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MARIA E. HADDEN
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CHAIRWOMAN, COMMITTEE ON ENVIRONMENTAL PROTECTION & ENERGY

COMMITTEE MEMBERSHIPS

COMMITTEES AND RULES
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ENVIRONMENTAL PROTECTION & ENERGY
HEALTH AND HUMAN RELATIONS
HOUSING AND REAL ESTATE
IMMIGRANT & REFUGEE RIGHTS
PUBLIC SAFETY

September 21, 2023

Honorable Anna Valencia
City Clerk
City Hall, Room 107
121 North LaSalle Street
Chicago, Illinois 60602

Dear Ms. Valencia:

Pursuant to Section 8-3-19 of the Illinois Municipal Code, 65 ILCS 5/8-3-19, I, together with Alderperson Matt Martin and Alderperson Carlos Ramirez-Rosa, hereby give notice that at the City Council meeting to be convened at 10:00 a.m. on Wednesday, October 4, 2023, under the heading of Miscellaneous Business, I intend to call for a public hearing on the intent to submit the question of increasing the City's real estate transfer tax to referendum as set forth in the attached resolution and proposed ordinance. Members of the general public will be given an opportunity to speak, and no vote will be taken on these items. Please include this letter and the attached documents as part of the agenda for the meeting.

Very truly yours,

Maria E. Hadden
Alderperson, 49th Ward

Chicago City Clerk-Council Div.
2023 SEP 29 AM 8:35

R E S O L U T I O N

WHEREAS, the City of Chicago is a home rule unit under Article VII of the Constitution of the State of Illinois; and

WHEREAS, pursuant to Section 8-3-19 of the Illinois Municipal Code, 65 ILCS 5/8-3-19, a home rule municipality may impose or increase a tax or fee on the privilege of transferring title to real estate, on the privilege of transferring a beneficial interest in real property, and on the privilege of transferring a controlling interest in a real estate entity, with prior referendum approval; and

WHEREAS, the City of Chicago currently imposes a real estate transfer tax rate of \$3.75 for every \$500 of transfer price, or fraction thereof, the primary incidence of which is on the buyer, pursuant to Section 3-33-030(A) of the Municipal Code of Chicago ("Code") (the "City Portion"); and

WHEREAS, a supplemental tax at the rate of \$1.50 per \$500 of the transfer price, or fraction thereof, is imposed pursuant to Section 3-33-030(F) of the Code for the purpose of providing financial assistance to the Chicago Transit Authority (the "CTA Portion"); and

WHEREAS, the City seeks to change the City Portion of the real estate transfer tax by decreasing the current rate of \$3.75 for every \$500 of the transfer price, or fraction thereof, to \$3 for every \$500 of the transfer price, or fraction thereof, for that part of the transfer price under \$1,000,000, and increasing the rate to \$10 for every \$500 of the transfer price, or fraction thereof, for that part of the transfer price between \$1,000,000 and \$1,500,000 (inclusive) and to \$15 for every \$500 of the transfer price, or fraction thereof, for that part of the transfer price exceeding \$1,500,000; and

WHEREAS, the change would concern only the City Portion of the tax, and there would be no change to the rate of the CTA Portion of the tax; and

WHEREAS, the additional revenue over the amount generated from the current rate shall be deposited in a fund to be dedicated to combating homelessness, including providing permanent affordable housing and the services necessary to obtain and maintain permanent housing; and

WHEREAS, the City Council of the City of Chicago hereby finds it in the best interest of the City to impose such a change to the real estate transfer tax to address the City's significant problem with homelessness; now, therefore,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:

SECTION 1. The foregoing recitals are incorporated herein by reference.

SECTION 2. In accordance with Section 8-3-19 of the Illinois Municipal Code, 65 ILCS 5/8-3-19, the City Council of the City of Chicago hereby initiates and authorizes the following public question to be submitted to the voters of the entire City of Chicago at the regularly scheduled general primary election next occurring after the effective date of this resolution on March 19, 2024:

Shall the City of Chicago impose:

- (1) a real estate transfer tax decrease of 20% to establish a new transfer tax rate of \$3 for every \$500 of the transfer price, or fraction thereof, for that part of the transfer price under \$1,000,000 to be paid by the buyer of the real estate transferred unless the buyer is exempt from the tax solely by operation of state law, in which case the tax is to be paid by the seller; AND
- (2) a real estate transfer tax increase of 166.67% to establish a new transfer tax rate of \$10 for every \$500 of the transfer price or fraction thereof, for that part of the transfer price between \$1,000,000 and \$1,500,000 (inclusive) to be paid by the buyer of the real estate transferred unless the buyer is exempt from the tax solely by operation of state law, in which case the tax is to be paid by the seller; AND
- (3) a real estate transfer tax increase of 300% to establish a new transfer tax rate of \$15 for every \$500 of the transfer price, or fraction thereof, for that part of the transfer price exceeding \$1,500,000 to be paid by the buyer of the real estate transferred unless the buyer is exempt from the tax solely by operation of state law, in which case the tax is to be paid by the seller?

The current rate of the real estate transfer tax is \$3.75 per \$500 of the entire transfer price, or fraction thereof, and the revenue is used for general corporate purposes. The revenue from the increase (the difference between revenue generated under the increased rate and the current rate) is to be used for the purpose of addressing homelessness, including providing permanent affordable housing and the services necessary to obtain and maintain permanent housing in the City of Chicago.

☐ Yes

☐ No

SECTION 3. The City Clerk of the City of Chicago shall certify the public question referenced herein to the Chicago Board of Election Commissioners in accordance with Article 28 of the Election Code.

SECTION 4. This resolution shall be in full force and effect upon its passage.

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ORDINANCE

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

SECTION 1. Section 2-44-070 of the Municipal Code of Chicago is hereby amended by deleting the text struck through and by inserting the text underscored, as follows:

2-44-070 Annual report on homelessness and housing.

(a) On or before ~~July 31, 2023, and then~~ May 31 of each year, ~~thereafter,~~ the Commissioner, in conjunction with the Commissioner of Family and Support Services, shall submit an annual report to the appropriate City Council committee on the progress made to address homelessness and housing within the City. The report shall include, but not be limited to, the departments' and delegate agencies' progress on implementing the seven principles for addressing encampments outlined by the United States Interagency Council on Homelessness and codified in the City's 2023 budget ordinance. The report shall also include supporting information from the Chicago Continuum of Care's annual reports to the United States Department of Housing and Urban Development and from other stakeholders as deemed relevant by the Commissioner and the Commissioner of Family and Support Services. The Bring Chicago Home Advisory Board established in Chapter 2-48 may request information regarding outcomes related to appropriations from the Bring Chicago Home Fund established pursuant to Chapter 3-33 be included with the report.

(Omitted text is not affected by this ordinance)

SECTION 2. Title 2 of the Municipal Code of Chicago is hereby amended by inserting a new Chapter 2-48, as follows:

Chapter 2-48 Bring Chicago Home

2-48-010 Purpose and intent.

The primary goal of the Bring Chicago Home Fund is to directly address and combat homelessness in the City by providing permanent affordable housing and the services necessary to obtain and maintain permanent housing.

2-48-020 Definitions.

For purposes of this Chapter, the following definitions shall apply:

"Area median income" has the meaning ascribed to that term in Section 2-44-080(B).

"Advisory Board" means the Bring Chicago Home Advisory Board established in this Chapter.

"Bring Chicago Home Fund" means the fund established pursuant to paragraph (2) of Section 3-33-165 for the purpose of addressing homelessness.

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“Continuum of Care” means the Chicago Continuum of Care, or successor group, that is organized to carry out the responsibilities required by the United States Department of Housing and Urban Development’s Continuum of Care Program pursuant to the McKinney-Vento Homeless Assistance Act, as amended, 42 U.S.C. 11301 *et seq.*, or the Collaborative Applicant designated by Chicago Continuum of Care pursuant to its charter.

“Eligible use” means any support provided by the City or a delegate agency selected by the City to people experiencing or at risk of homelessness, including providing permanent affordable housing and the services necessary to obtain and maintain permanent housing, as set forth in Section 2-48-010, and the activities of the Advisory Board. “Eligible use” shall not include law enforcement operations.

“Implementing Commissioners” means the Commissioner of Family and Support Services, the Commissioner of Housing, and the Commissioner of Public Health.

“People experiencing or at risk of homelessness” means any resident of the City of Chicago, without limitation with respect to immigration status, who: (1) meets a definition of homelessness under federal law; or (2) is in a situation characterized by housing instability, including, but not limited to, fleeing gender-based violence, living doubled up, or currently being in or having been recently released from a prison, jail, or residential treatment facility.

“Returning resident” means a resident of the City who is returning or has recently returned to live in their community after having been convicted of an imprisonable offense under a local, state, or federal law.

2-48-030 Use of funds.

(a) Revenues from the Bring Chicago Home Fund shall be appropriated exclusively for eligible uses.

(b) The Budget Director, in consultation with relevant City departments and the Advisory Board, shall determine the maximum amount of funds from the Bring Chicago Home Fund to be included in the budget recommendation for eligible uses. In making this determination, the Budget Director shall make reasonable efforts to minimize the potential for disruption to people experiencing or at risk of homelessness served by programs funded by the Bring Chicago Home Fund due to a decline in future revenue.

(c) Allowable expenses for shelter are non-congregate models, discrete capital costs for existing congregate shelter, beds for severe or extreme weather, and increasing operational rates to support pay equity for shelter employees and to expand operations from traditional overnight to 24-hour shelter models.

2-48-040 Bring Chicago Home Advisory Board – Establishment; recommendations.

(a) *Establishment and composition.* There is hereby established a Bring Chicago Home Advisory Board. The Advisory Board shall be composed of three non-voting *ex officio* members, five non-voting designated members, and fifteen appointed members. All members shall be residents of the City.

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(1) *Non-voting members.* Each of the Implementing Commissioners shall serve as a non-voting *ex officio* member and co-chair of the Advisory Board. The Mayor shall designate an individual representing or acting on behalf of the Continuum of Care and an additional City employee or official as non-voting members, and the Implementing Commissioners shall each designate an employee or official from their respective department as a non-voting member.

(2) *Voting members.* The Mayor shall appoint, by and with the advice and consent of the City Council, fifteen voting Advisory Board members for a term of three years. No person shall be eligible to serve as a voting member for more than two consecutive terms. Vacancies shall be filled in the same manner that appointments are made and shall be filled for the unexpired term of the member whose position has become vacant. The Advisory Board shall consist of members with broad and varied experiences, skills, expertise, and knowledge, including: formal affiliation with one or more homelessness social service agencies, permanent supportive housing developers or property managers, community organizations representing distinct geographic areas of the City, or disability-centered organizations; and expertise regarding youth homelessness, family homelessness, permanent supportive housing development, or providing housing to people experiencing or at risk of homelessness through tenant-based rental assistance. At least five members shall have lived experience as people experiencing or at risk of homelessness, including such lived experience due to gender-based violence, migrant status, status as a returning resident, or status as a minor. At least three members shall have a formal affiliation with a community-based organization that organizes people with lived experience of poverty, homelessness, or housing instability for social change.

(b) *Powers and duties.* The Advisory Board shall have the following powers and duties:

(1) Hold public meetings and engage in community outreach. The Advisory Board shall hold at least two public hearings before proposing a recommendation pursuant to this section;

(2) Make recommendations for the proportion of Bring Chicago Home Fund revenue to be spent on each eligible use each year. No later than May 31, 2025, and no later than May 31 each year thereafter, the Advisory Board shall present the Mayor and City Council with spending recommendations. The recommendations shall be published on a publicly available website and be presented to an appropriate City Council committee no later than June 30 each year;

(3) Make recommendations, including prioritization for housing, to appropriate departments regarding proposed programs using funds from the Bring Chicago Home Fund;

(4) Establish goals and metrics, including goals and metrics for the purpose of addressing inequities, to guide and evaluate success; and

(5) Track participant and program outcomes, and review appropriate information, documents, data, and records, as may be provided by the Implementing Commissioners pursuant to Section 2-44-070 and Section 2-50-085.

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SECTION 3. Section 2-50-085 of the Municipal Code of Chicago is hereby amended by deleting the text struck through and by inserting the text underscored, as follows:

2-50-085 Annual report on homelessness and housing.

(a) On or before ~~July 31, 2023, and then~~ May 31 of each year, ~~thereafter,~~ the Commissioner of the Department of Family and Support Services, in conjunction with the Commissioner of the Department of Housing, shall submit an annual report to the appropriate City Council committee on the progress made to address homelessness and housing within the City. The report shall include, but not be limited to, the departments' and delegate agencies' progress on implementing the seven principles for addressing encampments outlined by the United States Interagency Council on Homelessness and codified in the City's 2023 budget ordinance. The report shall also include supporting information from the Chicago Continuum of Care's annual reports to the United States Department of Housing and Urban Development and from other stakeholders as deemed relevant by the Commissioner of Family and Support Services and the Commissioner of Housing. The Bring Chicago Home Advisory Board established in Chapter 2-48 may request information regarding outcomes related to appropriations from the Bring Chicago Home Fund established pursuant to Chapter 3-33 be included with the report.

(Omitted text is not affected by this ordinance)

SECTION 4. Section 3-33-030 of the Municipal Code of Chicago is hereby amended by deleting the text struck through and by inserting the text underscored, as follows:

3-33-030 Tax imposed.

A. Except as otherwise provided in this chapter, a tax is imposed upon the privilege of transferring title to, or beneficial interest in, real property located in the ~~city~~ City, whether or not the agreement or contract providing for the transfer is entered into the ~~city~~ City. The tax shall be at the rate of: ~~\$3.75~~

(1) ~~\$3 per \$500.00~~ \$500 of the transfer price, or fraction thereof, of the real property or the beneficial interest in real property for that part of the transfer price under \$1,000,000;

(2) \$10 per \$500 of the transfer price, or fraction thereof, of the real property or the beneficial interest in real property for that part of the transfer price between \$1,000,000 and \$1,500,000 (inclusive); and

(3) \$15 per \$500 of the transfer price, or fraction thereof, of the real property or the beneficial interest in real property for that part of the transfer price exceeding \$1,500,000.

(Omitted text is not affected by this ordinance)

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SECTION 5. Chapter 3-33 of the Municipal Code of Chicago is hereby amended by inserting a new Section 3-33-035, as follows:

3-33-035 Tax reductions.

A. For transfers taking place on or after January 1, 2030, with further adjustments every five years thereafter, the tax imposed by Section 3-33-030(A) shall be decreased in the following manner:

(1) The rate of \$3 per \$500 of the transfer price, or fraction thereof, shall be imposed on that part of the transfer price under \$1,000,000 in 2025 dollars, adjusted for inflation by the Chained Consumer Price Index for all Urban Consumers (C-CPI-U);

(2) The rate of \$10 per \$500 of the transfer price, or fraction thereof, shall be imposed on that part of the transfer price between \$1,000,000 and \$1,500,000 (inclusive) in 2025 dollars, adjusted for inflation by the Chained Consumer Price Index for all Urban Consumers (C-CPI-U); and

(3) The rate of \$15 per \$500 of the transfer price, or fraction thereof, shall be imposed on that part of the transfer price exceeding \$1,500,000 in 2025 dollars, adjusted for inflation by the Chained Consumer Price Index for all Urban Customers (C-CPI-U).

B. The tax imposed by Section 3-33-030(A) shall be decreased to a flat rate of \$3 per \$500 of the transfer price, or fraction thereof, for all transfers involving real property that is subject to affordability requirements pursuant to an agreement executed by any of the following: Chicago Department of Housing; Chicago Department of Family and Support Services; Chicago Housing Authority; Cook County Assessor's Office Affordable Housing Special Assessment Program; Illinois Housing Development Authority; Illinois Department of Human Services; or United States Department of Housing and Urban Development; or other legally enforceable agreement as acknowledged by the Commissioner of the Department of Housing, provided that at least 20 percent of the dwelling units on the real property that is the subject of the transfer receiving the reduced tax rate are covered by the affordability requirements agreement. The Commissioner of the Department of Housing is hereby authorized to promulgate rules with respect to the documentation required to establish eligibility for an adjustment pursuant to this paragraph.

SECTION 6. Chapter 3-33 of the Municipal Code of Chicago is hereby amended by inserting a new Section 3-33-165, as follows:

3-33-165 Deposit of funds.

All proceeds resulting from the tax imposed by Section 3-33-030(A), including interest and penalties, shall be deposited as follows:

(1) For transactions subject only to the tax rate described in Section 3-33-030(A)(1), all proceeds shall be deposited in the City's corporate fund; and

(2) For transactions subject to a tax rate described in Section 3-33-030(A)(2) or Section 3-33-030(A)(3), proceeds in the amount equivalent to the revenue generated under a rate of \$3.75 per \$500 of the transfer price, or fraction thereof, shall be deposited in the City's corporate

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fund and the remainder shall be deposited in a single appropriate fund designated by the Budget Director, in consultation with the Comptroller, for the purpose of addressing homelessness (the “Bring Chicago Home Fund”).

SECTION 7. Following due passage and approval, this ordinance shall take effect January 1, 2025.

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