

# Zion Township Assessor's Office Newsletter

## SPRING 2009

FROM THE ASSESSOR...Larry Wicketts

**As your Assessor, 2009 is a difficult assessment year**, both in setting the values and explaining them. After months of non-stop news about the downturn in the real estate market, many property owners believe there has been a *severe* loss of value in their properties. Yet assessments generally are remaining stable or increasing up to 3% this year in Lake County. Despite the reports of housing values plunging downward, foreclosures being at an all time high, and homes simply not selling at seemingly any price, assessments continue to rise. *It is certainly hard to understand and is definitely a challenge to explain.*

**The explanation** lies in the methodology that Assessors are required to use. In Illinois, Assessors must use sales transactions from **the three years prior to the assessment date** (January 1<sup>st</sup> of each year) to determine property values for the entire township. **It is a methodology mandated by the State of Illinois Department of Revenue.** The rationale? By using three years of sales, year-to-year fluctuations of the market are softened. In recent years, this has generally kept assessments **below** the most current market value. So, even though assessments have gone up in recent years (and sometimes substantially), they have generally lagged behind the current market.

**Both the county and the state use this same methodology** to monitor and adjust township and county assessments so that values throughout the county and state are equitable. The formulas they use to measure accuracy and equity **always** include consideration of actual sales **over a three-year period, as required by law.** Therefore, when our office valued properties for January 1<sup>st</sup>, 2009, we were obligated to look back at the sales that took place during 2008, 2007, and 2006. And the County was required to adjust our assessments to an overall level of 33.33% based upon the sales from those same three years. **We cannot consider the 2009 sales until 2010.** The problem now – with a stagnating and/or declining market – is that values are still lagging behind the market, and in some cases may actually be over the current market; yet the three-year statistics say everything is where it should be. Obviously the methodology was designed for an appreciating market and has some serious flaws in a declining market.

What does all this mean? *Simply that there can be no immediate reduction of assessments based on all of the available data and the **current laws** that govern the process.* The market has slowed substantially. Some segments of the market are showing some decline, but it will take a consistent pattern of decline for more than one year before assessments overall can be adjusted downward. And that may or may not happen.

But if it does happen – and this is the most difficult thing to explain – **it does not mean that the property taxes will go down.** Property taxes pay for our local services: including schools, fire protection, libraries, municipalities, police, parks and forest preserves. If these local taxing bodies continue to increase spending, property taxes will increase regardless of what assessments do, because assessments do not create the tax burden - they only distribute it.

My office is painfully aware of the challenges being faced by those who are trying to sell their home in this very difficult market. We will continue to closely monitor the sales activity in Zion Township, adjusting assessments based on the market. **But, we must follow the directives of the Illinois Department of Revenue and the law as defined in the Illinois Property Tax Code.**

**I cannot change the property tax law. Only our state leaders can do that.**