submitted facts for decrease over a month ago which unequivocally should have resulted in a fair and reasonable decrease. Disparity was proven, got ignored. Facts submitted were ignored; all they said was good luck with the state. Their receptiveness, attentiveness was poor. Ignorance was a virtue. Incompetent.
- Appeal judge would not listen.
- Market values of neighbor's properties not taken into consideration. BOR not fair.

All the above appellants, with one exception, received *no change* in their assessed valuation. However, of the 90 people who said that they Agree/Strongly Agree that the BOR hearing process is fair and impartial, there were numerous negative written comments which tend to be contradictory to the overall rating given the process;

- Board did not have all evidence.
- Website helpful but inaccurate
- Gross inequities within Township evident.
- Didn't get prior evidence – judges always agreed with assessor – property assessments extremely high – this needs to stop or will have to move.
- Inconsistent
- Didn't provide evidence
- Township Assessor disorganized – not responsive to changes in property.
- The assistant assessor was quite unpleasant – even rude – during my review.
- Some of township evidence, not all, was made available to me. Assessor is somewhat hostile, defensive presence.
- Township assessor was dismissive and intractable. I believe he attempted to intimidate me during my visit.
- Impartial – YES. Fair – NO.

Thus, of the 90 survey respondents that gave positive ratings (Agree or Strongly Agree) for the fairness and impartiality of the BOR hearing, roughly 10 of those had negative written comments about the process. If we add those 10 to the 74 who gave negative overall ratings (Disagree or Disagree Strongly) this gives us 84 respondents (out of a total of 169) with negative comments on the fairness and impartiality. This is a 50% rating from among those who took the trouble to provide written comments. Such a figure certainly indicates there is room for improvement in the hearing process.

2.0 Timeliness in Receiving Township Evidence for Hearing

A common theme running throughout the comments was the timeliness of the hearing evidence provided by the Township Assessors Office to the appellant. A total of 24 survey respondents had comments related to receiving evidence in a timely manner. This means 14% of the people who provided written comments on their survey card had something to say about receiving evidence from their Township Office.

People who Agreed/Strongly Agreed that the BOR hearing process was fair and impartial had as much to say about timeliness as those who did not Agree. Here are typical comments from the Agree/Strongly Agree group;

- I was allowed a little more than a day to review and research the information from the township.
- Township evidence not available before the review.
- Got evidence day before hearing.
- Evidence not available in sufficient time - ...
- Only got evidence 1 day before hearing.
- Didn't provide evidence.
- Received evidence Saturday before hearing – not clearly explained.
- Got evidence 2 days prior to hearing.

For those respondents that Disagree/ Strongly Disagree that the BOR process was fair and impartial, the comments carried a similar tone;

- Received (Township evidence) two business days prior to hearing. No data was provided by Township Assessor to support numbers.
- Not all information requested from the Libertyville Assessor was not provided.
- Township evidence available 2 days before hearing.
- Fremont provided a complete “dump” with no explanation. It was virtually unreadable.
- I was told the Township was unavailable to meet with me and I received their evidence 1 day prior to the hearing.
- I did not receive the comparables.
- Didn't get correct information prior to hearing.
- No data (evidence) mailed to us before hearing.
- Didn't get evidence before hearing.
- No prior evidence – barely worth the effort – unfair process

As mentioned in the original survey results released by the CCAO, 87% of the respondents said the township evidence was available to them prior to the hearing. However, the written comments reveal that, in many cases, the evidence was received only a day or two before the hearing date. This does not allow sufficient time to analyze the township evidence and prepare counter arguments. In other words, there is a distinction between receiving the information *before* the hearing and receiving the information in sufficient time to effectively respond to the information provided.

3.0 Information on Comparables Provided by Internet Site

The CCAO website was upgraded in 2008 to provide the user with information on “comparable” properties to aid in researching evidence for an appeal. However, a number of respondents felt that the information provided was not useful;

- Appeal based on info on internet. Thought I could rely on your own data.
- Site should have more info on defining “comparables”.
- The website had many comparables properties that didn’t match my house. I have a wood house and two story brick and houses not in our neighborhood were listed. The Ela assessor said the comps were not valid, but I am confused by the website.
- Website helpful but inaccurate.

One respondent, apparently a practiced attorney, gave the county website a glowing complement;

- Website is best that I’ve seen and my property tax practice is national in scope.

In short, the information on “comparables” provided by the website tool must be carefully screened further to obtain useful results. This point was not clear to many users and therefore they were misled by the data provided. The 2008 BOR rules do explicitly state: *Comparables should be located near the subject and/or in the same neighborhood. They should be similar in style (e.g., ranch, 2-story, split-level, etc.), construction (e.g., brick, frame, with or without a basement, etc.) age, size (e.g., square footage of above ground living area) quality and condition to the subject. If comparables are not located in the subject’s neighborhood, additional explanation may be needed to confirm their similarity.*

However, the internet tool does not take these considerations into account when providing the user with “comparables”. Thus users are misled in preparing their evidence for the appeal.

4.0 Board of Review Not Impartial

Another common theme observed in the written comments is the perception that the Board of Review routinely sides with the Township Assessor. Here are the relevant comments;

- ... judges always agreed with assessor...
- Too much weight given to word of assessor
- The process is partial to the village assessors. Our comps were not really considered.
- I presented evidence on one property. Detailed and the review board decided not to take that into account – not a fair or impartial process. Skewed heavily in favor of Township Assessors.
- The Board listens to the evidence but sides with the assessor in every case - ...
- ... The Appeal Board completely defers to the assessors. Completely. ...

Recall that the Mission Statement of the Board of Review is: *Acting as an unbiased intermediary between assessors and taxpayers, the Board of Review undertakes an*

important role in striving for equitable and fair property assessments in Lake County through the assessment appeal process.

5.0 Treatment of Applicants by Hearing and Township Officials

While we saw numerous comments regarding the fairness and helpfulness of Township and Board or Review personnel, at the same time there were many comments on mistreatment as seen in the following written comments;

- The Shields Assessor's office is hostile and rude. ...
- Very rude members of the Board.
- The gentleman who led this was abrupt. He did not let me finish my conversation at times. ...
- Assessor is a somewhat hostile, defensive presence.
- Township assessor was dismissive and intractable.
- The assistant assessor was quite unpleasant – even rude – during my review.
- Was treated uncivil by Cuba Township.

6.0 Comments From CAP Surveys

The types of written comments we have noted above are entirely consistent with comments received in surveys conducted by CAP. For examples, in response to a survey of Grayslake residents (conducted in early 2008) who appealed their 2007 assessments, the following were some excerpts;

- ...The BOR never looked at my comps, only the assessor's appraisal. ...
- I feel the Lake County Board of Appeals is siding with the Avon Township Assessor. No matter what was presented, there was an agenda in their mind.
- ... The 2007 tax appeal process was totally unfair and not objective. ...
- It's broken. In fact, I don't think it ever worked.. ...
- The process seriously lacks clarity and consistency. ... There is also a cavalier attitude on the part of the Township Assessor that is insulting and disturbing to say the least.
- It was totally unfair and biased. ...

7. 0 Summary Conclusions

Having reviewed all the 169 survey cards that contained written comments, we can draw the following conclusions based on the appellants' comments. These are conclusions which are not at all discernable by simply looking at the compiled statistics provided by the survey results compiled and released by the CCAO.

- The fairness and impartiality of the Board of Review needs to be clearly and firmly established. The written testimony of appellants shows clearly that there is a basis for concern – from being treated with respect and given due process to the

perception of always siding with the Township Assessors. Presently there is no independent oversight of the Board to ensure that it does its job in a fair and impartial manner. This has to change.

- According to the revised (in 2008) Board of Review rules, “All evidence to support a township assessor’s opinion of assessed value, including complete Property Record Cards for subject properties and any comparables, must be submitted to the Board no less than three (3) working days prior to a hearing. For each appeal, a total of three (3) copies of the evidence must be submitted. **The Board strongly encourages township assessors to forward township evidence to appellants prior to a scheduled hearing.** “

In short, the township assessor is not even required to provide their supporting evidence to the appellant, and if it does, it is provided only “before” the hearing date and not some minimum number of days before that date. Further, the data is often provided to the appellant with out explanation, without a definition of the acronyms or abbreviations used in the data listings. How can the appellant be expected to defend themselves against the assessor’s position when the evidence is not provided at least several days before the hearing in order to provide time for an analysis, research and rebuttal arguments? Is this fair? Is this being impartial? We think not.

The appellant, on the other hand, must provide their evidence at the time of submitting their appeal. The Board then forwards a copy of the appeal to the Township Assessor. In short, the Township Assessor has the appellant’s evidence, presumably in a timely manner, but the appellant may, or may not, get the assessors evidence before the hearing. Hardly an equitable situation.

The rules need to be updated to *require* the appellant to receive the township assessor’s evidence at least 3 days before the scheduled date of the hearing.

- The internet tools, particularly the generation of “comparable” properties, needs to be made more sophisticated in order to provide the user with properties which are truly comparable in the opinion of the Board of Review. As it is currently constructed, the tool provides information that is of little or no use in preparing an appeal and only serves to mislead the appellant and give them a false sense of having prepared a valid appeal.

8.0 Recommendations

Based on the preceding analysis of written comments by Lake County appellants and the conclusions drawn from that analysis, CAP makes the following recommendations;

1. Independent oversight of the BOR needs to be established to ensure that the Board conducts its business in a manner that truly reflects its stated mission, i.e.,

an unbiased intermediary between assessors and taxpayers in striving for equitable and fair property assessments in Lake County. The purpose of the oversight is to ensure impartiality and that all decisions are based on the weight of evidence presented and the proper use of such evidence.

2. The Board of Review Rules must be updated to *require* Township Assessors provide their evidence to the appellant a minimum of 3 days before the appeal date. Such a requirement is need to allow the appellant to adequately prepare a response to the Township data.
3. The internet tools, particularly the generation of “comparable” properties, needs to be made more sophisticated in order to provide the user with properties which are truly comparable in the opinion of the Board of Review. This means allowing the tool to generate searches based on such parameters as construction type, style, size of living area, quality grade, etc.

In conclusion, perhaps the most eloquent written comment came from an appellant - who gave no indication as to whether the Board of Review process was fair and impartial - that simply made a plea most homeowners of Lake County could support...

“Please try harder to keep assessments and taxes from rising so quickly. That would enable the property owners to have money left to maintain the property and the environment. Thank You.”

Appendix 2. Analysis of 2007 Assessment Appeals

1.0 What We Did and How We Did It

In this Appendix, we analyze the basic data on how property-tax appellants fared in their appeals to the Lake County Board of Review. We examined the data from all BOR appeals for the 2007 assessments. By including data for all appeals, we obtain an overall picture of what's going on in Lake County. All of our data on appeals was obtained directly from Martin Paulson, the chief county assessment officer, who was very cooperative in fulfilling requests from CAP for raw data.

2.0 What We Found: Results

We wanted to know how homeowners fared when they went to the county board of review. We needed to ask some basic questions, which we presented to Martin Paulson, chief county assessor several months ago. This is what we wanted to know:

- How many homeowners filed an appeal with the Board of Review in 2007?
- Of those who filed, how many were granted a reduction in their assessment?
- Did the percentage receiving a reduction vary depending on which township they lived in?
- Was there any difference between the way residential homeowners fared compared with other property classes such as commercial or industrial?

These are the types of questions we asked ourselves when we undertook the task of analyzing all the appeals filed in 2007. In this Section we lay out the results of what we found.

2.1 Total Complaints Filed

The Lake County Board of Review heard a total of 6,731 appeals regarding 2007 assessments. Not all of those appeals were from homeowners, but include a wide variety of differing "property classes" including commercial, industrial and vacant properties, as well as farmland and condominiums. Table A provides a complete breakdown of the appeals in each property class for each township in Lake County. From this table we observe several things:

- The largest number of appeals, in fact 73% of all appeals, was from "Residential Improved" property owners, i.e., ordinary homeowners.
- The second largest number of appeals, accounting for 8% of all appeals, was from the "Commercial Improved" property owners, i.e., owners of businesses.
- Newport Township had the fewest total number of appeals, 16 in all, and also, the fewest appeals from "residential improved" homeowners, 13.
- Moraine Township had the largest number of appeals, 1297, and also the largest number of appeals from homeowners, 1075.

Table A Number of 2007 Appeals in Each Property Class*															
Township	Apt Bldgs	Com Imp	Com Vac	Sub Com	Ind Imp	Ind Vac	Sub Ind	Tow n home	Multi Fam	Model Home	Res Imp	Res Vac	Sub Res	Farm Home	Farm Land
Benton	0	4	4	0	0	0	0	3	0	0	29	6	0	0	0
Zion	1	13	17	0	2	9	0	0	1	0	23	6	0	0	0
Newport	0	0	2	0	0	0	0	0	0	0	13	0	0	0	1
Antioch	0	5	7	0	0	0	0	3	0	0	47	22	0	0	2
Lake Villa	0	8	23	0	0	0	0	0	0	0	80	11	0	3	1
Grant	1	8	26	0	0	0	0	3	0	0	71	22	0	0	0
Avon	0	113	52	0	2	5	0	0	0	0	206	29	0	1	1
Warren	0	62	16	0	26	27	4	2	0	5	648	62	0	1	1
Waukegan	16	52	16	0	6	1	0	0	0	0	152	11	0	0	0
Shields	0	13	4	0	1	0	0	3	6	0	244	45	0	0	0
Libertyville	0	47	9	0	26	16	0	0	0	0	133	5	0	2	1
Fremont	0	6	0	0	2	0	0	0	0	0	65	3	1	2	0
Wauconda	0	19	9	0	15	6	0	11	0	0	108	18	0	3	2
Cuba	0	9	8	0	4	0	0	26	0	0	283	78	0	3	0
Ela	0	61	34	0	26	14	0	0	0	0	777	39	0	6	1
Vernon	0	56	23	3	0	1	0	0	0	0	375	8	0	0	0
West Deerfield	0	26	11	0	0	0	0	144	0	0	589	10	0	0	0
Moraine	1	52	21	0	0	0	0	93	2	0	1075	53	0	0	0
Totals:	19	554	282	3	110	79	4	288	9	5	4918	428	1	21	10
*Notes:															
Apt = Apartment															
Com = Commercial															
Imp = Improved															
Vac = Vacant															
Ind = Industrial															
Res = Residential															

Since Newport Township had the fewest number of appeals from homeowners, does that mean that the assessor in that Township is doing a much better job than the other townships? We cannot draw that conclusion because Newport Township may have the fewest number of homeowners. Hence, for each individual township, we must compare the number of appeals in each property class with the total number of properties in that class to see what *percentage* of property owners in each class filed an appeal. This we have done in Table B. The numbers show the percentage of each property class in each Township that filed an appeal. (Note that all percentages have been rounded to the nearest full percentage point.) We note the following:

- Moraine Township had 11% of their homeowners file an appeal, the highest of any Township by far. West Deerfield, Cuba and Ela Township were next, with roughly 6% of their homeowners filing an appeal in 2007.
- For “Commercial Improved” properties, Benton and Ela Township had the highest percentage of appeals, at 15%. Note however, though the percentages are the same, in terms of actual number of appeals Benton had only 4 complaints while Ela Township had 61.
- Avon Township had the largest number of “Commercial Improved” appeals, at 113, but on a percentage basis, it was 13% of the total Commercial Improved properties in the Township.

Table B % of Each Property Class That Filed an Appeal in 2007*															
Township	Apt Bldgs	Com Imp	Com Vac	Sub Com	Ind Imp	Ind Vac	Sub Ind	Tow n home	Multi Fam	Model Home	Res Imp	Res Vac	Sub Res	Farm Home	Farm Land
Benton	0	15	3	0	0	0	0	1	0	0	1	0	0	0	0
Zion	4	4	7	0	4	10	0	0	3	0	0	1	0	0	0
Newport	0	0	3	0	0	0	0	0	0	0	1	0	0	0	0
Antioch	0	1	2	0	0	0	0	0	0	0	0	0	0	0	1
Lake Villa	0	4	9	0	0	0	0	0	0	0	1	0	0	5	1
Grant	4	2	8	0	0	0	0	0	0	0	1	1	0	0	0
Avon	0	13	4	0	1	8	0	0	0	0	1	1	0	3	1
Warren	0	10	3	0	10	10	36	33	0	63	3	2	0	2	1
Waukegan	10	4	1	0	9	1	0	0	0	0	1	0	0	0	0
Shields	0	4	1	0	1	0	0	0	2	0	4	2	0	0	0
Libertyville	0	4	2	0	8	10	0	0	0	0	1	0	0	4	1
Fremont	0	3	0	0	5	0	0	0	0	0	1	0	1	2	0
Wauconda	0	6	6	0	5	9	0	1	0	0	2	1	0	3	1
Cuba	0	3	5	0	6	0	0	2	0	0	6	4	0	10	0
Ela	0	15	8	0	13	15	0	0	0	0	6	2	0	12	1
Vernon	0	8	3	3	0	4	0	0	0	0	2	0	0	0	0
West Deerfield	0	11	5	0	0	0	0	54	0	0	6	1	0	0	0
Moraine	33	12	7	0	0	0	0	4	20	0	11	5	0	0	0
*Notes:															
Apt = Apartment															
Com = Commercial															
Imp = Improved															
Vac = Vacant															
Ind = Industrial															
Res = Residential															

Our primary purpose in undertaking this study, was to focus on the appeals of homeowners, i.e., the “Residential Improved” property class. Hence, we focus our data analysis on this property class. We will also include the “Commercial Improved” property class in our analysis in order to compare outcomes between commercial and residential appeals. Together, these two property classes account for over 80% of all appeals.

2.2 The Results of the Appeals

We have seen that 73% of all the appeals filed with the Board of Review in 2007 were from residential homeowners. This is a total 4918 appeals. Our next question was: What was the outcome of those appeals? How many actually resulted in a downward adjustment in their assessed valuation? If there was an adjustment, was it significant? Let us look at the data.

First, we look at the county as a whole. Table C summarizes the outcomes.

TABLE C OUTCOMES FOR 2007 BOARD OF REVIEW APPEALS							
Property Class	Total # in Class	# With a Decrease	% With a Decrease	# With an Increase	% With an Increase	# With no Change	% With no Change
Residential Improved	4918	2473	50%	3	0%	2442	50%
Commercial Improved	554	356	64%	5	1%	193	35%

From this table we see that:

- Residential appeals resulted in an even split between a reduction in valuation and no change to the original valuation. Very few appellants get their assessed valuations increased as a result of an appeal.
- Commercial appeals are more successful with almost two-thirds, 65%, receiving a reduction in valuation. There were, however, a greater percentage of appeals resulting in an increase in assessed valuations, 0.9% compared to 0.06% for residential properties.

IMPORTANT NOTE: The terms “decrease” used in the previous – and all following tables – mean a decrease, or reduction, of the originally stated 2007 assessed valuation. It does not necessarily mean that the revised 2007 assessed valuation is less than the 2006 assessed valuation. In short, it does not mean their 2007 assessed valuation decreased from the 2006 valuation level.

For Lake County as a whole, half of all homeowners who appealed received some reduction in their assessed valuation. For commercial property owners, roughly two-thirds received a reduction. Did this “rate of success” vary depending on which Township you were in? Let’s look at the data on a Township-by-Township basis to see if there are any significant variations.

2.2.1 Analysis of Residential Appeals by Township

First let us look at the residential appeals. Table D gives the breakdown by Township. We see that the rate at which homeowners are granted a reduction varies from 23% (for Newport Twp.) to 66% (for Wauconda Twp.) However, we need to be cautious in comparing rates from Townships which had very few appeals – such as Newport with 13 appeals and Zion with 23. A small change in the number of reductions would result in a large change in the computed rate. Hence, due to the small sample size, the rates for these Townships are not significant from a statistical viewpoint. However, for Townships with larger numbers of appeals, say over 100, the rate at which reductions were granted varies from a low of 27% for Warren Township to highs in the 60% range for Wauconda (66%), Cuba (64%) and Moraine Township (63%).

TABLE D 2007 APPEAL OUTCOMES FOR PROPERTY CLASS = RESIDENTIAL IMPROVED							
Township	Total # in Class	# With a Decrease	% With a Decrease	# With an Increase	% With an Increase	# With no Change	% With no Change
Benton	29	13	45%	0	0%	16	55%
Zion	23	12	52%	0	0%	11	48%
Newport	13	3	23%	0	0%	10	77%
Antioch	47	21	45%	0	0%	26	55%
Lake Villa	80	34	43%	0	0%	46	58%
Grant	71	23	32%	0	0%	48	68%
Avon	206	97	47%	1	0%	108	52%
Warren	648	176	27%	0	0%	472	73%
Waukegan	152	77	51%	0	0%	75	49%
Shields	244	138	57%	0	0%	106	43%
Libertyville	133	51	38%	0	0%	82	62%
Fremont	65	26	40%	0	0%	39	60%
Wauconda	108	71	66%	1	1%	36	33%
Cuba	283	181	64%	0	0%	102	36%
Ela	777	384	49%	0	0%	393	51%
Vernon	375	180	48%	0	0%	195	52%
West Deerfield	589	304	52%	0	0%	285	48%
Moraine	1075	682	63%	1	0%	392	36%
TOTALS:	4918	2473	50%	3	0%	2442	50%

In other words, you were over twice as likely to receive a reduction in these three Townships, when compared to the homeowners who appealed in Warren Township.

2.2.2 Analysis of Commercial Appeals by Township

What about the appeal outcomes for the commercial properties? How does that vary by Township? We see that, overall, commercial properties received reductions in their assessments 64% of the time compared with 50% for homeowners. Table E presents the results for commercial property owners. Again, we have to be careful with those Townships which had very few commercial appeals. Nonetheless, we see that:

- Moraine Township appellants had the highest rate of receiving reductions in their assessments – at 85%.
- Ela and Vernon Township appellants received reductions 75% of the time.
- Commercial property appellants in Libertyville and Warren Townships received reductions only 36% and 37% of the time, respectively.

So we see that there is definitely variation from Township to Township in the rate of success in obtaining a reduction in assessed valuations. The reasons behind that difference, however, are unclear and cannot be ascertained from the data at hand.

One could make the argument that, human error aside, a Township assessor who is accurately assessing all properties would have fewer appeals that result in a reduction, simply because there is no reason to give such a reduction.

TABLE E 2007 APPEAL OUTCOMES FOR PROPERTY CLASS = COMMERCIAL IMPROVED							
Township	Total # in Class	# With a Decrease	% With a Decrease	# With an Increase	% With an Increase	# With no Change	% With no Change
Benton	4	4	100%	0	0%	0	0%
Zion	13	11	85%	0	0%	2	15%
Newport	0						
Antioch	5	4	80%	0	0%	1	20%
Lake Villa	8	6	75%	0	0%	2	25%
Grant	8	2	25%	0	0%	6	75%
Avon	113	78	69%	1	1%	34	30%
Warren	62	23	37%	0	0%	39	63%
Waukegan	52	30	58%	1	2%	21	40%
Shields	13	6	46%	0	0%	7	54%
Libertyville	47	17	36%	0	0%	30	64%
Fremont	6	2	33%	1	17%	3	50%
Wauconda	19	15	79%	1	5%	3	16%
Cuba	9	9	100%	0	0%	0	0%
Ela	61	46	75%	0	0%	15	25%
Vernon	56	42	75%	0	0%	14	25%
West Deerfield	26	17	65%	0	0%	9	35%
Moraine	52	44	85%	1	2%	7	13%
TOTALS:	554	356	64%	5	1%	193	35%

2.3 The Amount of the Assessment Reduction

We know that about half of all homeowners who appealed in 2007 received a reduction in their property assessment. By a “reduction” we mean the original 2007 assessed valuation was reduced. It does not necessarily mean that the 2007 assessment was reduced to less than the 2006 assessed valuation. For commercial property owners almost two-thirds received a reduction. Let us now ask the question: What were the amounts of the reductions? Were they small, almost token, reductions or were they significant changes to assessed valuations? Where there differences in the size of the reductions granted to commercial property owners versus home owners? Again we looked at the data and focused on the reductions that were granted by the Board of Review.

2.3.1 County Data

First, let us look at the data for Lake County taken as a whole. Table F summarizes the results for both Residential and Commercial properties. This table shows:

- The average assessment reduction for homeowners in Lake County who appealed in 2007 was \$30,373. The maximum relief provided was for \$915,078 while the minimum was \$217.
- In terms of the per cent reduction of the original 2007 homeowner assessment, the overall average reduction was 9.7%. The maximum was 90% and the minimum was 0.2%.
- In general commercial property owners fared better at getting their assessments reduced. The average reduction was 17.6% of the original valuation, an 80% improvement over residential appellants.
- The average magnitude of the reduction for commercial properties was \$201,810. It is understandable that the values of the reductions are larger for commercial properties simply because they are, in general, higher valued properties in comparison to private homes.
- The total value of the reductions granted homeowners, \$75,116,129, was similar in size to the reductions granted commercial properties, \$71,844,461.

TABLE F SIZE OF ASSESSMENT REDUCTIONS FOR 2007 BOARD OF REVIEW APPEALS								
Property Class	# Of Appeals	Average Decrease	Maximum Decrease	Minimum Decrease	Total Value of Decreases	Avg. % Decr.	Max % Decr.	Min % Decr.
Residential Improved	2473	\$30,373	\$915,078	\$217	\$75,116,129	9.7%	90%	0.2%
Commercial Improved	356	\$201,810	\$4,765,559	\$481	\$71,844,461	17.6%	86%	0.4%

2.3.2 Residential Data by Township

Now let us break the county-wide data down into data based on the Township in which the property lies. This will enable us to detect differences, if any, from Township to Township. Table G summarizes, in terms of dollar amounts, what happened with the assessment reductions that were granted to home owner appellants based on their Township residence.

First, an overview of what this Table is telling us. Let's look at the data for Benton Township as an example. Referring to the second column of the Table, there were a total of 13 appeals which received a reduction in their assessed valuation. For these 13, the average reduction was \$17,081, while the largest was for \$60,493. The smallest reduction granted by the Board of Review was for \$707.

If we add up the value of all the reductions granted for residents of Benton Twp. we get \$222,057. The actual dollar amount of the reduction received by a homeowner has to be considered in relationship to the valuation of the property. Consider a property owner who received an assessment reduction in the amount of \$12,000. If their original 2007 assessed value was \$120,000, they would have received a 10% reduction to their assessed value. On the other hand, if their property were originally assessed at \$400,000, then the \$12,000 reduction would be only 3% of the original valuation. Hence it is instructive to look at the reductions granted in terms of the percentage of the original 2007 assessed valuation. This is what the last three columns in the Table illustrate. For Benton Township, the average reduction given to homeowners was 18.2% with the largest reduction being 57% and the smallest 0.8%.

With all that in mind, we note the following from Table G:

- The actual size of the assessment reduction varies from a few hundred dollars (\$217 in Warren Twp.) to almost a million dollars (\$915,078 in Moraine Twp.)
- The largest average assessment reduction was in Shields Twp., at \$64,304. Moraine Twp. was second at \$48,193.
- The smallest average assessment reduction was for Waukegan Twp., at \$8,126.
- The largest percentage reductions in assessed valuation occurred in Zion and Benton Twps. with average reductions of 20.4% and 18.2%, respectively. However, these townships had very few appellants. Hence the numbers are not really meaningful.
- For Townships with a more significant number of appellants, the largest percentage reductions were from Waukegan (at 15.0%), Wauconda (at 12.5%), and Avon (at 11.3%).

TABLE G SIZE OF ASSESSMENT REDUCTIONS FOR PROPERTY CLASS = RESIDENTIAL IMPROVED								
Township	# Of Appeals	Average Decrease	Maximum Decrease	Minimum Decrease	Total Value of Decreases	Avg. % Decrease	Max % Decrease	Min % Decrease
Benton	13	\$17,081	\$60,493	\$707	\$222,057	18.2%	57.1%	0.8%
Zion	12	\$10,934	\$50,412	\$1,170	\$131,204	20.4%	83.5%	2.1%
Newport	3	\$19,491	\$38,191	\$5,066	\$58,472	9.2%	16.6%	3.4%
Antioch	21	\$14,615	\$120,166	\$364	\$306,919	12.6%	54.4%	0.3%
Lake Villa	34	\$9,439	\$21,058	\$1,682	\$320,911	9.2%	30.6%	1.9%
Grant	23	\$9,850	\$51,666	\$654	\$226,552	9.3%	32.0%	0.7%
Avon	97	\$11,879	\$47,108	\$300	\$1,152,246	11.3%	59.0%	0.4%
Warren	176	\$9,940	\$49,505	\$217	\$1,749,495	7.5%	56.1%	0.2%
Waukegan	77	\$8,126	\$25,935	\$856	\$625,709	15.0%	59.7%	1.2%
Shields	138	\$64,304	\$434,824	\$381	\$8,874,018	10.7%	43.7%	0.3%
Libertyville	51	\$17,102	\$85,003	\$610	\$872,226	9.6%	44.3%	0.3%
Fremont	26	\$13,516	\$66,262	\$411	\$351,420	6.8%	22.2%	0.2%
Wauconda	71	\$19,267	\$97,631	\$286	\$1,367,927	12.5%	72.1%	0.2%
Cuba	181	\$31,824	\$201,978	\$722	\$5,760,210	9.9%	90.0%	0.3%
Ela	384	\$20,240	\$89,837	\$259	\$7,772,180	8.9%	31.5%	0.2%
Vernon	180	\$15,085	\$157,745	\$688	\$2,715,352	5.8%	26.7%	0.5%
West Deerfield	304	\$32,045	\$238,344	\$1,034	\$9,741,687	9.3%	32.5%	0.4%
Moraine	682	\$48,193	\$915,078	\$477	\$32,867,544	10.4%	68.2%	0.3%
TOTALS:	2473				\$75,116,129			

2.3.3 Commercial Data by Township

Let us turn next to examining commercial properties on a township-by-township basis as shown in Table H.

There were a total of 356 commercial improved properties that received assessment reductions. Due to the relatively small number of appeals in many townships – 8 townships had fewer than 10 appeals – it is difficult to draw meaningful conclusions due to the small sample sizes. We do see that;

- The largest average reductions were in Lake Villa and West Deerfield Twps. at \$656,951 and \$436,272, respectively. Since Lake Villa had only 6 “commercial improved” appeals, the number for this Township is not significant.
- In terms of percentage reduction of the original assessed values, Antioch Twp. has the highest percentage, 39.6% But this Twp. had only 4 appeals in this property class, and one was granted an 81.2% reduction. Hence the small sample size leads to a skewed overall average. Avon Twp., on the other hand, had 78 appeals with an overall average reduction of 24.5%.

Clearly, the assessment reductions seen in the commercial properties are larger than the residential properties, both in terms of absolute value of the reduction and in terms of the size of the reduction expressed as a percentage of the original assessed valuation.

TABLE H SIZE OF ASSESSMENT REDUCTIONS FOR PROPERTY CLASS = COMMERCIAL IMPROVED								
Township	# Of Appeals	Average Decrease	Maximum Decrease	Minimum Decrease	Total Value of Decreases	Avg. % Decrease	Max % Decrease	Min % Decrease
Benton	4	\$241,030	\$449,208	\$17,405	\$964,121	16.3%	22.2%	8.4%
Zion	11	\$47,714	\$192,409	\$3,926	\$524,853	14.7%	30.7%	4.7%
Newport	0							
Antioch	4	\$187,558	\$358,319	\$25,041	\$750,231	39.6%	81.2%	3.9%
Lake Villa	6	\$656,951	\$1,765,561	\$17,379	\$3,941,703	22.8%	63.1%	4.1%
Grant	2	\$30,774	\$38,068	\$23,480	\$61,548	11.0%	15.4%	6.5%
Avon	78	\$210,862	\$2,037,817	\$5,000	\$16,447,274	24.5%	60.0%	2.3%
Warren	23	\$154,630	\$531,532	\$685	\$3,556,501	15.7%	45.5%	1.0%
Waukegan	30	\$216,347	\$4,765,559	\$1,833	\$6,490,421	20.4%	85.8%	2.0%
Shields	6	\$101,086	\$166,313	\$46,181	\$606,514	11.5%	15.2%	5.3%
Libertyville	17	\$228,401	\$1,299,454	\$6,442	\$3,882,813	14.4%	41.7%	0.4%
Fremont	2	\$210,677	\$255,307	\$166,047	\$421,354	34.2%	41.0%	27.5%
Wauconda	15	\$94,157	\$285,920	\$10,687	\$1,412,354	26.5%	41.1%	5.3%
Cuba	9	\$70,842	\$170,140	\$481	\$637,582	9.7%	18.6%	0.6%
Ela	46	\$130,150	\$639,832	\$1,474	\$5,986,891	12.7%	63.1%	1.3%
Vernon	42	\$260,979	\$2,380,392	\$15,675	\$10,961,097	7.6%	29.1%	2.7%
West Deerfield	17	\$436,272	\$2,426,675	\$30,687	\$7,416,626	11.8%	17.3%	4.7%
Moraine	44	\$176,877	\$1,757,248	\$6,110	\$7,782,578	19.5%	72.5%	2.8%
TOTALS:	356				\$71,844,461			

3.0 Conclusions

While there are many interesting observations that can be made from the foregoing analysis, it is difficult to draw concrete conclusion because we simply do not know *why* the appeals turned out the way they did. Are there a higher number of appeals in a given Township simply because that Township Assessor is less adept at providing the residents a fair assessment? It may be tempting to draw that conclusion, but that is not warranted by the data we have at hand.

One thing that is clear though, a greater percentage of commercial improved property appeals receive a reduction, 64%, compared with 50% of residential improved appellants. Further, the percentage reduction from the original assessed valuation is 80% larger for commercial improved properties than residential improved properties.