



# City of Chicago



O2016-2707

Office of the City Clerk

## Document Tracking Sheet

**Meeting Date:** 4/13/2016

**Sponsor(s):** Ramirez-Rosa (35)  
Arena (45)  
Sadlowksi Garza (10)  
Foulkes (16)  
Hairston (5)  
Sawyer (6)  
Waguespack (32)  
Taliaferro (29)  
Munoz (22)  
Sposato (38)

**Type:** Ordinance

**Title:** Amendment of Municipal Code Chapter 2-32 by adding new Section 2-32-627 concerning Property Tax Rebate Program

**Committee(s) Assignment:** Committee on Finance

## ORDINANCE

## PROPERTY TAX REBATE PROGRAM

**WHEREAS**, the City of Chicago is a home rule unit of government as defined in Article VII, Section 6 (a) of the Illinois Constitution, and, as such, may exercise any power and perform any function pertaining to its government and affairs; and

**WHEREAS**, last year, the City enacted a massive property tax increase of over 70%, amounting to an increase of over \$550 million; and

**WHEREAS**, such a large property tax increase threatens the stability of the City's neighborhoods by placing a burden on the limited incomes of the City's working families; and

**WHEREAS**, it is in the best interests of the City's working families and neighborhoods to fashion a program of property tax relief; and

**WHEREAS**, the City Property Tax Rebate Program of 2010 identified \$35 million in funds from the parking meter concession revenues, of which only \$2.1 million was distributed; NOW, THEREFORE,

**BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO, AS FOLLOWS:**

**Section 1. Purpose; Relation to other Ordinances.**

The purpose of this Ordinance is to provide for the implementation of a property tax relief program where the City will reimburse a portion of property taxes paid for qualified owner-occupants and rental property owners in the City upon application and presentation of proper documentation. To the extent that the provisions of this Ordinance conflict with any prior Ordinance or provision of the City, this Ordinance shall control.

**Section 2. Definitions**

Chapter 2-32 of the Municipal Code of Chicago is amended by adding a new Section 2-32-627, as follows:

**2-32-627 Property Tax Rebate Program**

(a) As used in this section:

"Applicable year" means the calendar year for which a homeowner has received a final real estate tax bill that exceeds the final real estate tax bill for the immediately preceding year in an amount that qualifies the homeowner for a grant under this section;

"Chief Financial Officer" means the Chief Financial Officer of the City of Chicago or his or her designee;

"Dwelling unit" means a structure or the part of a structure that is used as a home, residence or sleeping place by one or more persons who maintain a household, together with the common areas, land and appurtenant buildings thereto, and all housing services, privileges, furnishings and facilities supplied in connection with the use or occupancy thereof, including garage and parking facilities.

"Eligible homeowner" means an individual who, at the time of the application and since January 1 of the calendar year immediately preceding the applicable year: must (i) have an adjusted gross income that is less than or equal to 400% of the Federal Poverty Level annually OR (ii) was totally disabled during all or part of the applicable year and received payment of full benefits from Social Security, SSI or the Department of Human Services based solely on such disability OR (iii) was totally disabled during all or part of the applicable year and received payment of full benefits from a bona fide public or private plan or source based solely on such disability; and (iv) is the owner of record of or has a legal or equitable interest, except for a leasehold interest that is not a residential cooperative, in property in this city that is used by the individual as the individual's principal place of residence; and (v) is liable for paying the real estate taxes on the property. For purposes of the definition of "homeowner", an equitable interest shall include a beneficial interest in property that is held in an Illinois land trust;

"Eligible rental property owner" means an individual who, (i) is the owner of record of or has a legal or equitable interest, except for a leasehold interest that is not a residential cooperative; and (ii) is liable for paying the real estate taxes on the property; and (iii) rents at least 50% of all units on-site as dwelling units. For purposes of the definition of "rental property owner", an equitable interest shall include a beneficial interest in property that is held in an Illinois land trust.

"Eligible rental unit" means any dwelling unit that is rented during at least ten months of the applicable year. The tenant of the rental unit at the time of the application and since January 1 of the calendar year immediately preceding the applicable year: must (i) have an adjusted gross income that is less than or equal to 400% of the Federal Poverty Level annually OR (ii) was totally disabled during all or part of the applicable year and received payment of full benefits from Social Security, SSI or the Department of Human Services based solely on such disability OR (iii) was totally disabled during all or part of the applicable year and received payment of full benefits from a bona fide public or private plan or source based solely on such disability; and (iv) rental unit must not have had a rent increase between the applicable year and the year immediately following the applicable year;

"Household" means the dwelling unit occupant, and the spouse or qualified domestic partner of the dwelling unit occupant if the spouse or qualified domestic partner filed a joint federal income tax return with the dwelling unit occupant for the applicable year;

"Household income" means the combined income of the members of a household for the applicable year;

"Property taxes" means the taxes on real property for which a homeowner is liable under the Property Tax Code, 35 ILCS 200/1-1, ets eq. when that property is used by the homeowner as the homeowner's principal place of residence.

"Rent" means any consideration, including any payment, bonus, benefits or gratuity, demanded or received by a landlord for or in connection with the use or occupancy of a dwelling unit.

"Rental unit" means any dwelling unit that is rented during all of the applicable year.

"Tenant" means a person entitled by written or oral agreement, subtenancy approved by the landlord or by sufferance, to occupy a dwelling unit to the exclusion of others.

(b) The Chief Financial Officer is authorized to establish and administer a property tax rebate program under this section. Under this program, a homeowner who meets the eligibility requirements for a rebate under this section may receive a rebate in the amount specified in Section 3.

**Section 3. Method of Computing and Reflecting Tax Relief for Owner-Occupied Properties.**

Commencing in 2016, the City will reimburse a portion of the City's share of the real estate property taxes paid by owner-occupants of single-family homes, owner-occupants of town homes, owner-occupants of apartment buildings, and owner-occupants of residential condominium units up to a total maximum rebate of two thousand dollars. The formula below will be used to calculate the Rebate:

$((AV \times TI\%) \times 2)$ : Rebate Amount

Where:

AV = Assessed Value

TI % = Tax Increase in percentage points

Thus the Rebate on a home with an assessed value of \$25,000 upon an increase of, for instance, .8%, would be  $((25,000 \times .008) \times 2) = 400$ . This would be applied to all homeowners as defined above.

**Section 4. Method of Computing and Reflecting Tax Relief for Owner-Occupied Properties**

Commencing in 2016, the City will reimburse a portion of the City's share of the real estate property taxes paid by rental property owners on properties where at least 50% of all units on-site are rented as dwelling units up to a total maximum rebate of two thousand dollars. The formula below will be used to calculate the Rebate:

$((AV \times TI\%) \times 2) \times (ERU/RU)$ : Rebate Amount

Where:

AV = Assessed Value

TI% = Tax Increase in percentage points

ERU = Rental units in property that are eligible for rebate program

RU = Number of rental units in property

Thus the rebate on a rental property with an assessed value of \$25,000, that houses five rental units, four of which are eligible for the program, upon an increase of, for instance .8% would be  $((25,000 \times .008) \times 2)/(4/5) = 320$ . This would be applied to all rental property owners as defined above.

### **Section 5. Implementation, Eligibility and Enforcement for Owner-Occupied Properties**

The Chief Financial Officer of the City of Chicago will develop an application form and an application process for property tax rebates as prescribed by this Ordinance, incorporating requirements as are necessary to effectuate the intent of this Ordinance, and incorporating the following:

(a) A homeowner must file an application to participate in the relief program with the Chicago Tax Assistance Center within the Office of Budget and Management. The application shall be on a form prescribed by the Chief Financial Officer and shall include evidence of the homeowner's household income for the applicable year, evidence that the applicant became the homeowner prior to January 1st of the calendar year immediately preceding the applicable year, and evidence of the amount of the homeowner's real estate tax increase.

(b) The rebate will be paid only to owner-occupants who demonstrate that they, or their mortgage company, have paid the previous year's property taxes in full, and who certify that they have no prior year property taxes outstanding;

(c) The rebate will not be prorated for partial year residence.

(d) The rebate check will be mailed only to the address for which the owner-occupant demonstrated payment of the previous year's property taxes.

(e) Persons who are current on their taxes, but have other outstanding City debts, shall be eligible for the grant.

(f) To be eligible for rebate the homeowner must have qualified for and claimed the Homestead Exemption for the previous tax year.

(g) The provisions of Section 2-156-110 of this Code shall not apply to city employees with respect to their participation in the property tax relief program created pursuant to this section.

(h) The Chief Financial Officer is authorized to expend legally available funds for the implementation of this section. The Chief Financial Officer shall additionally have authority to enter into agreements and execute documents necessary to implement this Ordinance, to promulgate rules and regulations necessary to implement this section and to prescribe application forms and other forms necessary to elicit relevant information concerning participants in the property tax rebate program. The Chief Financial Officer may request the

Office of Compliance to conduct audits to determine eligibility of an applicant to participate in the property tax relief program created pursuant to this section. Any personal financial information provided to the City in connection with an application submitted under this section shall remain confidential.

## **Section 6. Implementation, Eligibility and Enforcement for Rental Properties**

The Chief Financial Officer of the City of Chicago will develop an application form and an application process for rental property tax rebates as prescribed by this Ordinance, incorporating requirements as are necessary to effectuate the intent of this Ordinance, and incorporating the following:

(a) A rental property owner must file an application to participate in the relief program with the Chicago Tax Assistance Center within the Office of Budget and Management. The application shall be on a form prescribed by the Chief Financial Officer and shall include evidence of the eligible rental units' household income for the applicable year, evidence that the respective tenants have continuously resided in the rental unit prior to January 1st of the calendar year immediately preceding the applicable year, evidence that the eligible rental units did or will not see a rent increase between the applicable year and the year immediately following the applicable year as determined by leases, affidavits, or other required documentation, and evidence of the amount of the rental property owner's real estate tax increase.

(b) The rebate will be paid only to rental property owners who demonstrate that they, or their mortgage company, have paid the previous year's property taxes in full, and who certify that they have no prior year property taxes outstanding:

(c) The rebate will not be prorated for partial year residence of rental units.

(d) The rebate check will be mailed only to the address for which the rental property owner demonstrated payment of the previous year's property taxes.

(e) Persons who are current on their taxes, but have other outstanding City debts, shall be eligible for the grant.

(f) The provisions of Section 2-156-110 of this Code shall not apply to city employees with respect to their participation in the property tax relief program created pursuant to this section.

(g) The Chief Financial Officer is authorized to expend legally available funds for the implementation of this section. The Chief Financial Officer shall additionally have authority to enter into agreements and execute documents necessary to implement this Ordinance, to promulgate rules and regulations necessary to implement this section and to prescribe application forms and other forms necessary to elicit relevant information concerning participants in the property tax rebate program. The Chief Financial Officer may request the Office of Compliance to conduct audits to determine eligibility of an applicant to participate in the property tax relief program created pursuant to this section. Any personal financial information provided to the City in connection with an application submitted under this section shall remain confidential.

## **Section 7. Penalties and Fines**

(a) Should it be found that a property owner improperly receives a refund through misrepresentation or otherwise, the recipient of the rebate shall be liable to the City of Chicago in the amount of the rebate plus interest. Further, the property owner shall thereafter not be eligible for a rebate grant.

(b) Anyone found in improper receipt of a rebate is also subject to any other other remedies, fines and legal actions available to the City of Chicago.

**Section 8. Expiration of Program**

This section is repealed on June 30th, 2017; provided that this Section does not affect the authority of the City to make payments pursuant to the rebate program on applications submitted on or before June 30th, 2017.

**Section 9.**

This ordinance shall be in full force and effect from and after its passage and approval.

  
Carlos Ramirez-Rosa  
Alderman, 35th Ward

JS 415

Joan LaDoudie 18

John K. 16

Leslie A. Hunter 5

Robb (7-7-6)

Scott Waguerock 32

Cliff Tep 29

Robb 22

Michael 8th