

AN ACT concerning revenue.

**Be it enacted by the People of the State of Illinois,
represented in the General Assembly:**

Section 5. The Property Tax Code is amended by changing Section 15-178 as follows:

(35 ILCS 200/15-178)

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

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

(b) Each chief county assessment officer shall implement special assessment programs to reduce the assessed value of

all eligible newly constructed residential real property or qualifying rehabilitation to all eligible existing residential real property in accordance with subsection (c) for 10 taxable years after the newly constructed residential real property or improvements to existing residential real property are put in service. Any county with less than 3,000,000 inhabitants may decide not to implement one or both of the special assessment programs defined in subparagraph (1) of subsection (c) of this Section and subparagraph (2) of subsection (c) of this Section upon passage of an ordinance by a majority vote of the county board. Subsequent to a vote to opt out of this special assessment program, any county with less than 3,000,000 inhabitants may decide to implement one or both of the special assessment programs defined in subparagraph (1) of subsection (c) of this Section and subparagraph (2) of subsection (c) of this Section upon passage of an ordinance by a majority vote of the county board. Property is eligible for the special assessment program if and only if all of the following factors have been met:

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

(2) the property meets the application requirements

defined in subsection (f).

(c) For those counties that are required to implement the special assessment program and do not opt out of such special assessment program, the chief county assessment officer for that county shall require that residential real property is eligible for the special assessment program if and only if one of the additional factors have been met:

(1) except as defined in subparagraphs (E), (F), and (G) of paragraph (1) of subsection (f) of this Section, prior to the newly constructed residential real property or improvements to existing residential real property being put in service, 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 as defined in this Section that are at or below maximum rents and are occupied by households with household incomes at or below maximum income limits; or

(2) except as defined in subparagraphs (E), (F), and (G) of paragraph (1) of subsection (f) of this Section, prior to the newly constructed residential real property or improvements to existing residential real property located in a low affordability community being put in service, the owner of the residential real property commits that, for a period of 30 years after the newly constructed residential real property or improvements to existing residential real property are put in service, at

least 20% of the multifamily building's units will have rents as defined in this Section that are at or below maximum rents and are occupied by households with household incomes at or below maximum income limits.

If a reduction in assessed value is granted under one special assessment program provided for in this Section, then that same residential real property is not eligible for an additional special assessment program under this Section at the same time.

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

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

(2) if the owner of the residential real property

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

(e) The amount of the reduction for residential real property meeting the conditions set forth in subparagraph (2) of subsection (c) shall be calculated as follows:

(1) for the first, second, and third taxable year after the residential real property is placed in service, the residential real property is entitled to a reduction in its assessed value in an amount equal to the difference between the assessed value in the year for which the incentive is sought and the assessed value for the residential real property in the base year;

(2) for the fourth, fifth, and sixth taxable year after the residential real property is placed in service, the property is entitled to a reduction in its assessed value in an amount equal to 80% of the difference between the assessed value in the year for which the incentive is

sought and the assessed value for the residential real property in the base year;

(3) for the seventh, eighth, and ninth taxable year after the property is placed in service, the residential real property is entitled to a reduction in its assessed value in an amount equal to 60% of the difference between the assessed value in the year for which the incentive is sought and the assessed value for the residential real property in the base year;

(4) for the tenth, eleventh, and twelfth taxable year after the residential real property is placed in service, the residential real property is entitled to a reduction in its assessed value in an amount equal to 40% of the difference between the assessed value in the year for which the incentive is sought and the assessed value for the residential real property in the base year; and

(5) for the thirteenth through the thirtieth taxable year after the residential real property is placed in service, the residential real property is entitled to a reduction in its assessed value in an amount equal to 20% of the difference between the assessed value in the year for which the incentive is sought and the assessed value for the residential real property in the base year.

(f) Application requirements.

(1) In order to receive the reduced valuation under this Section, the owner must submit an application

containing the following information to the chief county assessment officer for review in the form and by the date required by the chief county assessment officer:

(A) the owner's name;

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

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

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

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

(F) a list identifying the affordable units in residential real property and a written statement that the affordable units are comparable to the market rate units in terms of unit type, number of bedrooms per

unit, quality of exterior appearance, energy efficiency, and overall quality of construction;

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

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

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

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

(K) any additional information consistent with this Section as reasonably required by the chief

county assessment officer, including, but not limited to, any information necessary to ensure compliance with applicable local ordinances and to ensure the owner is complying with the provisions of this Section.

(1.1) In order for a development to receive the reduced valuation under subsection (e), the owner must provide evidence to the county assessor's office of a fully executed project labor agreement entered into with the applicable local building trades council, prior to commencement of any and all construction, building, renovation, demolition, or any material change to the structure or land.

(2) The application requirements contained in paragraph (1) of subsection (f) are continuing requirements for the duration of the reduction in assessed value received and may be annually or periodically verified by the chief county assessment officer for the county whereby the benefit is being issued.

(3) In lieu of submitting an application containing the information prescribed in paragraph (1) of subsection (f), the chief county assessment officer may allow for submission of a substantially similar certification granted by the Illinois Housing Development Authority or a comparable local authority provided that the chief county assessment officer independently verifies the veracity of

the certification with the Illinois Housing Development Authority or comparable local authority.

(4) The chief county assessment officer shall notify the owner as to whether or not the property meets the requirements of this Section. If the property does not meet the requirements of this Section, the chief county assessment officer shall provide written notice of any deficiencies to the owner, who shall then have 30 days from the date of notification to provide supplemental information showing compliance with this Section. The chief county assessment officer shall, in its discretion, grant additional time to cure any deficiency. If the owner does not exercise this right to cure the deficiency, or if the information submitted, in the sole judgment of the chief county assessment officer, is insufficient to meet the requirements of this Section, the chief county assessment officer shall provide a written explanation of the reasons for denial.

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

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

(A) The owner is eligible to apply for the reduced valuation conferred by this Section beginning in the first assessment year after the effective date of this

amendatory Act of the 102nd General Assembly through December 31, 2027. If approved, the reduction will be effective for the current assessment year, which will be reflected in the tax bill issued in the following calendar year. Owners that are approved for the reduced valuation under paragraph (1) of subsection (c) of this Section before December 31, 2027 shall, at minimum, be eligible for annual renewal of the reduced valuation during an initial 10-year period if annual certification requirements are met for each of the 10 years, as described in subparagraph (B) of paragraph (4) of subsection (d) of this Section.

(B) Property receiving a reduction outlined in paragraph (1) of subsection (c) of this Section shall continue to be eligible for an initial period of up to 10 years if annual certification requirements are met for each of the 10 years, but shall be extended for up to 2 additional 10-year periods with annual renewals if the owner continues to meet the requirements of this Section, including annual certifications, and excluding the requirements regarding new construction or qualifying rehabilitation defined in subparagraph (D) of paragraph (1) of this subsection.

(C) The annual certification materials in the year prior to final year of eligibility for the reduction in assessed value must include a dated copy of the

written notice provided to tenants informing them of the date of the termination if the owner is not seeking a renewal.

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

(E) The owner may apply for the reduced valuation if the residential real property meets all requirements of this Section and the newly constructed residential real property or improvements to existing residential real property were put in service on or after January 1, 2015. However, the initial 10-year eligibility period or 30-year eligibility period, depending on the applicable program, shall be reduced by the number of years between the placed in service date and the date the owner first receives this

reduced valuation.

(F) The owner may apply for the reduced valuation within 2 years after the newly constructed residential real property or improvements to existing residential real property are put in service. However, the initial 10-year eligibility period or 30-year eligibility period, depending on the applicable program, shall be reduced for the number of years between the placed in service date and the date the owner first receives this reduced valuation.

(G) Owners of a multifamily building receiving a reduced valuation through the Cook County Class 9 program during the year in which this amendatory Act of the 102nd General Assembly takes effect shall be deemed automatically eligible for the reduced valuation defined in paragraph (1) of subsection (c) of this Section in terms of meeting the criteria for new construction or substantial rehabilitation for a specific multifamily building regardless of when the newly constructed residential real property or improvements to existing residential real property were put in service. If a Cook County Class 9 owner had Class 9 status revoked on or after January 1, 2017 but can provide documents sufficient to prove that the revocation was in error or any deficiencies leading to the revocation have been cured, the chief county

assessment officer may deem the owner to be eligible. However, owners may not receive both the reduced valuation under this Section and the reduced valuation under the Cook County Class 9 program in any single assessment year. In addition, the number of years during which an owner has participated in the Class 9 program shall count against the 3 10-year periods of eligibility for the reduced valuation as defined in subparagraph (1) of subsection (c) of this Section.

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

(g) ~~(e)~~ As used in this Section:

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

"Assessed value for the residential real property in the base year" means the assessed value used to calculate the tax bill, as certified by the board of review, for the tax year immediately prior to the tax year in which the building permit is issued. For property assessed as other than residential property, the "assessed value for the residential real property in the base year" means the assessed value that would have been obtained had the property been classified as residential as derived from the board of review's certified market value ~~the value in effect at the end of the taxable year prior to the latter of: (1) the date of initial application; or~~

~~(2) the date on which 20% of the total number of units in the property are occupied by eligible tenants paying eligible rent under this Section.~~

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

programs; assistance from the Supplemental Nutrition Assistance Program (SNAP).

"Low affordability community" means (1) a municipality or jurisdiction with less than 1,000,000 inhabitants in which 40% or less of its total year-round housing units are affordable, as determined by the Illinois Housing Development Authority during the exemption determination process under the Affordable Housing Planning and Appeal Act; (2) "D" zoning districts as now or hereafter designated in the Chicago Zoning Ordinance; or (3) a jurisdiction located in a municipality with 1,000,000 or more inhabitants that has been designated as a low affordability community by passage of a local ordinance by that municipality, specifying the census tract or property by permanent index number or numbers.

"Maximum income limits" means the maximum regular income limits for 60% of area median income for the geographic area in which the multifamily building is located for multifamily programs as determined by the United States Department of Housing and Urban Development and published annually by the Illinois Housing Development Authority. A property may be deemed to have satisfied the maximum income limits with a weighted average if municipal, state, or federal laws, ordinances, rules, or regulations requires the use of a weighted average of no more than 60% of area median income for that property.

"Maximum rent" means the maximum regular rent for 60% of

the area median income for the geographic area in which the multifamily building is located for multifamily programs as determined by the United States Department of Housing and Urban Development and published annually by the Illinois Housing Development Authority. To be eligible for the reduced valuation defined in this Section, maximum rents are to be consistent with the Illinois Housing Development Authority's rules; or if the owner is leasing an affordable unit to a household with an income at or below the maximum income limit who is participating in qualifying income-based rental subsidy program, "maximum rent" means the maximum rents allowable under the guidelines of the qualifying income-based rental subsidy program. A property may be deemed to have satisfied the maximum rent with a weighted average if municipal, state, or federal laws, ordinances, rules, or regulations requires the use of a weighted average of no more than 60% of area median income for that property.

"Qualifying income-based rental subsidy program" means a Housing Choice Voucher issued by a housing authority under Section 8 of the United States Housing Act of 1937, a tenant voucher converted to a project-based voucher by a housing authority or any other program administered or funded by a housing authority, the Illinois Housing Development Authority, another State agency, a federal agency, or a unit of local government where participation is limited to households with incomes at or below the maximum income limits as defined in

this Section and the tenants' portion of the rent payment is based on a percentage of their income or a flat amount that does not exceed the maximum rent as defined in this Section.

"Qualifying rehabilitation" means, at a minimum, compliance with local building codes and the replacement or renovation of at least 2 primary building systems to be approved for the reduced valuation under paragraph (1) of subsection (d) of this Section and at least 5 primary building systems to be approved for the reduced valuation under subsection (e) of this Section. Although the cost of each primary building system may vary, to be approved for the reduced valuation under paragraph (1) of subsection (d) of this Section, the combined expenditure for making the building compliant with local codes and replacing primary building systems must be at least \$8 per square foot for work completed between January 1 of the year in which this amendatory Act of the 102nd General Assembly takes effect and December 31 of the year in which this amendatory Act of the 102nd General Assembly takes effect and, in subsequent years, \$8 adjusted by the Consumer Price Index for All Urban Consumers, as published annually by the U.S. Department of Labor. To be approved for the reduced valuation under paragraph (2) of subsection (d) of this Section, the combined expenditure for making the building compliant with local codes and replacing primary building systems must be at least \$12.50 per square foot for work completed between January 1 of the year in which this

amendatory Act of the 102nd General Assembly takes effect and December 31 of the year in which this amendatory Act of the 102nd General Assembly takes effect, and in subsequent years, \$12.50 adjusted by the Consumer Price Index for All Urban Consumers, as published annually by the U.S. Department of Labor. To be approved for the reduced valuation under subsection (e) of this Section, the combined expenditure for making the building compliant with local codes and replacing primary building systems must be at least \$60 per square foot for work completed between January 1 of the year that this amendatory Act of the 102nd General Assembly becomes effective and December 31 of the year that this amendatory Act of the 102nd General Assembly becomes effective and, in subsequent years, \$60 adjusted by the Consumer Price Index for All Urban Consumers, as published annually by the U.S. Department of Labor. "Primary building systems", together with their related rehabilitations, specifically approved for this program are:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) hot water/steam boiler;

(ii) gas furnace; or

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

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

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

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

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

(5) Exterior doors and windows. Replace the exterior

doors and windows. Renovation of ornate entry doors is an acceptable substitute for replacement.

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

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

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

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

(7) Exterior walls.

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

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

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

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

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

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

(B) replace hoistway electro-mechanical items

including: ropes, switches, limits, buffers, levelers, and deflector sheaves (or equivalent mechanisms in the case of hydraulic elevators);

(C) replace hoistway wiring;

(D) replace door operators and linkage;

(E) replace door panels at each opening;

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

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

(9) Health and safety.

(A) Install or replace fire suppression systems;

(B) install or replace security systems; or

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

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

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

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

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

(D) installing or replacing insulated entry doors;

(E) installing or replacing Low E, insulated

windows;

(F) installing or replacing WaterSense labeled plumbing fixtures;

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

(H) installing Energy Star hot water heaters;

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

(J) installing or replacing Energy Star appliances;

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

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

(11) Accessibility improvements. All accessibility improvements must comply with applicable codes. An owner may make accessibility improvements to residential real property to increase access for people with disabilities. As used in this paragraph (11), "disability" has the meaning given to that term in the Illinois Human Rights Act. As used in this paragraph (11), "accessibility improvements" means a home modification listed under the Home Services Program administered by the Department of Human Services (Part 686 of Title 89 of the Illinois

Administrative Code) including, but not limited to: installation of ramps, grab bars, or wheelchair lifts; widening doorways or hallways; re-configuring rooms and closets; and any other changes to enhance the independence of people with disabilities.

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

(Source: P.A. 102-175, eff. 7-29-21.)

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