



# Office of the City Clerk

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## Legislation Text

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### ORDINANCE

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

WHEREAS, As the City continues to confront the twin crises of the COVID-19 pandemic and inflation, the very same residents who are struggling to make ends meet are now facing large increases in their property tax bills; and

WHEREAS, The reliance on property taxes to fund government functions has put a tremendous strain on our residents - particularly those facing displacement and other pressures from gentrification; and

WHEREAS, This year, the overall property tax burden in Chicago increased by \$468,000,000, with homeowners picking up approximately 60% of the increase while tax bills for the majority of commercial properties actually decreased after the appeals process; and

WHEREAS, According to a report issued by the Cook County Treasurer, the increase in residential property taxes is particularly and acutely affecting fast-gentrifying communities and majority-minority communities, including the Lower West Side (46%), Humboldt Park (30%), Avondale (27%), South Lawndale (25%), Rogers Park (25%), Irving Park (21%), Chicago Lawn (20%), Hermosa (19%), Armour Square (19%), Logan Square (18%), Grand Boulevard (18%), O'Hare (18%), Douglas (17%), Gage Park (17%), Kenwood (16%), and West Ridge (16%); and

WHEREAS, While different causes have been offered to explain these increases, two of the dominant causes are: (1) the effects of lower assessments during the early stages COVID-19 pandemic, that were then dramatically increased during the new triennial assessment cycle; and (2) the current and historic impact of property tax appeals shifting the tax burden from commercial properties to residential properties; and

WHEREAS, Our residents need assistance now, particularly since this year's second installment bills were just sent out, with next year's first installment bills expected to be mailed in just a few short week, even as many families and those living on fixed incomes have not yet financially recovered from the financial impacts of the COVID-19 pandemic; and

WHEREAS, The last time the City's residents were faced with a property tax increase like this was in 1998, and the City and the Cook County Assessor's office responded by developing a joint loan program to provide much needed relief; and

WHEREAS, Since the 1998 program, the pressures of displacement and gentrification have only increased, and the City must take immediate action to ensure that increases in property tax bills are not furthering the displacement of the long-term residents who have - and continue - to turn the City's neighborhoods into communities; now, therefore

### **BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:**

SECTION 1. The above recitals are incorporated herein and made a part hereof.

SECTION 2. The 2023 Property Tax Relief Loan Program, as set forth in Exhibit A attached hereto and made a part hereof (the "Program"), is hereby authorized.

SECTION 3. The Department of Housing (the "Department"), in consultation with Department of Finance, is hereby designated to administer the Program.

SECTION 4. Subject to the approval of the Corporation Counsel, and subject to the appropriation of funding, the Commissioner of Housing (the "Commissioner"), or their designee, is hereby authorized to execute and deliver loan agreements and mortgages, or other form of security, to residents who qualify under the Program, and to execute all such other agreements and instruments, including subordinations to later re-financings, and to perform any and all acts as shall be necessary or advisable in connection with the Program.

SECTION 5. Subject to approval of the Corporation Counsel, the Commissioner is authorized to negotiate and submit for City Council approval any intergovernmental agreements with Cook County that may be necessary or proper in connection with administering and enforcing the Program.

SECTION 6. The Program is an Eligible Program, and employees of the City who qualify for participation in the Program are Eligible Persons, as such terms are defined in Section 2-45-130 of the Municipal Code.

SECTION 7. To the extent that any ordinance, resolution, rule, order, or provision of the Municipal Code, or part thereof, conflicts with the provisions of this ordinance, the provisions of this ordinance shall control. If any section, paragraph, clause, or provision of this ordinance shall be held invalid, the invalidity of such section, paragraph, clause, or provision shall not affect any of the other provisions of this ordinance.

SECTION 8. The amount of \$10,000,000 in not previously encumbered funds awarded to the City under the federal American Rescue Plan Act of 2021 is hereby appropriated to fund the Program.

SECTION 8. This ordinance shall take effect upon passage and publication.

## **EXHIBIT A**

### **2023 Property Tax Relief Loan Program**

Program Overview: The 2023 Property Tax Relief Loan Program provides forgivable loans to eligible City residents to help mitigate the impact of recent property tax increases. The Program will be administered by the Department of Housing, in consultation with Department of Finance, subject to the terms of this ordinance.

Definitions: As used in this exhibit:

"Citywide average" means the mean increase in 2021 property taxes (payable 2022) from 2020 property taxes (payable 2021) for all residential properties located within the City, as determined by the Commissioner.

"Commissioner" means the Commissioner of Housing.

"Department" means the Department of Housing.

"Primary residence" means the dwelling unit where a person lives on a daily basis at least 245 days in the applicable

calendar year. The failure of a person to claim a Cook County homeowner exemption for a dwelling unit shall create a rebuttable presumption that such dwelling unit is not the person's primary residence.

"Program" means the 2023 Property Tax Relief Program established pursuant to this ordinance.

**"Program Loan" means a forgivable loan to a Recipient under the Program. "Recipient" means an eligible City resident who has been selected to receive a Program Loan. Eligibility:**

(a) In order to be determined eligible for the Program, applicants must demonstrate that:

- 1) they are a Chicago resident, and the dwelling unit for which they are applying for a Program Loan is located within the City and has been the applicant's primary residence for the preceding 5 years;
- 2) the dwelling unit for which they are applying for a Program Loan is an owner-occupied detached house or townhouse, or such dwelling unit is located within an owner-occupied two-flat or three-flat;
- 3) the increase in the 2021 property taxes (payable 2022) attributable to the dwelling unit is double or more from the 2020 property taxes (payable 2021) than the Citywide average, and such improvement is not the result of additions or improvements to the property since the last assessment;
- 4) they have an income at or below 300% of the federal poverty guidelines.

(b) Except as otherwise required by law, the Department shall not consider or require disclosure of an applicant's (i) criminal record or criminal history or (ii) citizenship or immigration status when determining eligibility for the Program.

Application: To be considered for the Program, Chicago residents must submit an application to the Department in a form prescribed by the Department. Timely submission of the application does not guarantee selection for a Program Loan. Applications that contain incomplete or inaccurate information will be rejected. The Department shall review all applications for completeness and accuracy, and shall determine whether applicants are eligible for Program Loans.

**Loan Terms:**

**Borrowers:** Maximum Loan Amount: Not to exceed the difference between the increased

**Term:**

**Interest:**

**Security:**

property taxes attributable to the dwelling unit and the Citywide average

More than one Recipient is allowed on a given Program Loan, but not more than one Program Loan is permitted per dwelling unit that serves as the primary residence of a Recipient

10 years from the date of the Program Loan

Six percent (6%) per annum

Junior mortgage to the senior mortgage, or to any replacement senior mortgage undertaken during the Term, or other form security acceptable to the Commissioner

**Disbursement:** Following approval of an application to receive a Program Loan and the execution and recording of a mortgage, or other form of security, in accordance with this ordinance, Recipients will receive a one-time disbursement in an amount not to exceed the Maximum Loan Amount. The Department shall deliver disbursements to Recipients in a manner that prioritizes payment security and minimizes the need for additional actions by the Recipients.

**Forgiveness, Repayment, and Recapture:** Upon the expiration of the term of the Program Loan, the full amount of the Program Loan, including any accrued interest, shall be forgiven. Except as otherwise provided in this ordinance, in the event that the dwelling unit subject to a mortgage, or other form of security, securing a Program Loan is sold by the Recipient or otherwise ceases to be the primary residence of the Recipient prior to forgiveness, the entire amount of the Program Loan, plus any accrued interest, shall become due and payable. The Department may use any legal means to recapture Program Loan payments from Recipients who knowingly misrepresent any material information in their application to the Program, or who violate any laws or rules governing the Program.

**Permitted Assignments:** In the event a property is sold, conveyed, or otherwise transferred to a family member of a Recipient, then, pursuant to rules adopted by the Commissioner, the Program Loan and any related mortgage, or other form of security, may be assigned to such

family member, subject to the terms of this ordinance and the terms of the Program Loan for the remainder of the applicable term.

**Impact of Program Loan on Eligibility for Other Programs:** To the extent permitted by law, no payments under the Program shall affect any recipient's eligibility, and no such payment shall be taken into account when determining any recipient's income level or assets, for any current or future City, State, or Federal program or benefit administered by the City which is based upon income level or assets, including eligibility for any affordable housing benefits, to rent any income-limited dwelling unit under the applicable Affordable Requirements Ordinance, or any future reparations to descendants of enslaved Africans.

**Rules and Regulations:** The Commissioner, in consultation with the Comptroller, may promulgate rules for the administration and enforcement of this ordinance.