



Sen. Donne E. Trotter

Filed: 3/15/2013

09800SB1740sam001

LRB098 10538 HLH 43130 a

1 AMENDMENT TO SENATE BILL 1740

2 AMENDMENT NO. _____. Amend Senate Bill 1740 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Property Tax Code is amended by adding
5 Section 15-174 as follows:

6 (35 ILCS 200/15-174 new)

7 Sec. 15-174. Residential foreclosure to affordable housing
8 assessment freeze law.

9 This Section may be cited as the Residential Foreclosure to
10 Affordable Housing Assessment Freeze Law.

11 (a) Beginning January 1, 2014 and ending June 30, 2022, the
12 chief county assessment officer shall reduce the assessed value
13 of the improvements to residential real property to 10% of the
14 assessed value of those improvements for 5 taxable years, if
15 and only if all of the following factors have been met:

16 (1) the improvements are residential;

1 (2) the parcel was purchased or otherwise conveyed to
2 the taxpayer after January 1 of the taxable year;

3 (3) the parcel was purchased by the holder of a
4 mortgage on the foreclosed parcel that was the subject of a
5 judicial sale which occurred after January 1, 2008, or the
6 parcel was ordered by a court of competent jurisdiction to
7 be deconverted in accordance with the provisions governing
8 distressed condominiums as provided in the Condominium
9 Property Act;

10 (4) the transfer from the holder of the prior mortgage
11 to the taxpayer was an arm's length transaction, in that
12 the taxpayer has no legal relationship to the holder of the
13 prior mortgage;

14 (5) an existing, residential dwelling structure of no
15 more than 6 units in counties with a population of
16 3,000,000 or more, or 12 units elsewhere in the State, is
17 present on the parcel, and that residential dwelling was
18 unoccupied at the time of conveyance, or the parcel,
19 including any number of units, was ordered by a court of
20 competent jurisdiction to be deconverted in accordance
21 with the provisions governing distressed condominiums as
22 provided in the Condominium Property Act;

23 (6) the taxpayer does not occupy or intend to occupy
24 the residential dwelling as his or her principal residence;

25 (7) the taxpayer immediately secures the residential
26 dwelling in accordance with the requirements of this

1 Section;

2 (8) the rehabilitation completed by the taxpayer is
3 sufficient to bring the improvements into compliance with
4 Housing Quality Standards employed by the U.S. Department
5 of Housing and Urban Development, along with all State and
6 federal requirements, including without limitation lead
7 based paint and asbestos remediation;

8 (9) rehabilitation is completed within 18 months of
9 conveyance;

10 (10) the parcel is clear of unreleased liens and has no
11 outstanding tax liabilities attached against it; and

12 (11) after rehabilitation is complete, the taxpayer
13 charges no more for rent than the fair market rent for the
14 life of the benefit conferred by this Section. "Fair Market
15 Rent" means the annual determination made by the U.S.
16 Department of Housing and Urban Development of the maximum
17 allowable rent in each area that can be charged under its
18 rental assistance programs. The Illinois Housing
19 Development Authority (the "Authority") shall make this
20 information available on its website.

21 (b) For purposes of this Section, "secure" means that:

22 (1) all doors and windows are closed and secured using:
23 secure doors; windows without broken or cracked panes;
24 commercial-quality metal security panels filled with
25 like-kind material as the surrounding wall; or plywood
26 installed and secured in accordance with local ordinance;

1 at least one building entrance shall be accessible from the
2 exterior and secured with a door that is locked to allow
3 access only to authorized persons;

4 (2) all grass and weeds on the vacant residential
5 property are maintained below 10 inches in height, unless a
6 local ordinance imposes a lower height;

7 (3) debris, trash, and litter on any portion of the
8 exterior of the vacant residential property is removed in
9 compliance with local ordinance;

10 (4) fences, gates, stairs and steps that lead to the
11 main entrance of the building are maintained in a
12 structurally sound and reasonable manner;

13 (5) the property is winterized when appropriate;

14 (6) the exterior of the improvements are reasonably
15 maintained to ensure the safety of passersby; and

16 (7) vermin and pests are regularly exterminated on the
17 exterior and interior of the property.

18 (c) In order to be eligible for and receive benefits
19 conferred by this Section, and in addition to any information
20 required in rules promulgated by the Authority, the taxpayer
21 must submit the following information to the Authority for
22 review:

23 (1) the owner's name and, if the owner is a
24 corporation, limited liability company, or any
25 organization organized under the laws of the State of
26 Illinois, a Certificate of Good Standing issued by the

1 Secretary of State;

2 (2) the postal address and permanent index number of
3 the parcel;

4 (3) a Certificate of Sale indicating that the judicial
5 foreclosure sale of the parcel occurred after January 1,
6 2008;

7 (4) a deed or other instrument conveying the parcel
8 from the foreclosure sale purchaser to the current owner;

9 (5) a bid from a licensed, insured, and bonded
10 contractor for the proposed scope of work, and a cost
11 estimate by an unrelated third party;

12 (6) evidence that the parcel is clear of unreleased
13 liens and has no outstanding tax liabilities attached
14 against it; and

15 (7) a sworn statement indicating that all conditions of
16 this Section have been met, including that the rent will
17 not exceed fair market rent, as defined in this Section,
18 and that the property will be maintained in keeping with
19 housing quality standards for the life of the assessment
20 freeze period; and

21 (8) additional information as set forth in rules
22 adopted by the Authority.

23 The Authority shall notify the taxpayer of whether or not
24 the parcel meets the requirements of this Section. If the
25 parcel does not meet the requirements of this Section, the
26 Authority shall provide written notice of all deficiencies to

1 the taxpayer, who will then have 14 days from the date of
2 notification to provide supplemental information that shows
3 compliance with this Section. If the taxpayer does not exercise
4 this right to cure the deficiency, or if the information
5 submitted, in the sole judgment of the Authority, is
6 insufficient to meet the requirements of this Section, the
7 Authority shall provide a full written explanation of the
8 reasons for denial. A taxpayer may subsequently reapply for the
9 benefit if the deficiencies are cured at a later date.

10 (d) If a parcel meets the requirements of this Section, the
11 Authority or its authorized agent shall arrange to physically
12 inspect the improvements on the parcel. Only parcels in need of
13 substantial rehabilitation are eligible for the benefit
14 conferred by this Section. "Substantial rehabilitation" must
15 minimally include the replacement or renovation of at least 2
16 primary building systems. Although the cost of each system may
17 vary, the combined expenditure for the systems must be at least
18 \$5 per square foot, adjusted by the Consumer Price Index for
19 All Urban Consumers, as published annually by the U.S.
20 Department of Labor. The following are the primary building
21 systems, together with their related rehabilitations,
22 specifically approved for this program:

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

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 of

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

12 (i) hot water/steam boiler;

13 (ii) gas furnace; or

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

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

21 (4) Roofing. All roofing work must comply with
22 applicable codes, it may consist of a combination of any of
23 the following alternatives:

24 (A) replacing all rotted roof deck and insulation;

25 (B) replacing or repairing leaking roof membrane

26 (10% is suggested minimum replacement of membrane);

1 restoration of the entire roof is an acceptable
2 substitute for membrane replacement.

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

6 (6) Floors, walls, and ceilings. Finishes must be
7 replaced or covered over with new material. The following
8 items define replacement or covering materials acceptable
9 under these guidelines:

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

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

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

17 (7) Exterior walls.

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

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

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

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

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

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

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

8 (C) replace hoistway wiring;

9 (D) replace door operators and linkage;

10 (E) replace door panels at each opening;

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

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

15 (9) Health and safety.

16 (A) install or replace fire suppression systems;

17 (B) install or replace security systems; and

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

20 (10) Energy conservation improvements undertaken to
21 limit the amount of solar energy absorbed by a building's
22 roof or to reduce energy use for the property, including
23 any of the following activities:

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

26 (B) installing or replacing R-38 roof insulation;

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

3 (D) installing or replacing insulated entry doors;

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

6 (F) installing or replacing low-flow plumbing
7 fixtures;

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

10 (H) installing or replacing direct exhaust hot
11 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 low VOC interior paints on interior
17 finishes

18 (L) installing or replacing fluorescent lighting
19 in common areas; or

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

22 (e) Parcels approved under this Section shall be inspected
23 by the Authority or its authorized agent again upon written
24 notification by the taxpayer that rehabilitation is complete.
25 The Authority, by rule, may require proof in the form of a
26 contractor's sworn statement or other third party

1 certification that the rehabilitation was completed. Upon such
2 notification, the Authority or its authorized agent shall
3 inspect the parcel to ensure that it meets the minimum
4 requirements of Housing Quality Standards employed by the U.S.
5 Department of Housing and Urban Development. No parcel will be
6 eligible for the benefit conferred by this Section unless:

7 (1) the Substantial Rehabilitation was completed
8 within 18 months of acquisition; and

9 (2) the improvements on the parcel for which the
10 benefit conferred by this Section are sought were inspected
11 by the Authority or its authorized agent prior to
12 rehabilitation and the Authority issued written
13 notification from the Authority that it met the
14 requirements of this Section with regard to that
15 inspection;

16 (3) the improvements on the parcel for which the
17 benefit conferred by this Section are sought were inspected
18 by the Authority or its authorized agent after
19 rehabilitation and the improvements met the requirements
20 of this Section with regard to that inspection, including
21 that the improvements met Housing Quality Standards
22 requirements.

23 (f) The Authority shall provide notification of the outcome
24 of the final inspection to the owner and the chief county
25 assessor. The reduction outlined in this Section shall be
26 activated when the owner provides notice to the chief county

1 assessment officer and county clerk that rehabilitation is
2 complete and meets the required standards. Additional details
3 on the activation process shall be provided in rules adopted by
4 the Authority.

5 (g) An owner is eligible to apply for the benefit conferred
6 by this Section beginning 18 months after the effective date of
7 this Section and through December 31, 2017. If approved, the
8 reduction will be effective for the current taxable year, which
9 will be reflected in the tax bill issued in the following
10 taxable year.

11 (h) The reduction outlined in this Section shall continue
12 for a period of 5 years, and may not be extended or renewed for
13 any additional period.

14 (i) At the completion of the assessment freeze period
15 described here, the entire parcel will be assessed as otherwise
16 provided in this Code.

17 (j) The Illinois Housing Development Authority may adopt
18 rules and charge a reasonable application fee in connection
19 with this Section.

20 (k) The benefit conferred by this Section will be effective
21 in the event of a transfer of ownership during the period of
22 the assessment freeze, so long as all requirements of this
23 Section continue to be met.

24 Section 99. Effective date. This Act takes effect January
25 1, 2014."