

2014 Entry Form
(Complete one for each entry.)

Fill out the entry name *exactly* as you want it listed in the program.

Entry Name _____

HFA _____

Submission Contact _____

Phone _____ **Email** _____

Qualified Entries must be received by **Tuesday, July 1, 2014**.

For more information about Qualified Entries, [click here to access the 2014 Entry Rules](#).

Use this header on the upper right corner of each page.

HFA _____

Entry Name _____

Communications	Homeownership	Rental Housing	Special Needs Housing
<input type="checkbox"/> Annual Report <input type="checkbox"/> Promotional Materials and Newsletters <input type="checkbox"/> Creative Media	<input type="checkbox"/> Empowering New Buyers <input type="checkbox"/> Home Improvement and Rehabilitation <input type="checkbox"/> Encouraging New Production	<input type="checkbox"/> Multifamily Management <input type="checkbox"/> Preservation and Rehabilitation <input type="checkbox"/> Encouraging New Production	<input type="checkbox"/> Combating Homelessness <input type="checkbox"/> Housing for Persons with Special Needs
Legislative Advocacy	Management Innovation	Special Achievement	Are you providing visual aids?
<input type="checkbox"/> State Advocacy <input type="checkbox"/> Federal Advocacy	<input type="checkbox"/> Financial <input type="checkbox"/> Human Resources <input type="checkbox"/> Operations <input type="checkbox"/> Technology	<input type="checkbox"/> Special Achievement	<input type="checkbox"/> YES <input type="checkbox"/> NO

Introduction

Illinois is a unique state. Often the butt of jokes about incarcerated governors and bad credit ratings, it is also somewhat unique in embracing Home Rule, which gives local governments taxing and other powers that reduce their reliance on State government. Home Rule makes it very difficult to pass any property tax relief bills. Local governments view this as their revenue source and typically fight hard to kill bills that would impede their control of that source. Several powerful Representatives also eschew new property tax reductions. There are only two property tax freezes in the Illinois Property Tax Code. Now there will be three.

The Illinois Housing Development Authority (IHDA) succeeded in altering the Property Tax Code for the benefit of Illinois communities by creating the Community Stabilization Property Tax Assessment Freeze Pilot Program in May, 2014, which provides a limited property tax benefit to purchasers of qualified vacant homes in blighted areas of the state.

Background

Illinois was one of the states hardest hit by foreclosure. Federal foreclosure prevention efforts continue, but the aftermath of the foreclosure crisis is being felt all over the State by communities who must now pay to maintain and police vacant homes, a problem that mushroomed during the foreclosure crisis. The home may have been foreclosed or not completely foreclosed (“zombie foreclosures”). Either way, the homeowner left and no one is taking care of it. Communities struggling with local budget challenges have to expend preciously scarce funds to keep neighborhoods with vacant homes safe. The City of Chicago spent over \$13 million on such activities last year. Other municipalities spend less, but also have less to spend. Federal funding for community stabilization, such as the Neighborhood Stabilization Program, is no longer forthcoming. Many communities are turning to demolition as the only choice they have to combat this enemy. States cannot provide funding to maintain these homes without special revenue sources, such as for Illinois’ Abandoned Residential Property Municipality Relief Program, which is two years old and funded with foreclosure filing fees. Even with special funding, there is not nearly enough to hold back this toxic tide.

In 2012, in the interest of stemming the blight and downward spiraling property values caused by the presence of vacant, unkept homes, IHDA Executive Director, Mary Kenney, sent IHDA’s legislative liaison on a mission to the State Capitol with the Cook County Assessor’s Office to procure communities a tool to combat vacancy blight that would not drain State revenue. As a result, Illinois will now be the first state to offer a statewide property tax reduction for homebuyers and investors who purchase vacant homes in blighted communities. The benefit is tied to the increase in assessed value that comes about as a result of code compliance and occupancy, and is for ten years. The program sunsets in 2029.

The Campaign

The Illinois General Assembly, like Congress, funnels pending legislation through various committees. Some committees have affable chairs, while others are fierce and have no difficulty saying no. One of the latter types is the House Revenue Committee, chaired by Rep. John Bradley, from “downstate” Marion, which is 300 miles south of Chicago and illustrative of Illinois’ diversity of interests. Another strong committee member is Rep. Barbara Flynn Currie, a Chicago-based, adroit second-in-command to Speaker of the Illinois House, Michael J. Madigan.

Both Reps. Bradley and Currie are known for saying no. This is good for the State because they are the guardians of property and other state tax code revisions by virtue of their membership on this committee, where many, many bills that were good ideas go to languish until they end their existence *sine die*.

IHDA legislative staff does not take no for an answer.

The bill was first introduced in the Illinois Senate by Sen. Donne Trotter, a democrat from the south side of Chicago with very high seniority and firsthand knowledge of the blight caused by vacant homes. He is also a strong IHDA supporter. Sen. Trotter passed the bill out of the Senate twice, both times nearly unanimously. He stood by IHDA and remained the bill's champion for the three years it took to pass both Houses. As with Congress, traditional roles of the lower and upper houses are reversed. Bills frequently move through the more liberal Senate, only to languish and eventually die in the House.

Gaining the support of House Revenue Committee members such as Leaders Currie and Bradley was critical to passage of the bill, as all bills impacting the Illinois Property Tax Code must pass through their Revenue Committee. Leader Currie was not enamored of the original statewide bill, as she believed the investor community was purchasing and reoccupying these homes (as they are in her neighborhood), and that it was only a matter of time before the market righted itself. Leader Bradley viewed this as a Chicago/suburban problem, particularly after it was limited to blighted areas of Cook County (Chicago and suburbs) to appease Leader Currie's concerns about limiting geography. He had absolutely no interest in altering the Property Tax Code for a problem 300 miles from his base.

IHDA did not share Leader Currie's opinion. Of course, select "high performing" markets would eventually right themselves, but weaker performing areas need a boost to attract good actor investors, as the purchases in these areas were more speculative, meaning the home may now have an owner but would still be vacant because the investor was merely speculating that property values would rebound, and had no intention of bringing the home up to local building codes so it could be occupied.

In the face of this Revenue Committee opposition, IHDA worked to assemble supporters that included groups that would typically be opposed to a bill that reduces property taxes, such as the Illinois Association of School Districts and the Illinois Municipal League. After much discussion, these groups came to understand that long-term vacancy is a drain on local tax revenue, and that a reduced tax payment is better than no tax payment, which is typically the status for vacant, abandoned homes. IHDA also enjoyed the support of a number of highly respected advocacy organizations. Even the City of Chicago was on board, and they rarely endorse anything that was not their idea.

At this point, a wise and venerable lobbyist informed IHDA that property tax bills take three years to get through Revenue Committee, if they ever make it. This was heartening, since this was the bill's third year.

IHDA knew that if the bill passed out of Revenue Committee to the full floor, it would pass the House with a large margin. So, back to Revenue IHDA went, and this time convinced Leaders Bradley and Currie to give the bill a hearing – even if it was just a subject matter hearing – based on limitations put in place on eligible locations to assuage Leader Currie's concern about providing a benefit to investors who would already make the purchase. Taking the opportunity to its fullest, IHDA and the Cook County Assessor copiously noted every word of Committee members, and drafted an amendment in keeping with their concerns. Miraculously, the leading conservatives on the Committee were fully in favor of the bill, calling it a "no brainer". This was encouraging, as the Revenue Committee is slightly less partisan than others, and often seeks to act in a bipartisan manner. The Committee indicated the geographic limitations were not strict enough, and that "good neighborhoods" that did not need the help would still be included by the definition included at that time. They also wanted the bill to apply to the whole state. There were six concerns expressed during the subject matter hearing, which was held two weeks before the end of session. It was do or die time.

Making the Sausage

IHDA addressed each and every concern expressed at that hearing in a new amendment, from the length of time the home must have been vacant to changing the scope of the benefit to a statewide one. (Much to

IHDA's chagrin, the original bill had been amended to encompass only blighted areas of Cook County in order to obtain Leader Currie's support. IHDA always wanted a statewide bill, but had to gain wide support from "downstate" members in order to quash Currie's opposition. Once the Committee was convinced the benefit was needed statewide, statewide it became.) IHDA also found a new, already mapped definition of blighted areas that local communities could use to determine eligibility. Having no cost associated with the program went far to ease concerns of assessors and municipalities, who were nervously neutral as they are traditionally prone to oppose all property tax reductions, but were supportive of the philosophy.

One would think that these actions would have turned the Committee's "no" to a "yes", but it was not that easy. It still had to be released by Leadership before the amendment could be sent to Committee. And Leadership was in no mood for new legislation when they were up to their eyeballs in budget and pension challenges, to put it lightly, and the clock was ticking: three days left until the end of session.

IHDA's House sponsor is Rep. Arthur Turner. He is a former IHDA summer intern and a strong supporter of IHDA and affordable housing, as he represents the west side of Chicago, which has serious blight challenges. His father, whose chair he now occupies, was the father of the Illinois Affordable Housing Trust Fund, a seven-year legislative initiative that is responsible for providing IHDA with approximately \$50 million annually to fund affordable housing development. And Leadership just loves him. He has been in the House for approximately three years and is already elected to a leadership role. He presented this bill in their closed door meeting, and with help from our newfound "downstate" friend Leader Bradley, who came on board with the statewide amendment, was successful in getting the newly amended bill assigned to Revenue Committee.

Conclusion

The bill passed unanimously out of Committee to the House floor with much praise for the sponsor's hard work on the last day of session, where it passed overwhelmingly, and received concurrence in the Senate (one and one-half hours before midnight on the last day of session). It is now on the Illinois Governor's desk awaiting signature.

IHDA hopes that our efforts in drafting, negotiating, and passing this limited property tax reduction will help to save some homes from demolition and instead make them productive, taxpaying properties that increase community stability – with no new revenue required!