

Cook County Assessor's Office Affordable Housing Special Assessment Program

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What YOU will learn today!



Why preservation of existing Affordable Housing stock and development of new Affordable Housing matters

What is the Affordable Housing Special Assessment Program

How can my office implement an Affordable Housing Special Assessment Program

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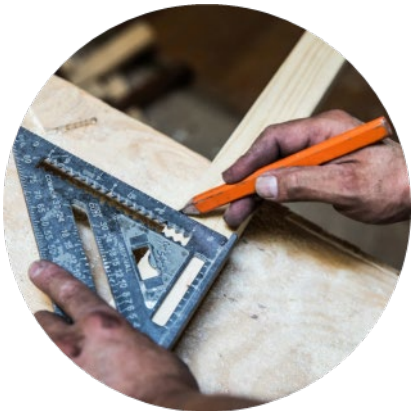


Cook County Assessor's Office Affordable Housing Special Assessment Program



New property tax incentive for multifamily

- Supports affordability in higher-cost markets
- Encourages investment and upkeep in lower-cost markets
- Reduces higher, post-construction assessed value, creating minimal fiscal impact



Cook County Assessor's Office Affordable Housing Special Assessment Program



How did it come about?

- Developed by affordable housing stakeholders over many years
- Championed by Assessor Fritz Kaegi, Cook County Assessor
- Included in state-level Affordable Housing Omnibus Legislation
 - Illinois Property Tax Code: 35 ILCS 200/15-178



The Preservation Compact



The Preservation Compact is a policy collaborative.

- Diverse, multi-sector partnership focused on preserving **affordable rental housing**
- Housed at Community Investment Corporation

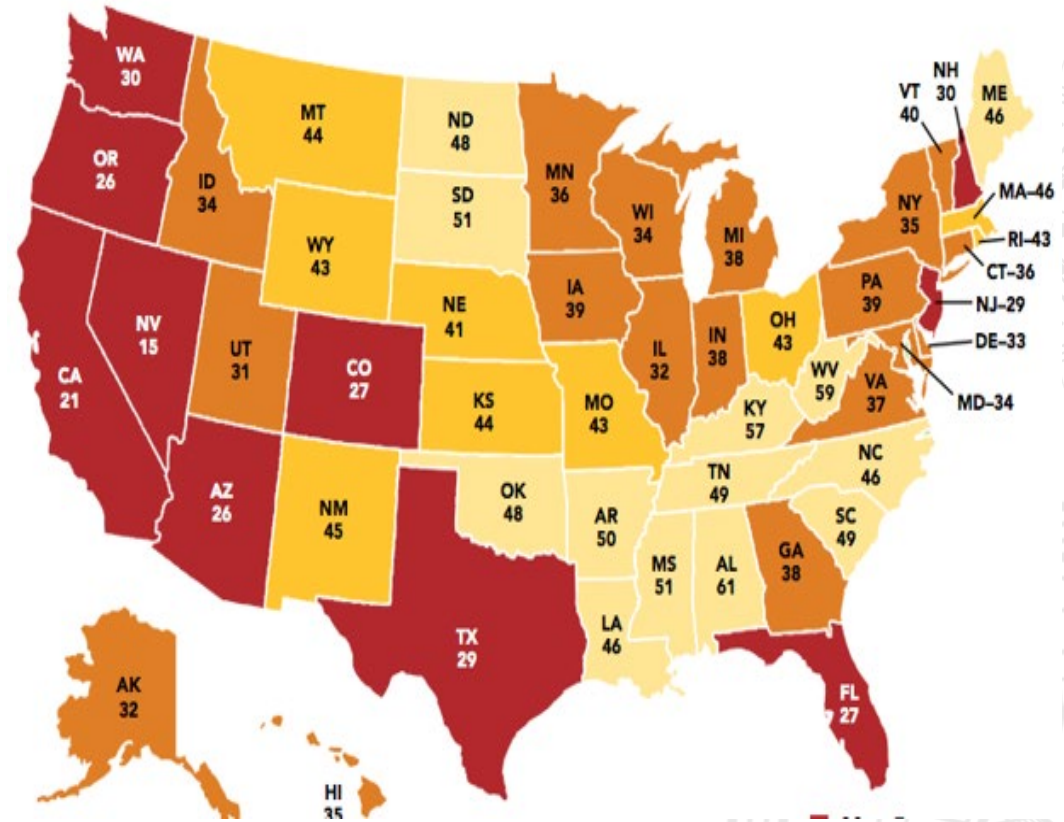


We coordinate with stakeholders to:

- Intervene directly to save properties
- Develop tools to facilitate the preservation of affordable housing

Preservation Challenges

- In communities across the country preservation challenges vary by neighborhood and market type



Preserving Affordable Housing

Preserving affordable rental means:

- Maintaining units and buildings in good condition and
- Keeping rents affordable

Strategies address subsidized and unsubsidized housing

- 70%+ of low-cost housing is unsubsidized
- Subsidy for affordable housing is scarce and limited



Why Preservation?

Preservation is cost-effective and environmentally friendly

- \$50k to preserve an affordable unit vs \$500k+ to construct new

Important complement to new construction

- Helps limited federal, state, and local resources for affordable housing go further
- Provides stability for existing residents
- Stems loss of affordable units



Statutory Basis for the AHSAP



Illinois Tax Code 35 ILCS 200/15-178

The General Assembly finds that there is a shortage of high quality affordable rental homes for low-income and very-low-income households throughout Illinois

Each chief county assessment officer shall implement special assessment programs

Any county with less than 3,000,000 inhabitants may decide not to implement one or both of the special assessment programs

Cook County Assessor's Office

Affordable Housing Special Assessment Program

3 Tiers of Affordability

- 25% Reduction in Assessed Value (Tier 15): At least 15%-34% of dwelling units in the property having income and rents at or below 60% of AMI (**Preservation**)
- 35% Reduction in Assessed Value (Tier 35): At least 35% of dwelling units in the property having income and rents at or below 60% of AMI (**Preservation**)
- Low Affordable Community: At least 20% of dwelling units maintained as affordable units in the property having income and rents at or below 60% of AMI (**New Development**)

Low Affordability Community (LAC)



1. Incentivizes New Affordable Housing Development in Low Affordability Communities
2. A Low Affordable Community is: (1) a municipality with less than 1,000,000 inhabitants in which 40% or less of its total year-round housing units are affordable as determined by the Illinois Development Housing Authority; (2) “D” zoning districts within the City of Chicago; (3) a jurisdiction located in a municipality with 1,000,000 or more inhabitants that has been designated as a low affordable community by passage of a local ordinance.
3. The incentive incrementally decreases over a 30-year period as described as follows:

Calculation of the incentive for a LAC

1. Incrementally increases assessed value over a 30-year period (4 three-year step-up's)
2. Uses the “base year” to calculate incentive. Base year is the assessed value certified by the BOR in the year prior to the tax year when a building permit was issued. The 30-year incentive is calculated as follows:
 - Years 1 - 3 – Difference between the assessed value in the year which the incentive is sought and the base year.
 - Years 4 - 6 - 80% of the difference between the assessed value in the year which the incentive is sought and the base year.
 - Years 7 through 9 - 60% of the difference between the assessed value in the year which the incentive is sought and the base year.
 - Years 10 through 12 - 40% of the difference between the assessed value in the year which the incentive is sought and the base year.
 - Years 13-30 – 20% of the difference between the assessed value in the year which the incentive is sought and the base year.

Affordable Housing Special Assessment Program Qualifications

Basics

- Multifamily rental building, 7+ units
- Lower assessed value in exchange for:
 - Investment: New construction or qualifying rehab
 - Affordability: % of units w/ rents at or below 60% AMI
- 10-year term, renewable up to 30 years total



New Construction or Qualifying Rehab

- If rehab: work touches 2+ building systems:
 - Major building systems (plumbing, HVAC, electrical, etc.)
 - Health and safety improvements
 - Energy efficiency
 - Accessibility
- At least \$8/sq. ft. for 25% reduction
- At least \$12.50/sq. ft. for 35% reduction



Year Accepted Into AHSAP
All



Impact: Affordable Housing Special Assessment Program

In Tax Year 2022, the Cook County Assessor started to administer the Affordable Housing Special Assessment Program (AHSAP). What has been the impact so far?

LAC	Tier 15	Tier 35	Total
1 projects	101 projects	654 projects	755 projects
LAC	Tier 15	Tier 35	Total
6 PINs	220 PINs	1,233 PINs	1,459 PINs

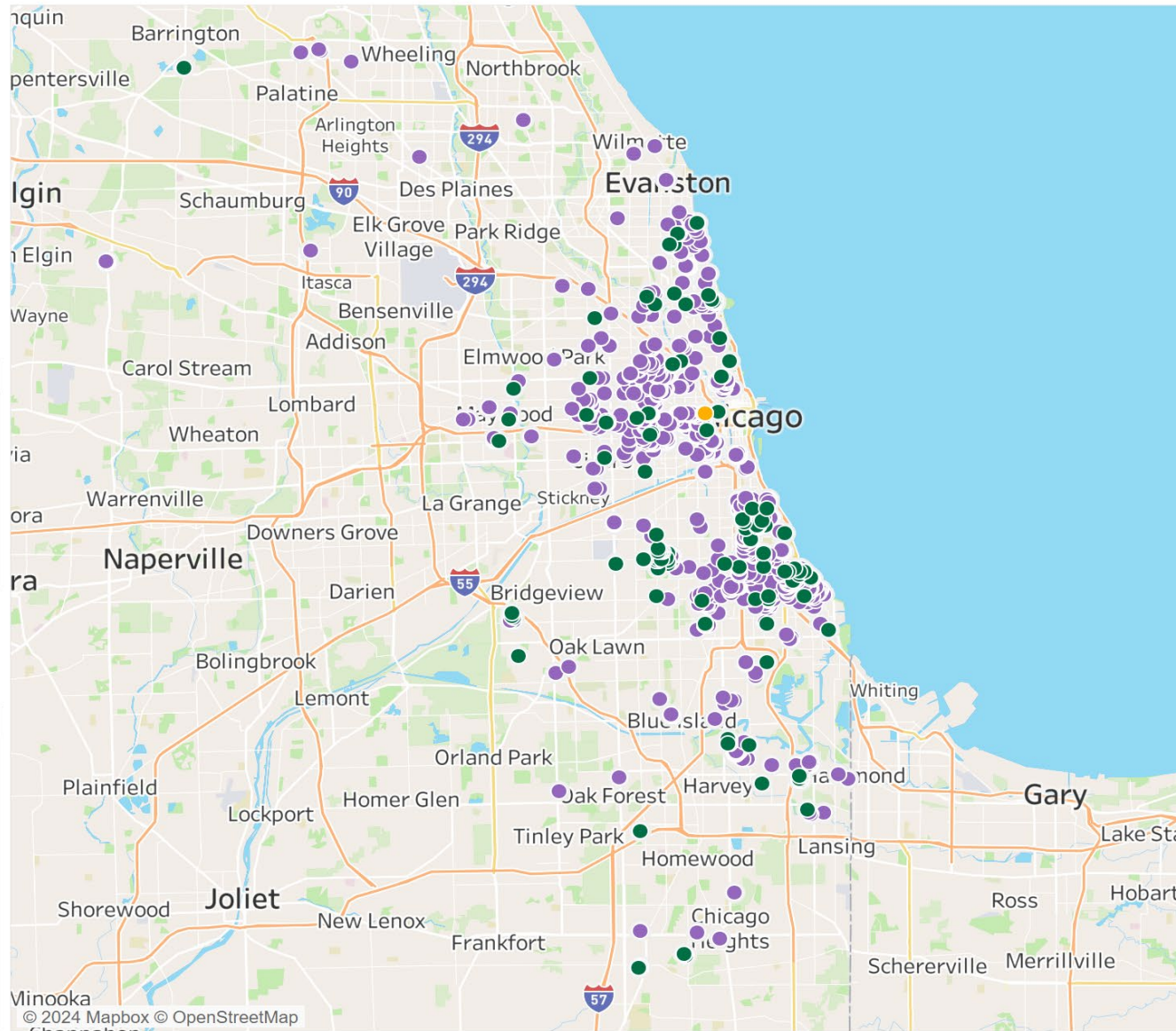
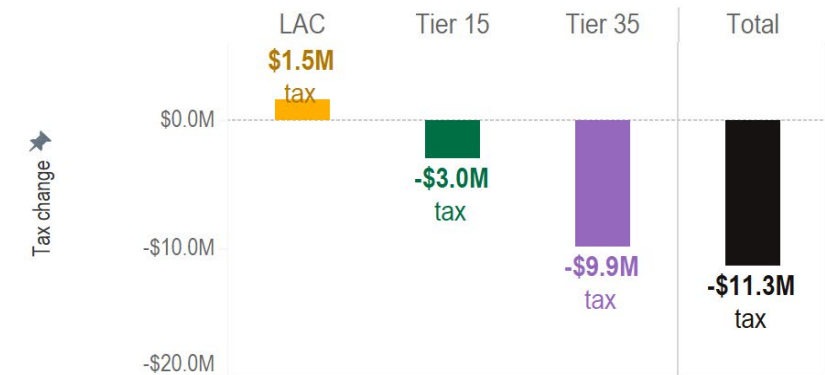
Total AV Change

Total change in Assessed Value in the year accepted into the program, compared to the prior year.



Total Property Tax Change

Total change in Property Tax in the year accepted into the program, compared to the prior year.



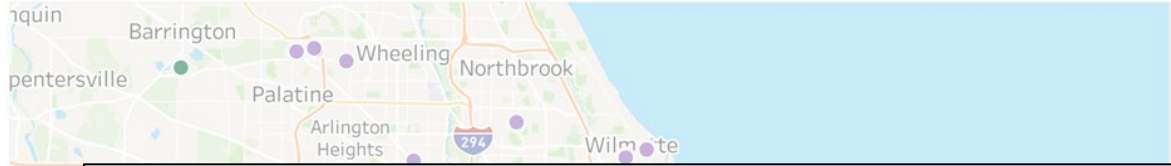
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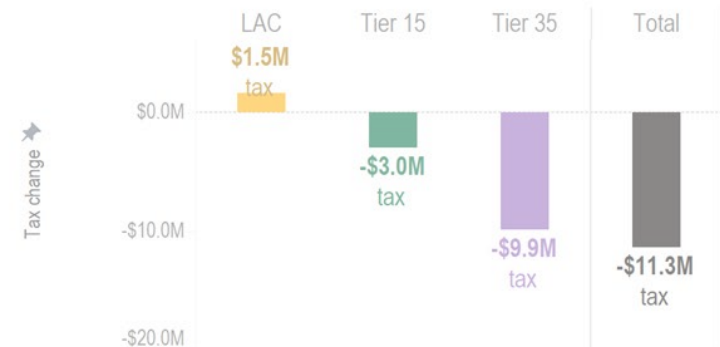
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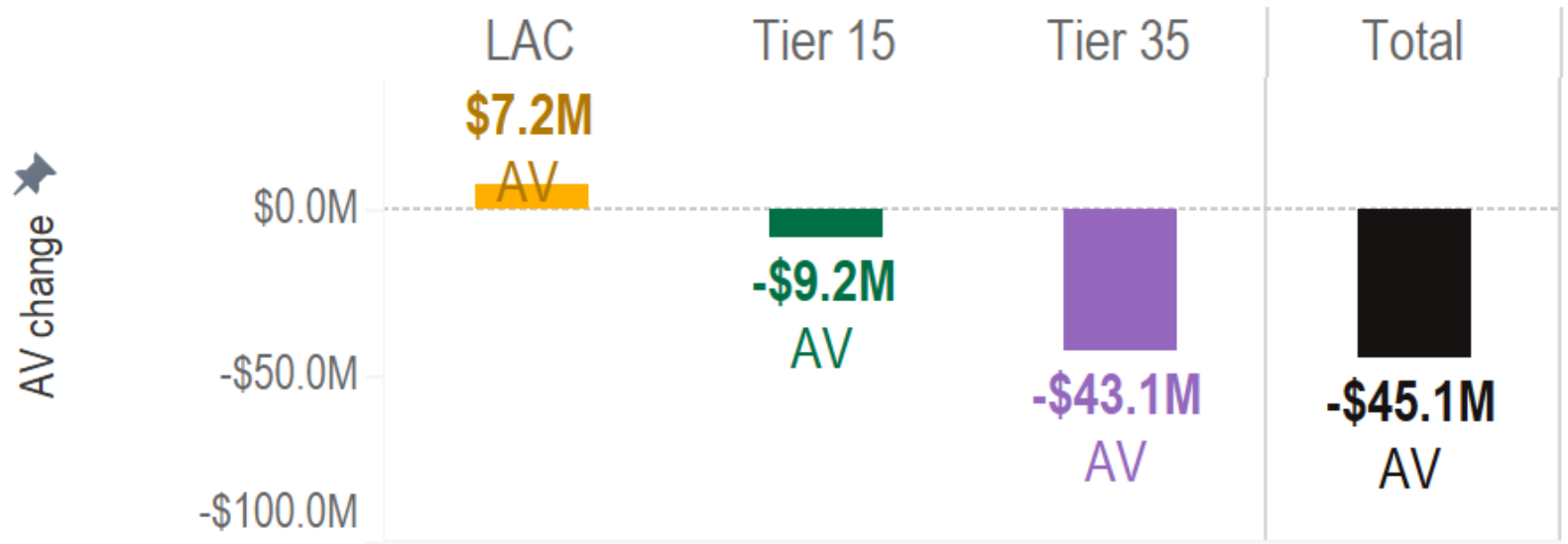
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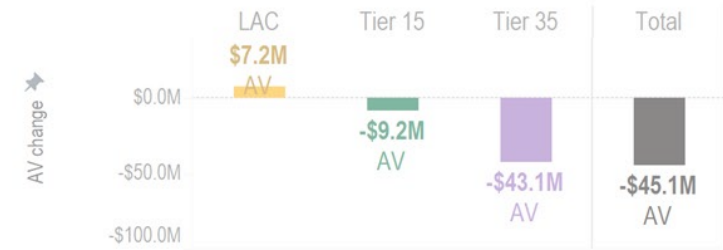
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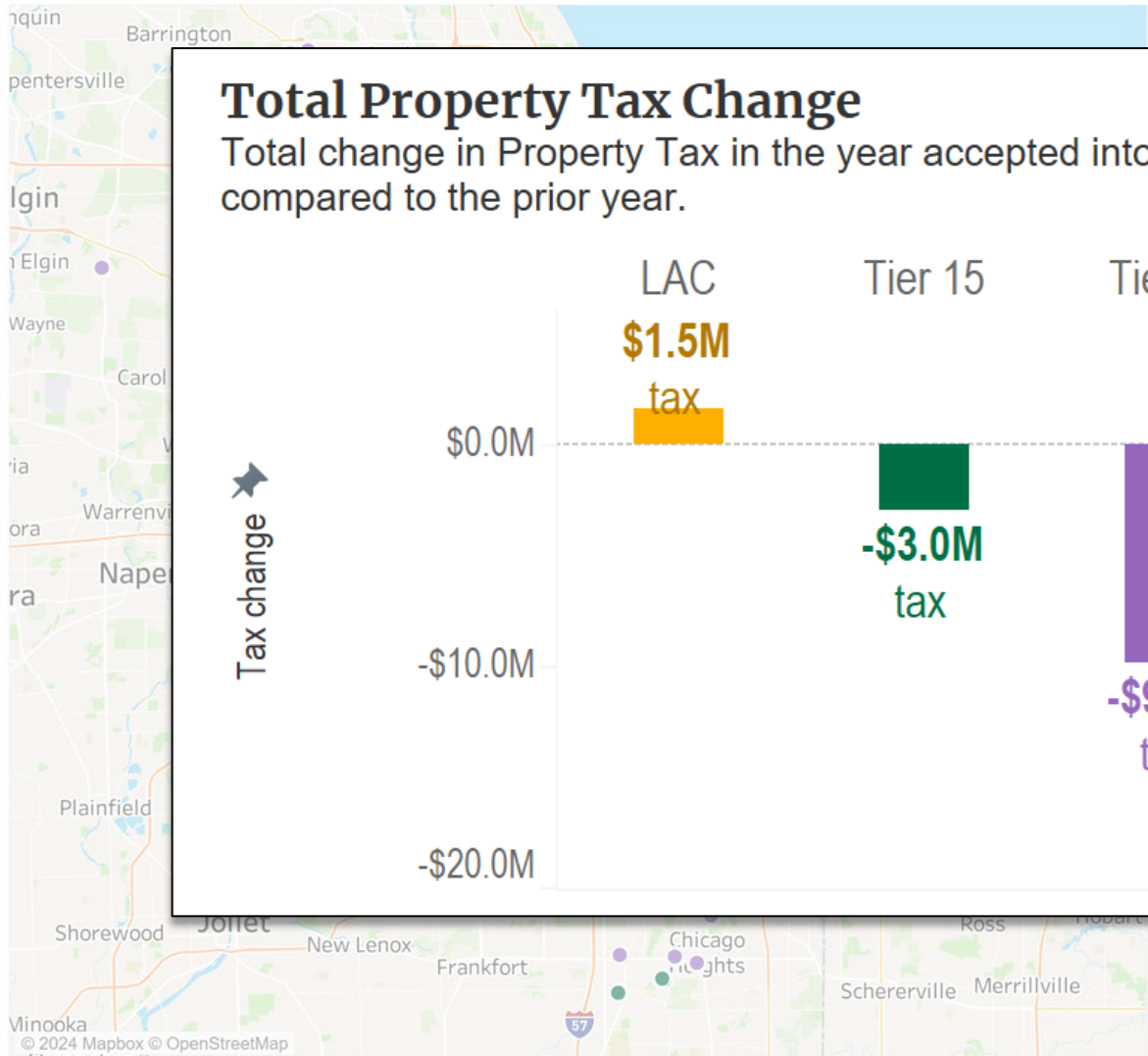
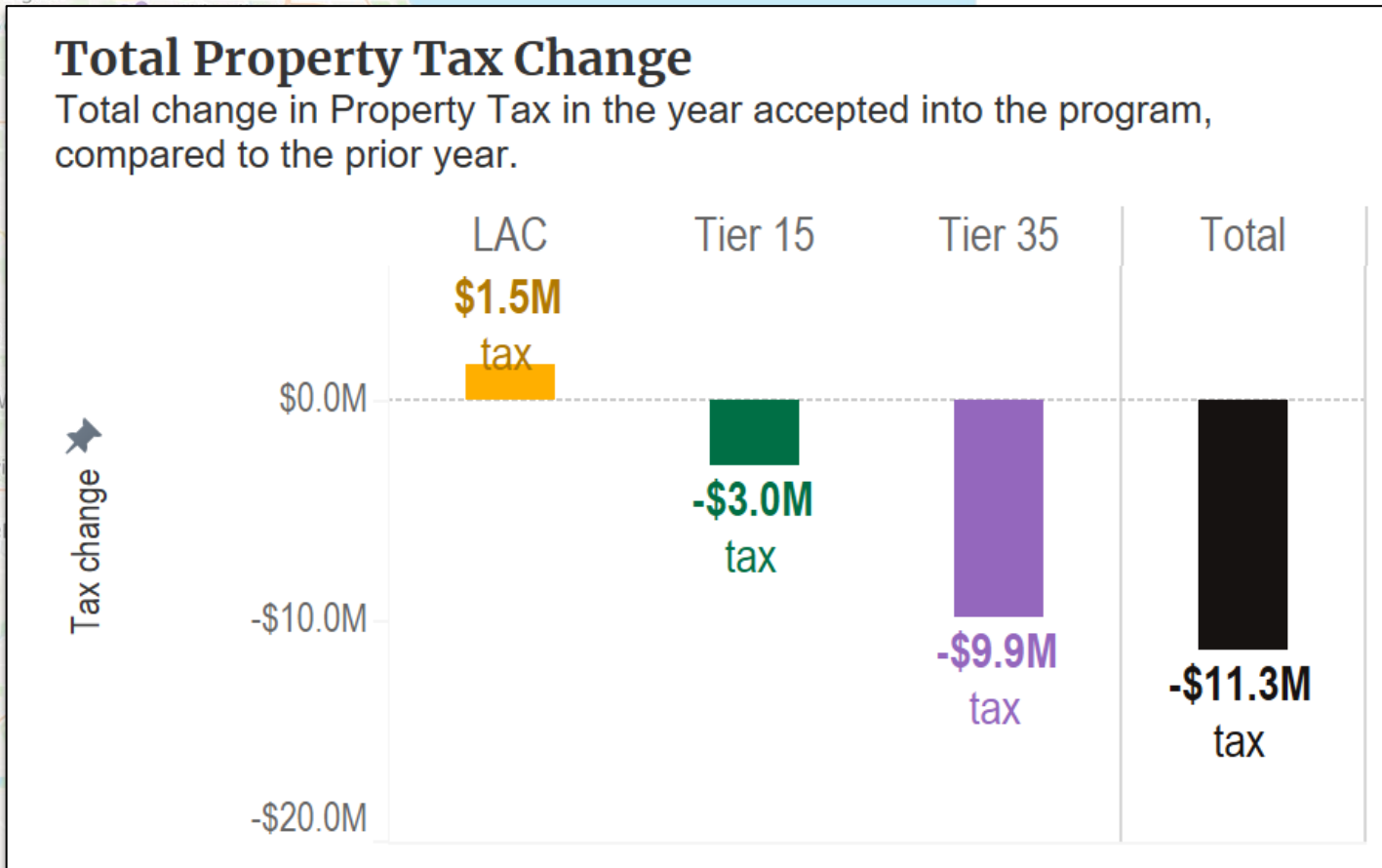
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Affordable Housing Special Assessment Program Participation

Applications 2022 tax year:

Total Accepted: 598

- 25% Reduction in Assessed Value: 85
- 35% Reduction in Assessed Value: 513



Applications 2023 tax year:

Total Accepted: 221

- 25% Reduction in Assessed Value: 30
- 35% Reduction in Assessed Value: 190
- Low Affordable Community: 1



Affordable Housing Special Assessment Program Participation

Applications 2024 tax year:

Total Accepted: 171

- 25% Reduction in Assessed Value: 43
- 35% Reduction in Assessed Value: 127
- Low Affordable Community: 1





A key benefit is that the program is clear, transparent, and predictable

- Simple formula and clear rules help owners plan for the future
- Allows reduction to be underwritten, improving access to capital



Assessor's Office staff play an important role in success

- Outreach and partnerships ensure broad range of owners are reached

Example 25% Reduction (Tier 15)

Nautilus Apartments

2021 Tax Bill: \$43,715.53

2022 Tax Bill: \$35,366.44

-\$8,349.09



Nautilus Property Management

Example 35% Reduction (Tier 35)

McCrary Senior Apartments

2021 Tax Bill: \$41,867.29

2022 Tax Bill: \$25,749.40

-\$16,117.89



Q & A

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Questions?



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