

SB2924



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

SB2924

Introduced 1/26/2024, by Sen. Laura Ellman

SYNOPSIS AS INTRODUCED:

New Act
310 ILCS 65/5

from Ch. 67 1/2, par. 1255

Creates the Family Home Ownership Act. Imposes a tax on certain partnerships, corporations, limited liability companies, or real estate investment trusts that purchase single-family residences. Provides that the amount of the tax is equal to 100% of the fair market value of the residence. Provides that the proceeds of the tax shall be deposited into the Illinois Affordable Housing Trust Fund for the purpose of providing rental and mortgage payment assistance. Requires hedge funds and other applicable taxpayers to reduce the number of single-family residences owned by the hedge fund over a 10-year period. Provides that, 10 years after the effective date of the Act, hedge funds may not own any applicable single-family residences. Provides that, 10 years after the effective date of the Act, applicable taxpayers other than hedge funds may not own more than 50 applicable single-family residences. Effective immediately.

LRB103 36979 HLH 67093 b

A BILL FOR

1 AN ACT concerning home ownership.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 1. Short title. This Act may be cited as the Family
5 Home Ownership Act.

6 Section 5. Definitions. As used in this Act, unless
7 otherwise stated, the following words or phrases have the
8 following meanings:

9 "Acquisition" means the acquisition of a majority
10 ownership interest in a single-family residence, regardless of
11 the percentage of that ownership interest.

12 "Applicable entity" means a partnership, corporation,
13 limited liability company, or real estate investment trust.

14 "Applicable entity" does not include:

15 (1) an organization described in Section 501(c)(3) of
16 the Internal Revenue Code that is exempt from tax under
17 Section 501(a) of the Internal Revenue Code; or

18 (2) an organization that is primarily engaged in the
19 construction or rehabilitation of single-family
20 residences.

21 "Applicable taxpayer" means any applicable entity that:

22 (1) manages funds pooled from investors; and

23 (2) is a fiduciary with respect to such investors.

1 "Department" means the Department of Revenue.

2 "Disqualified sale" means any sale or transfer to:

3 (1) a corporation or other entity engaged in a trade
4 or business; or

5 (2) an individual who owns any other single-family
6 residence at the time of the sale or transfer.

7 "Fair market value" means the amount for which a property
8 can be sold in the due course of business and trade, not under
9 duress, between a willing buyer and a willing seller.

10 "Hedge fund taxpayer" means, with respect to any taxable
11 year, any applicable taxpayer that has \$25,000,000 or more in
12 net assets.

13 "Ownership" means a majority ownership interest in the
14 single-family residence, regardless of the percentage of that
15 ownership interest.

16 "Single-family residence" means residential property
17 consisting of 1 to 4 dwelling units.

18 "Single-family residence" does not include any
19 single-family residence that is not rented or leased and that
20 is used as the principal residence of any person who has an
21 ownership interest in the applicable taxpayer.

22 Section 10. Newly acquired single-family residences. The
23 acquisition of a single-family residence by an applicable
24 taxpayer on or after the effective date of this Act is subject
25 to a tax on the acquisition of the residence equal to 100% of

1 the fair market value of the residence at the time of purchase.
2 The proceeds of the tax shall be deposited into the Illinois
3 Affordable Housing Trust Fund for the purpose of providing
4 rental and mortgage payment assistance.

5 The tax under this Section shall be paid by the applicable
6 taxpayer and shall be collected in the same manner as real
7 estate transfer taxes are collected under the Real Estate
8 Transfer Tax Law in the Property Tax Code, except that
9 provisions concerning the distribution of proceeds and
10 exemptions from the tax do not apply to the tax imposed under
11 this Section.

12 Section 15. Maximum permissible single-family residences.

13 (a) The maximum number of single-family residences that
14 may be owned by a hedge fund taxpayer shall be determined as
15 follows:

16 (1) By December 31 of the first full calendar year to
17 begin on or after the effective date of this Act, the
18 number of single-family residences owned by a hedge fund
19 taxpayer may not exceed 90% of the number of single-family
20 residences owned by that taxpayer on the effective date of
21 this Act.

22 (2) By December 31 of the second full calendar year to
23 begin on or after the effective date of this Act, the
24 number of single-family residences owned by a hedge fund
25 taxpayer may not exceed 80% of the number of single-family

1 residences owned by that taxpayer on the effective date of
2 this Act.

3 (3) By December 31 of the third full calendar year to
4 begin on or after the effective date of this Act, the
5 number of single-family residences owned by a hedge fund
6 taxpayer may not exceed 70% of the number of single-family
7 residences owned by that taxpayer on the effective date of
8 this Act.

9 (4) By December 31 of the fourth full calendar year to
10 begin on or after the effective date of this Act, the
11 number of single-family residences owned by a hedge fund
12 taxpayer may not exceed 60% of the number of single-family
13 residences owned by that taxpayer on the effective date of
14 this Act.

15 (5) By December 31 of the fifth full calendar year to
16 begin on or after the effective date of this Act, the
17 number of single-family residences owned by a hedge fund
18 taxpayer may not exceed 50% of the number of single-family
19 residences owned by that taxpayer on the effective date of
20 this Act.

21 (6) By December 31 of the sixth full calendar year to
22 begin on or after the effective date of this Act, the
23 number of single-family residences owned by a hedge fund
24 taxpayer may not exceed 40% of the number of single-family
25 residences owned by that taxpayer on the effective date of
26 this Act.

1 (7) By December 31 of the seventh full calendar year
2 to begin on or after the effective date of this Act, the
3 number of single-family residences owned by a hedge fund
4 taxpayer may not exceed 30% of the number of single-family
5 residences owned by that taxpayer on the effective date of
6 this Act.

7 (8) By December 31 of the eighth full calendar year to
8 begin on or after the effective date of this Act, the
9 number of single-family residences owned by a hedge fund
10 taxpayer may not exceed 20% of the number of single-family
11 residences owned by that taxpayer on the effective date of
12 this Act.

13 (9) By December 31 of the ninth full calendar year to
14 begin on or after the effective date of this Act, the
15 number of single-family residences owned by a hedge fund
16 taxpayer may not exceed 10% of the number of single-family
17 residences owned by that taxpayer on the effective date of
18 this Act.

19 (10) On and after December 31 of the tenth full
20 calendar year to begin on or after the effective date of
21 this Act, a hedge fund taxpayer may not own any
22 single-family residences.

23 (b) The maximum number of single-family residences that
24 may be owned by an applicable taxpayer other than a hedge fund
25 taxpayer shall be determined as follows:

26 (1) By December 31 of the first full calendar year to

1 begin on or after the effective date of this Act, the
2 number of single-family residences owned by an applicable
3 taxpayer other than a hedge fund taxpayer may not exceed
4 90% of the number of single-family residences owned by
5 that taxpayer on the effective date of this Act plus 50
6 single-family residences.

7 (2) By December 31 of the second full calendar year to
8 begin on or after the effective date of this Act, the
9 number of single-family residences owned by an applicable
10 taxpayer other than a hedge fund taxpayer may not exceed
11 80% of the number of single-family residences owned by
12 that taxpayer on the effective date of this Act plus 50
13 single-family residences.

14 (3) By December 31 of the third full calendar year to
15 begin on or after the effective date of this Act, the
16 number of single-family residences owned by an applicable
17 taxpayer other than a hedge fund taxpayer may not exceed
18 70% of the number of single-family residences owned by
19 that taxpayer on the effective date of this Act plus 50
20 single-family residences.

21 (4) By December 31 of the fourth full calendar year to
22 begin on or after the effective date of this Act, the
23 number of single-family residences owned by an applicable
24 taxpayer other than a hedge fund taxpayer may not exceed
25 60% of the number of single-family residences owned by
26 that taxpayer on the effective date of this Act plus 50

1 single-family residences.

2 (5) By December 31 of the fifth full calendar year to
3 begin on or after the effective date of this Act, the
4 number of single-family residences owned by an applicable
5 taxpayer other than a hedge fund taxpayer may not exceed
6 50% of the number of single-family residences owned by
7 that taxpayer on the effective date of this Act plus 50
8 single-family residences.

9 (6) By December 31 of the sixth full calendar year to
10 begin on or after the effective date of this Act, the
11 number of single-family residences owned by an applicable
12 taxpayer other than a hedge fund taxpayer may not exceed
13 40% of the number of single-family residences owned by
14 that taxpayer on the effective date of this Act plus 50
15 single-family residences.

16 (7) By December 31 of the seventh full calendar year
17 to begin on or after the effective date of this Act, the
18 number of single-family residences owned by an applicable
19 taxpayer other than a hedge fund taxpayer may not exceed
20 30% of the number of single-family residences owned by
21 that taxpayer on the effective date of this Act plus 50
22 single-family residences.

23 (8) By December 31 of the eighth full calendar year to
24 begin on or after the effective date of this Act, the
25 number of single-family residences owned by an applicable
26 taxpayer other than a hedge fund taxpayer may not exceed

1 20% of the number of single-family residences owned by
2 that taxpayer on the effective date of this Act plus 50
3 single-family residences.

4 (9) By December 31 of the ninth full calendar year to
5 begin on or after the effective date of this Act, the
6 number of single-family residences owned by an applicable
7 taxpayer other than a hedge fund taxpayer may not exceed
8 10% of the number of single-family residences owned by
9 that taxpayer on the effective date of this Act plus 50
10 single-family residences.

11 (10) On and after December 31 of the tenth full
12 calendar year to begin on or after the effective date of
13 this Act, a hedge fund taxpayer may not own more than 50
14 applicable single-family residences.

15 (c) For the purpose of calculating the number of
16 single-family residences owned by a taxpayer during the
17 calendar year, a single-family residence that is sold or
18 transferred by the taxpayer in a disqualified sale during a
19 calendar year shall be treated as a single-family residence
20 that is owned by the applicable taxpayer as of the last day of
21 that calendar year.

22 (d) An applicable taxpayer who fails to meet the
23 requirements of this Section shall be subject to a \$15,000
24 penalty on each single-family residence owned in excess of the
25 permissible maximum units for the taxable year to be deposited
26 into the Illinois Affordable Housing Trust Fund with the

1 purpose of providing rental and mortgage payment assistance.

2 Section 20. Sale of applicable single-family residences;
3 right of first refusal.

4 (a) An applicable taxpayer that intends to sell a
5 single-family residence shall give notice to each tenant of
6 the single-family residence of the requirements of this Act
7 and of the applicable taxpayer's intent to sell the
8 single-family residence in which the tenant resides. The
9 notice under this subsection shall be mailed by certified
10 mail.

11 (b) Before an applicable taxpayer may sell a single-family
12 residence, the applicable taxpayer shall give notice to each
13 tenant of the residence, by certified mail, of any third-party
14 bona fide offer for sale that the taxpayer intends to accept.
15 The notice shall include the price and the terms and
16 conditions of the offer. The price shall be calculated as a
17 single lump sum amount that reflects (i) the total purchase
18 price or (ii) the present value of any installment payments
19 offered in lieu of cash payments.

20 (c) Upon receiving notice of any third-party bona fide
21 offer, the tenant of that residence shall have the right to
22 purchase the subject property for the purpose of continuing
23 the use of the property as their residence. The tenant shall:
24 (1) submit to the applicable taxpayer notice of their interest
25 in purchasing the applicable single-family residence; (2)

1 submit to the applicable taxpayer a proposed purchase and sale
2 agreement on substantially equivalent terms and conditions as
3 the bona fide offer within 45 days after receipt of notice of
4 the bona fide offer; (3) obtain a binding commitment for any
5 necessary financing or guarantees within an additional 90 days
6 after execution of the purchase and sale agreement; and (4)
7 close on the purchase within an additional 90 days after the
8 end of the 90-day period under item (3). No applicable
9 taxpayer shall unreasonably refuse to enter into, or
10 unreasonably delay the execution or closing on, a purchase and
11 sale or lease agreement with tenants who have made a bona fide
12 offer to meet the price and substantially equivalent terms and
13 conditions of an offer for which notice is required to be given
14 under subsection (b). Failure of the tenants to submit such a
15 purchase and sale agreement within the first 45-day period, to
16 obtain a binding commitment for financing within the
17 additional 90-day period, or to close on the purchase within
18 the second 90-day period shall serve to terminate the rights
19 of such residents to purchase the applicable single-family
20 residence. The time periods provided in this Section may be
21 extended by agreement. Nothing in this Section shall be
22 construed to require an applicable taxpayer to provide
23 financing to tenants except to the extent such financing would
24 be provided to the third-party offeror.

25 (d) The right of first refusal created in this Section
26 shall inure to the tenants for the time periods set forth in

1 this Section, beginning on the date of notice to the tenants
2 under paragraph (b). The effective period for the right of
3 first refusal shall obtain separately for each substantially
4 different bona fide offer to purchase the applicable
5 single-family residence, and for each offer substantially
6 equivalent to an offer made more than 3 months prior to the
7 later offer; provided however, that in the case of a
8 substantially equivalent offer made by a prospective buyer who
9 has previously made an offer for which notice to tenants was
10 required by subsection (b), the right of first refusal shall
11 obtain only if the subsequent offer is made more than 6 months
12 after the earlier offer. The right of first refusal shall not
13 apply with respect to any offer received by the applicable
14 taxpayer for which a notice is not required under subsection
15 (b). No right of first refusal shall apply to a government
16 taking by eminent domain or negotiated purchase, a forced sale
17 under a foreclosure by an unrelated third-party, transfer by
18 gift, devise, or operation of law, or a sale to a person who
19 would be an heir at law if there were to be a death intestate
20 of the property owner.

21 (e) If the tenants of the applicable single-family
22 residence are not the successful purchasers, the applicable
23 taxpayer shall provide evidence of compliance with this
24 Section by filing an affidavit of compliance with the
25 authority having jurisdiction within 7 days after the sale or
26 lease of the property.

1 Section 25. Reporting.

2 (a) The Department of Revenue shall adopt rules to
3 administer and enforce the provisions of this Act. Those rules
4 shall require such reporting as the Department determines
5 necessary or appropriate to carry out the purposes of this
6 Act, including reporting with respect to:

7 (1) the dates on which single-family residences owned
8 by an applicable taxpayer were acquired by such taxpayer,

9 (2) the dates on which single-family residences owned
10 by an applicable taxpayer are sold by such taxpayer in
11 accordance with this Act, and

12 (3) whether any person acquiring a single-family
13 residence from an applicable taxpayer owns any other
14 single-family residences.

15 (b) Any applicable taxpayer who fails to report in
16 accordance with this Section, or who fails to include correct
17 information in the report, shall, on notice and demand of the
18 Department, pay a penalty of \$20,000 to be deposited into the
19 Illinois Affordable Housing Trust Fund with the purpose of
20 providing rental and mortgage payment assistance.

21 (c) No penalty shall be imposed under this Section with
22 respect to any failure if it is shown that such failure is due
23 to reasonable cause and not to willful neglect.

24 Section 900. The Illinois Affordable Housing Act is

1 amended by changing Section 5 as follows:

2 (310 ILCS 65/5) (from Ch. 67 1/2, par. 1255)

3 Sec. 5. Illinois Affordable Housing Trust Fund.

4 (a) There is hereby created the Illinois Affordable
5 Housing Trust Fund, hereafter referred to in this Act as the
6 "Trust Fund" to be held as a separate fund within the State
7 Treasury and to be administered by the Program Administrator.
8 The purpose of the Trust Fund is to finance projects of the
9 Illinois Affordable Housing Program as authorized and approved
10 by the Program Administrator. The Funding Agent shall
11 establish, within the Trust Fund, a General Account, a Bond
12 Account, a Commitment Account and a Development Credits
13 Account. The Funding Agent shall authorize distribution of
14 Trust Fund moneys to the Program Administrator or a payee
15 designated by the Program Administrator for purposes
16 authorized by this Act. After receipt of the Trust Fund moneys
17 by the Program Administrator or designated payee, the Program
18 Administrator shall ensure that all those moneys are expended
19 for a public purpose and only as authorized by this Act.

20 (b) Except as otherwise provided in Section 8(c) of this
21 Act, there shall be deposited in the Trust Fund such amounts as
22 may become available under the provisions of this Act,
23 including, but not limited to:

24 (1) all receipts, including dividends, principal and
25 interest repayments attributable to any loans or

1 agreements funded from the Trust Fund;

2 (2) all proceeds of assets of whatever nature received
3 by the Program Administrator, and attributable to default
4 with respect to loans or agreements funded from the Trust
5 Fund;

6 (3) any appropriations, grants or gifts of funds or
7 property, or financial or other aid from any federal or
8 State agency or body, local government or any other public
9 organization or private individual made to the Trust Fund;

10 (4) any income received as a result of the investment
11 of moneys in the Trust Fund;

12 (5) all fees or charges collected by the Program
13 Administrator or Funding Agent pursuant to this Act;

14 (6) amounts as provided in Section 31-35 of the Real
15 Estate Transfer Tax Law;

16 (7) other funds as appropriated by the General
17 Assembly; and

18 (8) any income, less costs and fees associated with
19 the Program Escrow, received by the Program Administrator
20 that is derived from Trust Fund Moneys held in the Program
21 Escrow prior to expenditure of such Trust Fund Moneys.

22 (c) Additional Trust Fund Purpose: Receipt and use of
23 federal funding for programs responding to the COVID-19 public
24 health emergency. Notwithstanding any other provision of this
25 Act or any other law limiting or directing the use of the Trust
26 Fund, the Trust Fund may receive, directly or indirectly,

1 federal funds from the Homeowner Assistance Fund authorized
2 under Section 3206 of the federal American Rescue Plan Act of
3 2021 (Public Law 117-2). Any such funds shall be deposited
4 into a Homeowner Assistance Account which shall be established
5 within the Trust Fund by the Funding Agent so that such funds
6 can be accounted for separately from other funds in the Trust
7 Fund. Such funds may be used only in the manner and for the
8 purposes authorized in Section 3206 of the American Rescue
9 Plan Act of 2021 and in related federal guidance. Also, the
10 Trust Fund may receive, directly or indirectly, federal funds
11 from the Emergency Rental Assistance Program authorized under
12 Section 3201 of the federal American Rescue Plan Act of 2021
13 and Section 501 of Subtitle A of Title V of Division N of the
14 Consolidated Appropriations Act, 2021 (Public Law 116-260).
15 Any such funds shall be deposited into an Emergency Rental
16 Assistance Account which shall be established within the Trust
17 Fund by the Funding Agent so that such funds can be accounted
18 for separately from other funds in the Trust Fund. Such funds
19 may be used only in the manner and for the purposes authorized
20 in Section 3201 of the American Rescue Plan Act of 2021 and in
21 related federal guidance. Expenditures under this subsection
22 (c) are subject to annual appropriation to the Funding Agent.
23 Unless used in this subsection (c), the defined terms set
24 forth in Section 3 shall not apply to funds received pursuant
25 to the American Rescue Plan Act of 2021. Notwithstanding any
26 other provision of this Act or any other law limiting or

1 directing the use of the Trust Fund, funds received under the
2 American Rescue Plan Act of 2021 are not subject to the terms
3 and provisions of this Act except as specifically set forth in
4 this subsection (c).

5 (d) Additional Trust Fund Purpose. The Trust Fund may also
6 receive moneys that are designated for deposit into the Trust
7 Fund as provided in the Family Home Ownership Act. Those
8 moneys may be used as provided in that Act.

9 (Source: P.A. 102-16, eff. 6-17-21; 103-8, eff. 7-1-23.)

10 Section 999. Effective date. This Act takes effect upon
11 becoming law.