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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.



Planning for Senior Housing in your Municipality: Why it Matters

Planning for the needs of seniors is a key priority and challenge for policy-makers. The country’s population of older residents has grown significantly over the past several decades and is projected to continue growing.

According to the United States Administration on Aging, the number of residents who are 65 and older will more than double by 2040, reaching approximately 81.2 million and representing 20% of the nation’s population.

The aging of the baby boomer generation means that the percentage of people with disabilities in the population is likely to continue to grow quickly.

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Planning for Senior Housing in your Municipality: Why it Matters

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This phenomenon will have major impacts on future housing and land use demand. Communities will need to plan proactively to meet that demand, both to protect the rights and well-being of vulnerable residents, and to invest in everyone's future. Indeed, age-friendly planning benefits people of all ages and abilities, creating healthy, sustainable places ideal for both "growing up and growing old."

Such planning is also far-reaching in its relevancy. A majority of people will reach the age of 65 and over in their lives. All of them will need a safe and supportable place to live whether they remain in their current home or transition to a new phase in their life's journey.

The Illinois REALTORS® has developed a Tool-kit on this topic. It is designed for municipal officials/staff and focuses on the

best practices for senior housing related issues at the municipal level. The strategies suggested in this tool kit are in the following three areas:

- 1. Land Use and Regulatory Structures**
- 2. Housing**
- 3. Municipal Services Directed to Seniors**

This Tool-kit was developed by the Illinois REALTORS with support and content provided by the Chicagoland Metropolitan Agency for Planning (CMAP).

To obtain a copy of the Tool-kit, contact Sharon Gorrell at sgorrell@illinoisrealtors.org or to view the Tool-kit brochure, go to www.illinoisrealtor.org/Senior-Toolkit.



Federal Tax Reform Has Implications for Local Real Estate and Local Governments

Tax reform looks to be at the top of the agenda for Congress and the new Administration. Illinois REALTORS® as well as REALTORS® across the country will be advocating to keep the "like-kind exchange" rules of the federal tax code untouched.

For nearly a century, the Section 1031 provision has encouraged growth by permitting real estate held for investment to be exchanged for property of a like-kind on a tax-deferred basis. Exchanges are essential to the commercial real estate sector and to the economy. If repealed or diminished, fewer redevelopment projects will go forward, and fewer jobs will be created. The like-kind exchange provision provides liquidity to an illiquid asset.

Like-kind exchanges help to support the tax base at all levels of government. The provision positively affects state and local government

budgets because the more frequent turnover of real estate generates property transfer revenue as well as property reassessments that increase the tax base.

REALTORS® will also be advocating for the retention of the Mortgage Interest Deduction (MID). Since the inception of the modern income tax, the MID has made homeownership possible for millions of American families. This also keeps the property tax base strong.



Municipal Inspection Programs and the U.S. Constitution

Since the advent of Home Rule in the early 1970s, some municipalities have developed inspection programs in which the municipality inspects real property.

This may take the form of a pre-sale home inspection (of single-family homes) or it may be a systematic inspection of rental properties, usually larger apartment buildings. REALTORS® have long advocated—and courts have re-affirmed—that there are Constitutional concerns with these programs and the procedures associated with them. Specifically, the Fourth Amendment to the U.S. Constitution protects citizens from unreasonable searches without a valid warrant, and therefore, safeguards the privacy and security of individuals against arbitrary invasions by government officials. Federal court cases have reaffirmed this principle.

Generally, this constitutional principle can be respected through enacting appropriate administrative provisions and procedures. What follows is short discussion of the issue and suggested ways to accomplish this:

The ordinance which enacts these inspection programs must have a consent provision. This provision must clearly state that the owner of the property --and the tenant in the case of rental properties--must be given the opportunity to consent, or deny consent, to the inspection before it takes place.

If the owner (or tenant) denies consent, the municipality must obtain an administrative search warrant from the circuit court. The inspection ordinance should include a provision for obtaining a warrant when consent is withheld. Furthermore, the ordinance should not include any kind of penalty or fine imposed on the owner when consent is denied. For example, a municipality may not deny a landlord license if the owner does not consent to the inspection.

In addition to these Constitutional issues, REALTORS® have practical concerns about inspection ordinances in general. Some of these concerns are:

- Inspection fees that are very high
- Inspection follow-up that is done by the city/village can interfere with the transaction (e.g. delays in the closing)
- Post-inspection requirements and repairs that are not related to health and safety which can needlessly add to the cost of the transaction (e.g. cosmetic upgrades)

The Illinois REALTORS® stands ready to assist any municipality in crafting an ordinance that addresses safety/habitability in housing units, adheres to constitutional principles and does not overly burden home sellers and homebuyers.

Illinois REALTORS' Legal Analysis Resource

The Illinois REALTORS® employs 11 professional staff who work at the local level and who can serve as a resource for information about important topics involving land use and development, housing, real estate transactions and planning.

We can provide legal analyses of ordinances and regulations that are up for consideration

in municipalities. We have done several such analyses on the following topics:

- Real Estate Inspections
- Taxes and Fees
- Nuisance and Vacant Properties
- Special Service Areas
- Impact Fees
- Rental Property Regulations
- Signage
- Stormwater Management

The Illinois REALTORS® encourage municipalities to consider this helpful resource when drafting ordinances that have an impact on real estate. Feel free to contact the Government Affairs Director in your area to learn more about this resource. (The names and contact information for these staffers are shown on the back page of this newsletter.)



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.



Kris Anderson
City of Chicago
kjanderson@illinoisrealtors.org



Kyle Anderson
Metro-East Area and Southern Illinois
kanderson@illinoisrealtors.org



Brian Bernardoni
City of Chicago
bbernardoni@illinoisrealtors.org



Gideon Blustein
Will County; Livingston County
gblustein@illinoisrealtors.org



Conor Brown
Winnebago County; McHenry County
cbrown@illinoisrealtors.org



Kristie Engerman
Peoria, Bloomington; parts of Central Illinois
kengerman@illinoisrealtors.org



Alex Finke
Kane County; DeKalb County; Quad Cities Area
aфинke@illinoisrealtors.org



Howard Handler
North Suburban Cook County; Lake County
hhandler@illinoisrealtors.org



Tom Joseph
South Suburban Cook County; Kanakee County
tjoseph@illinoisrealtors.org



Neil Malone
Champaign, Urbana, Springfield, Decatur; parts of Central Illinois
nmalone@illinoisrealtors.org



Jeff Merrinette
DuPage County; West Suburban Cook County; Northwestern Suburban Cook County
jmerrinette@illinoisrealtors.org



Mike Scobey
Oak Park Area,
mscobey@illinoisrealtors.org

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, October 2016

"While sales were softer in October on an annual basis, much of this can be attributed to a typical seasonal slowdown and the chronically low number of homes on the market." said Illinois REALTORS® President Doug Carpenter, ABR, AHWD, GRI, SFR of Mokena, managing broker of Coldwell Banker Honig-Bell in Orland Hills. "Given the relatively short time it is taking on average to sell a home, strong market demand might work to a seller's advantage as we start to close out the year."

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

www.illinoisrealtors.org