

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 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. Commencing in
2 State Fiscal Year 2023, the Authority shall establish and
3 administer the Rehab Program to help reclaim vacant and
4 abandoned properties 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; or (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.

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

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

25 (4) "Qualified developer" means each of the following:
26 (i) a private, for profit corporation, limited or general

1 partnership, or limited liability company; (ii) a
2 non-profit corporation organized for the purpose of
3 constructing, managing, and operating housing projects and
4 for the improvement of housing conditions, including the
5 rental or sale of housing units to persons in need
6 thereof, as well as a neighborhood redevelopment
7 corporation; or (iii) an Illinois Land Bank. In each
8 instance the Authority has the right to request that any
9 such entity acquire one or more construction or
10 performance bonds concerning the qualified project in
11 question, and obtain all applicable permits as well as
12 titles and easements necessary to complete the qualified
13 project in question, before recognizing that entity as a
14 qualified developer under this Section.

15 (5) "Qualified project" means the acquisition of
16 vacant and abandoned property in a community of
17 concentrated poverty, and the development of such property
18 to become either affordable housing (single or
19 multi-family residences), or a mix of affordable housing
20 units and commercial units. In either case, the qualified
21 developer in question shall first submit a plan of
22 development to the Authority, and the Authority must
23 approve of the proposed development in writing and in
24 advance. The Authority from time to time shall adopt rules
25 identifying the type of affordable housing and mixed use
26 projects that it will approve, as well as the specific

1 communities of concentrated poverty in which qualified
2 projects may be sited.

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

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

1 Program identified in subsection (f) ends, and continuing
2 thereafter, the Authority may authorize qualified projects in
3 any given calendar year in an amount not to exceed either
4 \$50,000,000 for the year in question. The Authority may from
5 time to time adopt rules requiring qualified developers to
6 hire a certain percentage of workers for the qualified project
7 in question from the community in which such qualified project
8 is located, or set aside a specific percentage of Rehab
9 Program incentive fees for minority-owned or woman-owned
10 developers.

11 (f) Initial pilot. Initially, the Rehab Program shall be
12 piloted out in 10 communities identified by the Authority that
13 span the State, to ensure the program generates economic
14 benefits equitably across Illinois. Those 10 communities shall
15 at a minimum include the Chicago metropolitan area, the south
16 suburbs of Chicago, central Illinois, northwest Illinois, and
17 southern Illinois. This pilot program shall commence on July
18 1, 2022, and continue through and including December 31, 2023.
19 The maximum amount of Rehab Program incentive fees the
20 Authority may issue during the pilot period shall be
21 \$30,000,000. The Authority shall fund such incentive fees with
22 appropriations from the State, if there are inadequate
23 appropriations to cover the full \$30,000,000 during the pilot
24 period. To the extent authorized by the General Assembly and
25 the Governor, the \$30,000,000 appropriation for the pilot
26 program shall be funded with proceeds the State receives under

1 the federal American Rescue Plan Act of 2021.

2 Section 99. Effective date. This Act takes effect upon
3 becoming law.