Value Impact Studies:
The Basis Upon Which Many Real Estate Development Decisions are Made

29 September 2026

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Illinois Property Assessment Institute's
LEGAL SYMPOSIUM
ON PROPERTY ASSESSMENT

What is a value impact study?

A market-based analysis of a proposed use and the properties around it

Measures

Whether and to what extent a proposed use may affect surrounding property values.

Analyzes

Market behavior using target/control comparisons and other methods.

Informs

Development, zoning and related property decisions.

Used by owners, municipalities, developers, attorneys, courts and lenders.

Zoning fundamentals

Identify the action being requested before deciding what evidence is relevant.

MAP AMENDMENT

Changes the zoning classification of a specific parcel or group of parcels.

Example: a parcel moves from a residential district to a commercial district.

TEXT AMENDMENT

Changes the language of the ordinance for properties governed by that provision.

Example: adding a permitted use or revising a district-wide development standard.

RELATED, BUT DISTINCT

Special use: permission under ordinance-specific standards.
Variation: relief from a particular zoning requirement under the applicable local criteria.

Special-use standards: 65 ILCS 5/11-13-1.1 [3]. Consult the applicable ordinance for amendments and variations.

Relationship between zoning and property value

01

Highest and best use

- Legally permissible
- Physically possible
- Financially feasible
- Maximally productive

02

Supply and demand factors

03

Development trends

04

Market expectations

VALUE EFFECTS CONSIDERATIONS

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These are issues to investigate, not conclusions to assume.

POSITIVE VALUE EFFECTS

- Greater land utility and development opportunity
- New investment and commercial activity
- Possible increases in nearby property values

NEGATIVE VALUE EFFECTS

- Traffic, noise, lighting and privacy concerns
- Environmental concerns or perceived incompatibility
- Possible reductions in nearby property values

The assignment begins with an open question: what does the market evidence show?

Perception vs. market evidence

**Concerns deserve examination.
Value conclusions require evidence.**

THE CONCERN

"Truck traffic will hurt our property values."

THE APPRAISAL QUESTION

Is a market reaction observable, and can it be supported?

An alleged impact is the starting point for analysis, not its conclusion.

How a value impact study is performed

A transparent sequence from the question to a supported conclusion.

01 Define the assignment

Proposed use, alleged influence, properties, timing and intended use.

02 Understand the setting

Existing uses, site conditions, zoning, plans and market context.

03 Design the comparison

Select relevant existing analogues, target and control areas.

04 Verify and analyze

Review transactions, property differences and market conditions.

05 Test the explanation

Compare behavior and examine competing causes or limitations.

06 Reconcile and report

State what the evidence supports and where uncertainty remains.

The comparison must address the actual proposed use and its relevant characteristics.

Analytical methods

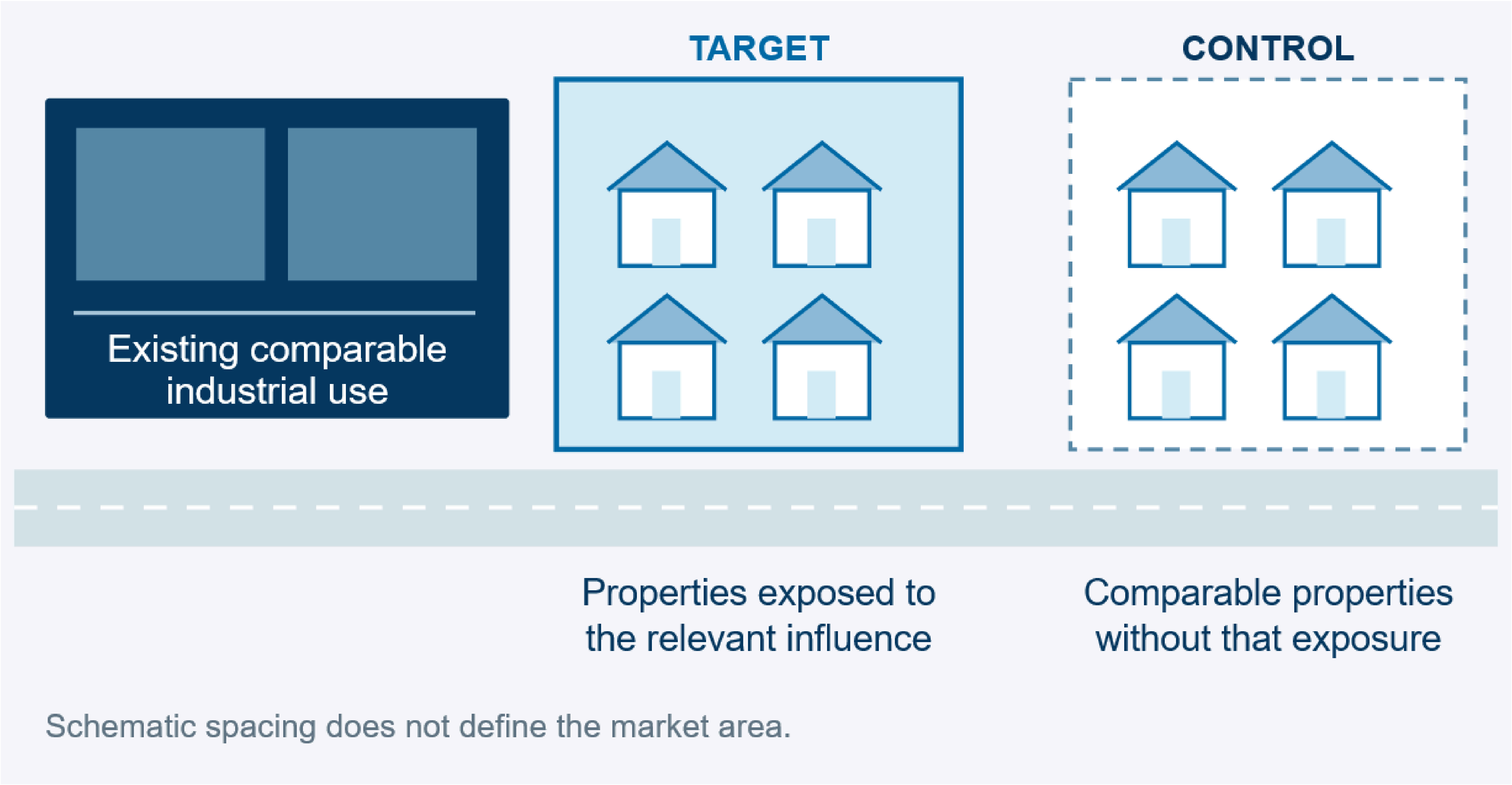
Related tools, not interchangeable labels. Choose them to fit the question and the data.

METHOD	WHAT IT DOES	WHAT TO EXAMINE
Paired / matched sales	Compare sufficiently similar transactions, then account for meaningful differences.	Quality of the match and support for adjustments.
Target / control analysis	Compare an exposed area with a relevant comparison area; examine pricing and trends.	Comparability, timing and other influences.
Hedonic pricing models	Analyze price relationships while accounting for several property and location attributes.	Data quality, model specification and uncertainty.

A price difference is an observation. Attributing it to a use requires additional support.

Target vs. control: select a credible comparison

Illustrative schematic – not a real site, survey or SVS assignment



MATCH THE MARKET

- Property type and housing stock
- Location, schools and amenities
- Sale period and market conditions
- Other external influences

Proximity alone does not make a control area comparable.

Real-World Case Study: Testing for Residential Value Impact

Case Question: Would a proposed fast-food drive-through negatively affect nearby single-family residential values?

Subject target area: proposed retail site & nearby residential exposure

Assignment

- **Proposed redevelopment of an existing industrial/flex site**
- **Proposed Two-tenant fast-food retail use with drive-through**
- **Potential concern: nearby single-family properties**

Method

- **Target/control comparison of residential sales**
- **Six comparable fast-food / drive-through locations**
- **Sales reviewed over June 2020 - June 2025 period**

What the evidence showed

- **Target and control areas generally followed similar value trends**
- **No consistent residential value decline was identified**
- **Limited target-area sales required appropriate caution**
- **Overall evidence did not demonstrate a marked adverse value effect**

Takeaway: define the influence, select credible comparisons, and let the market evidence determine the conclusion.

The eight LaSalle / Sinclair factors

Map amendments / rezoning: a framework for evaluating the reasonableness of zoning.

01 Nearby uses and zoning
Existing uses and zoning of surrounding property.

02 Value diminution
Value loss attributable to the zoning restriction.

03 Public-welfare relationship
How the owner's value loss promotes health, safety, morals or general welfare.

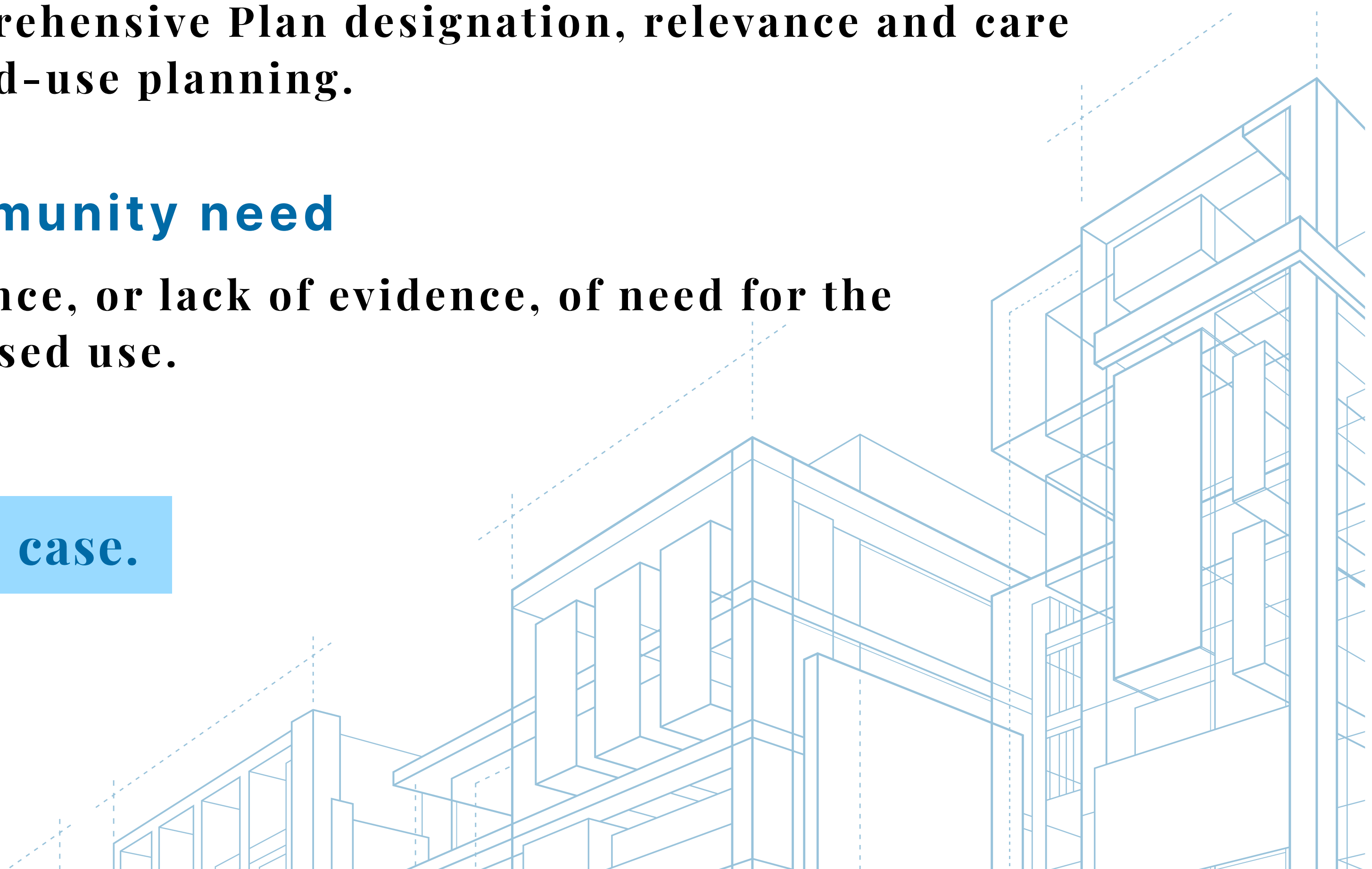
04 Public gain vs. private hardship
Benefit to the public compared with the burden on the owner.

05 Suitability
Suitability of the property for its zoned purposes.

06 Vacancy in context
Time vacant as zoned, in light of area development

07 Community planning
Comprehensive Plan designation, relevance and care in land-use planning.

08 Community need
Evidence, or lack of evidence, of need for the proposed use.



No single factor controls. The weight of the evidence depends on the facts of the case.

Six factors: LaSalle, 12 Ill. 2d 40, 46-48 (1957) [1]. Planning and need: Sinclair, 19 Ill. 2d 370, 378 (1960) [2].

Special uses: related, but distinct

Apply the standards in the governing ordinance - not a universal checklist.

1	**Public welfare**	Potential detriment to health, safety or general welfare.
2	**Neighboring properties**	Effects on nearby use, enjoyment and property values.
3	**Orderly development**	Compatibility with surrounding development and improvement.
4	**Special or unique need**	Where required, evidence addressing the ordinance's specified need.
5	**Community benefit**	Where required, a land-use or economic benefit to the neighborhood.

Use the actual ordinance: required findings and wording vary by municipality.

Special-use standards are established in the applicable ordinance: 65 ILCS 5/11-13-1.1 [3].

Where the value impact study fits

Different legal questions. A shared need for relevant market evidence.

MAP AMENDMENT / REZONING

LaSalle / Sinclair considerations and applicable local criteria.

SPECIAL USE

Ordinance-specific standards for the proposed use.

THE APPRAISER'S CONTRIBUTION

Property-specific evidence of market response, with supported methods, assumptions and limitations.

The study informs the valuation issue; it does not decide the legal outcome.

LaSalle / Sinclair can also arise in judicial review of special-use decisions. See Paul v. County of Ogle (2018) [4].

What makes the evidence credible?

A conclusion is only as persuasive as the work supporting it.

Clear question

Identify the specific property, proposed use, exposure and relevant period.

Comparable evidence

Explain why the target, controls and existing analogues are appropriate.

Verified transactions

Disclose sources, screening, exclusions and adjustments.

Alternative explanations

Test other reasons that prices or trends may differ.

Transparent limitations

Address data gaps, small samples and the strength of the inference.

Reproducible reasoning

Show the path from the evidence to the final conclusion.

An inconclusive result should be reported as inconclusive - not converted into “no impact.”

Key Takeaways

Property-specific analysis.
Objective market evidence.

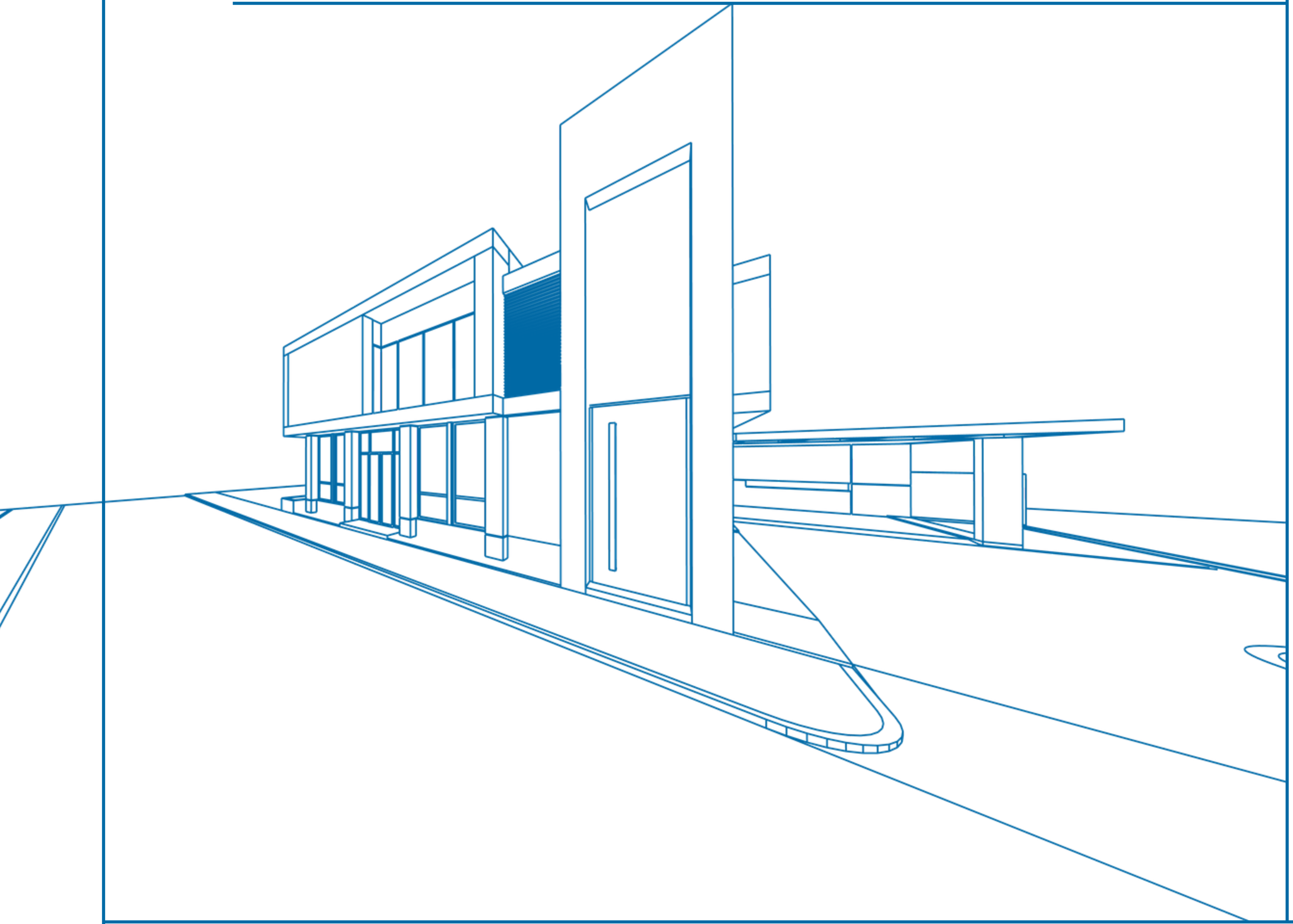
01 A controversial use does not, by itself, establish a value impact.

02 Valid comparisons matter more than a simple price difference.

03 Separate zoning restrictions, neighboring effects and legal criteria.

04 Report what the evidence supports - including uncertainty.

questions



Thank you for your time!

SAM LOUISE
MAI, ASA
Founder & CEO

GARY K. DECLARK
MAI, CRE, FRICS, R/W-AC
President, Specialty Services & Litigation Support

ANTHONY S. MULÉ
MAI, CCIM, ASA
VP, Specialty Services & Litigation Support

Selected legal references

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Reference appendix for the legal-framework slides.

1. **LaSalle National Bank of Chicago v. County of Cook**

   12 Ill. 2d 40, 46-48 (1957)

   Original six factors; no one factor controls.

2. **Sinclair Pipe Line Co. v. Village of Richton Park**

   19 Ill. 2d 370, 378 (1960)

   Community planning and community need.

3. **Illinois Municipal Code**

   65 ILCS 5/11-13-1.1
   Special-use approval under ordinance-established standards.

4. **Paul v. County of Ogle**

   2018 IL App (2d) 170696, paragraphs 17-18 and footnote 2
   LaSalle / Sinclair in the special-use judicial-review context.

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621 Plainfield Rd., Suite 201
Willowbrook, IL 60527

(630) 792-1330
www.svsappraisal.com