



Illinois Department of Revenue

101 W. Jefferson St.
Springfield, IL 62702

Fact Sheet and User Guide for IGPA Study

Fact Sheet

- 1) The study examines the effect of the Expanded Homestead Exemption Amount (EHEA), the 7 percent cap on assessment increases, by examining what happened to assessments with the EHEA and what would have happened without it. The study uses actual data for 2003 and 2004 and makes projections for later tax years. The study does not look at trends in share of tax burden over time.
- 2) The study found that some property owners saw significant benefits, while others saw significant costs. The average first year benefit per homeowner was \$357 in Chicago, \$415 in the North Suburbs, and \$227 in the South Suburbs. **[Table 3.1]**
- 3) Tax rates were higher than they would have been without the EHEA, in the first year by 4.1 percent in Chicago, 6.6 percent in the North Suburbs, and 5.8 percent in the South Suburbs. **[Table 3.1]**
- 4) The study found that the higher tax rates caused many property owners to pay more taxes. The average first year cost to non-owner-occupied Class 2 property was \$123 in Chicago, \$302 in the North Suburbs, and \$213 in the South Suburbs. **[Table 3.1]**
- 5) Among homeowners, when the entire county is covered (in 2005), approximately 65 percent will pay less tax and 35 percent will pay more. If Senior Assessment Freeze parcels are ignored, 74 percent of homeowners pay less and 26 percent pay more. **[Table 3.2]**
- 6) Among Class 2 (residential with six units or fewer) in the first year more than 52 percent of Chicago parcels paid more because of the EHEA, more than 33 percent of North Suburb parcels paid more, and the study projects that more than 49 percent of South Suburb parcels will pay more. **[Tables 1.1, 1.2, and 1.3]**
- 7) Among homeowners, eligible Class 2 (residential with six or fewer units), the average first year savings ranged from:
Chicago (2003) from \$41 in South Deering to \$624 in Hermosa
North Triad (2004) from \$71 in Barrington Hills to \$580 in Hoffman Estates
South Triad (2005) from \$45 in Dixmoor to \$469 in Bedford Park

[Tables 4.4 and 4.6]

8) Among non-homeowner Class 2 (residential with six or fewer units) the average first year cost ranged from:

| | | |
|--------------------|------------------------|--------------------------|
| Chicago (2003) | \$ 41 in Riverdale | to \$227 in Lincoln Park |
| North Triad (2004) | \$176 in Franklin Park | to \$602 in Winnetka |
| South Triad (2005) | \$ 18 in Ford Heights | to \$566 in Cicero |

[Tables 4.5 and 4.7]

9) The first year shift (by triad) was

Chicago (2003)
\$128.0 million off homeowners and
\$ 30.3 million onto non-homeowners (ineligible) Class 2
\$ 14.0 million onto apartments
\$ 59.9 million onto commercial
\$ 7.0 million onto industrial
\$ 16.8 million onto other classes and triads

North Triad (2004)
\$123.0 million off homeowners and
\$ 27.3 million onto non-homeowners (ineligible) Class 2
\$ 7.2 million onto apartments
\$ 48.9 million onto commercial
\$ 19.6 million onto industrial
\$ 20.0 million onto other classes and triads

South Triad (2005)
\$ 72.0 million off homeowners and
\$ 22.4 million onto non-homeowners (ineligible) Class 2
\$ 3.6 million onto apartments
\$ 26.2 million onto commercial
\$ 9.9 million onto industrial
\$ 9.9 million onto other classes and triads [Table 3.3]

10) The average per parcel savings increases with the market value of the home until approximately \$400,000 in Chicago and the South Suburbs and \$300,000 in the North Suburbs. [Table 6]

11) If the EHEA were not reenacted the average first year cost to homeowners and the average first year savings to ineligible eligible Class 2 parcels would be:

| | |
|--|---------------------------|
| Chicago (2006) homeowners pay \$334/ | non-homeowners save \$142 |
| North Triad (2007) homeowners pay \$305/ | non-homeowners save \$246 |
| South Triad (2008) homeowners pay \$125/ | non-homeowners save \$139 |

[Table 8.1]

12) If the EHEA were reenacted without the current \$20,000 maximum, the first-year average additional per parcel savings for homeowners would be:

| | |
|--------------------|-------|
| Chicago (2006) | \$315 |
| North Triad (2007) | \$190 |
| South Triad (2008) | \$101 |

[Table 12.1]

User Guide

Table 1 offers the characteristics of homeowner and residential properties for neighborhoods in Chicago and municipalities in the north and south triads.

Table 2 shows tax rates as they were with the EHEA and where they would have been if it had not been enacted.

Table 3 shows triad level shifts/savings/costs.

Table 4 gives the average savings for owner occupied (eligible) properties and for non-homestead Class 2 (residential) properties, with versus without the EHEA.

Table 9 projects what would happen to both homeowners and non-homeowner residential properties if the EHEA were not reenacted.

Table 13 projects what would happen to both homeowners and non-homeowner residential properties if the EHEA were extended and the \$20,000 maximum were lifted (compared to extending the EHEA with the maximum).

Examples

Several examples follow with explicit reference to the table and page where the data come from.

The examples are intended to be illustrative of the effect of the EHEA, not representative.

The **Near West Side** neighborhood in Chicago is very close to the all-Chicago average for homeowner savings from the EHEA.

The **Edgewater** neighborhood in Chicago is identical to the all-Chicago average of 48 percent of class 2 parcels receiving an EHEA greater than the minimum (a proxy in this analysis for those whose taxes declined).

Winnetka, a north triad municipality that is heavily residential.

Bedford Park, a south triad municipality that is heavily non-residential.

Near West Side (Chicago) – Average homeowner savings close to Chicago average.

From table 1.1 (page 1)

The median household income was \$29,588 and the median house value \$204,411.

There are 11,250 class 2 (residential) parcels of which 3,851 were owner occupied (EHEA eligible).

Of the 3,851 homeowner parcels in 2003: 1,270 received the minimum \$4,500 EHEA exemption (211 of these were recipients of the Senior Freeze) and 1,242 received the maximum \$20,000 EHEA. The average EHEA was \$12,798. Overall 23 percent of all Class 2 parcels received an exemption greater than the minimum, a proxy for residential properties whose taxes declined.

Table 2.2 (page 19)

The City of Chicago tax rate rose 4.6 percent (from 1.319 to 1.380) because of the EHEA.

Table 4.4 (page 39)

In 2003 homeowners saved an average of \$346.

Table 4.5 (page 41)

In 2003 non-owner occupied Class 2 properties saw an average tax increase of \$100.

Table 9.4 (page 71)

If the EHEA is not reenacted the average homeowner increase will be \$326 in 2006.

Table 9.5 (page 73)

If the EHEA is not reenacted, the average non-homeowner residential property will save \$107.

Table 13.4 (page 94)

If the EHEA is reenacted without the \$20,000 cap, homeowners will save an average of \$374 (compared to keeping the EHEA and the cap).

Table 13.5 (page 96)

If the EHEA is reenacted without the \$20,000 cap, non-homeowner residential properties pay an average of \$102 more.

Edgewater (Chicago) – The neighborhood whose percentage of Class 2 (residential) parcels paying more tax because of the EHEA equaled the Chicago average.

From table 1.1 (page 1)

The median household income was \$35,766 and the median house value \$243,594. There are 13,566 class 2 (residential) parcels of which 7,705 were owner occupied (EHEA eligible).

Of the 7,705 homeowner parcels in 2003: 1,244 received the minimum \$4,500 EHEA exemption (more than half of these, 747, were recipients of the Senior Freeze) and 2,934 received the maximum \$20,000 EHEA. The average EHEA was 16,257. Overall 48 percent of all Class 2 parcels received an exemption greater than the minimum, a proxy for residential properties whose taxes declined.

Table 2.2 (page 19)

The City of Chicago tax rate rose 4.6 percent (from 1.319 to 1.380) because of the EHEA.

Table 4.4 (page 38)

In 2003 homeowners saved an average of \$528.

Table 4.5 (page 40)

In 2003 non-owner occupied Class 2 properties saw an average tax increase of \$111.

Table 9.4 (page 70)

If the EHEA is not reenacted the average homeowner increase will be \$443 in 2006.

Table 9.5 (page 72)

If the EHEA is not reenacted, the average non-homeowner residential property will save \$140.

Table 13.4 (page 93)

If the EHEA is reenacted without the \$20,000 cap, homeowners will save an average of \$649.

Table 13.5 (page 95)

If the EHEA is reenacted without the \$20,000 cap, non-homeowner residential properties would pay an average of \$133 more.

Winnetka (North Triad) -- A municipality with a heavily residential tax base, and high valued homes.

From table 1.2 (page 3)

The average household income was \$167,458 and the median house value \$756,500. There are 4,711 class 2 (residential) parcels of which 3,567 were owner occupied (EHEA eligible).

Of the 3,567 homeowner parcels in 2004: 245 received the minimum \$5,000 EHEA exemption (72 were recipients of the Senior Freeze) and 3,034 received the maximum \$20,000 EHEA. The average EHEA was \$18,886. Overall 71 percent of all Class 2 parcels received an exemption greater than the minimum, a proxy for residential properties whose taxes declined.

Table 2.2 (page 21)

The Winnetka tax rate rose 4 percent (from .900 to .936) because of the EHEA.

Table 4.6 (page 42)

In 2004 homeowners saved an average of \$115.

Table 4.7 (page 45)

In 2004 non-owner occupied Class 2 properties saw an average tax increase of \$602.

Table 9.6 (page 74)

If the EHEA is not reenacted the average homeowner increase will be \$69 in 2007.

Table 9.7 (page 77)

If the EHEA is not reenacted, the average non-homeowner residential property will save \$429.

Table 13.6 (page 97)

If the EHEA is reenacted without the \$20,000 cap, homeowners will save an average of \$834.

Table 13.7 (page 100)

If the EHEA is reenacted without the \$20,000 cap, non-homeowner residential properties pay an average of \$1,184 more.

Bedford Park (South Triad) -- A municipality with a large non-residential property tax base.

From table 1.3 (page 4)

The average household income was \$49,722 and the median house value \$135,400. There are 811 class 2 (residential parcels) of which 201 were owner occupied (EHEA eligible).

Of the 201 homeowner parcels in 2005: 45 received the minimum \$5,000 EHEA exemption (more than half of these, 34, were recipients of the Senior Freeze) and 2 received the maximum \$20,000 EHEA. The average EHEA was \$12,216. Overall 19 percent of all Class 2 parcels received an exemption greater than the minimum, a proxy for residential properties whose taxes declined.

Table 2.2 (page 19)

The Bedford Park tax rate rose 0.2 percent (from 2.178 to 2.183) because of the EHEA in 2005.

Table 4.6 (page 42)

In 2005 homeowners saved an average of \$469.

Table 4.7 (page 45)

In 2005 non-owner occupied Class 2 properties saw an average tax increase of \$101.

Table 9.6 (page 74)

If the EHEA is not reenacted the average homeowner increase will be \$317 in 2008.

Table 9.7 (page 77)

If the EHEA is not reenacted, the average non-homeowner residential property will save \$64 in 2008

Table 13.6 (page 97)

If the EHEA is reenacted without the \$20,000 cap, homeowners will save an average of \$10 in 2008

Table 13.7 (page 100)

If the EHEA is reenacted without the \$20,000 cap, non-homeowner residential properties pay an average of \$8 more.