

SB0330



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

SB0330

Introduced 2/19/2021, by Sen. Sara Feigenholtz

SYNOPSIS AS INTRODUCED:

20 ILCS 3805/13.1 new
35 ILCS 200/15-178 new

Amends the Illinois Housing Development Act. Provides that the Illinois Housing Development Authority shall develop a form and include it with certain financing agreements. Amends the Property Tax Code. Provides for a reduction in assessed value for affordable rental housing construction or rehabilitation. Effective immediately.

LRB102 10204 HLH 15527 b

FISCAL NOTE ACT
MAY APPLY

HOUSING
AFFORDABILITY
IMPACT NOTE ACT
MAY APPLY

A BILL FOR

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 Illinois Housing Development Act is amended
5 by adding Section 13.1 as follows:

6 (20 ILCS 3805/13.1 new)

7 Sec. 13.1. Form for local agencies. The Authority shall
8 develop a form and include it with the final financing
9 agreement that summarizes the terms of the financing
10 agreement, which should include the following: the length of
11 the affordability period guaranteed under the financing
12 agreement; a legal description; if then available, the address
13 and property index numbers for all applicable property
14 contemplated by the agreement; and any other information that
15 may be relevant for a local county assessor's office and local
16 county and municipal housing development authority to qualify
17 or evidence eligibility for an applicable reduction in the
18 assessed value of an affordable rental housing. This form may
19 vary by county only if the Authority deems necessary. The
20 nonprofit corporation, housing corporation, limited-profit
21 entity, developer, or other entity receiving financing or
22 other assistance under this Act shall file the form with the
23 local county assessor's office and, where applicable, the

1 local county and municipal housing authority for the county in
2 which the property is located. No fees shall be levied against
3 the nonprofit corporation, housing corporation, limited-profit
4 entity, developer, or other entity for filing the form with
5 the county assessor's office of local housing authority.

6 Section 10. The Property Tax Code is amended by adding
7 Section 15-178 as follows:

8 (35 ILCS 200/15-178 new)

9 Sec. 15-178. Reduction in assessed value for affordable
10 rental housing construction or rehabilitation.

11 (a) The General Assembly finds that there is a shortage of
12 high quality affordable rental homes for low-income and
13 very-low-income households throughout Illinois; that owners
14 and developers of rental housing face significant challenges
15 building newly constructed apartments or undertaking
16 rehabilitation of existing properties that results in rents
17 that are affordable for low-income and very-low-income
18 households; and that it will help Cook County and other parts
19 of Illinois address the extreme shortage of affordable rental
20 housing by developing a Statewide policy to determine the
21 assessed value for newly constructed and rehabilitated
22 affordable rental housing that both encourages investment and
23 incentivizes property owners to keep rents affordable.

24 (b) Each chief county assessment officer shall implement

1 special assessment programs to reduce the assessed value of
2 all eligible newly constructed residential real property or
3 qualifying rehabilitation to all eligible existing residential
4 real property in accordance with subsection (c) for 10 taxable
5 years after the newly constructed residential real property or
6 improvements to existing residential real property are put in
7 service. Any county with less than 3,000,000 inhabitants may
8 decide not to implement this special assessment program upon
9 passage of an ordinance by a majority vote of the county board.
10 Subsequent to a vote to opt-out of this special assessment
11 program, any county with less than 3,000,000 inhabitants may
12 decide to implement this special assessment program upon
13 passage of an ordinance by a majority vote of the county board.
14 Property is eligible for the special assessment program if and
15 only if all of the following factors have been met:

16 (1) at the conclusion of the new construction or
17 qualifying rehabilitation, the property consists of a
18 newly constructed multifamily building containing 7 or
19 more rental dwelling units or an existing multifamily
20 building that has undergone qualifying rehabilitation
21 resulting in 7 or more rental dwelling units; and

22 (2) the property meets the application requirements
23 defined in subsection (f).

24 (c) For those counties that are required to implement the
25 special assessment program and do not opt-out of such special
26 assessment program, the chief county assessment officer for

1 that county shall require that residential real property is
2 eligible for the special assessment program if and only if,
3 except as defined in subparagraphs (E), (F), and (G) of
4 paragraph (5) of subsection (f) of this Section, prior to the
5 newly constructed residential real property or improvements to
6 existing residential real property being put in service, the
7 owner of the residential real property commits that, for a
8 period of 10 years, at least 15% of the multifamily building's
9 units will have rents as defined in this Section that are at or
10 below maximum rents and are occupied by households with
11 household incomes at or below maximum income limits.

12 (d) The amount of the reduction for residential real
13 property meeting the conditions set forth in subparagraph (1)
14 of subsection (c) shall be calculated as follows:

15 (1) if the owner of the residential real property
16 commits for a period of at least 10 years that at least 15%
17 but fewer than 35% of the multifamily building's units
18 have rents at or below maximum rents and are occupied by
19 households with household incomes at or below maximum
20 income limits, the assessed value of the property used to
21 calculate the tax bill shall be reduced by an amount equal
22 to 25% of the assessed value of the property as determined
23 by the assessor for the property in the current taxable
24 year for the newly constructed residential real property
25 or based on the improvements to an existing residential
26 real property; and

1 (2) if the owner of the residential real property
2 commits for a period of at least 10 years that at least 35%
3 of the multifamily building's units have rents at or below
4 maximum rents and are occupied by households with
5 household incomes at or below maximum income limits, the
6 assessed value of the property used to calculate the tax
7 bill shall be reduced by an amount equal to 35% of the
8 assessed value of the property as determined by the
9 assessor for the property in the current assessment year
10 for the newly constructed residential real property or
11 based on the improvements to an existing residential real
12 property.

13 (e) Application requirements.

14 (1) In order to receive the reduced valuation under
15 this Section, the owner must submit an application
16 containing the following information to the chief county
17 assessment officer for review in the form and by the date
18 required by the chief county assessment officer:

19 (A) the owner's name;

20 (B) the postal address and permanent index number
21 or numbers of the parcel or parcels for which the owner
22 is applying to receive reduced valuation under this
23 Section;

24 (C) a deed or other instrument conveying the
25 parcel or parcels to the current owner;

26 (D) written evidence that the new construction or

1 qualifying rehabilitation has been completed with
2 respect to the residential real property, including,
3 but not limited to, copies of building permits, a
4 notarized contractor's sworn affidavit, and
5 photographs of the interior and exterior of the
6 building after new construction or rehabilitation is
7 completed;

8 (E) written evidence that the residential real
9 property meets local building codes, or if there are
10 no local building codes, Housing Quality Standards, as
11 determined by the United States Department of Housing
12 and Urban Development;

13 (F) a list identifying the affordable units in
14 residential real property and a written statement that
15 the affordable units are comparable to the market rate
16 units in terms of unit type, number of bedrooms per
17 unit, quality of exterior appearance, energy
18 efficiency, and overall quality of construction;

19 (G) a written schedule certifying the rents in
20 each affordable unit and a written statement that
21 these rents do not exceed the maximum rents allowable
22 for the area in which the residential real property is
23 located;

24 (H) documentation from the administering agency
25 verifying the owner's participation in a qualifying
26 income-based rental subsidy program as defined in

1 subsection (e) of this Section if units receiving
2 rental subsidies are to be counted among the
3 affordable units in order to meet the thresholds
4 defined in this Section;

5 (I) a written statement identifying the household
6 income for every household occupying an affordable
7 unit and certifying that the household income does not
8 exceed the maximum income limits allowable for the
9 area in which the residential real property is
10 located;

11 (J) a written statement that the owner has
12 verified and retained documentation of household
13 income for every household occupying an affordable
14 unit; and

15 (K) any additional information consistent with
16 this Section as reasonably required by the chief
17 county assessment officer, including, but not limited
18 to, any information necessary to ensure compliance
19 with applicable local ordinances and to ensure the
20 owner is complying with the provisions of subparagraph
21 (F) of paragraph (4) of subsection (d) of this
22 Section.

23 (2) The application requirements contained in
24 paragraph (1) of subsection (f) are continuing
25 requirements for the duration of the benefit received and
26 may be annually or periodically verified by the chief

1 county assessment officer for the county whereby the
2 benefit is being issued. (3) In lieu of submitting an
3 application containing the information proscribed in
4 paragraph (1) of subsection (f), the chief county
5 assessment officer may allow for submission of a
6 substantially similar certification granted by the
7 Illinois Housing Development Authority or a comparable
8 local authority provided that the chief county assessment
9 officer independently verifies the veracity of the
10 certification with the Illinois Housing Development
11 Authority or comparable local authority.

12 (3) The chief county assessment officer shall notify
13 the owner as to whether or not the property meets the
14 requirements of this Section. If the property does not
15 meet the requirements of this Section, the chief county
16 assessment officer shall provide written notice of any
17 deficiencies to the owner, who shall then have 30 days
18 from the date of notification to provide supplemental
19 information showing compliance with this Section. The
20 chief county assessment officer shall, in its discretion,
21 grant additional time to cure any deficiency. If the owner
22 does not exercise this right to cure the deficiency, or if
23 the information submitted, in the sole judgment of the
24 chief county assessment officer, is insufficient to meet
25 the requirements of this Section, the chief county
26 assessment officer shall provide a written explanation of

1 the reasons for denial.

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

5 (5) The reduced valuation conferred by this Section is
6 limited as follows:

7 (A) The owner is eligible to apply for the reduced
8 valuation conferred by this Section beginning in the
9 first assessment year after the effective date of this
10 amendatory Act of the 102nd General Assembly through
11 December 31, 2030. If approved, the reduction will be
12 effective for the current assessment year, which will
13 be reflected in the tax bill issued in the following
14 calendar year. Owners that are approved for the
15 reduced valuation under this Section before December
16 31, 2029 shall, at minimum, be eligible for annual
17 renewal of the reduced valuation during an initial
18 10-year period if annual certification requirements
19 are met for each of the 10 years, as described in
20 subparagraph (B) of paragraph (4) of subsection (d) of
21 this Section until December 31, 2039.

22 (B) Property receiving a reduction outlined in
23 paragraph (1) of subsection (c) of this Section shall
24 continue to be eligible for an initial period of up to
25 10 years if annual certification requirements are met
26 for each of the 10 years, but shall be extended for up

1 to 2 additional 10-year periods with annual renewals
2 if the owner continues to meet the requirements of
3 this Section, including annual certifications, and
4 excluding the requirements regarding new construction
5 or qualifying rehabilitation defined in subparagraph
6 (D) of paragraph (1) of this subsection.

7 (C) The annual certification materials in the year
8 prior to final year of eligibility for the reduction
9 in assessed value must include a dated copy of the
10 written notice provided to tenants informing them of
11 the date of the termination if the owner is not seeking
12 a renewal.

13 (D) If the property is sold or transferred, the
14 purchaser or transferee must comply with all
15 requirements of this Section, excluding the
16 requirements regarding new construction or qualifying
17 rehabilitation defined in subparagraph (D) of
18 paragraph (1) of this subsection, in order to continue
19 receiving the reduction in assessed value. Purchasers
20 and transferees who comply with all requirements of
21 this Section excluding the requirements regarding new
22 construction or qualifying rehabilitation defined in
23 subparagraph (D) of paragraph (1) of this subsection
24 are eligible to apply for renewal on the schedule set
25 by the initial application.

26 (E) The owner may apply for the reduced valuation

1 if the residential real property meets all
2 requirements of this Section and the newly constructed
3 residential real property or improvements to existing
4 residential real property were put in service on or
5 after January 1, 2015. However, the initial 10-year
6 eligibility period shall be reduced by the number of
7 years between the placed in service date and the date
8 the owner first receives this reduced valuation.

9 (F) The owner may apply for the reduced valuation
10 within 2 years after the newly constructed residential
11 real property or improvements to existing residential
12 real property are put in service. However, the initial
13 10-year eligibility period shall be reduced for the
14 number of years between the placed in service date and
15 the date the owner first receives this reduced
16 valuation.

17 (G) Owners of a multifamily building receiving a
18 reduced valuation through the Cook County Class 9
19 program during the year in which this amendatory Act
20 of the 102nd General Assembly takes effect shall be
21 deemed automatically eligible for the reduced
22 valuation defined in this Section in terms of meeting
23 the criteria for new construction or substantial
24 rehabilitation for a specific multifamily building
25 regardless of when the newly constructed residential
26 real property or improvements to existing residential

1 real property were put in service. If a Cook County
2 Class 9 owner had Class 9 status revoked on or after
3 January 1, 2017 but can provide documents sufficient
4 to prove that the revocation was in error or any
5 deficiencies leading to the revocation have been
6 cured, the chief county assessment officer may deem
7 the owner to be eligible. However, owners may not
8 receive both the reduced valuation under this Section
9 and the reduced valuation under the Cook County Class
10 9 program in any single assessment year. In addition,
11 the number of years during which an owner has
12 participated in the Class 9 program shall count
13 against the 3 10-year periods of eligibility for the
14 reduced valuation as defined in subparagraph (1) of
15 subsection (c) of this Section.

16 (H) At the completion of the assessment reduction
17 period described in this Section, the entire parcel
18 will be assessed as otherwise provided by law.

19 (f) For the purposes of this Section,

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

22 "Household income" includes the annual income for all the
23 people who occupy a housing unit that is anticipated to be
24 received from a source outside of the family during the
25 12-month period following admission or the annual
26 recertification, including related family members and all the

1 unrelated people who share the housing unit. Household income
2 includes the sum total of the following income sources: wages,
3 salaries and tips before any payroll deductions; net business
4 income; interest and dividends; payments in lieu of earnings,
5 such as unemployment and disability compensation, worker's
6 compensation and severance pay; Social Security income,
7 including lump sum payments; payments from insurance policies,
8 annuities, pensions, disability benefits and other types of
9 periodic payments, alimony, child support, and other regular
10 monetary contributions; and public assistance, except for
11 assistance from the Supplemental Nutrition Assistance Program
12 (SNAP). "Household income" does not include: earnings of
13 children under age 18; temporary income such as cash gifts;
14 reimbursement for medical expenses; lump sums from
15 inheritance, insurance payments, settlements for personal or
16 property losses; student financial assistance paid directly to
17 the student or to an educational institution; foster child
18 care payments; receipts from government-funded training
19 programs; assistance from the Supplemental Nutrition
20 Assistance Program (SNAP).

21 "Maximum income limits" means the maximum regular income
22 limits for 60% of area median income for the geographic area in
23 which the multifamily building is located for multifamily
24 programs as determined by the United States Department of
25 Housing and Urban Development and published annually by the
26 Illinois Housing Development Authority.

1 "Maximum rent" means the maximum regular rent for 60% of
2 the area median income for the geographic area in which the
3 multifamily building is located for multifamily programs as
4 determined by the United States Department of Housing and
5 Urban Development and published annually by the Illinois
6 Housing Development Authority. To be eligible for the reduced
7 valuation defined in this Section, maximum rents are to be
8 consistent with the Illinois Housing Development Authority's
9 rules; or if the owner is leasing an affordable unit to a
10 household with an income at or below the maximum income limit
11 who is participating in qualifying income-based rental subsidy
12 program, "maximum rent" means the maximum rents allowable
13 under the guidelines of the qualifying income-based rental
14 subsidy program.

15 "Qualifying income-based rental subsidy program" means a
16 Housing Choice Voucher issued by a housing authority under
17 Section 8 of the United States Housing Act of 1937, a tenant
18 voucher converted to a project-based voucher by a housing
19 authority or any other program administered or funded by a
20 housing authority, the Illinois Housing Development Authority,
21 another State agency, a federal agency, or a unit of local
22 government where participation is limited to households with
23 incomes at or below the maximum income limits as defined in
24 this Section and the tenants' portion of the rent payment is
25 based on a percentage of their income or a flat amount that
26 does not exceed the maximum rent as defined in this Section.

1 "Qualifying rehabilitation" means, at a minimum,
2 compliance with local building codes and the replacement or
3 renovation of at least 2 primary building systems to be
4 approved for the reduced valuation under paragraph (1) of
5 subsection (c) of this Section and at least 5 primary building
6 systems to be approved for the reduced valuation under
7 paragraph (2) of subsection (c) of this Section. Although the
8 cost of each primary building system may vary, to be approved
9 for the reduced valuation under paragraph (1) of subsection
10 (c) of this Section, the combined expenditure for making the
11 building compliant with local codes and replacing primary
12 building systems must be at least \$8 per square foot for work
13 completed between January 1 of the year in which this
14 amendatory Act of the 102nd General Assembly takes effect and
15 December 31 of the year in which this amendatory Act of the
16 102nd General Assembly takes effect and, in subsequent years,
17 \$8 adjusted by the Consumer Price Index for All Urban
18 Consumers, as published annually by the U.S. Department of
19 Labor. To be approved for the reduced valuation under
20 paragraph (2) of subsection (c) of this Section, the combined
21 expenditure for making the building compliant with local codes
22 and replacing primary building systems must be at least \$60
23 per square foot for work completed between January 1 of the
24 year that this amendatory Act of the 102nd General Assembly
25 becomes effective and December 31 of the year that this
26 amendatory Act of the 102nd General Assembly becomes effective

1 and, in subsequent years, \$60 adjusted by the Consumer Price
2 Index for All Urban Consumers, as published annually by the
3 U.S. Department of Labor. "Primary building systems", together
4 with their related rehabilitations, specifically approved for
5 this program are:

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

9 (A) installing individual equipment and appliance
10 branch circuits as required by code (the minimum being
11 a kitchen appliance branch circuit);

12 (B) installing a new emergency service, including
13 emergency lighting with all associated conduits and
14 wiring;

15 (C) rewiring all existing feeder conduits ("home
16 runs") from the main switchgear to apartment area
17 distribution panels;

18 (D) installing new in-wall conduits for
19 receptacles, switches, appliances, equipment, and
20 fixtures;

21 (E) replacing power wiring for receptacles,
22 switches, appliances, equipment, and fixtures;

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

25 (G) replacing, adding, or doing work as necessary
26 to bring all receptacles, switches, and other

1 electrical devices into code compliance;

2 (H) installing a new main service, including
3 conduit, cables into the building, and main disconnect
4 switch; and

5 (I) installing new distribution panels, including
6 all panel wiring, terminals, circuit breakers, and all
7 other panel devices.

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

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

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

15 (ii) duct work, diffusers, and cold air
16 returns; or

17 (iii) any other type of existing heat
18 distribution and radiation/diffusion components;

19 or

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

22 (i) hot water/steam boiler;

23 (ii) gas furnace; or

24 (iii) any other type of existing heat
25 generating unit.

26 (3) Plumbing. All plumbing work must comply with

1 applicable codes. Replace all or a part of the in-wall
2 supply and waste plumbing; however, main supply risers,
3 waste stacks and vents, and code-conforming waste lines
4 need not be replaced.

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

8 (A) replacing all rotted roof decks and
9 insulation; or

10 (B) replacing or repairing leaking roof membranes
11 (10% is the suggested minimum replacement of
12 membrane); restoration of the entire roof is an
13 acceptable substitute for membrane replacement.

14 (5) Exterior doors and windows. Replace the exterior
15 doors and windows. Renovation of ornate entry doors is an
16 acceptable substitute for replacement.

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

20 (A) floors must have new carpeting, vinyl tile,
21 ceramic, refurbished wood finish, or a similar
22 substitute;

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

25 (C) new ceilings must be either drywall, suspended
26 type, or a similar

1 (7) Exterior walls.

2 (A) replace loose or crumbling mortar and masonry
3 with new material;

4 (B) replace or paint wall siding and trim as
5 needed;

6 (C) bring porches and balconies to a sound
7 condition; or

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

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

11 (A) replace or rebuild the machine room controls
12 and refurbish the elevator machine (or equivalent
13 mechanisms in the case of hydraulic elevators);

14 (B) replace hoistway electro-mechanical items
15 including: ropes, switches, limits, buffers, levelers,
16 and deflector sheaves (or equivalent mechanisms in the
17 case of hydraulic elevators);

18 (C) replace hoistway wiring;

19 (D) replace door operators and linkage;

20 (E) replace door panels at each opening;

21 (F) replace hall stations, car stations, and
22 signal fixtures; or

23 (G) rebuild the car shell and refinish the
24 interior.

25 (9) Health and safety.

26 (A) install or replace fire suppression systems;

- 1 (B) install or replace security systems; or
- 2 (C) environmental remediation of lead-based paint,
3 asbestos, leaking underground storage tanks, or radon.
- 4 (10) Energy conservation improvements undertaken to
5 limit the amount of solar energy absorbed by a building's
6 roof or to reduce energy use for the property, including,
7 but not limited to, any of the following activities:
- 8 (A) installing or replacing reflective roof
9 coatings (flat roofs);
- 10 (B) installing or replacing R-49 roof insulation;
- 11 (C) installing or replacing R-19 perimeter wall
12 insulation;
- 13 (D) installing or replacing insulated entry doors;
- 14 (E) installing or replacing Low E, insulated
15 windows;
- 16 (F) installing or replacing WaterSense labeled
17 plumbing fixtures;
- 18 (G) installing or replacing 90% or better sealed
19 combustion heating systems;
- 20 (H) installing Energy Star hot water heaters;
- 21 (I) installing or replacing mechanical ventilation
22 to exterior for kitchens and baths;
- 23 (J) installing or replacing Energy Star
24 appliances;
- 25 (K) installing or replacing Energy Star certified
26 lighting in common areas; or

1 (L) installing or replacing grading and
2 landscaping to promote on-site water retention if the
3 retained water is used to replace water that is
4 provided from a municipal source.

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

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

26 Section 99. Effective date. This Act takes effect upon

1 becoming law.