

There is a difference between the valuation date used for the basis of your assessment and today's value based on current market conditions. The valuation date for assessment purposes is January 1. As we all know the real estate market is much different in the past two years. The difference in property values in this period can cause misunderstanding between the assessed value and the current market value.

Today's market value

A current appraisal to support a purchase or a loan will use the most recent comparable sales information to estimate market value. From 2009 and into 2010, there is a significant decrease in the number of sales and the sale prices are decreasing too. A current appraisal will capture this downturn in the market and base the opinion of value upon these sales.

Valuation date

According to Illinois law, the valuation date for assessment purposes is January 1 of a given year. Valuation date is also known as the assessment date. For assessment purposes, this type of appraisal is known as a retrospective appraisal. Assessors estimate value as of a given date, the assessment date, and we use comparable sales from transactions that occurred prior to the assessment date.

Preceding 3 years of sales

As prescribed by the State, assessors use 3 years of sales preceding the assessment date to estimate market value. For 2010 valuations, we are required to use 2007, 2008, and 2009 sales. In the assessment process, we do not predict the value in the future; rather we use factual evidence from the past. It is impossible to appraise all the property in the Township using the current year sale data because it would delay the entire tax cycle.

Pros and Cons

There are several advantages to using 3 years of sale data. First, there are more comparables sales to analyze. Second, peaks and valleys in the market are smoothed and evened. Third, it provides a relatively stable tax base. There are disadvantage too. First, it does not react fast enough to changes in the market – especially in today's decreasing market. Second, it creates a gap between assessed value vs. current market value. Third, it causes additional confusion to the already complicated tax process.

“Assessment lag”

The difference in today's market value and the assessed value is sometimes referred to as an assessment lag. Again, for assessment purposes we use sales from January 1, 2007 through December 31, 2009. The middle (median) date is July 1, 2008. Looking back, we can all agree July 2008 the real estate market was in turmoil. Assessed values are still reacting to the market values as shown in the 3 year time frame. 2010 sales still have not affected the assessed values.

Effects to assessed value

The 2008 and 2009 sales and the decreasing sale prices will have a long lasting effect on assessed values. Overall, assessed value should follow the market, albeit slowly, and assessed value should decrease. Sales occurring in 2008 will affect 2009 2010 and 2011 assessed value. Should the real estate market recover and values increase, assessed value will increase but at a slower rate.

What can you do?

Every taxpayer should ensure their real estate assessment is fair and reasonable. There is an enormous amount of information available on the internet at the Lake County web site www.lakecountyil.gov. Your assessment should be reasonably accurate to the market value as of January 1. Your assessment should also be equitable or uniform, compared to similar homes in your neighborhood. Most of the information needed to determine the fairness and accuracy of your assessment can also be obtained at your local Assessor's office.

Contact your Assessor

If you believe your assessment is not fair and reasonable, discuss your assessment with your Assessor before filing an appeal with the Lake County Board of Review. Often times the issue can be resolved without filing an appeal. However, you have only 30 days from the publication date to file your appeal.