

2025 IAAO Legal Seminar

Property Taxation and the Law: Challenges and Solutions

Overassessments Underassessments: Mega-Mansion Valuations, Unrestrained Riparian Rights, & Country Club Challenges

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The “ad valorem” property tax is the foundation of local government in Illinois. It is essential that the administration of this property tax distribution be fair and equitable to ensure that all taxpayers pay their fair share of property taxes. Three case studies highlight complex issues involving underassessment and overassessment in Cook County, Illinois.

Case #1 examines the recent reassessment of lakefront mansions in 2025 by comparing them to the most recent sales in the area. A mansion listed for \$35 Million was valued at almost the same amount before the sale properly closed, tripling the valuation on the basis of speculation. In Case #2, a no-man’s-land area between legal parcel boundaries and the shoreline has been the site of encroachment onto public lands by private owners for decades. Private improvements and fences claim land from the public. Case #3 analyzes how an exclusive county club lost its beautiful shoreline on what was formerly an area of Lake Michigan to landfill by arrangement with the Chicago Park District. Since 1947, when this club was given 4.5 acres in exchange for its riparian rights, a significant area of its grounds has remained tax-free with millions of taxes on the line.

An underassessment or over assessment of one property, or an entire class of properties will result in unfair shifts of the tax burden between taxpayers. In addition to exploring these unique case studies, solutions are offered to attempt to remedy the issues of sales speculation, land encroachment, and unaccounted-for land.

Introduction

- I. Property Tax Overview
- II. Three case studies, challenges, and solutions
 - A. Mega-mansion valuations
 - i. Flaws in the Assessor's application of sales data
 - ii. Significant bases for property tax appeals
 - iii. Mega-mansions experience mega-reassessments and mega-reductions
 - B. Riparian encroachment
 - i. Audit reveals private beachfront property is untaxed public land
 - ii. Introduce redrawn parcels or remove private amenities
 - C. Country Club challenges
 - i. Private club is compensated with a quitclaim deed of public land
 - ii. Promote recognition of the deed's boundaries by all stakeholders
 - D. Unifying solution
 - i. Property tax assessments must not unfairly benefit or hinder
 - ii. Clerk and Assessor must work together on description and taxation

Case Study #1 – Valuation Challenges of Mega-Mansions

- I. Overassessment Overview
 - A. Location: New Trier Township, Cook County, IL - Neighborhood Code 171
 - B. Issue: A dearth of extreme upper-end sales, wide-ranging land values, and enthusiastic speculation spurred by housing ratings and inventory metrics, real estate news articles, has resulted in overassessments of numerous multi-million dollar mansions along the pristine waterfront of Lake Michigan
- II. Background
 - A. 16 billionaires reside in Cook County, IL
 - i. Net worths range from \$3.9 B to \$44.1 B
 - B. Incomes for communities along Cook County's suburban North Shore:
 - C. Median household incomes of \$250,000+
 - D. Average household incomes of \$405,000+
- III. Case Study
 - A. Subject Property - Sheridan Road Mansion
 - i. Assessment \$9.26M (2022) → \$34.86M (2025) - 277% increase
 - ii. Actual Sale (Sept 2025): \$31.25M
 - iii. Owed in taxes: \$215,818 → \$813,394 (reduced to \$723,257 on appeal)

- IV. Neighborhood Code 171
 - A. Limited sales data: 15 actual sales (2022-2024)
 - i. Median (2022-2024) \$6.3M vs. assessor (2025) median \$7.78M (24% overassessment)
 - B. Mega-Reassessments 37 properties assessed in 2025 above \$12M
 - i. Highest actual sales (2022-2024):
 - a) 4 properties sold between \$10-12 M
 - b) 4 properties sold for \$7 M
 - c) 7 properties sold for \$6 M
 - d) 15 properties sold for \$5 M
 - e) 43 properties sold for \$4 M
 - C. Land Market Value per SF increased by 50% since last triennial reassessment
 - i. LMV/SF: \$75 in 2025
 - ii. LMV/SF: \$50 in 2022

- V. Assessor's Home Value Report Tool
 - A. "This map shows your home along with five sales that an algorithm identified as being significant for the model's estimate of your home's value."
 - B. Contradiction: cited comparables \$3 M-\$6.28 M, assessed at \$34.86 M (5-10x)

- VI. Mega-Mansions achieve Mega-Reductions
 - A. 17,367 single family homes are in New Trier
 - B. 460 homeowners with mega-mansions valued by the Cook County Assessor at \$4 M - \$34 M represent the top tier 3% of all homes in New Trier Township
 - i. Their triennial reassessment increased on average 71%
 - ii. 349 of the 460 homeowners, 76%, appealed to the Assessor
 - iii. 136 of the 349 appeals, 39%, were successful
 - iv. The Assessor removed \$113 M in total market value, \$3.1 M in property tax savings
 - C. 374 of the 460 homeowners, 81%, have filed at the Board of Review
 - i. Results pending
 - D. Subject property - 685 Ardsley Rd, Winnetka
 - i. Assessment \$26.1M (2021) → \$6.5M (2025)
 - ii. Last purchase (2015): \$28M

- iii. Owed in taxes: \$349,194 (2024) → \$151,691 (reduced with appraisal on Assessor appeal 2025)
- iv. The Assessor increased SF 37% and reduced market value 62%

VII. Solutions

- A. 75%+ of homeowners with the highest-value homes filed appeals at the Cook County Assessor and Board of Review to seek lower assessments
- B. Apply nationally set IAAO assessment standards to achieve fair & equitable assessments
- C. Application of Illinois Department of Revenue (IDOR) Sales Ratio of third quarterlies, for sale value \$31.25 M multiplied by 9.29%, supports an assessment of \$29 M for the Sheridan Road mansion

Case Study #2 – Unrestrained Riparian Rights

I. Underassessment Overview

- A. Location: Michigan Avenue, Village of Wilmette, Cook County, IL
- B. Issue: 11 mansion owners in New Trier Township, Cook County, have slowly encroached on public lands for decades
 - i. Restricted access to the beach bluffs makes it difficult to discover added untaxed improvements
 - ii. Amenities have appeared on public land far beyond the legal description plat boundaries of the private parcels
 - iii. Riparian rights concerning access and use of waterfront properties at issue for property owners with near-lakefront properties that have undergone shoreline changes

II. "Block 999" Parcels - Untaxed Land in Private Use

- A. Two parcels: 05-27-999-001 and 05-26-999-001 (created by the GIS Department as "placeholders" in 2001 digital conversion)
- B. Not classified as parcels or right-of-ways; receive no tax bills
- C. Cover portions of 11 backyards between properties and Lake Michigan shoreline

III. Three Significant Encroachment Examples

- A. 1132 Michigan Ave: Garage, boat ramp, fencing with "dune restoration" signage
- B. 1126 Michigan Ave: Luxury beach house and spa
- C. 1100 Michigan Ave: Boat house and recreation room
 - i. Est. taxes owed since encroachment (2009-2025) = \$341,202

- IV. Evidence of Private Use
 - A. Aerial photos (1998 vs. 2024) show expansion onto untaxed land
 - B. Private property signage deters public access
 - C. No dunes separate properties from lakefront

- V. Extent of Encroachment
 - A. 6 legal descriptions show private lots of 26,400 to 27,900 SF for 160,800 SF
 - i. ~3.75 acres of land total
 - B. Public lands encroached on total 81,420 SF
 - i. ~1.9 acres of land total
 - C. Increasing the size of the private lots by ~50% to 242,220 SF total

- VI. Government Response Issues
 - A. Official statements (Feb 2022)
 - i. GIS Coordinator: "Block 999 used for polygons that were neither Parcels or right of ways... eventually county will review"
 - ii. Deputy Assessor: "PIN is just a placeholder... land receives no tax bill"
 - B. FOIA Requests (Aug & Oct 2025) - Village of Wilmette
 - i. Confirmed that no special use agreements or other arrangements were ever formalized between homeowners & the village

- VII. Legal Issues & Financial Impact
 - A. Tax Revenue Loss: \$3,346,579 (11 properties, 1999-2025 - 26 years)
 - B. Environmental: Encroachment on protected prairie grassland
 - C. Ownership: Legal status unclear - property owners vs. public lands

- VIII. Solutions
 - A. End public land encroachment
 - i. Remove the improvements and renew public access
 - ii. Parcel boundaries be redrawn
 - B. Government agencies which may have primary responsibility
 - i. The New Trier Township Assessor
 - ii. The Cook County Assessor
 - iii. The Village of Wilmette
 - iv. U.S. Army Corps of Engineers
 - v. Cook County Circuit Court
 - vi. Wilmette Park District

Case Study #3 – Country Club Challenges

- I. Underassessment Overview
 - A. Location: Berwyn & Foster, Edgewater, Chicago, IL
 - B. Issue: 4.5 acres (37% of club property) granted to the Saddle & Cycle Club in 1947 settlement with the Chicago never platted; untaxed for 78 years

- II. Saddle & Cycle Club (S&CC's)
 - A. "Founded as a bicycle club along the shores of Lake Michigan in 1895, the Saddle & Cycle Club has evolved into one of Chicago's most distinguished private clubs" - S&CC
 - B. As of 2022, member initiation fees are \$75,000
 - i. Additional annual member fee of \$7,980

- III. Settlement Timeline
 - A. 1928: S&CC sued to prevent Lake Shore Drive expansion cutting off lakefront access
 - B. 1931: S&CC gave up riparian rights; Chicago Park District agreed to build lagoon (never built)
 - C. 1947 Settlement: S&CC granted land extension (185 ft east on Foster, 275 ft east on Berwyn)
 - i. Chicago Park District quit-claimed "all right, title and interest"
 - ii. No plat recorded, no parcel created

- IV. Recent Maps
 - A. 2024 Tax Map: shows untaxed land as "Pt. of Lincoln Park"
 - i. no indication of missing parcel
 - B. 2022 Plat Map: shows outline of "West Boundary"
 - i. the only one of its kind in the area
 - ii. marks the additional land granted to the S&CC in 1947

- V. Untaxed Improvements
 - A. 7 Tennis courts
 - B. Golf course
 - C. Landscaping
 - D. Private fencing

- VI. Government Response
 - A. FOIA requests for property tax documents uncovered S&CC does not disclose the existence of the 4.5 acres

- B. Disclaimer concerning legal description of S&CC's property
 - i. "It is recommended that a full and complete legal description be secured and verified by legal counsel prior to use in any conveyance or other legal document"

VII. Financial Impact

- A. If the 4.5 acres of private country club land were valued at \$99.50 per square foot today, it would have a market value of \$19.4 million
 - i. With additional private and improved land taxes of \$412,274
- B. Estimated \$3.3 million in land taxes has been off the tax rolls since 1999
- C. Untaxed improvements

VIII. Solutions

- A. Outreach to government agencies
 - i. Cook County Assessor
 - ii. County Recordings Division
 - iii. County Geographic (GIS) Department
 - iv. City of Chicago Law Department
- B. The legal description from the 1947 Quit Claim Deed provides clear boundaries of the S&CC's property, and serves as a solid foundation for its claim of ownership and its ability to resolve boundary disputes consistently defined and legally recognized for nearly 80 years

Conclusion

The three case studies expose both overassessment and underassessment issues that have led to inequities and lost public revenue. In New Trier Township, mega-mansions along Lake Michigan face significant overassessment due to flawed valuation models and limited comparable sales, prompting widespread appeals and substantial tax corrections. These discrepancies highlight the need for consistent application of fair assessment metrics such as IAAO and IDOR guidelines. In Wilmette, mega-mansion owners have encroached onto public land for decades without taxation or formal agreements, resulting in lost revenue and unclear ownership boundaries. Meanwhile, in Chicago's Edgewater neighborhood, a prestigious country club has benefited from untaxed land granted in a 1947 settlement, with no recorded plat or parcel to capture nearly 40% of its property. Collectively, these cases expose the need for transparent, legally consistent property descriptions, coordinated oversight between

local agencies, and fair, enforceable assessment practices to ensure accountability and equity in the property tax system.