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Property Taxes in Chicago

Gentrification in Chicago Neighborhoods.

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Introduction

Property taxes in Chicago have been growing at a rate that surpasses inflation. In 2025, the percentage increase in property taxes exceeded 100% in some city neighborhoods. Property taxes have become a burden on homeowners, who mitigate the harm by raising their tenants' rents. Gentrification has become an accelerator of high property taxes and the displacement of many residents. Gentrification has revitalized neighborhoods by displacing long-time residents and their established community cultures.

Previously, one-time approaches to alleviate high property taxes have been implemented but have not had a long-term impact. In other states, successful implementations have resulted from the incorporation of circuit breakers. Circuit breakers are a program that limits property taxes based on income or if they exceed a certain percentage. City budget limitations restrict the ability to push bills that require funding, such as circuit breakers; therefore, other actions can be advocated for. The calls to action to support long-term impacts are to support community land trusts (CLTs), Small Area Fair Market Rents (SAMFRs), and the right to first refusal.

Gentrification

History

Gentrification and displacement have reshaped many neighborhoods across Chicago over the last three decades. Gentrification is the process by which people and developers with funding move into low-income communities to renovate and rebuild homes and businesses. This process often results in increased property values and the displacement of earlier, usually low-income residents.[1,2]

Dating back to years following World War II, the concept first emerged in the Old Town neighborhood and rapidly spread into the Lincoln Park neighborhood. Industrialization, racism, and urban renewal were removing Midwest popular cities and their historic neighborhoods off the map and sending middle-class whites to the suburbs. As North Town was renamed to Old

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[1] Lance Freeman, *Displacement or Succession? Residential Mobility in Gentrifying Neighborhoods,* 40 Urban Aff. Rev. 463-491 (2005). https://ds4ps.org/cpp-528-spr-2020/articles/gentrification/displacement-or-succession.pdf

[2] Kathe Newman & Elvin K. Wyly, *The Right to Stay Put, Revisited: Gentrification and Resistance to Displacement in New York City,* 43 Urb. Stud. 23 (2006), https://www.jstor.org/stable/43197378

Town, it became increasingly acquired by young, white professionals, as well as artists and people from countercultures who were buying old homes and renovating them.[3] This attracted suburbanites back into the city to visit the newly established cafes and bookstores, some even moving in. With popularity growing in Old Town, so did housing prices as people moved in, driving out original homebuyers into new neighborhoods.

Today, gentrification has reshaped various neighborhoods all across Chicago. Spreading from the North Side to the West Side and is now increasingly reshaping communities on the South Side. Neighborhoods such as Pilsen, Logan Square, Humboldt Park, and Bronzeville have experienced rising housing costs and major demographic changes as more residents move into historically working-class communities.[4] The effects of this process have disproportionately impacted low-income residents, who have often found themselves priced out of neighborhoods their families have lived in for generations.

Development can bring jobs and economic growth, but it also raises property values and rent, making it increasingly difficult for longtime residents to remain in their communities. Displacement extends to more than loss of housing, but also the loss of social networks and local businesses.

Property Tax Burden in Chicago

Further intensified by the heavy property tax burden in both Illinois and Chicago. Illinois consistently ranks among the states with the highest property taxes in the country. These taxes heavily fund local governments, schools, and public services.[5] In Chicago, property taxes are based largely on property values; as neighborhoods become more attractive to developers and wealthier residential assessments rise, so do tax bills. Longtime homeowners may suddenly find themselves paying thousands of dollars more each year despite living in the same home for decades.[6]

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[3] Daniel Kay Hertz, *Lincoln Park and the Complicated History of Gentrification in Chicago,* Planetizan (Jan. 22, 2019, 5:00 AM PST), https://www.planetizen.com/features/102490-lincoln-park-and-complicated-history-gentrification-chicago

[4] Nathalie P. Voorhees Ctr. for Neighborhood & Cmty. Improvement, Univ. of Ill. Chi., *The Socioeconomic Change of Chicago's Community Areas (1970-2010): Gentrification Index* (Oct. 14, 2017), https://voorheescenter.red.uic.edu/wp-content/uploads/sites/122/2017/10/Voorhees-Center-Gentrification-Index-Oct-14.pdf

[5] Tax Found., *Illinois.* https://taxfoundation.org/location/illinois/

[6] Ill. Const. Art. IX, § 4. https://lrb.ilga.gov/Commission/lrb/con9.htm

The structure of Chicago's property tax system helps explain the increases. Cook County property taxes rose by approximately $614 million, reaching $16.7 billion in 2022.[7] The increase affected both residential and commercial properties, homeowners absorbed the majority of the burden. At the same time, several factors can make property tax bills go up, including the way the city reassesses how much homes are worth and decisions by the city to raise more money for public services.[8,9] Though taxes do not cause gentrification, they go up when neighborhoods like Pilsen or Rogers Park become more popular, the demand for housing increases, home values rise, and that leads to higher property taxes for the people living there. Rising tax bills operate as a warning signal that gentrification is happening there.

Risk of Displaced neighborhoods

Voorhees Gentrification Index identifies areas at risk of gentrification. Key findings from their 2026 Gentrification Index Report indicate that the distribution and geography of index scores across community areas remain similar to 2010. From 2010 to 2019, the percentage of community areas with gentrification index scores: above zero decreased from 40% to 38%, and below zero increased from 60% to 62%. Communities with high scores include areas near the Loop, North Side, and Far North Side.[10]

From the Urban Displacement Project's 2025 map, the area's most at risk and/or currently facing gentrification include: Edgewater, Avondale, Logan Square, West, Town, Humboldt Park and Lower West Side.[11]Another area at risk of gentrification is the Pilsen neighborhood, which has become increasingly gentrified over the past 20 years as low-income residents have been displaced by wealthier individuals moving to the area. Housing costs have increased with new developments and higher demand stemming from the influx of new residents willing to pay

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[7] Mina Bloom, *Longtime Residents in Gentrifying Areas Battle Huge Property Tax Increases: "We Don't Want To Leave",* Block Club Chi. (Jan 3, 2023, 5:00 AM), https://blockclubchicago.org/2023/01/03/longtime-residents-in-gentrifying-areas-battle-huge-property-tax-increases-we-dont-want-to-leave/

[8] 35 Ill. Comp. Stat. 200/9-145 (2025). https://www.ilga.gov/documents/legislation/ilcs/documents/003502000K9-145.htm

[9] Cook Cnty. Assessor's Off., *About the Cook County Assessor's Office,* https://www.cookcountyassessoril.gov/about-cook-county-assessors-offi,ce

[10] UIUC College of Urban Planning and Public Affairs,*Voorhees Gentrification Index Released.* https://cuppa.uic.edu/news-stories/voorhees-gentrification-index-released/ (last visited July 22, 2026).

[11] Karen Chapple, Tim Thomas & Miriam Zuk, *Chicago – Gentrification and Displacement*, Urban Displacement Project (2026), https://www.urbandisplacement.org/maps/chicago-gentrification-and-displacement/. (last visited July 22, 2026).

higher prices for housing. While the median gross rent in 2000 was $820, that from 2017-2021 was $1,384, with both adjusted for inflation.[12] Data compiled by the American Community Survey, from surveys ranging between 2006-2010 and 2016-2020, highlights how across two decades the burden of these changes has increasingly fallen on low-income residents who have to spend a higher portion of household income on rent.[13]

Previous Approaches

In Chicago, high property taxes are putting homeowners at risk of losing their homes, and as rents rise, tenants will be exposed to displacement. In 2025, Cook County provided a one-time homeowner relief fund budget of $15 million, assisting households with $ 1,000 per approved applicant who experienced a 50% increase in their property taxes during tax years 2021-2023.[14]

A one-time relief is insufficient for what property owners are facing on their bills today. In the property tax year of 2025, South Side neighborhoods West Garfield Park and North Lawndale increased 133% and 99%, respectively. Commercial properties in the loop have decreased in value, reducing their property tax contributions.[15] The consequence of making up the loss has fallen on black and brown neighborhoods at risk of being gentrified, accelerating the process for developers to take over.

Circuit Breaker

As the high property taxes are becoming more aggressive in 2025, advocating for the circuit breaker bill in Illinois can mitigate the harm. A circuit breaker offers homeowners tax relief that corresponds to their income. When property taxes reach a certain percentage relative to income, they will be capped at that rate. Currently, 29 states have implemented circuit breakers.

Successful Circuit Breaker Implementation

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[12] The University of Chicago, Mapping Global Chicago, *Gentrification in Pilsen and its Impacts.* https://mappingglobalchicago.rcc.uchicago.edu/2023-elpaseo/gentrification/ (last visited July 22, 2026)

[13] The University of Chicago, Mapping Global Chicago, *Gentrification in Pilsen and its Impacts.* https://mappingglobalchicago.rcc.uchicago.edu/2023-elpaseo/gentrification/ (last visited July 22, 2026); U.S. Census Bureau, American Community Survey 5-Year Estimates Subject Tables.

[14] Cook County, *Cook County Homeowner Relief Fund Overview and Eligibility Checklist*. Cook Cnty. Gov't. (last visited July 12. 2026). https://www.cookcountyil.gov/content/cook-county-homeowner-relief-fund-overview-and-eligibility-checklist.

[15] Maria Pappas, *Loop's Declining Value Fuels Record 16.7% Jump in Median Property Tax Bill for Chicago Homeowners*. Cook Cnty. Treasurer's Off. Nov. 17. 2025. https://www.cookcountytreasurer.com/newsarticle.aspx?articleid=2158.

Minnesota's Homestead Credit Refund is one of the largest circuit breaker programs in the country. Their program is accessible to non-senior homeowners by casting a wide net for who qualifies. A regular fund is for income relative to property taxes, and the second is a special fund for property tax percentage increases.[16] The bar chart is ordered from highest to lowest, with low-income families paying the highest percentage of property taxes relative to their income and the wealthiest families paying the lowest. With the incorporation of circuit breakers, low-income families continue to pay at the highest rate, but it lessens the impact from 6% to 4%.[17]

Illinois Implementation

In February 2025, Cook County Assessor Fitz Kaegi announced the filing of a Senate and House bill proposing a circuit breaker program.[18] Senator Patrick Joyce of the 40th district filed SB1978, which was referred to the Senate Assignments Committee and never received a hearing or votes.[19] Representative Justin Slaughter of the 27th district filed HB3808 and was initially assigned to the revenue and finance committee, but was later referred back to rules in committee in March of 2025.[20]

These bills would have covered half of the property tax bill for homeowners who experienced a 25% annual property tax increase or a $500 increase, and had a household income not exceeding four times the federal poverty level.

In February 2026, SB3978 was reintroduced by Senator Patrick Joyce with language similar to the previous bills, and it remains in committee.[21] These three bills have faced pushback due to budget constraints and have failed to gain political support, leaving homeowners and tenants in Cook County in a precarious state.

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[16] Minn. Dep't of Revenue. *Homeowner's Homestead Credit Refund*. last updated Dec. 23. 2025. https://www.revenue.state.mn.us/homeowners-homestead-credit-refund.

[17] Carl Davis, Brakeyshia Samms, *Preventing an Overload: How Property Tax Circuit Breakers Promote Housing Affordability*. Inst. on Tax'n & Econ. Pol'y. May. 11. 2023. https://itep.org/property-tax-affordability-circuit-breaker-credits/.

[18] Cook Cnty. Assessor's Off., *Assessor Kaegi Announces Property Tax Relief Bill for Hard-hit Homeowners*. Cook Cnty. Assessor's Off. Feb. 13. 2025. https://www.cookcountyassessoril.gov/news/assessor-kaegi-announces-property-tax-relief-bill-hard-hit-homeowners.

[19] S.B. 1978, 104th Gen. Assemb., Reg. Sess. (Ill. 2025), https://www.billtrack50.com/billdetail/1823735 (last visited July 12, 2026).

[20] H.B. 3808, 104th Gen. Assemb., Reg. Sess. (Ill. 2025), https://www.billtrack50.com/billdetail/1825872 (last visited July 12, 2026).

[21] S.B. 3978, 104th Gen. Assemb., Reg. Sess. (Ill. 2026), https://www.billtrack50.com/billdetail/1966864 (last visi,breakerted July 12, 2026).

City's Budget Limitation

Tax relief and property tax circuit breakers offer targeted relief to vulnerable residents of the city of Chicago. However, any serious proposal must also address important limitations that it faces. One limitation is that Chicago's strained fiscal system relies heavily on property tax revenue to fund core public services. Despite the city's budget increasing by almost $4 billion over the last 6 years, city officials direct almost 46% of it straight into pensions and debt service.[22]

This means Chicago spends almost half of its budget on past promises, using money that could improve our cities and address current problems instead of obligations from the past. To put this into perspective, NYC allocates 17% of its budget to debt, and Los Angeles only 11%. Further, pension liabilities are increasing.[23] Illinois Governor J.B. Pritzker signed a pension "sweetener" that increases benefits for Tier 2 police and firefighters, moving them closer to Tier 1 levels. This change is projected to cost $52 million in the first year and add $11.1 billion in liabilities by 2055.[24] Currently, Chicago's police, firefighters, and municipal pension funds are only about 25% funded. [25]That means the city has only 25 cents saved for every $1 it promised.

Experts state that healthy pension systems should be about 90% funded. Simply put, adding a form of tax relief to our cities' neighborhoods to stop gentrification could reduce funding for teachers, cops, firefighters, and other government workers, including their pensions. However, circuit breakers provide more fiscal responsibility than all-out tax relief because they target specific communities. In this case, communities at risk of gentrification would receive relief only for qualifying low-income households facing the greatest tax burden, rather than for every homeowner, regardless of need. This specificity might be exactly what the city of Chicago

[22] Illinois Policy Inst., *Budget Black Hole: Pensions and Debt Devour Chicago Budget*, https://www.illinoispolicy.org/budget-black-hole-pensions-and-debt-devour-chicago-budget/ (last visited July 12, 2026).
[23] Illinois Policy Inst., *Budget Black Hole: Pensions and Debt Devour Chicago Budget*, https://www.illinoispolicy.org/budget-black-hole-pensions-and-debt-devour-chicago-budget/ (last visited July 15, 2026).
[24] Illinois Policy Inst., *Budget Black Hole: Pensions and Debt Devour Chicago Budget*, https://www.illinoispolicy.org/budget-black-hole-pensions-and-debt-devour-chicago-budget/ (last visited July 15, 2026).
[25] The Center Square, [Article Title], https://www.thecentersquare.com/illinois/article_5941215a-fee0-486a-8d56-f0a15751e943.html (last visited July 15, 2026).

needs to combat gentrification in its neighborhoods, while staying within its financial constraints. Circuit breakers would cost hundreds of millions of dollars, which is minimal compared to the billions of dollars in current debt.

Another problem with tax relief programs is that they can shift the tax burden onto other property owners or renters. In that case, local governments may impose higher effective taxes on newer buyers and landlords, which may then be passed on through higher rents or housing prices. This could hurt long-time residents by making it harder for them to buy new or older properties in these neighborhoods. It is also forcing people to move. Illinois and Chicago have been in decline as residents move out, and of those who left in 2024, 95% chose lower-tax states.

[26]Despite their limitations, property tax circuit breakers remain among the strongest and most practical solutions for addressing property tax stress in Chicago. They help specific people affected by gentrification in Chicago's neighborhoods, driven by property taxes and broader economic and housing forces. While they cannot solve every cause of gentrification or fully eliminate the city's broader fiscal challenges, they directly target one of the clearest pressures facing longtime residents: the fact that Chicago's property taxes grow faster than household incomes and inflation. This makes them more efficient and fiscally responsible than universal tax relief proposals.

Call to Action

Circuit Breaker Bill Advocacy

Although circuit breakers are a strong policy for reducing property taxes, encouraging their adoption is challenging due to their cost. Advocate for constituents in Chicago to call or email their senator or state representative in favor of the most recent circuit breaker bill, encouraging their sponsorship of SB3978. Constituent advocacy can influence the process of assigning the bill to a committee and scheduling a hearing when there is political pressure to prioritize the bill. Constructing pamphlets that inform constituents of what the bill will advocate for and provide a link to find their senators and representatives can initiate the process.

Community Land Trusts (CLTs)

[26] Illinois Policy Inst., *Chicago Property Taxes Jump, But Unevenly*, https://www.illinoispolicy.org/chicago-property-taxes-jump-but-unevenly/ (last visited July 15, 2026).

Community land trusts (CLTs) are nonprofits that hold land on behalf of communities facing rapid increases in property values, often tied to gentrification. These trusts typically rely on a mix of community donations and government subsidies to acquire land, which is then used for housing, recreational spaces, or local businesses. Successful examples include the Community Justice Land Trust (CJLT) in Philadelphia, the Houston Community Land Trust, the Northern California Community Land Trust, and more than 300 others across the United States. Still, CLTs face limitations: they require significant upfront funding, sustained organizational support, and are often excluded from government-funded homeowner assistance programs that could strengthen their impact. For CLTs to become a more viable long-term solution, they would need broader access to homeownership grants and stronger partnerships with local organizations to support both startup and ongoing operations. When paired with circuit breakers, CLTs can stabilize land ownership at the community level while circuit breakers provide immediate financial relief to individual residents.

Small Area Fair Market Rents (SAMFR)

Small area fair market rents (SAMFR) offer another way to address gentrification pressures. Traditional fair market rent (FMR), calculated by the U.S. Department of Housing and Urban Development (HUD), sets rent benchmarks at the metropolitan level by ZIP code. SAMFR works similarly but applies to smaller, more localized areas within a metro region. These benchmarks are used to determine the value of housing choice vouchers (HCV), also known as Section 8, which help low-income households afford housing. By more accurately reflecting neighborhood-level rents, SAMFR can help long-time residents with vouchers remain in place while also allowing new income-eligible households to move into these areas, supporting more balanced, mixed-income communities. When combined with circuit breakers, SAMFR helps create a stronger, more coordinated framework to reduce displacement and preserve neighborhood stability.

Right-of-first Refusal

Right-of-first-refusal policies allow tenant groups to purchase their building when it is put up for sale or converted into condominiums, before it reaches the open market. While similar in spirit to community land trusts, this approach operates on a smaller, building-by-building scale. In many places, this right is currently limited to nonprofit organizations, but cities like Washington, D.C., and San Francisco have implemented versions of these policies. Data from 2003 to 2013 suggests right-of-first-refusal laws have helped preserve nearly 1,400 units of affordable housing. When paired with circuit breakers, right-of-first-refusal policies not only help keep housing affordable but also give residents a more direct stake in ownership and neighborhood stability.

Conclusion

Gentrification in Chicago has threatened many neighborhoods. Those who have been displaced by it must adapt to a foreign environment and leave their story behind in a place they once called home. Low-income homeowners are forcefully displaced by rising taxes and economic restraints. Acquiring a home is an accomplishment, and maintaining it comes as a burden. Circuit breakers can provide relief to struggling homeowners, but the city budget limits support for the bill. Supporting the bill, Community Land Trusts, small-area fair market rents, and Right-of-first-refusal will prove to be a catalyst moving forward for neighborhoods to have a chance at revitalization with and for the community. Investing does not have to come at the expense of displacement.

CHICAGO APPLESEED CENTER FOR FAIR COURTS

Chicago Appleseed Center for Fair Courts is a collaborative 501(c)(3) non-profit organization advocating for fair, accessible, and anti-racist courts in Chicago, Cook County, and across the state of Illinois.

Chicago Council OF LAWYERS

The Chicago Council of Lawyers is Chicago's public interest bar association, advocating for the fair and effective administration of justice.

This report was researched and written collaboratively by the members of the Future Justice Lawyers of Chicago.

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