



## 102ND GENERAL ASSEMBLY

### State of Illinois

2021 and 2022

HB0805

Introduced 2/10/2021, by Rep. Curtis J. Tarver, II

#### SYNOPSIS AS INTRODUCED:

35 ILCS 200/15-178 new

Amends the Property Tax Code. Provides for a reduction in the 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. Sets forth application requirements and the amount of the reduction. Effective immediately.

LRB102 12720 HLH 18059 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 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 General Assembly finds that there is a shortage of  
10 high quality affordable rental homes for low-income and  
11 very-low-income households throughout Illinois; that owners  
12 and developers of rental housing face significant challenges  
13 building newly constructed apartments or undertaking  
14 rehabilitation of existing properties that result in rents  
15 that are affordable for low-income and very-low-income  
16 households; and that it will help Cook County and other parts  
17 of Illinois address the extreme shortage of affordable rental  
18 housing by developing a Statewide policy to determine the  
19 assessed value for newly constructed and rehabilitated  
20 affordable rental housing that both encourages investment and  
21 incentivizes property owners to keep rents affordable.

22 (b) Any county with 3,000,000 or more inhabitants shall  
23 implement a special assessment program to reduce the equalized

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

16 (1) the property consists of a newly-constructed  
17 multifamily building containing 7 or more rental dwelling  
18 units or an existing multifamily building that has  
19 undergone qualifying rehabilitation containing 7 or more  
20 rental dwelling units;

21 (2) except as defined in subparagraphs (E), (F), and  
22 (G) of paragraph (4) of subsection (d) of this Section,  
23 prior to the newly-constructed residential real property  
24 or improvements to existing residential real property  
25 being put in service, the owner of the residential real  
26 property commits that, for a period of 10 years, at least

1       15% of the multifamily building's units will have rents as  
2       defined in this Section that are at or below maximum rents  
3       and are occupied by households with household incomes at  
4       or below maximum income limits; and

5           (3) the property meets the application requirements  
6           defined in subsection (d).

7       (c) The amount of the reduction shall be calculated as  
8       follows:

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

21          (2) if the owner of the residential real property  
22          commits for a period of at least 10 years that at least 35%  
23          of the multifamily building's units have rents at or below  
24          maximum rents and are occupied by households with  
25          household incomes at or below maximum income limits, the  
26          equalized assessed value of the property used to calculate

1 the tax bill shall be reduced by an amount equal to 35% of  
2 the assessed value of the property as initially determined  
3 by the assessor for the property in the current assessment  
4 year for the newly constructed residential real property  
5 or based on the improvements to an existing residential  
6 real property.

7 (d) Application requirements.

8 (1) In order to receive the reduced valuation under  
9 this Section, the owner must submit an application  
10 containing the following information to the chief county  
11 assessment officer for review in the form required by the  
12 chief county assessment officer:

13 (A) the owner's name;

14 (B) the postal address and permanent index number  
15 of the parcel;

16 (C) a deed or other instrument conveying the  
17 parcel to the current owner;

18 (D) written evidence that the new construction or  
19 qualifying rehabilitation has been completed with  
20 respect to the residential real property, including,  
21 but not limited to, copies of building permits, a  
22 notarized contractor's sworn affidavit, and  
23 photographs of the interior and exterior of the  
24 building after new construction or rehabilitation is  
25 completed;

26 (E) written evidence that the residential real

1 property meets local building codes, or if there are  
2 no local building codes, Housing Quality Standards, as  
3 determined by the United States Department of Housing  
4 and Urban Development;

5 (F) a list identifying the affordable units in  
6 residential real property and a written statement that  
7 the affordable units are comparable to the market rate  
8 units in terms of unit type, number of bedrooms per  
9 unit, quality of exterior appearance, energy  
10 efficiency, and overall quality of construction;

11 (G) a written schedule certifying the rents in  
12 each affordable unit and a written statement that  
13 these rents do not exceed the maximum rents allowable  
14 for the area in which the residential real property is  
15 located;

16 (H) documentation from the administering agency  
17 verifying the owner's participation in a qualifying  
18 income-based rental subsidy program as defined in  
19 subsection (e) of this Section if units receiving  
20 rental subsidies are to be counted among the  
21 affordable units in order to meet the thresholds  
22 defined in this Section;

23 (I) a written statement identifying the household  
24 income for every household occupying an affordable  
25 unit and certifying that the household income does not  
26 exceed the maximum income limits allowable for the

1 area in which the residential real property is  
2 located;

3 (J) a written statement that the owner has  
4 verified and retained documentation of household  
5 income for every household occupying an affordable  
6 unit; and

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

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

1 assessment officer shall provide a written explanation of  
2 the reasons for denial.

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

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

8 (A) The owner is eligible to apply for the reduced  
9 valuation conferred by this Section beginning in the  
10 first assessment cycle after the effective date of  
11 this amendatory Act of the 102nd General Assembly  
12 through December 31, 2031. If approved, the reduction  
13 will be effective for the current assessment year,  
14 which will be reflected in the tax bill issued in the  
15 following calendar year. Owners that are approved for  
16 the reduced valuation under this Section before  
17 December 31, 2031 shall, at minimum, be eligible for  
18 annual renewal of the reduced valuation during an  
19 initial 10-year period if annual certification  
20 requirements are met for each of the 10 years, as  
21 described in subparagraph (B) of paragraph (4) of  
22 subsection (d) of this Section until December 31,  
23 2041.

24 (B) Property receiving a reduction outlined in  
25 this Section shall continue to be eligible for an  
26 initial period of up to 10 years if annual



1 certification requirements are met for each of the 10  
2 years, but shall be extended for up to 2 additional  
3 10-year periods with annual renewals if the owner  
4 continues to meet the requirements of this Section,  
5 including annual certifications, and excluding the  
6 requirements regarding new construction or qualifying  
7 rehabilitation defined in subparagraph (D) of  
8 paragraph (1) of this subsection.

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

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

1 by the initial application.

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

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

19 (G) Owners of a multifamily building receiving a  
20 reduced valuation through the Cook County Class 9  
21 program on December 31, 2019 shall be deemed  
22 automatically eligible for the reduced valuation  
23 defined in this Section in terms of meeting the  
24 criteria for new construction or substantial  
25 rehabilitation for a specific multifamily building  
26 regardless of when the newly-constructed residential

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

19 (e) 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. Although  
4 the cost of each primary building system may vary, to be  
5 approved for the reduced valuation under paragraph (1) of  
6 subsection (c) of this Section, the combined expenditure for  
7 making the building compliant with local codes and replacing  
8 primary building systems must be at least \$8 per square foot  
9 for work completed between January 1, 2021 and December 31,  
10 2021 and in subsequent years, \$8 adjusted by the Consumer  
11 Price Index for All Urban Consumers, as published annually by  
12 the U.S. Department of Labor. To be approved for the reduced  
13 valuation under paragraph (2) of subsection (c) of this  
14 Section, the combined expenditure for making the building  
15 compliant with local codes and replacing primary building  
16 systems must be at least \$12.50 per square foot for work  
17 completed between January 1, 2021 and December 31, 2021 and in  
18 subsequent years, \$12.50 adjusted by the Consumer Price Index  
19 for All Urban Consumers, as published annually by the U.S.  
20 Department of Labor. "Primary building systems", together with  
21 their related rehabilitations, specifically approved for this  
22 program are:

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

26       (A) installing individual equipment and appliance

1 branch circuits as required by code (the minimum being  
2 a kitchen appliance branch circuit);

3 (B) installing a new emergency service, including  
4 emergency lighting with all associated conduits and  
5 wiring;

6 (C) rewiring all existing feeder conduits ("home  
7 runs") from the main switchgear to apartment area  
8 distribution panels;

9 (D) installing new in-wall conduits for  
10 receptacles, switches, appliances, equipment, and  
11 fixtures;

12 (E) replacing power wiring for receptacles,  
13 switches, appliances, equipment, and fixtures;

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

16 (G) replacing, adding, or doing work as necessary  
17 to bring all receptacles, switches, and other  
18 electrical devices into code compliance;

19 (H) installing a new main service, including  
20 conduit, cables into the building, and main disconnect  
21 switch; and

22 (I) installing new distribution panels, including  
23 all panel wiring, terminals, circuit breakers, and all  
24 other panel devices.

25 (2) Heating. All heating work must comply with  
26 applicable codes; it may consist of a combination of any

1 of the following alternatives:

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

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

6 (ii) duct work, diffusers, and cold air  
7 returns; or

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

10 or

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

13 (i) hot water/steam boiler;

14 (ii) gas furnace; or

15 (iii) any other type of existing heat  
16 generating unit.

17 (3) Plumbing. All plumbing work must comply with  
18 applicable codes. Replace all or a part of the in-wall  
19 supply and waste plumbing; however, main supply risers,  
20 waste stacks and vents, and code-conforming waste lines  
21 need not be replaced.

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

25 (A) replacing all rotted roof decks and  
26 insulation; or



1           (B) replacing or repairing leaking roof membranes  
2           (10% is the suggested minimum replacement of  
3           membrane); restoration of the entire roof is an  
4           acceptable substitute for membrane replacement.

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

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

11           (A) floors must have new carpeting, vinyl tile,  
12           ceramic, refurbished wood finish, or a similar  
13           substitute;

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

16           (C) new ceilings must be either drywall, suspended  
17           type, or a similar

18          (7) Exterior walls.

19           (A) replace loose or crumbling mortar and masonry  
20           with new material;

21           (B) replace or paint wall siding and trim as  
22           needed;

23           (C) bring porches and balconies to a sound  
24           condition; or

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

26          (8) Elevators. Where applicable, at least 4 of the

1 following 7 alternatives must be accomplished:

2 (A) replace or rebuild the machine room controls  
3 and refurbish the elevator machine (or equivalent  
4 mechanisms in the case of hydraulic elevators);

5 (B) replace hoistway electro-mechanical items  
6 including: ropes, switches, limits, buffers, levelers,  
7 and deflector sheaves (or equivalent mechanisms in the  
8 case of hydraulic elevators);

9 (C) replace hoistway wiring;

10 (D) replace door operators and linkage;

11 (E) replace door panels at each opening;

12 (F) replace hall stations, car stations, and  
13 signal fixtures; or

14 (G) rebuild the car shell and refinish the  
15 interior.

16 (9) Health and safety.

17 (A) install or replace fire suppression systems;

18 (B) install or replace security systems; or

19 (C) environmental remediation of lead-based paint,  
20 asbestos, leaking underground storage tanks, or radon.

21 (10) Energy conservation improvements undertaken to  
22 limit the amount of solar energy absorbed by a building's  
23 roof or to reduce energy use for the property, including,  
24 but not limited to, any of the following activities:

25 (A) installing or replacing reflective roof  
26 coatings (flat roofs);

1 (B) installing or replacing R-49 roof insulation;

2 (C) installing or replacing R-19 perimeter wall  
3 insulation;

4 (D) installing or replacing insulated entry doors;

5 (E) installing or replacing Low E, insulated  
6 windows;

7 (F) installing or replacing WaterSense labeled  
8 plumbing fixtures;

9 (G) installing or replacing 90% or better sealed  
10 combustion heating systems;

11 (H) installing Energy Star hot water heaters;

12 (I) installing or replacing mechanical ventilation  
13 to exterior for kitchens and baths;

14 (J) installing or replacing Energy Star  
15 appliances;

16 (K) installing or replacing Energy Star certified  
17 lighting in common areas; or

18 (L) installing or replacing grading and  
19 landscaping to promote on-site water retention if the  
20 retained water is used to replace water that is  
21 provided from a municipal source.

22 (11) Accessibility improvements. All accessibility  
23 improvements must comply with applicable codes. An owner  
24 may make accessibility improvements to residential real  
25 property to increase access for people with disabilities.  
26 As used in this paragraph (11), "disability" has the

1       meaning given to that term in the Illinois Human Rights  
2       Act. As used in this paragraph (11), "accessibility  
3       improvements" means a home modification listed under the  
4       Home Services Program administered by the Department of  
5       Human Services (Part 686 of Title 89 of the Illinois  
6       Administrative Code) including, but not limited to:  
7       installation of ramps, grab bars, or wheelchair lifts;  
8       widening doorways or hallways; re-configuring rooms and  
9       closets; and any other changes to enhance the independence  
10       of people with disabilities.

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

17       Section 99. Effective date. This Act takes effect upon  
18       becoming law.