



## 101ST GENERAL ASSEMBLY

### State of Illinois

2019 and 2020

HB2168

by Rep. Sara Feigenholtz

#### SYNOPSIS AS INTRODUCED:

35 ILCS 200/15-178 new

Amends the Property Tax Code. Provides for a reduction in the equalized assessed value of newly-constructed or rehabilitated rental property if the owner of the residential real property commits that, for a period of 10 years, at least 15% 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 07095 HLH 52132 b

FISCAL NOTE ACT  
MAY APPLY

HOUSING  
AFFORDABILITY  
IMPACT NOTE ACT  
MAY APPLY

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. Reduction in assessed value for affordable  
8 rental 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 special assessment  
14 program to reduce the equalized assessed value of all eligible  
15 newly-constructed residential real property or qualifying  
16 rehabilitation to all eligible existing residential real  
17 property in accordance with subsection (b) for 10 taxable years  
18 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 special assessment  
21 program if and only if all of the following factors have been  
22 met:

23 (1) the property consists of a newly-constructed

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

5 (2) except as defined in subparagraphs (E), (F), and  
6 (G) 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, at least  
11 15% of the multifamily building's units will have rents as  
12 defined in this Section that are at or below maximum rents  
13 and are occupied by households with household incomes at or  
14 below maximum income limits; and

15 (3) the property meets the application requirements  
16 defined in subsection (c).

17 (b) The amount of the reduction shall be calculated as  
18 follows:

19 (1) if at least 15% but fewer than 35% of the  
20 multifamily building's units have rents at or below maximum  
21 rents and are occupied by households with household incomes  
22 at or below maximum income limits, the equalized assessed  
23 value of the property used to calculate the tax bill shall  
24 be reduced by an amount equal to 25% of the equalized  
25 assessed value of the property as initially determined by  
26 the assessor for the property in the current taxable year

1 for the newly-constructed residential real property or  
2 based on the improvements to an existing residential real  
3 property; and

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

14 (c) Application requirements.

15 (1) In order to receive benefits under this Section,  
16 the owner must submit the following information to the  
17 chief county assessment officer for review in the form  
18 required by the chief county assessment officer:

19 (A) the owner's name;

20 (B) the postal address and permanent index number  
21 of the parcel;

22 (C) a deed or other instrument conveying the parcel  
23 to the current owner;

24 (D) written evidence that the new construction or  
25 qualifying rehabilitation has been completed with  
26 respect to the residential real property, including,

1 but not limited to, copies of building permits, a  
2 notarized contractor's sworn affidavit, and  
3 photographs of the interior and exterior of the  
4 building after new construction or rehabilitation is  
5 completed;

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

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

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

21 (H) documentation from the administering agency  
22 verifying the owner's participation in a qualifying  
23 income-based rental subsidy program as defined in  
24 subsection (d) of this Section if units receiving  
25 rental subsidies are to be counted among the affordable  
26 units in order to meet the thresholds defined in this

1           Section;

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

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

10                   (K) any additional information as reasonably  
11                   required by the chief county assessment officer,  
12                   including, but not limited to, any information  
13                   necessary to ensure compliance with applicable local  
14                   ordinances and to ensure the owner is complying with  
15                   the provisions of subparagraph (F) of paragraph (4) of  
16                   subsection (c) of this Section.

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

1 the chief county assessment officer, is insufficient to  
2 meet the requirements of this Section, the chief county  
3 assessment officer shall provide a written explanation of  
4 the reasons for denial.

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

8 (4) The benefit conferred by this Section is limited as  
9 follows:

10 (A) The owner is eligible to apply for the benefit  
11 conferred by this Section beginning January 1, 2020  
12 through December 31, 2029. If approved, the reduction  
13 will be effective for the current taxable year, which  
14 will be reflected in the tax bill issued in the  
15 following taxable year. Owners that are approved for  
16 the benefit under this Section before December 31, 2028  
17 shall, at minimum, be eligible for annual renewal of  
18 the benefit during an initial 10-year period, as  
19 described in subparagraph (B) of paragraph (4) of  
20 subsection (c) of this Section benefit until December  
21 31, 2037.

22 (B) Property receiving a reduction outlined in  
23 this Section shall continue to be eligible for annual  
24 renewal for an initial period of up to 10 years, but  
25 shall be extended for up to an additional 10-year  
26 period with annual renewals if the owner continues to

1 meet the requirements of this Section, excluding the  
2 requirements regarding new construction or qualifying  
3 rehabilitation defined in subparagraph (D) of  
4 paragraph (1) of this subsection.

5 (C) The application materials in the year prior to  
6 final year of eligibility for the reduction in assessed  
7 value during the initial 10-year period and any  
8 additional 10-year periods must include a dated copy of  
9 written notice provided to tenants informing them of  
10 the date of the termination regardless of whether or  
11 not the owner is eligible for or seeking a renewal.

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

16 (E) The owner may apply for the benefit if the  
17 newly-constructed residential real property or  
18 improvements to existing residential real property  
19 were put in service on or after January 1, 2015.  
20 However, the initial 10-year eligibility period shall  
21 be reduced by the number of years between the placed in  
22 service date and the date the owner first receives this  
23 benefit.

24 (F) The owner may apply for the benefit within 2  
25 years after the newly-constructed residential real  
26 property or improvements to existing residential real



1 property are put in service. However, the initial 10  
2 year eligibility period shall be reduced for the number  
3 of years between the placed in service date and the  
4 date the owner first receives this benefit.

5 (G) Owners of a multifamily building receiving a  
6 benefit through the Cook County Class 9 program on  
7 December 31, 2019 shall be deemed automatically  
8 eligible for the benefit defined in this Section in  
9 terms of meeting the criteria for new construction or  
10 substantial rehabilitation for a specific multifamily  
11 building regardless of when the newly-constructed  
12 residential real property or improvements to existing  
13 residential real property were put in service. If a  
14 Cook County Class 9 owner had Class 9 status revoked on  
15 or after January 1, 2017 but can provide documents  
16 sufficient to prove that the revocation was in error or  
17 any deficiencies leading to the revocation have been  
18 cured, the chief county assessment officer may deem the  
19 owner to be eligible. However, owners may not receive  
20 the both the benefits defined in this Section and the  
21 Cook County Class 9 program in any single taxable year.  
22 In addition, the number of years during which an owner  
23 has participated in the Class 9 program shall count  
24 against the number of remaining years eligible for the  
25 benefit as defined in this Section.

26 (H) At the completion of the assessment reduction

1 period described in this Section, the entire parcel  
2 will be assessed as otherwise provided in State law.

3 (d) For the purposes of this Section,

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

6 "Household income" includes the annual income for all the  
7 people who occupy a housing unit that is anticipated to be  
8 received from a source outside of the family during the  
9 12-month period following admission or the annual  
10 recertification, including related family members and all the  
11 unrelated people who share the housing unit. Household income  
12 includes the sum total of the following income sources: wages,  
13 salaries and tips before any payroll deductions; net business  
14 income; interest and dividends; payments in lieu of earnings,  
15 such as unemployment and disability compensation, worker's  
16 compensation and severance pay; Social Security income,  
17 including lump sum payments; payments from insurance policies,  
18 annuities, pensions, disability benefits and other types of  
19 periodic payments, alimony, child support, and other regular  
20 monetary contributions; and public assistance, except for  
21 assistance from the Supplemental Nutrition Assistance Program  
22 (SNAP). "Household income" does not include: earnings of  
23 children under age 18; temporary income such as cash gifts;  
24 reimbursement for medical expenses; lump sums from  
25 inheritance, insurance payments, settlements for personal or  
26 property losses; student financial assistance paid directly to

1 the student or to an educational institution; foster child care  
2 payments; receipts from government-funded training programs;  
3 assistance from the Supplemental Nutrition Assistance Program  
4 (SNAP).

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

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

25 "Qualifying income-based rental subsidy program" means a  
26 Housing Choice Voucher issued by a housing authority under

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

11 "Qualifying rehabilitation" means, at a minimum,  
12 compliance with local building codes and the replacement or  
13 renovation of at least 2 primary building systems. Although the  
14 cost of each primary building system may vary, to be approved  
15 for the benefit under paragraph (1) of subsection (b) of this  
16 Section, the combined expenditure for making the building  
17 compliant with local codes and replacing primary building  
18 systems must be at least \$8 per square foot for work completed  
19 between January 1, 2020 and December 31, 2020 and in subsequent  
20 years, \$8 adjusted by the Consumer Price Index for All Urban  
21 Consumers, as published annually by the U.S. Department of  
22 Labor. To be approved for the benefit under (b)(2) of this  
23 Section, the combined expenditure for making the building  
24 compliant with local codes and replacing primary building  
25 systems must be at least \$12.50 per square foot for work  
26 completed between January 1, 2020 and December 31, 2020 and in

1 subsequent years, \$12.50 adjusted by the Consumer Price Index  
2 for All Urban Consumers, as published annually by the U.S.  
3 Department of Labor. "Primary building systems", together with  
4 their related rehabilitations, specifically approved for this  
5 program are:

6 (1) Electrical. All electrical work must comply with  
7 applicable codes; it may consist of a combination of any of  
8 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 of  
10 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 following  
7 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           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 or replacing direct exhaust hot  
21          water heaters;  
22          (I) installing or replacing mechanical ventilation  
23          to exterior for kitchens and baths;  
24          (J) installing or replacing Energy Star  
25          appliances;  
26          (K) installing low VOC interior paints on interior

1 finishes;

2 (L) installing or replacing Energy Star certified  
3 lighting in common areas; or

4 (M) installing or replacing grading and  
5 landscaping to promote on-site water retention.

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

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

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