



Virtual
**LOBBY
DAYS**
★ SPRING 2021 ★



Legislative Issues



ILLINOIS REALTORS® 2021 STATE ADVOCACY

"Housing and Affordability for All"

Illinois needs more housing of all kinds. Single-family housing inventory is at an all-time low. There is a woeful shortage of affordable housing for working families. And rental housing has been strained beyond imagination for both landlords and tenants over the past year.

These are challenges and opportunities that CAN and MUST be addressed by pursuing a disciplined, cooperative, results-oriented housing agenda that creates more housing opportunities throughout the housing spectrum, and that resists and rolls back new and traditional barriers and obstacles to creating more housing.

Illinois REALTORS® is committed to being a leader and productive participant in the public policy process to pass legislation that achieves these goals and defeats or fixes legislation counter to these goals.

Success will take an ongoing commitment. But there are bills pending RIGHT NOW that will move the ball forward.

PROPERTY TAX AND INCOME TAX INCENTIVES FOR AFFORDABLE HOUSING

Targeted property tax reductions and income tax credits are proven, effective tools to incentivize the creation and preservation of affordable housing in Illinois. Here are the measures **Illinois REALTORS® SUPPORTS**:

- ✓ **SUPPORT SB 330 (Feigenholtz), HB 805 (Tarver) and HB 3965 (Evans)**, which offer significant reductions in the tax valuation of newly constructed or rehabilitated property.
 - ▶ Housing providers will be able to reduce the equalized assessed value (EAV) of a property that is newly constructed or rehabbed and the owner keeps the rents "affordable." The EAV will be reduced on a sliding scale up to a 35 percent reduction based on the percentage of units and length of time the units are kept affordable.
 - ▶ Establishes a state income tax credit program that mirrors the popular, federal Low-Income Housing Tax Credit (LIHTC) program.

- ✓ **SUPPORT HB 3123 (Ramirez) and SB 2440 (Hunter)**, which enact the Build Illinois Homes Tax Credit Act to enable the Illinois Housing Development Authority (IHDA) and the Chicago Department of Housing to allocate income tax credits similar to the Low-Income Housing Tax Credit (LIHTC).
 - ▶ There is high demand in the LIHTC program, which outstrips the current federal program's allocations. This legislation would attract investment to meet that excess demand and result in increased affordable housing construction in Illinois.
 - ▶ According to the Illinois Housing Council, which also strongly supports this measure, a \$35 million annual program could create 3,500 homes or apartments each year.
- ✓ **SUPPORT SB 524 (Aquino) and HB 2540 (Stoneback)**, which would generate additional funding for the Rental Housing Support Program by changing the recorder's fee from \$9 to \$18 for each real estate transaction (this is NOT an increase in the Real Estate Transfer Tax, it is an increase in the flat-fee charge for recording mortgage-related documents). In doubling this funding source, this legislation is intended to increase the affordable housing supply and would benefit both landlords and tenants in a year when both parties have been severely strained.
- ✓ **SUPPORT SB 2505 (Aquino)** Similar to SB 524, SB 2505 increases the recorder's fee from \$9 to \$18 for all real estate related documents, but also increases other recording fees. The bill also requires the new funds to be distributed with priority to the administering agency in the county in which the funds were collected. Provides for IHDA to ensure that at least one local administering agency is located within each county.

COVID - EMERGENCY RENTAL ASSISTANCE PROGRAM/EVICTION MORATORIUM

- ✓ **SUPPORT and lead efforts** to bring an orderly conclusion to the eviction moratorium as soon as possible. Illinois REALTORS® has proposed ideas to provide financial incentives to housing providers to renew rental leases that have expired during the moratorium period. **We urge the legislature** to work with Illinois REALTORS® and other stakeholders in managing an orderly transition out of the eviction moratorium for the benefit of housing providers and tenants alike.
- ✓ **NEUTRAL on HB 2877 (Ramirez)** After lengthy negotiations with legislators and interested parties, Illinois REALTORS® was able to come to a neutral position after securing the elimination of provisions that would effectively extend through 2022 the eviction moratorium and impose other restrictions on housing providers.

The final bill, which is now **HB 2877**, primarily provides for a statutory (as opposed to agency rules which can be easily changed) Emergency Rental Assistance program that does NOT include conditions and red tape for landlords that earlier iterations of the proposal would have.

As discussed above, in addition to **creating more housing**, part of a sound housing policy is, above all, to “do no harm.” In other words, do not enact further impediments to investment in housing or place further unnecessary burdens on housing providers.

We Urge the General Assembly to Defer or Defeat These Bills This Spring Session



RENT CONTROL

RENT CONTROL is not an option in our state housing policy because it **certainly is NOT an incentive to invest in the creation of the desperately needed new rental housing**. *Instead, it would create a severe and damaging DISINVESTMENT climate for housing in Illinois.*

- ✓ **We urge you to OPPOSE HB 116 (Guzzardi)**, which seeks to REPEAL the Rent Control Preemption Act. If this bill passes, the city of Chicago could, and probably would, enact rent control, and other Illinois municipalities may follow.
 - ▶ **Think about it.** In our system of government and economy, lawmakers and local officials would never think it a proper function of our government to set the price of any privately sold goods, services, or commodities – and yet there are many who would single out housing for that sort of price-setting. **That’s why we have the state Rent Control Preemption Act... to prevent local governments from enacting this dubious and destructive policy that some outspoken advocates point to as an "easy fix" to the shortage of affordable rental housing.**
 - ▶ Housing providers, tenants and the entire rental housing sector have been rocked to the core due to the pandemic and continued eviction moratorium. **Throwing the likelihood of rent control into the mix right now would surely inflict further burdens on our housing providers struggling to survive.** Many landlords have been paid little or no rent by some tenants over the past year – and now we are going to limit the rent they can collect going forward? Are we TRYING to chase housing providers away?
 - ▶ **The known and unintended consequences are many:**
 - ▷ Less rental income + Less maintenance and improvements = Poor housing quality;
 - ▷ Reduces property values and therefore property taxes (shifts more of the burden to residential);
 - ▷ Very difficult to ensure those in need get the rent controls; tends to benefit those that know and influence “the system;”
 - ▷ Disruption and devaluation in the condo market, and **reduction in affordable housing supply** as rental properties are converted to condominiums to protect assets from rent control;
 - ▷ Rent control tends to drive up rent for those who are in non-rent-controlled units;
 - ▷ Once the power of rent control is unleashed, it is a policy that will be extremely difficult to undo, no matter what the consequences.

Please do not let our state go down this road, help defeat HB 116!

SOURCE OF INCOME

- ✓ **OPPOSE HB 2775 (Ford)**, which would make discrimination based on a person's "source of income" a violation of the Illinois Human Rights Act (and therefore a violation of the Illinois Real Estate License Act). The main thrust of this legislation is to deny housing providers the right to NOT participate in the Housing Choice Voucher Program (commonly known as "Section 8").
 - ▶ The Housing Choice Voucher Program is a fine program and works well for many housing providers and tenants...**but the program does not fit every business model, and not every property owner can or wants to comply with the requirements of the program, such as:**
 - ▷ Having to sign a non-negotiable lease with the housing authority;
 - ▷ Submitting to an at-will inspection by the housing authority;
 - ▷ Tenants can break leases without consequence;
 - ▷ Rent increases subject to availability of funds/approval by the housing authority;
 - ▶ **HB 2775** would essentially strip REALTORS® of their livelihood if they choose not to enroll in the program if a tenant qualifies. **Violations of the Human Rights Act result in mandatory suspension or revocation of a real estate license.** Illinois REALTORS® strongly SUPPORTS this provision for current human rights violations. But a license should NOT be revoked for failure to participate in a government program.
 - ▶ We know that housing assistance without over-bearing restrictions, requirements and mandatory lease provisions works best. We are doing it now, through the **Emergency Rental Assistance Program**, with nearly \$1 billion in direct rental assistance being distributed in Illinois and nearly universal participation by landlords!

We urge a NO vote on HB 2775.

ADDITIONAL ISSUES TO BE AWARE OF:

- ✓ **SUPPORT SB 2347 (Hastings)**, which amends the Illinois Wage Payment and Collection Act to clarify that individuals performing services as real estate licensees who are paid by commission only are not considered "employees" for purposes of that Act. This is similar to the exemption for real estate licensees in the Unemployment Insurance Act and the Workers Compensation Act.
- ✓ **NEUTRAL HB 860 (Davis) "Income Producing Properties"** legislation proposed by the Cook County Assessor would create a new approach to assessing commercial properties. After recommended language changes were made to the initial bill and with those changes remaining Illinois REALTORS® is **NEUTRAL** on the bill.
- ✓ **OPPOSE HB 93 (Flowers)** This legislation would add duplicative and possibly confusing language regarding illegal discrimination to the Real Estate License Act and Human Rights Act.