



# THE DEBATE OVER THE CHICAGO REAL ESTATE TRANSFER TAX

Chicago is a tremendous city with a proud tradition. Our great city, however, faces multiple challenges, including persistent economic headwinds and an increase in homelessness. Economic development and enacting programs to alleviate homelessness are crucial. There are different philosophies about how to move Chicago forward, and an important vote is coming.

The enactment of a real estate transfer tax is on the ballot in March. This ballot initiative would create a graduated real estate transfer tax, which is paid by buyers who purchase commercial buildings or homes. Chicago currently has a 0.75% one-time tax on all estate sales. If passed, the ballot initiative does the following:

- Reduces the transfer tax for property sales under \$1 million to 0.6%.
- Increases the transfer tax to 2.0% on the portion of property sales between \$1 million to \$1.5 million.
- Increases the transfer tax to 3.0% on the portion of property sales over 1.5 million, while maintaining the rates above.

**Arguments Against the Ballot Initiative:** These arguments have been raised by opponents of changing the real estate transfer tax:

- This proposal will hurt homeowners, renters, union workers, and businesses throughout the city.
- Chicago's businesses already struggle with the highest commercial property taxes in the country. Quadrupling transfer taxes will reduce investment and downtown property tax revenue, which the neighborhoods will make up for with higher property taxes.
- This tax will increase the development cost of all housing—including affordable housing—and worsen Chicago's housing shortage.
- Combined with high-interest rates and rising property taxes, it will cause commercial and residential rents to go up and make housing more expensive.
- A yes vote would give the City a blank check with no accountability for spending, even as it has failed to transparently manage the migrant shelter crisis.

**Arguments for the Ballot Initiative:** These arguments have been made by supporters of changing the Chicago real estate transfer tax:

- Most purchases will have less transfer taxes.
- Proponents estimate that 100 million dollars of revenue will be raised to alleviate homelessness.
- Funds will be spent primarily on building, rehabbing, or subsidizing permanent housing with wraparound services such as support with health, mental health, job training, and education. Permanent housing with supportive services is a model that is proven to end homelessness.
- Rents will not increase because should the initiative pass, any concerns about increased rents are overstated.
- The city has spent or dedicated all funds for homelessness, but some programs have a longer lead time, so it appears that funds are still unspent.

Additional arguments in favor of this ballot initiative can be found here: [Bring Chicago Home FAQ](#)  
Additional arguments opposing this ballot initiative can be found here: [www.protectchicagohomes.com](http://www.protectchicagohomes.com)

We are glad to put you in touch with advocates on both sides of this issue. Contact us at [Emma@sbacil.org](mailto:Emma@sbacil.org) with questions!