

Quantifying Social Costs Associated with Gentrification for Property Tax Appeal Adjudication

Cook County Board of Review

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Introduction

The following study utilizes geospatial technology to identify areas of Cook County experiencing rapid growth, gentrification, and decades of redlining that may be affecting property values and to see if accounting for social costs can be quantified and supported in a way that can be applied to property tax assessment review. This report will describe the scope of work and methodology used in the research as well as establish parameters that tax appeal analysts should consider when reviewing assessments and other evidence presented for appeal cases of properties located near areas of interest.

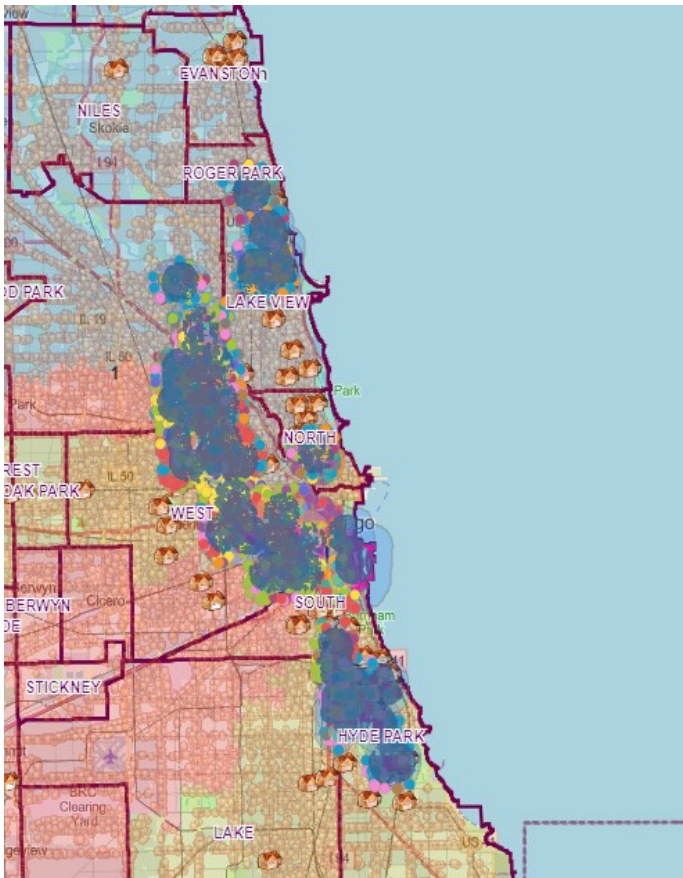
- Objectives and Research Questions

The objective of this study is to better understand market dynamics and tax assessment trends near and within gentrifying areas. This could help tax appeal analysts make more informed decisions and possibly account for changing demographics and challenges that may be presented in valuation and mass appraisal. The basic question this report hopes to address is what is the market impact of changing demographics and what are some ways we can help our analysts understand the concept of social costs and implement it to standard operating procedures for tax assessment reviews and adjudicating appeal cases.

- Project Scope and Significance of the Analysis

The geospatial analyst considered all properties within census tracts identified as gentrifying areas based on data from the 2020 census and those within a half mile buffer zone around the identified census blocks. This identified 186909 total parcels within the areas of interest, 18067 of these parcels had income approach to value data available that was used in the Cook County Assessor's mass valuation of the county. Basic assessment data including the age, size, design and utility of buildings, as well as sales and rental rates were reviewed in order to extract information, which may be helpful in establishing policy and parameters for analysts working in these areas.

The geospatial analyst developed a process to deliver information through a GIS web application that will help analysts and managers identify areas where demographic changes may have adverse consequences for legacy property owners. We encourage analysts to account for social costs and be more sensitive to considerations of root causes that may be making these markets volatile with wide ranges of sale prices within close proximity. The Board of Review is especially well suited for providing relief in these areas where The Cook County Assessor's mass appraisal approaches may not be able to account for the granular nature of the market. The Cook County Board of Review provides individual case by case consideration of properties under appeal and this research hopes to provide better understanding of the factors affecting these markets so our analysts can make decisions with confidence and accuracy.



Methodology

The basic geospatial project started with identifying gentrifying census track areas and analyzing differences in assessments & sale activity within/near the designated areas. This involved the following steps:

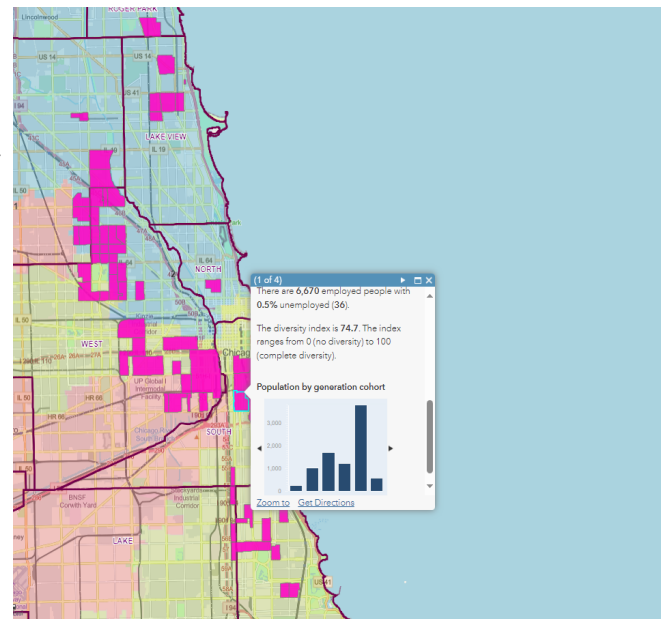
1. Data Collection:

- Obtained census tract data, property assessment data, and real estate sales data for the study area.
- Collect geospatial data, including boundaries of census tracts, property parcels, and distance of buffer zones.

2. Gentrification Area Identification:

- Used established criteria and indicators to identify gentrifying census tract areas based on factors such as disproportional population and income growth, property value appreciation, demographic changes, and housing market trends.
- Defined the boundaries of the gentrifying census tract areas.

The areas selected for this study were identified by social stats experts as having the hallmarks of economic gentrification based on 2020 census data and provided by ESRI Corporation through their Living Atlas. Cross-references and market studies confirmed these as hot spots for rapid economic changes in the county. High density of tax appeal history and wide ranges of sale prices are other indicators within the defined areas that establish a need for more detailed investigation in to the affected markets.



3. Buffer Zone Creation:

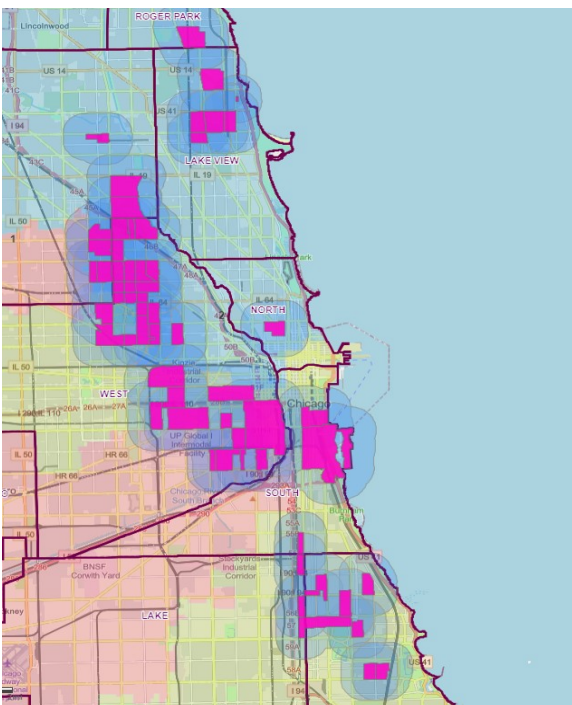
- Created a half-mile buffer zone around each of the designated gentrifying census tract areas using geospatial analysis tools. These tracts and buffer areas surrounding them were then used to extract the parcel shapes and associated assessment data from the official Cook County parcel and assessment data service layer.

The tract and buffer layers were also used to extract and separate relevant sales and additional assessment data provided as open data from the Cook County Assessor's Office.

These areas also serve as target zones for Board of Review Analysts who are participating in a data collection project to help establish potential gross rent multipliers for the areas .

These tracts and associated buffer zones are referred to as the AIO or Area of Interest throughout the report.

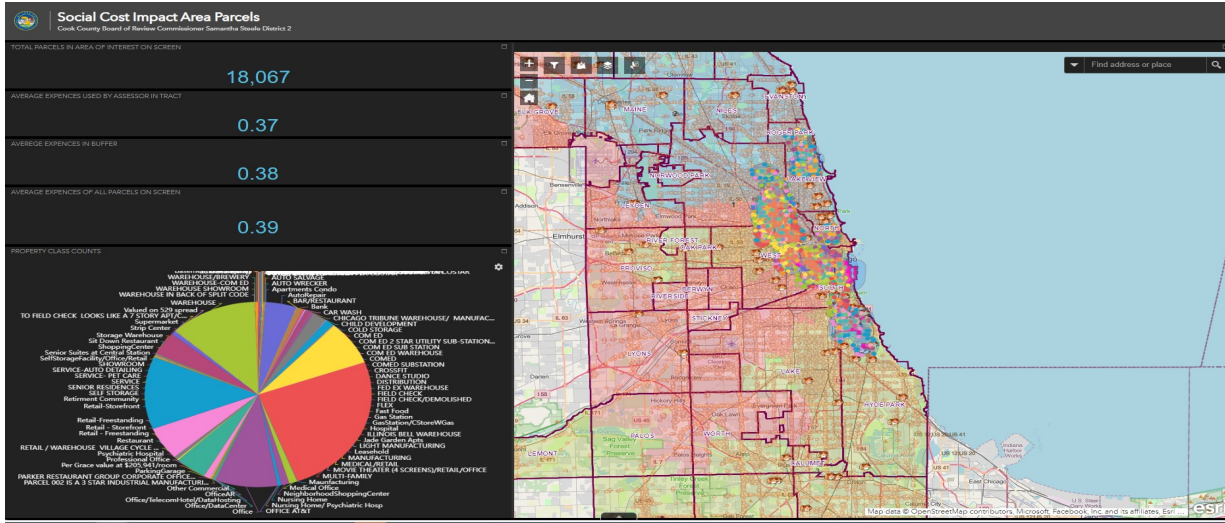
This layer was used for a GIS web application designed for analysts to have the ability to look up pin numbers for appeal cases they are working to determine if they are near or within the areas of interest.



4. Data Analysis:

- Compared property assessments and sale activity within the gentrifying census track areas against those within the buffer zones and larger market.
- Analyzed differences in assessment values, property sales prices, turnover rates, and other relevant metrics between the designated areas and the buffer zones. With the properties identified below the Cook County Assessor appears to be progressively increasing expenses used in their income capitalization approach as we get away from the areas of interest. This may be consideration for analysts and potentially a way of quantifying social cost.

5.



Spatial Analysis:

- Conducted spatial analysis to visualize and map the assessment values and sale activity within the gentrifying census track areas, buffer zones, and area at large for the purpose of comparison.
- Spatial statistics were used to identify significant patterns, clusters, or outliers in the data. The price per square foot of recent sales in each area is shown on the map as a label and the amount influences the size of each sale marker. This makes easier to identify data clusters and can guide filtering by property characteristics to help analysts determine what may be collative to higher or lower sales and establish which parts of the AOI and what property types have significant market activity as well as reviewing the work of the Cook County Assessor as shown on the map.

6. Statistical Analysis:

- Performed statistical analysis to quantify and compare the differences in assessments and sale activity between the designated areas and the buffer zones.
- Use statistical tests to determine if the differences observed are statistically significant or that indicate a lack of uniformity in the assessment data.



7. Interpretation of Results:

- Interpreting the findings to understand the impact of gentrification on property assessments and sale activity within the designated areas and buffer zones and discuss with colleagues to gain other perspectives.
- Identify any disparities or trends that may indicate varying levels of gentrification effects within the study area and the relationship to assessment data.

8. Recommendations:

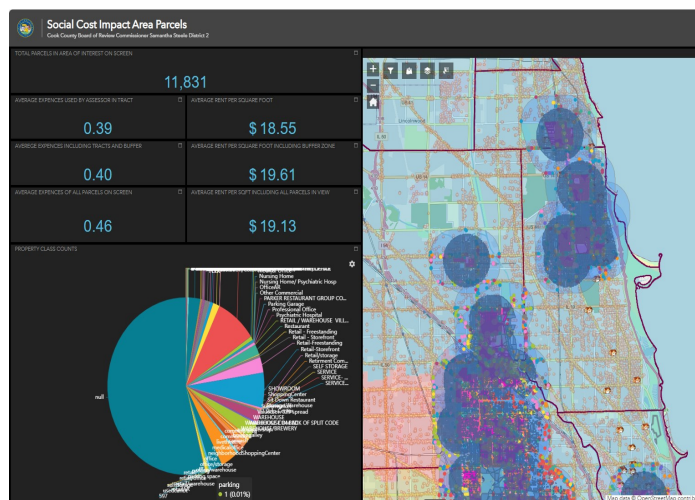
- Encourage Analysts to utilize the GIS search application to identify parcels that may be affected by gentrification. Provide tools within the application to add detailed sales data and add other information to the map. Provide automated links to street view imagery and other market and assessment data that can help to better inform decisions within the markets.
- Based on the analysis results, a possible solution to applying social costs to help maintain equitable assessments in gentrifying areas would be to encourage analysts to consider the average ranges of expenses or sales ratios used by the Cook County Assessor in surrounding areas. This is consistent with the principle of uniformity and could level the playing field for legacy property owners seeking relief at the Board of Review. Higher expense ratios reduce assessed values and could help to equalize assessments within gentrification tracts with stable surrounding markets. In most cases the expenses used by the assessor on commercial properties are less in the areas of interest than in surrounding areas, this is also true with sales ratios of single family homes and condos but all properties within the gentrifying tracts are not indicative of the prevailing trend and could be more in line with data clusters away from the hot spots or more like the stable surrounding markets for assessment purposes.
- Explore potential areas for further research or data collection to enhance understanding of gentrification dynamics and their impact on property assessments.
- Continue data collection for Gross Rent Multiplier study. Gross rent multipliers are very effective in accounting for properties left behind in markets that are seeing rapid rent increases due to existing leases being in place and desirability based on condition and amenities for small rental properties.

By following this methodology, the geospatial project effectively identified gentrifying census tract areas, analyzed differences in assessments and sale activity within buffer zones, and provided valuable insights into the effects of gentrification on property values and real estate transactions in the study area.

One of the most significant observations was that in general; The Cook County Assessor used lower expense ratios in the income capitalization based assessments nearer and within the gentrifying tracts. The adjusted income used by the assessor in the various areas did not seem to change significantly. This may be a result of assuming higher income or vacancies in these areas and while some properties that are changing hands and being advertised for sale and rent may indicate a trend upward it does not necessarily apply to legacy owner occupied properties or those that have not undergone major renovations who are not reaping the benefits of assumed potential value in the new emerging market.

One recommendation is to use the proportional average expense ratio from surrounding areas in the recalculation of an income approach value for commercial properties not experiencing the rise in the market within the areas of interest. This equalization process would increase the expenses used in calculating commercial and residential properties within the areas of interest, resulting in a lower overall assessment assuming all other metrics remain the same.

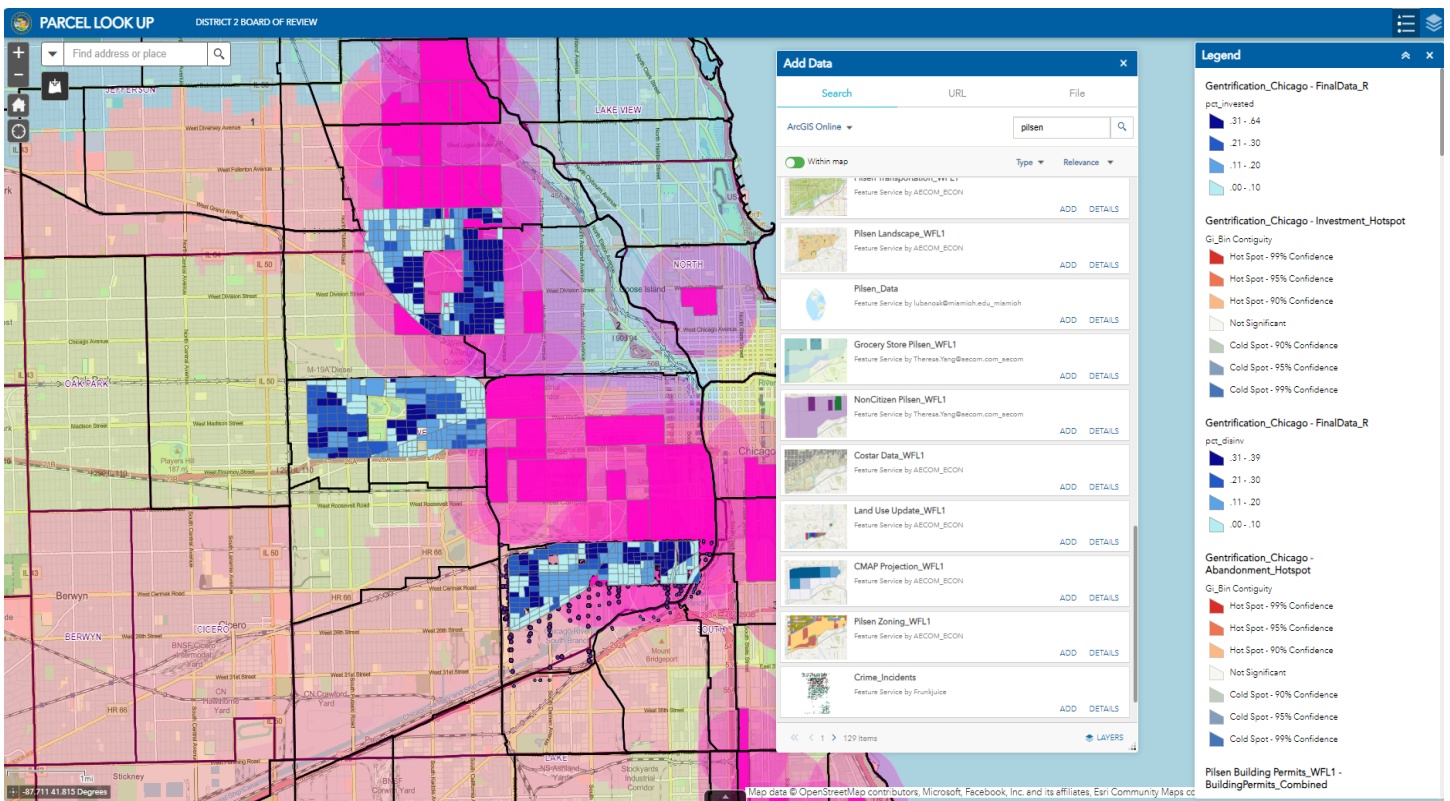
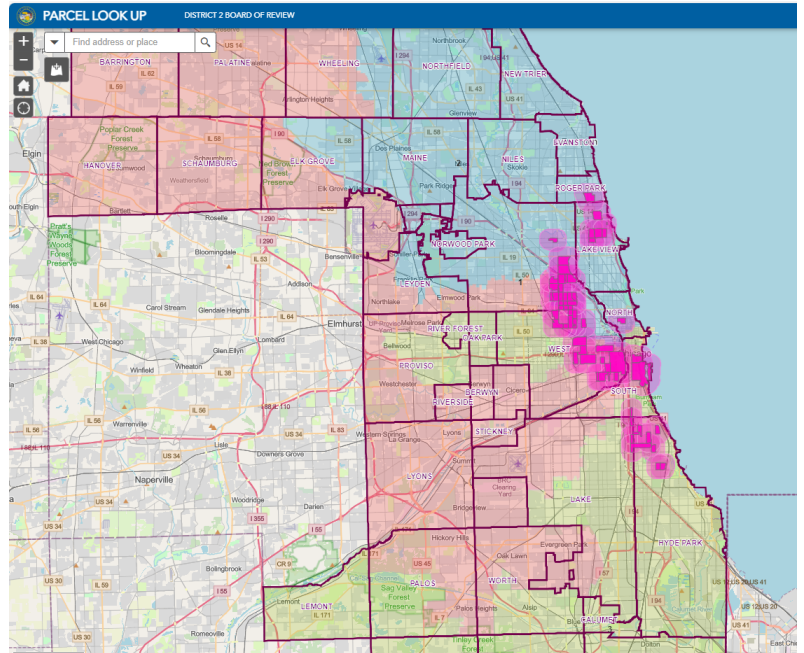
Based on equalization calculations in the different areas 15-20% of additional expense can easily be supported to quantify a social cost to commercial & residential properties within the context of uniformity of assessments under review, based on the judgment of the individual analyst.



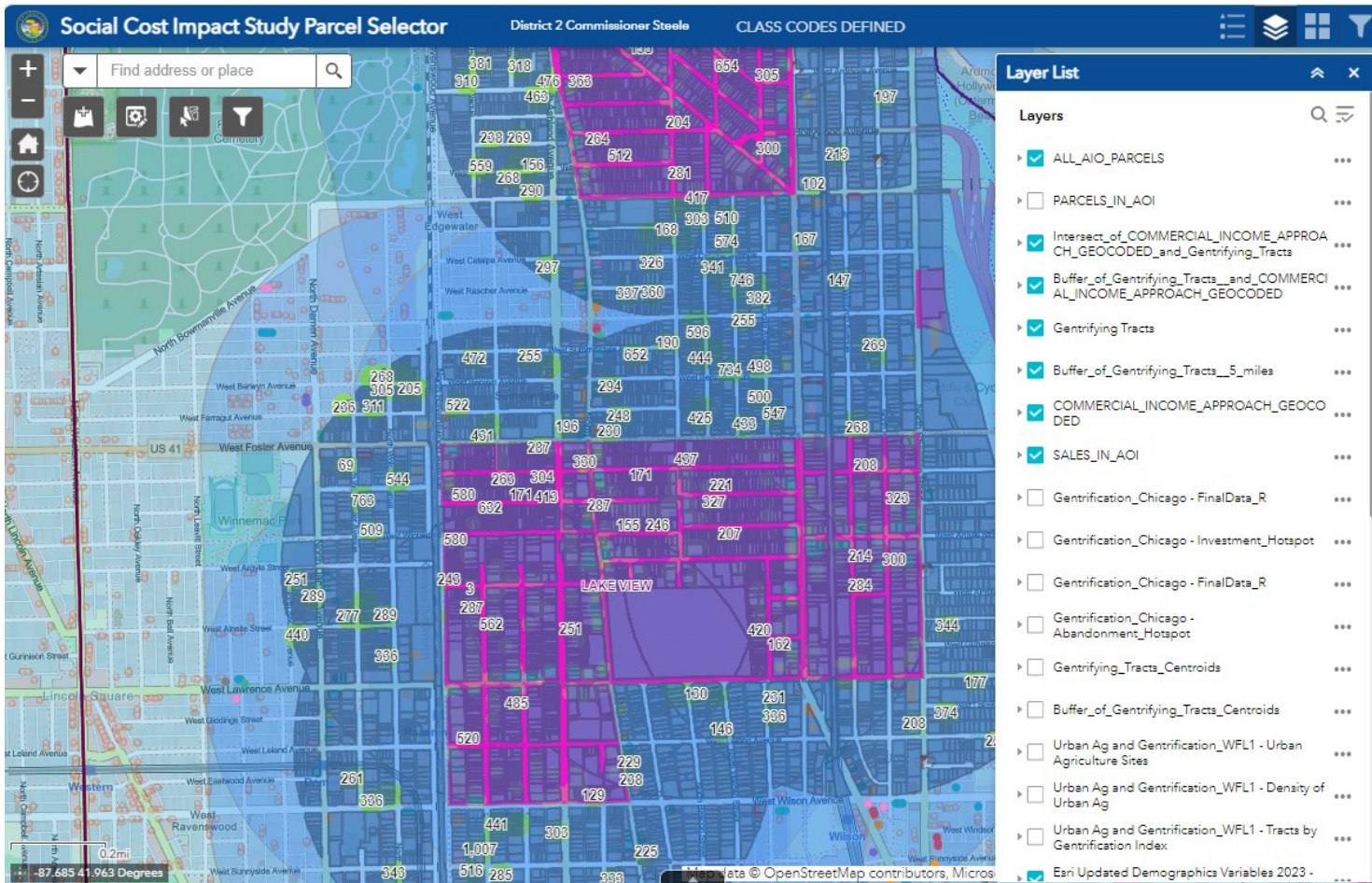
About the parcel pin lookup application.

[MAPPING APPLICATION LINK](#)

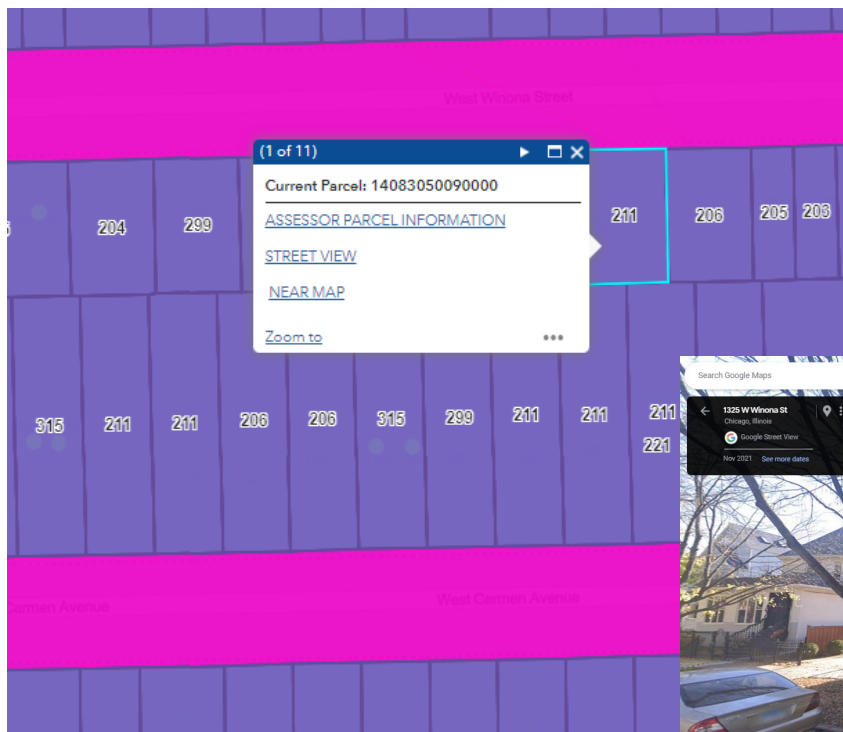
Users can search the county map by PIN number or address to determine if parcels being researched are in designated AOIs. Managers can also add appeal cases to the mapping application to strategically assign parcels known to be in areas of interest to an analyst who may be more familiar with emerging markets and effects of gentrification. Other geocoded data can also be added to the map that could help to better understand the co-existing different markets intermingled within these defined areas experiencing rapid change. These include sale history, zoning, vacant land sales, and building permit information, if available. All of this can be effective in researching property values and identifying trends in defined areas of interest.

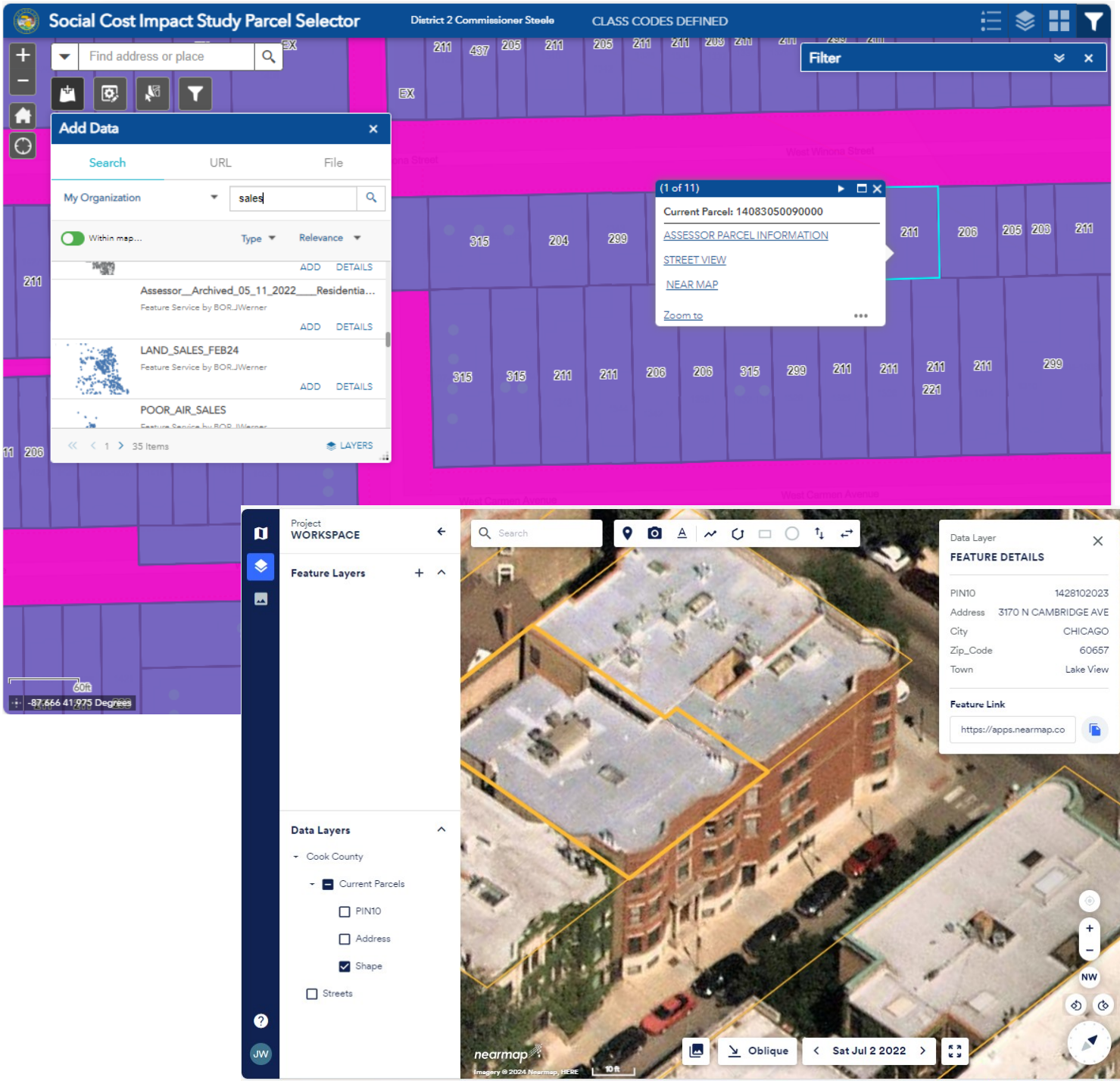


It is recommended that resources be spent collecting comprehensive rental data, and that more geospatial collaboration happen within the county and municipalities to provide the Board of Review more access to information like zoning history and proposed changes as well as updated building permit information, occupancy, tax rates, deductions, and tax incentive development areas as geospatial data.



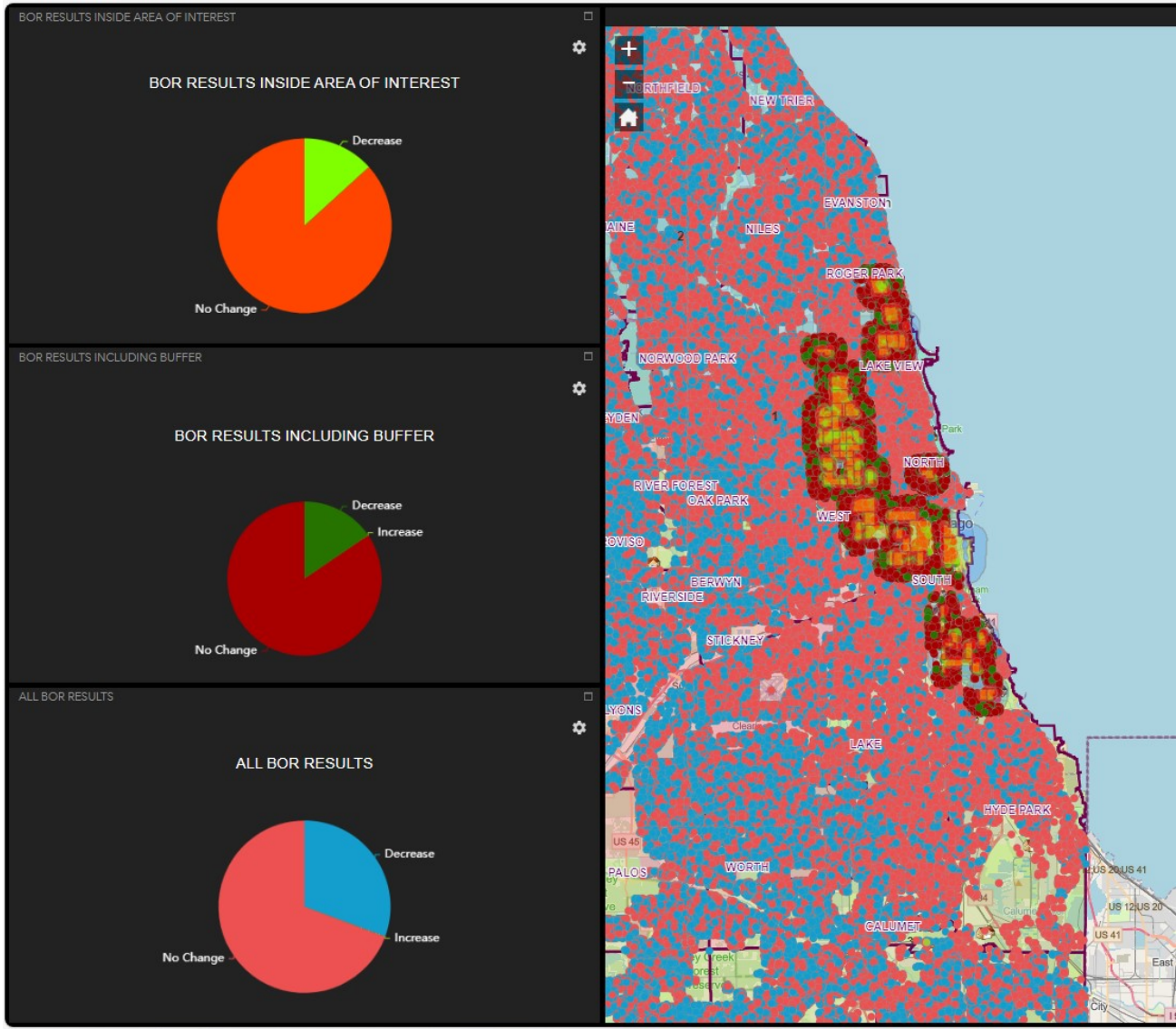
Direct links are provided for analysts to see Streetview images and Nearmap oblique imagery which can help identify different condition & designs in individual properties, and various sections of neighborhoods within the areas of interest.





Example of using the add data function along with an example of Nearmap imagery available to analysts through direct links within the look up application.

BOARD OF REVIEW RESULTS IN GENTRIFYING AREAS COMPARED TO SURROUNDING MARKETS



The data on the GIS dashboard indicates that there are a lower percent of appeals that resulted in decreases within the gentrifying areas, and a similar decrease rate within the buffer zones. When compared to the broader areas of Cook County, the rate of decreases in property tax appeals in both the gentrifying areas, and buffer zones is significantly lower than the county-wide average. (about half as much settled in gentrifying as the BOR county wide average).

This information highlights a trend where property tax appeals in gentrifying areas, and buffer zones are less likely to result in decreases compared to other areas in Cook County. This could be true for a variety of reasons but may also suggest that this is an area that may require more detailed review and better understanding of the market factors, and the different coexisting markets within the gentrification tracts.

Perhaps new tools created for conducting more detailed reviews in the areas of interest could offer more reductions by taking into account social costs and other factors so that property owners in the gentrifying tracts could have a similar chance of seeing a decrease as the rest of the county.

What can The Board of Review do to address social costs and establish parameters for adjudicating property tax appeals within gentrified areas?

1. **Social Cost Assessment:** The Board of Review can conduct a social cost assessment to quantify the impact of gentrification on long-time residents in gentrified areas. This assessment can help identify the specific challenges faced by residents due to rising property taxes, and provide data to inform decision-making on property tax appeals. Some of this was conducted as part of this research project, but additional research and input from others in the organization may have other opinions about the data presented and suggest other means of quantifying social cost.
2. **Establishing Criteria for Adjudicating Appeals in Target Areas:** The Board of Review can establish specific criteria for adjudicating property tax appeals in gentrified areas. This may include considering factors such as the length of residency, income levels, property value increases, and neighborhood changes when evaluating appeals from long-time residents.
3. **Differential Treatment for Long-Time Residents:** The Board of Review can implement differential treatment for long-time residents in gentrified areas when adjudicating property tax appeals. This may involve providing additional consideration or leniency for appeals from residents who have been living in the neighborhood for a significant period and are at risk of displacement due to rising property taxes.
4. **Community Input and Engagement:** Engaging with community organizations, residents, and stakeholders in gentrified areas can help the Board of Review better understand the social costs of gentrification, and incorporate community input into the adjudication process. Offering online surveys and public facing GIS maps can help to explain market factors can also help identify specific concerns and priorities of residents facing property tax challenges, and provide additional data to the Board of Review such as rent data, and questions about financing rates and terms common in the market.
5. **Transparency and Accountability:** The Board of Review can ensure transparency and accountability in the adjudication process by clearly communicating the criteria & parameters used to evaluate property tax appeals in gentrified areas. This can help build trust with residents and demonstrate a commitment to addressing social costs associated with gentrification.
6. **Data Analysis and Monitoring:** Regularly analyzing data on property tax appeals, outcomes, and trends in gentrified areas can help the Board of Review monitor the effectiveness of its adjudication process and make adjustments as needed to better address social costs and prevent displacement of long-time residents.

By implementing these strategies, the Cook County Board of Review can effectively compensate for social costs, establish parameters for adjudicating property tax appeals within gentrified areas, and ensure a fair & equitable process for residents facing challenges related to rising property taxes in and near gentrified neighborhoods.

OBSERVATIONS UNDERSCORING THE NEED FOR MORE GEOSPATIAL RESEARCH AND TRAINING AT THE BOARD OF REVIEW IN ORDER TO ADDRESS GENTRIFICATION IN THE MARKET

Geospatial analysis is a powerful tool in establishing parameters for adjudicating property tax appeals in gentrified areas, and identifying inequitable trends in assessments that could be mitigated. Here are some ways geospatial analysis can help in this process:

1. **Spatial Data Visualization:** Geospatial analysis can help visualize property tax assessment data on maps, allowing the Cook County Board of Review to identify spatial patterns, and trends in property assessments within gentrified areas. By visually representing assessment values, changes over time, and neighborhood characteristics, decision-makers can gain insights into areas that may require closer examination.
2. **Spatial Clustering Analysis:** Geospatial analysis techniques such as spatial clustering can help identify clusters of properties with similar assessment values or trends in gentrified areas. This can help the Board of Review pinpoint areas where property assessments may be disproportionately affecting long-time residents, and where mitigation measures may be needed.
3. **Hotspot Analysis:** Geospatial analysis can be used to conduct hotspot analysis to identify areas with high concentrations of property tax appeals or where social costs of gentrification are most pronounced. By identifying hotspots, the Board of Review can prioritize resources and interventions in areas where the impact of rising property taxes is most severe.
4. **Change Detection Analysis:** Geospatial analysis can facilitate change detection analysis to track changes in property assessments over time in gentrified areas. By comparing historical assessment data with current values, decision-makers can identify trends, anomalies, and disparities that may require mitigation measures to address social costs and prevent displacement.
5. **Spatial Regression Analysis:** Geospatial regression analysis can help establish relationships between property characteristics, neighborhood attributes, and property tax assessments in gentrified areas. By analyzing spatial patterns and correlations, the Board of Review can identify factors influencing assessment values and establish parameters for adjudicating property tax appeals.
6. **Spatial Equity Analysis:** Geospatial analysis can support spatial equity analysis to assess the fairness and equity of property tax assessments in gentrified areas. By examining spatial disparities in assessments and outcomes, decision-makers can identify areas where adjustments are needed to mitigate social costs and ensure a more equitable property tax system.

By leveraging geospatial analysis techniques, the Cook County Board of Review can enhance its decision-making process, establish parameters for adjudicating property tax appeals, and identify trends in assessments that could be mitigated to address the social costs of gentrification and protect long-time residents in gentrified areas.

Spatial Visualization of and stratification by property attributes.

The year built, condition, design grade, and other physical attributes of a property can be indicators for stratification, especially in the context of analyzing gentrification and neighborhood change. Here are some ways in which the physical characteristics of a property can serve as indicators for stratification:

1. **Historical Context**:

- The year built of a property provides historical context about the development of a neighborhood. Older properties may indicate the original character and architectural style of the area, while newer properties may suggest recent development and investment.

2. **Age of Housing Stock**:

- The age distribution of housing stock can reflect the socioeconomic history of a neighborhood. Older properties may be associated with lower-income residents or historical communities, while newer properties may signal gentrification and higher-income residents moving into the area.

3. **Gentrification Patterns**:

4. In gentrifying neighborhoods, the year built and design grade of properties can indicate the stages of gentrification. Older properties that are renovated or redeveloped may signal the influx of higher-income residents and the transformation of the neighborhood.

4. **Property Values**:

- The year built, design and condition of a property can influence its market value. Older properties with historical significance or unique features may command higher prices, while newer properties with modern amenities may attract a different demographic of buyers and could experience different levels of physical depreciation.

5. **Neighborhood Character**:

- The mix of old and new properties in a neighborhood can contribute to its overall character and appeal. The year built of properties can influence the neighborhood's aesthetic, architectural diversity, and sense of community identity. Some areas new construction may be more desirable with older properties being regarded as "old" or functionally obsolete or unworthy of renovation while other areas celebrate older housing stock as "historic" and worthy of preservation and modernization.

6. **Investment and Development**:

- Property age can be a factor in investment decisions and development projects. Developers may target older properties for renovation or adaptive reuse, while new construction projects can reshape the neighborhood's landscape and attract new residents.

7. **Housing Quality**:

8. The year built condition and design grade of a property can also be indicators of structural condition and maintenance needs. Older properties may require more maintenance and upgrades, while newer properties may offer modern amenities and energy-efficient features. Sometimes bringing older housing stock up to modern expectations requires major investment in renovations that legacy homeowners are unable to finance or afford.

8. **Policy Implications**:

- Understanding the distribution of physical attributes in a neighborhood can inform policy decisions related to preservation, urban planning, and affordable housing initiatives. The age of properties can influence zoning regulations, historic preservation efforts, and housing affordability strategies and affect the results of property tax appeals

Overall, the year built of a property can provide valuable insights into stratification, gentrification dynamics, neighborhood evolution, and housing market trends. Analyzing property age in conjunction with other socio-economic indicators can enhance the understanding of neighborhood change and inform strategies for equitable development and community planning.

NOTES ON PROPERTY TYPES INCLUDED IN THE STUDY

This report included review of all property types in or near areas of interest. Gentrification can impact different property use types in varying ways, and the effects may differ based on the specific characteristics of each property type. Here's a comparison of how gentrification may impact different property use types, including retail, office space, residential, and industrial properties:

1. **Residential Properties**:

- Residential properties are often at the forefront of gentrification, as higher-income residents move into previously lower-income neighborhoods. Gentrification in residential areas can lead to rising property values, increased demand for housing, and changes in the demographic composition of the neighborhood. Existing residents may face displacement due to increasing rents and property taxes.

2. **Retail Properties**:

- Gentrification can have mixed effects on retail properties. On one hand, the influx of higher-income residents can create a demand for upscale retail establishments, boutique shops, and trendy restaurants, leading to increased property values and commercial activity. However, long-standing local businesses may face challenges due to rising rents and changes in consumer preferences.

3. **Office Space**:

- Gentrification can attract businesses and startups to previously underdeveloped areas, leading to the revitalization of office spaces. The availability of affordable office space in gentrifying neighborhoods may appeal to creative industries, tech companies, and entrepreneurs. However, rising property values and rents can also pose challenges for small businesses and non-profit organizations. Abandonment of office spaces after the Covid-19 pandemic of 2020 has led to significant losses of value in this sector and has led to the City of Chicago and other municipalities proactively creating policy to encourage the conversion of these spaces into residential and mixed use buildings as we continue to see increasing demand and shortages of residential property availability.

4. **Industrial Properties**:

- Industrial properties may experience gentrification differently, depending on the location and zoning regulations. In some cases, industrial areas may be redeveloped for mixed-use or residential purposes, leading to the displacement of industrial businesses. Gentrification in industrial zones can impact job opportunities, land use patterns, and the availability of affordable industrial space.

5. **Mixed-Use Developments**:

- Gentrification often results in the development of mixed-use properties that combine residential, commercial, and retail spaces. Mixed-use developments can enhance the vibrancy and diversity of a neighborhood, offering amenities, services, and housing options in close proximity. However, concerns about affordability, displacement, and community character may arise.

While gentrification can impact all property use types, the effects may vary based on factors such as location, market demand, zoning regulations, and community engagement. It is essential to consider the unique characteristics of each property type and the specific context of the neighborhood when analyzing the impact of gentrification in the context of a property tax appeal. Other strategies for mitigating the negative effects of gentrification may include affordable housing initiatives, small business support programs, community benefits agreements, and inclusive development policies that prioritize equity and social sustainability.

ABOUT THE CENSUS DATA

Census data can provide valuable insights into the process of gentrification by capturing demographic changes, socioeconomic trends, and housing characteristics in a neighborhood or community. Here are some key indicators in census data that can help identify gentrification:

1. **Income Levels**:

- One of the primary indicators of gentrification is an increase in median household income in a neighborhood. Census data can show changes in income levels over time, highlighting the influx of higher-income residents into previously lower-income areas.

2. **Educational Attainment**:

- Gentrification often attracts residents with higher levels of education. Census data on educational attainment, such as the percentage of residents with college degrees or advanced degrees, can indicate the educational profile of the population undergoing gentrification.

3. **Occupation Types**:

- Changes in the occupational composition of a neighborhood can also signal gentrification. Census data can reveal shifts in the types of jobs held by residents, with an increase in white-collar professions and creative industries being common in gentrifying areas.

4. **Housing Costs**:

- Rising housing costs are a hallmark of gentrification. Census data on housing costs, including median rent, median home value, and the percentage of cost-burdened households, can show the affordability challenges faced by residents as a neighborhood gentrifies.

5. **Racial and Ethnic Composition**:

- Gentrification can lead to demographic changes, including shifts in the racial and ethnic composition of a neighborhood. Census data on race and ethnicity can reveal whether gentrification is associated with displacement or changes in the diversity of the population.

6. **Housing Tenure**:

- Changes in housing tenure, such as an increase in rental properties or a decrease in homeownership rates, can indicate the impact of gentrification on housing availability and affordability. Census data on housing tenure can show the distribution of renters and homeowners in gentrifying areas.

7. **Population Growth**:

- Gentrification often results in population growth as new residents move into the neighborhood. Census data on population changes, including population growth rates and migration patterns, can reflect the influx of newcomers and the displacement of existing residents.

8. **Neighborhood Amenities**:

- Gentrification is often accompanied by the development of new amenities, such as restaurants, shops, and cultural institutions. Census data on business establishments and community services can illustrate the transformation of a neighborhood into a more desirable and vibrant area.

By analyzing these indicators in census data, researchers and policymakers can assess the extent of gentrification in a neighborhood, understand its social and economic implications, and develop strategies to address the challenges of displacement, affordability, and community change associated with gentrification.

The Census Bureau provides a wealth of demographic, economic, and housing data that can be used to analyze gentrification trends at the census tract level. Here are some specific data sources and tools from the Census Bureau that can be helpful in identifying gentrifying census tract areas:

1. **American Community Survey (ACS)**: The ACS is an ongoing survey that provides detailed demographic, social, economic, and housing data for small geographic areas, including census tracts. By analyzing ACS data on income, education, housing tenure, and other variables over time, researchers can identify patterns of gentrification in specific census tract areas.
2. **Longitudinal Employer-Household Dynamics (LEHD)**: The LEHD program provides detailed local labor market statistics, including employment, earnings, and job flows, at the census tract level. This data can be used to assess changes in economic activity and employment patterns in gentrifying areas.
3. **Census Tract Boundaries and Shapefiles**: The Census Bureau provides shapefiles and boundary files for census tracts, which can be used in geospatial analysis to map and analyze gentrification trends. These shapefiles can be used in conjunction with other data sources to identify gentrifying areas.
4. **Census Data API**: The Census Data API allows users to access a wide range of Census Bureau data programmatically. Researchers can use the API to retrieve specific social statistics related to gentrification indicators, such as income levels, educational attainment, housing values, and demographic changes at the census tract level.
5. **Census Data Visualization Tools**: The Census Bureau offers data visualization tools, such as the Census Business Builder and OnTheMap, which can help researchers explore and analyze social statistics and demographic trends in gentrifying areas. These tools provide interactive maps and data visualizations that facilitate the identification of gentrification patterns.
6. **Local Area Unemployment Statistics (LAUS)**: The LAUS program provides monthly and annual employment, unemployment, and labor force data for census tracts and other geographic areas. This data can be useful in assessing economic changes and employment trends in gentrifying areas.

By utilizing these data sources and tools from the United States Census Bureau, researchers and policymakers can access valuable social statistics to identify census tract areas that are gentrifying and analyze the underlying demographic, economic, and housing dynamics driving gentrification in specific neighborhoods.

Other data sources :

[Chicago Vacant and Abandoned Buildings - Overview \(arcgis.com\)](https://www.arcgis.com)

Notes on the potential use of Gross Rent Multipliers

Gross Rent Multipliers (GRMs) can be a useful tool in adjudicating property tax appeals and assessing property values in gentrifying areas, including smaller apartment buildings with two to six units which are significantly represented in Cook County comprising the majority of structures in many neighborhoods. Here's how GRMs can be applied in the context of property tax appeals and valuation in gentrifying neighborhoods and why they would be an effective tool for appeal research.

1. **Property Valuation**:

- GRMs can provide a simple and effective method for estimating property values based on rental income. By multiplying the property's gross rental income by the appropriate GRM for the area, assessors can derive an approximate value for the property. This valuation approach is particularly relevant for smaller apartment buildings where rental income is a significant factor in determining property value.

2. **Comparative Analysis**:

3. GRMs allow for a comparative analysis of similar properties in the neighborhood. Analysts can use GRMs to compare the rental income and property values of two to six unit buildings in gentrifying areas with similar properties in the vicinity. This comparative approach helps ensure fair and equitable property assessments.

3. **Market Trends**:

- GRMs can reflect market trends and changes in rental demand within gentrifying neighborhoods. As property values and rental rates increase in these areas, GRMs may adjust accordingly to capture the changing dynamics of the real estate market. Assessors can use GRMs to stay informed about market trends and property performance in gentrifying areas.

4. **Income Approach to Valuation**:

- The income approach to valuation, which includes GRMs, is a common method used in property tax appeals. By considering the property's rental income and applying the appropriate GRM, assessors can determine the property's value based on its income-generating potential. This approach is particularly relevant for income-producing properties like small apartment buildings.

5. **Appeals Process**:

- Property owners can use GRMs as a tool to support their appeals against property tax assessments. If property owners believe that their assessments do not accurately reflect the property's income potential or market value, they can present GRMs and rental income data as evidence to support their case during the appeals process.

6. **Equitable Assessments**:

- Using GRMs in property tax appeals can help ensure that assessments are fair and equitable, especially in gentrifying areas where property values may be rapidly changing. GRMs provide a standardized method for assessing property values based on rental income, helping to avoid overvaluation or undervaluation of properties.

In summary, Gross Rent Multipliers can be a valuable tool in adjudicating property tax appeals and assessing property values in gentrifying areas, particularly for smaller apartment buildings with two to six units. By incorporating GRMs into the valuation process, analysts and property owners can make informed decisions about property assessments, tax appeals, and market trends in gentrifying neighborhoods.

Local governments can take several measures to address the issue of rising property taxes in gentrifying areas and prevent the displacement of long-time residents. Some of these strategies are already in place in Cook County and other jurisdictions and they include:

1. **Property Tax Relief Programs:** Implementing property tax relief programs specifically targeted at long-time residents in gentrifying areas can help alleviate the financial burden of rising property taxes. These programs may include tax abatements, exemptions, deferrals, or caps for eligible residents.
2. **Homestead Exemptions:** Establishing homestead exemptions can provide property tax relief to homeowners who use their property as their primary residence. This can help protect long-time residents from the impact of rising property values and taxes in gentrifying neighborhoods.
3. **Assessment Caps:** Implementing assessment caps or limits on how much property assessments can increase annually can help stabilize property tax bills for long-time residents in gentrifying areas. This can prevent sudden spikes in property taxes that may lead to displacement.
4. **Tax Increment Financing (TIF):** Utilizing tax increment financing can capture the increased property tax revenue generated by gentrification and reinvest it back into the community for affordable housing, infrastructure improvements, and community services. This can help mitigate the negative effects of rising property taxes on long-time residents.
5. **Affordable Housing Initiatives:** Investing in affordable housing initiatives, such as subsidized housing, rent control, inclusionary zoning, and community land trusts, can provide housing options for long-time residents at risk of displacement due to gentrification and rising property taxes.
6. **Community Engagement and Planning:** Engaging with residents, community organizations, and stakeholders in the planning and decision-making process can ensure that the needs and concerns of long-time residents are taken into account. Community-driven planning can lead to policies that prioritize housing affordability and prevent displacement.
7. **Anti-Displacement Strategies:** Implementing anti-displacement strategies, such as tenant protections, eviction prevention programs, and right-to-remain policies, can help safeguard long-time residents from being forced out of their homes due to gentrification and rising property taxes.

By implementing a combination of these strategies and policies, local governments can work to address the issue of rising property taxes in gentrifying areas and protect long-time residents from displacement, ensuring a more equitable and inclusive urban development process.