



Rep. William Davis

Filed: 3/1/2022

10200HB4784ham001

LRB102 25339 KTG 37131 a

1 AMENDMENT TO HOUSE BILL 4784

2 AMENDMENT NO. _____. Amend House Bill 4784 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Housing Development Act is
5 amended 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

1 economically struggling communities across Illinois have
2 to deal with this issue, due to the legacy of historical,
3 overt racism under redlining policies, which systemically
4 denied African Americans access to the level of mortgage
5 financing needed to purchase homes in middle-income and
6 upper-income communities, a disproportionately large
7 percentage of African Americans have been forced to live
8 in areas that suffer the negative consequences generated
9 by vacant and abandoned property.

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

22 (4) The General Assembly finds that the stain of
23 historic discrimination against African Americans cannot
24 be erased, but a thoughtful approach to reclaiming vacant
25 and abandoned property through a strategic program that
26 leverages public and private investments can help break

1 the cycle of concentrated poverty in historically
2 low-income communities generally, as well as begin to
3 redress some of the legacy of overt racism in housing and
4 mortgage finance policies specifically. To further those
5 goals, the State is creating a new public financing
6 program (hereafter the "Rehab Program"), as provided in
7 this Act.

8 (b) Establishment of the Rehab Program. Commencing in
9 State Fiscal Year 2023, the Authority shall establish and
10 administer the Rehab Program to help reclaim vacant and
11 abandoned properties in communities of concentrated poverty.

12 (c) Purposes of the Rehab Program. The purposes of the
13 Rehab Program are to:

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

17 (2) provide low-income families with more affordable
18 housing options in modern, safe buildings while redressing
19 historic discrimination against African Americans in
20 housing;

21 (3) reduce various commercial deserts that
22 traditionally plague communities of concentrated poverty;

23 (4) reduce both the taxpayer costs generally
24 associated with constructing and maintaining public units
25 of affordable housing over a duration of multiple years,
26 as well as the long-term revenue losses generated by

1 ongoing tax expenditures intended to promote business
2 activity in low-income communities, by replacing both
3 long-term, ongoing expenses with a significantly less
4 expensive, one-time public investment;

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

7 (6) begin creating or stimulating private markets in
8 housing and commercial ventures in areas that are
9 struggling to do so;

10 (7) help reduce the crime associated with vacant and
11 abandoned property that frequently afflicts communities of
12 concentrated poverty, thereby enhancing both the health
13 and safety of residents;

14 (8) create jobs and an economic stimulus, initially
15 through construction and related jobs, and after the new
16 housing is occupied and new retail is open, generating
17 ongoing economic benefits that should create a positive
18 economic multiplier over time; and

19 (9) increase local property values, making future
20 development more likely while enhancing tax revenues for
21 local governmental authorities.

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

23 (1) "Community of concentrated poverty" means each of
24 the following: (i) a census tract, or a set of contiguous
25 census tracts, that has a poverty rate of 25% or greater,
26 as determined using the American Community Survey's 5-year

1 data most recently published by the U.S. Department of
2 Labor; or (ii) a census tract or a set of contiguous census
3 tracts that has a poverty rate of 20% or greater, using the
4 American Community Survey's 5-year data most recently
5 published by the U.S. Department of Labor, provided that
6 such community is also either majority minority in
7 composition, or is located in a non-metro area.

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

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

1 by the Authority. The Authority shall adopt rules from
2 time to time identifying what may be included within the
3 rubric of reasonable costs for purposes of this Section,
4 as well as the form and content of expense reporting a
5 qualified developer must utilize.

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

22 (5) "Qualified project" means the acquisition of
23 vacant and abandoned property in a community of
24 concentrated poverty, and the development of such property
25 to become either affordable housing (single or
26 multi-family residences), or a mix of affordable housing

1 units and commercial units. In either case, the qualified
2 developer in question shall first submit a plan of
3 development to the Authority, and the Authority must
4 approve of the proposed development in writing and in
5 advance. The Authority from time to time shall adopt rules
6 identifying the type of affordable housing and mixed use
7 projects that it will approve, as well as the specific
8 communities of concentrated poverty in which qualified
9 projects may be sited.

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

21 (e) Administration of the Rehab Program. Within 45 days of
22 the satisfactory completion of a qualified project, the
23 Authority shall pay to the qualified developer responsible for
24 such project a Rehab Program incentive fee in a dollar amount
25 that is equal to: (i) the difference between the approved
26 project costs for the qualified project in question and the

1 fair market value of such completed qualified project; plus
2 (ii) an amount equal to 5% of such approved project costs. As
3 used in this Section, the "satisfactory completion" of a
4 qualified project means all construction thereof has been done
5 in accordance with all applicable laws, rules, regulations,
6 and ordinances, and the qualified project is being marketed
7 for its intended uses. After the initial pilot of the Rehab
8 Program identified in subsection (f) ends, and continuing
9 thereafter, the Authority may authorize qualified projects in
10 any given calendar year in an amount not to exceed either
11 \$50,000,000 for the year in question. The Authority may from
12 time to time adopt rules requiring qualified developers to
13 hire a certain percentage of workers for the qualified project
14 in question from the community in which such qualified project
15 is located, or set aside a specific percentage of Rehab
16 Program incentive fees for minority-owned or woman-owned
17 developers.

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

1 Authority may issue during the pilot period shall be
2 \$30,000,000. The Authority shall fund such incentive fees with
3 appropriations from the State, if there are inadequate
4 appropriations to cover the full \$30,000,000 during the pilot
5 period. To the extent authorized by the General Assembly and
6 the Governor, the \$30,000,000 appropriation for the pilot
7 program shall be funded with proceeds the State receives under
8 the federal American Rescue Plan Act of 2021.

9 Section 99. Effective date. This Act takes effect upon
10 becoming law.".