



Rep. Emanuel Chris Welch

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10100HB5071ham001

LRB101 18364 HLH 71918 a

1 AMENDMENT TO HOUSE BILL 5071

2 AMENDMENT NO. _____. Amend House Bill 5071 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Property Tax Code is amended by adding
5 Section 15-178 as follows:

6 (35 ILCS 200/15-178 new)

7 Sec. 15-178. Property tax incentives for affordable rental
8 housing construction or substantial rehabilitation.

9 (a) The chief county assessment officer shall, upon passage
10 of an ordinance by a majority vote of the county board,
11 establish a tax incentive program for eligible
12 newly-constructed residential real property or qualifying
13 substantial rehabilitation to all eligible existing
14 residential real property in accordance with subsection (b).
15 The program shall apply during the construction period and for
16 30 taxable years after the newly-constructed residential real

1 property or improvements to existing residential real property
2 are put in service. Property is eligible for the program if and
3 only if all of the following factors have been met:

4 (1) at the conclusion of the new construction or
5 qualifying substantial rehabilitation, the property will
6 consist of a newly-constructed multifamily building
7 containing 6 or more rental dwelling units or an existing
8 multifamily building that has undergone qualifying
9 substantial rehabilitation containing 6 or more rental
10 dwelling units;

11 (2) except as defined in subparagraphs (D), (E), and
12 (F) of paragraph (4) of subsection (c) of this Section,
13 prior to the newly-constructed residential real property
14 or improvements to existing residential real property
15 being put in service, the owner of the residential real
16 property commits that, for a period of 30 years after the
17 newly-constructed residential real property or
18 improvements to existing residential real property are put
19 in service, at least 20% of the multifamily building's
20 units will have rents as defined in this Section that are
21 at or below maximum rents and are occupied by households
22 with household incomes at or below maximum income limits;
23 and

24 (3) the property meets the application requirements
25 defined in subsection (c).

26 (b) The incentives shall be calculated as follows:

1 (1) during the construction period, the property is
2 entitled to a reduction in its equalized assessed value in
3 an amount equal to the difference between the equalized
4 assessed value in the year for which the incentive is
5 sought and the equalized assessed value for the property in
6 the base year;

7 (2) for the first through tenth taxable years after the
8 property or improvements are placed in service, the
9 property is entitled to a reduction in its equalized
10 assessed value in an amount equal to 50% of the difference
11 between the equalized assessed value in the year for which
12 the incentive is sought and the equalized assessed value
13 for the property in the base year;

14 (3) for the eleventh through twentieth taxable years
15 after the property or improvements are placed in service,
16 the property is entitled to a reduction in its equalized
17 assessed value in an amount equal to 40% of the difference
18 between the equalized assessed value in the year for which
19 the incentive is sought and the equalized assessed value
20 for the property in the base year; and

21 (4) for the twenty-first through thirtieth taxable
22 years after the property or improvements are placed in
23 service, the property is entitled to a reduction in its
24 equalized assessed value in an amount equal to 30% of the
25 difference between the equalized assessed value in the year
26 for which the incentive is sought and the equalized

1 assessed value for the property in the base year.

2 (c) Application requirements.

3 (1) In order to receive benefits under this Section,
4 the owner must submit the following information to the
5 chief county assessment officer for review in the form
6 required by the chief county assessment officer:

7 (A) the owner's name;

8 (B) the postal address and permanent index number
9 of the parcel;

10
11 (C) a deed or other instrument conveying the parcel
12 to the current owner;

13 (D) written evidence that the new construction or
14 qualifying substantial rehabilitation has been
15 completed with respect to the residential real
16 property, including, but not limited to, copies of
17 building permits, a notarized contractor's sworn
18 affidavit, and photographs of the interior and
19 exterior of the building after new construction or
20 substantial rehabilitation is completed;

21 (E) written evidence that the residential real
22 property meets local building codes, or, if there are
23 no local building codes, Housing Quality Standards, as
24 determined by the United States Department of Housing
25 and Urban Development;

26 (F) a list identifying the affordable units in the

1 residential real property and a written statement that
2 the affordable units are comparable to the market rate
3 units in terms of unit type, number of bedrooms per
4 unit, quality of exterior appearance, energy
5 efficiency, and overall quality of construction;

6 (G) a written schedule certifying the rents in each
7 affordable unit and a written statement that these
8 rents do not exceed the maximum rents allowable for the
9 area in which the residential real property is located;

10 (H) documentation from the administering agency
11 verifying the owner's participation in a qualifying
12 income-based rental subsidy program as defined in
13 subsection (d) of this Section if units receiving
14 rental subsidies are to be counted among the affordable
15 units in order to meet the thresholds defined in this
16 Section;

17 (I) a written statement identifying the household
18 income for every household occupying an affordable
19 unit and certifying that the household income does not
20 exceed the maximum income limits allowable for the area
21 in which the residential real property is located;

22 (J) a written statement that the owner has verified
23 and retained documentation of household income for
24 every household occupying an affordable unit; and

25 (K) any additional information as reasonably
26 required by the chief county assessment officer,

1 including, but not limited to, any information
2 necessary to ensure compliance with applicable local
3 ordinances and to ensure that the owner is complying
4 with the provisions of subparagraph (E) of paragraph
5 (4) of this subsection.

6 (2) The chief county assessment officer shall notify
7 the owner as to whether the property meets the requirements
8 of this Section. If the property does not meet the
9 requirements of this Section, the chief county assessment
10 officer shall provide written notice of any deficiencies to
11 the owner, who shall then have 30 days from the date of
12 notification to provide supplemental information showing
13 compliance with this Section. If the owner does not
14 exercise this right to cure the deficiency, or if the
15 information submitted, in the sole judgment of the chief
16 county assessment officer, is insufficient to meet the
17 requirements of this Section, the chief county assessment
18 officer shall provide a written explanation of the reasons
19 for denial.

20 (3) The chief county assessment officer may charge a
21 reasonable application fee to offset the administrative
22 expenses associated with the program.

23 (4) The benefit conferred by this Section is limited as
24 follows:

25 (A) The owner is eligible to apply for the benefit
26 conferred by this Section from June 1, 2020 through

1 December 31, 2029. If approved, the reduction will be
2 effective for the current taxable year, which will be
3 reflected in the tax bill issued in the following
4 taxable year.

5 (B) In the year prior to the final year of
6 eligibility for the reduction in assessed value,
7 written notice must be provided to tenants informing
8 them of the date of the termination.

9 (C) If the property is sold or transferred, the
10 purchaser or transferee must comply with all
11 requirements of this Section in order to continue
12 receiving the reduction in assessed value.

13 (D) The owner may apply for the benefit if the
14 newly-constructed residential real property or
15 improvements to existing residential real property
16 were put in service on or after June 6, 2015. However,
17 the 30-year eligibility period shall be reduced by the
18 number of years between the placed in service date and
19 the date the owner first receives this benefit.

20 (E) The owner may apply for the benefit within 2
21 years after the newly-constructed residential real
22 property or improvements to existing residential real
23 property are put in service. However, the 30-year
24 eligibility period shall be reduced for the number of
25 years between the placed in service date and the date
26 the owner first receives this benefit.

1 (F) Owners of a multifamily building receiving a
2 benefit through the Cook County Class 9 program on May
3 31, 2020 shall be deemed automatically eligible for the
4 benefit defined in this Section in terms of meeting the
5 criteria for new construction or substantial
6 rehabilitation for a specific multifamily building
7 regardless of when the newly-constructed residential
8 real property or improvements to existing residential
9 real property were put in service. If a Cook County
10 Class 9 owner had Class 9 status revoked on or after
11 June 1, 2017 but can provide documents sufficient to
12 prove that the revocation was in error or any
13 deficiencies leading to the revocation have been
14 cured, the chief county assessment officer may deem the
15 owner to be eligible. However, owners may not receive
16 the both the benefits defined in this Section and the
17 Cook County Class 9 program in any single taxable year.
18 In addition, the number of years during which an owner
19 has participated in the Class 9 program shall count
20 against the number of remaining years eligible for the
21 benefit as defined in this Section.

22 (G) At the completion of the assessment reduction
23 period described in this Section, the entire parcel
24 shall be assessed as otherwise provided in State law.

25 (d) For the purposes of this Section:

26 "Affordable units" means units that have rents that do not

1 exceed the maximum rents as defined in this Section.

2 "Base year" means the taxable year prior to the first year
3 of the construction period.

4 "Construction period" means a period of not more than 3
5 consecutive tax years during which the dwelling units are being
6 newly-constructed or the qualifying substantial rehabilitation
7 is taking place.

8 "Household income" includes the annual income for all the
9 people who occupy a housing unit that is anticipated to be
10 received from a source outside of the family during the
11 12-month period following admission or the annual
12 recertification, including related family members and all the
13 unrelated people who share the housing unit. Household income
14 includes the sum total of the following income sources: wages,
15 salaries, and tips before any payroll deductions; net business
16 income; interest and dividends; payments in lieu of earnings,
17 such as unemployment and disability compensation, worker's
18 compensation and severance pay; Social Security income,
19 including lump sum payments; payments from insurance policies,
20 annuities, pensions, disability benefits and other types of
21 periodic payments; alimony, child support, and other regular
22 monetary contributions; and public assistance, except for
23 assistance from the Supplemental Nutrition Assistance Program
24 (SNAP). "Household income" does not include: earnings of
25 children under age 18; temporary income such as cash gifts;
26 reimbursement for medical expenses; lump sums from

1 inheritance, insurance payments, settlements for personal or
2 property losses; student financial assistance paid directly to
3 the student or to an educational institution; foster child care
4 payments; receipts from government-funded training programs;
5 assistance from the Supplemental Nutrition Assistance Program
6 (SNAP).

7 "Maximum income limits" means the maximum regular income
8 limits for 60% of the area median income for the geographic
9 area in which the multifamily building is located for
10 multifamily programs, as determined by the United States
11 Department of Housing and Urban Development and published
12 annually by the Illinois Housing Development Authority.

13 "Maximum rent" means the maximum regular rent for 60% of
14 the area median income for the geographic area in which the
15 multifamily building is located for multifamily programs, as
16 determined by the United States Department of Housing and Urban
17 Development and published annually by the Illinois Housing
18 Development Authority. To be eligible for the benefit defined
19 in this Section, maximum rents are to be reduced by the owner
20 based on the Illinois Housing Development Authority's rules
21 regarding tenant payment of utilities; or, if the owner is
22 leasing an affordable unit to a household with an income at or
23 below the maximum income limit who is participating in
24 qualifying income-based rental subsidy program, "maximum rent"
25 means the maximum rents allowable under the guidelines of the
26 qualifying income-based rental subsidy program.

1 "Qualifying income-based rental subsidy program" means a
2 Housing Choice Voucher issued by a housing authority under
3 Section 8 of the United States Housing Act of 1937, a tenant
4 voucher converted to a project-based voucher by a housing
5 authority or any other program administered or funded by a
6 housing authority, the Illinois Housing Development Authority,
7 or another State agency, or a unit of local government where
8 participation is limited to households with incomes at or below
9 the maximum income limits as defined in this Section and the
10 tenants' portion of the rent payment is based on a percentage
11 of their income or a flat amount that does not exceed the
12 maximum rent as defined in this Section.

13 "Qualifying substantial rehabilitation" means, at a
14 minimum, compliance with local building codes and the
15 replacement or renovation of at least 2 primary building
16 systems. Although the cost of each primary building system may
17 vary, to be approved for the benefit under this Section, the
18 combined expenditure for making the building compliant with
19 local codes and replacing primary building systems must be at
20 least \$8 per square foot for work completed between June 1,
21 2020 and December 31, 2020 and, in subsequent years, \$8
22 adjusted by the Consumer Price Index for All Urban Consumers,
23 as published annually by the U.S. Department of Labor. "Primary
24 building systems", together with their related
25 rehabilitations, specifically approved for this program are:

26 (1) Electrical. All electrical work must comply with

1 applicable codes; it may consist of a combination of any of
2 the following alternatives:

3 (A) installing individual equipment and appliance
4 branch circuits as required by code (the minimum being
5 a kitchen appliance branch circuit);

6 (B) installing a new emergency service, including
7 emergency lighting with all associated conduits and
8 wiring;

9 (C) rewiring all existing feeder conduits ("home
10 runs") from the main switchgear to apartment area
11 distribution panels;

12 (D) installing new in-wall conduits for
13 receptacles, switches, appliances, equipment, and
14 fixtures;

15 (E) replacing power wiring for receptacles,
16 switches, appliances, equipment, and fixtures;

17 (F) installing new light fixtures throughout the
18 building including closets and central areas;

19 (G) replacing, adding, or doing work as necessary
20 to bring all receptacles, switches, and other
21 electrical devices into code compliance;

22 (H) installing a new main service, including
23 conduit cables, into the building and main disconnect
24 switch; and

25 (I) installing new distribution panels, including
26 all panel wiring, terminals, circuit breakers, and all

1 other panel devices.

2 (2) Heating. All heating work must comply with
3 applicable codes; it may consist of a combination of any of
4 the following alternatives:

5 (A) installing a new system to replace one of the
6 following heat distribution systems:

7 (i) piping and heat radiating units, including
8 new main line venting and radiator venting; or

9 (ii) duct work, diffusers, and cold air
10 returns; or

11 (iii) any other type of existing heat
12 distribution and radiation/diffusion components;
13 or

14 (B) installing a new system to replace one of the
15 following heat generating units:

16 (i) hot water/steam boiler;

17 (ii) gas furnace; or

18 (iii) any other type of existing heat
19 generating unit.

20 (3) Plumbing. All plumbing work must comply with
21 applicable codes. Replace all or a part of the in-wall
22 supply and waste plumbing; however, main supply risers,
23 waste stacks and vents, and code-conforming waste lines
24 need not be replaced.

25 (4) Roofing. All roofing work must comply with
26 applicable codes; it may consist of either of the following

1 alternatives, separately or in combination:

2 (A) replacing all rotted roof decks and
3 insulation; or

4 (B) replacing or repairing leaking roof membranes
5 (10% is the suggested minimum replacement of
6 membrane); restoration of the entire roof is an
7 acceptable substitute for membrane replacement.

8 (5) Exterior doors and windows. Replace the exterior
9 doors and windows. Renovation of ornate entry doors is an
10 acceptable substitute for replacement.

11 (6) Floors, walls, and ceilings. Finishes must be
12 replaced or covered over with new material. Acceptable
13 replacement or covering materials are as follows:

14 (A) floors must have new carpeting, vinyl tile,
15 ceramic, refurbished wood finish, or a similar
16 substitute;

17 (B) walls must have new drywall, including joint
18 taping and painting; or

19 (C) new ceilings must be either drywall, suspended
20 type, or a similar system.

21 (7) Exterior walls.

22 (A) replace loose or crumbling mortar and masonry
23 with new material;

24 (B) replace or paint wall siding and trim as
25 needed;

26 (C) bring porches and balconies to a sound

1 condition; or

2 (D) any combination of (A), (B), and (C).

3 (8) Elevators. Where applicable, at least 4 of the
4 following 7 alternatives must be accomplished:

5 (A) replace or rebuild the machine room controls
6 and refurbish the elevator machine (or equivalent
7 mechanisms in the case of hydraulic elevators);

8 (B) replace hoistway electro-mechanical items,
9 including: ropes, switches, limits, buffers, levelers,
10 and deflector sheaves (or equivalent mechanisms in the
11 case of hydraulic elevators);

12 (C) replace hoistway wiring;

13 (D) replace door operators and linkage;

14 (E) replace door panels at each opening;

15 (F) replace hall stations, car stations, and
16 signal fixtures; or

17 (G) rebuild the car shell and refinish the
18 interior.

19 (9) Health and safety.

20 (A) install or replace fire suppression systems;

21 (B) install or replace security systems; or

22 (C) environmental remediation of lead-based paint,
23 asbestos, leaking underground storage tanks, or radon.

24 (10) Energy conservation improvements undertaken to
25 limit the amount of solar energy absorbed by a building's
26 roof or to reduce energy use for the property, including

1 any of the following activities:

2 (A) installing or replacing reflective roof
3 coatings (flat roofs);

4 (B) installing or replacing R-49 roof insulation;

5 (C) installing or replacing R-19 perimeter wall
6 insulation;

7 (D) installing or replacing insulated entry doors;

8 (E) installing or replacing Low E, insulated
9 windows;

10 (F) installing or replacing WaterSense labeled
11 plumbing fixtures;

12 (G) installing or replacing 90% or better sealed
13 combustion heating systems;

14 (H) installing or replacing direct exhaust hot
15 water heaters;

16 (I) installing or replacing mechanical ventilation
17 to exterior for kitchens and baths;

18 (J) installing or replacing Energy Star
19 appliances;

20 (K) installing low VOC interior paints on interior
21 finishes;

22 (L) installing or replacing Energy Star certified
23 lighting in common areas;or

24 (M) installing or replacing grading and
25 landscaping to promote on-site water retention.

26 (11) Accessibility improvements. All accessibility

1 improvements must comply with applicable codes. An owner
2 may make accessibility improvements to residential real
3 property to increase access for people with disabilities.
4 As used in this paragraph (11), "disability" has the
5 meaning given to that term in the Illinois Human Rights
6 Act. As used in this paragraph (11), "accessibility
7 improvements" means a home modification listed under the
8 Home Services Program administered by the Department of
9 Human Services (Part 686 of Title 89 of the Illinois
10 Administrative Code) including, but not limited to:
11 installation of ramps, grab bars, or wheelchair lifts;
12 widening doorways or hallways; re-configuring rooms and
13 closets; and any other changes to enhance the independence
14 of people with disabilities.

15 (12) Any applicant who has purchased the property in an
16 arm's length transaction not more than 90 days before
17 applying for this benefit may use the cost of
18 rehabilitation or repairs required by documented code
19 violations, up to a maximum of \$2 per square foot, to meet
20 the qualifying substantial rehabilitation requirements.

21 Section 99. Effective date. This Act takes effect upon
22 becoming law."