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TESTIMONY ON INCREASE IN THE HOMESTEAD EXEMPTION
SUBMITTED BY MICHAEL J. MINI, EVP

HOUSE REVENUE & FINANCE COMMITTEE

TUESDAY, OCTOBER 20, 2015 – 11:00 AM

Good morning Chairman Bradley and members of the committee. On behalf of the Chicagoland Apartment Association (CAA), I appreciate the opportunity to express our concern about proposals to increase the property tax homestead exemption. While we appreciate the city's efforts to mitigate the burden of the property tax increase on homeowners, we oppose providing tax relief for one segment of taxpayers at the expense of others.

The CAA represents more than 6,000 apartment professionals who own and manage 170,000 market rate and affordable rental units in approximately 900 apartment buildings in the Chicagoland region. A National Apartment Association study suggests that apartment construction, operation, management, and renter spending contributes over \$6 billion to Chicago's regional economy and supports over 53,000 jobs. Recent census data shows that 55% of Chicago residents are renters.

We've heard a lot of concern about how the proposed 68 percent increase in the City's property tax levy will affect homeowners. Today, I'm here to remind you that it will also affect apartment buildings and the residents who live in them, because renters pay property taxes too. Apartment owners, already facing average assessment increases of 42 percent, will be forced to pass this tax increase on to residents in the form of higher rents. Estimates indicate that rents could increase more than \$380 annually, or \$32 per month, over the next four years.

The CAA supports the city's efforts to address the structural deficit. However, we believe these fiscal challenges should be addressed in a way that is truly fair to all. The tax shift that will occur should the homestead exemption be expanded will increase the burden shouldered by apartment residents, including low and moderate income renters, who are least likely to be able to afford it. Instead, a rebate program targeting only the most severely impacted homeowners would alleviate the negative effects of a property tax increase without unfairly penalizing other taxpayers.

We urge you to reject any proposals to increase the homestead exemption.