

March 13, 2019

Hon. John J. Cullerton; President, Illinois Senate  
Hon. Bill Brady; Minority Leader, Illinois Senate  
Hon. Michael J. Madigan; Speaker, House of Representatives  
Hon. Jim Durkin; Minority Leader, House of Representatives

**RE: Illinois Community Revitalization Task Force Report - Senate Resolution 1786**

The Illinois Housing Development Authority recognized that number of abandoned single-family homes were effecting Illinois housing values, decreasing the affordable housing stock and municipalities were struggling to gain access to the homes. In fact, the Authority has sources of funds to help public agencies acquire homes. Because the process to convey the homes to the public agencies took so long, many municipalities were unable to use the funds! When they did access the homes, the homes were beyond repair and could only be demolished. As that state's housing agency, we want to repair homes when possible. We want to increase (not decrease) the number of affordable homes in Illinois.

The Authority started researching the exact provisions in the Illinois legislative codes were slowing down the process. We also researched what other states were doing that made the process faster. We asked the Illinois State Senate to convene the Illinois Community Revitalization Task Force with the goal of discussing this issue with various stakeholders that were actually doing the work throughout Illinois.

On May 31, 2018, the Illinois State Senate adopted SR1786, which tasked the Illinois Housing Development Authority ("IHDA") to create the Illinois Community Revitalization Task Force ("Task Force") composed of experts and qualified stakeholders with various backgrounds related to housing and/or local government.

The Illinois Community revitalization Task Force met on:

- July 25, 2018
- August 29, 2018
- September 26, 2018
- October 31, 2018
- Along with many other conference calls and smaller meetings.

We are pleased to report that the Task Force was very successful. There were representatives from the following organizations:

- State Senator Steve Stadelman
- Illinois Municipal League
- Home Builders Association of Illinois
- Metropolitan Mayors Caucus
- Habitat for Humanity from Champaign County
- Cook County Land Bank
- Vermillion County Land Bank
- City of Rockford
- Associated Fire Fighters of Illinois
- Ancel-Glink

- City of Aurora

This report will address:

1. The effects abandoned properties has on local communities and
2. Recommendations to help ease barriers local units of government face when working to reduce abandoned properties within their jurisdictions

### 1. Effects of Abandoned Properties

- A home that is simply foreclosed, but not vacant, lowers neighboring property values by up to 3.9 percent. However, if a home is foreclosed, tax delinquent and vacant, it can lower neighboring property values by nearly two and a half times that amount.
  - Conversely, a study conducted in Cleveland found that for every \$1 spent on demolition, there was a return of over \$13 in value for nearby properties in high functioning markets and a decline in mortgage foreclosure of nearly 3%.
- Abandoned properties diminish the odds of future investment in the neighborhood and create significant direct costs for the local governments tasked with securing, maintaining or demolishing the structures.
- From 2010 to 2015, home values in Illinois decreased by 14.2% while the national average saw a decrease of only 5.2% during the same period.
- Homes that have been vacant for a long time tend to fall into severe disrepair. Such physical blight can invite more property crime.
  - The Federal Reserve has found that counties that experience a large increase in the number of long-term vacant homes tend to see an increase in burglary in the following year. This correlation holds even after controlling for other county characteristics, such as changes in unemployment, changes in population and changes in violent crime.

### Vacant Property Stock

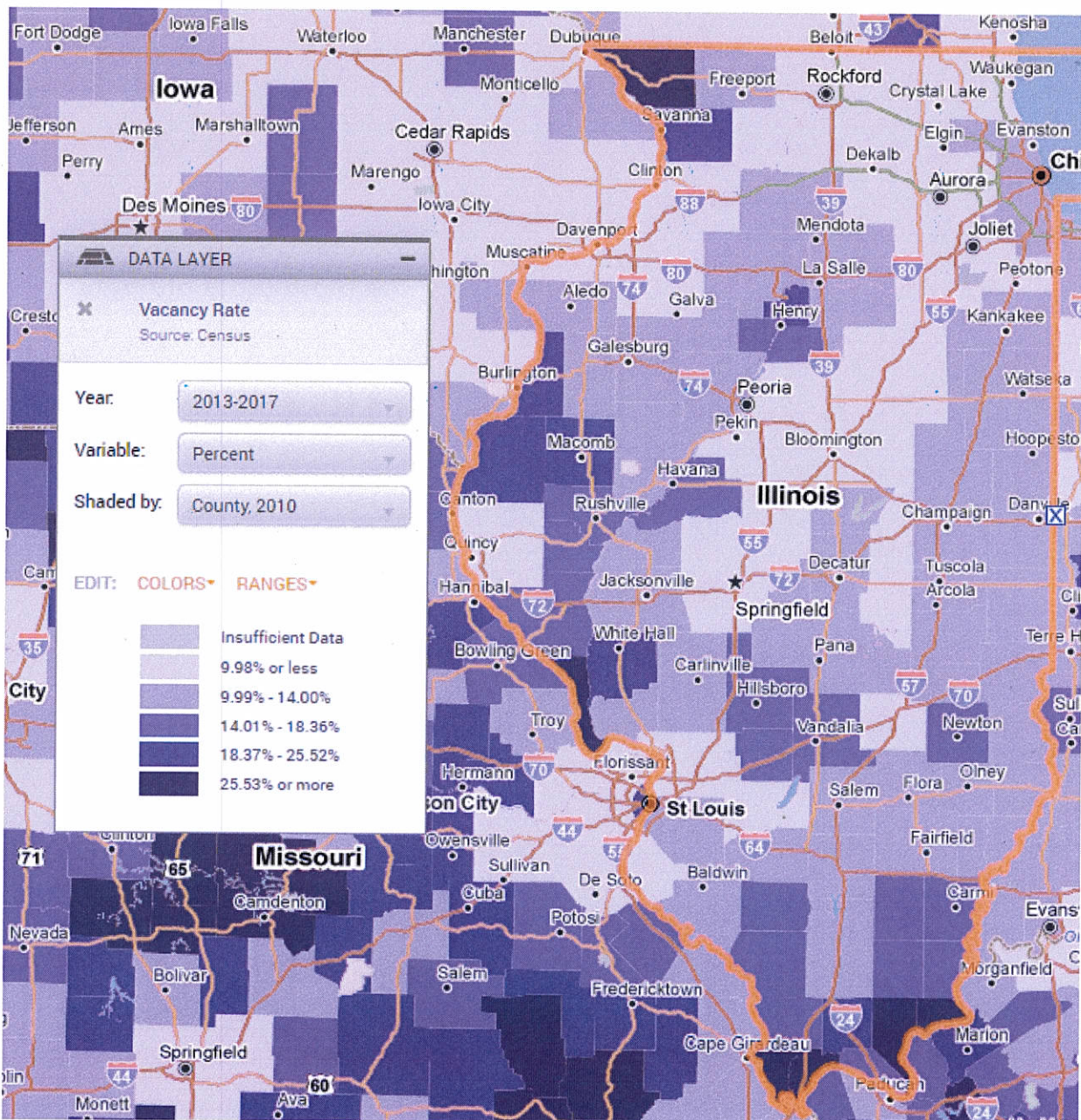
- Per the 2017 American Community Survey, Illinois is home to over 500,000+ vacant housing units, meaning nearly 1 in 10 units was vacant.
- Lower foreclosure rates today do not negate the vacancies and blight that resulted from the foreclosures that have already occurred during the course of the housing crisis.
  - There were 267,000 completed foreclosures in Illinois from 2007 to 2017, according to CoreLogic, with 12,400 households losing their homes in 2016 alone.
- Per ATTOM Data Solutions, Illinois has one foreclosed home for every 1,415 housing units, worse than all but four other states.
  - To make matters worse, many of these foreclosures across Illinois occur in the same neighborhoods (clustered), further exasperating the problem of decreased home values and abandoned properties in various communities.

Vacancy in Various Illinois Counties				
County	2010		2016	
	Total Number of Vacant Units	Vacancy Rate	Total Number of Vacant Units	Vacancy Rate
Champaign	8,037	9.4%	9,685	10.6%
Cook	236,952	10.9%	217,663	10.0%
DuPage	20,351	5.7%	17,829	5.0%
Kane	9,671	5.4%	10,578	5.7%
Kendall	2,135	5.6%	764	1.8%
Lake	18,725	7.3%	18,213	6.9%
Madison	10,532	9.0%	13,117	11.1%
McHenry	7,014	6.0%	7,251	6.1%
Peoria	7,591	9.2%	10,292	12.3%
Rock Island	5,222	8.0%	5,681	8.6%

<b>Sangamon</b>	7,656	8.5%	8,016	8.8%
<b>Vermilion</b>	4,232	11.6%	3,965	11.0%
<b>St. Clair</b>	12,834	11.0%	14,427	12.1%
<b>Will</b>	13,786	5.9%	13,749	5.7%
<b>Winnebago</b>	12,835	10.2%	10,361	8.3%
<b>Illinois</b>	497,663	9.4%	505,119	9.5%
<b>Geography</b>	<b>Total Number of Vacant Units</b>			<b>% Change 2000-2016</b>
	<b>2000</b>	<b>2010</b>	<b>2016</b>	
<b>Illinois</b>	293,836	459,743	505,119	72.0%
<b>U.S.</b>	10,424,540	14,988,438	16,842,710	61.6%

**Source:** U.S. Census Bureau Decennial Census 2000 & 2010, American Community Survey 5-Year Estimates 2010 & 2016

### Percent Change in Vacant Homes 2013-2017



## Illinois Communities

- It is crucial for municipalities to have the tools they need to address blight, due to the significant economic, social and safety effects of blight.
- Blight affects all types of communities — rural, urban and suburban.
- Although blight by its nature affects local communities, policies at the state level can have a positive impact.

## 2. Recommendations and Best Practices

### Legislative Fixes

The Task Force determined that the municipal and tax codes should be amended in order help municipalities strengthen communities and encourage public safety. Senator Steve Stadelman sponsored both **Senate Bills 2052 & 2097**. The Bills streamline the process for a public agency to obtain control of an abandoned property more quickly in order to maintain or rehabilitate the property.

**Big Picture:** The foreclosure rate in Illinois is the worst in the country. Residents are abandoning their properties way too often in Illinois, leading to blighted communities.

**What Leads To Foreclosure?** A property owner may walk away from their property because:

- They cannot afford their mortgage.
- They owe more real estate taxes than what their house is worth.
- Their property needs more repairs than what it is worth.
- They inherited a property and choose not to invest in it due to the low property value.

### Foreclosure < Blighted Properties < Community Impact:

- It is crucial for municipalities to have the tools they need to address blight, due to the significant economic, social, and safety effects of blight
- Blight affects all types of communities — rural, urban, and suburban
- Although blight by its nature affects local communities, policies at the state level can have a positive impact.

### Deep Dive of SB2052:

- The Bill clarifies the definition of abandonment and includes blighted vacant lots.
  - This definition gives comfort to the courts and helps them make a quick decision.
  - For example: an abandoned property includes:
    - The property is unoccupied by the persons that own the property.
    - The property's condition is considered unsafe, including
      - Not being maintained according with local codes;
      - Subject to police complaints;
      - Is not secure to prevent trespassing; AND
      - Has two or more years or delinquent taxes or has no water use for the past year.
- Clarifies that a municipality can convey the property directly to a public agency.
- Also allows public agencies to file for abandonment petitions directly to the court.
- Gives additional notice to the property owner.
- Gives additional lien power to municipalities to recapture costs.
- Adds definitions, additional notices, resolves confusion related to fast-track demo and timing for hearings and resolves sale in error issues.

### Deep Dive of SB2097:

- Clarifies the definition of "vacant farm land" to include vacant houses and properties to shorten the waiting period for tax deeds on abandoned residential properties from 2.5 years to 6 months.
- If and when counties generate profits from selling properties that were forfeited due to tax delinquency, they may donate the profits to land banks to ensure stable homebuyers.

# What Does Blight Look Like?

**2009**  
Property  
Vacant



**2011**  
Could be  
rehabbed



**2013**  
Demo  
Needed



Thank you for the opportunity to report to the General Assembly on the requirements set forth in Illinois State Senate Resolution 1786. The Illinois Community Revitalization Task Force looks forward to working with the General Assembly in the reduction of blighted properties and the revitalization of communities throughout Illinois.

Sincerely,

A handwritten signature in cursive script that reads "Audra Hamernik". The signature is written in black ink and is positioned above the typed name.

Audra Hamernik  
Executive Director

C: reports@ilga.gov