



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

HB5071

Introduced 2/18/2020, by Rep. Emanuel Chris Welch

SYNOPSIS AS INTRODUCED:

35 ILCS 200/15-178 new

Amends the Property Tax Code. Provides for property tax incentives for newly-constructed or rehabilitated rental property if the owner of the residential real property commits that, for a period of 10 years, at least 20% of the multifamily building's units will have rents that are at or below maximum rents and are occupied by households with household incomes at or below maximum income limits. Provides that the chief county assessment officer of a county with 3,000,000 or more inhabitants shall establish such a program, and the chief county assessment officer of a county with less than 3,000,000 inhabitants shall establish such a program upon passage of an ordinance by a majority vote of the county board. Sets forth application requirements and the amount of the reduction. Effective immediately.

LRB101 18364 HLH 67811 b

1 AN ACT concerning revenue.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

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 rehabilitation.

9 (a) The chief county assessment officer of any county with
10 3,000,000 or more inhabitants shall, and the chief county
11 assessment officer of any county with less than 3,000,000
12 inhabitants shall upon passage of an ordinance by a majority
13 vote of the county board, establish a tax incentive program for
14 eligible newly-constructed residential real property or
15 qualifying rehabilitation to all eligible existing residential
16 real property in accordance with subsection (b). The program
17 shall apply during the construction period and for 10 taxable
18 years after the newly-constructed residential real property or
19 improvements to existing residential real property are put in
20 service. Property is eligible for the program if and only if
21 all of the following factors have been met:

22 (1) at the conclusion of the new construction or
23 qualifying rehabilitation, the property will consist of a

1 newly-constructed multifamily building containing 6 or
2 more rental dwelling units or an existing multifamily
3 building that has undergone qualifying rehabilitation
4 containing 6 or more rental dwelling units;

5 (2) except as defined in subparagraphs (D), (E), and
6 (F) of paragraph (4) of subsection (c) of this Section,
7 prior to the newly-constructed residential real property
8 or improvements to existing residential real property
9 being put in service, the owner of the residential real
10 property commits that, for a period of 10 years after the
11 newly-constructed residential real property or
12 improvements to existing residential real property are put
13 in service, at least 20% of the multifamily building's
14 units will have rents as defined in this Section that are
15 at or below maximum rents and are occupied by households
16 with household incomes at or below maximum income limits;
17 and

18 (3) the property meets the application requirements
19 defined in subsection (c).

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

21 (1) during the construction period and for the first
22 and second taxable year after the property or improvements
23 are placed in service, the property is entitled to a
24 reduction in its equalized assessed value in an amount
25 equal to the difference between the equalized assessed
26 value in the year for which the incentive is sought and the

1 equalized assessed value for the property in the base year;

2 (2) for the third and fourth taxable year after the
3 property or improvements are placed in service, the
4 property is entitled to a reduction in its equalized
5 assessed value in an amount equal to 80% of the difference
6 between the equalized assessed value in the year for which
7 the incentive is sought and the equalized assessed value
8 for the property in the base year;

9 (3) for the fifth and sixth taxable year after the
10 property or improvements are placed in service, the
11 property is entitled to a reduction in its equalized
12 assessed value in an amount equal to 60% of the difference
13 between the equalized assessed value in the year for which
14 the incentive is sought and the equalized assessed value
15 for the property in the base year;

16 (4) for the seventh and eighth taxable year after the
17 property or improvements are placed in service, the
18 property is entitled to a reduction in its equalized
19 assessed value in an amount equal to 40% of the difference
20 between the equalized assessed value in the year for which
21 the incentive is sought and the equalized assessed value
22 for the property in the base year; and

23 (5) for the ninth and tenth taxable year after the
24 property or improvements are placed in service, the
25 property is entitled to a reduction in its equalized
26 assessed value in an amount equal to 20% of the difference

1 between the equalized assessed value in the year for which
2 the incentive is sought and the equalized assessed value
3 for the property in the base year.

4 (c) Application requirements.

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

9 (A) the owner's name;

10 (B) the postal address and permanent index number
11 of the parcel;

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

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

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

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

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

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

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

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

26 (K) any additional information as reasonably

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

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

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

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

26 (A) The owner is eligible to apply for the benefit

1 conferred by this Section beginning January 1, 2021
2 through December 31, 2030. If approved, the reduction
3 will be effective for the current taxable year, which
4 will be reflected in the tax bill issued in the
5 following taxable year.

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

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

14 (D) The owner may apply for the benefit if the
15 newly-constructed residential real property or
16 improvements to existing residential real property
17 were put in service on or after January 1, 2016.
18 However, the 10-year eligibility period shall be
19 reduced by the number of years between the placed in
20 service date and the date the owner first receives this
21 benefit.

22 (E) The owner may apply for the benefit within 2
23 years after the newly-constructed residential real
24 property or improvements to existing residential real
25 property are put in service. However, the 10-year
26 eligibility period shall be reduced for the number of

1 years between the placed in service date and the date
2 the owner first receives this benefit.

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

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

1 (d) For the purposes of this Section,

2 "Affordable units" means units that have rents that do not
3 exceed the maximum rents as defined in this Section.

4 "Base year" means the taxable year prior to the first year
5 of the construction period.

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

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

1 children under age 18; temporary income such as cash gifts;
2 reimbursement for medical expenses; lump sums from
3 inheritance, insurance payments, settlements for personal or
4 property losses; student financial assistance paid directly to
5 the student or to an educational institution; foster child care
6 payments; receipts from government-funded training programs;
7 assistance from the Supplemental Nutrition Assistance Program
8 (SNAP).

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

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

1 means the maximum rents allowable under the guidelines of the
2 qualifying income-based rental subsidy program.

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

15 "Qualifying rehabilitation" means, at a minimum,
16 compliance with local building codes and the replacement or
17 renovation of at least 2 primary building systems. Although the
18 cost of each primary building system may vary, to be approved
19 for the benefit under this Section, the combined expenditure
20 for making the building compliant with local codes and
21 replacing primary building systems must be at least \$8 per
22 square foot for work completed between January 1, 2021 and
23 December 31, 2021 and, in subsequent years, \$8 adjusted by the
24 Consumer Price Index for All Urban Consumers, as published
25 annually by the U.S. Department of Labor. "Primary building
26 systems", together with their related rehabilitations,

1 specifically approved for this program are:

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

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

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

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

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

17 (E) replacing power wiring for receptacles,
18 switches, appliances, equipment, and fixtures;

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

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

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

1 (I) installing new distribution panels, including
2 all panel wiring, terminals, circuit breakers, and all
3 other panel devices.

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

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

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

11 (ii) duct work, diffusers, and cold air
12 returns; or

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

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

18 (i) hot water/steam boiler;

19 (ii) gas furnace; or

20 (iii) any other type of existing heat
21 generating unit.

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

1 (4) Roofing. All roofing work must comply with
2 applicable codes; it may consist of either of the following
3 alternatives, separately or in combination:

4 (A) replacing all rotted roof decks and
5 insulation; or

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

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

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

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

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

21 (C) new ceilings must be either drywall, suspended
22 type, or a similar

23 (7) Exterior walls.

24 (A) replace loose or crumbling mortar and masonry
25 with new material;

26 (B) replace or paint wall siding and trim as

1 needed;

2 (C) bring porches and balconies to a sound
3 condition; or

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

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

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

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

14 (C) replace hoistway wiring;

15 (D) replace door operators and linkage;

16 (E) replace door panels at each opening;

17 (F) replace hall stations, car stations, and
18 signal fixtures; or

19 (G) rebuild the car shell and refinish the
20 interior.

21 (9) Health and safety.

22 (A) install or replace fire suppression systems;

23 (B) install or replace security systems; or

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

26 (10) Energy conservation improvements undertaken to

1 limit the amount of solar energy absorbed by a building's
2 roof or to reduce energy use for the property, including
3 any of the following activities:

4 (A) installing or replacing reflective roof
5 coatings (flat roofs);

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

7 (C) installing or replacing R-19 perimeter wall
8 insulation;

9 (D) installing or replacing insulated entry doors;

10 (E) installing or replacing Low E, insulated
11 windows;

12 (F) installing or replacing WaterSense labeled
13 plumbing fixtures;

14 (G) installing or replacing 90% or better sealed
15 combustion heating systems;

16 (H) installing or replacing direct exhaust hot
17 water heaters;

18 (I) installing or replacing mechanical ventilation
19 to exterior for kitchens and baths;

20 (J) installing or replacing Energy Star
21 appliances;

22 (K) installing low VOC interior paints on interior
23 finishes;

24 (L) installing or replacing Energy Star certified
25 lighting in common areas; or

26 (M) installing or replacing grading and

1 landscaping to promote on-site water retention.

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

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

23 Section 99. Effective date. This Act takes effect upon
24 becoming law.