

## COMMENTARY

# Renew, expand homeowner exemption

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Three years ago, Chicago homeowners reeling from the 2003 city property reassessment waited nervously throughout the winter and spring for the Illinois General Assembly to act on property tax relief. The legislature finally passed the 7 Percent Expanded Homeowners Exemption in July 2004.

Seeking to limit the rise in taxable property value to 7 percent annually -- hence the name -- the law increased the homeowner exemption from \$5,000 in assessed value to a maximum of \$20,000, depending on the property value and size of the reassessment.

As a result, tens of thousands of homeowners were shielded from a sudden, potentially unaffordable surge in their property taxes.

Now the original 7 Percent Expanded Homeowners Exemption has expired, and anxious homeowners in Chicago again wait for the General Assembly to act. Though the median assessment increase in North Side neighborhoods from the 2006 reassessment was 38 percent, down from the 43 percent in 2003, it was still substantial. Furthermore the 2006 reassessment confronted many neighborhoods on the South and West Sides of Chicago with dramatic increases for the first time.

Action by the General Assembly is urgently needed, before this situation explodes into a crisis, but not all bills in Springfield to renew the 7 percent exemption are the same. The primary Senate version increases the exemption limit to \$60,000; the main House bill maintains the existing \$20,000 maximum.

Based on figures from the Civic Federation, many homeowners in North Side neighborhoods in Chicago qualified for the maximum \$20,000 exemption due to the huge increases in property value they experienced during the 2003 reassessment -- likely between one-third and one-half of all homeowners. By failing to increase the exemption above \$20,000, the House bill would provide no help to those taxpayers this time around.

While a \$60,000 exemption limit might seem to reward primarily the well-off who own expensive property, in fact many long-time residents of modest means throughout Chicago will benefit. It is not fair to penalize people who have lived in and cared for their neighborhoods for decades, helping to bring about the revitalization and popularity of these communities that is largely responsible for increased property values. In addition

rising property taxes make it more and more difficult for young people to purchase homes in their chosen communities.

We strongly favor renewal of the 7 Percent Expanded Homeowner Exemption with an increase in the exemption limit from \$20,000 to \$60,000.

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