



on common ground

IN ILLINOIS

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Dear Illinois Elected Officials:

We had you—the local government official—in mind when we designed this newsletter providing research, local ordinance and state law updates, and economic data related to the Illinois real estate industry.

The Illinois Association of REALTORS® (IAR) is “The Voice of Real Estate in Illinois.” In this role, the Association works to protect the rights of private property owners and advocate for a healthy business environment.

We want to be a resource for you regarding real estate issues and look forward to an ongoing dialogue among Illinois REALTORS®, our elected officials, the IAR Governmental Affairs staff and interested citizens.

For more information on our role as the Voice of Real Estate in Illinois, see page 4 to learn who the Local Government Affairs Director is in your area.



Harvard Research Identifies Looming Senior Housing Issues

By Bill Kozar, IAR Communications Staff

If steps aren't taken soon to address the housing needs of older Americans, family members, caregivers and communities will face a range of age-related issues for years to come.

That's one conclusion drawn from a recent report by Harvard University's Joint Center for Housing Studies. Titled “Housing America's Older Adults – Meeting the Needs of an Aging Population,” the report notes that while the percentage of Americans age 50 and over is growing larger by the day, supplies of affordable, physically accessible and well-located housing are dwindling.

While one in seven Americans is at least 65 years old today, that ratio increases to one in five by 2030, says Jennifer Molinsky, a senior research associate at the Center, and lecturer at the Harvard Graduate School of Design.

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Harvard Research Identifies Looming Senior Housing Issues

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According to the report, the biggest senior housing issues include:

- **Affordability**—Housing is typically the most expensive item in a household budget and costs continue to rise. Lower-income seniors sometimes use money for rent instead of essentials such as food, thus jeopardizing their health. Those who carry debt into their later years have less to draw upon for retirement, including money for health care. As incomes drop after retirement, we can expect a larger number of lower-income older adults as the Baby Boom Generation ages.
- **Accessibility**—Seniors face more physical and mental challenges as they age, and their ability to easily and safely move in their homes becomes critical. The current housing stock is unprepared to support the numbers of older adults with disabilities we'll see as Baby Boomers age, and there will be a need for modifications such as wheelchair ramps, wider doorways or lever-style faucets and door handles.
- **Proximity**—Transportation planning in many communities favors drivers, not pedestrians. Those that don't drive can become isolated. There is a need for housing near stores, medical care and social services, pedestrian-friendly communities and convenient public transportation.

- **Connections to health care**—Many older adults wish to age in their communities and continue to live in their homes. At-home services can support independence and health, and prevent premature moves to nursing homes.

Is Illinois different?

In general, seniors across the country will face similar issues. But Molinsky says accessibility may be more problematic for older Americans in the Midwest and Northeast because of the climate and the type of housing stock.

She says the good news is that accessibility solutions, such as ordinances requiring or encouraging universal design or tax incentive programs to help pay for home modifications, can be adapted to Illinois municipalities. In terms of connectivity, some cities, such as New York and Atlanta, have initiatives to support age-friendly communities. Federal Medicaid dollars can be used to support seniors who choose to age in their homes rather than opt for nursing homes through state waiver programs.

Using the U.S. Census Bureau's 2012 American Community Survey, the Center analyzed the affordability of housing for "Illinois Households Age 50 and Over" by comparing incomes with housing costs. In three different scenarios, findings were divided into three categories:

Own with a Mortgage

- 62.3 percent have no burden (Mortgage payments are 0 to 30 percent of income);
- 20.5 percent have a moderate burden (30 to 50 percent of income); and
- 17.2 percent have a severe burden (more than 50 percent of income).

Own without a Mortgage

- 82.7 percent have no burden;
- 9.2 percent have a moderate burden; and
- 8.2 percent have a severe burden.

Rent

- 48 percent have no burden (Rent payments are 0 to 30 percent of income);
- 22.2 percent have moderate burden (30 to 50 percent of income); and
- 29.8 percent have a severe burden (more than 50 percent of income).

For more information on Illinois housing and U.S. housing, and to view the full "Housing America's Older Adults" report, visit www.jchs.harvard.edu.



"Crime Free" Housing Proposals Should Not Punish Law-Abiding Property Owners

By Michael Scobey,
Assistant Director- Government Affairs

In the last ten years, several Illinois municipalities have passed what is commonly known as the "Crime Free Housing Ordinance." While the headline here may seem obvious, there are steps that should be taken to make sure it doesn't

happen. The stated purpose of these ordinances is to help prevent criminal activities in rental housing. The Illinois Association of REALTORS® has attempted to work with municipalities to ensure that the new requirements are not a de facto form of punishment of landlords who could not reasonably be expected to prevent the crime. Proposed ordinances should include the following provisions to help ensure that doesn't happen:

Innocent Owner Defense. A landlord should never be subject to punishment if she/he had no knowledge of criminal activity on the property and could not have known about or prevented such activity. Here is suggested language that can be included in a "crime-free" ordinance:

It is a defense to an action seeking the determination of the Property as a Criminal Nuisance Property that the Owner of the Property at the time in question could not, in spite of the exercise of reasonable care and diligence, prevent a third party from engaging in the conduct constituting the Nuisance Activity complained of by the Village. It shall also be a defense for an Owner, if prior to the Owner being served the notice of determination of Criminal Nuisance Property,

the Owner or property manager or other designee, notified a law enforcement agency of suspected illegal activity and has begun to take steps to start an eviction action for illegal activity against any tenant or occupant responsible for the Criminal Nuisance Activity complained of by the Village.

Crime Free Seminar—Reasonable Attendance Requirements. While there may be some value to having a seminar on ways to prevent crime on rental property, we believe that requiring attendance every year is excessive. We urge local policy makers to waive this requirement for those owners whose properties were essentially "crime free." If there were no incidents, no reports of criminal activity in a given time period, then that owner/property manager should not be required to attend the seminar again. If there is new information that is important for an owner to know/learn, it can be sent to him/her electronically. Also, if an owner or property manager shows proof of having attended a similar seminar in a nearby municipality, the requirement to attend another seminar should be waived.

Existing Powers for Municipalities to Address Violations of Property Maintenance Codes and to Abate Nuisances

By Michael Scobey,
Assistant Director- Government Affairs



In addition to the general police power to cite owners for violations of property maintenance codes, specific state laws give municipalities the ability to abate nuisances on properties. Illinois gives municipalities broad authority to take action, and incur and recover costs on properties where an owner won't clean up or enclose vacant property or where the property is deemed abandoned.

The powers that are included in the Illinois Municipal Code [65 ILCS 5/11-31-1] are most appropriate for dealing with buildings that have been abandoned and are dangerous and unsafe. This section of Illinois statute includes provisions which enable the municipality to clean up, demolish or repair unsafe buildings after a notice and court proceeding. Cost recovery as well as lien authority are also provisions in this law. In addition, this section allows cities to seek to have property declared "abandoned" by a circuit court. If the court deems the property abandoned (using the law's specific definition), it may issue a judicial deed to the municipality, and this conveyance to the municipality extinguishes all liens and interests on the property.

The powers that are included in Illinois Municipal Code [65 ILCS 11-20-15] are more appropriate for dealing with homes and buildings that have violations of property maintenance codes (cutting and removal of weeds, grass, trees and bushes; pest extermination; removal of garbage, debris and graffiti). Municipalities can perform these standard types of nuisance clean-up activities and can recover costs through liens.

Section 11-20-15.1 of the Municipal Code also gives municipalities powers to secure and enclose ("board up") residential properties (e.g. distressed and vacant homes) without going through a court proceeding and have a superior lien for the costs if the property is declared abandoned. For this Section, "abandoned" means unoccupied for 90 days or more and the municipality has made a good faith effort to contact the owners and no contact was made.

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In the 2015 Session of the Illinois General Assembly, there was a proposal to significantly expand upon these powers. Senate Bill 1380 sought to amend sections of the Municipal Code

with regard to the lien that a municipality can file to recover removal costs on an offending property (for weeds/grass, trees/bushes, pests, garbage, debris, graffiti).

This bill sought to make a dramatic change to allow the municipality to skip the foreclosure proceeding on the lien on the offending property and to instead obtain a judgment lien against ALL real estate of the owner. This bill was opposed by the Illinois Association of REALTORS®.

The Association opposes the creation of impairments of property rights on non-offending properties. The Association believes that municipalities already have effective mechanisms to allow them to recover any costs owed them for clean-up.

At the time of print, the status of this bill was unknown.

Winthrop Harbor Cuts Development Fees

By Howard Handler,
Local Government Affairs Director

Village of Winthrop Harbor (Lake County) elected officials and staff recently did something many local governments fail to do – reexamine their development fees to determine if the fees remain justified. "They took a candid look not just to ensure fairness but because they understood that high development costs adversely impact property values and slow growth," opined REALTOR® Gary Powell (Cornerstone Realty Group, Winthrop Harbor).

In March, Winthrop Harbor repealed its school impact fee ordinance, citing lower property values and declining student enrollment since initial adoption of the ordinance. A couple months later, the Village examined their sewer and water frontage fees, tap-on fees, and street frontage fees, and eliminated and reduced those fees commensurate with reduced infrastructure needs. Combining all fee reductions, Pat DiPersio, Winthrop Harbor's Community Development Director says costs will be reduced by as much as \$7,200; according to the REALTORS® Property Resource, the median estimated home value is \$157,000.

Piero Orsi, Mainstreet Organization of REALTORS® (MORE) Lake County Government

Affairs Committee chair added, "Winthrop Harbor officials deserve to be applauded. What they did not only leads to fairer taxation, but it makes great business sense. They are announcing to the real estate community that Winthrop Harbor is open for business."



IAR Local Government Affairs Directors

The Association has assigned local staff to cover real estate related issues at the local government level. They monitor developments locally and weigh in on proposed ordinances and regulations that affect the industry. Shown below are the local Government Affairs Directors (GADs) and some of the areas to which they are assigned. The areas listed here are not all-inclusive. To find out who the local Government Affairs representative is in your area, contact Mike Scobey at mjscobey@iar.org.



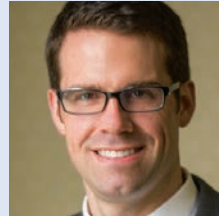
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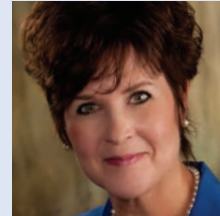
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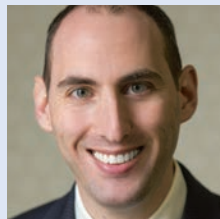
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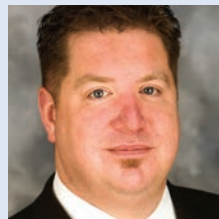
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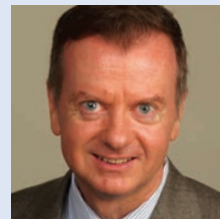
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Home Sales Data

The Illinois Association of REALTORS® compiles information on home sales in Illinois. With this, you can see monthly reports, quarterly reports and other research.

In addition to market stats, you can also read reports by Dr. Geoffrey J.D. Hewings, of the University of Illinois, who provides IAR with economic analysis and housing market forecasts. Hewings is the director of the University of Illinois Regional Economics Applications Laboratory.

This can be found at:
www.illinoisrealtor.org/marketstats



Housing Price Forecast

The strong start to Illinois' spring housing market continued in April with gains in year-over-year home sales and median home prices.

"The housing recovery continues with solid gains in prices and sales anticipated for the next three months," said Geoffrey J.D. Hewings, Director of the Regional Economics Applications Laboratory at the University of Illinois. "The influence of foreclosed properties on the Chicago metropolitan market as a whole seems to be diminishing in aggregate although important at the very local level."

To see a complete analysis and regional breakdown of Hewings' report, go to:
www.illinoisrealtor.org/marketstats.

www.illinoisrealtor.org