



PTAX-350 Instructions

Illinois code provides different programs to help promote the construction and maintenance of affordable rental housing. 35 ILCS 200/10-235 et seq. provides for the valuation of affordable rental housing based on the project's economic productivity to its owners. Public Act 102-0175 establishes a preferential assessment program for certain qualifying rental housing projects. This program is open to any newly constructed and/or rehabilitated rental housing project of seven (7) or more units. In order to qualify, the owner of the project must commit to holding a certain percentage of units at or below the maximum rent and for occupancy by households at or below maximum income limits.

Note: These instructions are advisory only and intended to help the applicant understand the program. In the event of a discrepancy, anything described in these instructions is superseded by the actual language of the statute.

General Instructions

Application Procedure: A completed Form PTAX-350, Uniform Application for Assessment of Affordable Rental Housing, along with all applicable schedules, must be submitted for initial project certification. In addition, a completed Form PTAX-350 must be submitted annually or as otherwise required by the Chief County Assessment Officer for recertification.

All applicants must also complete and submit Schedule IV (Income and Expenses), Schedule V (Certification Checklist), and, as applicable, Schedule III (Additional Parcels) annually or as otherwise required by the Chief County Assessment Officer.

Applicants for Options B and C must complete and submit a Schedule I (Qualifying Units) annually or as otherwise required by the Chief County Assessment Officer.

The following chart outlines how often the application and applicable schedules are required to be submitted for each program option*.

Initial = Submit during initial project certification

Annual = Submit annually

Program Option	PTAX-350	Schedule I	Schedule II	Schedule III	Schedule IV	Schedule V
Option A	Annual	N/A	N/A	Annual	Annual	Annual
Option B	Annual	Annual	Initial	Annual	Annual	Annual
Option C	Annual	Annual	Initial	Annual	Annual	Annual

* Chief County Assessment Officers may determine that these forms must be submitted more or less frequently and at different intervals than the ones listed above. Consult the Chief County Assessing Officer for more information.

Application Deadline: The application deadline is set by the Chief County Assessment Officer.

For _____ County, the deadline is _____ of the assessment year.

Application Fee: Application for Option A does not require a fee. For Options B and C, the fee is established at the local level and is designed to offset the cost of administering the program. Consult the Chief County Assessing Officer for fee information, including how this fee is applied.

Notice of Acceptance or Denial: The Chief County Assessment Officer will notify the applicant of acceptance or rejection of the application. In the event of an initial rejection, the office will provide notice to the applicant of any deficiencies in the application. The applicant will then have thirty (30) days to provide supplemental information showing compliance. If the owner fails to supply such information, or supplies incomplete or insufficient information, the Chief County Assessment Officer will provide written explanation of the denial.

Additional Assistance: The Chief County Assessment Officer can assist you with assessment and application-related questions. For more thorough information on affordable rental housing programs, please contact the Illinois Housing Development Authority.

Program Options

Option A - 35 ILCS 200/10-235 through 260: This option is available to properties that are receiving benefits under Section 42 of the Internal Revenue Code or Section 515 of the federal Housing Act. By law these properties are entitled to be valued using the income capitalization approach, which best reflects the economic productivity to their owners. In order to receive this benefit, property owners must annually file Schedule IV and/or any similar information as required by the office of the supervisor of assessments. This information will be used to determine the subject property's fair cash value. Applicants seeking Option A must file Schedule IV annually.

Note: Qualifying properties under Option A may also participate in Option B and Option C if they meet the eligibility requirements.

Option B - 35 ILCS 200/15-178(c)(1): This option is available to properties where the owner commits to holding at least 15 percent of units in the property at or below the designated income and rent limits for a period of at least ten (10) years. Qualifying projects with between 15 and 35 percent of units set aside in this program will receive a reduction equal to 25 percent of the project's assessed value (Option B1). Qualifying projects at 35 percent or greater units set aside at the statutory limit will receive a reduction equal to 35 percent of the project's total assessed value (Option B2).

Option C - 35 ILCS 200/15-178(c)(2): This option is available to properties in low affordability communities where the owner commits to holding at least 20 percent of units in the property at or below the designated income and rent limits for a period of at least thirty (30) years. Qualifying projects will receive a benefit as follows:

Taxable years 1-3: The difference between the base year and the application year.

Taxable years 4-6: 80% of the base year and the application year.

Taxable years 7-9: 60% of the base year and the application year.

Taxable years 10-12: 40% of the base year and the application year.

Taxable years 13-30: 20% of the base year and the application year.

For new construction under Options B and C, applicants must attach all contractor's statements and building permits, as applicable, with this application for initial certification. For existing projects with qualifying rehabilitations, the applicant must submit Schedule II specifying what allowable rehabilitations or updates have been made to the specified primary building systems (as specified below).

Options B and C require filing of both Schedule I and Schedule IV annually, or as otherwise required by the Chief County Assessment Officer. The Chief County Assessment officer may also require additional information, at their discretion.

Program timeline and procedures - Public Act 102-0175

Application deadlines: Both programs are eligible for initial enrollment beginning in 2022 for taxes payable in 2023 and extending through December 31, 2027, for taxes payable in 2028. Projects certified under Option B of Public Act 102-0175 that receive initial approval shall be eligible for at least the first ten years, provided that annual certification requirements are met. Both Options B1 and B2 may be extended for up to two (2) additional ten-year periods, provided that the project continues to qualify. Option C is good for up to thirty (30) years, and is not renewable.

Projects that were newly constructed or underwent qualifying renovations and were put into service on or after January 1, 2015 may qualify for the program; however, the duration and benefit of the program will be reduced by the number of years between the date the project is placed in service and the assessment year for which the project is initially enrolled. Further, a property owner may apply for the benefit within two (2) years after the project is placed

into service; however, the same reduction window will apply.

Example 1: *A project is placed into service on January 1, 2015, and qualifies for Option C. The applicant wishes to enroll in the program for taxes assessed in year 2022. The benefit will be equal to 60% of the 2022 assessed valuation.*

Example 2: *A project qualifying for Option B2 is placed into service on January 1, 2023. The owner applies for the benefit on December 31, 2024, for taxes payable in 2025. The owner will be receive the benefit for 2025 and for the next eight (8) years, and may seek renewal.*

Notice to tenants: In the year prior to the final year of eligibility, the certification for the final year for all programs will require that tenants be given notice that the owner will not be seeking renewal.

Sale and or transfer: If a property is sold or transferred, the new owner may continue to receive the benefit granted to the initial owner, provided they continue to meet the requirements of the program.

Definitions

Low affordability community: A low affordability community is either

- (1) a municipality or jurisdiction 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 Housing Development Authority during the exemption determination process under the Affordable Housing Planning and Appeal Act;
- (2) “D” zoning districts as now or hereafter designated in the Chicago Zoning Ordinance; or
- (3) a jurisdiction located in a municipality with 1,000,000 or more inhabitants that has been designated as a low affordability community by passage of a local ordinance by that municipality, specifying the census tract or property by permanent index number or numbers.

This definition is subject to change. Please contact the Illinois Housing Development Authority (IHDA email: PTAXQuestions@IHDA.org) or the city of Chicago for “D” zoning districts to determine applicability.

Maximum income limits: The maximum regular income limits for 60% of area median income for the geographic area in which the multifamily building is located for multifamily programs as determined by the United States Department of Housing and Urban Development and published annually by the Illinois Housing Development Authority.

Maximum rent: The maximum regular rent for 60% of the area median income for the geographic area in which the multifamily building is located for multifamily programs as determined by the United States Department of Housing and Urban Development and published annually by the Illinois Housing Development Authority. To be eligible for the reduced valuation defined in this Section, maximum rents are to be consistent with the Illinois Housing Development Authority’s rules; or if the owner is leasing an affordable unit to a household with an income at or below the maximum income limit who is participating in qualifying income-based rental subsidy program, “maximum rent” means the maximum rents allowable under the guidelines of the qualifying income-based rental subsidy program.

Qualifying rehabilitation: “Qualifying rehabilitation” means, at a minimum, compliance with local building codes and the replacement or renovation of at least 2 primary building systems to be approved for the reduced valuation under Options B1 and B2, and at least 5 primary building systems to be approved for Option C.

Option B1: The combined expenditure for making the building compliant with local codes and replacing primary building systems must be at least \$8 per square foot for work completed between January 1 of the year in which this amendatory Act of the 102nd General Assembly takes effect and December 31 of the year in which this amendatory Act of the 102nd General Assembly takes effect and, in subsequent years, \$8 adjusted by the Consumer Price Index for All Urban Consumers, as published annually by the U.S. Department of Labor.

Option B2: To be approved for the reduced valuation under paragraph (2) of subsection (d) of this Section, the combined expenditure for making the building compliant with local codes and replacing primary building systems must be at least \$12.50 per square foot for work completed between January 1 of the year in which this amendatory Act of the 102nd General Assembly takes effect and December 31 of the year in which this amendatory Act of the 102nd General Assembly takes effect, and in subsequent years, \$12.50 adjusted by the Consumer Price Index for All Urban Consumers, as published annually by the U.S. Department of Labor.

Option C: To be approved for the reduced valuation under subsection (e) of this Section, the combined expenditure for making the building compliant with local codes and replacing primary building systems must be at least \$60 per square foot for work completed between January 1 of the year that this amendatory Act of the 102nd General Assembly becomes effective and December 31 of the year that this amendatory Act of the 102nd General Assembly becomes effective and, in subsequent years, \$60 adjusted by the Consumer Price Index for All Urban Consumers, as published annually by the U.S. Department of Labor. Note: This option is not available in all counties. Please consult the Illinois Housing Authority or your local housing authority or agency to determine applicability.

Primary building systems (Schedule II): Together with their related rehabilitations, the primary building systems specifically approved for this program are as follows:

Electrical: All electrical work must comply with applicable codes; it may consist of a combination of any of the following alternatives:

- (A) installing individual equipment and appliance branch circuits as required by code (the minimum being a kitchen appliance branch circuit);
- (B) installing a new emergency service, including emergency lighting with all associated conduits and wiring;
- (C) rewiring all existing feeder conduits ("home runs") from the main switchgear to apartment area distribution panels;
- (D) installing new in-wall conduits for receptacles, switches, appliances, equipment, and fixtures;
- (E) replacing power wiring for receptacles, switches, appliances, equipment, and fixtures;
- (F) installing new light fixtures throughout the building including closets and central areas;
- (G) replacing, adding, or doing work as necessary to bring all receptacles, switches, and other electrical devices into code compliance;
- (H) installing a new main service, including conduit, cables into the building, and main disconnect switch; and
- (I) installing new distribution panels, including all panel wiring, terminals, circuit breakers, and all other panel devices.

Heating: All heating work must comply with applicable codes; it may consist of a combination of any of the following alternatives:

- (A) installing a new system to replace one of the following heat distribution systems: piping and heat radiating units, including new main line venting and radiator venting; duct work, diffusers, and cold air returns; or any other type of existing heat distribution and radiation/diffusion components;
or
- (B) installing a new system to replace one of the following heat generating units: hot water/steam boiler; gas furnace; or any other type of existing heat generating unit.

Plumbing: All plumbing work must comply with applicable codes. Replace all or a part of the in-wall supply and waste plumbing; however, main supply risers, waste stacks and vents, and code-conforming waste lines need not be replaced.

Roofing: All roofing work must comply with applicable codes; it may consist of either of the following alternatives, separately or in combination:

- (A) replacing all rotted roof decks and insulation; or
- (B) replacing or repairing leaking roof membranes (10% is the suggested minimum replacement of membrane); restoration of the entire roof is an acceptable substitute for membrane replacement.

Exterior doors and windows: Replace the exterior doors and windows. Renovation of ornate entry doors is an acceptable substitute for replacement.

Floors, walls, and ceilings: Finishes must be replaced or covered over with new material. Acceptable replacement or covering materials are as follows: floors must have new carpeting, vinyl tile, ceramic, refurbished wood finish, or a similar substitute; walls must have new drywall, including joint taping and painting; new ceilings must be either drywall, suspended type, or a similar material.

Exterior walls: Replace loose or crumbling mortar and masonry with new material; replace or paint wall siding and trim as needed; bring porches and balconies to a sound condition; or any combination of the above.

Elevators: Where applicable, at least 4 of the following 7 alternatives must be accomplished:

- (A) replace or rebuild the machine room controls and refurbish the elevator machine (or equivalent mechanisms in the case of hydraulic elevators);
- (B) replace hoistway electro-mechanical items, including ropes, switches, limits, buffers, levelers, and deflector sheaves (or equivalent mechanisms in the case of hydraulic elevators);
- (C) replace hoistway wiring;
- (D) replace door operators and linkage;
- (E) replace door panels at each opening;
- (F) replace hall stations, car stations, and signal fixtures;
- (G) rebuild the car shell and refinish the interior.

Health and safety: Install or replace fire suppression systems; install or replace security systems; or environmental remediation of lead-based paint, asbestos, leaking underground storage tanks, or radon.

Energy conservation: Improvements undertaken to limit the amount of solar energy absorbed by a building's roof or to reduce energy use for the property, including, but not limited to, any of the following activities:

- (A) installing or replacing reflective roof coatings (flat roofs);
- (B) installing or replacing R-49 roof insulation;
- (C) installing or replacing R-19 perimeter wall insulation;
- (D) installing or replacing insulated entry doors;
- (E) installing or replacing Low E, insulated windows;
- (F) installing or replacing WaterSense labeled plumbing fixtures;
- (G) installing or replacing 90% or better sealed combustion heating systems;
- (H) installing Energy Star hot water heaters;
- (I) installing or replacing mechanical ventilation to exterior for kitchens and baths;
- (J) installing or replacing Energy Star appliances;
- (K) installing or replacing Energy Star certified lighting in common areas; or
- (L) installing or replacing grading and landscaping to promote on-site water retention if the retained water is used to replace water that is provided from a municipal source.

Accessibility improvements: All accessibility improvements must comply with applicable codes. An owner may make accessibility improvements to residential real property to increase access for people with disabilities. As used in this section, “disability” has the meaning given to that term in the Illinois Human Rights Act. As used in this section, “accessibility improvements” means a home modification listed under the Home Services Program administered by the Department of Human Services (Part 686 of Title 89 of the Illinois Administrative Code) including, but not limited to: installation of ramps, grab bars, or wheelchair lifts; widening doorways or hallways; re-configuring rooms and closets; and any other changes to enhance the independence of people with disabilities.

Code Violations: Any applicant who has purchased the property in an arm’s length transaction not more than 90 days before applying for this reduced valuation may use the cost of rehabilitation or repairs required by documented code violations, up to a maximum of \$2 per square foot, to meet the qualifying rehabilitation requirements.