



Capitol Conference

ILLINOIS REALTORS

★ APRIL 30, 2019 ★



Legislative Issues



RENT CONTROL *(Discuss in the House and Senate)*

✓ **OPPOSE HB 255 (Guzzardi) and SB 2063 (Martinez)**, which seek to REPEAL the Rent Control Preemption Act. The intent of these bills is to allow local governments, especially Chicago, to enact a rent control ordinance.

✓ **OPPOSE HB 2192 (Flowers) and HB 3207 (Ortiz)**, which would not only repeal the Rent Control Preemption Act but would also establish a full-blown rent control program governed by Rent Control Boards throughout the state.

- ***We are pleased that the majority of the General Assembly understands that rent control would be a counterproductive policy to enact in Illinois, given that none of these or similar proposals have advanced in the last three years.***
- REALTORS® understand some community groups believe that rent control is the single solution for those who are struggling financially. While it sounds like a simple fix, rent control would counteract the goal of housing affordability and would REDUCE the supply of affordable rental housing.
- Housing costs are but one of the issues struggling families face. In addressing the housing issue, we believe a better solution is to review existing housing policies, programs and resources. We need to make revisions, reallocations and create new programs to address affordable housing needs and priorities.

✓ **WE SUPPORT HB 2168 (Feigenholz)**, which provides a property tax incentive for 10 years or more for buildings with six or more residential rental units.

- This incentive is for new construction or for qualifying rehabilitation of existing structures to improve health and safety, energy efficiency, accessibility and/or other physical conditions. It is required that a portion of units be affordable to households at or below 60% of Area Median Income (AMI).
- The incentive establishes two tiers of affordability and property tax incentives:
 - 35% or more affordable units results in a 35% reduction in equalized assessed value;
 - 15% or more affordability results in a 25% decrease in equalized assessed value.
- ***This bill is currently stalled in the House. We urge legislators to advance this bill before the end of session.***

✓ **WE SUPPORT AND ENCOURAGE** the General Assembly and/or the Governor to establish a **Workforce Housing Task Force or Commission** as other states have done. This group would review existing policies, programs, laws and regulations affecting housing and make recommendations to address housing needs in Illinois across the housing spectrum, from affordable rental housing to improved access to single-family home ownership.

ILLINOIS REAL ESTATE LICENSE ACT REWRITE

(Mention in the House and Senate – **this bill was moved from the Senate to the House where the substantive language will be placed on the bill**)

- ✓ **SUPPORT SB 1872 (Sen. Anderson/Rep. Rita)** which would renew and update the Real Estate License Act. As with other professional licensing acts, the Real Estate License Act “sunssets” every 10 years, to provide for its periodic review and renewal. Our current Act expires at the end of this year.
- We are working with the new leadership of the Department of Financial and Professional Regulation (DFPR) on crafting the Act’s rewrite. **We are confident that we will have an agreed bill with DFPR that will modernize and improve the Act for the benefit and greater protection of the real estate consumer, enhance the education of real estate licensees and streamline the administration of the Act.**
 - The Real Estate License Act rewrite will:
 - Strengthen the educational requirements for entry into the profession;
 - Increase accountability through improved direct supervision of licensees;
 - Increase options for educational opportunities;
 - Make it easier for consumers, licensees and educators to use technology to interact with the Department and educators.

WARRANT REQUIRED TO INSPECT PRIVATE PROPERTY

(Discuss in the House and Senate – **this bill is currently stalled in the House**)

- ✓ **SUPPORT HB 2206 (Yingling)**, which enacts the Local Government Residential Inspection Limitation Act. The bill would simply provide that a local government may not conduct a physical inspection of residential property without the voluntary consent of the owner or occupant of the property, a lawful warrant (including an administrative warrant) or a court order.
- There are about 100 local government units that have “point of sale” inspection ordinances for residential properties, and about 150 local governments that inspect rental housing units upon a change of occupancy or on a periodic schedule.
 - **HB 2206** simply reinforces the protections guaranteed under the Fourth Amendment to the United States Constitution to ensure that the property of owners and occupants of housing cannot be inspected without consent or a warrant based upon probable cause to enter the premises.
 - This is a real issue. In some circumstances, property owners and occupants feel they must submit to inspections without question or may feel intimidated by the inspector.
 - **Contrary to arguments made by the opponents (primarily the municipal lobby), this bill would NOT prevent them from exercising police and fire safety duties, or to conduct their health, life safety and building code inspections.** Most municipalities exercise their inspection powers appropriately, but some ignore their duty to give reasonable notice and the reason for the inspection. Procedures should be in place to ensure their obligation to get permission before entry into someone’s home.

CHANGES TO TAX ASSESSMENT OF COMMERCIAL PROPERTY IN COOK COUNTY *(Discuss in House)*

✓ **OPPOSE SB 1379 (Sen. Hutchinson/Rep. Davis)** as currently drafted, which would fundamentally change how commercial property is valued for property tax purposes in Cook County (other counties could opt in). In short, the bill changes the standard for commercial property from a “market value” model to an “income and expense” model. We applaud Cook County Assessor Kaegi’s goal of greater transparency and fewer appeals in the Cook County assessment process, but the bill as drafted represents a significant change in the system.

- First and foremost, there are no statistics that indicate that a mandate on the collection of income and expense data upfront improves the assessment process.
- The bill is unclear as to what properties are covered, exactly what income and expense data must be reported to the Assessor, and who bears the responsibility for providing the information.
- As noted, the bill MANDATES annual reporting of income and expense data with substantial penalties imposed if that data is not submitted. A voluntary system could be another approach; one that is done in other states.

Illinois REALTORS® are part of a coalition of 16 other business organizations that have expressed concerns on the bill as currently drafted. **We pledge to continue to work with our coalition to discuss this proposal with the sponsors and the Cook County Assessor with the goal of working out an agreed bill.**

LOCAL GOVERNMENT CONSOLIDATION AND EFFICIENCY *(Discuss in House and Senate)*

✓ **SUPPORT HBs 348 (Rep. McSweeney/Sen. Link), 2525 (Demmer), 3369 (Rep. Weber/Sen. Wilcox), 3646 (Didech) and SB 90 (Sen. McConchie/Rep. Yingling)**, which provide for methods to consolidate or eliminate unnecessary or duplicative units of local government. Illinois has more units of local government than any other state which can mean higher property taxes, duplicative functions or additional regulations on Illinois property owners. These bills provide for a reasonable process to assess local needs and to provide the mechanism for dissolution or consolidation of local government units.

LIABILITY FOR “DIRECT CONTRACTORS” *(Discuss in Senate)*

✓ **OPPOSE HB 2838 (Rep. Gong-Gershowitz/Sen. Fine)**, which would amend the Wage Payment and Collection Act to provide that a person defined as a “direct contractor” who enters into a contract with the “owner” of property to construct or do work on a structure is liable for any debt owed to a “wage claimant” that makes a claim against the direct contractor or any subcontractor of the direct contractor.

- REALTORS® and many other groups are concerned with potential impacts and ambiguity of this bill.
- **We are particularly concerned that it is not clear whether the remedies under this bill are in addition to, or whether they potentially conflict with the provisions of the long-standing standards under the Mechanics Lien Act.**
- This bill may include property managers who let contracts to do work on an owner’s property, and may include REALTORS® who arrange for work to be done on behalf of homeowners.