

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 adding Section 15-174 as follows:

(35 ILCS 200/15-174 new)

Sec. 15-174. Community stabilization assessment freeze pilot program.

(a) Beginning January 1, 2015 and ending June 30, 2029, the chief county assessment officer of any county may reduce the assessed value of improvements to residential real property in accordance with subsection (b) for 10 taxable years after the improvements are put in service, if and only if all of the following factors have been met:

(1) the improvements are residential;

(2) the parcel was purchased or otherwise conveyed to the taxpayer after January 1 of the taxable year and that conveyance was not a tax sale as required under the Property Tax Code;

(3) the parcel is located in a targeted area;

(4) for single family homes, the taxpayer occupies the improvements on the parcel as his or her primary residence; for residences of one to 6 units that will not be

owner-occupied, the taxpayer replaces 2 primary building systems as outlined in this Section;

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

(6) an existing residential dwelling structure of no more than 6 units on the parcel was unoccupied at the time of conveyance for a minimum of 6 months, or the parcel was ordered by a court of competent jurisdiction to be deconverted in accordance with the provisions governing distressed condominiums as provided in the Condominium Property Act;

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

(8) the purchase price did not exceed the Federal Housing Administration's loan limits then in place for the area in which the improvement is located.

To be eligible for the benefit conferred by this Section, residential units must (i) meet local building codes, or if there are no local building codes, Housing Quality Standards, as determined by the U.S. Department of Housing and Urban Development from time to time and (ii) be owner-occupied or in need of substantial rehabilitation. "Substantial rehabilitation" means, at a minimum, compliance with local building codes and the replacement or renovation of at least 2

primary building systems. Although the cost of each primary building system may vary, the combined expenditure for making the building compliant with local codes and replacing primary building systems must be at least \$5 per square foot, 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 substitute.

(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 any of the following activities:

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

(B) installing or replacing R-38 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 low-flow plumbing fixtures;

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

(H) installing or replacing direct exhaust hot water heaters;

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

(J) installing or replacing Energy Star appliances;

(K) installing low VOC interior paints on interior finishes;

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

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

(b) For the first 7 years after the improvements are placed in service, the assessed value of the improvements shall be reduced by an amount equal to 90% of the difference between the base year assessed value of the improvements and the assessed value of the improvements in the current taxable year. The property will continue to be eligible for the benefits under this Section in the eighth and ninth taxable years after the improvements are placed in service, calculated as follows, if and only if all of the factors in subsection (a) of this Section continue to be met: in the eighth taxable year, the assessed value of the improvements shall be reduced by an amount equal to 65% of the difference between the base year assessed value of the improvements and the assessed value of the improvements in the current taxable year, and in the ninth taxable year, the assessed value of the improvements shall be reduced by an amount equal to 35% of the difference between the base year assessed value of the improvements and the assessed value of the improvements in the current taxable year. The benefit will cease in the tenth taxable year.

(c) In order to receive benefits under this Section, in addition to any information required by the chief county assessment officer, the taxpayer must also submit the following



information to the chief county assessment officer for review:

(1) the owner's name;

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

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

(4) evidence that the purchase price is within the Federal Housing Administration's loan limits for the area in which the improvement is located;

(5) certification that the parcel was unoccupied at the time of conveyance to the current owner for a minimum of at least 6 months;

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

(7) evidence that the improvements meet local building codes, or if there are no local building codes, Housing Quality Standards, as determined by the U.S. Department of Housing and Urban Development from time to time, which may be shown by a certificate of occupancy issued by the appropriate local government or the certification by a home inspector licensed by the State of Illinois; and

(8) any additional information as reasonably required by the chief county assessment officer.

(d) The chief county assessment officer shall notify the taxpayer as to whether or not the parcel meets the requirements

of this Section. If the parcel does not meet the requirements of this Section, the chief county assessment officer shall provide written notice of any deficiencies to the taxpayer, who will then have 14 days from the date of notification to provide supplemental information showing compliance with this Section. If the taxpayer 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. A taxpayer may subsequently reapply for the benefit if the deficiencies are cured at a later date, but no later than 2019. The chief county assessment officer may charge a reasonable application fee to offset the administrative expenses associated with the program.

(e) The benefit conferred by this Section is limited as follows:

(1) The owner is eligible to apply for the benefit conferred by this Section beginning January 1, 2015 through December 31, 2019. If approved, the reduction will be effective for the current taxable year, which will be reflected in the tax bill issued in the following taxable year.

(2) The reduction outlined in this Section shall continue for a period of 10 years, and may not be extended

or renewed for any additional period.

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

(4) If there is a transfer of ownership during the period of the assessment freeze, then the benefit conferred by this Section shall not apply on or after the date of that transfer unless (i) the property is conveyed by an owner who does not occupy the improvements as a primary residence to an owner who will occupy the improvements as a primary residence and (ii) all requirements of this Section continue to be met.

(f) If the taxpayer does not occupy or intend to occupy the residential dwelling as his or her principal residence within a reasonable time, as determined by the chief county assessment officer, the taxpayer must:

(1) immediately secure the residential dwelling in accordance with the requirements of this Section;

(2) complete sufficient rehabilitation to bring the improvements into compliance with local building codes, including, without limitation, regulations concerning lead-based paint and asbestos remediation; and

(3) complete rehabilitation within 18 months of conveyance.

(g) For the purposes of this Section,

"Base year" means the taxable year prior to the taxable

year in which the property is purchased by the eligible homeowner.

"Secure" means that:

(1) all doors and windows are closed and secured using secure doors, windows without broken or cracked panes, commercial-quality metal security panels filled with like-kind material as the surrounding wall, or plywood installed and secured in accordance with local ordinances; at least one building entrance shall be accessible from the exterior and secured with a door that is locked to allow access only to authorized persons;

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

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

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

(5) the property is winterized when appropriate;

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

(7) vermin and pests are regularly exterminated on

the exterior and interior of the property.

"Targeted Area" means a distressed community that meets the geographic, poverty, and unemployment criteria for a distressed community set forth in 12 C.F.R. 1806.200.