

# Nunda Township Assessor's Monthly Meeting Report

October 13, 2022



## The Housing Market Faces a Painful Correction

### Mission Statement

The Nunda Township Assessor's office mission is to administer the township assessment program in a manner that will result in public confidence, we will be diligent in our responsibilities, we will strive to deliver the highest degree of accuracy, productivity as well as fairness, all while continuing to be good financial stewards with the resources the taxpayers have entrusted us with, and always remembering it is the taxpayers we are here to serve.

### Prepared By

Mark S. Dzemske

Nunda Township Assessor

# Mark S. Dzemske C.I.A.O. - M

NUNDA TOWNSHIP ASSESSOR

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October 7, 2022

Leda Drain  
Joni Smith  
Johanna Donahue  
Rob Parrish  
Tim Parrish  
Karen Tynis

Re: Assessment Office September Monthly Activity Report

The 2022 assessment roll was certified to the McHenry County Supervisor of Assessments on August 24, 2022. The assessment roll was published on October 3, 2022. The assessment roll was subject to an equalization factor of 1.0666, which indicates that based on a three year average the townships level assessment was 31.25% the required level of assessment is 33.33. ( $.3333/.3125 = 1.0666$ ) The final filing date for any 2022 assessment appeals is November 2, 2022.

Sales activity for the period of July – September 2022 indicates a decrease in terms of volume -28% +/- . Qualified residential sales for July – September point to an average sale price of \$330,524, this is an increase of 6.74% from the same three-month period from 2021. (\$309,661) Year to date year-over-year sale prices reflect a 9.75% increase. (2022 \$324,115 / 2021 \$295,329)

604 building permits have been keyed for the period of July – September 2022. This points to an 8.24% increase over the same period in 2021. Year to date we have seen an 8.48% increase in keyed building permits over the 2021 level.

The township website has been updated with 206 photos and drawings for the month of September.

Additional information is presented on the following pages.

Please remember I am available for any questions or concerns.

Respectively submitted,  
*Mark S. Dzemske*  
Nunda Township Assessor  
CIAO –M

Office Support Staff Activity					
Nunda Township Sales Keyed / July – September					
Sale Year	2018	2019	2020	2021	2022
Parcels Transferred	338	293	372	499	245
Number of Sales	300	254	331	419	216
YTD Parcels Transferred	882	734	872	1216	858
YTD Number of Sales	750	627	784	1,025	733

Office Support Staff Activity				
Updates Office Generated				
July – September				
2018	2019	2020	2021	2022
104	162	172	231	132
Updates Office Generated YTD				
355	380	341	396	500

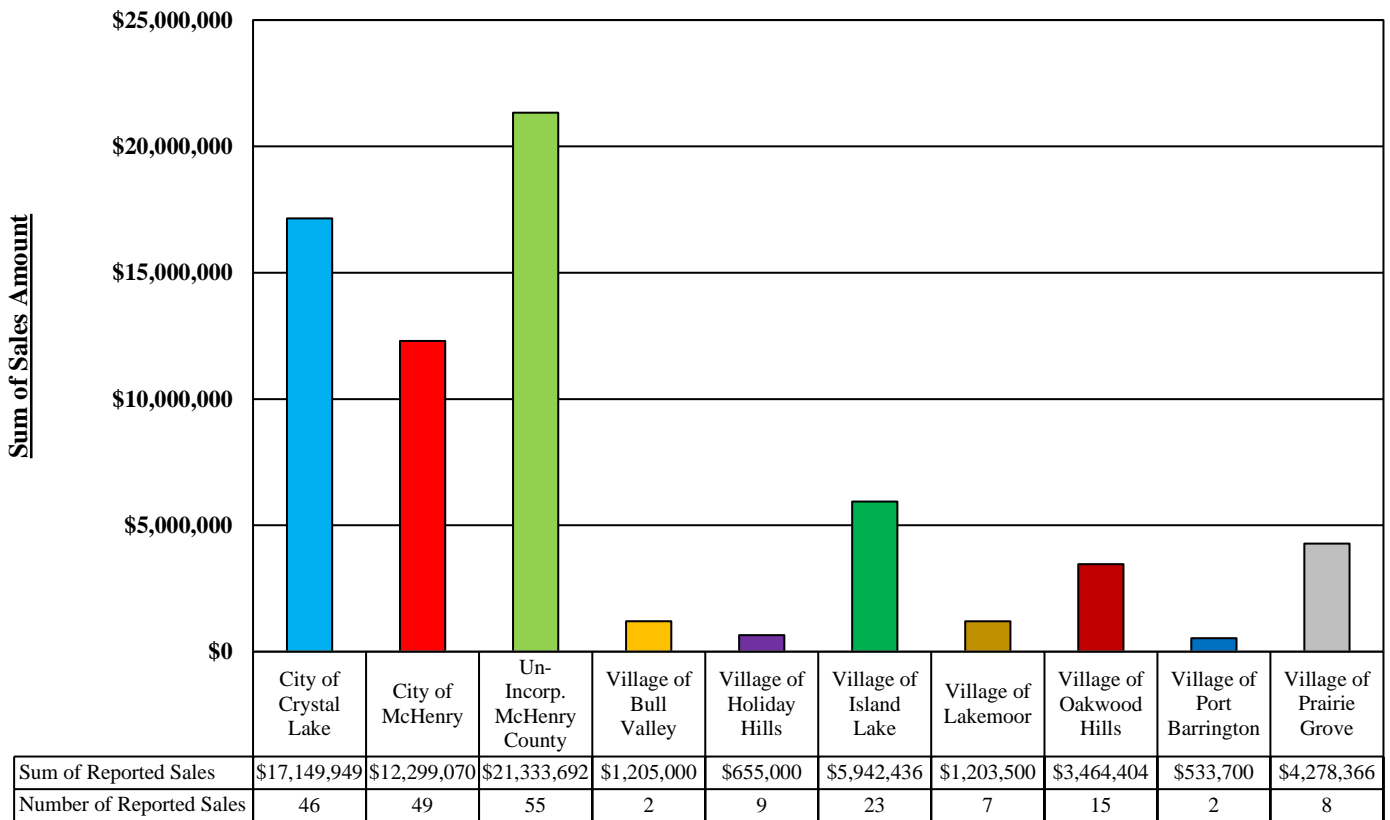
Office Support Activity				
Building Permits Keyed				
July – September				
2018	2019	2020	2021	2022
317	754	387	558	604
Building Permits Keyed YTD				
800	1,404	1,057	1,497	1,624

Data Collection Activity / September	
Building Permit Activity	145
Update Activity	41
September Website Media Uploaded	206

The above listed activities are samples of the measurable activity that is on-going within the assessment office.

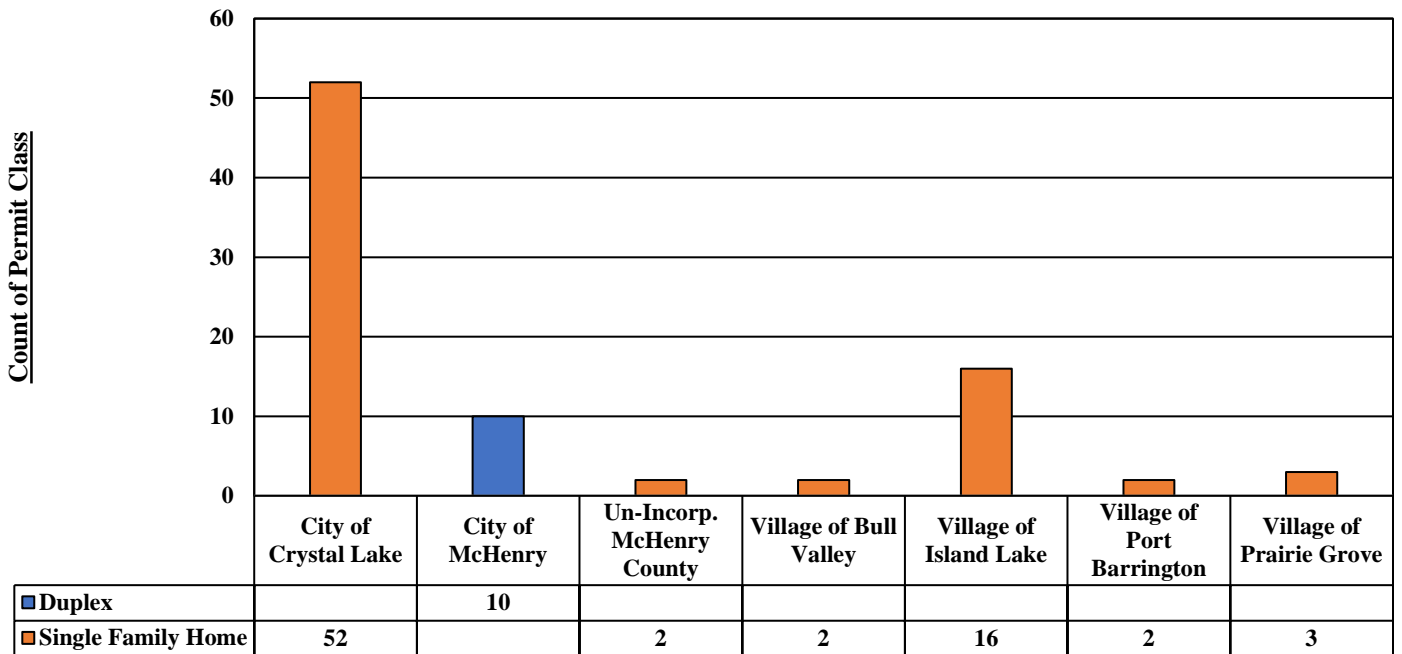
These activities as well as others which occur within the assessment office allow us to rely on verified, and credible information which leads to well thought out and defensible property assessments.

### July - September Keyed Sales

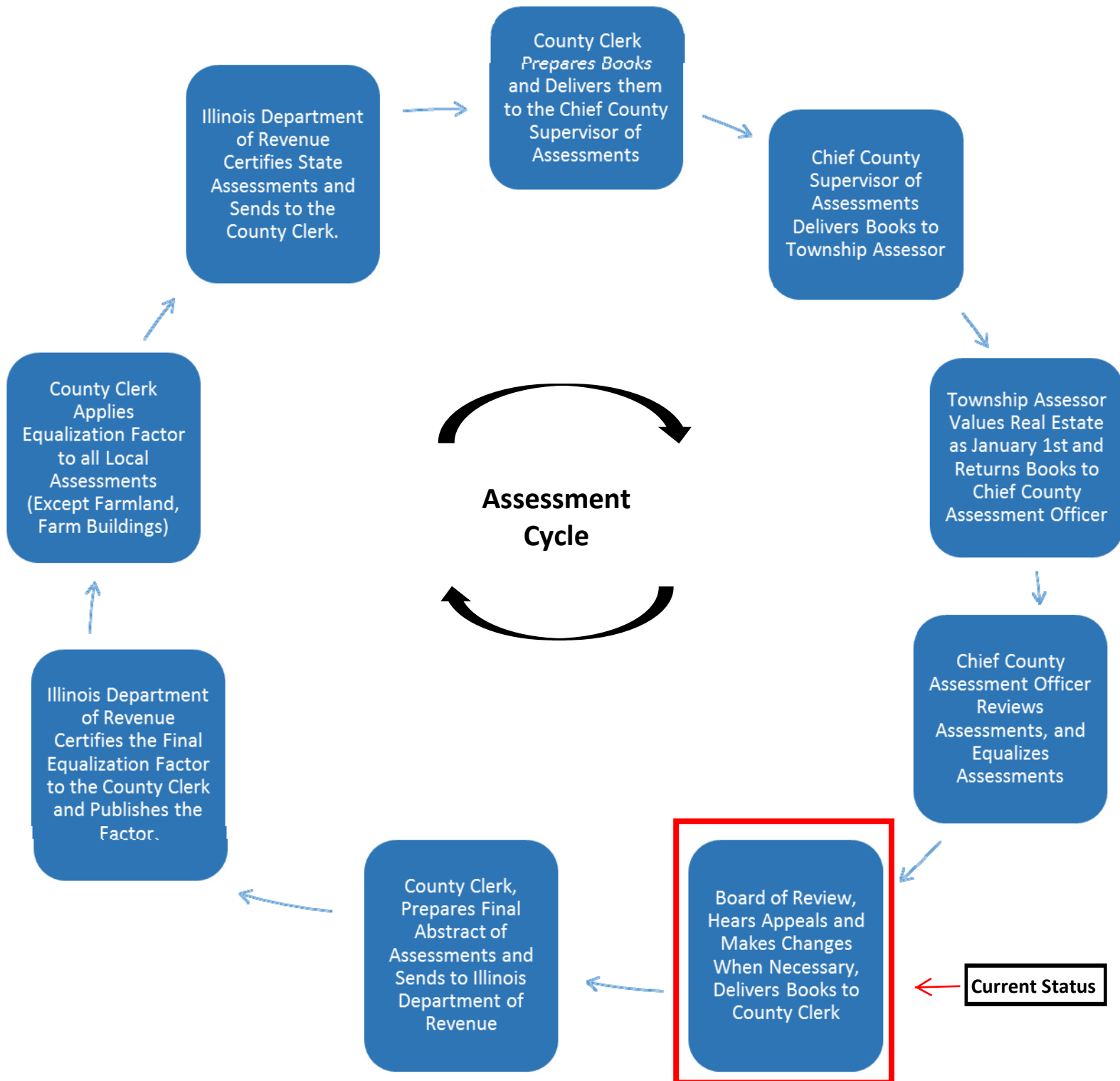


**216 Sales \$68,065,117**

### Current Snapshot of Residential New Construction Less than 100%



**87 Residential New Construction**

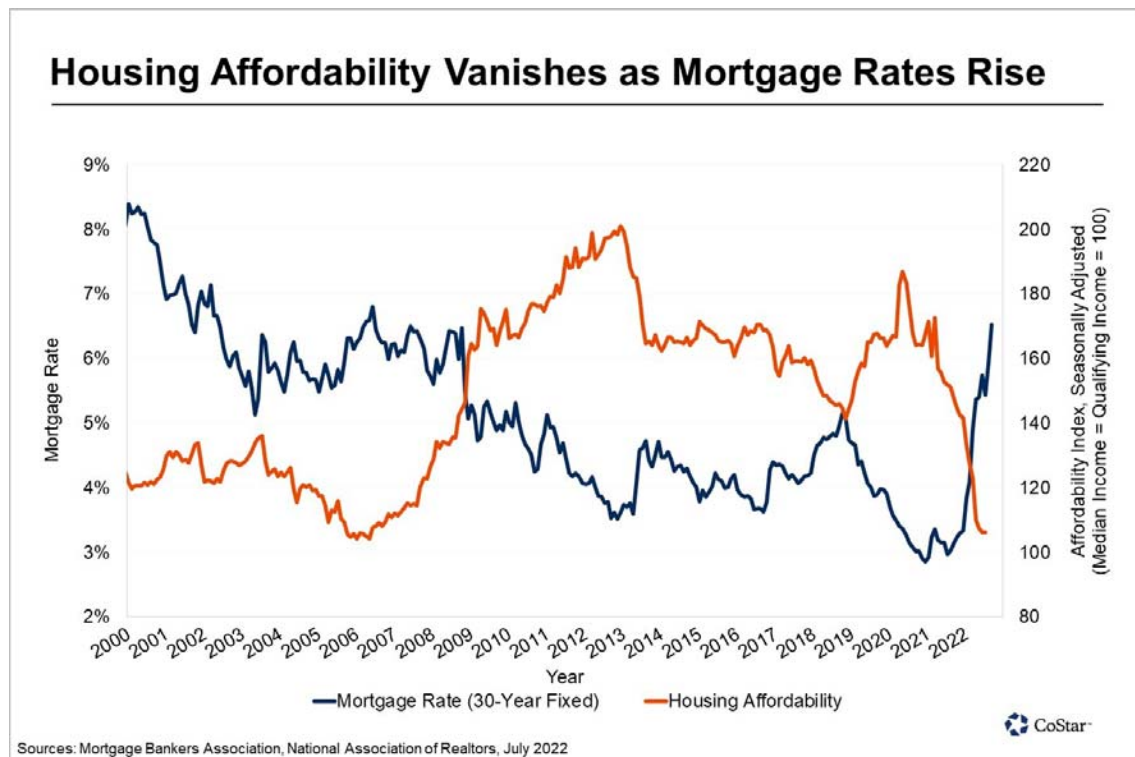




The Housing Market Faces a Painful Correction

The low-rate environment that helped juice the housing market for the past several years is decidedly over as the Federal Reserve moves to push interest rates ever higher in its battle to tame decades-high inflation. Even as robust pandemic-era demand for housing drove prices higher, rock-bottom mortgage rates allowed buyers some relief in their monthly payments.

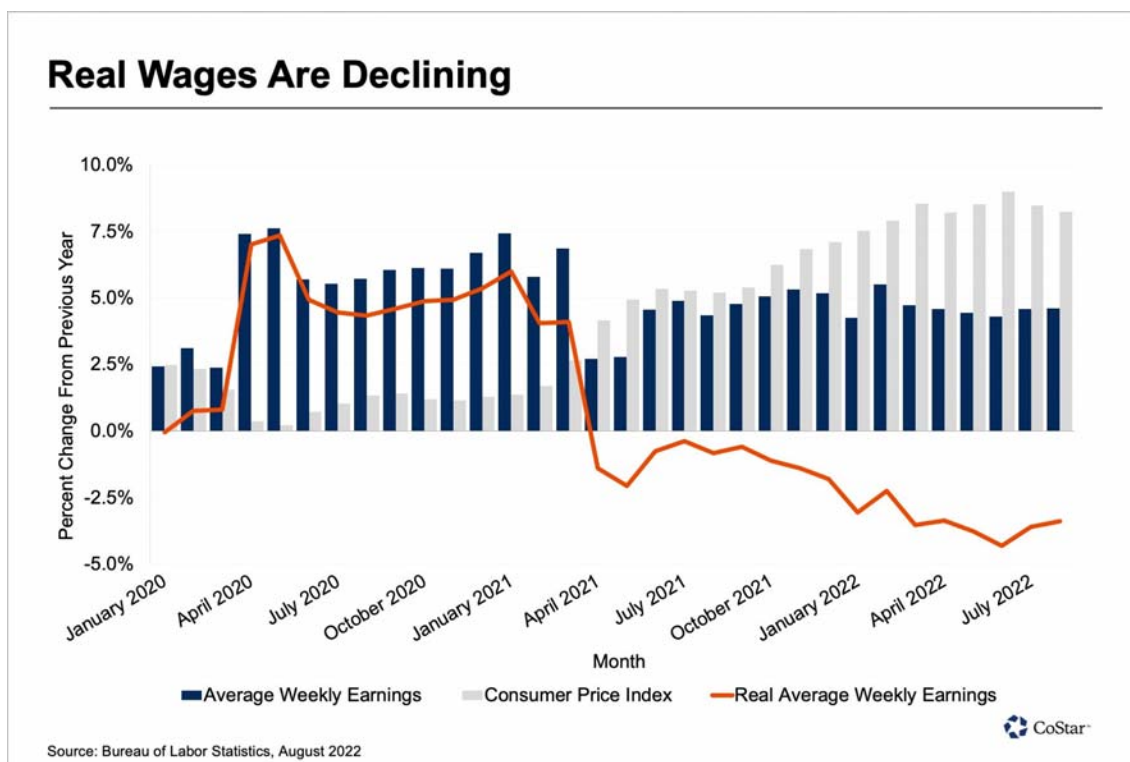
But affordability has now cratered to 2005-2006 levels after mortgage rates swooped higher over the course of the year. Year to date, the average mortgage rate in the [Mortgage Banker's Association's](#) weekly survey has averaged 5.1% in 2022, compared to 3.1% over the same period in 2021. Most recently, the MBA reported a mortgage rate near 6.52% for the week ending Sept. 23, and rates are trending even higher given the Fed's latest rate hike and its proposed plans for future increases.



The impact that mortgage rates have on home payments is significant, which is why the Fed has enormous influence on the housing market. By way of example, a \$400,000 mortgage loan taken last September when mortgage rates were at 3.1% would need a monthly payment — with taxes and insurance — of roughly \$2,375. That payment at today's rates would be in the range of \$3,200. Looking at it another way, if this home seeker wished to keep their mortgage

payment at \$2,375 per month, their loan amount would have to come down to roughly \$300,000. That could only happen if they added \$100,000 to their down payment or if they curtailed their expectations and bought a lower-priced home or if home prices fell by 25%.

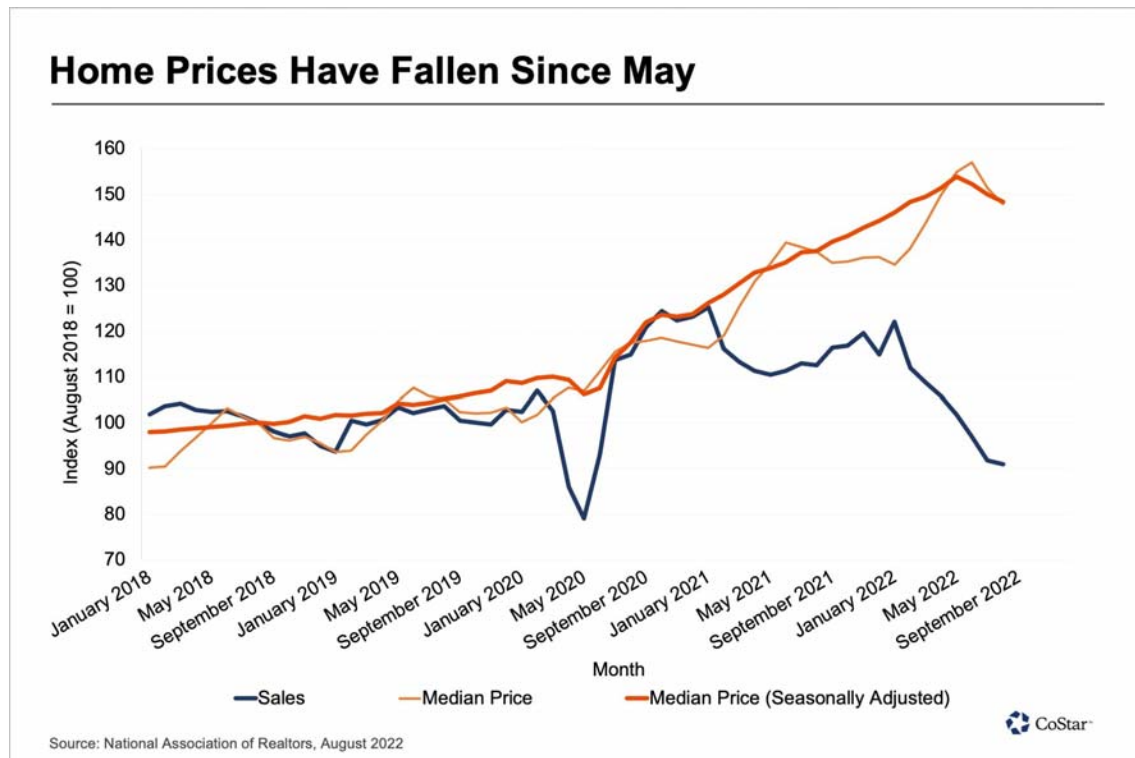
Raising down payments can be challenging for most families. [Average weekly earnings](#) grew by 4.6% from August 2021 to August 2022, but so has the cost of living. The [consumer price index](#) grew by 8.2% over the same period, meaning that average weekly earnings adjusted for inflation fell by 3.4%. And while many households were able to accumulate excess savings during the distribution of pandemic relief payments, solid and persistent consumer spending has been eating away at those bank accounts, leaving less available for hefty down payments. Moreover, recent market swings in equity markets are complicating household balance sheets for some potential homebuyers.



So it's not surprising that prospective homebuyers are pressing pause on their home searches and betting on a market correction. Existing home sales fell by 0.4% in August and were 19.9% lower than a year ago, according to the [National Association of Realtors](#) . While home sales also fell for a time in 2020 and 2021 as the spread of COVID put a pause on many homeowners marketing their properties and buyer traffic plummeted, this year's decline in sales is



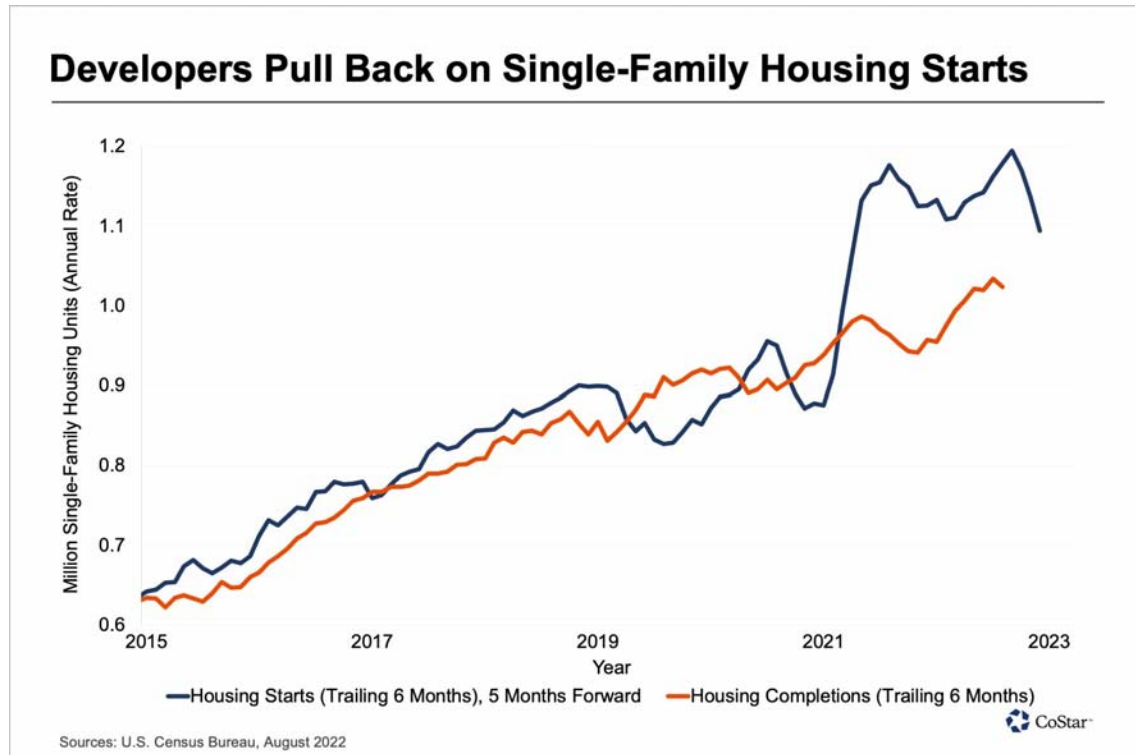
coupled with a recent rise in inventories. Homes are taking longer to sell because demand is weakening, whereas just a few months ago, houses were being snapped up at such a rate that there were few houses on the market.



The National Association of Realtor’s median home price was 7.6% higher than a year ago in August, the slowest year-over-year gain since July 2020. The median price fell by 2.3% over the month, but prices tend to cool in August as many sellers and buyers prefer not to move once the school year begins.

One way to observe month-to-month changes is to adjust for seasonality — although this method is not commonly used in the housing market because the set of homes that sells from month to month changes, so price differences might be attributed to, for example, more expensive homes being sold in a month than the prior month and not because prices are being bid up. Still, seasonally adjusted figures suggest that the median home price has declined by 3.6% since its peak in May 2022. The CoreLogic Case-Shiller home price index, which does take into account the change in the types of homes trading, fell by 0.33% in the three months ending July over the prior three-month period, so the move to lower prices has already begun.

Developers are quite aware of the recent turn in the housing market and are adjusting their expectations. Single-family housing starts fell to an annual rate of 975,000 units in August, the lowest rate since June 2020, [according to the Census Bureau](#). Single-family completions totaled an annual rate of 1,017,000 units in August. However, labor and material shortages have delayed the completion of many housing developments that started six to 12 months ago, meaning that construction could edge much higher in the coming months as supply chains ease, adding to inventories and weighing on home prices.



## What We're Watching ...

Of course, national averages hide wide swings in price changes at the regional or local level. The CoreLogic Case Shiller 10-city price index covering the ten largest metropolitan areas in the nation, fell by 0.84% in the three months ending in July, almost three times the rate of the national index. Overall, we are expecting that cities that saw the fastest home appreciation during the great migration of the pandemic years, such as across the Sun Belt and in the Mountain West, will see the swiftest retrenchment, and the most severe pain, as the air comes out of the real estate bubble and home values tumble.

*CoStar Economy is produced weekly by [Christine Cooper](#), managing director and chief U.S. economist, and [Rafael De Anda](#), associate director of CoStar Market Analytics in Los Angeles.*



## Meet your Assessment Team

### **Assessor**

Mark is your Nunda Township Assessor. Mark was elected your Nunda Township Assessor effective January 1<sup>st</sup>, 2018 and has been employed by the Nunda Township Assessor's office since 1988. He carries an advanced designation with the Illinois Property Assessment Institute and is a member of the International Association of Assessing Officers

### **Deputy Assessors**

Heidi, and Eric, are experienced in Real Property Assessment and Mass Appraisal Valuation. Nunda Township Deputies carry the designation of Certified Illinois Assessing Officers, which were obtained thru the Illinois Property Assessment Institute, both deputies participate in annual continuing education as required.

### **Data Collection**

Mary coordinates our residential data collection. Mary has been with the Nunda Township Assessors office since 2002 and is very familiar with the many neighborhoods in the township. Mary spends most of her time in the field following up on building permits, measuring and listing property characteristics, speaking with property owners and updating property record cards etc.

### **Office Support Staff**

Lisa, Jorge, and Katie complete your Nunda Township Assessment Team. Much of Lisa's time is spent processing Real Estate Transfer Declarations, Building Permits, and generating reports for use by team members. In addition, Lisa is typically your first contact when either phoning or visiting the office.

Jorge and Katie are currently furthering their education at McHenry County College and help in the office on a Part Time basis.

The support staff is a key source in the verification of details in the transfers of properties that occur in the Township as well as helping residents when applying for exemptions as well as lending support to the rest of the team completing various tasks.

### **Summary**

The Nunda Township taxpayers should be very confident in the assessment team that has been assembled to serve their needs. I believe it is one of the BEST in the county and we will strive to continue to improve and provide the taxpayers with the best possible service. Each of these positions are vital components that help to achieve the timely completion of the annual assessment cycle.