



Vacancy Requests in the Assessment Process

Cook County Assessor's Office
Assessor Fritz Kaegi

The Assessor's Office has a statutory duty to assess properties at market value (or "fair cash value," to use the language of the Illinois Property Tax Code) so that other governmental agencies can determine appropriate tax levies and rates.

Neighborhood groups, elected officials, chambers of commerce, and local residents often express concern that not all property owners are paying their fair share of property taxes. These concerns occasionally lead to questions about whether above-market rates of vacancy have been claimed, resulting in tax burden shifts that may not be appropriate. In addition, prior to May of 2020, the Assessor's Office did not make its vacancy policy publicly available, leading many to misunderstand how the Assessor applied it.

VACANCY refers to the portion of a property building (improvement) that is not subject to a lease or from which the owner/landlord is not receiving rental income. Land assessed value is not adjusted based on vacancy evidence.

Vacancy reduces the assessed value of a property, which may reduce the tax amount due on the property. Some level of commercial property vacancy is normal and expected. But, if some properties are being granted an excessive percentage of vacancy and gaining property tax relief, other property owners could be paying more of the property tax burden than they should be.

To address these concerns, the following provides information on how residential and commercial property vacancy in the Cook County Assessor's Office (CCAO) is handled for those seeking a revision in their assessed value due to vacancy and market considerations.

Residential Properties

For purposes of vacancy, Residential Properties include single-family homes, residential condominiums, and multi-family homes with 2 to 6 units. Apartments with more than 6 units are considered to be Commercial Properties (see following section).

Any reduction to a residential assessment as a result of vacancy will be recognized only in the event of a casualty.

Examples of a casualty include fire, flood and other natural disaster events. No more than 24 months of full or partial vacancy reduction will be tied to an individual event. If a property was uninhabitable in whole or part, please provide a description of the circumstance that caused the condition and the actions the homeowner, or taxpayer, is taking to remedy the condition.

Documentation required for residential property seeking a reduction for vacancy:

1. Vacancy/Occupancy Affidavit – a month-by-month summary of the vacant space in the subject building for the last twelve months;
2. Rent roll report that validates the vacancy claim where applicable, covering the twelve months at issue;
3. Proof of the property being marketed for rent or sale;
4. Utility bills, insurance claim document and other information validating the claim as required by the Assessor Appeal Rules;
5. Attorney Authorization Form (if applicable);
6. Photographs attesting to vacancy or the uninhabitable condition of property that are either dated or accompanied by an affidavit attesting to the date on which the photos were taken, and the condition of the property on such date and the period for which the vacancy is requested.

As set forth in the [Assessor's Appeal Rules](#), if documentation such as utility bills are not available for all months for the period in question, a taxpayer may submit an affidavit attesting to that fact while submitting all available documentation.

Commercial Properties

Any reduction to a commercial assessment as a result of vacancy will be recognized in the event that a building is not serving its intended use due to conditions outside the control of the property owner. No more than 24 months of full or partial vacancy reduction will be tied to an individual event. The CCAO recognizes three different types of vacancy as noted below.

- **Market-Related Vacancy:** An occupant-ready building where the property owner has made good faith efforts to lease/rent the property, but no lease has been signed.
- **Renovation-Related Vacancy:** Renovations where the entire building is not habitable due to an on-going renovation and the building is not producing any income.
- **Casualty-Related Vacancy:** Casualty such as fire, flood and other natural disaster events that are beyond the control of the property owner.

Market Related Vacancy

REQUIRED DOCUMENTS:

1. Vacancy/Occupancy Affidavit – a month-by-month summary of the vacant space in the subject building for the last twelve months
2. Rent roll report that validates the vacancy claim – covering the last twelve months
3. Proof of the property being marketed for rent or sale
4. Utility bills from the vacancy time period, insurance claim document and other information validating the claim as required by the Assessor Appeal Rules
5. Representatives Authority to Represent Form (if applicable, but not required)
6. Photographs attesting to vacancy or where applicable the uninhabitable condition of property, that are dated or are accompanied by an affidavit attesting to the date and the condition of the property on such date.



Renovation Related Vacancy

REQUIRED DOCUMENTS:

1. Vacancy/Occupancy Affidavit – a month-by-month summary of the vacant space in the subject building for the last twelve months
2. Utility bills from the vacancy time period, insurance claim document and other information validating the claim as required by the Assessor Appeal Rules
3. Representatives Authority to Represent Form (if applicable, but not required)
4. Photographs attesting to vacancy or where applicable the uninhabitable condition of property, that are dated or are accompanied by an affidavit attesting to the date and the condition of the property on such date.
5. Contractor's Statement of Work
6. Estimated Renovation Timeline
7. Municipality Issued Permits
8. General Contactor Name and Contact Number

Casualty-Related Vacancy

REQUIRED DOCUMENTS:

1. Vacancy/Occupancy Affidavit – a month-by-month summary of the vacant space in the subject building for the last twelve months
2. Utility bills from the vacancy time period, insurance claim document and other information validating the claim as required by the Assessor Appeal Rules
3. Representatives Authority to Represent Form (if applicable, but not required)
4. Photographs attesting to vacancy or where applicable the uninhabitable condition of property, that are dated or are accompanied by an affidavit attesting to the date and the condition of the property on such date.
5. Fire, Flood, or natural disaster report
6. Insurance claim documents (optional)

As set forth in the Assessor's Appeal Rules, if documentation such as utility bills are not available for all months for the period in question, a taxpayer may submit an affidavit attesting to that fact while submitting all available documentation.

Commercial assessment reduction as a result of a casualty event will be recognized. Examples of a casualty include fire, flood and other natural disaster events. If a property was uninhabitable in whole or part in the last twelve months, please provide a description of the circumstance that caused the condition and the actions being taken to remedy the situation. No more than 24 months of full or partial vacancy reduction will be tied to an individual event.

Please note: If the property is a newly constructed building within the last 12 months, please provide information on when the building was ready for occupancy, a copy of any municipal occupancy permit, complete the Vacancy/Occupancy Affidavit and provide information on any tenant incentives that are currently in place.

We also ask that you take note that the Cook County Assessor's Office income approach estimate of property value includes the use of a market vacancy factor.

Cook County Assessor's Office Review Process

1. Review the current estimate of the property's market value and assessed value
2. For commercial property, check the income approach valuation that was used in the initial assessed value determination and gather the amount of vacancy used in that calculation
3. Determine if property has an assessment value that already represents an additional vacancy revision from a prior tax year. If the current assessed value already accounts for vacancy, a decision will be made whether any further vacancy reduction is appropriate.
4. Review all information supplied
5. Determine if any additional vacancy reduction is appropriate in view of evidence, adjust the current year assessed value

Example calculation for Market Related Vacancy & Renovation Related Vacancy:

Current assessed value of the building for a subject property is \$1,000,000.

Total Rentable Area in Building	100,000 s.f.
Weighted Annual Vacancy	60%
Half of the Weighted Annual Vacancy	30%
Less: Initial Valuation Vacancy	10%
Final Vacancy Adjustment (on building only)	20%

Assume the subject property experienced a 10% vacancy factor in the initial valuation. Vacancy adjustment factor will be one-half of the weighted vacancy or in our instance 60% vacancy, times 50% which equals 30%, less the vacancy used in the initial valuation (10%), meaning an additional 20% reduction in the subject building's assessed value in this case. Here is another view of the calculation: Bldg. AV of \$1,000,000 X (1-.20) = \$800,000 revised assessed value for the subject building accounting for the additional vacancy reductions.



If the Assessor valuation utilized a sales comparison or cost approach valuation in determining the assessed value in question, the property assessed value will be reviewed for accuracy and a determination will be made if a vacancy reduction is appropriate.

Example calculation for Casualty-Related Vacancy

Current assessed value of the building for a subject property is \$1,000,000.

Total Rentable Area in Building	100,000 s.f.
Weighted Annual Vacancy	60%
Less: Initial Valuation Vacancy	10%
Final Vacancy Adjustment (on building only)	50%

Assume the subject property experienced a 10% vacancy factor in the initial valuation. **Vacancy adjustment factor is not applied**, meaning an additional 50% reduction in the subject building's assessed value in this case. Here is another view of the calculation: Bldg. AV of \$1,000,000 X (1-.50) = \$500,000 revised assessed value for the subject building accounting for the additional vacancy reductions. **Note: the Assessor does not grant more than 90% for a Final Vacancy Adjustment due to Casualty-Related events.**

If the Assessor valuation utilized a sales comparison or cost approach valuation in determining the assessed value in question, the property assessed value will be reviewed for accuracy and a determination will be made if a vacancy reduction is appropriate.