



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

HB4784

Introduced 1/27/2022, by Rep. William Davis

SYNOPSIS AS INTRODUCED:

20 ILCS 3805/7.33 new
20 ILCS 3805/14

from Ch. 67 1/2, par. 314

Amends the Illinois Housing Development Act. Provides that no later than July 1, 2022, the Illinois Housing Development Authority shall establish and administer the Rehab Program to help reclaim vacant and abandoned properties in communities of concentrated poverty. Provides that the purposes of the Rehab Program are: to encourage private sector investment in acquiring, rehabbing, and placing on the market, vacant and abandoned properties located in communities of concentrated poverty; to provide low-income families with more affordable housing options in modern, safe buildings while redressing historic discrimination against African Americans in housing; and other stated purposes. Provides that within 45 days of the satisfactory completion of a qualified project, the Authority shall pay to the qualified developer responsible for the project a Rehab Program incentive fee. Provides that after the initial pilot of the Rehab Program ends, and continuing thereafter, the Authority may authorize qualified projects in any calendar year in an amount not to exceed either \$50,000,000 for the year in question, or, if the Authority is then utilizing bond proceeds to pay Rehab Program incentive fees as permitted under the amendatory Act, more than \$250,000,000 in aggregate bond indebtedness then outstanding for all such bonds. Provides that the Authority may from time to time adopt rules requiring qualified developers to hire a certain percentage of workers for the qualified project in question from the community in which the qualified project is located. Provides that initially the Rehab Program shall be piloted out in 10 communities identified by the Authority that span the State, to ensure the program generates economic benefits equitably across Illinois. Permits the Authority to issue bonds and notes for the payment of Rehab Program incentive fees to qualified developers. Effective immediately.

LRB102 25339 KTG 34616 b

1 AN ACT concerning State government.

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

4 Section 5. The Illinois Housing Development Act is amended
5 by changing Section 14 and by adding Section 7.33 as follows:

6 (20 ILCS 3805/7.33 new)

7 Sec. 7.33. The Rehab Program.

8 (a) Findings.

9 (1) The General Assembly finds that vacant and
10 abandoned properties located in communities of
11 concentrated poverty across the State frequently become
12 crime centers, reduce the value of adjacent properties,
13 increase risks to general health and safety, and make it
14 exceedingly difficult to reverse long term cycles of
15 concentrated poverty.

16 (2) The General Assembly finds that, while
17 economically struggling communities across Illinois have
18 to deal with this issue, due to the legacy of historical,
19 overt racism under redlining policies, which systemically
20 denied African Americans access to the level of mortgage
21 financing needed to purchase homes in middle-income and
22 upper-income communities, a disproportionately large
23 percentage of African Americans have been forced to live

1 in areas that suffer the negative consequences generated
2 by vacant and abandoned property.

3 (3) The General Assembly finds that private developers
4 frequently are not willing to acquire and rehab vacant and
5 abandoned properties located in communities of
6 concentrated poverty, because complying with federal,
7 State and local laws, rules, and ordinances covering
8 everything from prevailing wage and environmental
9 requisites, to building code standards, frequently pushes
10 the total acquisition and rehab cost to a level well in
11 excess of what could be charged for selling, renting, or
12 otherwise commercially utilizing the rehabbed property at
13 the depressed fair market rates that are generally
14 prevailing in these communities.

15 (4) The General Assembly finds that the stain of
16 historic discrimination against African Americans cannot
17 be erased, but a thoughtful approach to reclaiming vacant
18 and abandoned property through a strategic program that
19 leverages public and private investments can help break
20 the cycle of concentrated poverty in historically
21 low-income communities generally, as well as begin to
22 redress some of the legacy of overt racism in housing and
23 mortgage finance policies specifically. To further those
24 goals, the State is creating a new public financing
25 program (hereafter the "Rehab Program"), as provided in
26 this Act.

1 (b) Establishment of the Rehab Program. No later than July
2 1, 2022, the Authority shall establish and administer the
3 Rehab Program to help reclaim vacant and abandoned properties
4 in communities of concentrated poverty.

5 (c) Purposes of the Rehab Program. The purposes of the
6 Rehab Program are to:

7 (1) encourage private sector investment in acquiring,
8 rehabbing, and placing on the market, vacant and abandoned
9 properties located in communities of concentrated poverty;

10 (2) provide low-income families with more affordable
11 housing options in modern, safe buildings while redressing
12 historic discrimination against African Americans in
13 housing;

14 (3) reduce various commercial deserts that
15 traditionally plague communities of concentrated poverty;

16 (4) reduce both the taxpayer costs generally
17 associated with constructing and maintaining public units
18 of affordable housing over a duration of multiple years,
19 as well as the long-term revenue losses generated by
20 ongoing tax expenditures intended to promote business
21 activity in low-income communities, by replacing both
22 long-term, ongoing expenses with a significantly less
23 expensive, one-time public investment;

24 (5) leverage public taxpayer investments with private
25 sector dollars and land bank resources;

26 (6) begin creating or stimulating private markets in

1 housing and commercial ventures in areas that are
2 struggling to do so;

3 (7) help reduce the crime associated with vacant and
4 abandoned property that frequently afflicts communities of
5 concentrated poverty, thereby enhancing both the health
6 and safety of residents;

7 (8) create jobs and an economic stimulus, initially
8 through construction and related jobs, and after the new
9 housing is occupied and new retail is open, generating
10 ongoing economic benefits that should create a positive
11 economic multiplier over time; and

12 (9) increase local property values, making future
13 development more likely while enhancing tax revenues for
14 local governmental authorities.

15 (d) Definitions. As used in this Section:

16 (1) "Community of concentrated poverty" means each of
17 the following: (i) a census tract, or a set of contiguous
18 census tracts, that has a poverty rate of 25% or greater,
19 as determined using the American Community Survey's 5-year
20 data most recently published by the U.S. Department of
21 Labor; (ii) a census tract or a set of contiguous census
22 tracts that has a poverty rate of 20% or greater, using the
23 American Community Survey's 5-year data most recently
24 published by the U.S. Department of Labor, provided that
25 such community is also either majority minority in
26 composition, or is located in a non-metro area; or (iii) a

1 community that is designated as or qualifies as a blighted
2 or slum area under any federal, State, or local
3 governmental authority or agency law, rule, regulation, or
4 ordinance.

5 (2) "Fair market value of a qualified project" means
6 that dollar amount that is equal to the average of 3
7 appraisals thereof conducted by 3 different certified
8 Member, Appraisal Institute (MAI) appraisers qualified to
9 work in Illinois with expertise in both residential and
10 commercial properties, one of whom shall be selected by
11 the Authority, one of whom shall be selected by the
12 qualified developer, and one of whom shall be selected by
13 the 2 aforesaid MAI appraisers. The fair market value of a
14 qualified project shall be determined within 30 days of
15 the completion of a qualified project.

16 (3) "Project costs" means the reasonable out-of-pocket
17 expenses a qualified developer actually incurs to acquire
18 a piece of vacant and abandoned property in a community of
19 concentrated poverty, and to complete a qualified project
20 thereon in full compliance with all applicable laws,
21 rules, ordinances, and regulations, provided however that
22 all such expenses are reasonably documented and approved
23 in writing from time to time during project construction
24 by the Authority. The Authority shall adopt rules from
25 time to time identifying the form and content of expense
26 reporting a qualified developer must utilize.

1 (4) "Qualified developer" means each of the following:

2 (i) a private, for profit corporation, limited or general
3 partnership, or limited liability company; (ii) a
4 non-profit corporation organized for the purpose of
5 constructing, managing, and operating housing projects and
6 for the improvement of housing conditions, including the
7 rental or sale of housing units to persons in need
8 thereof, as well as a neighborhood redevelopment
9 corporation; or (iii) an Illinois Land Bank. In each
10 instance the Authority has the right but not the
11 obligation to request that any such entity acquire one or
12 more construction or performance bonds concerning the
13 qualified project in question, and obtain all applicable
14 permits as well as titles and easements necessary to
15 complete the qualified project in question, before
16 recognizing that entity as a qualified developer under
17 this Section.

18 (5) "Qualified project" means the acquisition of
19 vacant and abandoned property in a community of
20 concentrated poverty, and the development of such property
21 to become either affordable housing (single or
22 multi-family residences), or a mix of affordable housing
23 units and commercial units. In either case, the qualified
24 developer in question shall first submit a plan of
25 development to the Authority, and the Authority must
26 approve of the proposed development in writing and in

1 advance. The Authority from time to time shall adopt rules
2 identifying the type of affordable housing and mixed use
3 projects that it will approve, as well as the specific
4 communities of concentrated poverty in which qualified
5 projects may be sited.

6 (6) "Vacant and abandoned property" means: (i)
7 property that has been empty for at least 6 months, and has
8 had no construction done on it during that period, has had
9 no attempt by the owner to occupy, lease, or otherwise
10 commercially exploit such property during said period, and
11 is delinquent in tax or mortgage payments during such
12 period; or (ii) property that has been vacant for 6 or more
13 months and that has become derelict, unsafe,
14 uninhabitable, environmentally contaminated, a public
15 nuisance, or a center for criminal activity, or otherwise
16 has lost its value as an economic or social good.

17 (e) Administration of the Rehab Program. Within 45 days of
18 the satisfactory completion of a qualified project, the
19 Authority shall pay to the qualified developer responsible for
20 such project a Rehab Program incentive fee, in a dollar amount
21 that is equal to: (i) the difference between the approved
22 project costs for the qualified project in question and the
23 fair market value of such completed qualified project; plus
24 (ii) an amount equal to 5% of such fair market value. As used
25 in this Section, the "satisfactory completion" of a qualified
26 project means all construction thereof has been done in

1 accordance with all applicable laws, rules, regulations, and
2 ordinances, and the qualified project is being marketed for
3 its intended uses. After the initial pilot of the Rehab
4 Program identified in subsection (f) ends, and continuing
5 thereafter, the Authority may authorize qualified projects in
6 any given calendar year in an amount not to exceed either
7 \$50,000,000 for the year in question, or if the Authority is
8 then utilizing bond proceeds to pay Rehab Program incentive
9 fees as permitted under Section 14 of this Act, more than
10 \$250,000,000 in aggregate bond indebtedness then outstanding
11 for all such bonds. The Authority may from time to time adopt
12 rules requiring qualified developers to hire a certain
13 percentage of workers for the qualified project in question
14 from the community in which such qualified project is located,
15 or set aside a specific percentage of Rehab Program incentive
16 fees for minority-owned or woman-owned developers.

17 (f) Initial pilot. Initially, the Rehab Program shall be
18 piloted out in 10 communities identified by the Authority that
19 span the State, to ensure the program generates economic
20 benefits equitably across Illinois. Those 10 communities shall
21 at a minimum include the Chicago metropolitan area, the south
22 suburbs of Chicago, central Illinois, northwest Illinois, and
23 southern Illinois. This pilot program shall commence on July
24 1, 2022, and continue through and including December 31, 2023.
25 The maximum amount of Rehab Program incentive fees the
26 Authority may issue during the pilot period shall be

1 \$20,000,000. The Authority shall fund such incentive fees
2 either with appropriations from the State, or by issuing bonds
3 as permitted under Section 14 of this Act, if there are
4 inadequate appropriations to cover the full \$20,000,000 during
5 the pilot period.

6 (20 ILCS 3805/14) (from Ch. 67 1/2, par. 314)

7 Sec. 14. The Authority may from time to time issue its
8 negotiable bonds and notes in such principal amount, as, in
9 the opinion of the Authority, shall be necessary to provide
10 sufficient funds for achieving its corporate purposes,
11 including the making of mortgage or other loans for the
12 acquisition, construction and rehabilitation of housing to be
13 occupied by low and moderate income persons, for the
14 acquisition, construction and rehabilitation of community
15 facilities as provided in this Act and for the acquisition,
16 construction and rehabilitation of housing related commercial
17 facilities; the acquisition of land and land development; the
18 purchase of residential mortgages from lending institutions;
19 the making of loans to lending institutions; the payment of
20 Rehab Program incentive fees to qualified developers; the
21 payment of interest on bonds and notes of the Authority; the
22 establishment of reserves to secure such bonds and notes; and
23 all other expenditures of the Authority incidental to and
24 necessary or convenient to carrying out its corporate purposes
25 and powers, including the reimbursement of the Authority for

1 expenditures made by it from other funds for achieving its
2 corporate purposes set forth in this Section. The bonds and
3 notes of the Authority may be issued as general obligations of
4 the Authority payable from such revenues, funds and
5 obligations of the Authority as the resolution authorizing
6 issuance of the bonds or notes shall provide, or may be issued
7 as limited obligations with a claim for payment solely from
8 such revenues, funds and obligations as the resolution
9 authorizing issuance of the bonds or notes shall provide. The
10 Authority is specifically granted the power and authority to
11 issue Affordable Housing Program Trust Fund Bonds or Notes,
12 provided that the use of the proceeds thereof is subject to the
13 limitation provided in the Illinois Affordable Housing Act.
14 Except for such limitation and the dedication and pledge of
15 Trust Fund Moneys provided for in that Act, Affordable Housing
16 Program Trust Fund Bonds or Notes shall be treated in all
17 respects as, and shall be entitled to all the benefits,
18 rights, grants and authorizations in respect of, bonds and
19 notes issued pursuant and subject to the provisions of this
20 Act. The Authority shall have no taxing power.

21 (Source: P.A. 88-93.)

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