Agenda Item:	*Property Tax Code (35 ILCS 200/15-178)* ORDINANCE TO OPT-OUT OF SPECIAL ASSESSMENT FOR AFFORDABLE RENTAL HOUSING CONSTRUCTION AND REHABILITATION PURSUANT TO PROPERTY TAX CODE, 35 ILCS 200/15-178, PARAGRAPH (b)
Recommendation:	OPT OUT with option to OPT IN in the future with County Board approval
Fiscal Impact:	None

The State of Illinois passed legislation effective 7/29/21 to reduce the assessed value of multi-family rental housing (7 + units) if newly constructed or if significant rehabilitation of existing rental units occurs.

The statute allows County Boards in counties with populations under 3,000,000 to opt out of one or both programs, subparagraph (1) of subsection (c), and subparagraph (2) of subsection (c). If a future project is proposed, the County may opt back into the program if the Board desires to at that time. Statute attached for review.

Summary: If rental housing meets outlined qualifications, there are two programs to allow the property owners to reduce their assessed value and therefore, pay less in property taxes. The first program entails the owner committing for 10 years to have 15% of the units with rents below market value and those units occupied by households with minimal incomes. The assessed value would be reduced between 25-35%. The second program would be a commitment of 30 years for 20% of the units to be with rents below market value and those units occupied by households with minimal incomes. The savings would be a reduced assessed value on a scale of 100%-80-60-40-20 over the course of the 30 years.

There are concerns regarding the burden if approved this would place on the Assessment Office to administer these programs under the complexities of the statute and also the shift in tax burden to all other taxpayers.

Supporting Information:

- The General Assembly acknowledges Cook County specifically in 35 ILCS 200/15-178, paragraph (a). Although this is a statewide policy, the fact Cook County is specifically mentioned and the ability of counties with populations less than 300,000 to opt out makes it evident that this statute was geared more towards Cook and the larger collar counties.
- The complexity of the statute regulating this program is prohibitive to smaller jurisdictions with limited staff. Examples of the regulation/administration required which are *outside the typical scope of the Assessment Office*:
  - Written confirmation the construction meets local building codes or Housing Quality standards as determined by HUD
  - Written confirmation the affordable units are comparable to the local market rate

- o Verification the owner is participating in a qualifying income-based rental subsidy program
  - o Written confirmation/certification the household income for each affordable unit does not exceed the maximum income limits allowed for our area
  - o Written confirmation the owner has verified and retained documentation of household income for each affordable unit
  - o Owner must provide evidence of a fully executed project labor agreement entered into with the local building trades council, prior to commencement of construction
  - o These requirements continue for the duration of the special assessment.
- Reduction granted to applicants would result in a tax increase on all other properties, placing the burden on other taxpayers. Taxing bodies are still in need of that income.
- Shifting of the tax burden as mentioned above will increase property tax of all others in the county, including existing taxpayer with lower-value housing that is currently "affordable".
- While a reasonable fee can be established to offset the cost of administration of the program, it would not likely cover the full expense incurred to administer such program.
- Without an opt out, this special assessment would apply to existing properties where rents are already set and may not be lowered.
- Opting out is NOT PERMANENT; the County Board is allowed to opt back in if, in its determination, an appropriate project is presented.

Respectuflly Submitted,

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Chief County Assessment Officer