

ILLINOIS PROPERTY TAX SALE REFORM:

Unleashing Community Investment in High-Vacancy Neighborhoods

SB 1675 AMD. 1

SENATE CO-SPONSORS: VILLANUEVA, VILLIVALAM, PETERS, CUNNINGHAM, STADELMAN, KOEHLER, HALPIN

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A coalition of legislators, community developers, affordable housing advocates, and tax policy experts joined to reform Illinois' property tax sale system to increase investment in communities with high concentrations of vacant properties locked in the tax sale system and blocked from redevelopment. Cook County, the City of Chicago, Rockford, Peoria, Decatur, Kankakee support the measure.

The result of three years of research, data analysis, and community engagement sponsored by The Chicago Community Trust, this legislation aims to increase homeownership, build wealth in historically disinvested communities, and make the tax sale system work for communities instead of private tax buyers, hedge funds, and institutional investors.

Senate Bill 1675 Amendment 1 reforms the Illinois Property Tax Sale system with:



Local government intervention: Allows local municipalities and counties to quickly intervene after one failed delinquent tax sale to save abandoned properties rather than allow them to cycle through the tax sale system for years while the property deteriorates, requiring taxpayer-funded maintenance and eventually demolition.

- In Cook County, an estimated **50,000 vacant or abandoned properties** are concentrated in Black and Latinx neighborhoods on Chicago's South and West sides and in the south suburbs.



Taxpayer relief: Reduces taxpayer-funded payouts to private tax buyers by narrowing "Sale in Error" loopholes. A "Sale in Error" voids the tax sale and forces local governments to pay a refund with interest to private tax buyers when buyers make excuses to return properties they don't or never intend to develop.

- Current law allows a "sale in error" to be granted for a range of trivial reasons, such as if the property has a \$100 municipal mowing lien.
- **11,000 parcels were returned under "sales in error"** from 2015 to 2022 in Cook County alone. Those tax buyers recouped \$277.6 million from taxing districts, including \$27.7 million in interest, according to the Cook County Treasurer.



Homeowner relief: Cuts in half the monthly interest rate on delinquent taxes for homeowners from 1.5% to 0.75% per month.

- Lower interest means a reduced debt burden for **over 55,000 residential property owners** whose taxes were sold at the last Cook County Annual Tax Sale.
- On average, these owners owed more than \$4,000, with a significant share owing less than \$1,000.




Eliminates the "tax buyer leverage" in Cook County: Makes the Scavenger Sale optional.

- Opens opportunities to revitalize the 30,000 vacant or abandoned properties currently in the Scavenger Sale, equal to 3,500 acres, for community redevelopment.
- Tax buyers are not investing in our communities. Only **7% of all properties** involved in the Scavenger Sale since 2007 have been developed, yet the number of properties in the system continues to grow from 4,266 properties in 2007 to 28,466 in 2019.

LOCAL NEWS

Community Development Bill to address vacant and abandoned homes

by: Sheridan Hurtig
 Posted: Apr 17, 2023 / 04:49 PM CDT
 Updated: Apr 17, 2023 / 11:42 PM CDT




Illinois bill could reform process for redeveloping abandoned homes

Mike Miletich · Apr 6, 2023 Updated Apr 6, 2023



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SPRINGFIELD, Ill. (WAND) — You likely see vacant and abandoned property in your community, and Illinois state lawmakers know those buildings lead to higher property taxes for neighbors.

A House Democrat from Chicago is working with community developers, affordable housing advocates, and tax policy experts to help builders quickly acquire abandoned properties for redevelopment. Rep. Nick Smith told the House Revenue Committee Thursday that his bill can increase home ownership, build wealth in low-income communities, and make the tax sale system work for residents instead of private investors.



Ben Szalinski

APR 07, 2023



Stakeholders call for changes to properties with sales-in-error

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NEWS

Lawmaker pushes for more local control on blighted property

by: Cole Henke, Sarah Lehman
 Posted: Jun 23, 2021 / 05:50 PM CDT
 Updated: Jun 23, 2021 / 05:50 PM CDT



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For more information about the legislation, contact Ianna Kachoris at ikachoris@cct.org.