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Cook County Assessor Berrios Implements New State of the Art Residential Assessment Models

MacArthur-Funded Partnership Results in Breakthrough Improvements in Accuracy, Fairness and Efficiency of Assessment Practices

Chicago – July 9, 2015 – Cook County Assessor Joseph Berrios announced today that the Assessor's Office has implemented a new state-of-the-art residential assessment modeling technique that assesses the value of homes in different price ranges to improve accuracy.

The technique was developed to address 'regressivity,' which results in higher-priced homes being under-assessed. The initiative was fully funded by the John D. and Catherine T. MacArthur Foundation.

"It is important to regularly take a fresh look at assessment practices and that is why I am pleased our office entered into this partnership." Assessor Berrios said. "As a result, we created new assessment models ensuring the fairest and most accurate assessments possible. Good government is fair and its information clear. This continues our commitment to these principles."

Improvements include:

- ~ **Accuracy** – The new model increased accuracy by 50% over the existing model. The assessed values produced by the model are more reflective of what the homes' real market values are or what they would sell for.
- ~ **Fairness** – Measures of equity improved by 25%. For instance, adding a new bathroom may have a particular effect on the market price of a home, depending on the size of the home or the different neighborhoods in which it might be located. The study addressed and corrected the inequities that could result when assessing two different types of homes with different amenities.
- ~ **Efficiency** – The new process is easier to execute, with fewer steps, and the process is more transparent when requiring review.
- ~ **Perception** – The process is now more customized for individual neighborhoods.

The Assessor's analysts worked to ensure that homes were separated into multiple price segments and modeled separately. The new assessment model has shown not only statistical improvements with respect to regressivity, but also contributed to a more accurate and efficient assessment of residential properties.

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The increased ease of application, transparency and clear outputs of the new models have also made the process less costly, less likely to produce appeals and easier to administer. It is also easier to resolve disputes. The overall improvement in the assessment process was particularly important because of the upturn in the housing market and the increasing sale prices of residential properties.

In addition to the funding and support of the MacArthur Foundation, through a grant to the Local Initiatives Support Corporation (LISC), this initiative was undertaken in partnership with RW Ventures, LLC and University of Chicago Professor Christopher Berry. Professor Berry is Director of the Center for Municipal Finance at the U of C's Harris School of Public Policy.

"The Cook County Assessor's Office is one of the most sophisticated assessor's offices in the country and we were pleased to work with Assessor Berrios and his staff," said Robert Weissbourd, president of RW Ventures, LLC. "Assessor Berrios and his predecessor are to be credited for tackling the very difficult industry problem of regressivity in assessments. The team tested dozens of different approaches to develop state of the art models which substantially improve the assessment process by all measures."

"As a result of some relatively straightforward changes to the statistical model, the accuracy of the estimates improved more than I ever would have anticipated," Berry said. "Fixing regressivity is a much harder problem, from a statistical perspective, but I was pleased with our improvements on this dimension as well. No system is ever perfect but overall, the system is significantly more accurate, fairer and more transparent than ever before."

The support and funding of the John D. and Catherine T. MacArthur Foundation were key to the project.

"Assessor Berrios and his predecessor deserve enormous credit for their leadership and persistence in demanding a more sophisticated assessment model. The new model better reflects real property values and how they vary across Chicago's diverse neighborhoods," MacArthur Foundation President Julia Stasch said.