



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.

Illinois REALTORS® 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 Illinois REALTORS® 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.



Stormwater Management Rules & Implications for Developers & Property Owners

In recent years, local-government entities in Illinois have introduced measures to deal with stormwater management. The Illinois REALTORS® has weighed in on these proposals in various localities. Flooding protection is very important and we share policy-makers’ desire to maintain a healthy, sustainable ecosystem.

Many of the proposed regulations have dealt with “volume control” or retention requirements; this has to do with calculations about how much stormwater is permitted to run off a property, to prevent flooding. Volume control requirements that are imposed on property owners are essential. However, overly restrictive requirements and inflexible retention rates could make redevelopment very difficult and cost prohibitive.

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Stormwater Management Rules & Implications for Developers & Property Owners

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Often, redevelopment sites will have existing infrastructure and there may be grading issues associated with constructing access points or driveways that, as a result, limit the opportunity for surface collection or treatment practices. It's important to remember that previously developed sites do provide valuable opportunities to improve stormwater management conditions on these sites. But too often, proposed rules and the approach to redevelopment lack flexibility.

Inflexible stormwater controls can significantly increase development costs and may influence a developer's decision to pursue a redevelopment project. One study found that imposing certain

stormwater techniques on redevelopment projects with 65% or more impervious area can make the projects up to 4 times more expensive than new development.*

With redevelopment, businesses are usually expanding. Redevelopment, like new development, has positive implications for local economic development and for growing the tax base. A highly inflexible set of rules can stifle that redevelopment.

In March, 2016, the Illinois Department of Natural Resources (IDNR) and the Illinois Association of Floodplain Management Professionals (IAFMP) introduced a model stormwater management ordinance.

While IDNR and the IAFMP assert that this is an attempt to strike a balance between addressing

flooding problems and allowing some flexibility for businesses and property owners, the Illinois REALTORS® believes that this "model" falls short of providing a reasonable amount of flexibility.

The proposed model ordinance's standards, including volume control, are quite inflexible and have the potential to impact redevelopment projects disproportionately, which could stifle redevelopment in jurisdictions that adopt it.

The Illinois REALTORS® has provided analysis and comments on the model ordinance. For a copy of the Illinois REALTORS®' letter to IDNR, contact Mike Scobey at msscobey@illinoisrealtors.org

**Sarah Reich, Ed MacMullan, Lorelei Juntunen, and Ann Hollingshead of ECONorthwest, Managing Stormwater in Redevelopment and Greenfield Development Projects Using Green Infrastructure (June 2011)*



Sales Tax for Non Home Rule Units

Many Illinois municipalities are struggling with budget problems. Municipalities which are not home rule have a significant option to raise revenue and allow some property tax relief at the same time.

Pursuant to legislation which passed in 2012, non-home rule units can impose a sales tax if approved by the voters in a referendum, and the proceeds of the tax can be used for municipal operations until December 31, 2020. The proceeds can also be used for public infrastructure costs or for property tax relief. This type of referendum can be placed on the November, 2016 General Election ballot or the April 2017 Municipal Election ballot.

Several local REALTOR® Associations have supported these referenda when the sales tax proposal is coupled with property tax relief. Some Associations have advocated for the measures with direct outreach to voters. In recent years, REALTOR® Associations have supported these referenda in Machesney Park, Crestwood, Franklin Park and Crest Hill.

Historic Preservation Incentives for Property Owners



If your municipality is considering a historic preservation program, keep in mind that there are existing programs—mainly through the State of Illinois and the federal government—that are beneficial to the property owner.

The Property Tax Assessment Freeze for Historic Residences (owner-occupied, single family homes, condominiums, cooperative unit, or multi-family building up to 6 units) freezes property taxes over a 12-year period after rehabilitation of the property. There is a minimum investment of 25% of the property's fair market value, as determined by the County Assessor. The building must be a certified historic structure, and the work must meet the Secretary of Interior's Standards for Rehabilitation. The program is administered by the Illinois Historic Preservation Agency. For more information, go to: www.illinois.gov/iHPA/Preserve/Pages/taxfreeze.aspx

Federal Rehabilitation Tax Credit is available for rehabilitating an income-producing building. This dollar-for-dollar Federal income tax credit equal to 20% of the construction costs may be used by the building owner or sold to a tax credit investor. The minimum investment is 100% of the building's "adjusted basis"; that is, the purchase price minus the land cost and depreciation, plus prior improvements. The building must be a certified historic structure. This program is also administered by the Illinois Historic Preservation Agency. For more information, go to: www.illinois.gov/iHPA/Preserve/Pages/taxcredits.aspx

A 10% Federal Rehabilitation Tax Credit is available for rehabilitating an income producing, non-residential building built before 1936. (This is NOT for properties listed on the National Register of Historic places or in local landmark districts). This dollar-for-dollar Federal income tax credit equal to 10% of the construction costs. The minimum investment is 100% of the building's "adjusted basis"; that is, the purchase price minus the land cost and depreciation, plus prior improvements. For more information, go to: www.nps.gov/tax-incentives/taxdocs/about-tax-incentives-2012.pdf

Impact Fees Tool-Kit

As home construction is on the rise in Illinois, impact fees will be considered by local governments. Since impact fees drive up the cost of new homes, affecting affordability, Illinois REALTORS® advocates for fairness and proportionality in the calculations of the fee amounts.

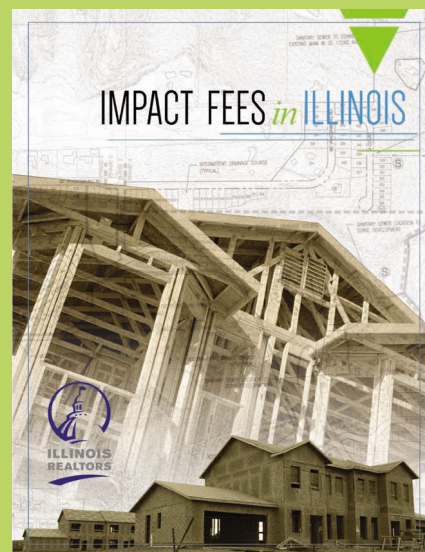
Under Illinois law, impact fees may be collected so long as they are specifically and uniquely attributable to the activities of the new development. School, library and park district impact fees can only be used for capital expenditures or "bricks and mortar" projects.

REALTORS® and builders argue that when enrollments are declining from existing homes, it is a good time to re-examine existing impact fee structures. By eliminating or reducing

impact fees, local governments can provide a nudge to new home construction, creating jobs and boosting market activity. This nudge also provides the long-term benefit of new property tax payments (from the owners of new homes) and commercial and retail growth. This helps grow the tax-base and helps to keep property tax hikes at bay.

Illinois REALTORS® has a new publication on this issue that is directed to local policy makers. It contains information on what to consider when adopting impact fees or revising an existing ordinance.

This document can be downloaded from the Illinois REALTORS® website www.illinoisrealtor.org



Illinois REALTORS® 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 mscobey@illinoisrealtors.org.



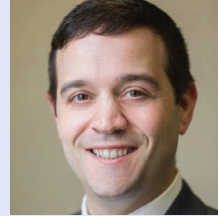
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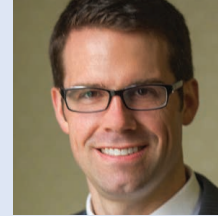
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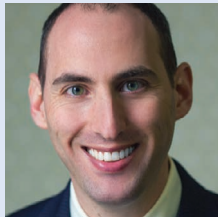
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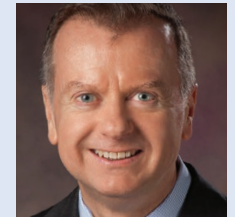
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Home Sales Data

The Illinois 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 Illinois REALTORS® 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

Illinois and Chicago PMSA, June 2016

“Median prices continue to grow, in Chicago, much of the growth was generated by much more rapid increases in the prices of foreclosed properties rather than regular sale prices,” said Geoffrey J.D. Hewings, director of the Regional Economics Applications Laboratory at the University of Illinois. “Given the uncertainty in the state’s economy and the pending national elections, the housing market continues to grow in terms of sales and prices and the short-term (three months ahead) forecasts remain positive.”

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

www.illinoisrealtors.org