

Property Tax Assessment Freeze Program Overview

The Illinois Revenue Act (35 ILCS 200/Art. 10 Div. 4) provides owner-occupants with an eight-year freeze on the assessed value of their historic residences. After the eight-year assessment freeze period, there is a four-year period during which the property's assessed value steps up to its current amount. This results in 12 years of reduced assessed value. If a rehabilitation meets all four provisions described below, the Illinois Historic Preservation Agency (IHPA) will issue a Certificate of Rehabilitation for the property. This Certificate allows your assessor to implement the assessment freeze for your property. The following pages explain how you can meet these conditions.

IHPA shall approve a Certificate of Rehabilitation Application (Application) when:

- 1. The building is owner-occupied housing** – Single-family houses, residential buildings with up to six units (as long as the building owner resides in one of the units), condominium buildings, and cooperatives are eligible for the assessment freeze program.
- 2. The project involves a historic building** – For this program, a “historic building” is:
 - a. individually listed on the National Register of Historic Places in any Illinois community, or
 - b. a contributing property within a National Register historic district in any Illinois community, or
 - c. individually listed on the Illinois Register of Historic Places in any Illinois community, or
 - d. designated as an individual local landmark in a community that has an approved preservation ordinance, or
 - e. a contributing property within a local historic district in a community that has an approved preservation ordinance

Properties within historic districts (letters b and e above) can be certified as “historic” by completing Part 1 of the Application. If you are uncertain whether your home has been designated a historic building, contact your local landmark commission or IHPA at 217-785-5042. For a current list of communities with ordinances approved for the tax freeze program, see #2 under “Provisions” on our website at <http://www.illinoishistory.gov/PS/taxfreeze.htm>.

- 3. The project was done in accordance with the Secretary of the Interior’s Standards for Rehabilitation (Standards)** – By completing Part 2 of the Application, you will enable IHPA to review your project and determine whether your rehabilitation meets the Standards. For information on the Standards, see <http://www.nps.gov/hps/TPS/tax/rehabstandards.htm>.
- 4. The project was a substantial rehabilitation with a budget whose eligible expenses equal or exceed 25% of the property’s fair cash value for the year the rehabilitation started** – A “substantial” rehabilitation is defined as “interior or exterior rehabilitation work that preserves the historic building in a manner that significantly improves its condition.” Eligible expenses are those costs spent on the existing building (see FAQs for more information). The property’s fair cash value (or market value, as some assessors call it) is determined by the local assessor. You will need to submit documentation of your expenses as requested in Part 3 of the Application.

Property Tax Assessment Freeze Program Frequently Asked Questions

Is there a cost to apply to or participate in the assessment freeze program? No, this program is administered free of charge as a benefit to Illinois property owners interested in rehabilitating their historic homes.

Does this program freeze my property taxes? No, it freezes your Assessed Value at the amount it was in the year your rehabilitation started. The assessed value is the amount that determines your payable taxes. You are still subject to multipliers and fluctuating tax rates throughout the freeze period.

Can I sell my house during the freeze period? Yes. Selling a residence that has the assessment freeze does not encumber the sale in any way, but the existing assessment freeze does not transfer to the subsequent owner-occupant. If the property sells or if it changes from residential use to commercial use, the assessment freeze will be cancelled for the remainder of the freeze period. When the property sells, the assessed value and the fair market value are revised to their current level. If the new owner-occupant desires, s/he can immediately apply for a new assessment freeze if s/he meets the program criteria and spends more than 25% of the revised fair market value on a new rehabilitation project.

Can I apply for the assessment freeze more than once? Yes, but the same owner-occupant must wait 4 years after the end of the 12-year assessment freeze period before applying again for the same residence. If the same owner-occupant in the same property applies for the assessment freeze after that 4-year waiting period, s/he must spend more than 25% of the current fair market value on a new rehabilitation project. If that same owner-occupant moves to a different property, s/he can immediately apply for an assessment freeze for the new property.

Can I act as a developer and “flip” a house? Yes. A person or a company can purchase a residence, receive approval on the Part 1 and Part 2 of the Application, and perform the rehabilitation but not move into the property. When the residence is sold, if the new owner submits the Part 3 of the Application and receives approval, then s/he receives the assessment freeze on the property.

What are the Standards? The Secretary of the Interior has written 10 principles that advise how to improve or alter historic structures without sacrificing those elements that make them significant. The word used to describe this kind of work is “rehabilitation.” These 10 Standards specifically refer to the *rehabilitation* of historic structures (as opposed to the restoration or the reconstruction of them). Though the Standards themselves are broadly written, the National Park Service has refined their interpretation over the last 30 years in thousands of projects across the country. IHPA will use these 10 Standards and this specific interpretation to review your Application. For more information, see: <http://www.illinoishistory.gov/PS/standards.htm>.

How much do I need to spend on my rehabilitation project? Your minimum expenditure is at least 25% of your property’s “fair cash value” (or “market value”), as determined by your assessor. This program uses the “fair cash value” and not the “assessed value” to calculate your minimum expenditure. This figure can usually be found on your tax bill or by calling your township or county assessor’s office. Some assessors make this information available on their websites. As an example, if you began your project in 2007 and the assessor’s fair market value in 2007 was \$290,850, then your minimum expenditure is 25% (or ¼) of that number, which is \$72,712.50. There is no maximum expenditure.

How long do I have to complete my rehab project? Ordinarily, you have 24 months to meet or exceed your minimum expenditure with eligible expenses. You must submit an Application within two years of the project’s completion. IHPA can give an extension when a project warrants it (i.e. major changes in scope or finances, family emergencies), if a written request and explanation are made by the owner.

What are eligible expenses? Costs incurred by the property owner in the rehabilitation of the existing building. They include, but are not limited to, roof replacement, masonry repointing, wood refinishing,

painting, electrical and mechanical systems upgrades, work done to existing additions (even if they are not historic), kitchen and bathroom improvements and architectural fees. Reconstruction of missing historic features (i.e., porch, cornice) can be eligible expenses provided that the reconstruction is based upon historical or physical documentation. If the sum of eligible expenses exceeds your minimum expenditure, then you have spent enough to trigger the freeze.

What are ineligible expenses? Costs incurred by construction outside the existing building, including landscaping, patios, decks, the construction of new additions, driveways, and plant material. These expenses, as well as work paid for by grant money and insurance pay-outs (i.e., after a disaster), cannot be counted towards meeting your minimum expenditure.

How do I document my expenses? By submitting copies of any of the following: receipts, cancelled checks, paid bills, and contractors' liens. A spreadsheet or summary of work and costs is helpful.

What if my project has already started or is completed? You are not disqualified from applying if construction has already started or is completed. But we strongly recommend applying before construction begins in order to avoid jeopardizing your Application. Owners applying during or after project completion must be able to document the property's pre-rehabilitation condition. All work, both eligible and ineligible expenses, must meet the Standards.

What if there is additional work to be done in the future? All work done during the 12 years of the freeze program must be submitted for IHPA to review to ensure that it meets the Standards. Any additional work must be described in your Application or submitted at a later date for our review and approval prior to initiating work. If additional work occurs during the period of the freeze and that work is not approved as meeting the Standards, your freeze will be cancelled for the remainder of the freeze period.

What parts of the project does IHPA review? We review the *entire* project, exterior and interior, eligible and ineligible expenses, to ensure the Standards have been met.

Can I build an addition to my house? Yes. The addition will be reviewed for compliance with the Standards. But the cost of the addition is considered an ineligible expense and cannot be counted towards meeting your minimum expenditure.

Can my own labor count as an eligible expense? Yes, as long as you document your work hours using the "Do-It-Yourself Labor Report" downloadable from our website. The Microsoft Word version: <http://www.illinoishistory.gov/PS/diy.doc>; the Acrobat pdf: <http://www.illinoishistory.gov/PS/diy.pdf>. The allowable hourly rate is the federal minimum wage (\$7.25/hr, effective 7/24/09). If you are a professional, you can charge your professional rate for work done in your profession (example: if you are a plumber by trade, you can claim your professional rate for all plumbing work on your project but not for plastering or roofing). A letter certifying your professional rate must accompany the form.

How long does it take for IHPA to review my application? IHPA reviewers must respond to a submission with 45 days. Normally, our reviews are handled in a much shorter amount of time. Feel free to contact us to check on the status of your application (217-785-5042).

How are Certificates issued for multi-unit properties? For multi-unit properties, the work on the entire building, not just on each unit, must meet the Standards. Individual condo units are eligible to receive a Certificate of Rehabilitation. For cooperative buildings, one Certificate will be issued for the building as a whole. For residential buildings with up to six units as long as the building owner resides in one of the units, a single Certificate will be issued for the building as a whole. Contact Mike Ward at IHPA (217-785-5042) to discuss how your multi-unit project can best apply for the assessment freeze.

Are there other requirements that have to be met during the freeze period? Each year, the assessor will send you an affidavit to complete verifying that you are the owner occupant of the single-family residence. If you do not return the affidavit, your assessment freeze will be cancelled for the remainder of the freeze period.

Property Tax Assessment Freeze Program

Guide to Completing the Certificate of Rehabilitation Application

SUMMARY

This guide is intended to explain the Application for the Property Tax Assessment Freeze Program. IHPA requires certain information in order to correctly evaluate your project, but they will not simply reject your Application if it isn't filled out appropriately. If you have any questions as you fill out the form, feel free to contact staff at the IHPA at 217-785-5042 or you can consult our website at <http://www.illinoishistory.gov/PS/taxfreeze.htm>, where the Application is available for download as a Microsoft Word and an Adobe Acrobat document. You may fill out the Application on your computer then print it out, or you can print it out and fill it out by hand or with a typewriter. Either way, hardcopy versions of the Application and of all other requested documentation (see below) must be mailed to IHPA. Digital submissions (i.e., burned to a disk) cannot be accepted at this time. Each of the items below corresponds to a numbered section within each of the three parts of the Application.

PART 1

This first part of the Application should be completed for properties located within National Register Historic Districts and for properties located within local historic districts within a community that has an approved local preservation ordinance. Owners of individually designated properties do not need to fill out this Part 1, as these buildings are already considered to be historic for the purposes of this program. If your property is individually listed on the National Register or is an individual local landmark, skip Part 1.

- 1. Name of property:** If the property has a historic name, include it here (for example, "The Colonel Thompson House" or "The Miller Warehouse"). This section also asks for the property's mailing address and the name of the historic district within which the property is located. To determine the status of your property or the name of the historic district, contact Mike Ward at IHPA (217-785-5042) or your local Historic Preservation Commission. For a current list of communities with ordinances approved for the tax freeze program, see #2 under "Provisions" on our website at <http://www.illinoishistory.gov/PS/taxfreeze.htm>.
- 2. Property owner:** List the current owner of the property and his or her address, if different from the property. Please include a daytime phone number.
- 3. Statement of significance:** This statement should briefly describe how your home contributes to the significance of the historic district. In the space provided or on an attached sheet, compare it to other properties in the neighborhood in terms of age, architectural style, building materials, and/or setting. Mention if the property has special significance to the district (i.e., an association with significant historical figures, a notable example of an architectural style, the site of a significant historical event). This statement does not need to be lengthy; in fact, often a few paragraphs are sufficient.
- 4. Photographs:** Photographs for the Part 1 should communicate the property's character, i.e., clear images of the front and sides of the building. Label the back of each photo with the property's address and a brief description of what is shown (i.e., "Colonel Thompson House, 503 W. Main, north elevation"). Please note that the Part 2 will require more detailed and complete photographs of both the inside and outside of the property.
- 5. Signature:** Your signature certifies that the information in the Part 1 is correct to your knowledge.

PART 2

The second part of the Application describes your rehabilitation project. It is strongly recommended that the Part 2 is submitted to IHPA and approved before starting any construction. Any work that occurs prior to approval by the IHPA is done at your own risk.

1. **Name of property:** This asks for the property's historic name, if it has one (for example, "The Colonel Thompson House" or "The Miller Warehouse"), and its mailing address.
2. **Property owner:** The current property owner and his or her email address (if available) should be included here. Emailing questions or concerns to the owner can help us expedite our review of the Application.
3. **Architect/Designer for current project:** A project does not need to have engaged a design professional to be eligible for the assessment freeze. But if a design professional was involved, his or her contact information should be provided here. If the IHPA reviewers have detailed architectural questions about the project, they may contact your architect for assistance.
4. **Approximate construction start date and Anticipated completion date:** These let the IHPA reviewers know whether construction has already started and how far along the project might be. These dates don't have to be exact – just to the nearest month (for example, "June 2008"). Projects already under construction or those that are already completed prior to the approval of the Part 2 are still eligible to apply for the assessment freeze. However, beginning construction prior to approval may jeopardize the project meeting the Standards and could therefore disqualify a project from receiving the assessment freeze.
5. **Materials to submit with this form:** IHPA requires this information in order to review your project. Check the appropriate boxes on the right.
 - A. **Completed Part 2 cover sheet with signature:** Please fill out all the boxes and sign the form.
 - B. **Completed "Detailed description of rehabilitation" sheets:** This section is described more fully below (see number 7). These sheets aren't numbered, so be sure to include all of them.
 - C. **Exterior pre-construction photographs on glossy paper and labeled:** The color photos we need for this part of the application should document the pre-construction condition of the property. They shouldn't be historic photos (although those are frequently helpful when we review a property), but they should be taken prior to construction. They can be taken with a film or digital camera. If digital, they must be at a high resolution, at least 4"x6" in size, and printed on glossy photo paper. Number and label each photo with the property address, a description and the date taken (i.e., "Photo #7, 123 E. Elm, view of entry foyer and main staircase, before rehabilitation"). Exterior photos should show each façade or elevation both close up and at some distance so that roof lines and chimneys are visible. Include views from the corners of the lots if possible. If any part of the project has already occurred (or is underway) prior to the submittal of the application, then both photos before and after this work should be submitted with the Part 2.
 - D. **Interior pre-construction photographs on glossy paper and labeled:** These photos should form a virtual walk-through of the property, with overall shots of rooms and details where appropriate. Detail shots should be taken of distinctive elements, such as fireplaces, historic light fixtures, original doors, stained glass windows, plaster details, molding, and railings. Include shots of problems as well, such as badly repaired or missing elements, damaged areas, and later additions. Photos of the major spaces in the building (including the vestibule, foyer, stairhall and stair, living and dining rooms, main hallways) are particularly important to

document. It is sometimes helpful to stand in a corner and shoot the whole room diagonally and then repeat from the opposite corner.

E. Architectural plans, if available: A project does not need to have engaged a design professional to be eligible for the assessment freeze. But if a design professional was involved and plans were prepared, a complete printed set of plans must be submitted for review. Plans do not have to be full-size but must be printed at a scale where the text is legible. When available, it is important that existing condition or demolition plans are included.

6. Signature: Signing here certifies that the information in the Part 2 is correct to your knowledge.

7. Detailed Description of Rehabilitation: This portion is the heart of the Application. The information in the pairs of boxes allows IHPA to determine whether the project meets the Standards. In other words, this section lets us know if the significant historic character of the property has been retained through the rehabilitation. The boxes provide a narrative for the project. You can use the sheets provided with this form, or use a similar format on attached sheets. Feel free to add additional sheets if you need more than 3 to fully describe your project. Additional sheets are available on our website in Microsoft Word at <http://www.illinoishistory.gov/PS/freezeapsheets.doc> or in Adobe Acrobat at <http://www.illinoishistory.gov/PS/freezeapsheets.pdf>. All phases of your rehabilitation project must be described: all exterior and all interior work, site work, and new construction, even if the work is an ineligible expense. A new pair of boxes should be used to describe each component of the project. Each pair should describe a specific architectural feature or a more general element or space (examples: staircase, wood floors, roofing, windows, front parlor) and the rehabilitation work proposed on it. In the left box, describe the existing feature or space, give an assessment of whether it is original to the house or a later addition, and give an approximate date of the feature (example: "entry foyer main staircase, original feature, c. 1894; low bookshelf, later addition, c. 1978"). Reference the appropriate photographs and architectural drawings (if they exist) in the space provided at the bottom of the left box. In the right box, explain the rehabilitation work to be undertaken on the particular feature or space (example: "entry foyer main staircase, paint to be chemically stripped and woodwork to be stained and varnished, 5 missing spindles to be replaced with exact duplicates, remove low bookshelf).

PART 3

This last component of the Application provides us with basic information about the effect of the work on the property. It should be completed and submitted when construction is finished.

- 1. Name of Property:** This asks for the property's historic name, if it has one (for example, "The Colonel Thompson House" or "The Miller Warehouse"), and its mailing address.
- 2. Property owner:** The current property owner and his or her email address (if available) should be included here.
- 3. Data on Rehabilitation Project:**
 - A. Property Index Number (PIN) or legal description:** A PIN is a 14-digit numerical code for the legal description of a piece of land as it has been defined for the purposes of real estate taxation. This number is available from your assessor or may be found on your property tax bill.
 - B. Assessor's Fair Market Value for the year the work began:** This number is determined by your assessor and appears on your property tax bill. It may only appear on one bill in a given year and not on subsequent installment bills. The minimum expenditure to trigger the assessment freeze program is 25% of this value. Be sure to use the number from the bill for the

year when you began the project. For instance, if you began your project in 2007 and the assessor's fair market value in 2007 was \$290,850, then your minimum expenditure is 25% (or $\frac{1}{4}$) of that number, which is \$72,712.50.

- C. Assessed Value for the year the work began:** The assessed value also is determined by the assessor and also appears on your property tax bill. Again, be sure to use the number from the bill for the year your project began.
 - D. Total of Eligible Expenses (Costs attributed solely to rehabilitation of the existing building):** We ask you to separate out these costs because only the money you spend on the existing structure can be counted towards your minimum expenditure.
 - E. Total of Ineligible Expenses (Costs for new construction and site work associated with the rehabilitation):** This amount includes all the ineligible expenses incurred during the rehabilitation. Adding D and E should result in the full project budget.
 - F. Date the project began:** We require this to the nearest month (i.e., "June, 2008").
 - G. Date the project ended:** Again, only required to the nearest month. This should be a real ending month, not just an estimate, as was provided in Part 2.
 - H. Total number of housing units before rehabilitation:** How many residences (or condo units) were within the property when you began the rehabilitation? If you started with a house in which one family lived, this number is 1. If you began with a building with 15 apartments, even if some were unoccupied, the number is 15. If the property did not contain any residences (i.e., an adaptive reuse of a warehouse), the number is 0.
 - I. Total number of housing units after rehabilitation:** How many available residences were in the property after construction was completed? Single-family houses have 1.
- 4. Materials to submit with this form:** IHPA requires this information in order to review your project. Check the appropriate boxes on the right.
- A. Completed and signed Part 3:** All application forms must be signed by the owner and dated.
 - B. Exterior post-construction photographs printed on glossy paper and labeled:** Include exterior photographs of the completed work with views that match those submitted with the Part 2. Just like with the Part 2, photographs must be at a high resolution, at least 4"x6" in size, printed on glossy photo paper, and numbered and labeled with a description and date taken (example: Photo #7, view of entry foyer main staircase, after rehabilitation).
 - C. Interior post-construction photographs printed on glossy paper and labeled:** Again, interior shots should parallel those submitted with the Part 2.
 - D. Copies of proof of expenditure:** Documentation must be submitted to substantiate the costs of your rehabilitation project. Proof of expenditure includes canceled checks, paid invoices, credit card statements with unrelated purchases and sensitive information redacted, etc. Please send photocopies – we do not require originals. A written summary or spreadsheet of work items and costs would be helpful. Include a filled-out "Do-It-Yourself Labor Report" form here, if applicable.
- 5. Signature:** By signing the Part 3, you are certifying that the information in the Part 3 is correct to your knowledge.



Illinois Historic Preservation Agency
Property Tax Assessment Freeze Program
Certificate of Rehabilitation Application
PART 1

Rev. 5/11

Historic Building Certification for Properties within Historic Districts

1. Name of property: _____

Street _____

City _____ Zip _____ County _____

Name of local or National Register historic district: _____

2. Property owner: _____

Street _____

City _____ Zip _____ Daytime phone _____

3. Statement of significance:

In the space below or on an attached sheet, provide a brief statement that describes how your home contributes to the significance of the historic district.

Approx. date of construction _____ Original owner (if known) _____

Original architect or builder (if known) _____

4. Photographs:

Attach representative recent color photographs showing exterior views of the property.

5. Signature:

I hereby attest that the information I have provided is correct to the best of my knowledge.

Signature

Date

See Attachments



Illinois Historic Preservation Agency
Property Tax Assessment Freeze Program
Certificate of Rehabilitation Application
PART 2
Description of Rehabilitation Project

Rev. 5/11

For instructions, see the Guide to Completing the Certificate of Rehabilitation Application. Although not required, it is highly recommended that the Part 2 of the Application be submitted and approved prior to construction beginning.

1. Name of property: _____

Street _____

City _____ Zip _____ County _____

2. Property owner: _____ Email _____

Mailing address _____

City _____ Zip _____ Daytime phone _____

3. Architect/Designer for current project: _____

Firm: _____ Phone _____ Email _____

4. Approx. construction start date: _____ **Anticipated completion date:** _____

5. Materials to submit with this form:

Check if included:

- | | |
|---|--------------------------|
| A. Completed Part 2 cover sheet with signature | <input type="checkbox"/> |
| B. Completed "Detailed description of rehabilitation" sheets | <input type="checkbox"/> |
| C. Exterior pre-construction photographs on glossy paper and labeled | <input type="checkbox"/> |
| D. Interior pre-construction photographs on glossy paper and labeled | <input type="checkbox"/> |
| E. Architectural plans, if available | <input type="checkbox"/> |

6. Signature:

I hereby attest that the information I have provided is correct to the best of my knowledge.

Signature

Date



Illinois Historic Preservation Agency
Property Tax Assessment Freeze Program
Certificate of Rehabilitation Application
PART 2
Description of Rehabilitation Project

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Property name _____

Property address _____

7. Detailed description of rehabilitation – Includes site work, new construction, alterations, etc.

Number _____ Architectural feature _____ Approx. date of feature _____	Describe work and impact on existing feature:
Describe existing feature and its condition:	
Photo no. _____ Drawing no. _____	
Number _____ Architectural feature _____ Approx. date of feature _____	Describe work and impact on existing feature:
Describe existing feature and its condition:	
Photo no. _____ Drawing no. _____	
Number _____ Architectural feature _____ Approx. date of feature _____	Describe work and impact on existing feature:
Describe existing feature and its condition:	
Photo no. _____ Drawing no. _____	



Illinois Historic Preservation Agency
Property Tax Assessment Freeze Program
Certificate of Rehabilitation Application
PART 3
Request for Approval of Completed Work

Rev. 5/11

1. **Name of property:** _____

Street _____

City _____ Zip _____ County _____

2. **Property owner:** _____ Email _____

Mailing Address _____

City _____ Zip _____ Daytime Phone _____

3. **Data on rehabilitation project:**

A. Property Index Number (PIN) or legal description: _____

B. Assessor's Fair Market Value for the year the work began: _____

C. Assessed Value for the year the work began: _____

D. Total of Eligible Expenses (Costs attributed solely to rehabilitation of the existing building): \$ _____

E. Total of Ineligible Expenses (Costs for new construction and site work associated with the rehabilitation): \$ _____

F. Date the project began: _____

G. Date the project ended: _____

H. Total number of housing units before rehabilitation: _____

I. Total number of housing units after rehabilitation: _____

4. **Materials to submit with this form:**

Check if included:

A. Completed and signed Part 3

B. Exterior post-construction photographs on glossy paper and labeled

C. Interior post-construction photographs on glossy paper and labeled

D. Copies of proof of expenditure

5. **Signature:**

I hereby apply for a Certificate of Rehabilitation for the purposes of the Revenue Act of 1939, as amended. I hereby attest that the information that I have provided is, to the best of my knowledge, correct; that I am the owner occupant of the residence described above; and that no Certificate of Rehabilitation has been issued for this same building within 4 years of the adjustment valuation period.

Signature

Date